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# SOURCING CASE STUDY: STARBUCKS

Starbucks is dedicated to helping farmers overcome the challenges facing coffee communities. We are committed to buying 100 percent ethically sourced coffee in partnership with Conservation International. Starbucks has invested over \$100 million in programs to support coffee communities, improve the resilience of coffee supply chains and help ensure a long-term supply of high-quality coffee for the industry.

## *Sourcing Commitment*

Starbucks is committed to buying 100% ethically sourced coffee.

## *Partners in Sustainable Sourcing*

In 2004, Starbucks partnered with Conservation International to develop purchasing guidelines to source coffee according to social, economic, environmental and quality standards. The creation of the Coffee and Farmer Equity (C.A.F.E.) Practices led Starbucks to partner with SCS Global Services, an independent organization that oversees the verification system of supplier compliance to the standards. Starbucks also partners with its suppliers by investing in them and providing support to foster continuous improvement towards growing C.A.F.E. Practices verified coffee.

## *Business Case*

Starbucks believes that business success is directly linked to the success of the hundreds of thousands of farmers who grow their coffee. Starbucks secures an abundant supply of high quality, responsibly grown and ethically traded coffee, which also strengthens and invests in the future of coffee communities. Investing in smallholder farmers helps guarantee transparency, traceability and security in their coffee supply chain while minimizing vulnerability and risk. Starbucks developed C.A.F.E. Practices 2004 in partnership with Conservation

International. This program built upon existing verification systems, which at the time, the company felt did not comprehensively encompass all aspects of sustainability including quality, economic transparency, and the social and environmental aspects of coffee growing. C.A.F.E. Practices guidelines used elements from existing systems but also added other criteria such as quality metrics.

## *Strategy*

The cornerstone of Starbucks ethical sourcing approach is Coffee and Farmer Equity (C.A.F.E.) Practices, one of the coffee industry's first set of sustainability standards, verified by third-party experts. C.A.F.E. Practices has helped Starbucks create a long-term supply of high-quality coffee and positively impact the lives and livelihoods of coffee farmers and their communities. Today, C.A.F.E. Practices includes over 300,000 coffee farmers in 25 countries that are committed to improving working conditions and spanning more than 170,000 hectares of land committed to sustainable growing practices. In addition to C.A.F.E. Practices, Starbucks uses financial incentives, such as price premiums, loan programs, long-term contracts and assured market access. To create a holistic support model approach that benefits smallholders, Starbucks provides technical assistance through their Farmer Support Centers (open-source agronomy training), the Global Farmer Fund program (providing access to credit for farmers) and the 100M tree initiative (providing rust-resistant coffee trees to the farmers who need them most).



Broader picture of ethical sourcing investments:

- **Sustainable Coffee:** Starbucks is working around the world to increase the prosperity and resilience of the one million farmers and workers who grow the coffee we buy by investing in coffee communities, sharing technical coffee knowledge, and innovating with new agricultural approaches.
- **Sourcing commitment:** Strive to offer 100 percent ethically sourced coffee. By joining with others in the industry, Starbucks hopes to make coffee the world's first sustainable agricultural product.
- **Planting trees:** Provide 100 million trees to farmers by 2025, part of a commitment to one billion coffee trees through the Sustainable Coffee Challenge.
- **Global Farmer Fund:** Invest \$50 million in financing for farmers by 2020.
- **Open-source agronomy:** Train 200,000 coffee farmers by 2020 to improve the long-term sustainability of their crops and livelihoods through Starbucks Farmer Support Centers and other innovative efforts.

## Progress

To date, 99% of Starbucks coffee is ethically sourced through C.A.F.E. Practices and more than one million farmers have benefited from the program. The company continues to move forward with renewed sourcing commitments and goals to improve the livelihoods of coffee communities, and is consciously striving to reach the "critical last 1%". Starbucks hopes to extend lessons-learned from the C.A.F.E. Practices program to the entire coffee industry and encourages an "open source" approach by sharing tools, resources and best practices so the industry can unite in achieving the long-term sustainability of coffee.

In Starbucks' latest impact assessment for years 2011 to 2015, there was growth in the number of farms in the program, growth in coffee area and growth in number of total workers hired by participant entities. Performance in the program has demonstrated improvements through time, including the scoring obtained in the C.A.F.E. Practices verification and the proportion of supply chains obtaining a strategic approval status, which is the highest status of compliance obtained in the C.A.F.E. Practices program. Program retention also grew by 3% in the period of 2011-2013, while the number of supply chains improving approval status in re-verification has also increased.

## Monitoring & Evaluation

The C.A.F.E. Practices program tracks 200+ indicators that assess the social and environmental performance of farms, mills and smallholder support organizations within their coffee supply chain. The program relies on field visits by third-party organizations, which occur on a one to three



year cycle based on supplier performance. The company also upholds 22 zero tolerance indicators that serve as minimum requirements for C.A.F.E. Practices participation among suppliers.

## Key lessons

- Reaching 99% isn't the end of the journey, and focusing on the last 1% will ensure investments in long term sustainability of all coffee.
- Continuous improvement is important to incorporate into your approach not only for farmers but for other supply chain partners. One size doesn't fit all.
- Importance of self assessment, refinement and continuous innovation in your approach.

## Advice to Others

- Setting goals with broad, long-term impact, even if it is incremental, has vast influence and adds to the momentum of reaching our goal where all coffee is sustainably sourced
- Learn from others and ask questions. When we were starting C.A.F.E. Practices, we learned from other certification and validation programs that already existed and immersed the leaders of the company in the strengths and potential gaps of each.
- Engage your own employees and make it personal. Starbucks constantly thinks about how to make ethical sourcing commitments and C.A.F.E. Practices more understandable and relatable to our more than 300,000 partners (employees) worldwide who wear the Green Apron and are responsible for the "last 10 feet" of the coffee journey. We also bring partners to origin to see firsthand the role of the farmer and the "first 10 feet" of coffee.

