



Starbucks Coffee Company

Cocoa Practices

Evaluation Guidelines

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STARBUCKS Cocoa Practices
GUIDELINES for
SOCIALLY RESPONSIBLE COCOA CULTIVATION AND TRADING

April 1, 2008

Purchasing Cocoa Responsibly

Approximately 2.5 million farmers around the world depend on cocoa for their livelihoods. 85% of these farmers are smallholders, growing cocoa on less than 10 hectares of land.¹ These farmers live and farm in the humid tropics in some of the most biodiverse regions of the planet and can be important stewards of vital natural resources. A combination of low and volatile commodity prices, lack of credit and pest and disease pressure has made cocoa farming a precarious venture for many of the farming families dependent on the crop. Low profit margins exacerbate deforestation as farmers may cut down shade trees to boost yields or diversify their crops. However tree crops like cocoa are not easily replaced with alternative crops given the time and money invested in establishing a cocoa farm. Although diversified farms are found in regions with market access and appropriate environmental conditions, cocoa often forms the economic base of the farm family income. There are often gender inequities in maintaining a livelihood from cocoa farming. In addition, cocoa is one of the few crops that a small-scale farmer can harvest, dry and store until it can be taken to market unlike more perishable crops. Cocoa remains a major source of foreign exchange for exporting countries particularly in West Africa where governments are heavily invested in the continued cultivation of the crop.

Recently the global discussion on 'sustainability' has turned its focus to commercial activities, agriculture and the trade in commodities being primary areas of interest. Sustainable cocoa entered the public eye most notably in 2001 after reports surfaced of child and forced labor being used on cocoa farms in Côte d'Ivoire. The last five years have generated many initiatives in both the public and private sectors to address the social, economic and environmental issues of the cocoa sector. Practical approaches to improving farm productivity, maintaining biodiversity, ensuring child safety, promoting gender equity, developing better trading conditions and boosting quality standards are critical to the well-being of small-scale farmers, the preservation of vital forest resources around the globe and the ability for consumers to continue enjoying high quality chocolate.

Introduction to the Cocoa Practices Guidelines

These Cocoa Practices have been developed in response to the challenges faced by the cocoa sector and to provide a set of comprehensive sustainability guidelines for cocoa. The Cocoa Practices are designed to support cocoa purchases and growing practices that are socially responsible, economically viable and ecologically sustainable. The Cocoa Practices guidelines can be used in concert with existing certification programs such as Fairtrade and organic. The guidelines were developed through a collaboration between Starbucks Coffee Company and Theo Chocolate, but are open to use by other

¹ ICCO, 6 December 1999. www.icco.org/questions/smallholders.htm; Conservation International. June 2001. www.conservation.org/ImageCache/CIWEB/content/publications/cocoa_2epdf/v1/cocoa.pdf

companies interested in sustainable cocoa. Cocoa Practices is designed to enhance buying companies' ability to work with a diversity of suppliers to foster deeper sustainability throughout the cocoa supply chain from farm to factory to final product.

These guidelines have been developed with smallholder supply chains in mind, although they are applicable to all types of supply networks. It is assumed that the majority of producers involved in the cocoa supply chain will be smallholders grouped into some form of organization or supplier network, at least in the initial phase of the Cocoa Practices program. The guidelines refer to the following categories of participants:

Producer

Farmer that cultivates cocoa trees for the purpose of harvesting cocoa beans. These beans are subsequently processed into dry cocoa beans that are sold to traders, producer organizations or exporters.

Producer Organization

Organization that organizes, facilitates and/or collects and delivers cocoa from various sized farms and provides services to producers. . POs are primarily found in smallholder supply networks (i.e. formal or informal associations, cooperatives, federations, etc). POs may also operate processing (fermenting, drying, sorting) facilities.

Supplier

An entity that exports cocoa beans from origin countries and/or directly sells cocoa or chocolate products to Starbucks and that is undergoing the verification process for the purpose of receiving a scoring profile relative to the Cocoa Practices Guidelines. There may be several types of suppliers in a single supply chain. Suppliers typically are not membership organizations but may supply inputs and technical assistance to farmers and producer organizations in addition to their commercial activities.

Minimum Requirements

These cocoa purchasing guidelines include minimum requirements for participation in the program. Each requirement represents a critical aspect of sustainable cocoa production and trading and if not met, represent 'fatal flaws' to participation. Each supplier of cocoa products participating in the Cocoa Practices program should be able to ensure the following:

- ✓ High quality cocoa per contract terms
- ✓ Transparent supply chain
- ✓ Transparent financial data throughout supply chain
- ✓ Equitable price distribution and financial viability
- ✓ Compliance with labor laws regarding minimum wage, child labor, forced labor and discrimination

Cocoa Practices has a scoring system in which indicators will be scored as Comply, Not Comply or Not Applicable. There are two tiers of required indicators: Zero Tolerance Indicators and Criteria Requirement Indicators.

Zero tolerance indicators: All zero tolerance indicators must receive Comply in order to participate in Cocoa Practices. A "not comply" in any of the Zero Tolerance indicators results in a score of 0 for that criterion and non approval in the program. Criteria that include zero tolerance indicators: SR-HP1, SR-HP4, SR-HP5, SR-HP6, and SR-WC1.

Criteria requirement indicators: All indicators labeled ‘criteria requirement’ within a criteria must receive Comply. A rating of “not comply” with any of the criteria requirement indicators results in a score of 0% for that criteria.

The companion document to these guidelines is the Cocoa Practices Scorecard which provides the scoring indicators.

Tools and Resources for Implementing Cocoa Practices

Successful implementation of the Cocoa Practices within a supply chain requires additional support materials and tools, including the following components: (available upon request from cocoacsr@starbucks.com)

- Supplier Operations Manual
- Self-Evaluation screening tools for suppliers and producer organizations
- French versions of Cocoa Practices Guidelines and Scorecard
- Verification Operations Manual and list of accredited verification/inspection agencies

Starbucks is a leader in sustainable coffee with its Coffee and Farmer Equity (C.A.F.E) Practices program and its investments in farmer financing and technical support. The company is extending their support of sustainable agriculture and trade by developing purchasing guidelines for their non-coffee ingredients. These guidelines are designed to support Starbucks goal to purchase cocoa that is socially responsible, economically viable and ecologically sustainable. The guidelines for Socially Responsible Cocoa (Cocoa Practices) are based on discussions with Starbucks and Theo staff, C.A.F.E. Practices stakeholders, environmental and labor organizations, cocoa suppliers as well as desk research.

These guidelines represent a deepening of Starbucks commitment to ‘greening’ their supply chain of non-coffee ingredients. Starbucks recognizes that cocoa, like coffee, has distinct conditions under which it can be considered ‘sustainable’ and others in which it can be considered harmful. These guidelines articulate indicators for sustainable cocoa cultivation and trading that support ecological balance, social stability and economically viable supply networks.

The Cocoa Practices program is built on the foundation of Starbucks C.A.F.E. Practices program for coffee. This program strives to balance consistency with C.A.F.E. Practices with the particularities of cocoa cultivation, processing and trading. The premise is that the C.A.F.E. Practices format will facilitate the adoption of the program by verifiers, successful inspector training, and effective program management within Starbucks.

Cocoa Practices Supplier Status

The Cocoa Practices need time to be field-tested by suppliers and for a verification infrastructure to be developed. Starbucks and Theo will field test the guidelines with select suppliers in a two year pilot stage. The category of Pilot Supplier indicates suppliers involved in this pilot stage of the Starbucks Socially Responsible Cocoa Program. Pilot Suppliers will fulfill the Product Quality and Economic Accountability requirements along with the required Zero Tolerance Criteria. The score for a supplier

will be the aggregate score of the entities in its supply chain, which may include secondary suppliers/processors, producer organizations, and various sizes of farms.

The category of Pilot Supplier is intended to emphasize the program development efforts of Starbucks cocoa suppliers in the initial phase of the program. Prices and commercial terms corresponding to this status are negotiated between Starbucks and the Pilot Suppliers in individual contracts.

The compliance level for the category of Preferred Supplier and the need for additional categories such as Strategic Supplier will be considered following evaluation of the Starbucks Socially Responsible Cocoa program and pilot phase in September 2009.

Evaluation Checklist

1.0 Product Quality – Required			P R O D U C E R	P R O D. O R G.	S U P P L I E R
1.1 General Conditions	PQ-1	Generic Specifications			
	PQ-2	Storage Specifications			
2.0 Economic Accountability – Required					
2.1 Incentives for Sustainability	EA-IS1	Demonstration of Financial Transparency			
	EA-IS2	Equity of Financial Transactions			
2.2 Financial Viability	EA-FV1	Financial Viability			
3.0 Internal Control Systems			Total Possible Section Points - 12		
3.1 Identity Preservation	ICS-IP1	Product Tracking System		7	7
3.2 Management and Monitoring	ICS-MM1	Management and Monitoring System		5	5
4.0 Organizational Stability			Total Possible Section Points - 12		
4.1 Organizational Systems	OS-MS1	Organizational Systems, Management and Planning		5	
4.2 Producer Training	OS-PT1	Extension Program		4	
	OS-PT2	Education and Farm Workers		3	
5.0 Social Responsibility – Producer Organization			Total Possible Section Points - 18		
5.1 Hiring Practices and Employment Policies	PO SR-HP1	Wages/Benefits and Working Hours*		3	3
	PO SR-HP2	Freedom of Association/Collective Bargaining		2	2
	PO SR-HP3	Vacation/Sick Leave Regulation		1	1
	PO SR-HP4	Non-Discrimination and Gender Equity *		2	2
	PO SR-HP5	Child Labor/Forced Labor*		4	4
5.2 Worker Conditions	PO SR-WC1	Access to Education*		2	2
	PO SR-WC2	Access to Training, Health & Safety		2	2
	PO SR-WC3	Access to Medical Care		2	2
6.0 Social Responsibility – Producers			Total Possible Section Points – 22		
6.1 Hiring Practices and Employment Policies	P SR-HP1	Wages/Benefits and Working Hours*	3		
	P SR-HP2	Freedom of Association/Collective Bargaining	2		
	P SR-HP3	Vacation/Sick Leave Regulation	1		
	P SR-HP4	Non-Discrimination and Gender Equity*	2		
	P SR-HP5	Child Labor /Forced Labor–Non-family Hired Labor*	4		
	P SR-HP6	Child Labor/Forced Labor – Family Farm Labor*	4		
6.2 Worker Conditions	P SR-WC1	Access to Education	3		
	P SR-WC2	Access to Training, Health & Safety	3		
7.0 Cocoa Growing: Environmental Stewardship–Prod. Org			Total Possible Section Points-12		
7.1 Environmental Management and Monitoring	PO CGEM1	Pest and Disease Management		5	5
	PO CG-EM2	COCOA Practices Environmental Management Plan		7	7
8.0 Cocoa Growing: Environmental Stewardship - Producers			Total Possible Section Points – 18		
8.1 Protecting Water Resources	P CG-WR1	Watercourse Protection	2		
	P CG-WR2	Water Quality Protection	3		
8.2 Protecting Soil Resources	P CG-SR1	Controlling Surface Erosion	1		
	P CG-SR2	Maintaining Soil Productivity	3		
8.3 Conserving Biodiversity	P CG-CB1	Maintaining Cocoa Shade Canopy and Natural Vegetation	2		
	P CG-CB2	Protecting Wildlife	1		
	P CG-CB3	Management and Establishment of On-Farm Conservation Areas	1		
	P CG-CB4	Conservation of Native Forest and Protected Areas	2		
8.4 Env Mgmt and Monitoring	P CG-EM1	Ecological Pest and Disease Management and Reducing Agrochemical Use	3		
9.0 Cocoa Processing – Environmental Leadership			Total Possible Section Points - 6		
9.1 Energy Use	CP-EC1	Energy Conservation / Environmental Impacts		6	6
Grand Total Points Possible			40	60	48

*Conformance with zero tolerance indicators necessary

1.0 Product Quality – Required

1.1 Product Quality – General Conditions

1.1.1 Intent - These guidelines refer to the cultivation, processing and trading of cocoa beans. The product quality requirements are for dried and graded, export quality cocoa beans and not for cocoa-based processed products. Quality specifications for cocoa-based processed products will be addressed in individual contracts.

1.1.2 Evaluation Criteria

PQ-1: Generic Specifications

Product specification will vary by origin and will be specified in particular contracts between suppliers. The quality of processed cocoa products depends upon excellent quality raw materials, which originate from good cultivation and harvest/post-harvest practices, management and primary processing (fermentation and drying of beans). Minimum quality of cocoa beans is expected to be the highest grade possible per origin in respect to standard parameters of moisture level, moldy beans, slatey beans, insect damage, % fully fermented and % partially fermented beans, bean count, and defects (i.e. multiple, flat and broken beans). Depending on the contract, flavor profile may be an additional parameter to be tested.

PQ-2: Storage Specifications

Cocoa beans should be stored in a dry, well-ventilated area away from possible sources of contamination such as pesticides, chemical fertilizers, fuels, flammable substances, etc. Where possible, beans should be stored off the floor and away from walls.

2.0 Economic Accountability – Required

2.1 Incentives for Sustainability

2.1.1 Intent – Through purchasing and pricing policies, companies using the Cocoa Practices seek to provide incentives and support for economically sustainable cocoa production, processing and trading methods. In order to ensure that the entire supply chain, consisting of the producer, producer organization, and supplier, benefits from the Cocoa Practices Program, suppliers are required to provide reliable documentation regarding prices paid to their suppliers throughout the chain to the individual producer level. Entities that purchase cocoa from farmers shall maintain a policy to ensure that women and men farmers are paid equally.

2.1.2 Evaluation Criteria

EA-IS1-: Demonstration of Financial Transparency

Objective: Applicants are required to accurately report to verifiers whether there is a clear method of documenting and tracking payments and quantities of cocoa for the entire supply chain. Each *Entity* (farm, buying center, intermediaries, 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 cocoa for the entire supply chain.

Required Indicators:

At the Application Level:

- 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 cocoa (e.g. wet or dry), 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 cocoa it purchases. Comply/Not Comply
- EA-IS1.4- Documents observed clearly indicate dates, names of entities buying and selling, type of cocoa (e.g. wet or dry), unit of measures and quantity. Comply/Not Comply
- EA-IS1.5- Entity verified maintains documents with records of payments for the cocoa it sells. Comply/Not Comply

EA-IS2-: Equity of Financial Transactions

Objective: Suppliers can show that payments and any associated premiums received from their customers for responsible cocoa products are allocated according to the associated costs of cocoa cultivation, trading and processing and that an equitable share of the revenues are passed along the entire supply chain. 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 cocoa producers and producers organizations themselves operate in a socially and environmentally responsible manner. Suppliers should be able to document their pricing and premium setting process. Suppliers shall maintain a policy to ensure that women and men farmers are paid equally.

Required Indicators:

- EA-IS2.1 - Applicant can detail cost of operations through 3rd party financial audit or other dependable documentation
- EA-IS2.2 - Suppliers have systems to demonstrate that payments to cocoa producers and/or processors² are equitable, clearly assuring that all parties in the supply chain derive a return for their labors that covers the cost of production and enables each party to make a profit. These systems include a mechanism to track equal payment terms to women and men farmers.
- EA-IS2.3 - In the case of sharecropping arrangements³, suppliers and/or producer organization will have documentation of each Cocoa Practices farm under this arrangement and the terms of the agreement between tenant and owner.
- EA-IS2.4 - Documentation of price/premium negotiation process between entities in the supply chain including exporters and traders, traders and producer organizations and producer organizations and individual producers

² 'Processors' in the cocoa supply chain can refer to member cooperatives or buying stations that collect and/or process (ferment and dry) cocoa beans.

³ Sharecropping is common in cocoa growing regions and is a form of agricultural tenancy in which the tenant pays for use of the land with a predetermined share of his crop rather than with a cash rent.

2.2 Financial Viability

2.2.1 Intent – Companies using the Cocoa Practices seek to develop long-term trading relationships with cocoa suppliers that are committed to sustainable practices.

2.2.2 Evaluation Criteria

EA-FV1-: Financial Viability

Objective: Long-term financial viability plays a key role in the ability of suppliers to be long-term, stable partners and invest in continuous improvement in social, economic and environmental areas. Producers need access to affordable credit to achieve profitability and make investments toward sustainable practices. This credit should be made equally available to both male and female farmers.

Required Indicators:

- EA-FV1.1 - Supplier and primary producer organizations⁴ in supply chain must show financial statements or credit references for the prior two years

Optional:

- EA-FV1.2 - Audited financial statements
- EA-FV1.3 - Proof of a mechanism for pre-harvest credit to producers
- EA-FV1.4 - Mechanism to distribute credit to both female and male producers

3.0 Internal Control Systems

3.1 Identity Preservation

3.1.1 Intent – Maintaining a document system that can trace product purchased back to its origin is central to the credibility of a responsible cocoa monitoring system.

ICS-IP1: Product Tracking System

Objective: Systems are in place to maintain product identity of cocoa purchased throughout the supply chain.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

3.2 Management and Monitoring

3.2.1 Intent – An internal control system (ICS) is a documented management and monitoring system that allows applicants and inspectors to track and verify conformance and progress toward the Cocoa Practices criterion. An ICS is particularly important in a supply chain comprised of many small-scale farms, or a complex supply chain of many small and medium size farms.

⁴ 'Primary producer organization' refer to any entities that consolidate individual farmers' production and have the capacity to sell and deliver cocoa in commercial lots in an independent fashion

ICS-MM1: Management and Monitoring System

Objective: Applicant organization develops a system to implement and monitor progress towards the Cocoa Practices criterion. This system of personnel and documents allows inspectors to verify the degree of implementation in concert with randomly selected farm inspections.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

4.0 Organizational Stability

The following criteria apply to supply chains in which cocoa farmers are organized into a producer organization or supplier network.

4.1 Organizational Management Systems

- 4.1.1 Intent - As the majority of cocoa farmers are small and medium scale producers, there is an inherent need for them to access efficient and accountable marketing organizations to achieve economies of scale and maximize profitability from cocoa trading. Management systems, participatory processes and transparent reporting are foundations of accountability and long-term organizational stability.

OS-MS1: Organizational Systems, Management and Planning

Objective: Management systems are developed which increase institutional strength, accountability, gender equity and smallholder participation in the organization.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

4.2 Producer Training

- 4.2.1 Intent** – All farmers organized into a producer organization or supplier network should have access to training to improve their farming practices and the associated social, economic and environmental benefits of responsible tropical tree crop cultivation.

Producer organizations provide training to producers to ensure that cocoa cultivation and processing is progressively improving towards environmental, economic and social sustainability. As individual producers improve their ability to manage their farms and process their product, their capability as farmers improves and per hectare productivity can improve thus increasing the benefits of tree crop cultivation to them and their families. Trained farmers can in turn transfer their knowledge to other farmers. In many regions, women hold a primary role in environmental stewardship and resource management and this role should be recognized in training programs. Training programs should include both male and female farmers.

The traditions of children helping on their families' farms and the hiring of casual laborers are important threads of the rural fabric of many cocoa-growing communities. However training programs are needed to increase the awareness of children's rights, the importance of education, humane conditions for farm workers and fair terms for sharecroppers. This training is anticipated to expand farmers' understanding of the social aspects of responsible farm management.

4.2.2 Evaluation Criteria

OS-PT1 – Extension Program

Objective: Small-scale producers often have limited or no access to technical knowledge regarding agricultural best practices. The producer organization should provide its members with extension programs on best practices for cocoa cultivation, farm management and rehabilitation, and post-harvest processing. Extension services can increase farmers' yields and improve product quality. Efforts should be taken to ensure the participation of women farmers in these programs.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

OS-PT2 – Education and Farm Workers

Objective: Producers receive training on children's rights, the importance of sending children to school and the available resources in their local area to accomplish that goal, as well as emphasizing equitable educational opportunities for boy and girl children. Producers receive training on child protection and standards for humane working conditions for farm workers. Training programs incorporate the content of international labor laws regarding worst forms of child labor and are designed in accordance with local cultures and customs to increase effectiveness. Suppliers are encouraged to include information on salient issues in their local areas that can increase the health and well being of the farming communities.⁵

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

5.0 Social Responsibility – Producer Organization

The following criteria are designed to foster social responsibility within workplaces owned and/or operated by the producer organization. The criteria apply to permanent, temporary and seasonal workers.

5.1 Hiring Practices and Employment Policies

5.1.1 Intent - Seeks to ensure fair employee hiring practices and employment policies that provide for and protect employees. Employers should meet local employment standards and provide a workplace free of discrimination.

5.1.2 Evaluation Criteria

PO SR-HP1 – Wages/Benefits and Working Hours*

Objective: Overall compensation for full time, part time and temporary workers of the organization meets/exceeds local or national laws

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

**Conformance with zero tolerance indicators necessary*

⁵ For example, it is highly recommendable to include information on prevention of HIV/AIDS and malaria in the African context.

PO SR-HP2 – Freedom of Association/Collective Bargaining

Objective: Ensure 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 Cocoa Practices Scorecard.

PO SR-HP3 - Vacation/Sick Leave Regulation

Objective: Employees should be allowed time off, full-time workers should have paid sick leave. Producer organizations should search for ways of insuring their members in a medical insurance or social security system as appropriate to local government and social security systems.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

PO SR-HP4 – Non-Discrimination and Gender Equity *

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, occupational training, advancement, promotion, remuneration, granting of social benefits, discipline or termination (ILO Convention 111). Suppliers will provide equal pay for men and women for equal work (ILO Convention 100), except in the case of recognizing seniority of service through higher pay. Sexual harassment is prohibited and workers have access to a safe and confidential complaint mechanism.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

PO SR-HP5 – Child Labor/Forced Labor*

Objective: No direct contracting of any persons under the age of 14 (ILO Convention 138). (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. Children of producer families can participate in activities which are not harmful to their health and do not conflict with local educational calendar and schedules. The use of any forced, involuntary or trafficked labor, either directly or indirectly, by our suppliers, contractors or subcontractors, producer organizations, etc. will not be tolerated (ILO Convention 182 and 29).

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

5.2 Worker Conditions

- 5.2.1 Intent** – Cocoa 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

**Conformance with zero tolerance indicators necessary*

5.2.2 Evaluation Criteria

PO SR-WC1 – Access to Education*

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

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

PO SR-WC2 – Access to Training, Health & Safety

Objective: Effective steps are taken to protect the health and safety of workers

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

PO 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 Cocoa Practices Scorecard.

6.0 Social Responsibility – Producers

The following criteria are designed to foster social responsibility on cocoa farms. As individual producers are not expected to be direct applicants to the Cocoa Practices Program, the producer organization or supplier will monitor these conditions. A third party verifier following the Cocoa Practices sampling protocol⁶ will inspect individual farms. These criteria refer to farms that hire regular employees, whether on a seasonal or permanent basis, unless otherwise noted (e.g. *P SR-HP6 re: farms dependent on family labor*).

6.1 Hiring Practices and Employment Policies

6.1.1 Intent - Seeks to ensure fair hiring practices and employment policies that provide for and protect farm workers. Those farms that hire regular employees should meet local employment standards.

6.1.2 Evaluation Criteria

P SR-HP1 – Wages/Benefits and Working Hours*

Objective: Overall compensation for full time, part time and temporary workers meets or exceeds local or national laws

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

**Conformance with zero tolerance indicators necessary*

⁶ Auditors will visit the square root of the total number of small/medium farms in the supply network. For more information, refer to the Cocoa Practices Verifier Operations Manual available from cocoapractices@scscertified.com

P SR-HP2 – Freedom of Association/Collective Bargaining

Objective: Ensure 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 Cocoa Practices Scorecard.

P SR-HP3 - Vacation/Sick Leave Regulation

Objective: Employees should be allowed time off, full-time workers should have paid sick leave.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P SR-HP4 –Non-Discrimination and Gender Equity *

Objective Sexual harassment is prohibited and workers have access to a safe and confidential complaint mechanism. Equal pay is provided for equal work to all workers.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P SR-HP5 – Child Labor/Forced Labor – Non-family Hired Labor*

Objective: No direct contracting of any persons under the age of 14. (ILO Convention 138) (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. There is no use of any forced, involuntary, or trafficked labor (ILO Convention 182 and 29).

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P SR-HP6 – Child Labor/Forced Labor – Family Farm Labor* (*farms dependent on family labor*)

Objective: Children helping on their families' farms must not sacrifice their education for farm work and the nature of work they undertake must not endanger their health or safety. If local regulations stipulate compulsory education up to an age greater than 15, those regulations will apply during school hours. There is no use of any forced, involuntary or trafficked labor (ILO Convention 182 and 29).

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

*Conformance with zero tolerance indicators necessary

6.2 Worker Conditions

6.2.1 Intent - Cocoa production systems should ensure protection from work-related hazards and conform to national laws as well as to international conventions related to occupational health and safety and living conditions

6.2.2 Evaluation Criteria

P SR-WC1 – Access to Education*

Objective: Workers and their families should have access to organized education. In the case of small farms, children of farm owner/manager shall also have access to organized education.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P SR-WC2 – Access to Training, Health & Safety

Objective: Effective steps are taken to protect the health and safety of workers.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

7.0 Cocoa Growing–Environmental Stewardship: Producer Organization

Cocoa cultivation involves human intervention in rural areas formerly dominated by natural forest environments, primarily in the humid lowland tropics, which are some of the earth's most biologically diverse regions. While areas of cocoa production may vary in the extent to which past and current human activity (settlement, deforestation, industrial activity, agricultural activity) have already altered the natural environments, exemplary cocoa production strives to manage in a sustainable way the area's natural resources (forest, terrestrial, aquatic, soil) and, where possible, to contribute to the restoration of the native biodiversity and natural resources. Environmental Leadership in cocoa growing is demonstrated through efforts to protect and conserve water and soil integrity, biological diversity and overall ecosystem functions.

7.1 Environmental Management and Monitoring

7.1.1 Intent – Environmental best practices are achieved through a concerted effort to provide the training, support and monitoring necessary for on-farm implementation. Integrated pest management procedures and responsible agrochemical use are best guided by a sufficient information base, effective planning, and strict monitoring.

7.1.2 Evaluation Criteria

PO CG-EM1: Pest and Disease Management

Objective: The development and maintenance of agro-ecosystems capable of naturally maintaining pests and diseases at insignificant levels. Producers monitor disease and pest damage and have access to a suite of affordable and accessible pest and disease control methods, organic fertilization methods and productive germplasm. Agrochemicals are used as last resorts and are handled in a safe manner. Chemicals listed as Type 1A or 1B by the World Health

Organization are not allowed. Strategies are developed to reduce dependence on external agrochemical inputs over time.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

PO CG-EM2: Cocoa Practices Environmental Management Plan

Objective: Management planning and monitoring are critical to sustainable cocoa production. These criteria help to assure that environmental management is not done ad hoc but instead carefully thought through and based on knowledge of resource conditions on participating Cocoa Practices farms and surrounding areas.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

8.0 Cocoa Growing – Environmental Stewardship: Producers

The following criteria are designed to foster the best environmental practices on cocoa farms. As individual producers are not expected to be direct applicants to the Cocoa Practices Program, the producer organization will monitor these conditions through its Environmental Management Plan. A third party verifier following the C.A.F.E. Practices sampling protocol will inspect the participating Organization's internal control system and an appropriate sample of Individual farms.

8.1 Protecting Water Resources

8.1.1 Intent - To cultivate, grow and harvest cocoa in a manner that avoids adverse impacts to water resources

8.1.2 Evaluation Criteria

P CG-WR1: Watercourse Protection

Objective: To control sedimentation and contamination and to provide habitat for native wildlife

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P CG-WR2: Water Quality Protection

Objective: No degradation to surface or ground water quality

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

8.2 Protecting Soil Resources

8.2.1 Intent - To maintain the health and productivity of soils, for the purposes of assuring sustainable cocoa production as well as the continued viability of other biotic resources found on the farm. From a farming perspective, the single greatest asset to maintaining viable, sustainable cocoa production is the soil, the medium from which all vegetative life springs. Without a healthy soil resource, sustainable farming is simply not possible. Stewardship of the soil must be an everyday preoccupation of responsible farmers.

8.2.2 Evaluation Criteria

P CG-SR1: Controlling Surface Erosion

Objective: To keep topsoil on site. Loss of topsoil can hasten the loss of productive capacity and introduce sedimentation and contaminants into nearby water bodies.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P CG-SR2: Maintaining Soil Productivity (Nutrient Management)

Objective: To assure long-term ecological and agricultural productivity by maintaining soil health

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

8.3 Conserving Biological Diversity

8.3.1 Intent - Encourage cocoa farming practices that maintain and enhance natural biodiversity and ecosystem functions within and adjacent to cocoa production areas. 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, cocoa growing must minimize adverse impacts to natural vegetation and wildlife. Considerations to remove local native species that may harbor cocoa diseases or pests should be balanced with need to maintain biological diversity.

8.3.2 Evaluation Criteria

P CG-CB1: Maintaining a Shade Canopy Cover and Natural Vegetation

Objective: To maintain or restore a canopy of diverse native tree species aimed at conserving native biodiversity in areas originally covered by forest. Producers balance product quality, economic, and local ecological considerations when determining percentages of canopy cover to maintain, however they recognize and prioritize diversified agroforestry systems, which help maintain ecological functions.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P CG-CB2: Protecting Wildlife

Objective: In the context of cocoa farming, the objective is to manage agricultural operations so as to provide conditions supporting the habitat needs of native wildlife species, especially those species that are threatened or endangered.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P CG-CB3: Management and Establishment of On-Farm Conservation Areas

Objective: In order to conserve and/or enhance biodiversity and ecological functions, areas of high ecological value ((e.g., areas with significant intact forest, primary forest canopy cover, rare flora and fauna communities, important habitat elements, critical watershed values, importance to local communities' traditional cultural identity)) are identified and then managed with a conservation emphasis. If areas of ecological value are completely lacking on the farm, producers undertake efforts to restore natural habitat or conditions on a portion of the farm.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

P CG-CB4: Conservation of Native Forest and Protected Areas

Objective: As agricultural production, including cocoa, can cause deforestation, Cocoa Practices producers protect native, primary forest and any legally protected areas. No areas of native, primary forest or legally protected areas are cleared for agricultural production after May 21, 2007.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

8.4 Environmental Management and Monitoring

8.4.1 Intent – Environmental leadership is best guided by a sufficient information base, effective planning, and monitoring, particularly with respect to use of agrochemicals and integrated pest management. Environmental leadership requires a working knowledge of resource conditions, clear long-term and short-term environmental goals and objectives, monitoring, research and adaptive management. Planning and monitoring are critical to achieving the objectives of Cocoa Practices, particularly those related to Environmental Leadership.

8.4.2 Evaluation Criteria

P CG-EM1: Ecological Pest and Disease Management and Reducing Agrochemical Use

Objective: Environmental stewardship in cocoa growing aims to develop agro-ecosystems capable of naturally maintaining pests and disease at insignificant levels.

Scoring Indicators: For the scoring indicators for this criteria, please refer to Cocoa Practices Scorecard.

9.0 Cocoa Processing – Environmental Leadership

9.1 Energy Use

9.1.1 Intent – To encourage both energy conservation and production of energy from renewable sources while minimizing overall environmental impact. Several types of energy may be used in cocoa processing: electricity, diesel distillate, gasoline, wood or solar energy can be used to run bean dryers; electricity is used to run grading and bagging machines. Electricity and/or fossil fuel consumption tie 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 minimize overall consumption.

9.1.2 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 Cocoa Practices Scorecard.