



Assessment of the Coffee and Farmer Equity (C.A.F.E.) Practices Program for FY08

Executive Summary

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In March 2008 Starbucks Coffee Company and Conservation International agreed to undertake an assessment of the Coffee and Farmer Equity (C.A.F.E.) Practices program. The main objective of this initiative was to assess progress against the stated objective of improving the uptake of best practices by participating coffee producers over time. The results of the analysis could then be used as the basis for improving the program over time and to develop communications messages that would build awareness and support for the program.

Most of the publicly reported results to date on C.A.F.E. Practices (e.g. percentage of purchases, average criteria scores) have relied on analysis of application data which represents a particular supply chain. This assessment marks the first step toward diving more deeply into the verification reports to examine farm and mill performance for a given year and establishes a framework for analyzing results on an annual basis. Verifications that took place between October 1, 2006 and September 30, 2007 form the basis for Starbucks purchasing in FY08. Review of these reports enables an assessment of performance among farms and mills participating in C.A.F.E. Practices for that year and establishes a baseline that subsequent analyses can use to establish trends. While there are 215 indicators that could be analyzed based on the generic guidelines, this assessment has identified key indicators of social and environmental performance that can serve as the basis for subsequent assessments. The methodology used to carry out this assessment can also be incorporated into the VRS to automate the calculations and extrapolation process and thus expedite the analysis in future years.

This first assessment of C.A.F.E. Practices found:

- Small farms of less than 12 hectares make up the vast majority (e.g. 99 percent) of the nearly 141,000 farms participating in the program.
- The geographic reach of the program is vast for the three years analyzed included coffee producers in 20 countries across four continents. These countries significantly overlap with 8 of the world's most biologically rich but most threatened regions.
- Coffee suppliers achieved high levels of performance across the majority of the social and environmental indicators selected to assess performance among mills and farms.
- Starbucks buys significant volumes from small farms –this amounted to at least half of the company's coffee purchases in FY08.
- Coffee farms are making valuable contributions to the conservation of habitat in these globally important areas for conservation. Participating farms have designated 102,281 hectares as conservation areas and 99 percent have not converted any natural forest areas to coffee production during the since 2004.
- Coffee production is contributing to social and economic development in these regions. Participating farms employed 1.1 million workers and the majority of large and medium sized farms made efforts to extend health care and education benefits to workers and their families.

While this assessment has resulted in the ability to quantify results of the program, this information can also be used to guide improvements to the program Specific recommendations from this report include:

- Strengthen some of the environmental requirements in the program without significantly affecting the number of applications achieving an approved status. In particular, Starbucks should consider making the indicator asking whether farmers had cleared natural habitat since 2004 a zero tolerance indicator. Other indicators to consider in this vein are those requiring any wood harvested for coffee drying to be sourced from sustainable sources.
- Review reporting rates for farms assessed on sets of indicators to improve consistency in reporting and enable further analysis of the data.
- Repeat the analysis on an annual basis to monitor and evaluate performance over time. The information gleaned from this analysis can be used to inform the verification process and identify training needs for suppliers while also providing important information for reporting and communications about the program.