Verifier and Inspector Guidance Update

Dear Verifiers and Inspectors,

This document is intended to supplement the "C.A.F.E. Practices Verifier and Inspector Operations Manual" and "C.A.F.E. Practices Verification Organization Approval Procedure." This guidance update is divided into three sections: Program Document Updates, Verification Procedures and Methodology, and Indicator Interpretation and Updates.

Update Number 10.0–02/2017

1.0 Program Document Updates:

1.1 Verifier and Inspector Operations Manual – Version 5.3

The new version of the Verifier and Inspector Operations Manual will include all procedures that have been created and/or updated for versions 3.3 and 3.4 of the C.A.F.E. Practices program, including recent Verifier Guidance Updates. The updated version of the Verifier and Inspector Operations Manual will be available in April 2017.

1.2 Verification Organization Approval Procedure – Version 2.2

The new version of the Verification Organization Approval Procedure will include relevant updates for verification organizations to consider in light of SCS office audits and participation in the program. The updated Approval Procedure will include updates on topics such as: steps for full approval when an organization is restricted; clarification on verifier and inspector participation in trainings; details on 'escalating' NCs that are issued by SCS to organizations; and, details on the maximum number of open NCs an organization can have before being restricted. The updated version of the Verification Organization Approval Procedure will be available in April 2017.

1.3 Field Notes Updates

The Field Notes will be updated to include a checklist of topics to cover in opening and closing meetings, and a section to record worker interviews. In addition to these changes, the indicators that require documentation will be identified in the Field Notes, as per the List of Indicators that Require Documentation. The updated version of the Field Notes will be available in April 2017.

2.0 Verification Procedures and Methodology:

2.1 Warehouses and Supply Chain Intermediates

Warehouse entities were introduced as part of V3.4 program updates. The main function of warehouses is for storage or export. Typically, a warehouse should be included as a distinct entity if it is in a separate location from other entities such as mills AND the entity employs workers. A warehouse facility that is part of a dry mill compound and managed together with the dry mill would not be considered as a distinct entity. All warehouses need to be included in the inspection sample, and need to be evaluated for indicators in the Economic Accountability and Social Responsibility subject areas, as well as traceability (CP-MT).

The C.A.F.E. Practices program also recognizes other intermediate entities that handle coffee in the supply chain, including collectors, middlemen, points of purchase or other collection points. Examples that have been observed in the program include collectors who handle and store parchment coffee for 1-2 days in Indonesia, and local buying stations that are managed by the PSO in Colombia. The verification approach for these entities is in the process of review and will be updated in the future. In the meantime, supply chain intermediates that handle coffee in the chain of custody (i.e., collectors/middlemen/points of purchase/collection points) must *always* be considered in the evaluation of traceability in the coffee supply chain. A representative sample of these entities must be reviewed during the verification to ensure that adequate documentation, and physical segregation between C.A.F.E. Practices coffee and non-C.A.F.E. Practices coffee is maintained at all steps of the supply chain. In some cases, it will be necessary for the verification organization to include additional time in their planning to ensure that these entities are visited. The traceability system at supply chain intermediates must, at minimum, be included in the evidence and evaluation of PS-MT 1.1. In some cases, intermediates may be considered as a distinct entity in the supply chain (e.g., as a warehouse). Verification organizations should discuss the presence of warehouses or other supply chain intermediates with their client prior to the verification, and contact SCS as soon as possible in order to confirm the correct approach for verification.

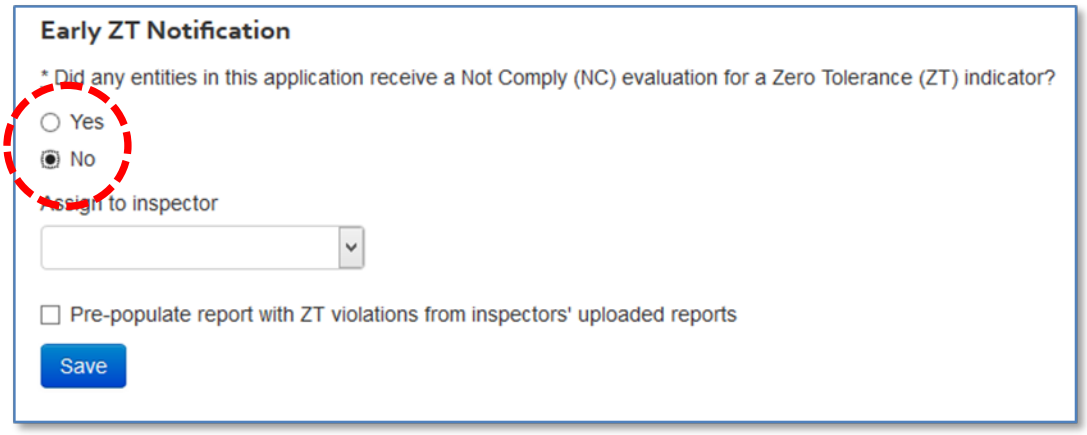
If there is a question about evaluation of either warehouses or other types of supply chain intermediates, please contact SCS immediately in order to determine the approach and whether a supply chain discrepancy may be necessary.

2.2 Missing Documents during Closing Meetings

As per guidance in the Verifier and Inspector Operations Manual, the closing meeting represents the last opportunity to provide evidence, including any documentation requested by the inspector during the inspection. Inspectors should note that this guidance applies to *entity* closing meetings, as opposed to the final verification closing meeting. The documents requested must be presented to the inspector within the duration of the entity inspection and prior to the end of the entity closing meeting. Inspectors should *not* accept documents provided after the entity closing meeting, even if it is prior to the verification closing meeting. This guidance mainly applies to verifications of smallholder networks that may take several days.

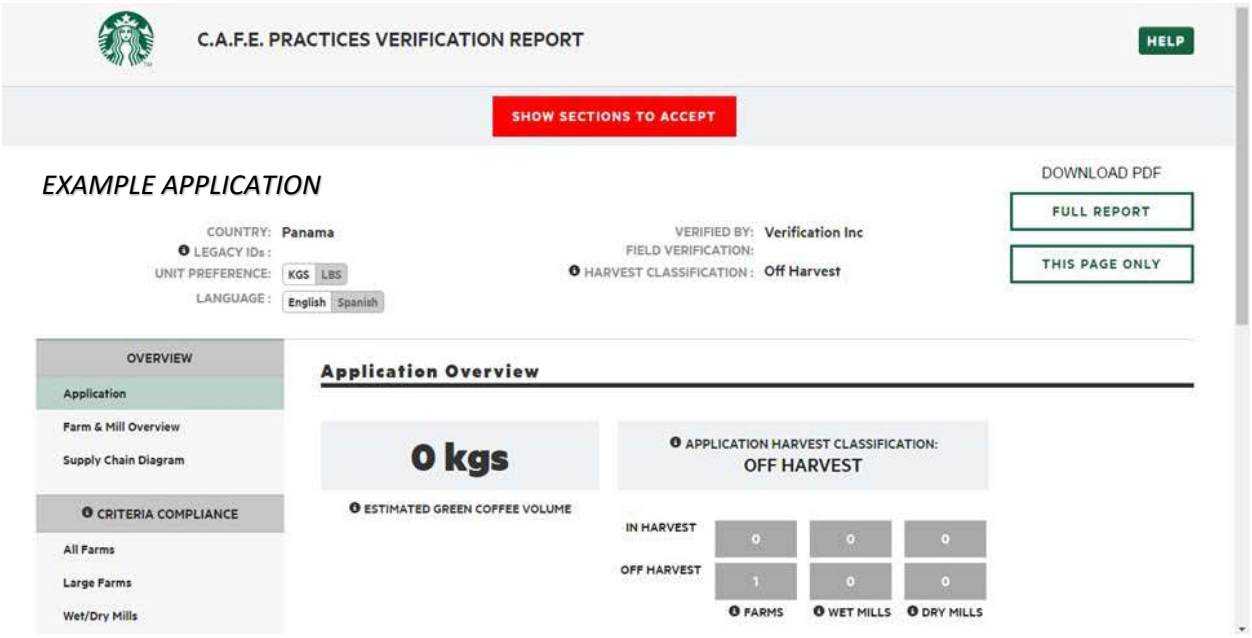
2.3 Early ZT Notification Reminder

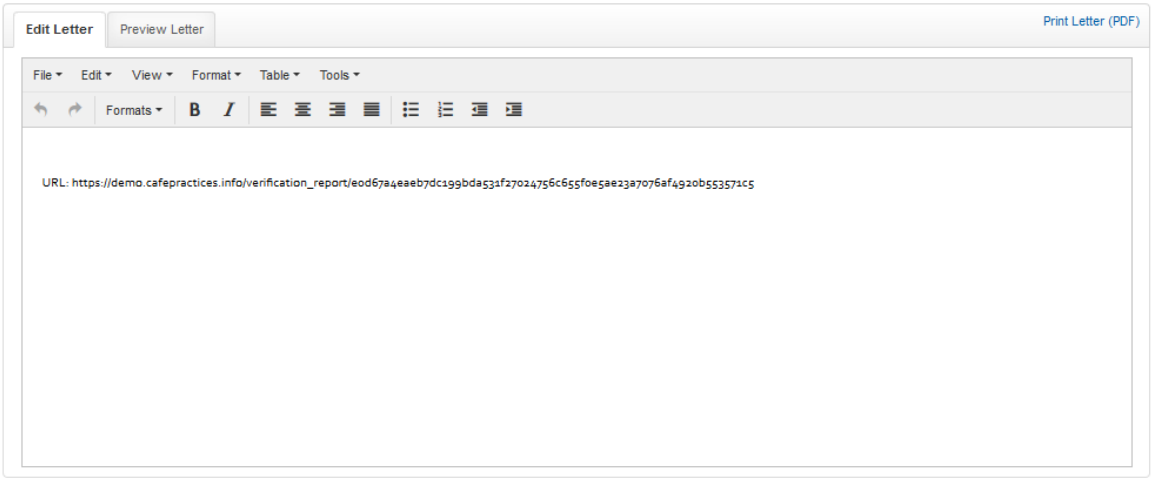
Verifiers are reminded that they need to confirm in the VRS *even if* no ZT-NCs were observed. The deadline to submit the Early ZT Notification remains the same: 5 days after the last day of verification. In the case that ZT-NCs were observed, verifiers must select the option that ZT-NCs were evaluated and will be required to assign the Early ZT Notification to an inspector. Inspectors must create the report for the ZTs found and the verifier sends the link to the client, and then to Starbucks.

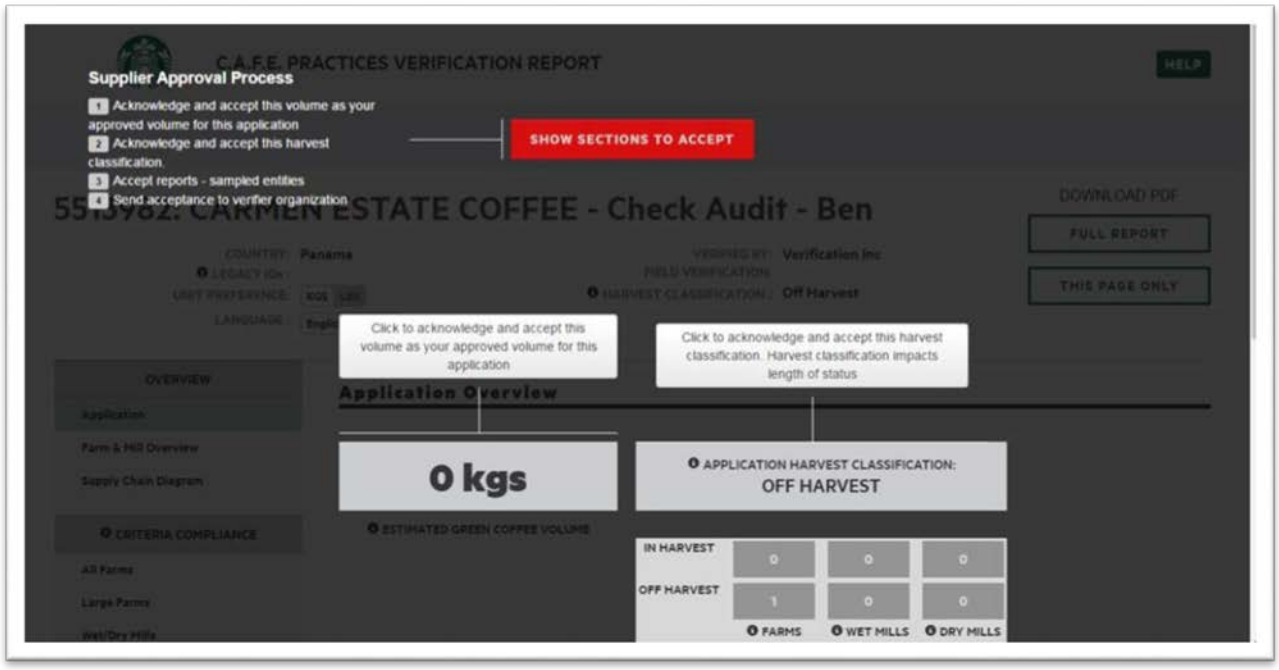


2.4 Client Reports 2.0

The format of the client reports generated by the VRS has been updated. Verifiers have been expected to use this new format effective February 1, 2017. The new client reports will require suppliers to specifically approve the (i) application volumes; (ii) harvest status; and, (iii) results from the reports. The new client reports will now be sent through the VRS instead of as a link in an email. Verifiers are still expected to attach their own approval form to the communication from the VRS, and should include instructions in the approval form referencing the reports sent via the VRS. Starbucks will be sending guidance to suppliers to provide more detail on the process.







2.5 <u>Use and Assessment of Translators</u>

While previous program guidance highlighted the need to assess translators in advance of a verification for their independence and content knowledge related to coffee farming, processing etc., verifiers are also now expected to assess relevant past professional experience of translators and request CVs. It will not be necessary for SCS to approve translators prior to verifications, but the CV or resume of individuals chosen for translation support may be requested by SCS prior to the verification. In addition, SCS office audits will now include review of the CVs or resumes of any translators used by the organization for C.A.F.E. Practices verifications.

2.6 Requirements for Participation in Trainings

The C.A.F.E. Practices program typically requires that all verifiers and inspectors that are actively working in the program attend the annual program trainings. In some cases, SCS may consider requests to send fewer participants. The consideration will take account of the amount of verification work that the organization has conducted. For example, in cases where organizations have had relatively few verification projects in a previous year, SCS may consider allowance for fewer training participants. Regardless of the number of verifications, in order for a verification organization to maintain active status in the C.A.F.E. Practices program, participation in annual official trainings will be required by at least one verifier and one inspector per organization.

In addition to the above requirements, any new inspectors or verifiers must attend and successfully complete an official C.A.F.E. Practices training before they conduct work in the program. In some cases, an exception to this requirement could be made (e.g., if there is no opportunity for a training before necessary verification work). If an exception is made, the inspector *must* attend and successfully complete the next possible SCS training.

3.0 Indicator Interpretation and Updates:

3.1 Children of Legal School Age

SR-WC2.1	ZERO TOLERANCE: Children of legal school age who live onsite or accompany family members who are working onsite attend school.

The language of SR-WC 2.1 was updated as part of the revisions to V3.4 to clarify that it is applicable both to children who live onsite and to children who accompany family members who work at a particular entity.

If children of legal school age living onsite or accompanying parents on site are not attending school, inspectors must evaluate SR-WC 2.1 as Not Comply, provide the age of the children, and include information about the reason that the children are not attending school. As per guidance provided in VGU 9, the minimum evidence required when reporting a Not Comply evaluation for SR-WC 2.1 is as follows:

- National legislation regarding mandatory school attendance, including the age or level to which children must attend school;
- The number and ages of children living or working onsite;
- The school and work status of each child (attends school: Y/N; works or helps on the farm: Y/N);
- Types of activities that the child is doing on the farm;
- The school and working hours of any children working or helping on the farm.

In addition to the above, inspectors are requested to also include the following information for any cases where a Not Comply evaluation is reported for SR-WC 2.1:

- Location and distance to school;
- The reason why minors are not enrolled in school;
- Information about whether the farm or mill has supported the family in the process of school registration/enrollment;

- Information about whether the families tried to enroll the children in school;
- Information about whether the minors are part of seasonal/migrant worker families from other regions;
- The length of time the families intend to stay in this region (if migrants);
- Information on the school calendar where the minors come from and whether school is out of session in their region (if migrants).

3.2 Potential Harassment in Family Labor

SR-HP4.5	ZERO TOLERANCE: The workplace is free from physical, sexual, and verbal harassment and abuse.

Verifiers and inspectors should note that this indicator applies to workers *as well as* family labor, including any individuals involved in coffee farming at the household level. Because of the delicate nature of including this finding during the closing meeting with the producer, inspectors are encouraged to use their best judgement when presenting this information to avoid potential reprisals against the person(s) being harassed.

3.3 Reporting Lack of Transparency

SR-MS1.1	ZERO TOLERANCE: Entity provides transparency into their operations, policies, processes, and relevant records to Starbucks or its designated third party. Payroll records and time cards provided by management are true and accurate.

Just as SR-HP4.5 poses challenges for the inspector during the closing meeting, SR-MS 1.1 may also be sensitive to report during the closing meeting. In some exceptional cases, the inspector may not want to report this as a finding in the closing meeting. If a potential Not Comply evaluation for SR-MS 1.1 is evaluated during an inspection, verification organizations are requested to contact SCS prior to the closing meeting. If this is not possible due to connectivity issues, inspectors are advised to use their best judgement, and notify SCS as soon as possible.

3.4 Erosion Control

CG-SR1.3	At least 50% of productive area with slopes of less than 20% is covered by shade trees and/or cover crops/vegetation.
CG-SR1.4	All productive area with slopes of less than 20% is covered by shade trees and/or cover crops/vegetation.

A layer of mulch of thickness greater than or equal to 5 cm (2 in) can be considered as an acceptable method for erosion control on coffee farms. Therefore, the use of a layer of mulch with a consistent layer of 5cm (2 in) thickness or greater can be considered for a Comply evaluation for CG-SR 1.3 and CG-SR 1.4, rather than only cover crops and vegetation. In addition to taking pictures of the mulch covering, verifiers should contact SCS if they encounter this type of situation and may be making an exception to the wording of the indicator.

3.5 Climate Change Risks

CG-CC 1.1	EXTRA POINT: The farm keeps written records of climate change risks and impacts on coffee production (e.g., change in temperature, rainfall).

This indicator evaluates whether the farm keeps written records of (i) climate change risks AND (ii) impacts on coffee production. As an Extra Point indicator, CG-CC 1.1 calls for additional evidence that shows that the producer is going above and beyond what is normally expected. Therefore, simply recording temperature and rainfall is not sufficient for this indicator to be evaluated as Comply. The indicator also requires that the farm considers the impacts of climate change on their coffee production.

3.6 Fumigation of Export Containers

SR-WC4.1	Employer provides appropriate Personal Protective Equipment (PPE) to all applicable workers at no cost. • For farms: respirators with filters, goggles, rubber boots, water-proof gloves, impermeable clothing • For dry mills: goggles, ear plugs, masks.
SR-WC4.2	Anyone handling or applying agrochemicals and operating machinery uses the appropriate protective equipment. • When applying pesticides, workers use respirators with filters, goggles, rubber boots, water-proof gloves, and impermeable clothing (SR-WC4.1). • When applying chemical fertilizers, workers use rubber boots, and if appropriate, gloves and protective goggles.

When verifying dry mills and warehouses, verifiers and inspectors are encouraged to review indicators SR-WC4.1 and SR-WC4.2 in the context of agrochemical use for fumigation of export containers that are used to transport coffee. In addition to checking for PPE use provided by employers, special attention should be given to the type of chemicals used.

3.7 Applicability of Indicators

The table on the following page is an updated list of the indicators which should always be treated as applicable. By focusing on the applicability of indicators, we can ensure more consistent interpretation of indicators across regions and between verification organizations.

Indicators which are always applicable in Version 3.4 Scorecards

Economic Accountability	**EA-IS1**	EA-IS1.3	EA-IS1.4									
Social Responsibility (8 indicators)	**SR-HP3**	SR-HP3.5										
	SR-HP4	SR-HP4.1	SR-HP4.3	SR-HP4.4	SR-HP4.5							
	SR-WC4	SR-WC4.9										
	SR-MS	SR-MS1.1	SR-MS1.2									
Environmental Leadership – Coffee Growing (46 indicators)	**CG-WR1**	CG-WR1.9	CG-WR1.10	CG-WR1.11								
	CG-SR1	CG-SR1.1	CG-SR1.2									
	CG-SR2	CG-SR2.1	CG-SR2.2	CG-SR2.3	CG-SR2.4	CG-SR2.5	CG-SR2.6	CG-SR2.7	CG-SR2.8	CG-SR2.9	CG-SR2.10	
	CG-CB1	CG-CB1.1	CG-CB1.2	CG-CB1.3	CG-CB1.4	CG-CB1.5	CG-CB1.6	CG-CB1.8	CG-CB1.9	CG-CB1.10	CG-CB1.11	CG-CB1.12
	CG-CB2	CG-CB2.1	CG-CB2.2	CG-CB2.3	CG-CB2.4							
	CG-CB3	CG-CB3.1	CG-CB3.2	CG-CB3.3	CG-CB3.7	CG-CB3.8	CG-CB3.10	CG-CB3.11				
	CG-EM1	CG-EM1.1	CG-EM1.9									
	CG-EM2	CG-EM2.1	CG-EM2.2									
	CG-EM3	CG-EM3.1	CG-EM3.3									
	CG-CC1	CG-CC1.1	CG-CC1.2	CG-CC1.3								
Environmental Leadership – Coffee Processing (10 indicators)	**CP-WC1**	CP-WC1.6										
	CP-WC2	CP-WC2.1										
	CP-WM1	CP-WM1.1	CP-WM1.2	CP-WM1.3								
	CP-EC1	CP-EC1.2										
	CP-RM1	CP-RM1.1	CP-RM1.3	CP-RM1.4								
	CP-MT1	CP-MT1.1										
Producer Support (32 indicators)	**PS-MT1**	PS-MT1.1	PS-MT1.2	PS-MT1.3	PS-MT1.4							
	PS-HP1	PS-HP1.1	PS-HP1.2									
	PS-SR1	PS-SR1.1	PS-SR1.2	PS-SR1.3	PS-SR1.4	PS-SR1.5						
	PS-SR2	PS-SR2.1	PS-SR2.2									
	PS-CB1	PS-CB1.1	PS-CB1.2	PS-CB1.3								
	PS-CB2	PS-CB2.1	PS-CB2.2									
	PS-CB3	PS-CB3.1										
	PS-EM1	PS-EM1.1										
	PS-EM2	PS-EM2.1	PS-EM2.2	PS-EM2.3	PS-EM2.4	PS-EM2.5	PS-EM2.6	PS-EM2.7	PS-EM2.8	PS-EM2.9		
	PS-CC1	PS-CC1.1	PS-CC1.2	PS-CC1.3								