



## GENERAL IMPLEMENTATION PROTOCOL

### 3E SUSTAINABILITY SCHEME



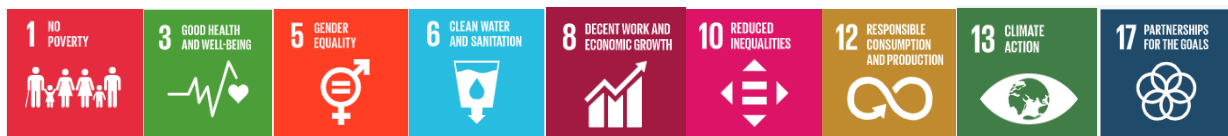
**ELEVATE  
EMPOWER  
EDUCATE**

#### 1. ABOUT THE 3E SUSTAINABILITY SCHEME

The 3E sustainability scheme is the voluntary sustainability scheme developed by RGC Coffee to ensure and promote a sustainable and prosperous coffee supply chain.

To ensure the integrity and quality of the mechanism, the 3E is aligned with the coffee industry's most recognized sustainability standards in relation to key practices in terms of social, environmental, economic, corporate governance and transparency.

This scheme contributes to the following Sustainable Development Goals:



## 1.1. THEORY OF CHANGE

The theory of change defines what RGC Coffee wants to achieve through the implementation of the 3E Sustainability scheme and how this will contribute positively to the livelihoods of coffee growing families that provide coffee aligned with this voluntary Sustainability scheme.

(See figure 1):

RGC COFFEE 3E SUSTAINABILITY VALIDATION EScheme - THEORY OF CHANGE 2020-2050						
	MAIN OBJECTIVES ( 3E PROGRAMS)	Strategies	METHODOLOGIES	Products	Outcomes	Impact
Fostering supply chains that enable people and the planet to prosper, by placing humanity at the forefront of RGC's operations.	PROSPERITY - LAS FLORES DEL CAFE PROMOTE PROSPERITY AND WELLBEING OF PRODUCERS USING FAMILY-CENTRIC APPROACH TO PROVIDE SCALABLE SOLUTIONS THAT WILL SUPPORT THE ASPIRATIONS, RIGHTS AND DIGNITY OF PEOPLE.	<ol style="list-style-type: none"> <li>1. Creating a new social narrative to bring value to the role of women in the household and community, protecting and caring for children, and generating awareness among men regarding gender roles.</li> <li>2. Enabling women to be decision-makers through financial literacy training, access to financial capital (transparent, self-managed revolving credit funds), and entrepreneurship.</li> <li>3. Providing training and support to women and their families in good agricultural practices and post harvest processing techniques, ensuring access to technical assistance and resources for farming improvements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Community work that includes family members and schools. With special emphasis on women as promoters of community change.</li> </ol>	<p>Target 2025: 40,000 families beneficiaries of RGC 3E sustainable coffee program. 30% of producer promoters are women.</p> <p>Target 2050 (New): 60,000 families beneficiaries of RGC 3E sustainable coffee program. 40% of producer promoters are women.</p>	<p>Target 2025: 40,000 families impacted from investments at the farm level</p> <p>Target 2050: 60,000 families impacted from investments at the farm level</p>	60,000 families are thriving by producing coffee in RGC's supply chain while taking care of planet and communities.
	PEOPLE - LAS MANOS DEL CAFE FOSTERING FARMWORKERS WELLBEING AND DIGNITY IDENTIFYING ALTERNATIVES TO MAKE EMPLOYMENT WITHIN THE COFFEE INDUSTRY MORE SOCIALLY VIABLE.	<ol style="list-style-type: none"> <li>1. Promotion of Decent and Productive Employment.</li> <li>2. Ensuring the protection and safety for workers.</li> <li>3. Promoting good and fair treatment for farmworkers.</li> <li>4. Collaborative work among multiple agents in the coffee value chain.</li> </ol>	<ol style="list-style-type: none"> <li>2. Work with producer promoters based on impact indicators.</li> <li>3. Access to farm improvements and other benefits based on a win-win model (results-based agreements).</li> <li>4. Tours to share with other communities related to the achievement of indicators.</li> <li>5. Georeferencing of all interventions.</li> <li>6. Collaborative work with other partners in the region to increase impact.</li> </ol>	<p>Target 2025: Las Manos del Cafe farmworkers program has 16,000 beneficiaries: 4,000 farmworkers and 12,000 family members.</p> <p>Target 2050: Las Manos del Cafe farmworkers program has 30,000 beneficiaries: 7,500 farmworkers and 22,500 family members.</p>	<p>target 2025: 4,000 farmworkers who benefit directly from efforts to close the gap on living wage while dignifying their work</p> <p>Target 2050: 7,500 farmworkers who benefit directly from efforts to close the gap on living wage while dignifying their work.</p>	
	PLANET - TODOS AL AGUA SUPPORTING FARMERS TO RESTORE NATIVE ECOSYSTEMS, CONSERVE WATER AND MANAGE THEIR ENVIRONMENTAL FOOTPRINT.	<ol style="list-style-type: none"> <li>1. Restoring and protecting water sources, while promoting and investing in water saving strategies.</li> <li>2. Promoting reforestation, protecting natural ecosystems, and transitioning farms towards agroforestry.</li> <li>3. Rebuilding and restoring soil health to foster regenerative agricultural practices.</li> <li>4. Measuring and managing greenhouse gas emissions to promote climate-friendly supply chains.</li> </ol>		<p>Target 2025: Todos al Agua 3E program has 1,500 beneficiaries.</p> <p>Target 2050: Todos al Agua 3E program has 15,000 beneficiaries</p>	<p>By 2025 2,000 TonCO<sub>2</sub> are estimated to be captured in RGC supply chains from conservation or restoration</p> <p>by 2025, 20 millions of liter of water saved per year</p> <p>by 2025, 200 hectares restored with increased tree cover or cover crops</p>	

Figure 1: 3E theory of change.



## 2. OBJECTIVE

To offer our sustainability scheme that assures RGC Coffee and its stakeholders that the supply chain conducts its business in a manner that creates shared value for all stakeholders. The system measures supply chain performance to ensure that it meets minimum sustainability expectations while promoting continuous improvement practices. The basis of the scheme is to Raise the prosperity of coffee-growing families, empower individuals so that all are included and educate to promote regenerative agriculture practices focused on climate action.

## 3. MISSION, VISION AND SCOPE

### MISSION

As specialists in the commercialization of green coffee, RGC Coffee strives to positively influence coffee growing communities around the world, using coffee commercialization as a vehicle for development, connecting the supply chain from the producer to the roaster to generate shared value.

### VISION

RGC Coffee's goal is to make the 3E Sustainability scheme a reliable mechanism that applies rigorous procedures for the evaluation of sustainability risks. In turn, this will generate a positive impact on its supply chain, working hand-in-hand with its suppliers to achieve best practices in the supply chain.

The 3E sustainability scheme seeks to be the guide so that, by the year 2025, 40,000 coffee families will prosper producing coffee while caring for their communities and the planet. With this sustained growth, by 2050, the 3E Sustainable supply chain will reach 60,000 families.

### SCOPE

This document describes the general content of the 3E Sustainability Scheme, the requirements to be applied by an organization, farm, or group of farms to achieve a 3E recognition. It also describes the general principles that are the basis of the scheme, referring to its internal structure, evaluation and scoring procedures, and other documentation related to the scheme.

To provide relevant information to those wishing to join the scheme, it describes the roles and responsibilities of the participants that ensure the quality of the scheme's implementation.

Table 1 below, lists the normative documents that are part of the 3E scheme, the checklists and other templates required by the scheme, to facilitate the evaluation process and the granting of a status.

Scheme Documents (for the evaluation)
<b><u>3E Suppliers Check list</u></b> Contains the criteria and indicators that will be evaluated in coffee exporting organizations.

<p><b><u>3E Farm Check list</u></b></p> <p>Contains the criteria and indicators that will be evaluated in the entities or farms that supply coffee through our suppliers.</p>
<p><b><u>Indicators that require documentation</u></b></p> <p>This document complements the supplier checklist and the farm checklist. It specifies the examples of documents that can be developed and elaborated by suppliers to comply with the indicators. It also provides guidance to the evaluators so that they are aware of the documents that can be used to comply with the indicators during an evaluation.</p>
<p><b><u>Templates</u></b></p>
<p><b><u>3E supply chain partner's template</u></b></p> <p>Tool to fill in the information of the list of producers that will be part of a 3E supply chain</p>
<p><b><u>Continuous improvement plan template</u></b></p> <p>Tool for participating suppliers to develop the improvement plan to address non-conformities and increase their performance in complying with the 3E scheme.</p>
<p><b><u>Voluntary participation commitment letter 3E</u></b></p> <p>It is the written agreement that producers fill out upon becoming part of a 3E program to commit to the voluntary requirements of the 3E scheme.</p>
<p><b><u>3E audit plan template</u></b></p> <p>It is a template that allows to visualize the schedule of farm visits for each evaluator. It contains the name of the supply chain, name of the producer and farm to be visited, the date on which the visit will take place and the name of the evaluator.</p>
<p><b><u>System's documents</u></b></p>
<p><b><u>General protocol of the 3E Sustainability Scheme</u></b></p> <p>Corresponds to the document that describes the general content of the 3E Sustainability Scheme, the requirements to be applied by an organization, farm or group of farms to achieve a 3E status.</p>

*Table 1: Overview of the 3E sustainability scheme documents.*

#### 4. CONTENT OF THE SCHEME

The sustainability principles on which the 3E scheme is based are framed in three sections called **Elevate, Empower and Educate**, equivalent to the 3 axes of Economic, Social and Environmental sustainability. The 3E scheme seeks to promote sustainable coffee production through the application of good agricultural practices that allow producing families to positively impact their productivity and profitability, while protecting the forests, soil, and water health, and promoting respect for community, human and labor rights.

The 3E scheme is aimed at two levels of the supply chain, the first is at the level of the trading companies that supply coffee to RGC, its evaluation is made up of 9 criteria that are evaluated



through 45 indicators, of which 20 are mandatory indicators due to the level of risk that they represent for all those involved in the supply chain.

The second level focuses on groups of farms that belong to a supply chain that participates in a 3E program, based on the same 9 basic criteria translated into 86 indicators, of which 12 are mandatory.

The criteria contained in each section of the outline are described below:

### **ELEVATE: THRIVING COMMUNITIES**

This section contains 4 criteria evaluated through a group of indicators, some of which correspond to continuous improvement and others to high importance. In this section organizations and farm groups are evaluated on how they address challenges related to access to health and welfare activities for workers and farmers that are part of a supply chain, as well as the practices implemented to ensure transparency and traceability of negotiations, activities to promote access to safe water and finally, the implementation of strategies to appropriate practices that improve productivity and profitability in crops.

### **EMPOWER: RESPECT FOR FUNDAMENTAL RIGHTS**

This second section evaluates the practices implemented by suppliers and farms to ensure respect for fundamental human rights, compliance with labor legislation in accordance with national policies and international treaties, as well as practices that promote environments for equity, where women have a voice and play a fundamental role in decision making, practices that promote safe workplaces, dignified and respectful treatment of workers are evaluated.

Finally, at the farm level, compliance with national legislation on land tenure and water use is evaluated. It contains 3 criteria that are assessed with indicators of improvement and high importance.

### **EDUCATE: REGENERATIVE AGRICULTURAL PRACTICES**

This section focuses on evaluating actions to reduce the environmental impact of operations, sustainable management of water resources, soil protection and preservation of flora and fauna, as well as the adoption of practices that contribute to mitigating and adapting to climate change through strategies for measuring and reducing greenhouse gas emissions. It contains 2 criteria, with indicators for improvement and high importance.

SECTION	CRITERIA
<b>ELEVATE</b> Thriving Communities	1. Promotion and protection of health and wellbeing
	2. Transparency and traceability
	3. Access to drinkable (safe) water
	4. Productivity and profitability

<b>EMPOWER</b> Respect For Fundamental Rights	5. Human Rights
	6. Labor legislation
	7. Health and safety at workplace
<b>EDUCATE</b> Regenerative Agricultural Practices	8. Protection and conservation of natural resources (regenerative agriculture practices)
	9. Adaptation and mitigation to climate change

*Table 2: Overview of the principles and criteria of the 3E scheme*

Each criteria have a number of indicators associated that allow defining the respective performance of each criteria, whose compliance will be verified through field evaluation.

#### **4.1. Continuous Improvement**

To achieve the goal of positively impacting the lives of coffee-farming families, the 3E scheme is accessible to all actors who wish to participate. This is why the model on which it operates is based on the principle of continuous improvement of the practices of those involved. The scheme establishes that, at a minimum, a supplier must comply with 100% of the mandatory indicators and reach 40% compliance with the general indicators in order to obtain a basic 3E recognition as “Evaluated.” However, actors are expected to commit to continuous improvement actions so that their performance improves in subsequent years of evaluation.

As part of the 3E scheme’s continuous improvement approach, when coffee is traded under 3E recognition, a premium may be granted. This premium must be allocated to investments in projects that strengthen the weakest areas identified among coffee farmers.

#### **4.2. Internal management system (IMS) and internal inspections procedure**

Producer group managing entities must have an internal management system for the group in order to guarantee efficient group management and ensure that producers comply with the criteria established in the 3E scheme, which must contain as a minimum:

- List of producers that belong to the supply chain (Name, Gender, Total area, Area in coffee, Estimated coffee production per year, Location (Region, municipality, vereda, etc.), GPS points. (Farms larger than 4ha GPS points and polygons).
- Organizational chart with the people responsible for the IMS.
- Voluntary commitment participation of producers
- Develop a group management plan.
- System of permanence and withdrawals.
- Internal inspection procedure.
- Sanctions.
- Conflict of interest and conflict resolution declaration.
- Training plan.
- Group policies, activities, and declarations.



For the internal inspection process, the 3E scheme encourages companies implementing programs with producer groups to carry out internal inspections periodically, in order to ensure that producers understand and correctly implement the criteria and also to identify factors that jeopardize the correct implementation of the scheme. This procedure should be documented in the group's internal management system and its results should be presented to the second- or third-party evaluation team.

## **5. SCHEME OPERATION**

RGC Coffee operates the 3E sustainability scheme, conducts biennial second party assessment of suppliers and producer supply chains, monitors performance, follows up on improvement plans to ensure quality and credibility.

In cases where it is deemed necessary or by external requirement that could be from a client or other interested party, RGC Coffee may hire third party auditing companies for this assessment, the minimum requirement for an auditing company is they must be ISO 17065 accredited and validated as an auditor of other voluntary standards in the coffee industry such as CAFÉ practices, 4C, Rainforest.

## **6. TRANSPARENCY**

It is important for RGC Coffee to ensure that all parties interested in participating in the 3E scheme have adequate access to information related to the scheme. Everything related to the 3E scheme is available on the company's website <https://www.rgccoffee.com>

The following documents are publicly available:

- 3E Supplier check list, Version 1.3, 2023
- 3E Farm check list, new version 2023
- Indicators that require documentation version 2023
- General protocol of the 3E Sustainability scheme

### **6.1. PARTICIPANTS**

RGC Coffee wishes to promote the implementation of sustainable practices in all its supply chains, which is why the 3E scheme can be applied globally, to a supplier and group of producers who wish to be part of the scheme.

Relevant participants in the 3E scheme include:

- RGC Coffee Inc.
- Exporter suppliers.
- Producer supply chains.
- Evaluators: Second and third party.
- Clients buyers of Coffee of RGC.

- Others RGC Sustainability partners.

## **6.2. 3E Committee**

The 3E scheme is a sustainability assurance system of RGC Coffee and is therefore operated by the company itself. Several functions are delegated to the team called the 3E Committee (3E Committee hereafter) with the objective of ensuring the proper functioning of the scheme as follows:

- Operate the 3E scheme and ensure its credibility in the industry.
- Support stakeholders in obtaining recognition of the 3E scheme.
- Develop the scheme's documentation platform, development of criteria, elaboration of evaluation checklists and continuously review its improvement.
- Operate the quality and integrity management of the scheme.
- Review and monitor the quality of evaluation reports.
- Certify compliance with the indicators and issue the concept of 3E Recognition.
- Review and monitor compliance with non-conformities and the implementation of continuous improvement plans.
- Evaluate infractions and define sanctions of the 3E scheme.
- Conduct training to ensure the interpretation of the criteria evaluated by the scheme.
- Conduct training to ensure the interpretation of the criteria assessed by the scheme.
- Handle complaints and appeals related to the scheme.

The 3E Committee is made up of 4 people from RGC Coffee's sustainability team and a representative from the company's management.

## **6.3. DECLARATION OF CONFLICT OF INTEREST**

In order to guarantee an objective and neutral recognition process, the declaration of conflict of interest is a fundamental and transversal part of the 3E scheme. Therefore, from the process of forming the producer supply chain, implementation of the internal management system, in-situ evaluation, to the recognition and continuous improvement process, all actors involved shall avoid and be obliged to declare any conflict of interest situation, thus avoiding that decision making is influenced by this type of situation.

Conflict of interest can be:

- Negotiating coffee from family producers or with some type of direct relationship.
- Carrying out an internal inspection or evaluation of the farm of a family member.
- Making a recognition decision on a family member's farm.

## **7. PROCEDURE FOR THE REVISION OF THE SUSTAINABILITY CRITERIA OF 3E**

### **7.1. INDICATORS DEVELOPMENT**

3E Sustainability Scheme includes a set of criteria and indicators focused on measuring the sustainability performance of RGC Coffee's supply chain, and based on this, guides suppliers and producer supply chain to make improvement plans and positively impact communities.

The Scheme is based on RGC COFFEE's experience in implementing sustainability and on the fundamental principles of internationally recognized certification and verification standards in the coffee industry. In accordance with the recommendations given by the Equivalence Mechanism 2.0 of the Global Coffee Platform (GCP), the 3E meets principles of inclusiveness, transparency, credibility and continuous improvement, in order to be recognized as a new voluntary initiative in sustainability, contributing to alignment with other organizations to the development of the sector.

The sustainability criteria and indicators of the 3E scheme are developed by the RGC COFFEE Sustainability department, reviewed, and approved by the 3E Committee and then endorsed through stakeholders' consultation.

### **7.2. INDICATORS REVIEW**

The procedure defined for the review of the criteria and indicators of the 3E scheme establishes that it will be reviewed every 4 years, considering that in sustainability, this is the minimum period to be able to work with a supply chain, achieve improvements, evaluate impacts, and define adjustments for the next phase of work.

The process of reviewing the sustainability criteria and indicators of the 3E program will be carried out as follows:

- 7.2.1** To define the review approach route, the results of the evaluations that RGC Coffee carries out on suppliers and producers in the supply chain will be taken as a starting point, where the criteria and indicators that may represent a challenge in their implementation, that require adjustments according to environmental, social and economic impacts and/or imply reputational risks will be analyzed.
- 7.2.2** The review will involve consultation with stakeholders in the countries with which RGC Coffee implements 3E programs, with representation from producers, representatives of coffee supply chain actors and external organizations.
- 7.2.3** Stakeholder consultation shall be carried out in person, virtually, through focus groups and/or interviews.
- 7.2.4** Once the information from the stakeholder consultation has been compiled, it will be reviewed, analyzed and approved under a unanimous decision by the 3E Committee, and the required changes will be made, if applicable.

- 7.2.5** Changes made to the 3E scheme will be communicated to producers and suppliers, virtually and/or in person, and they will have the opportunity to make their comments and suggestions.
- 7.2.6** For the implementation of new changes to the Scheme, the transition or immediate application periods shall be formally communicated, according to the relevance of the changes raised in the revision.

It is important to note that stakeholders are invited to provide input to the sustainability criteria at any time and their input will be considered in future reviews of the sustainability criteria, should they take place outside the periods defined for scheduled reviews.

### **7.3. PROCESSES TO MAKE IMMEDIATE CHANGES.**

In case an immediate change of an indicator or sustainability criterion from general to critical level is required. The following process shall be followed:

- 7.3.1** Internal review through the 3E Committee, where the social, environmental, and economic impact of the criterion/indicator, the reputational risk for the supply chain and the implications for farmers and/or suppliers of its implementation will be analyzed.
- 7.3.2** Modification of the criteria/indicator, including, if necessary, a guide for the implementation of the new criterion/indicator.
- 7.3.3** Stakeholder participation. The new criterion shall be shared with interested parties who, on a voluntary basis, wish to participate in the review of the proposed new criterion/indicator. A group of at least 5 stakeholder representatives representing all links in the supply chain should be formed to carry out this review. This will ensure the participation of producer organizations, coffee buying clients, exporting suppliers, local partners and external organizations that are related to the coffee sector.
- 7.3.4** Once the information from the stakeholder consultation has been compiled, it will be reviewed, analyzed and approved under a unanimous decision by the 3E Committee, and the required changes will be made.
- 7.3.5** Changes made to the 3E scheme will be communicated to producers and suppliers, virtually and/or in person.
- 7.3.6** The review period, from initiation to decision making, shall have a duration of 60 days.

## **8. HOW DOES THE 3E SUSTAINABILITY SCHEME WORK?**

3E sustainability scheme is a voluntary scheme that promotes the implementation of sustainable practices in supply chains. The supplier wishing to be part of the scheme must have been



approved by the RGC Managing team to supply coffee to RGC and its recognition is done through the second party verification methodology or third party if required.

The application process that a Producer Organization or producer supply chain must follow to become an 3E recognized can be done in 3 ways:

**8.1.** There is an interest on the part of an RGC supplier to participate in the scheme and obtain an 3E for itself and/or a chain of producers.

- The supplier wishing to participate in the 3E process shall express its intention to the company's presidency ([nathalie@rgccoffee.com](mailto:nathalie@rgccoffee.com)) with a copy to [certifications@rgccoffee.com](mailto:certifications@rgccoffee.com). The President evaluates the request and if approved the 3E Committee will notify the supplier.
- Through this email the 3E Committee will contact the supplier, welcoming them to the 3E scheme, providing them with the documentation related to the 3E Scheme and coordinating the date for the evaluation.
- The supplier shall sign the RGC Coffee code of conduct and ethics as part of its voluntary participation and to ensure its commitment to compliance and continuous improvement of the 3E scheme.
- The 3E Committee shall assign suitable personnel to carry out the evaluation, guaranteeing impartiality and the absence of conflict of interest. In case of conflict of interest, RGC reserves the right to suggest to the supplier the hiring of a third-party evaluator (see details in numeral 9.1.4.)
- The evaluation shall be carried out by applying and evaluating the indicators contained in the most recent version of the supplier checklist.
- If non-conformities are detected in mandatory indicators during the evaluation, the supplier shall submit a corrective action and continuous improvement plan within 10 working days after the evaluation, following the indications in section 9 on non-conformities.
- The corrective action plan shall be approved/rejected by the evaluator. In case of rejection, the evaluator shall justify his/her reasons for the supplier to resubmit a plan to be approved.
- If during the evaluation process there were non-conformities in mandatory indicators, the RGC evaluator shall issue a concept based on the results of the checklist.
- Within 30 working days after the evaluation, the 3E Committee will communicate the results of its evaluation, granting the 3E recognition valid for 2 years, as indicated in numeral 9.2.
- The 3E Committee will communicate the 3E validity of the new supplier to RGC's commercial area.



- As part of the continuous improvement process, the 3E Committee will provide guidance so that the supplier can submit the continuous improvement plan using the format provided by RGC, based on that guidance.
- Once the supplier is aware of its performance results, it shall provide the 3E committee with a continuous improvement plan in the format provided by RGC.

**8.2.** RGC Coffee contacts its suppliers directly to inform them of its intention to include them in the 3E supplier evaluation.

- Every two years, the 3E Committee shall notify suppliers by e-mail inviting them to participate in the 3E supplier evaluation, indicating a tentative date for the evaluation to be carried out, with a maximum interval of 2 weeks. In case of complaints with serious allegations on critical actions related to sustainability indicators, the audit could be carried out without prior notice.

Note: The selection of the sample of suppliers to be evaluated is related to the volume that each year the company provides to RGC and/or the existence of projects.

- The supplier confirms its participation with date and time.
- The 3E Committee shall assign suitable personnel to carry out the evaluation, guaranteeing impartiality and the absence of conflict of interest. In case of conflict of interest, RGC reserves the right to suggest to the supplier the hiring of a third-party evaluator (see details in numeral 9.1.4.)
- The evaluator confirms the participation in the process and sends the documentation related to the evaluation to the supplier. The checklist and the document of documentary requirements per indicator must be attached.

Note: In case of previous processes, the evaluator must review the results of the previous year's evaluation.

- The evaluator shall apply and complete checklist 3E, asking the pertinent questions and/or observations, requesting documentary evidence and filling in all the spaces that require information.
- Upon completion of the evaluation process and depending on the NCs identified, the evaluator shall request corrective actions from the supplier to establish compliance with the indicators. If the non-conformities are in indicators of mandatory compliance, the provisions described in section 9.3.2 shall be followed. In the case of non-compliance of general indicators, the supplier shall submit an improvement plan within the following 30 working days with a compliance period of 2 years.
- The results will be analyzed by the 3E Committee and depending on the performance achieved during the evaluation, recognition will be issued, as indicated in numeral 9.2.
- Once the supplier is aware of its performance results, it shall provide the 3E committee with a continuous improvement plan in the format provided by RGC.

**8.3.** RGC Coffee applies the 3E assessment in producers supply chains where it implements the 3E Program.

This process consists of evaluating a producer group supply chain to verify its compliance with the criteria required by the 3E scheme.

- The 3E Committee plans the field verification and communicates to the evaluators the start of the 3E evaluations, indicating the date of the process.

Note: Second party evaluations should always be carried out by qualified personnel following the next requirements:

- Hold a professional degree and two years' experience.
- Have successfully participated in 3E internal training that covers all the scheme content as described in numeral 9.10.
- Demonstrate experience in agriculture certification/verification schemes.
- Demonstrate experience with coffee production.

In case a third-party evaluation is required see details in numeral 9.1.

- The organization implementing the program provides the list of producers, based on the *Supply Chain Information Form 3E*.
- The Organization implementing the program conducts internal inspections with the group of producers to assess their level of compliance with the 3E scheme and provides the report of results to the 3E Committee.
- The 3E Committee selects a random sample corresponding to the square root of the total list of producers participating in the project.
- RGC, through the technical evaluation team, communicates to the producers selected in the sample, informing them of the date of the visit for the 3E evaluation.
- In-situ evaluation is initiated at the producer's farm.
- The 3E - Farms for Producers checklist is applied by evaluating the criteria contained in 3E against the field practices, facilities and by interviewing workers.

Note 1: One evaluator may visit a maximum of 4 farms per day. Time to ensure that the evaluation is fully implemented, and quality results are obtained.

Note 2: If there are workers, the square root of them should be interviewed, ensuring an equal selection of men and women, and considering the representation of vulnerable groups (indigenous population, migrants, temporary, permanent, piecework, among others).

- Once the checklist is filled out, the closing meeting shall be held to socialize the results of the evaluation with the producer. Initially highlighting the positive aspects and ending with those practices that need to be improved.
- The evaluator shall systematize the information of the evaluations performed, using the *Format to consolidate the results of the 3E in farm v 1.2*.

- The evaluator sends the completed results form to the 3E Committee to analyze the results and obtain the scoring results.
- 3E Committee shall share the results with the organization, so that the appropriate continuous improvement plans, and NC corrections can be designed.

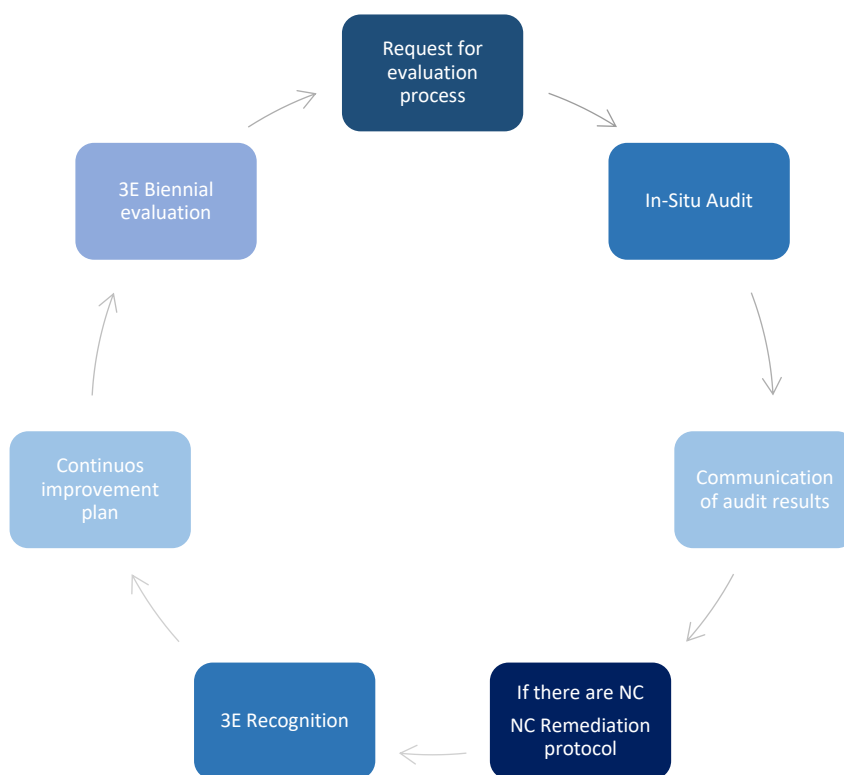


Figure 2: 3E Process Flowchart

## 9. EVALUATION METHODOLOGY

The evaluation of Suppliers and Producer Supply Chains of the 3E scheme will be conducted through a second party verification or third-party verification if required by a customer or other partner, essentially checklists will be applied, in order to ensure full assessment of compliance with the criteria and to ensure a consistent and objective evaluation process.

On the other hand, to verify the quality of the data obtained during the evaluations, the scheme contemplates verifications of the information reported by the evaluators, which can be carried out by verifying the consistency of the data reported in the physical checklist and those reported in the results forms.

The evaluations performed are compiled in an excel database in which an analysis is made of criteria that share or complement practices, and if an inconsistency is detected, it is reviewed

with the evaluator. An inconsistency may lead to an additional review in the field which should be done by the evaluator to ensure the quality of the process.

Generally, the indicators that make up the criteria complement each other, which facilitates the cross-checking of evidence to ensure the quality of the data. This review is done by the corporate compliance Officer.

Irregularities found will be documented and will be part of the training for the evaluation team to avoid a repetition of the situation.

Audit reports and complaints about evaluators are reviewed by the Corporate Compliance Officer. If it is found that evaluators are not performing their duties in accordance with the requirements, they are permanently sanctioned and will no longer be able to conduct 3E evaluations.

To ensure that second- and third-party evaluators correctly apply the evaluation criteria and perform adequately during the audit process, the RGC sustainability team will conduct random shadow audits at least once every three years for each auditing company.

## **9.1. TYPES OF EVALUATION**

The 3E scheme provides for transparent, constant, consistent and reliable evaluations:

### **9.1.1. IN SITU EVALUATION**

This evaluation is carried out at the supplier's facilities or on the farm selected in the sample for evaluation. During this evaluation, the most recent version of the checklist must be used, and all applicable criteria must be evaluated.

In the case of suppliers, the in-situ evaluation must be carried out at least once every four years depending on the level of qualification obtained.

In the case of farms, it is a requirement that the evaluation is carried out in-situ and during the harvesting season, so that during the evaluation the common operation of the coffee farm can be evidenced.

### **9.1.2. SELF-EVALUATION**

Any actor in the supply chain interested in applying to the 3E scheme process may perform self-assessments by implementing the checklist defined for each case (suppliers/supply chain). The self-assessment must be completed by assessing all the criteria applicable to each organization.

It is important to clarify that this process is not binding to obtain a 3E recognition, since it will only serve as an orientation for the supplier to know its level of compliance prior to the official evaluation process, which is carried out in coordination with RGC, whether second or third party.

### **9.1.3. REMOTE EVALUATION**

This type of evaluation only applies to suppliers. Farms must always receive an in-situ evaluation, unless the 3E Committee defines an exception that indicates that a farm can receive a remote audit due to an exceptional situation such as extreme weather calamities, road situations or security situations.

Remote assessments are coordinated virtually with participating suppliers and are conducted with the same rigor as an On-Site audit. The supplier must provide all documentation required by the criteria.

### **9.1.4. THIRD PARTY EVALUATION**

If RGC Coffee is requested to evaluate a supply chain under the 3E sustainability scheme with a third-party evaluation company, the 3E committee will be in charge of liaising with the evaluation entity and the group managing entity to ensure that the evaluation activities and the flow of information is carried out correctly.

The complete process of a third-party assessment is carried out in 7 steps described below:

- Preparation of the information of the group of producers to be evaluated in the 3E scheme: The group managing entity requests to the 3E committee the documents and formats in the latest versions of the scheme to complete the requirements, which includes the information of the farms participating in the supply chain and sends the completed documents to the Committee.
- Prior to the On-Site evaluation request, the management company must implement the principles of the 3E scheme in the supply chain and have carried out the internal inspection of the producers.
- Evaluation request with the Evaluation Entity: an evaluation entity is chosen that meets the requirements mentioned in section 5 (Scheme Operation), the evaluation contract is signed, the application forms are filled out and the format with the producers' information is provided.

Note: It is important that the Evaluation Entity guarantees the impartiality and integrity of the Evaluators selected for the process, ruling out the existence of existing conflicts of interest with the stakeholders of the 3E evaluation process.

- Then the Evaluation Entity validates that the information is correctly filled out, corroborating that the information in the application documents coincides with the information in the format of the list of producers. Once the information is approved, the Evaluation Entity notifies the 3E Committee and coordinates the date for the field evaluation. The Evaluation Entity selects the sample, ensuring that it is randomly selected

and corresponds to the square root of the number of producers presented in the application form. Once the sample is selected, it fills out the form for the 3E audit plan and three days before the evaluation date, communicates the plan with the implementing company so that the selected farms receive the visit on their farm.

Note 1: About sample selection

1. Farms should be classified according to the area of coffee grown by producers and not the total area.
  2. Farms should be segmented into small farms (< 10 hectares of coffee planted) and medium/large farms (=> 10 hectares of coffee).
  3. The sample to ensure a representative distribution among small farms (<10 hectares) and medium/large farms (>10 hectares) will be taken to estimate the farms to be visited, the sample will be taken on the square root of the total number of farms listed on the group and should be distributed in percentage according to the number of producers classified per each size (small/medium/large), municipality and or village.
  4. As part of the group of farms to be visited, the total number of farms that were found to be non-compliant with any of the mandatory 3E indicator in a verification prior to the program should be considered.
- Start of the On-Site evaluation: During the on-site evaluation, the evaluator must apply the 3E - checklist for producers, verifying the alignment of the criteria contained in the 3E Scheme, with respect to the practices found on the farm. During the evaluation, the facilities, crops and points of high importance (such as rivers, springs, protection areas) must be visited, documentary records must be evaluated and interviews with workers must be carried out, if applicable.  
 Note 1: An evaluator may visit a maximum of 4 farms per day. Time that guarantees that the evaluation is fully implemented and quality results are obtained.  
 Note 2: If there are workers, the square root of them must be interviewed, ensuring an equal selection of men and women, and taking into account the representation of vulnerable groups (indigenous population, migrants, temporary, permanent, piecework, among others).
  - Once the Evaluating Entity has completely filled out the checklist, the closing meeting will be held to socialize the results of the evaluation with the producer.  
 Note: In case of finding non-conformities on mandatory 3E indicators, an early notification will be communicated during the closing meeting of the evaluation, 3E Committee and suppliers are informed on the initial findings and encouraged to start addressing the remediation immediately. Then, an official notification (Early notification: finding non-conformities on mandatory 3E indicators) will be sent, via email, by the evaluation entity, to the supplier. This notification details the evidence of the found. The

supplier will need to review and accept, or appeal, the findings within 3 business days, otherwise the non-conformities on mandatory 3E indicators are accepted.

- The evaluator shall systematize the information of the evaluations performed, using the Format to consolidate the results of the 3E in farm v 1.2 and then send the completed results format and its recommendation on the concept of recognition to the 3E Committee for the results to be evaluated.
- In case of finding non-conformities on mandatory 3E indicators: in case of finding non-conformities on mandatory indicators, the recognition concept cannot be issued and the group managing entity shall implement the actions defined in numeral 9.3.2. to close the non-conformities.
- The 3E Committee will evaluate the results presented by the Evaluation Entity: Once the documentary package is received from the Evaluation Entity, the committee will convene a meeting to evaluate the quality of the data and the evaluation report sent, in order to validate the recommendation for recognition and request any clarifications that may be necessary.
- The 3E Committee issues recognition concept: Once the on-site evaluation is completed and the report has been evaluated with a positive concept, the recognition decision will be formally issued, based on the indications in numeral 9.2, and the results will be shared with the group managing entity. The recognition will be effective immediately and will be valid for the next two years.
- Submission of continuous improvement plans: in order to comply with the 3E continuous improvement principle, the supplier must submit the completed form with the continuous improvement proposal of the group evaluated and recognized as 3E.

#### **9.1.5. RECONGNITION OF OTHER VOLUNTARY SUSTAINABILITY STANDARD**

Those suppliers that have their own voluntary sustainability schemes must also have their evaluation process by RGC, providing information on the operation of their scheme and comparing that their criteria are aligned with the 3E criteria.

RGC Coffee will verify that 100% of the mandatory indicators are also evaluated by the supplier's standard and as for the general indicators, there must be a 70% homologation.

RGC Coffee reserves the right to recognize the supplier's scheme or not to validate it for supply chain purposes.

#### **9.2. EVALUATION OUTCOMES AND 3E CATEGORIES**

The scheme contemplates the most relevant aspects and indicators that support RGC Coffee's commitment to shared value, framed in the 3E's strategy. ELEVATE - EMPOWER - EDUCATE.

A total of 9 criteria, 45 evaluation indicators for suppliers and 86 for farms have been defined.

The indicators are segmented into general indicators and mandatory indicators, the latter must ensure full compliance, and the general indicators are part of the continuous improvement process.

- For Suppliers

<b>3E</b>	<b>Evaluation approach</b>	<b>Total number of indicators</b>	<b>Mandatory indicators</b>
<b>ELEVATE</b>	Thriving communities	19	7
<b>EMPOWER</b>	Individual prosperity	13	9
<b>EDUCATE</b>	Regenerative Agricultural Practices	13	4

*Table 3: Summary of indicators and criteria evaluated on suppliers.*

- For Farms

<b>3E</b>	<b>Evaluation approach</b>	<b>Total number of indicators</b>	<b>Mandatory indicators</b>
<b>ELEVATE</b>	Thriving communities	27	5
<b>EMPOWER</b>	Individual prosperity	34	6
<b>EDUCATE</b>	Regenerative Agricultural Practices	25	2

*Table 4: Summary of indicators and criteria evaluated on producers.*

To determine the level of progress and compliance with the indicators defined in the 3E verification scheme, the following measurement scale has been defined.

<b>Result range</b>	<b>Mandatory Indicators accomplishment</b>	<b>General Indicators Accomplishment</b>	<b>Organization or group of farms category</b>
<b>86% - 100%</b>	100%	80%	3E – Strategic
<b>80% - 85%</b>	100%	70%	3E – Essential
<b>70% - 79%</b>	100%	40%	3E – Evaluated

*Table 5: Summary of 3E results and categories.*

The category obtained in the evaluation will allow RGC Coffee to define business development and sustainability opportunities for participating suppliers.

All suppliers and farms must participate in the second part evaluation; in the case of suppliers according to the percentage of compliance and the category in which they are, the requirement for on-site verification will be defined in the following biannual process, as follows:

1. A random sample will be taken from the total number of suppliers in category 3E strategic, and one organization will be selected to perform the on-site verification.
2. Of the total number of suppliers in category 3E essential, a random sample will be taken, and 2 organizations will be chosen to perform the on-site verification.



3. Of the total number of suppliers in category 3E validated, a random sample will be taken, and 3 organizations will be selected for on-site verification.

### **9.3. REMEDIATION PROTOCOL FOR NON-CONFORMITIES**

Understanding the impacts of a non-conformity (NC) on the mandatory and general indicators, any NC identified during the evaluation process must be reported during the evaluation process to RGC, with a description of the non-compliance identified.

The supplier shall propose an improvement plan to correct the non-conformity, identifying short- and long-term actions as appropriate to remedy in the first instance and to avoid recurrence of non-compliance for mandatory indicators.

In the case of NC in general indicators, an improvement plan focused on continuous improvement will be submitted to RGC.

The process to be followed for each case is described below:

#### **9.3.1. IDENTIFICATION OF NON-CONFORMITIES IN GENERAL INDICATORS**

General indicators are those that refer to a continuous improvement in the implementation of sustainability practices of a supplier or a group of farms.

For RGC Coffee to grant the supplier the compliance categorization, within 30 working days after the evaluation, the supplier must submit the improvement plan with the elimination of non-conformities related to development criteria.

This plan must be endorsed by the 3E Committee, and its correct implementation will be verified during the evaluation of the period following the evaluation where they were identified. This indicates that the supplier will have a maximum of 2 years to implement improvement actions, however, RGC always encourages that these NCs are corrected in the shortest possible time.

Although this type of NC does not represent a critical risk for the sustainability of the supply chain, the supplier must demonstrate commitment to achieve compliance. RGC will issue the 3E recognition if the supplier achieves the minimum score to obtain a category as indicated in 9.2.

#### **9.3.2. IDENTIFICATION OF NON-CONFORMITIES IN MANDATORY INDICATORS**

Non-conformities identified on mandatory indicators refer to the violation of critical sustainability criteria considered by the 3E scheme.

Depending on the situation, degree, and type of non-compliant indicator, these NCs may be classified as moderate, serious, or critical and will have different sanctions as described in numeral 9.4.



The closure of these nonconformities will have a maximum period of 30 calendar days to submit the evidence to the 3E Committee, however, it is commercially sanctioned until the NC is lifted, either the supplier or the group of farms.

The evidence should be sent by email to [certifications@rgccoffee.com](mailto:certifications@rgccoffee.com). If required, RGC reserves the right to request a second- or third-party on-site verification based on the initial assessment.

Through this assessment, the 3E Committee will define whether the evidence is valid to demonstrate compliance with the criterion. If the evidence is deemed insufficient, RGC may declare a negative assessment decision and will not issue 3E recognition to the supplier.

### **9.3.3. EXCEPTIONS**

RGC COFFEE strives to ensure that all stakeholders interested in implementing the 3E scheme comply with the established requirements. However, being aware of the reality and circumstances of some regions, there may be factors that do not facilitate full compliance with these indicators, making it necessary to apply possible exceptions.

Within the checklist for on-farm evaluations, several indicators are not applicable, which is why RGC exempts these actors from complying with all requirements.

In cases of "force majeure", there may be situations that prevent on-site evaluations from being carried out, in which case remote evaluations shall be carried out as described in 9.1.3.

Exceptions must be requested to the 3E Committee at [certifications@rgccoffee.com](mailto:certifications@rgccoffee.com), in the request the supplier must state the force majeure situation and the Committee will validate if the exception is granted.

## **9.4. INFRINGEMENTS AND PENALTIES OF THE 3E SCHEME**

The scheme contemplates a classification of infractions with their respective penalties associated with the performance of the supplier applying for 3E recognition, these are classified as moderate, serious, and critical.

This applies to compliance with remediation or improvement plans or for complaints (see numeral 10.5). When a situation is detected that puts the sustainability of the supply chain at risk, the supplier or group of farms will receive a sanction as described below:

<b>Infringement</b>	<b>Description</b>	<b>Situation</b>	<b>Penalty</b>
Moderate	Does not violate mandatory 3E requirements and does not generate an adverse effect on supply chain actors	The Supplier does not have a written policy, although compliance with the criterion is evidenced through other strategies it implements.	A warning and a maximum term of 30 days to comply.

Serious	It violates mandatory requirements and generates an adverse or serious effect on the supply chain and its effects are prolonged over time.	<ol style="list-style-type: none"> <li>1. Refusing to participate in the 3E evaluation process required by RGC Coffee without justification.</li> <li>2. Failure to submit the requested evidence during the evaluation time.</li> <li>3. Failure to comply with the call for attention and repeat the non-compliance, since it refers to a systematic infraction.</li> <li>4. Not having a traceability protocol.</li> <li>5. Submitting documents that do not correspond to the reality of the practices implemented by the organization.</li> <li>6. Using the 3E logo without authorization.</li> <li>7. Failure to implement the proposed actions to eliminate a mandatory indicator NC.</li> </ol>	Suspension, with commercial restriction from 3 to 6 months. And no 3E recognition until the situation is rectified.
Critical	These are actions executed with fraudulent intent or that generate negative and irreversible effects on the supply chain.	<ol style="list-style-type: none"> <li>1. Actions related to human rights violations or unethical business practices.</li> <li>2. Deforestation.</li> </ol>	<p>Commercial cancellation. No recognition 3E .</p> <p>If there is coffee in stock or transit from this supply chain the coffee will be blocked by RGC to avoid any</p>

			delivery to a customer, and a claim and rejection will be sent to the supplier as the coffee cannot be commercialized as 3E.
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*Table 6: Summary of Infringements and penalties of the 3E Sustainability Scheme*

Exceptions: The supplier communicates in a timely manner about non-compliance with some criterion, this is evaluated by the 3E Committee, and a correction plan can be designed to avoid a sanction.

## **9.5. COMPLAINTS AND APPEALS**

The 3E scheme complaints and appeals procedure is available to any supply chain stakeholder who is actively participating in the 3E scheme application process or to any supply chain stakeholder who wishes to lodge a complaint against a stakeholder participating in the scheme, be it a producer, exporter or evaluator of the process.

Complaints should be strictly related to the performance of 3E sustainability scheme, regarding the implementation of the scheme on farms or exporters, details of the process performed by internal or external evaluators, treatment during the evaluation process, conflicts of interest or concerns about the confidentiality of the process. In addition, cases of corruption and bribery that have been identified can also be reported through this mechanism.

Appeals can be submitted when the participating stakeholder disagrees with a compliance decision regarding the scheme, including the final decision to (not) recognize, suspend or cancel a supplier at the farm, producer organization, collector or exporter level or on specific ratings of the scheme's indicators.

### **9.5.1. PROCEDURE TO REGISTER A COMPLAINT OR APPEAL.**

All complaints and appeals related to 3E Sustainability scheme must be submitted by email or formal letter, providing all elements related to the complaint, mentioning the details and origin of the situation to be complained about, a reasonable justification and supporting evidence. It must be mentioned if the complaint has been previously tried to be solved through a direct channel or the reasons why this step could not be carried out.

Also, when submitting the request, the matter should state whether it is a complaint or appeal about 3E sustainability scheme, listing the name of the complainant, their organization and whether they intend to remain anonymous.



Complaints can be submitted in English or Spanish, using the form (annex 1) defined at the end of this document and attaching it to the email [certifications@rgccoffee.com](mailto:certifications@rgccoffee.com) or sending it by physical mail to the offices in Bogota-Colombia, at Calle 72 # 7-64 office 702 or to the offices in Montreal-Canada, at 1330 Greene Ave, Westmount, Quebec H3Z 2B1, Canada.

#### **9.5.2. RESOLUTION PROCESS**

Once the complaint or appeal is received, the 3E Committee will oversee and reviewing that the content of the request, which must comply with the parameters mentioned in the "Procedure for registering a complaint or appeal", is compliant or else, the complaint or appeal will not be processed.

Complaints and appeals will not be processed if it meets one or more of the following criteria:

- The form and content are unclear.
- No objective evidence or proof is attached.
- The request is based on unsubstantiated hearsay.
- The complaint or appeal is intended to modify the sanctions or cancellations imposed for a violation of the requirements defined by the 3E sustainability scheme.
- The complaint or appeal is not related to the 3E sustainability scheme.

Within 10 working days of receipt of the request, the complainant of the complaint or appeal will be informed of the receipt of the request and whether it is accepted to proceed with the investigation as described in this document.

Complaints and appeals will be processed by the 3E Committee, which will open the investigation of the case, provided there is no conflict of interest. In the event of a conflict of interest with any of the parties, the member of the Committee who has a conflict of interest shall declare that he/she is not allowed to proceed with the investigation and shall be removed from the case.

The 3E Committee will proceed by contacting the people involved and affected, to request evidence and statements that support the understanding of the situation, allowing a solution to the requirement. The subject(s) of the complaint will also have 10 working days to provide any additional evidence required in the case. Likewise, the Coordination or the 3E Committee will be free to assign personnel in case field visits are required to expand the investigation.

Considering that the purpose of the procedure is to resolve the request as soon as possible, if it becomes evident that the process will take longer than stipulated, the Coordination or

the 3E Committee reserves the right to extend the period for decision making and this will be duly communicated to the complainant and other interested parties.

The 3E Committee will have 30 working days after the receipt of evidence to fully analyze the case and decide on the resolution of the requirement, trying first to generate a mutually agreed solution between the parties or otherwise unilaterally decide a solution, which will be informed in writing, including the reasons, to the interested parties. These requirements will be filed and reviewed once a year to consider improvements in the 3E.

Any of the parties involved in the complaint will also have the right to appeal the decision within 30 working days following the decision communicated by the Coordination.

### 9.5.3. ROLES OF THE 3E COMMITTEE IN RESOLVING GRIEVANCES AND APPEALS

Position	Responsibility
3E Corporative Compliance coordinator	<ul style="list-style-type: none"> <li>- Respond to the acknowledgement of receipt of complaints and appeals that are received at <a href="mailto:certifications@rgccoffee.com">certifications@rgccoffee.com</a> and/or physical mail.</li> <li>- Ensure that the complaint/appeal form is properly completed and verify whether the appeal is approved or not.</li> <li>- Initiate the necessary investigations to resolve complaints and communicate the results of these investigations.</li> <li>- Ensure that the steps outlined in this procedure are followed.</li> <li>- Review the annual complaint log and recommend necessary improvements.</li> <li>- Meet with the 3E Committee to improve the actions of this procedure and the 3E scheme in general.</li> </ul>
3E Committee (Comprised by Management Representative: Jonathan Gabbay, Director of Global Sustainability and Corporate Compliance: Angela Maria Pelaez, Agronomist Leader: Andres Acevedo, Sustainability Analyst: Maria Paula Calvo and 3E Corporate Compliance Officer: Lina Lozano)	<ul style="list-style-type: none"> <li>- Reviewing the results of the investigation and making decisions on appeals filed.</li> <li>- Acting on behalf of the corporate affairs coordination in case of conflict of interest.</li> <li>- Attend meetings convened and contribute improvements to this process.</li> </ul>

*Table 7: Appeals and grievances: Roles of the 3E Committee.*

### 9.6. COST

RGC Coffee does not charge for access to the scheme's documentation or for second-party evaluations; however, logistical costs associated with audits are a shared responsibility with participants, recognizing their active role in the success of the program.

Second-party evaluations are conducted by RGC's sustainability team and may be carried out either remotely or in person, depending on the case, as indicated in section 10.1 of this document.

If a third-party evaluation is required, RGC will cover the costs associated with hiring an independent auditing company.

RGC covers the cost of the audit itself, as we consider this process an investment in the sustainability performance of our supply chain. At the same time, logistical costs, such as auditors' travel expenses, are considered a contribution from the partner, given that their active involvement is key to the successful implementation of the program. These logistical costs may either be paid (by covering the amount specified in the quotation) or assumed (by organizing and directly paying for the agreed logistical expenses).

#### **9.7. MANAGEMENT OF INFORMATION, DATA AND THEIR DISCLOSURE**

The 3E scheme includes the compliance evaluation against the criteria by the information provided by the actor participating in the process to the evaluator assigned to the process. In other words, all information must necessarily be disclosed in a transparent, truthful, consistent, and complete manner. Organizations are expected to maintain a backup of the information they provide during the assessment and store it for a minimum period of 5 years.

In this same sense, RGC Coffee and its team, is committed to maintaining the confidentiality and data protection of the evaluation process and the information provided by suppliers, i.e., documents provided, interviews conducted, details of field observation, among others.

To ensure the proper use of information internally, RGC's staff is obliged to comply with the criteria of confidentiality of information within their work contract. All 3E information is stored on the RGC server to ensure its security.

In reference to the handling and confidentiality of the information shared with third parties, RGC signs a confidentiality agreement for the use of the information that includes the responsibility for the use of the information as well as the storage and custody time.

In turn, digital or physical copies of the checklists implemented during the evaluations will be stored for a period of 5 years.

Regarding data management, suppliers authorize RGC Coffee to use and manage the recorded data, to collect, store and analyze them for the purpose of:

- Evaluate the supplier's Sustainability actions according to the 3E criteria.

- Identify improvement actions in which RGC can collaborate with the supplier to improve the sustainability performance of its supply chain. Collect and analyze social, environmental and economic information for RGC's annual Sustainability report.

Data collection is made using physical paper and then all the documents are scanned and saved in RGC central server, which is controlled by the IT team in Canada, following the safety protocols of the Company. All 3E documentation including field check lists, final assessment, auditors information and all related to the scheme is kept in custody under RGC central server.

## **9.8. PERFORMANCE REPORTS**

Each year RGC compiles sustainability information in its annual sustainability report, which includes a summary of its suppliers' performance based on the 3E criteria. This report is published for the purpose of accountability to all stakeholders.

As a member of the Sustainable Coffee Challenge (SCC), RGC also reports annually on the progress of its Theory of Change according to the indicators agreed with the SCC.

## **9.9. MONITORING SYSTEM TO EVALUATE THE IMPACT AND CONTINUOUS IMPROVEMENT OF THE SCHEME.**

To monitor the impact of the results of the 3E scheme and the effects that its implementation generates in the supply chains, RGC makes use of the results of the annual evaluations and the improvement plans designed by each of the suppliers in the supply chain, making continuous follow-up to ensure compliance with the remediation plans.

The results of the evaluations are shared with the supplier, and in the case of farm groups they are also shared with the technical team that serves the producers so that they can adjust their service models to improve their performance and therefore have a better expected result for the next evaluation period.

The impact generated by the application of the 3E scheme will be published by RGC Coffee in its sustainability report, which includes information on progress and lessons learned.

RGC expects supply chains to improve their performance year by year. It is expected that the producers' response to the program's intervention will translate into changes in behavior and adoption of practices in the short and medium term. For this reason, all the information obtained in the field is systematized in an Excel database, which makes it possible to observe changes in the level of performance indicator by indicator. This is compiled at the end of the year to be officially published in the sustainability report.

**Methodology:** The evaluation of the program is based on a quantitative approach using the data from the 3E checklists applied by the auditor on each of the farms and at the suppliers. This approach is combined with qualitative techniques, such as focus groups with producers and producer-promoters and interviews with technicians and agents of the coffee growers'

cooperatives and sustainability managers of suppliers, which allows us to have a broader evaluation approach to make annual decisions to adjust the field accompaniments to achieve the objectives of continuous improvement.

Then information is compiled by country and by 3E section, to make it public in the sustainability report, added by an analysis of sustainability strengths and sustainability gaps to inform stakeholders about progress and challenges without exposing confidential data of our suppliers. The summarized data includes the overall performance per country from the year of the report and the previous two years in order to observe tendencies in the performance.

When producers in 3E supply chains are beneficiaries of 3E programs – LOS SUEÑOS DEL CAFE, LAS MANOS DEL CAFE, TODOS AL AGUA – the information of the implementation is classified according to the type of intervention as defined by the Theory of change strategies. Investments in the field like infrastructure improvement, support to improve productivity, specific trainings, access to credit, access to wellbeing services, among others, are systematized in an excel file including the activity implemented, the result and the impact. Year by year this information is kept in the same format to make it comparable.

The next list of KPIs is compiled year by year to analyze progress:

<b>3E - KPI's Progress</b>
Beneficiaries
Investments
# Women involved in projects
# Women trained on topics related to social topics and rights
# Women Trained in financial literacy
\$ Money available on credits for women
\$ Cash premium paid to women (USD)
# of farm infrastructure improvement done at farm level (related to all improvements or new installation of: wet mills, sun dryers, hoppers, green filters, waste water systems, fermentation tanks, composting pits, kitchens, floors, bathrooms)
Investments in activities at farm level to promote worker rights and well-being (USD)
# of coffee farm workers impacted from investments at the farm level
# People impacted for farmworkers wellbeing services
# of coffee farm workers who are provided training on topics related to workers right, wellbeing, health and safety at workplaces
# of farms implementing smart agricultural practices through Todos al Agua project
Liters of water saving on farm processing
# of trees planted for reforestation
# of hectares reforested and protected
# of farms with third-party verification
# of coffee seedling delivered for renovation

tCO2e sequestration potential due to new native trees planted (accumulated)
tCO2e avoided due to adequate pulp composting (accumulated)
# Sustainability awards received for projects
# of MT of green coffee sourced via recognized voluntary sustainability standards (VSS)
# of hectares implementing soil conservation
# of people trained on Todos al Agua Topics (Soil care, water conservation and saving, productivity, fertilization)
\$ funding invested on Todos al Agua activities (USD)
# Families with safe water access
# of new Food security gardens installed
# farms fertilizing based on soil analysis

### 9.10. TRAININGS

In order to ensure proper interpretation of the criteria evaluated by the scheme and close barriers to achieve proper implementation of practices, the 3E scheme facilitates access to training for producers, suppliers, implementers and evaluators on the different topics addressed by the 3E sustainability scheme:

- Fundamental rights: focus on forced labor, child labor and due diligence.
- Workers' rights and good treatment
- Gender equity
- Ethical conduct
- Traceability
- Regenerative agriculture
- Conservation and protection of natural resources
- Coffee quality and its parameters
- Agrochemicals: Safe handling, use of PPE, disposal of empty containers.
- Prohibited agrochemicals.
- Occupational health and safety
- Good agricultural practices, post-harvest and handling practices and quality practices (This training must meet applicable national standards).

Activities will be coordinated with each actor depending on their specific needs: Producers, cooperatives, exporters, technical team.

For 3E implementation team, these trainings will be carried out at least once per year.

## 10. CHAIN OF CUSTODY AND DECLARATIONS 3E

Supply chains with 3E recognition must demonstrate that they are able to identify and trace the coffee produced and traded throughout the supply chain.



The system must allow the possibility of tracing the origin of the coffee traded, allowing for the resolution of problems related to quality claims, requirements for compliance with sustainability and human rights practices or complaints from interested parties. Likewise, the traceability system should allow 3E origin coffee not to be mixed with other types of conventional coffee or with other certifications.

All businesses related to 3E coffee must present a traceability report that includes the information of the organizations that are part of the supply chain or in the case of coffee certified as Fair Trade, Rainforest, 4C, their commercialization certificates are verified.

### **10.1. USE OF 3E LOGO**

Stakeholders with an 3E recognition are entitled to use the 3E logo on their export product packaging but not for final consumer packaging. The 3E logo is a registered trademark owned by RGC Coffee and any use on bags, training materials or advertising material must be approved in advance.

Requests can be made to [certifications@rgccoffee.com](mailto:certifications@rgccoffee.com)

To monitor the proper use of the logo on the export packaging, and others like suppliers and clients' websites, the supplier or customer must send in all cases of the artwork for approval by RGC prior to any printing of the artwork. Then once the material is printed, the evidence must be sent to RGC to verify the proper use of the logo on the final packaging or website. Once RGC has provided approval, searches on the internet, inspections of clients' and suppliers' websites are made twice a year to ensure claims are accurate.

Likewise, any 3E product claims should clearly indicate whether the verification is second or third party as follows:

1. For coffee from second party verified farms: it will include the 3E logo and the phrase Second party verified.
2. For coffee coming from farms verified by third parties: it will include the logo 3E and the phrase Third party verified.

### **ANNEX 1: FORMAT FOR THE PRESENTATION OF COMPLAINTS AND GRIEVANCES**

In order to facilitate the submission of formal complaints and grievances in 3E sustainability scheme, you must complete the form below:

- The form must be completed in English.
- All fields must be completed.
- The appeal must be accompanied by objective evidence.



- Once the form is completed, it must be sent by e-mail to [certificaciones@rgccoffee.com](mailto:certificaciones@rgccoffee.com) or by physical mail to either of these two addresses:

1- To RGC Americas at Calle 72 # 7-64 office 702, Bogotá Colombia.

2- To RGC Coffee at 1330 Greene Ave, Westmount, Quebec H3Z 2B1, Montreal Canada.

Date of submission of the request:

Full name:

Identification:

Contact Phone:

Company:

anonymous statement: (Yes/No)

Type of request: (indicate if it is a complaint or appeal)

Detail the origin of the complaint/appeal:

Detailed description of the complaint/appeal:

Statement of potential risks identified in making this complaint:

List of attachments.