



STARBUCKS®

C.A.F.E. Practices

Coffee and Farmer Equity

February 9th, 2015

Dear supply chain partners,

At Starbucks we strive to continuously improve our operations and programs. With that in mind, we hope you will view the following summary of changes to C.A.F.E. Practices as a positive step. The changes relate to validity periods and estimated production volumes.

VALIDITY PERIODS

In conjunction with v3.3, the start and end months of the C.A.F.E. Practices validity periods will be adjusted to better align with shipping periods per region. This adjustment will allow adequate time for supply chains to complete in-harvest verifications, and for verification organizations to finalize reports and submit to Starbucks prior to the start of next validity cycle. Please see new validity cycles in Table 1 below.

Validity Periods per Region - Table 1.

Countries/ Region	Validity Periods***
Colombia: North & Central <i>[Boyacá, Cesar, La Guajira, Magdalena, Norte de Santander, Antioquia, Caldas, Cundinamarca, Quindío, Risaralda, Santander]</i> Peru: North <i>[Amazonas, Cajamarca, Piura, San Martin]</i> Hawaii	April 1st - March 31st
Cameroon, Ethiopia, Kenya, Uganda	
Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, México, Nicaragua, Panamá, Puerto Rico	July 1st - June 30th
China, India, Nepal, Philippines, Sumatra, Thailand, Vietnam	
Colombia: South <i>[Cauca, Huila, Nariño, Tolima, Valle del Cauca]</i> Peru: Central & South <i>[Junín, Huánuco, Pasco, Apurimac, Cusco, Puno]</i> Bolivia, Brasil, Ecuador	Oct. 1st - Sept. 30th
Burundi, Congo (DR Congo), Malawi, Rwanda, Tanzania, Zambia, Zimbabwe	
East Timor, Papua New Guinea, Sulawesi	

**** Validity periods correspond approximately with start of shipping periods, allowing supply chains to get verified in-harvest and complete the re-verification process and obtain a new status **prior** to expiry of current validity.*

As a result of these changes, Starbucks will make adjustments to supply chains whose validity expired September 30th and current validities to align with these new months.

1. All supply chains whose validity expired on September 30, 2014 and who currently in harvest / verification process will be granted an extension to align with the above validity periods, and to provide you with a validity and status until the current verification reporting process is completed.
 - a. The extension will expire on June 30th 2015, and the next validity will start July 1st 2015 based on results from the current re-verification.
 - b. All supply chains whose validity expired are expected to be in the process of getting re-verified within the current harvest and comply with C.A.F.E. Practices requirements.
2. Other regions will have corresponding adjustments made to align with the validity cycles – please review the table above.
3. All supply chains will receive individual notifications regarding their readjusted start and ending validity dates.
4. IMPORTANT NOTE:
 - a. Starbucks reserves the right to withdraw the extension in the event that a supply chain has not re-applied or demonstrated progress with re-verification activities.
 - b. Starbucks reserves the right to reject or claim against any shipments that have not complied with C.A.F.E. Practices requirements by the start of the new cycle.

Example – Central American countries:

(See table for other regions/countries)

- A. If your validity expired on September 30, 2014, and you have plans to re-verify this harvest and get your verification results in March 2015, your new status will start July 1, 2015. Any shipments prior to July 1st will be covered under your old validity which will end June 30th 2015.– *This is a demonstration of Starbucks good faith and confidence in our supplier partners.*
 - a. NOTE: this is not a valid reason to delay your in-harvest verification as Starbucks reserves the right to reject or claim against any shipments made up to June 30th 2015 if the supply chains have not satisfied all of the C.A.F.E. Practices requirements and have not been granted a status and validity by that date due to non-compliance with Zero Tolerance indicators.
- B. If your application will expire September 30, 2015, your validity will be adjusted to expire in June 30th 2016.

***For all applications: Re-verification prior to expiration is now REQUIRED.**

As we transition to the new validity table, all application validities will be adjusted forward in order to address the gap in status between the old and new validity cycles. Validities will continue to be 1, 2, 3 or 4 years depending on status achieved.

All applications that have a current validity / status will receive the same treatment, and will not be penalized or have their validities shortened due to the re-alignment.

Applications will receive separate communications notifying them of their specific expiry dates.

Provisional applications (applies to NEW SUPPLY CHAINS ONLY – with no previous history in C.A.F.E. Practices) will also follow the revised cycles. The provisional status (maximum of 12 months) will convert to regular status once the verification process has been completed and approved – the first (provisional) year will count as part of the overall validity granted.

New supply chains will be allowed to ship under a provisional status, with the understanding that Zero Tolerance indicators are understood and are being addressed.

1. The following countries / regions whose validities expired September 31st 2014 will have validities extended to align with the revised cycles (Terms & Conditions) as follows:
 - **March 31st 2015:** Colombia (north & central), Peru (north).
 - **June 30th 2015:** China, Costa Rica, El Salvador, Guatemala, Honduras, India, Jamaica, Mexico, Nicaragua, Panama, Philippines, Sumatra, Thailand, Vietnam.
2. The following countries / regions whose validity expires May 31st 2015 will have their validities extended to align with the revised cycles (Terms & Conditions) as follows:
 - **September 30th 2015:** Bolivia, Brazil, Burundi, DR Congo, East Timor, Malawi, Peru (central & south), Rwanda, Sulawesi, Zambia.

APPROVED VOLUMES

In order to approve volumes that are more in line with average and / or improved production over time, we have changed the way verifiers will collect production information.

In all future verifications, inspectors will collect **3 years** of production information, which will include the most recent completed harvest and the two prior years.

1. Both the most recent completed harvest AND the 3 year average production volumes (KGs) will be reported in the verification report. Please have supporting documentation available at the time of verification for it to be considered in the report.
2. The higher of the two production volumes will be included in the approval letter.
3. The applicant / supply chain's actual production volumes should be discussed in the closing meeting with the verifier.
4. In order to prevent any delays resulting from volume discrepancies, we ask that all supply chains take responsibility for reviewing & discussing production volumes with the verifier in the closing meeting prior to the report being submitted to Starbucks.

Thank you for your participation and continued support to C.A.F.E. Practices.
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director coffee sustainability