

Starbucks Ethical Coffee Sourcing **An Assessment Conducted by Conservation International**

Conservation International (CI) has worked with Starbucks for more than a decade to help ensure coffee is produced in keeping with the company's commitment to doing business responsibly. With guidance from CI, Starbucks developed and launched a comprehensive set of sourcing guidelines in 2004 that encourages the adoption of environmentally and socially responsible practices related to coffee production. These guidelines are the foundation for the Starbucks™ Shared Planet™ commitment to ethical sourcing. (link to <http://starbucks.com/sharedplanet/ethicalSourcing.aspx>)

In 2008, the partnership between Starbucks and CI was renewed with an expanded focus on mitigating the impacts climate change may have on coffee producers and ensuring long-term stability of the farms and coffee quality.

As a first step, we are working to assess how effective Starbucks ethical coffee sourcing guidelines – called Coffee and Farmer Equity (C.A.F.E.) Practices – have been thus far at driving the adoption of socio-economic and environmental best practices within the network of participating suppliers within the Starbucks coffee supply chain. We are doing this assessment in two phases:

- **Phase One** involves reviewing reports and scorecards submitted by third-party verifiers who audited farms and mills against the criteria for C.A.F.E. Practices. We have completed our review of verification records for 2007. Our findings and recommendations are below.
- **Phase Two** will involve field studies and interviews with Starbucks coffee suppliers in two countries – Guatemala and Colombia – where the company sources large quantities of coffee. Further work to analyze reports and scorecards for 2005 and 2006 will also be conducted as part of this phase. We will conduct Phase Two in the spring and summer of 2009.

Preliminary Findings from Phase One

We have compiled the following initial findings from Phase One of our study:

- Over the past three years (from 2005-2007), C.A.F.E. Practices has been implemented by Starbucks suppliers in 19 countries across four continents, which overlap with 18 of the world's most biologically rich regions that are under significant threat. These are priority areas for CI and Starbucks.
- In 2007, 99 percent of the farms participating in the program demonstrated that they had not converted any natural forest areas to coffee production during the past 3 years. This is important because of the essential role forests play in maintaining the ecosystem and stabilizing the climate: Deforestation currently accounts for 20 percent of global greenhouse gas emissions, more than is released by all the cars, trucks, planes, trains and ships in the world combined.

- In 2007, 99 percent of the 140,973 participating farms were small farms of less than 12 hectares (30 acres). On these farms, more than 820,000 workers have benefited from the social best practices outlined in C.A.F.E. Practices. For instance 99 percent of small farms that had school age children living on the farm ensured that these children attended school. And, nearly 90 percent of small farms provided habitable housing to workers.
- Of the more than 1,400 medium and large farms in 2007, 80 percent paid their workers sick leave and 75 percent covered their medical expenses.
- Providing children with access to primary and secondary education is an important component of the program, especially in remote farming communities where public education is not available. In 2007, 97 percent of participating medium and large farms located in communities where public education was not available provided access to primary education, and 82 percent of farms provided access to secondary education.

Recommendations for Improvement

We have identified some initial opportunities that can help to improve C.A.F.E. Practices in the future:

- We strongly encourage Starbucks to continue monitoring and publicly reporting progress made toward the goal of sourcing all coffee through the C.A.F.E. Practices program by 2015. We would also encourage the company to continue assessing the effects of the C.A.F.E. Practices program on farmers, workers and the environment in coffee growing regions on a periodic basis and to report these findings in a transparent manner.
- As part of an ongoing assessment process, we believe it would be beneficial for Starbucks to engage locally-based organizations to help conduct field studies in key coffee sourcing countries and determine the role Starbucks plays in supporting local communities and conservation efforts.
- We recommend that Starbucks consider collecting supplemental information on living conditions on small farms, especially in the area of access to medical care, which is an area not scored on small farms. This would enable Starbucks to communicate more holistically about the program and ensure small farms are represented in statements made concerning living conditions on farms participating in C.A.F.E. Practices.

Next Steps

We are continuing our analysis of the data collected in the third party verifier reports on an ongoing basis, looking for trends that may help us assess differences in performance from country to country or region to region. This level of analyses will help Starbucks better understand where C.A.F.E. Practices has achieved the best results and where additional focus is needed.

We have also begun detailed mapping of coffee farms in Guatemala and Colombia to identify shared geography between coffee farms and important areas for conservation. We will use this information to select sites for our field survey so we can collect more detailed information on the relative impact Starbucks program is having in these regions.

For more information, visit www.starbucks.com/sharedplanet.