

HACOFCO Sustainability Guide Verification Protocol

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INTRODUCTION



The protocol for the verification of HACOFCO's sustainability guide in its coffee supply chains is a process that allows, through an external and independent third party, to provide a guarantee that the results obtained are based on a transparency mechanism. Additionally, this validation allows us to demonstrate the level of compliance of the suppliers to work on continuous improvement using the same guide as a reference tool.

All the points indicated in this document have been prepared by HACOFCO, so non-compliance due to negligence on behalf of the suppliers could eventually affect commercial relations, taking into consideration the importance that sustainability currently has within the company.



Purpose and scope

Purpose: Establish the verification process of the HACOFECO sustainability guide to the coffee supply chain through its suppliers

Scope: This document has applicability to the entire HACOFECO coffee supply chain where the IMS providers and the Individual Farms are responsible for its correct execution. HACOFECO's sustainability guide applies only to the production and processing of green coffee that is marketed exclusively for HACOFECO. Any other by-product (for example roasted coffee) or other crop than green coffee does not fall within the scope of verification, except for the requirements on the use of prohibited agrochemicals applied to other crops that are associated with coffee.

Responsible for carrying out verifications

Verification of HACOFECO supply chains will be carried out by an internationally accredited third-level certification body. The auditors of these companies must have previous experience auditing coffee farms at the origin where HACOFECO coffee comes from, as well as being accredited to audit other voluntary, private and/or international standards seals.

The selection and payment of the professional services of this certification body will be the direct responsibility of HACOFECO, so the supplier will not have to incur any expenses for this process.

Verification periodicity

Verification will be carried out the first time to all HACOFCO suppliers. According to the level reached after the first verification, suppliers and their supply chain that reach the BASIC level must receive verifications annually. For suppliers and their supply chain that achieve INTERMEDIATE or ADVANCED levels, verification will be every three years. It is important to note that if a supplier achieves intermediate or advanced status, HACOFCO reserves the right to reduce the two-year period corresponding to the next verification to carry out control verifications. The verifications will be carried out during the harvest months, which can be in periods that vary depending on the country of origin, between 4 and 5 months. During verifications on farms, there must be at least a minimum amount of coffee cherries and pickers.

Sample selection for verification

The certification body responsible for carrying out the verification will be in charge of selecting the sample of farms and facilities to be verified. For the above, you will only be able to coordinate with the supplier the logistical, climatic and security aspects to facilitate the process mainly during the visit to farms. The selection of the sample must be representative in terms of geographical distribution of the farms, covering as equitably as possible the range of areas with coffee, farms that have been visited in previous verifications, farms with permanence in the supply chain that have not been previously visited as well as new farms.

Small farms: The number of small farms to be verified will be the square root of all small farms.

Large farms: The number of large farms to be verified will be the square root multiplied by two. For HACOFCO suppliers that have more than 10 large farms in their supply chains, the sample would be the square root of all large farms multiplied by three.

Wet and dry mills: 100% of the installations must be verified.

Individuals farms: 100% of the large farms and 80% of the plots that make up this farm must be verified.

Corrective actions and compliance status

During the verifications, the verifying entity evaluates the scope of each requirement of the HACOFECO sustainability guide with one of the three options:

- **Compliance:** The requirement was implemented correctly.
- **Non compliance:** The requirement was partially implemented, was not implemented correctly or was not implemented at all.
- **Not applicable:** The requirement does not apply to the reality and/or situation of that supply chain.

In case of non-compliance, the supplier of the supply chain must submit a corrective action plan through the IMS provider and/or individual farm. If the non-compliance corresponds to a critical requirement, the supplier must carry out a corrective action plan(s) that must be presented to HACOFECO prior to

implementation, the period to present it can be agreed between HACOFECO and the supplier. The auditor will assess whether they are sufficient to accept compliance with that critical criterion. Only until the problem has been corrected can the coffee be sold to HACOFECO as verified.

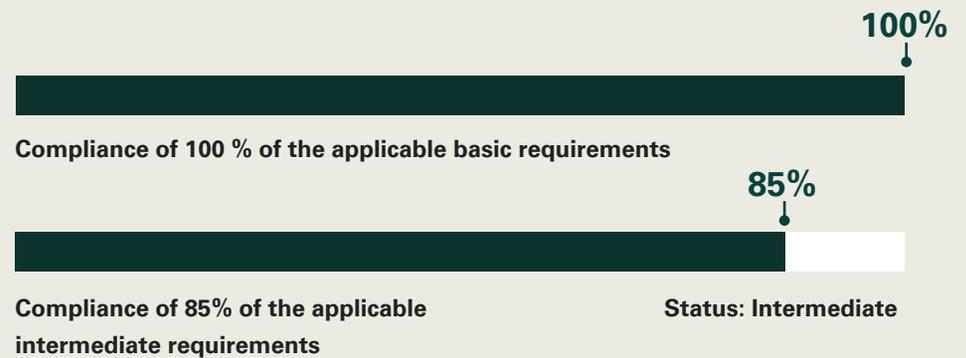
In the case of non-compliance with requirements that are not critical, the same previous procedure is followed, except that the deadline to present the corrective action plan will be four weeks once the verification is completed. The implementation cycle of the HACOFECO sustainability guide for compliance with 100% of the requirements, that make up the topics of the four dimensions, is to be completed in a minimum of three years. The requirements are divided into three levels: basic, intermediate, and advanced, which is a way to establish continuous improvement and enhance the human and economic resources of HACOFECO suppliers.

The description of the requirements levels is indicated below:

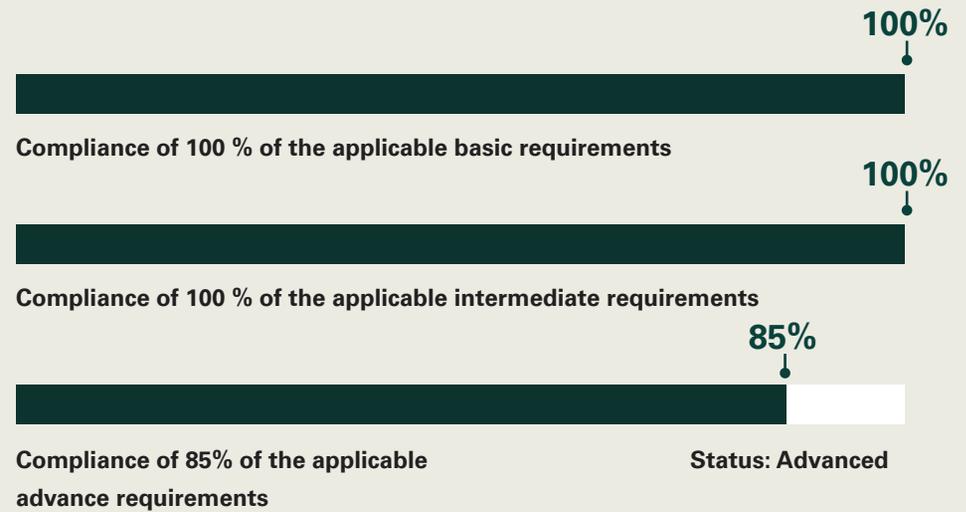
Basic level requirements: They must be met during the first year of implementation. Only within the basic requirements there are critical, meaning that compliance is mandatory since the first year and throughout the program cycle. To consider that the HACOFCO supplier at origin is at the basic level, it must ensure that its supply chain meets 85% of the applicable basic requirements and 100% of the applicable critical requirements during verification. A failure to meet any critical requirement does not allow the farm or any facility to achieve the Responsible Sourced Verification Status.



Intermediate level requirements: These are expected to be met during the second year of implementation. To consider that the HACOFCO supplier at origin is at the intermediate level, it must ensure that its supply chain meets 95% of the applicable basic requirements and 85% of the intermediate requirements. A failure to meet any critical requirement does not allow the farm or any facility to achieve the Responsible Sourced Verification Status.



Advanced level requirements: These are expected to be met during the third year of implementation. To consider that the HACOFECO supplier at origin is at the advanced level, it must ensure that its supply chain meets 100% of the applicable basic requirements, 95% of the applicable intermediate requirements and 85% of the advanced requirements. A failure to meet any critical requirement does not allow the farm or any facility to achieve the Responsible Sourced Verification Status.



Verification results

The results of the verifications will be given by the auditor at the closing meeting of the visit, so the supplier will know the compliance and non-compliance obtained to begin working on corrective actions as appropriate.

The supplier has the possibility of submitting complaints or claims about the auditor's work and behavior throughout the verification process. To do this, the supplier must contact HACOFECO directly via email to file a complaint or appeal.



Responsibilities of IMS Providers and Individual Farms

Among the responsibilities of HACOFECO suppliers during verification both at the supply chain level with groups of farms (IMS Provider) as well as individual farms we find the following:

- Coordinate with HACOFECO and the verification entity the dates and logistics for verification.
- Provide internal transportation of the auditor from arrival until verification is completed.
- Facilitate access to all facilities and farms in the sample that the auditor determines throughout the verification process.
- Provide documentary and physical evidence to show the auditor due compliance with the requirements indicated in the HACOFECO sustainability guides.
- Approve the results generated at the end of the verification.
- Implement all corrective actions through a plan for non-compliances found during verification, obtain the respective evidence and send it to the auditor and HACOFECO within the deadlines established in this document.
- Appeal any decision and/or complaints that result in conflicts or discrepancies between the supplier and the auditor during verification of results or behavior. For the above, the supplier must communicate via email with the contact trader and the HACOFECO sustainability manager so that the steps to follow are indicated.

Verification stages

Verification consists of at least the following stages:

- 1.** Selection of the verification entity by HACOFCO which will be communicated to the supplier.
- 2.** Communication between the verification entity and the supplier with a copy to HACOFCO to define the verification dates.
- 3.** Sending the verification work schedule by the verification entity to the supplier, which includes at least the date, description of the activities, sample of farms to visit, sample of facilities to visit, number of interviews to be carried out.
- 4.** The verification must have an opening meeting where the auditor will explain the scope of the verification, logistical details, work schedule and clarify the supplier's doubts. There must be evidence of this meeting with signature of the participants.
- 5.** Once the verification is completed, there will be a closing meeting where the auditor will give details of the results obtained through non-compliance. There must be evidence of this meeting with signature of the participants.



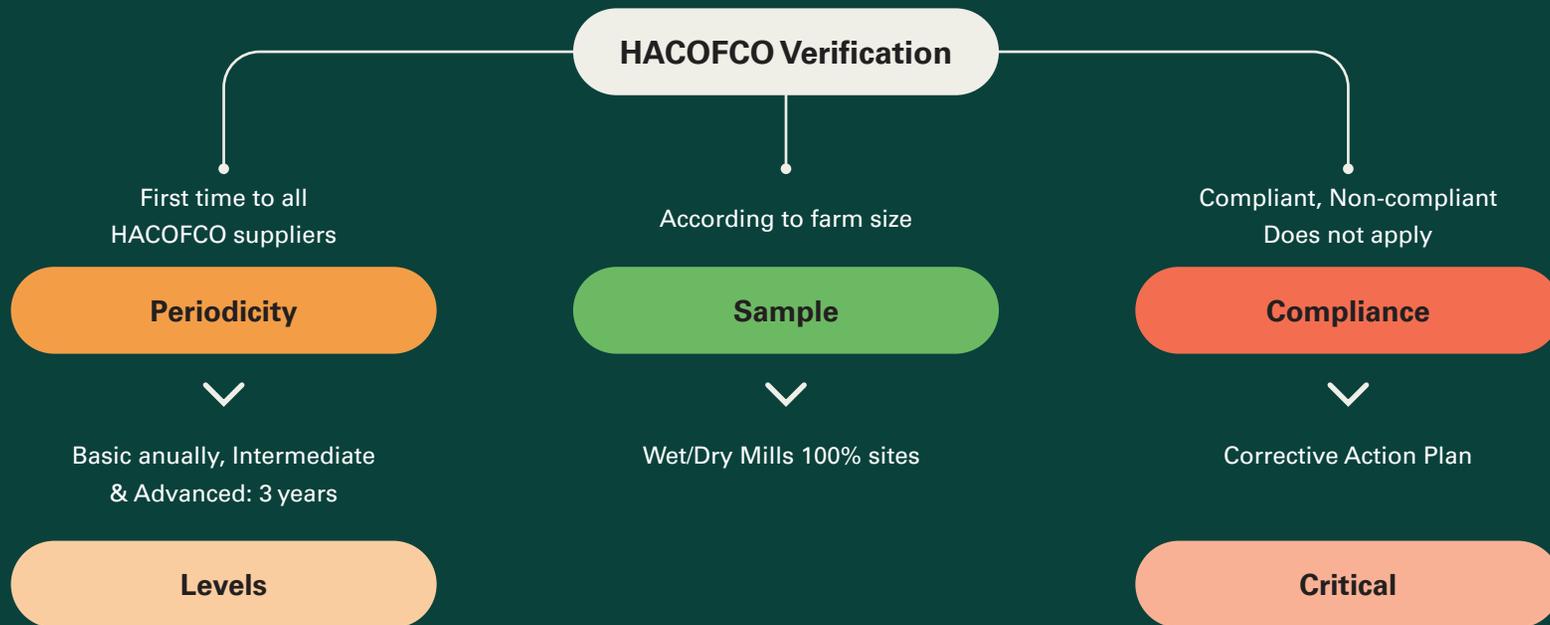
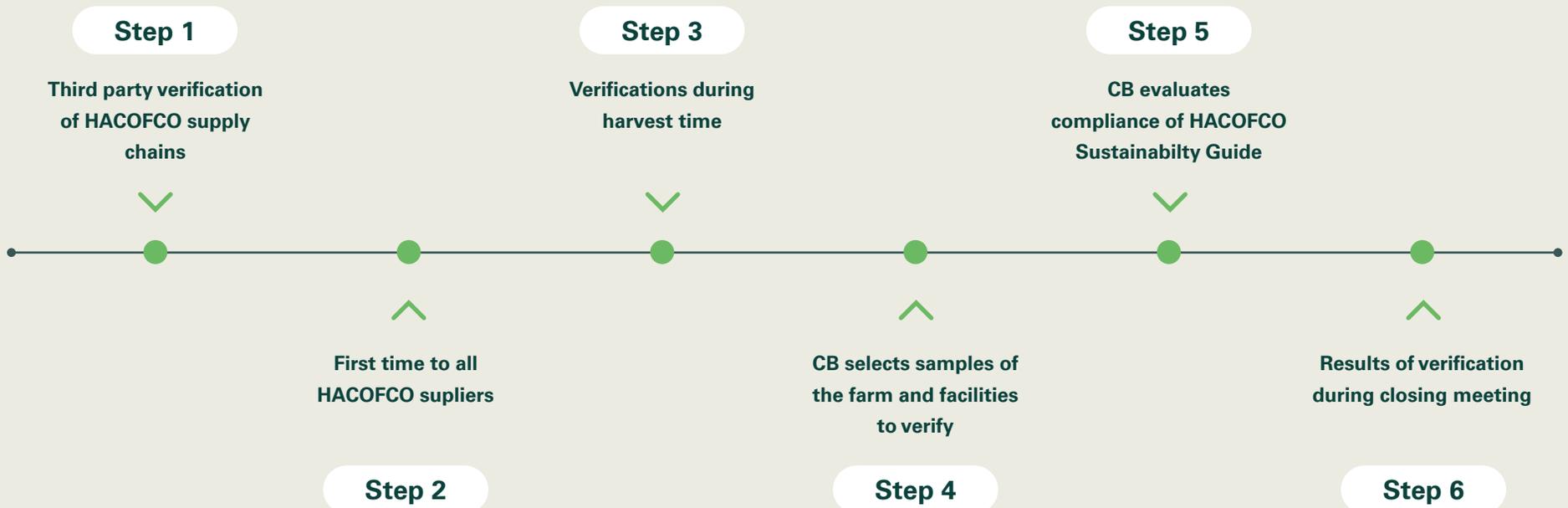


Fig.1 General flowchart of the HACOFCCO sustainability guide certification process.

