



C.A.F.E. Practices Generic Evaluation Guidelines 2.0

Starbucks Coffee Company

March 1, 2007

English Version

Introduction

Daily throughout the world innumerable people enjoy coffee. It is a long way from crop to cup. Starbucks Coffee Company believes in encouraging and fostering the sustainable production of green coffee; that is, in a way that “meets the needs of the present without compromising the ability of future generations to meet their own needs”¹. Since these sustainable practices are far from ubiquitous in the marketplace today, we have created this sustainable coffee initiative to both guide coffee farmers, processors and suppliers toward more sustainable coffee production , as well as provide the assistance and incentives to do so.

In the world of coffee, sustainability centers around four key concepts:

- Product Quality
- Economic Accountability
- Social Responsibility
- Environmental Leadership

The companion document to this set of guidelines is the C.A.F.E. Practices Generic Guidelines Scorecard V2.0 , which provides the scoring indicators for C.A.F.E. Practices. These Evaluation Guidelines provide detailed introduction, intents and objectives for each of the evaluation criteria, spanning Product Quality, Economic Accountability, Social Responsibility, Coffee Growing—Environmental Leadership, and Coffee Processing—Environmental Leadership.

These Guidelines are supported by five other key C.A.F.E. Practices documents:

Introduction
Overview
Verifier Operations Manual
Verifier Approval Procedure
Self-Evaluation Handbook

Please see the glossary at end of document for explanations of key terms.

¹ Definition from the “Brundtland Report” of the World Commission on Environment & Development.

| CAFE Practices Evaluation Checklist for Farmers, Processors & Suppliers | | | | | | | |
|---|--------|--|--|-------------------|---------------------|------------------|-----------|
| Product Quality- Required | | | Farmers | Processors | Process/Farm | Suppliers | |
| General Conditions | PQ-1 | Green Preparation- Prerequisite | | | | | |
| | PQ-2 | Cup Quality- Prerequisite | | | | | |
| Economic Accountability- Required | | | | | | | |
| Incentives for Sustainability | EA-IS1 | Demonstration of Financial Transparency | | | | | |
| | EA-IS2 | Equity of Financial Reward | | | | | |
| Financial Viability | EA-FV1 | Financial Viability | | | | | |
| Social Responsibility | | | Total Possible Section Points- 40 | | | | |
| <i>Minimum for Preferred = 60%</i> | | <i>Minimum for Strategic = 80%</i> | | 40 | 40 | 40 | 40 |
| Hiring Practices and Employment Policies | SR-HP1 | Wages and Benefits* | 7 | 7 | 7 | 7 | |
| | SR-HP2 | Freedom of Association/Collective Bargaining | 4 | 4 | 4 | 4 | |
| | SR-HP3 | Hours of Work | 4 | 4 | 4 | 4 | |
| | SR-HP4 | Child Labor/Discrimination/Forced Labor* | 7 | 7 | 7 | 7 | |
| Worker Conditions | SR-WC1 | Access to Housing, Water and Sanitary Facilities | 6 | 6 | 6 | 6 | |
| | SR-WC2 | Access to Education | 4 | 4 | 4 | 4 | |
| | SR-WC3 | Access to Medical Care | 4 | 4 | 4 | 4 | |
| | SR-WC4 | Worker Safety and Training | 4 | 4 | 4 | 4 | |
| Coffee Growing- Environmental Leadership | | | Total Possible Section Points- 40 | | | | |
| <i>Minimum for Preferred = 60%</i> | | <i>Minimum for Strategic = 80%</i> | | 40 | | 40 | 40 |
| Protecting Water Resources | CG-WR1 | Watercourse Protection | 5 | | 5 | 5 | |
| | CG-WR2 | Water Quality Protection | 4 | | 4 | 4 | |
| | CG-WR3 | Water Resources and Irrigation | 3 | | 3 | 3 | |
| Protecting Soil Resources | CG-SR1 | Controlling Surface Erosion | 7 | | 7 | 7 | |
| | CG-SR2 | Maintaining Soil Productivity | 5 | | 5 | 5 | |
| Conserving Biodiversity | CG-CB1 | Maintaining Coffee Shade Canopy | 4 | | 4 | 4 | |
| | CG-CB2 | Protecting Wildlife | 2 | | 2 | 2 | |
| | CG-CB3 | Conservation Areas | 2 | | 2 | 2 | |
| Environmental Management and Monitoring | CG-EM1 | Ecological Pest and Disease Control | 5 | | 5 | 5 | |
| | CG-EM2 | Farm Management and Monitoring | 3 | | 3 | 3 | |
| Coffee Processing- Environmental Leadership | | | Total Possible Section Points- 20 | | | | |
| <i>Minimum for Preferred = 60%</i> | | <i>Minimum for Strategic = 80%</i> | | | 20 | 20 | 20 |
| Wet Milling | | | | 16 | 16 | 16 | |
| Water Conservation | CP-WC1 | Minimizing Water Consumption | | 5 | 4 | 4 | |
| | CP-WC2 | Reducing Wastewater Impacts | | 5 | 4 | 4 | |
| Waste Management | CP-WM1 | Waste Management Operations/Beneficial Reuse | | 3 | 4 | 4 | |
| Energy Use | CP-EC1 | Energy Conservation/Impacts | | 3 | 4 | 4 | |
| Dry Milling | | | | 4 | 4 | 4 | |
| Waste Management | CP-WM2 | Waste Management Operations/Beneficial Reuse | | 2 | 2 | 2 | |
| Energy Use | CP-EC2 | Energy Conservation/Impacts | | 2 | 2 | 2 | |
| Grand Total Points Possible | | | 80 | 60 | 100 | 100 | |

*Conformance with the required indicators necessary

1.0 Product Quality- Required

1.1 Product Quality – General Conditions

1.1.1 Green Preparation and Cup Quality

Intent – The Starbucks Coffee Trading Company (SCTC) - Green Coffee Vendor Guidelines (No. 0403-01) are issued to ensure smooth operations and to address a high quality standardization of the day-to-day business. All SCTC contracts are subject to these guidelines, unless otherwise specified.

Discussion - Starbucks has extremely high quality standards for both cup and grade. We have built our reputation on our commitment to the best quality coffee available and view our vendors as strategic partners in this endeavor. SCTC purchases Green Coffee according to the following Quality Specifications and Standards:

1.1.2 Evaluation Criteria

PQ-1: Green Preparation (Prerequisite)

All contracts specifying “European Preparation” or “E.P.” are expected to contain the following: screen size 15 and above, consistent bean size, uniform, good green color. The following defects will be considered out of specification for European Preparation, (E.P.): Black or partial black beans, brown beans, moldy beans, moisture content higher than 14%, sours, insect damaged beans, white beans or quakers, pods, broken beans, more than 5% peaberries, uneven green color or faded beans, presence of sticks, stones or other non-coffee foreign matter. All other contracts will rely on established grades as per origin or established types. Deviation from the above standards will result in rejections..

PQ-2: Cup Quality (Prerequisite)

All coffees will be purchased on a very specific description. Starbucks will establish approved types with all vendors for each quality purchased. Coffees purchased are expected to arrive fully equal to established type. All contracts are subject to the approval of both pre-shipment and arrival samples, unless otherwise specified. Pre-shipment samples are not to represent more than 4 containers and must weigh over 500 grams per sample. The following defects are considered out of contract compliance and will result in rejections: ferment, faded, astringent, past crop flavor, rough, low grown flavor, fruity, oniony, phenol, rioy, hard, medicinal, chemically tainted, baggy, oily, musty, moldy, peanutty, and dirty..

2.0 Economic Accountability - Required

2.1 Incentives for Sustainability

2.1.1 Intent – Through its purchasing and pricing policies, Starbucks seeks to provide incentives and support for economically sustainable coffee production, processing and trading methods.

2.1.2 Discussion – In order to ensure that the entire *supply chain*, consisting of *farmers, processors and suppliers*, benefits from the C.A.F.E. Practices Program, suppliers are required to provide reliable documentation regarding prices paid to their suppliers.

2.1.3 Evaluation Criteria

EA-IS1: Demonstration of Financial Transparency

Objective: *Applicants* are required to accurately report to SCTC whether there is a clear method of documenting and tracking payments and quantities of coffee for the entire supply chain. Each *Entity* (farm, mill, middleman, etc.) in the Supply Network is required to accurately report to verifiers whether there is a clear method of documenting and tracking payments and purchases and quantities of coffee for the entire supply chain.

Required Indicators:

At the Application Level (Sent to SCTC, not evaluated by verifiers):

- EA-IS1.1- Applicant has documents clearly specifying all payments among all entities represented in the supply network. Comply/Not Comply
- EA-IS1.2- Documents observed clearly indicate dates, names of entities buying and selling, type of coffee (cherry, parchment, green), units of measure and quantity. Comply/Not Comply

For each Entity in the Supply Network:

- EA-IS1.3- Entity verified maintains documents with records of invoices or receipts for the coffee (cherry, parchment, green) it purchases. Comply/Not Comply
- EA-IS1.4- Documents observed clearly indicate dates, names of entities buying and selling, type of coffee (cherry, parchment, green), unit of measures and quantity. Comply/Not Comply
- EA-IS1.5- Entity verified maintains documents with records of payments for the coffee (cherry, parchment, green) it sells. Comply/Not Comply

EA-IS2: Equity of Financial Reward

Objective: Suppliers are the direct recipients of coffee payments from Starbucks. It is expected that Starbucks coffee suppliers will pass on an equitable share of coffee revenues (i.e., financial rewards) through the supply chain to coffee farmers and processors. For applicants that are vertically integrated, it is expected that the distribution of economic benefit through payment of wages and compensation also demonstrate social equity and responsibility. The price paid by applicants to suppliers will be directly correlated to the extent to which these coffee farmers and processors themselves operate in a socially and environmentally responsible manner. Applicants will be assessed and evaluated in this regard according to benchmarks set by SCTC. Verifiers have no role in assessing this criterion.

Required Indicators:

- Applicant can detail cost of operations through third party financial audit
- Applicant payments to coffee farmers and/or processors are demonstrably equitable, clearly assuring that all parties in the vendor's supply chain derive a fair and appropriate return for their labors
- Applicant does not maximize retained earnings (i.e., profit margins) at the expense of farmers and processors from which coffee is procured

2.2 Financial Viability

2.2.1 Intent – Starbucks seeks to develop long-term trading relationships with preferred suppliers.

2.2.2 Discussion – Sustainability is a commitment to the future and Starbucks intends to recognize those preferred suppliers who make that commitment with long-term trading relationships.

2.2.3 Evaluation Criteria

EA-FV1- : Financial Viability

Objective: Just as environmental leadership and social responsibility play a key role in the Preferred Supplier's Program, the long-term financial viability of producers is equally important if the producers are to stay in business

Required Indicators:

- Applicant provides financial statements or credit references for the prior two years

Optional:

- Applicant provides audited financial statements for the prior two years
- Vendor or trading entity provides three-year financial plan for the future with detailed forecasting of revenues and spending
- Vendor or trading entity provides financial planning and aggregating of capital budgeting expenditures for processing and growing entities

3.0 Social Responsibility

3.1 Hiring Practices and Employment Policies

3.1.1 Intent – Seeks to ensure fair hiring practices and employment policies that provide for and protect employees. Local employment standards shall be met by employers but employers should be encouraged to exceed those standards where it improves the quality of life for their employees.

3.1.2 Discussion - Fair, equitable, non-discriminatory hiring and employment practices are essential to the aims of the C.A.F.E. Practices Program. Fair wages are necessary to meet the basic needs of employees. Employers seek to continuously improve employee benefits and should be able to provide a comprehensive hiring and employment policy in writing.

3.1.3 Evaluation Criteria

SR- HP1: Wages and Benefits

Objective: Rewards suppliers who share a commitment to the improvement of wages and benefits for workers.. Overall compensation for full time and temporary workers meets/exceeds *local or national laws*.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-HP2: Freedom of Association/Collective Bargaining

Objective: Ensure that workers have fair representation and that workers' rights to organize and negotiate freely with their employers are guaranteed in accordance with national laws and international obligations (ILO Conventions 87 and 98).

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-HP3: Hours of Work

Objective: All workers should be allowed time off of work in accordance with national laws and permanent workers should be provided paid sick leave.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-HP4: Child Labor/ Non Discrimination/ Forced Labor

Objective: Starbucks will not accept direct contracting of any persons under the age of 14. Exceptions to this apply only to family or small-scale farms that do not regularly employ hired workers. We prefer that our suppliers hire no one under the age of 15. If local regulations stipulate compulsory education up to an age greater than 15, those regulations will apply during school hours.

Suppliers must provide Equal Remuneration for Men and Women Workers for Work of Equal Value (ILO Convention 100), and must not pay trainees less than minimum wage, or the prevailing customary wage, whichever is greater. Suppliers will not discriminate on the basis of race, color, national origin, gender, sexual orientation, religion, disability or other similar factors, in hiring practices or any other term or condition of work, including assignment of work, occupational training, advancement, promotion, remuneration, granting of social benefits, discipline or termination (ILO Convention 111).

The use of any forced or involuntary labor, either directly or indirectly, by our suppliers, contractors or subcontractors will not be tolerated. This includes the use of slave labor, bonded labor, indentured labor or involuntary convict labor. Workers must be free to leave the workplace at the end of their shift and to resign without repercussion. Suppliers must not use corporal punishment or any other form of physical or psychological coercion.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

3.2 Worker Conditions

3.2.1 Intent – Coffee production systems should ensure protection from workplace hazards and conform to national laws as well as to international conventions related to occupational health and safety and living conditions.

3.2.2 Discussion - Suppliers must provide all their workers with a safe and healthy work environment and comply with all applicable laws and regulations regarding working conditions. Employers should strive to continuously improve working conditions for all employees and living conditions for on-site employees. Both temporary and permanent workers have access to sufficient housing, potable water and sanitary facilities.

3.2.3 Evaluation Criteria

SR-WC1: Access to housing, potable water and sanitary facilities

Objective: Onsite workers with no local or convenient access to housing depend on their employers to provide them with the basic necessities for a safe and comfortable environment and employers should strive to meet these needs and continually improve relevant facilities.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-WC2: Access to Education

Objective: Workers and their families should have access to an organized education.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-WC3: Access to Medical Care

Objective: Workers and their families should have access to medical care.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

SR-WC4: Worker Safety and Training

Objective: Effective measures should be taken to ensure the health and safety of farm workers who may handle or be exposed to agrochemicals. Workers in other capacities should also have sufficient training to operate equipment without endangering themselves. Equipment should be maintained in good operating condition to ensure safe use.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

4.0 Coffee Growing- Environmental Leadership

The cultivation of coffee involves human intervention in rural areas dominated by natural environments, mainly in the tropics and sub tropics which are some of the earth's most biologically diverse regions. While areas of coffee production vary in the extent to which past and current human activity (settlement, industrial activity, agricultural activity) have already altered the natural environments, exemplary coffee production endeavors to do no additional harm to the area's natural resources (terrestrial, aquatic, soil) and, where possible, to contribute to the restoration of natural resources. Environmental Leadership in coffee growing is demonstrated through efforts to protect and conserve water resources, soil resources, *biological diversity*, and overall *ecosystem functions*. In addition, the subject area of Coffee Growing-Environmental Leadership includes proper farm planning and management. This is essential to reduce exposure to agrochemicals, improve operational efficiencies and monitor improvements to the farm in response to C.A.F.E. Practices.

4.1 Protecting Water Resources

4.1.1 Intent – To cultivate, grow and harvest coffee in a manner that avoids adverse impacts to water resources. This criteria-set addresses protection of surface and sub-surface water resources. Participants in C.A.F.E. Practices encourage the production of quality coffee in a manner that minimizes the impacts on the site's natural water supply.

4.1.2 Discussion – In coffee growing regions, water quality (including watercourse *buffer zones*) is vital to human communities and to a healthy ecosystem. At the same time, mismanagement of this valuable resource, through sedimentation, chemical or biological contamination, or destruction of natural riparian and aquatic environments can result in significant long-term environmental impacts both on-site as well as throughout the entire watershed.

This principle is intended to reward those coffee growing operations that take the steps necessary to protect ground and surface water resources, on a day-to-day basis.

4.1.3 Evaluation Criteria

CG-WR1: Watercourse Protection

Objective: To control sedimentation, fertilizer run-off and other sources of contamination, as well as to provide habitat that supports native flora and fauna.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CG-WR2: Water Quality Protection

Objective: To prevent degradation to surface or ground water quality from farming practices.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CG-WR3: Water Resources and Irrigation

Objective: To minimize the water used for irrigating coffee and to ensure that water used to irrigate coffee does not negatively impact local communities.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

4.2 Protecting Soil Resources

4.2.1 Intent – To maintain the health and productivity of soils, for the purposes of assuring sustainable coffee production as well as the continued viability of other biotic resources found on the farm.

4.2.2 Discussion – From a farming perspective, the single greatest asset to maintaining viable, sustainable coffee production is the soil, the medium from which all vegetative life springs. Without a healthy soil resource, sustainable farming is simply not possible. Proper stewardship of the soil is key to maintaining this resource.

4.2.3 Evaluation Criteria

CG-SR1: Controlling Surface Erosion

Objective: To keep topsoil on site. Loss of topsoil through surface erosion has two obvious negative effects: loss of the productive capacity and introduction of sedimentation and contaminants into nearby water bodies. Areas of the farm that have been determined to be at risk to soil erosion (due to slope, soil type, rainfall levels, etc) are effectively protected from erosion by means of an appropriate combination of soil conservation practices.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CG-SR2: Maintaining Soil Productivity (Nutrient Management)

Objective: To assure long-term ecological and agricultural productivity by maintaining the health of the soil, making agricultural production possible.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

4.3 Conserving Biological Diversity

4.3.1 Intent – Encourage coffee farming practices that maintain and enhance natural biodiversity and ecosystem functions within and adjacent to coffee production areas.

4.3.2 Discussion – Increased biodiversity has been shown to improve the resiliency of an ecosystem. Greater biodiversity is achieved by creating conditions that support the full suite of floral and faunal species indigenous to the region. To protect and enhance natural biological diversity and ecosystem functions, coffee growing must minimize adverse impacts to natural vegetation and wildlife.

4.3.3 Evaluation Criteria

CG-CB1: Maintaining a Coffee Shade Canopy Cover

Objective: Where coffee is grown in areas originally covered by forest, a canopy cover of diverse native tree species, aimed at conserving *native biodiversity*, is incorporated into coffee production. A canopy cover provides conditions that most closely mimic those that native flora and fauna have evolved under. Additionally, shaded coffee systems help maintain ecological functions (i.e. soil conservation, water cycle maintenance and carbon sequestration). In some regions, due to the local conditions, a shade canopy may not be appropriate or feasible.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CG-CB2: Protecting Wildlife

Objective: In the context of coffee farming, the objective is to manage the farming operations so as to provide conditions supporting the habitat needs of wildlife species that are native to the area.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CG-CB3 Establishing Conservation Emphasis Areas and Ecological Restoration

Objective: In order to conserve and/or enhance biodiversity and ecological functions, *areas of high ecological value* are identified and then managed with a conservation emphasis. When appropriate and feasible, *conservation emphasis areas* are permanently protected as legal reserves or with conservation easements. If areas of ecological value are completely lacking on the farm, managers undertake efforts to restore natural habitat or conditions on a portion of the farm (*ecological restoration*)

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

Note: Designation as a "Conservation Emphasis Area" does not automatically preclude production of coffee. In other words coffee can continue to be cultivated as long as the ecological value that is the focus of the conservation emphasis area is maintained. One example of this is where coffee is currently being cultivated under a canopy cover comprised mostly of primary forest.

4.4 Environmental Management and Monitoring

4.4.1 Intent –Environmental leadership is best guided by effective planning, management and monitoring, particularly in the use of *agrochemicals* and integrated pest management.

4.4.2 Discussion – Good environmental management and monitoring improves farm practices and worker safety. Better planning and more judicious and justified use of agrochemicals all contribute to a better farm and improve worker safety. Environmental leadership requires a working knowledge of resource conditions, clear long-term and short-term environmental goals and objectives, monitoring, and adaptive management. Management planning and monitoring are critical to achieving the environmental leadership objectives of C.A.F.E. Practices.

4.4.3 Evaluation Criteria

CG-EM1: Ecological Pest and Disease Control

Objective: Environmental leadership in coffee growing aims to develop agro-ecosystems capable of naturally maintaining pests, disease, and competing vegetation at insignificant levels. In order to diminish the farms dependence on external agrochemical inputs, a reduction in a *weighted toxicity index score* for all agrochemicals applied on the farm is achieved until the use of such inputs is no longer necessary.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

Nematode Amendment to indicator CG-EM1.1:

Farm managers do not use chemicals that are listed by the World Health Organization as Type 1A or 1B. An exception to this indicator may only be granted in the event that Type 1A or 1B chemicals are used to control nematode populations and only when ***all*** of the following supplemental indicators are met:

1. Soil (*and coffee root*) sample results demonstrate the presence of nematodes, according to a registered nematologist (member of an international nematological society). The nematologist must determine in writing that the soil (*and coffee root*) sample results justify the use of WHO Type 1A or 1B chemicals to combat nematode populations
2. The use of WHO Type 1A or 1B chemicals is restricted to those farm plots where soil (*and coffee root*) sample results demonstrate the presence of nematodes, according to a registered nematologist (member of an international nematological society)
3. The farm either currently grafts plants to nematode-resistant rootstock or has a clear plan in place to graft plants to nematode-resistant rootstock. A clear plan includes at a minimum: a budget, identified sources for rootstock and planting goals for the grafted plants
4. Any chemicals in the 'dirty dozen' may not be used (PCBs, dioxins, furans, DDT, aldrin, hexachlorobenzene, chlordane, mirex, toxaphene, dieldrin, endrin and heptachlor)
5. All of the above information is reported in writing by the verifier in the verification report

Communicating this change:

Effective: March 1st, 2007

For verifications not yet started (field verification not started):

All verifications initiated after this date must use these supplemental indicators for assessment of CG-EM1. This change does not affect any other current indicators in the C.A.F.E. Practices Generic Guidelines.

For reports not yet completed (but field verification has been completed):

Verifiers need to double-check CG-EM1 scores to make sure this update doesn't impact the score. If it will impact the score, the verifier should request additional information from the farm to see if they comply with the supplemental indicators listed. Farms must have complied with the supplemental indicators at the time of the verification field visit- this is not an opportunity for a farm to initiate a process to achieve compliance with these supplemental indicators.

CG-EM2: Farm Management and Monitoring

Objective: To assure that management decisions are thought through and based on knowledge of resource conditions, management planning and monitoring are critical to being able to achieve C.A.F.E. Practices objectives. Developing and implementing an annual work plan helps to clearly identify resources and goals on an ongoing basis.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

5.0 Environmental Leadership - Coffee Processing

Wet Milling

Preparing harvested coffee cherry for market requires that the outer skin, fruit (pulp/mucilage) be removed. Wet milling can encompass a variety of methods to remove the outer skin and pulp from the coffee. Coffee cherry can be mechanically de-pulped and then fermented to remove mucilage. Following fermentation, the coffee is washed. Alternatively, mucilage can be removed mechanically from depulped coffee. Parchment coffee is then dried either in the sun, in a mechanical dryer, or a combination of the two. In some cases, the drying step happens after Dry Milling.

Dry Milling

In Dry Milling, parchment coffee is milled to remove the parchment layer. The resulting green coffee is sorted, graded and bagged for transport, usually at the Dry Milling facility..

With both milling processes, there are a variety of best practices; central to these practices are the environmental indicators of water conservation, waste management and energy consumption.

5.1 Wet Milling

5.2 Water Conservation

5.2.1 Intent – Coffee should be processed using methods that reduce water consumption and protects local water quality.

5.2.2 Discussion – Water use is an important issue at local, regional and global levels. Water is essential for all varieties of life and ecosystem health and provides a critical link between society and nature. Reducing consumption of water in coffee processing allows those resources to be used by other stakeholders and also reduces the quantity of wastewater. .

5.2.3 Evaluation Criteria

CP-WC1: Minimizing Water Consumption

Objective: Minimize quantity of water used and consumed by processing operations.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

CP-WC2: Reducing Wastewater Impacts

Objective: Ensure that processing facilities minimize the impact of wastewater discharge on the local environment.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

5.3 Waste Management (Wet Milling)

5.3.1 Intent – To minimize the environmental impacts of wastes generated during wet milling operations.

Discussion – The primary waste materials generated from wet milling operations include the skin and pulp of the coffee bean. The separated pulp and skin have significant organic content, which under careful management can provide valuable nutrient inputs for farming.

5.3.2 Evaluation Criteria

CP-WM1: Waste Management

Objective: Proper implementation of a waste management program facilitates beneficial reuse of appropriate wastes.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

5.4 Energy Use (Wet Milling)

5.4.1 Intent – To encourage both energy conservation and production of energy from renewable sources while minimizing overall environmental impact.

5.4.2 Discussion – Several types of energy may be used in the processing of coffee: electricity to run pulpers, pumps, coffee dryers; wood to fuel coffee dryers and diesel or gasoline generators to generate off-grid electricity. Electricity or gasoline consumption ties processing operations to variable energy costs and inconsistent supply in some regions. Wood can be a renewable resource if harvesting is properly managed. The best way to mitigate both the cost and environmental impact of energy consumption is to conserve overall consumption.

5.4.3 Evaluation Criteria

CP-EC1: Energy Conservation & Environmental Impacts

Objective: Minimize quantity of energy used and consumed

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

5.5 Dry Milling

5.5.1 Waste Management (Dry Milling)

5.5.2 Intent – To minimize the environmental impacts of wastes generated during dry processing operations.

5.5.3 Discussion – The primary waste material generated from dry milling operations is the parchment of the coffee bean, which can be used as a supplementary fuel in coffee dryers, reducing the reliance on wood or other energy inputs and eliminating the need for disposal.

5.5.4 Evaluation Criteria

CP-WM2: Waste Management

Objective: Proper implementation of a waste management program that facilitates beneficial reuse of appropriate wastes.

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

5.6 Energy Use

5.6.1 Intent – To encourage both energy conservation and production of energy from renewable sources while minimizing overall environmental impact.

5.6.2 Discussion – Several types of energy may be used in the dry milling of coffee: electricity to run hullers and diesel or gasoline generators to create off-grid electricity. Electricity or gasoline consumption ties processing operations to variable energy costs and inconsistent supply in some regions. The best way to mitigate both the cost and environmental impact of energy consumption is to minimize overall consumption.

5.6.3 Evaluation Criteria

CP-EC2: Energy Conservation & Environmental Impacts

Objective: Minimize quantity of energy used and consumed

Scoring Indicators:

For the scoring indicators for this criteria, please refer to C.A.F.E. Practices Generic Guidelines Scorecard V2.0

GLOSSARY

C.A.F.E. Practices Program Terminology

C.A.F.E. Practices program terminology needs to be consistent to ensure uniformity of meaning among producers, processors, suppliers, verifiers and other users of the program. Figure 1 below introduces program terminology, followed by the definition of terms used in C.A.F.E. Practices.

Figure 1: C.A.F.E. Practices Terminology

| Subject Area | | | |
|--------------|--|-------------------------------------|-----------------------------------|
| Criteria Set | Environmental Leadership – Coffee Growing | | Maximum Section Points- 40 |
| | Protecting Soil Resources | CG-SR1: Controlling Surface Erosion | 7 |
| | | CG-SR7: Improving Soil Quality | 5 |
| | | Scoring Indicators | |

Criteria Metrics for assessing conformance to C.A.F.E. Practices

- 1.1 **Aggregate Score:** The total (summed) score associated with a supplier's scoring profile. Each scoring profile is associated with a unique, defined Supply Network(s). 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.
- 1.2 **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)².
- 1.3 **Applicant:** An entity that seeks status under C.A.F.E. Practices. Individual Estates (those operations that feature both growing and processing of coffee in a single entity) and producer associations (operations which feature either pooled resources amongst many producers or a single processing entity collecting coffee from surrounding small farms) may apply directly to C.A.F.E. Practices. Farms which are not part of a vertically integrated operation may not apply directly to C.A.F.E. Practices but can be represented as part of a producer association.
- 1.4 **Applicant Supplier:** An entity that directly sells green coffee beans to Starbucks and that is undergoing the verification process for the purpose of receiving a scoring profile relative to the C.A.F.E. Practices Generic Evaluation Guidelines.
- 1.5 **Applicant Verifier:** An entity that offers independent auditing and verification services that is undergoing the process of being duly recognized as an Approved Verifier.
- 1.6 **Approved Verifier:** An entity that offers independent verification services under C.A.F.E. Practices that has successfully undergone the process of being duly recognized as an Approved Verifier. Such entities appear on the List of Approved Verifiers maintained on the SCS web site.
- 1.7 **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 services of nature (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).
- 1.8 **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.
- 1.9 **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.

² Conservation Principles for Coffee Production

- 1.10 Canopy cover:** The multiple stories of foliage in a stand of trees or shrubs, in particular the uppermost continuous layer of branches and foliage.
- 1.11 Chemical Pesticides:** The range of herbicides, insecticides, fungicides, rodenticides, nematocides and hormones that are used in coffee growing.
- 1.12 Cherry:** The fruit of the coffee tree, which contains the coffee bean(s).
- 1.13 Coffee Supply Chain:** The steps and links in the production of green coffee that connect coffee producers to processors to suppliers.
- 1.14 Coffee Supply Network:** Another term for Coffee Supply Chain that underscores the fact that the supply chain associated with any single supplier commonly includes several processors and numerous producers.
- 1.15 Conservation Emphasis Areas:** Defined areas of the farm where conservation of ecological resources is the primary objective. Coffee harvesting is permitted in a conservation emphasis area as long as it does not interfere with conservation goals. In other words coffee can continue to be cultivated as long as the ecological value that is the focus of the conservation emphasis area is maintained.
- 1.16 Criterion:** Specific quality, transparency, environmental or social requirements that form the third hierarchical layer of the C.A.F.E. Practices Generic Evaluation Guidelines
- 1.17 Crop Cultivation:** To till, fertilize, prune, apply herbicide, or undertake other ground disturbing activities related to growing coffee. The practice of simply picking coffee cherries is not considered cultivation.
- 1.18 Desk Audit:** The process of checking the veracity of a verification report in the absence of a field visit.
- 1.19 Dispute Resolution:** The process by which points of contention with the entity being verified are resolved.
- 1.20 Ecological Restoration:** A process of returning ecosystems or habitats to their native structure and species composition.
- 1.21 Ecosystem:** A community of plants, animals, and their physical environments, functioning together as an interdependent unit.
- 1.22 Ecosystem Functions:** The interactions between organisms and the physical environment, such as nutrient cycling, soil development, water budgeting, and flammability. The collective intraspecific and interspecific interactions of the biota, such as primary and secondary production and mutualistic relationships.
- 1.23 Endangered species:** Any species which is in danger of extinction throughout all or a significant portion of its range.
- 1.24 Estate:** An entity that combines both production and processing of coffee cherry.
- 1.25 Farmer Support Center (FSC):** See SCAC.
- 1.26 Fatal Flaw:** criteria where non-conformance results in non-participation in C.A.F.E. Practices.
- 1.27 Field Audit:** The process of checking the veracity of C.A.F.E. Practice verification reports by conducting inspections at the farm, processor and/or supplier level.
- 1.28 Inspector:** An individual who conducts verifications against the C.A.F.E. Practices Generic Evaluation Guidelines for an approved C.A.F.E. Practices Verifier.
- 1.29 Internal Control System:** Monitoring and assistance mechanisms used by a vendor, processor, or association to ensure the small farms that they source coffee from are complying with the C.A.F.E. Practices Generic Evaluation Guidelines.
- 1.30 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/>
- 1.31 Native Biodiversity:** The number and variety of naturally occurring organisms found within a specified geographic region.
- 1.32 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.
- 1.33 Long-term:** The time-scale manifested by the objectives of the management plan and the commitment to maintain a viable ecological system. The length of time will vary according to ecological conditions, and will be a function of how long it takes a given ecosystem to recover its natural structure and composition following disturbance.
- 1.34 Native species:** A species that occurs naturally in the region.
- 1.35 Natural:** Areas where many of the principal characteristics and key elements of native ecosystems such as complexity, structure and diversity are present.

- 1.36 Normative Expectation:** The performance levels expected of suppliers, processors and producers that desire to be C.A.F.E. Practices participants. These performance expectations are organized into a set of criteria that address quality, transparency, environmental and social issues. For each criterion found in the C.A.F.E. Practices Generic Evaluation Guidelines, there are a set of bulleted performance descriptors for minimum conformance (generally, 1 point, except in the Social Responsibility Subject Area of the C.A.F.E. Practices Generic Evaluation Guidelines, where minimum conformance is awarded 2 points) and maximum performance (typically, 5 points).
- 1.37 Producer (Farmer):** Farming enterprises that cultivate and grow coffee plants for the purpose of harvesting coffee cherries that are subsequently refined into green coffee sold to Starbucks
- 1.38 Preferred Supplier:** See Section 9.0 for status description and conditions.
- 1.39 Pre-requisite Criteria:** The unscored criteria (performance requirements) as found in the C.A.F.E. Practices Generic Evaluation Guidelines that must be met in order to participate in C.A.F.E. Practices.
- 1.40 Principle:** The middle or second hierarchical level of the C.A.F.E. Practices Generic Evaluation Guidelines that provide elaboration of the Subject Areas. Principles are further elaborated by Criteria.
- 1.41 Processor:** A mill that produces green coffee or parchment from parchment or coffee cherry, using wet or dry processes. No coffee can be sold through C.A.F.E. Practices if there is not a clear chain-of-custody with program participants. Processors cannot be “Suppliers” independent of actual producers.
- 1.42 Producer Support Organization:** An entity that facilitate the collection, processing and/or export of coffee from smallholders.
- 1.43 Program Applicant:** A supplier, processor or grower that has applied to C.A.F.E. Practices, received an Applicant ID number and is in the process of receiving a C.A.F.E. Practices scoring profile assigned by an Approved Verifier.
- 1.44 Program Participant:** A supplier, processor or producer that has received a C.A.F.E. Practices scoring profile (as well as meeting the minimum performance for SR-HP1 and SR-HP4) assigned by an Approved Verifier.
- 1.45 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.
- 1.46 Renewable sources of energy:** Any resource that provides energy and is capable of indefinite renewal on a human-based time scale.
- 1.47 Roster of Preferred Suppliers:** A regularly updated list of C.A.F.E. Practices program participants (suppliers, only) that meet the requirements to become Preferred Suppliers (see definition, above.) SCTC’s purchasing decisions will afford preference to Preferred Suppliers
- 1.48 Starbucks Coffee Agronomy Company (SCAC) also known as the Farmer Support Center (FSC).** SCAC administers C.A.F.E. Practices, including processing supplier applications and verification reports. SCAC also provides technical support and training that promotes high quality coffee for the future.
- 1.49 Scoping:** The process of assessing supply chain for feasibility of conducting verification activities prior to undertaking verifications.
- 1.50 Score:** The numerical index demonstrating the degree of conformance to any of the scored criteria found within the C.A.F.E. Practices Generic Evaluation Guidelines
- 1.51 SCTC:** Starbucks Coffee Trading Company. Operating out of Lausanne, Switzerland, SCTC is responsible for purchasing coffee and ensuring quality for Starbucks.
- 1.52 Self-Assessment Checklist:** Part of the Self-Assessment Handbook whereby a supplier can see which components of production require evaluation under C.A.F.E. Practices.
- 1.53 Self-Evaluation Handbook:** A tool for suppliers to evaluate their own performance within C.A.F.E. Practices. Used in advance of a verification visit in order to help prepare necessary documentation as well as to indicate to the supplier how the supplier might perform under verification. The handbook clearly outlines the C.A.F.E. Practices Guidelines, how C.A.F.E. Practices is scored and how scoring indicators will be evaluated by a verifier.
- 1.54 Shadow Audit:** The process of evaluating verifier performance by having auditors accompany verifiers during the course of a verification.
- 1.55 Smallholder:** any farm of less than twelve hectares.

- 1.56 Socio-Environmental Profile:** Reflects the overall performance on the social and environmental criteria outlined in C.A.F.E. Practices.
- 1.57 SSC:** Starbucks Support Center. Headquarters of Starbucks Coffee Company, Seattle, Washington, United States of America.
- 1.58 Stand-alone Processor:** A stand-alone wet/dry entity that exclusively processes coffee.
- 1.59 Strategic Supplier:** See Section 9.0 for status description and conditions.
- 1.60 Subject Area:** The highest hierarchical level of the C.A.F.E. Practices Generic Evaluation Guidelines. Subject Areas are further elaborated by Principles which, in turn, are further elaborated by Criteria
- 1.61 Supplier:** Entities that enter direct contractual supply agreements with Starbucks Coffee Trading Company to sell green coffee
- 1.62 Supply Chain:** the characterization of how the coffee moves from farm to processor to supplier.
- 1.63 Supply Networks:** groups of coffee producers and processors that provide coffee in various stages to suppliers.
- 1.64 Surveillance Audit:** Annual and/or periodic audits of C.A.F.E. Practices program participants (suppliers, processors, producers) or of Approved Verifiers
- 1.65 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.
- 1.66 Verification:** The process of ascertaining the extent of conformance to the C.A.F.E. Practices Generic Evaluation Guidelines, as measured through a scoring process conducted by an Approved Verifier
- 1.67 Verified Supplier:** See Section 9.0 for status description and conditions.
- 1.68 Verifier:** A third party inspector who assesses coffee supply chains against the C.A.F.E. Practices Evaluation Guidelines, evaluating environmental and social performance of producers and processors as well as collecting system of payments information from producers, processors and suppliers.
- 1.69 Vertical Integration:** More than one step in the coffee growing, harvesting, processing and trading process being carried out by a single entity.
- 1.70 Weighted toxicity index score:** is calculated by taking the total volume of each agrochemical (pesticide, fungicide, herbicide, or synthetic fertilizer) applied over the year and multiplying it by a toxicity factor (LD 50) for the main active ingredient in the product in question. Then, by averaging the individual product values and then dividing them by the total productive area of the farm, we get an overall index score for the farm
- 1.71 Worker Day:** A unit of time used for weighting social responsibility performance in an aggregate score. A worker day is the generally the unit of time for one day of work for a full-time employee (generally 8 hours).
- 1.72 Workers:** full-time, part-time and temporary/seasonal personnel working in coffee growing and processing operations. *Full-time workers* are those who are employed on an ongoing basis for the full work day by the entity being verified. *Part-time workers* are those who are employed either on an ongoing basis for a set number of hours that is less than full-time or are hired on an occasional basis for specific tasks. *Temporary/Seasonal workers* are those who are hired to work on a during the harvest, both full and part-time.