IMPACT

Scheme Rules

SUCAFINA

Contents

1   INTRODUCTION

1.1 Purpose of the Scheme Rules

This Scheme Rules document provides an implementation framework for IMPACT, Sucafina's responsible sourcing program. This framework is intended to provide executional guidelines that promote consistency across the global deployment of IMPACT and to clearly articulate what is meant by any claims Sucafina may make about responsibly sourcing agricultural materials.

Sucafina reserves the right to modify this document, which will be reviewed not more than once per year. The document will be made available to our stakeholders, such as farmers and buyers, to ensure that our approach and expectations are transparent to them. Sucafina has a robust grievance mechanism in place, called Speak Up, which is available to all internal and external stakeholders. The mechanism allows for anonymous submissions and is independent from Sucafina, ensuring confidentiality and impartiality.

1.2 Setting the Stage

SUCAFINA'S HISTORY

Sustainability has long been at the heart of the way Sucafina does business, which is underscored by our purpose: to create opportunities to improve lives.

The family business was established in 1905 in Jaffa, Palestine, originally exporting oranges and importing other food products, selling their goods throughout the Middle East and eventually Europe. Sucafina was born out of this business and was established in Geneva in 1977, with its original business operations focusing on sugar ("SU"), café ("CA") and finance ("FINA").

Today, Sucafina is entirely focused on coffee. It remains a family company with a strong entrepreneurial culture and an eye for value, but all investments and development activities are in support of the global coffee supply chain. Our vision is to be the leading sustainable Farm to Roaster coffee company in the world.

Sucafina has identified 3 key sustainability pillars that guide our actions and help us to add value throughout the coffee chain:

- **Caring for People:** investing in the development and wellbeing of our employees, protecting the human rights of farmers and supply chain workers and supporting the coffee communities that surround our operations.

- **Investing in Farmers:** acting in a way that sustains the livelihoods of all farmers. We must learn to see the impact of our business decisions through their eyes and make sure we put their interests at the center of the value chain.

- **Protecting Our Planet:** working to mitigate the effects of climate change, prevent deforestation associated with coffee production and eliminate threats linked to excess water consumption in coffee processing.

Sucafina's success would not be possible without the many thousands of farmers who grow coffee; they are at the heart of our sustainability ambitions. Sucafina has an opportunity **to sustainably reshape our industry to create stakeholder value** and **to support coffee farmers as they make sustainable choices that create a positive impact.** One of the most important tools in delivering this long-term vision of holistic sustainability across the supply chain is IMPACT – Sucafina's responsible sourcing program, launched in 2022 to create a fairer, more resilient coffee industry.

1.3 IMPACT Program Development & Stakeholder Participation

SUCAFINA'S APPROACH

At the heart of IMPACT is a sustainability standard, which consists of a set of requirements that provide assurance that farmers, cooperatives and others in the value chain are producing coffee in line with the most fundamental aspects of responsible sourcing, such as human rights and adherence to local laws. IMPACT is based on the Coffee Sustainability Reference Code (Coffee SR Code), and has been recognized by the Global Coffee Platform as Coffee SR Code Equivalent, 2nd party assurance. It will be open source and non-proprietary and Sucafina encourages suppliers and other partners to adopt IMPACT and contribute to future iterations.

The IMPACT Sustainability Standard is co-designed by Sucafina's Global Sustainability Team and a consultancy partner, Peterson and Control Union. The Sucafina design team consists of members from different regions and departments. Final decisions are made by the Global Head of Sustainability.

Prior to developing the IMPACT Sustainability Standard, Sucafina conducted stakeholder consultations to identify key material topics as part of the strategy review. These were taken into consideration when developing the standard. The standard is based on the Coffee Sustainability Reference Code, which has been developed through stakeholder engagement. See section 7.7 Global Coffee Platform Equivalence Mechanism for more details.

Stakeholders who are affected by the standard (farmers, cooperatives, suppliers, clients and Verification Bodies implementation partners, among others) are invited to provide input into the IMPACT Program at any time. To provide input, stakeholders are requested to send an email to: impact@sucafina.com, specifying the country (if applicable). The Sucafina Global Team will respond to any feedback. Any potential changes will be added to the IMPACT Feedback Depository and considered in future reviews of the program and the standard.

1.4 IMPACT Program Governance

IMPACT is governed by Sucafina's Global Sustainability Team. The scheme has an External Advisory Committee, set up in Q3 2023.

The IMPACT governance approach will be updated on a regular basis as the program and its related verification activities evolve. The program requirements are reviewed and updated at least on an annual basis. This is done at a global level with internal consultations at different levels within Sucafina, and with external stakeholders. The scheme is currently managed as per the table below.

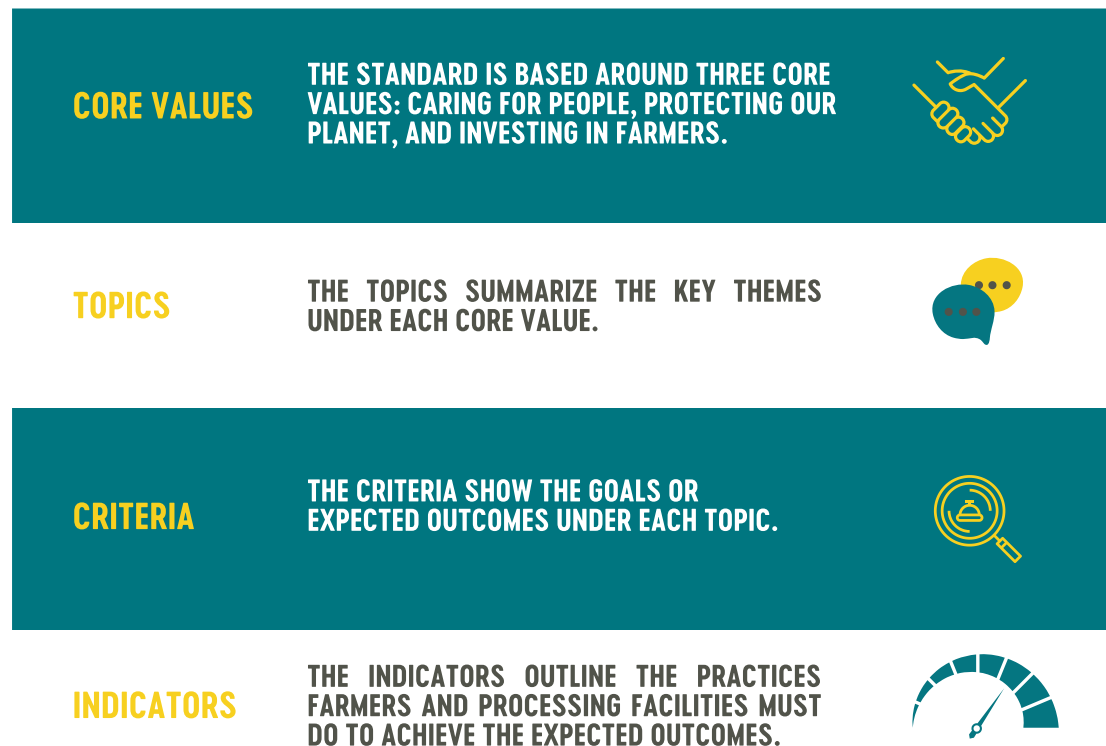|	Participants	Topics	Frequency
External Advisory Committee	• Stephanie Daniels, Senior Program Director, Sustainable Food Lab • Jean-Marc Duvoisin, former CEO, Nespresso, and Senior VP Strategic Business Partnership, JV & Brand Licensing • Tessa Meulensteen, Global Director Agri-Commodities at IDH • Patricia Nicolau, Environmental & Social Advisor, Private Equity Department, FMO • Roberto Vélez, former CEO of the Colombian Coffee Growers Federation (FNC) • Head of Sustainability, Sucafina • Sustainability Program Manager, Sucafina • Global IMPACT & Sustainability Coordinator, Sucafina	• Provide strategic guidance on the implementation and direction of the program. • Advise Sucafina on new developments, priorities, trade dynamics and policy changes in the sector and their impact on the program.	3 times per year
Governance Committee	• Head of Sustainability • Head of Trading • Head of Green Trading • Global Risk & Compliance • CEO, Beyers • Sustainability Program Manager • Strategic Initiatives Lead	• Strategy • Manual updates • Program guidance • Complaints/grievance • Verification Body results	At least once per year
Operational Group	• Sustainability Program Manager • Head of Partnerships • Global Sustainability Coordinator • Strategic Initiatives Lead • Marketing • Advisory from Origin Sustainability Leads	• Implementation • Client and organizational engagement • Development tools and guidance	At least monthly
Origin Steering Committees	• Origin Coordinator • Sourcing Team • Sustainability Team	• Implementation, progress and issues	Monthly origin sustainability calls, bi-monthly origin MD calls
Thematic Groups (issues, data and reporting, verification)	• Topic Leads • Origin Leads • Sustainability Program Manager • Global Sustainability Coordinator • ESMS Committee	• Methodologies • Requirements • Implementation issues • Key learnings • Partnerships	Ad hoc, as required

2   IMPACT PROGRAM STRUCTURE

Sucafina's IMPACT Program is built around 2 components: the IMPACT Sustainability Standard (IMPACT Verified) and the IMPACT Goals.

2.1 IMPACT Sustainability Standard (IMPACT Verified)

The IMPACT Sustainability Standard (IMPACT Verified) outlines the specific farm- and processing facility-level practices that represent the definition of 'responsible sourcing' as outlined in the IMPACT Responsible Sourcing Policy. The IMPACT Sustainability Standard is designed for global implementation. It is intended to be relevant, adaptable, and scalable to different types of coffee farmers. Therefore, there are customizations in the standard for smallholders.

The standard is structured in 4 levels:

CORE VALUES	**THE STANDARD IS BASED AROUND THREE CORE VALUES: CARING FOR PEOPLE, PROTECTING OUR PLANET, AND INVESTING IN FARMERS.**	
TOPICS	**THE TOPICS SUMMARIZE THE KEY THEMES UNDER EACH CORE VALUE.**	
CRITERIA	**THE CRITERIA SHOW THE GOALS OR EXPECTED OUTCOMES UNDER EACH TOPIC.**	
INDICATORS	**THE INDICATORS OUTLINE THE PRACTICES FARMERS AND PROCESSING FACILITIES MUST DO TO ACHIEVE THE EXPECTED OUTCOMES.**	

There are 2 types of indicators:

Critical Indicators. There are 11 mandatory Critical Indicators for farmers and 9 for facilities that are designed to eliminate human rights abuses and environmental degradation. All Critical Indicators must be fulfilled before the coffee produced by a Farmer Group can be classified as 'responsibly sourced'.

Improvement Indicators. There are 72 Improvement Indicators for farmers and 37 for facilities, which cover other practices that support sustainable production. A minimum average of 50% of these practices should be met at the initial third-party verification. Farmers and facilities must show continuous improvement (by meeting more than the previously scored average of the practices) in subsequent verifications. Refer to the IMPACT Continuous Improvement Process for more information.

2.2 The IMPACT Goals

The IMPACT Program goes beyond traditional compliance-based standards by focusing on creating a positive, measurable improvement across 5 key areas of sustainability in coffee.

These IMPACT Goals are:

- Living Income
- Regenerative Agriculture
- Carbon Emissions
- Human Rights
- Forest Conservation
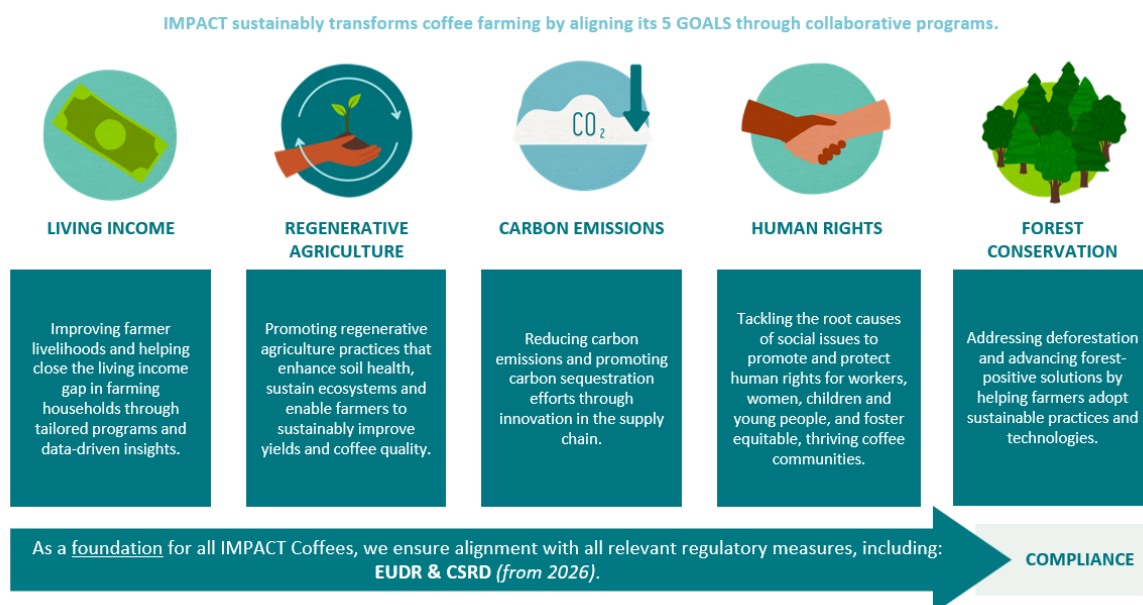
Figure 1: The IMPACT Goals

The data collected through the IMPACT Goals enables Sucafina to collaborate with like-minded partners on specific local and regional issues, risks, and opportunities through local and tailor-made projects.

2.3 Sustainability Claims

Sucafina will classify coffee as 'responsibly sourced' when it has been produced in compliance with the IMPACT Sustainability Standard (IMPACT Verified). Claims about responsibly sourced coffee volume will be made at the Farmer Group (FG) level. Claims about the progress of Sucafina's IMPACT Program will be made based on KPIs established by Sucafina; progress toward these claims will be made at the FG or country level.

Coffee will only be classified as 'responsibly sourced' once the FG has undergone third-party verification and has met all the necessary criteria (see **IMPACT Verification Protocol**). Once an FG has been verified as responsibly sourced, it will be classified as such for 3 years from the date of the verification assessment results. Any coffee purchased by Sucafina that is produced by registered farmers within the verified-responsibly-sourced FG over the subsequent 3 years will be recognized as responsibly sourced by Sucafina.

The verified-responsibly-sourced FG should undergo re-assessment and re-verification before the first harvest after the expiration of the verified sustainable status to avoid a lapse in recognition.

2.4   The IMPACT Program Cycle

A key feature of Sucafina's IMPACT Program is the IMPACT Program Cycle (Figure 2) – a process that supports a farmer-centric approach to sustainable farming. The IMPACT Program Cycle consists of 5 steps. Throughout the cycle, farmers are engaged to provide their input on the program by sharing individual risks, opportunities and goals. The IMPACT Program Cycle is driven by data collected at Farmer Group level (See section *Farmer Groups*), which allows for a high degree of local program customization depending on needs and circumstances. More information can be found in sections 4 to 7 below.
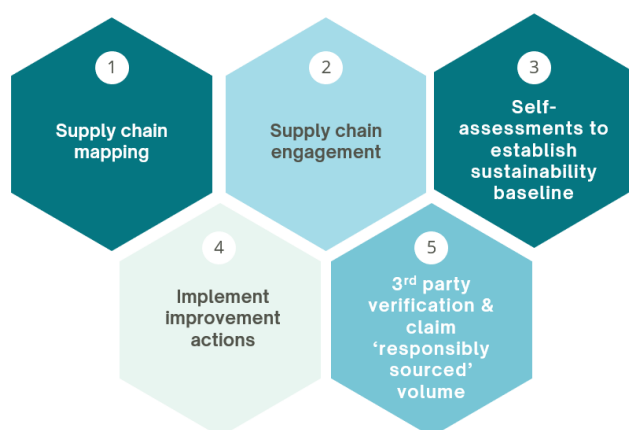
Figure 2: The IMPACT Program Cycle

2.5   Continuous Improvement Process

Embedded in the IMPACT Program Cycle is a continuous improvement process. The compliance conditions for the Improvement Indicators are designed in a way that allows farmers and facilities to improve over time.

The IMPACT Continuous Improvement Process starts during the self-assessment phase (step 3). The farmers and facilities in the IMPACT Farmer Group are assessed based on the IMPACT Sustainability

Standard requirements. The results are analyzed, and the FG receives 1) an average total score for the Critical and Improvement Indicators and 2) an average score for each IMPACT topic.

From there, the Farmer Group Coordinator is responsible for developing and monitoring the Improvement Action Plan. For each IMPACT improvement topic where the Farmer Group did not meet 100% of the requirements, the FG Coordinator is responsible for outlining recommendations on how to improve or sustain practices. The FG Coordinator will share the action plan with the Sucafina Global Team, and it will be uploaded onto a shared internal platform.

The second continuous improvement step occurs after the third-party audit. After every third-party audit, the FG receives an average total score for the Critical and Improvement Indicators and an average score for each IMPACT topic. Based on the outcomes of the assessment, the FG Coordinator will add or change key activities to the 'Improvement Action Plan' as part of the monitoring process.

The FG Coordinator is responsible for internally monitoring the actions in the Improvement Action Plan on an annual basis, a sample of self-assessments will be conducted internally, enabling the FG Coordinator to monitor the average score and redirect approaches where needed. The plan is also reviewed by third-party auditors as part of the Internal Management System (IMS) checklist requirements (see **IMPACT Verification Protocol** for more information).

3 SUPPLY CHAIN REQUIREMENTS

3.1   Traceability / Chain of Custody

A precondition for initiating Sucafina's IMPACT Program in a certain region or country is that there is full traceability of the coffee volume for which the standard will be implemented. All farmers who are part of the supply chain should be known and the product supplied should be fully traceable to the farm level. If farmers are also acting as traders or intermediaries, details of where they source their coffee should be known and recorded. Those sources should also be included in the implementation of the standard.

The chain-of-custody model for IMPACT is, by default, 'Segregation'.

Sucafina has chain-of-custody procedures in place to ensure that IMPACT-verified products remain separated from non-verified products and that verified coffee can be traced back to the farm level. IMPACT-verified products are visually segregated from non-verified products at all stages, including transport, storage and processing. Shipments of verified products cannot exceed the total production (for farms), purchases of verified products, plus the remaining stock balance from the previous year.

A volume summary of verified products is provided on an annual basis. This includes inputs, volumes purchased, in stock and processed and outputs lost and sold (as applicable). Documentation includes traceability type and percentage (when applicable) when there is a change in legal ownership and/or physical possession of the verified product.

Within Sucafina's internal systems, first-mile traceability is managed through the SAP RSM (farmer engagement) tool; supply chain traceability is managed through SOL. Refer to these procedures for more information: Standard Operating Procedure (SOP) for chain-of-custody of IMPACT-verified green coffee products and the MO+LOG Checklist.

External parties implementing the IMPACT Program are expected to have detailed traceability procedures as per supply chain requirements. These must be included as part of the third-party verification.

3.1.1 Accepted Deviations in Harvest Volumes

After third-party verification, the IMPACT certificate will include total harvest production for the first verification year. For the second and third years, the total harvest volume can deviate by a maximum of 10% from the first-year harvest. This is applicable only for total volumes, not individual farm volumes.

In the first verification year only, it is permissible to source volumes up to 3 months prior to the declaration date as stated on the IMPACT certificate.

3.2   Farmer Groups

The IMPACT Program is implemented at the Farmer Group (FG) level. An FG is a group of farmers that have shared similarities. For example, farmers who grow the same crop variety, are in the same geographical area, implement similar farming practices, supply the same processor or buyer or are part of the same cooperative. See 'Sampling Methodology' section for details of FG size.

3.3   Farmer Group Management

Each FG will have a Farmer Group Coordinator to manage the various activities of the IMPACT program. Management is usually done by a coordinator employed by Sucafina. In some situations, Sucafina can work together with partner suppliers and the coordinator may also be a (lead) farmer or another person close to both the farmers and Sucafina.

Depending on the size of the FG, it is usually recommended to elect farmer representatives who can support FG management. It is also possible to elect or assign other stakeholders to the group management if deemed relevant.

The main tasks of the FG Coordinator are to:

- Implement the internal management system (IMS).
- Define what constitutes a smallholder in their country and include this as part of the IMS.
- Coordinate and implement annual internal review of the IMS checklist.
- Review the Farmer Member Registry, monitoring the group composition, annually after harvest season.
- Organize farmer and facility (self)-assessments.
- Conduct first round of data analysis following the Data Validation Protocol.

- Prepare and coordinate third-party verification.
- Implement any action plans (either the Improvement Action Plans after assessments or Corrective Action Plans following non-compliances at verification).
- Coordinate data collection and report progress on the IMPACT Goals.
- Ensure that there is a grievance mechanism in place.
- Ensure that there is fair and transparent payment of premiums to farmers.

Under the IMS the following activities should be undertaken:

- Maintain a complete and up-to-date list of all the farmers in the group and their basic data, e.g. name, Farmer ID, gender, farm size, coffee plot area, coffee production potential per year, and GPS location and GPS polygon, including coffee plots above 4 hectares.
- Maintain a complete and up-to-date list of all the facilities in the FG and their basic data (e.g. name, number of workers (disaggregated by gender), location, processing capabilities (in kg green coffee) and names of other certification standards the facility might have).
- Define, justify and document what constitutes a smallholder farmer in the FG.
- Implement an internal (FG) inspection system that includes annual (self)-assessment against the IMPACT Sustainability Standard.
- Ensure there is a locally adapted and time-bound improvement action plan to meet a baseline level of sustainability.
- Provide training and additional support for farmers and facilities to ensure compliance and continuous improvement.
- Maintain documented product traceability that outlines segregation procedures.
- Maintain agreements and records to show farmer premium payments (cash or in-kind).
- Maintain up-to-date maps of the main farm or farm area for smallholders, including production areas for all crops and land owned by the farmer, forests, water bodies and buildings.
- Support and facilitate the third-party verification and implement improvement in case non-conformities are found.
- Detail the approach to sharing IMPACT verification data with the FG.
- Provide an up-to-date deforestation assessment report.

After third-party verification:
- Ensure that farmers maintain sustainable practices in line with the IMPACT Sustainability Standard and uphold their 'responsibly sourced' status.
- Monitor improvement and/or corrective action plans.
- Assure that new farmers entering the Farmer Group are assessed and implement improvements where necessary to comply with the IMPACT Sustainability Standard

3.4   Farmer Premiums

Farmer premiums are to reward IMPACT-verified farmers for implementing sustainable agricultural practices through services and (not guaranteed) premiums. As per IMS checklist requirements, the premium can be paid out in kind or in cash. It is important that premium payments are recorded and

transparently shared with the farmer. The decision to pay in-kind or cash payments is made at the country level.

4 SUPPLY CHAIN MAPPING & ENGAGEMENT

4.1 A Farmer-Centric Approach

Farmers are the central stakeholders in all activities implemented as part of Sucafina's IMPACT Program. At its core, IMPACT aims to help farmers mitigate their risks and support them in realizing their opportunities and reaching their objectives. The program links these activities and expected outcomes back to the IMPACT Goals.

The aim is for farmers to feel that IMPACT is a sustainability program that is developed and implemented by them, with the support of Sucafina. To ensure farmers are involved and engaged throughout, Sucafina encourages them to participate in the development of the program at the local level by giving them opportunities to express their ideas, indicate their perceived risks and opportunities, and address their objectives.

Engaging farmers helps them to better understand the purpose of IMPACT and it is also the starting point for them to provide input on the program and customize the goals to local realities.

4.2 Smallholder Definition

Sucafina understands that some small-scale farmers might have limited capacity to implement all requirements of the IMPACT Sustainability Standard. To accommodate smallholders, they may be able to omit some of the requirements that would be difficult for them to achieve. The IMPACT Exception Policy highlights the indicators that are not required for smallholder farmers.

Sucafina does not work with a strict definition of smallholders (e.g. the exact number of hectares or workers) because what qualifies as a smallholder farmer in one country can be considered a large-scale farmer in another. Local Sucafina teams can partly define what size qualifies as a smallholder farmer in their country, considering the guidance mentioned below. The teams should be able to justify their definitions and document this under their IMS. The definition of smallholder should be approved by Sucafina's Origin Steering Committee at the country level.

Sucafina works with the following criteria when defining smallholders:

- Smallholders are small-scale agricultural farmers that primarily rely on family or household labor or workforce exchange with other members of the community.
- They usually have under 4 hectares of coffee land, but this varies by country (and it is up to the local Sucafina team to define).
- They are usually unregistered businesses and do not contract permanent or semi-permanent workers.
- They often do not have processing equipment on their own farm.

Farmers that do not fall under the (local) smallholder definition are farm or estate farmers. They may meet some – but generally not all – of the characteristics mentioned above. For example, they may be a registered business, have more than 4 hectares of coffee land, employ (semi)-permanent workers or process coffee on their own farms.

It is a requirement to define what constitutes a smallholder farmer in the FG in the IMS. Where possible, smallholders should be organized into separate FGs from larger-scale farmers to ensure that both groups receive the specific support they need.

4.3 Farmer & Stakeholder Engagement

Farmer engagement is an important aspect of IMPACT and should be prioritized. Depending on local Sucafina capacity and capabilities, different approaches for engagement can be utilized. At a minimum, all farmers who are part of an FG are required to be registered under the IMPACT Program and to take part in (group) training. This training should be tailored to facilitate understanding of the IMPACT requirements and expectations.

The main goal of the engagement process is to give farmers a sense of ownership over the program, which will help to generate a willingness to implement changes in farming practices where needed.

An analysis should be carried out to determine whether stakeholders other than the farmers should be part of the engagement process (and if so, which ones).

Farmer and stakeholder engagement will vary per location but, in general, will include:

- A definition of which projects and practices should be implemented to achieve the requirements of the IMPACT Program.
- A draft action plan for implementation of the program.

5 SELF-ASSESSMENTS & ESTABLISHING THE IMPACT BASELINE

5.1 Principles of Self-Assessments

Assessments are a key element of Sucafina's IMPACT Program. They enable Sucafina to have a robust system to check baseline sustainability in FGs and monitor improvements as they are made.

The self-assessment can be conducted directly by the farmers or, when support is required, by a qualified second-party assessor. This process is similar for facilities. Regardless of whether the self-assessment was completed by the farmer or a second-party assessor, Sucafina views it as the farmer's interpretation and representation of the sustainability practices and technologies currently implemented on the farm.

A Sucafina self-assessment is intended to represent an entire farming operation, meaning that practices checked by the farmer should be relevant and applicable for all activities of the farming operation. The focus should be on coffee production but other aspects, such as working conditions throughout the whole operation, should also be considered.

Farmers should strive to continually improve their sustainability performance across their entire farming operation.

5.2 Pre-Assessment Activities

Before assessments can be carried out, a few pre-conditions should be met (some activities also need to be organized):

- **Define or confirm the FG.** To ensure that all farmers in the FG are known and identifiable, a list of farmers must be maintained. Additionally, all facilities should be known and a list maintained.

- **Select the farmers and facilities in the group to be assessed.** Ensure that the sampling method is used as outlined in Section 5.4. Make sure that the selection of farmers and facilities is 100% randomized so that no bias exists in the sample and the outcome of the assessments is representative of the whole group.

- **Define which approach to use to assess the farmers and facilities.** There are 2 options: self-assessment and second-party assessment. Self-assessment means that farmers will receive the assessment template, complete it and send back the completed form. This approach is useful mainly for larger-scale farmers who are familiar with these types of surveys. Second-party assessment can be seen as 'helping farmers to complete their self-assessment'. This approach is used primarily for smallholders.

For both types of assessment, before data collection takes place, farmers and responsible personnel at the facility must understand and agree to the IMPACT Data Processing Agreement. It is very important for farmers and responsible personnel at the facility to receive an explanation in clear language of the purpose of the assessment and the consequences for them based on the outcomes. The purpose of the assessment is to understand the local situation and be able to develop an improvement plan that enables farmers to close the gaps found in the assessment. Farmers and facility personnel must be assured that there will be no negative outcomes based on their answers.

5.3 Initiating Assessments

Assessments can be organized for 3 reasons:

- When baseline information is needed from the FG to understand the current level of sustainability, critical practices that are not implemented, or opportunities in the FG to make improvements.
- When Sucafina would like to know progress made after improvements have been implemented. This should be done when there are reasonable assumptions that progress has been made.
- When Sucafina is planning a third-party verification of an FG (See **IMPACT Verification Protocol** for more information).

If Sucafina decides that assessments are needed for other reasons, they can be carried out at any time.

5.4 Sampling Methodology

To determine the number of farmers or facilities to be self-assessed within an FG, the sampling methodology outlined in Figure 3 will be applied. This sampling is based on statistical sampling methods with a fixed accuracy and is based on the recognized methodology of SAI Platform's FSA standard. The farmer sample can be derived randomly or – to ensure sampling is representative across groups with slight variation – using risk-based random sampling from the total number of farmers in the FG. It is important that the sampling methodology is documented. The facility sample must be selected randomly from the total number of facilities within the FG.

Number of Farmers in FG	0–10	11–20	21–30	31–50	51–100	101–200	201–500	501–5,000
Sample Size for FG Self-Assessment	6	10	13	18	24	30	36	40

Figure 3: IMPACT Sampling Methodology

Alternative sampling methodologies may be used when the FG is combining IMPACT with other responsible sourcing standards. The most stringent sample methodologies will then be applicable. Sample sizes listed here are the minimum required. If possible, additional farmers should be added to these minimums, as there may be cases where certain farmers cannot or will not participate. These additional sampled farmers will serve as a buffer to ensure the minimum sample size is still met. The FG Coordinator may also choose to increase the sample size, or even to assess every farmer within the FG, for other reasons, including local risk factors as defined below.

In cases where farmers own multiple coffee plots, the Verifier needs to select 1 coffee plot per farmer, at random. In this case, the Verifier should ensure that the sample is a fair and equal representation of the coffee plots in the Farmer Group.

It is recommended to limit each FG to a maximum of 5,000 farmers; however, if the FG is larger, it could revise its size by clustering farmers across common characteristics. If this is not possible, the same sampling approach, as per SAI Platform's FSA Standard, needs to be applied.

5.5 Risk-Based Sampling (Risk Management)

Risk-based sampling for the assessments can be used to ensure that the sample is representative across the group and that high-risk farmers are taken into consideration.

The following are indications of farmers/facilities with high risk that need to be included as part of the sampling assessment:

- If the farmer or facility has received a critical non-conformity, it is seen as high-risk
- If the deforestation risk assessment shows a high risk of supply chain tree-cover loss.
- If the Farmer Group has scored less than 50% on the Improvement Indicators.

- If there are traceability issues, such as the farmer delivering close to or over the annual harvest potential.

The following factors are taken into consideration to make sure the sample is representative:
- Coffee plot size.
- Farm location.
- Processing type.

5.6 Data Collection & Privacy

Before completing the self-assessments, farmers and facilities must consent to taking part in the assessment process. Appropriate tools should be used to collect assessment responses. See the Data Collection Protocol for more information.

5.7 Assessment Approaches

Assessments can be conducted in 2 ways:

Self-assessments, in which the farmer or facility completes a self-assessment questionnaire independently. This approach can be used for farmers who are (computer) literate and have a high understanding of the concepts used within the IMPACT Sustainability Standard.

Second-party assessments are the recommended approach when the farmer or facility requires support to complete the assessment. A second-party assessor can interview in such a way that the meaning of all concepts in the assessment is clear to the farmer/facility personnel. The farmer or facility responses are used to complete the assessment, and the data is recognized by Sucafina as a self-assessment (i.e. the farmer's representation of the sustainability practices on the farm).

The second party assessor may be a Sucafina employee or a qualified second party who works directly with the farmers or facilities. The second-party assessor's role is to interview the farmers/workers to support them with completing the assessment and to provide the assessment results to Sucafina. The second-party assessor is responsible for:

- Interviewing based on the assessment content.
- Documenting the assessment results.
- Taking note of valuable information that may aid in the implementation of the improvement process.

5.8 Analysis & Reporting of Results

Assessment results will be reviewed by Sucafina. Changes can still be made if any incomplete sections or obvious mistakes in the results are found. This data validation is intended to check the results and confirm alignment with the true situation in the FG. The IMPACT Data Validation Protocol explains the steps and data points that are reviewed and analyzed.

Results of the self-assessments will serve as an input for the improvement program. No claims will be made based on these results. Results serve as a representative sustainability status of the whole Farmer Group. Once the results have been reviewed, reports can be created.

The purpose of reporting assessments is to:

- Track assessment completion progress within an FG.
- Enable data quality assurance and validation of the assessment results.
- Identify areas of improvement and opportunities within each FG.
- Track supply chain impact.

For each FG, a score will be calculated, showing:

- Farmer/Facility Group score – total.
- Farmer/Facility Group score – per topic.
- Individual farmer/facility score – total.
- Individual farmer/facility score – per topic.

The aim is for these reports to enable Sucafina and the FG to drill down to practice-level detail to facilitate the development of targeted and effective improvement programs.

6 IMPROVEMENT & IMPLEMENTATION OF PROJECTS

6.1 Overview of Improvement Planning

The goals of the IMPACT Improvement Program are to:

- Support farmers to improve their sustainability performance so that they meet the criteria of the IMPACT Sustainability Standard (IMPACT Verified).
- Enable farmers and FGs to create positive and measurable impact that can be linked to the IMPACT Goals.

Creating changes and improvements at the farmer level will only happen when the farmers have control over the improvement program, support the practices that will be implemented, and are willing to test different methods in their farming systems.

As outlined in Section 2.4, Sucafina will facilitate the process of creating an improvement plan that is based on the outcome of the assessments and initial farmer engagement. The improvement plan should have clear objectives that outline the desired outcome for the farmers and Sucafina.

6.2 Principles of the IMPACT Improvement Program

To enable farmers and other stakeholders to implement changes that lead to real-world beneficial impacts, Sucafina has adopted 4 principles to guide the process:

1. Create ownership of IMPACT with the farmers and stakeholders in the area and let them participate in all stages of the program.
2. Encourage research culture and participatory and relevant knowledge-exchange activities.
3. Consider factors that influence behavior and include these in the improvement activities.
4. Remove the barriers that prevent farmers from adopting a desired behavior and promote the perceived benefits.

6.3 Improvement Activities

Under the guiding principles mentioned above, Sucafina will be able to implement a variety of activities. The type of activity chosen may depend on local customs and culture, the nature of the improvements to be implemented and the local capacity and capability to execute activities. Local teams are highly encouraged to further adapt and localize each activity to maximize the impact. Teams are also encouraged to share their experience and the outcomes of the activities they have organized.

7   VERIFICATION PROCESS

7.1 Verification Process Overview

Once the Farmer Group appears to meet all the requirements for classification as 'responsibly sourced', a third-party verification needs to be carried out, so that an independent organization can validate that the IMPACT Sustainability Standard has been implemented correctly. Detailed guidance on the verification process can be found in the **IMPACT Verification Protocol**.

7.2 Third-Party Verification

Third-party verification of FGs is a required step for Sucafina to ensure that the coffee it purchases has been produced sustainably. Third-party verification will be organized when:

- The FG appears to comply with all the requirements of the IMPACT Sustainability Standard, including this Scheme Rules document.
- The sustainability status of the FG is about to expire, and re-verification will be needed.
- There is a substantial change in the structure or composition of the FG. A substantial change means that within a 1-year period, more than 20% of the FG are new farmers who were previously not part of the self-assessment sample or Improvement Program implementation.

During the verification, the Verifier will assess the management of the FG and implementation of the IMS. The Verifier will also randomly select farmers and facilities from the group for a full verification against Critical and Improvement Indicators in the IMPACT Sustainable Standard.

Sucafina will plan the verification assessments in collaboration with the farmers and facilities, in alignment with the Verifier. Before the on-site verification, the Verifier must determine the assessment sample and ensure all documents to be used during the verification are made available. When the preparation and planning have been completed, the verification assessments can be performed.

After completion of the assessment, the results of the verification will be shared with the farmers, facilities, and Sucafina. Based on the results, follow-up by the Sucafina team may be required. After a successful verification, the FG will receive a certificate confirming the performance of all the farmers in the group.

The Verifier will determine the sample before the verification. The size of the sample is based on the number of farmers and facilities and should be calculated using the table below:

Number of Farmers in FG	0–10	11–20	21–30	31–50	51–100	101–200	201–500	501–5,000
Sample Size for FG Self-Assessment	6	10	13	18	24	30	36	40
Sample Size for Third-Party Verification	4	4	7	7	9	9	9	9

Figure 4: IMPACT Sampling Methodology for Verification

This verification sample size is in line with SAI Platform's Farm Sustainability Assessment.

The Verifier must draw the sample from the total number of farmers (or facilities) in the FG. Sampling must always be done randomly, and selections must be made by the third-party Verifier.

7.3 Decision-Making

Once the Verification Body confirms that the FG has received a positive verification assessment, the farmers and facilities are considered to be part of the IMPACT Program. The Verification Body will issue a certificate confirming that the group and it is eligible for responsible sourcing claims. See the **IMPACT Verification Protocol** for more information on requirements for harvest records.

7.4 Third-Party Reporting

The Verification Body is responsible for sharing an audit report of the complete FG in an appropriate template (refer to Appendix D in the **IMPACT Verification Protocol** for more information on the requirements of the verification assessment report). This includes the final verdict, IMS checklist, sampled farmer and facility assessments, metadata report for farmers and facilities, approved farmer registry and an overview of non-conformities (if any). Non-conformities must be reported with enough explanation for the farmer to understand the identified non-conformity and how it relates to the requirements. This will help the farmer to carry out any necessary corrective measures.

For reporting both conformities and non-conformities, sufficient evidence should be provided to determine post-verification what was verified and enable recollection of evidence in case the results are disputed.

7.5 Non-Conformities

Non-conformities can occur at IMS, farmer and/or facility level and mean that there was not enough evidence to demonstrate that a practice is in place. A non-conformity is treated as a systemic issue for the whole FG where: 1) any of the IMS indicators are not met 2) any of the farmers (or facilities) in the sampled verification group has a non-conformity on any of the Critical Indicators or 2) the any of the sampled farmers (or facilities) does not meet at least 50% of the Improvement Indicators. A corrective

action plan is then needed for the entire FG. Such occurrences are an indication that a high-risk and/or potentially widespread non-conformity is present across the FG.

For more information on how non-compliances are handled for the IMS, facilities, and farmers, refer to the **IMPACT Verification Protocol**.

8 REMEDIATION & GRIEVANCE PROCEDURE

8.1 Remediation

Remediation is the process of correction and mitigation after a breach of one of the Critical Indicators has been identified, reported, and verified internally. Remediation by FGs can cover a range of actions depending on the type of incident. In this case, remediation focuses on cases with breaches on Critical Indicators or incidents that have severe negative consequences such as forced/child labor, illegal land clearing or disposing of highly hazardous pesticides in water bodies.

Sucafina will always endeavor to engage and improve the situation. Therefore, in cases of non-conformities, remediation involves 2 components: correction (immediate actions to correct the incident) and corrective action (to tackle the root causes of the problem; this can be implemented over a longer timeframe). The remediation process applies to internal and third-party assessments and other incidents outside of this.

For incidents related to human rights issues and where Community Facilitators are active, the process follows the document 'Sucafina Guidelines for Community Pilot'.

Otherwise, the process is as follows:
- The reported case is shared with the FG Coordinator. This case can be reported through the grievance/complaints mechanism, through audit, or the FG's own monitoring system.
- The FG coordinator assesses the safety of the individual/households/children concerned as an immediate action and fulfil their basic needs of survival.
  - o If their basic needs of survival are threatened, the FG Coordinator should discuss with relevant local stakeholders and the IMPACT Governance Team which immediate measures need to be taken, e.g. removing a child from hazardous work, protecting victims of gender-based violence from immediate harm.
  - o The FG Coordinator should check whether there are other people affected, and/or if there are other forms of human rights violations.
- The FG Coordinator should collect basic information about the incident and the people/sites affected and inform the IMPACT Origin Steering Committee or Origin Human Rights Committee (if applicable) within 24 hours of the initial assessment. This information shared should include:
  - o Name of person(s) concerned, or site concerned
  - o Year of birth (if applicable)
  - o Gender (if applicable)

- o Identity document no (if applicable)
- o Contact information
- o Issue identified
- o Main reasons for violations
- o Immediate actions taken to ensure safety of person(s)/environment
- o Additional information:
  - If the case is related to illegal land-clearing/deforestation, Sucafina will (as per the Deforestation Policy) conduct a ground-level assessment to understand the root cause of the incidence. This will include a site visit, including two photos of the site.
  - If the case is related to a specific site, information on the site location needs to be included.
- The IMPACT Origin Steering Committee (or Human Rights Committee, where present) investigates the case and concludes on remediation.
- The FG Coordinator meets with alleged victims/others and discusses the case and proposed remediation measures. Once the parties agree, the FG Coordinator develops a plan for the implementation of corrective actions (using the Corrective Action Plan template) to address the root causes of the issues. The cases can be referred to responsible internal and external stakeholders to implement correction and correction actions.
- The IMPACT Origin Steering/Human Rights Committee monitors the implementation of corrections and corrective actions. The IMPACT Governance committee regularly reviews the type of cases, internal reports and remediation activities to close cases and ensure the processes are effective.

For specific information on remediation measures for human rights risks, please refer to Sucafina Guidelines for Community Pilot & Community Facilitators.

8.2 Complaint/Grievance Procedure

This procedure is open to anyone who has a complaint against an IMPACT-verified farmer, Verification Body or the IMPACT Program itself, regarding the standard procedures or operations.

Sucafina aims to investigate complaints in a fair, balanced, and transparent manner. A key principle of this is to aim to resolve the complaints at the most direct level possible (lowest and least formal levels), with the escalation to formal complaint investigation to the global organization as a last resort.

Refer to Appendix E in the **IMPACT Verification Protocol** on the process for handling complaints. The general procedure is summarized below:

Complaint submission:

- When complaints cannot be resolved directly with the member, stakeholders are encouraged to contact the Global Sustainability Team by email in the first instance to highlight their concern: impact@sucafina.com. An exception can be made if the submitter is illiterate or has no access to internet.

- The complainant should clearly explain the nature of their complaint and the desired outcome they seek, including all documented evidence available to support the complaint. They should include a description of the steps already taken to resolve the complaint at an informal or direct level.
- Sucafina will acknowledge receipt of the complaint by notifying the complainant in writing within 5 days.
- If the complainant wishes to remain anonymous and use an independent mechanism Sucafina's formal grievance mechanism, Speak Up, is available to all internal and external stakeholders.

Determination of admissibility:

- Sucafina will assess whether the complaint is eligible to be addressed. It is considered eligible if it is within the defined scope, a solution at the most direct level has been sought, and it includes the correct information.
- Sucafina will inform the complainant within 10 working days after the receipt if it is accepted.
- If the complaint is rejected, information about the applicable reason will be provided to the complainant. This case is closed but will still be reported to the IMPACT Governance Committee.

Acceptance:

- When a complaint is accepted, information about the acceptance is provided to the IMPACT Governance Committee. The governance committee will review the case. The governance team may request any party to provide further information to develop a full view of the situation. Any party will be given 10 working days to submit this to Sucafina.
- Within 30 days following the deadline for receipt of information, Sucafina will inform the parties of their understanding of the situation and proposed resolution. Sucafina reserves the right to extend this period if the case or specific reasons require so.
- Either party may appeal against the decision made by Sucafina, by submitting an appeal within 30 days after the notification of the decision.

Documentation:

- All records relating to the complaint are kept for at least 5 years.

Having a grievance mechanism in place is a supply chain requirement. Where the IMPACT Program is deployed within Sucafina, Sucafina will provide all internal and external stakeholders with access to Sucafina's anonymous and independent grievance mechanism, Speak Up. More information is found here.

9 BENCHMARKING & EUDR ALIGNMENT

9.1 Global Coffee Platform Equivalence & Benchmarking

The Global Coffee Platform (GCP) Equivalence Mechanism outlines the criteria and process for including principles and practices described in its Coffee Sustainability Reference Code in a standard,

a scheme, or programs performed by other operators such as governments, companies, or standard systems. The criteria include content (in Sucafina's case – the IMPACT Sustainability Standard (IMPACT Verified)) and criteria to ensure credible implementation of the content (in Sucafina's case – the IMPACT Scheme Rules and Verification Protocol).

IMPACT is based on the [Coffee Sustainability Reference Code](#) (Coffee SR Code), and has been recognized by the GCP as Coffee SR Code equivalent, 2nd party assurance.

9.2 EUDR Alignment

The European Union ("[EU Regulation on Deforestation-free Products](#)" or "EUDR") requires companies to implement robust due diligence processes, ensuring that their supply chains are free from illegal deforestation activities. This involves tracing the origins of raw materials, verifying legal compliance, and adopting sustainable sourcing practices.

The IMPACT Program has fully harmonized its requirements to align with EUDR. To ensure that all IMPACT-verified coffees meet the EUDR standards, a comprehensive benchmarking against the regulation's requirements has been conducted. As part of this alignment, the cut-off date for deforestation has been updated to December 31, 2020, in accordance with the EUDR. The forest definition under the EUDR, based on the FAO's criteria, will be applied to this cut-off date.

Additionally, it is now mandatory to provide georeferenced polygons for coffee plots that are 4 hectares or larger to verify that the coffee production is deforestation-free. As a result, all IMPACT-verified coffees can now be offered as compliant with the EUDR.

10 KPI REPORTING

10.1   IMPACT KPI Reporting

On an annual basis Sucafina will report on the IMPACT Program as part of its annual sustainability report. The data disclosed in the IMPACT reports follows GDPR requirements. The Global Coffee Platform reporting requirements will be included in Sucafina's sustainability report.

At a minimum this will include:

- Total number of IMPACT-verified farmers.
- Total volumes produced under IMPACT-verified supply chain.

The IMPACT KPI Report includes the full list of KPIs and the reporting terms.

11 CONFLICTS OF INTEREST & ASSURANCE

11.1 Conflicts of Interest

A conflict of interest may arise when the actual or perceived interest in an action results in or has the appearance of resulting in personal, organizational or professional gain. For example, an auditor/FG Coordinator would have a conflict of interest if they were to assess a business with which they have a monetary relationship (as a contractor or employee) or an auditor/FG Coordinator receives gifts from a farmer.

For the management of the IMPACT Program, Sucafina has an internal Conflict of Interest Policy (doc ref: POL-020), which defines the behavior that every Sucafina Group employee must have whenever a possible conflict of interest could arise. These are cascaded to suppliers in the Supplier Code of Conduct and Verification Body Accountability (see **IMPACT Verification Protocol** Appendix A, section 'Staff & Code of Conduct').

11.2 Verification Body Assurance

To ensure consistency and quality, a random sample of Verification Bodies will be chosen for an external verification on an annual basis. This procedure includes a quality review of the methodology, results, and reporting. The verification will be conducted by a third party.

The sample must be representative of the IMPACT-verified regions and the number of FGs that are IMPACT verified.

The externally validated reports are shared with the Governance Committee and reviewed on an annual basis. The report results could have an influence on the eligibility of a Verification Body to implement IMPACT audits.