



Ponto de Contato Nacional para as
Diretrizes da OCDE para Empresas Multinacionais

SPECIFIC INSTANCE Nº 07/2018:
FOLLOW-UP REPORT
2º cycle

Complainants:

- Articulação dos Empregados Rurais do Estado de Minas Gerais (ADERE-MG)
- Conectas Direitos Humanos

Respondent:

- Starbucks

NCP Brazil

Ministry of Development, Industry, Trade, and Services

Executive Secretariat of the Foreign Trade Chamber (SE-CAMEX)

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1. THE BRAZILIAN NATIONAL CONTACT POINT AND ITS ROLE

1. The Organization for Economic Co-operation and Development (OECD) [Guidelines](#) for Multinational Enterprises (Guidelines) are recommendations addressed by governments to multinational enterprises operating in or from acceding countries and are the only multilaterally accepted and comprehensive code of Responsible Business Conduct (RBC) with government support.
2. National Contact Points ([NCPs](#)) operate as a central forum for issues related to the Guidelines, offering a unique support, promotion and implementation mechanism. Its main objective is to help companies, groups, associations, unions and other interested parties to take appropriate measures to implement the Guidelines, as well as providing a platform to contribute to resolving issues related to their non-compliance.
3. The Brazilian NCP was established by Ordinance No. 92, of the former Ministry of Finances, on May 12, 2003. [Decree nº. 11,105, of June 27, 2022, amended by Decree nº. 11,523, of May 10, 2023](#), brought new provisions on the competencies and organization of the Brazilian NCP, confirming its Interministerial Working Group (GTI-PCN) structure, composed of representatives from different bodies and coordinated by the Executive Secretariat of the Foreign Trade Chamber of the Ministry of Development , Industry, Trade, and Services.
4. Among their functions, the NCPs act as a non-judicial mechanism for resolving disputes, through so-called “specific instances”. Specific instance is the name given to the procedure carried out by a NCP in relation to an allegation of non-compliance with the Guidelines. According to the Procedural Guidelines contained in the Guidelines, the treatment of specific instances always has three main phases: initial assessment, good offices and conclusion.
5. After the conclusion of a specific instance, if there is an agreement between the parties or the issuance of recommendations by the NCP, these developments may be monitored. According to the [OECD Guide to National Contact Points on Follow up to Specific Instances](#), monitoring of agreements must be sought by the parties and carried out by the NCP under the terms agreed with them, while monitoring of recommendations may occur if the NCP deems it appropriate and must be based on a schedule indicated in the declaration or final report of the specific instance.



6. In this Regard, the Case-handling Procedures Manual of the Brazilian NCP for Specific Instances (Version 1.0, February 2020) establishes that:

8.1. The Brazilian NCP, when necessary and in accordance with the Parties, will specify in the Final Declaration a schedule for monitoring the commitments assumed on the specific instance, as long as it is appropriate in the context of its recommendations and/or initiatives agreed between the Parties.

8.2. To this end, the NCP will request updates from the Parties on the agreed.

8.3. The NCP may publish an additional statement summarizing the updates received. It may also recommend an additional follow-up period in circumstances the NCP considers necessary.

8.4. The accompanying statement will also be published on the Brazilian NCP website.

2. EXECUTIVE SUMMARY

7. This follow-up Report presents the referrals following the conclusion of Specific Instance (IE) nº. 07/2018 by the National Contact Point for the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (Guidelines) in Brazil. It is worth clarifying that the IE procedure was conducted in accordance with NCP Resolutions nº 01/2012 and nº 01/2016. Monitoring was being carried out in accordance with Resolution nº, of March 3, 2020, which established the Procedures Manual for Specific Instances of the Brazilian NCP, in force until September 19, 2024.

8. On August 21, 2018, the NCP received an allegation made by the Articulação dos Empregados Rurais do Estado de Minas Gerais (ADERE-MG) and the NGO Conectas Human Rights, to the detriment of the companies Nestlé, Jacobs Douwe Egberts, McDonald's, Dunkin' Donuts, Starbucks and Illy.

9. The petition addressed conduct by the respondents that allegedly violated OECD Guidelines pertaining to Chapter II (General Policies), Chapter IV (Human Rights) and Chapter V (Employment and Business Relations). In general, the claimants point to the existence, actual or potential, of work analogous to slavery in the coffee supply chain of the aforementioned companies, originating from farms in Minas Gerais.

10. Upon presenting the report, prepared by the rapporteur - representative of the Ministry of Women, Family and Human Rights (MMFDH) - in a meeting held on March 11, 2020,



the GTI-PCN decided to follow the rapporteur's position and not sustaining the procedure regarding the company Starbucks, and consequently excluding the company from this Allegation, due to the lack of evidence of non-compliance with the Guidelines, as explained further below.

11. All documentation that supports the analysis of this case was inserted into the Electronic Information System of the Ministry of Economy (SEI), Process SEI nº 19971.100651/2020-00.

12. The company Starbucks filed counter allegations. After examining the documentation, the Interministerial Working Group decided to close the case on August 13, 2020 as there was no direct relationship between the business activities and the violations presented by the complainants.

13. According to the Final Declaration of the Specific Instance, published on the NCP website, it was decided to close the process regarding the company Starbucks in this Allegation of Non-Compliance. On that occasion, recommendations were made to the company, which would be followed up by the NCP after six months from the publication of the Final Declaration, namely March 1, 2021.

3. FINAL DECLARATION RECOMMENDATIONS

14. The recommendations made were that the company:

- 2.1. " Continue improving its due diligence mechanisms, in order to encourage the continuous improvement of working conditions on the coffee farms that make up its supply chain.";
- 2.2. " Seek to “encourage, whenever possible, business partners, including suppliers and subcontractors, to apply principles of responsible business conduct compatible with the Guidelines”, under the terms of its item II.13."

4. FIRST CYCLE OF FOLLOW-UP AND RESPONSE FROM THE RESPONDENT

15. During the months of July and August 2021, emails were exchanged with the company to clarify uncertainties about the disclosure of the follow-up. On August 27, 2021, Starbucks sent a report containing information regarding the progress of implementing the recommendations included in the Final Statement.



16. Regarding the first recommendation, the respondent informs about the continuity of the Coffee and Farmer Equity (C.A.F.E.) Practices program, developed in collaboration with Conservation International, which, in general terms, consists of a verification program that measures farms in relation economic, social and environmental criteria designed to promote transparent, profitable and sustainable farming practices which protect farmers, workers and communities. The company also claims to have increased the verification of procedures through inspection and audits, announced or unannounced, on farms involved in the company's production.

17. Regarding the second recommendation, the company informs that it opened, during fiscal year 2021, the first Farmer Support Center (FSC) in the country, implementing training and workshops through this project to meet the needs of producers regarding safety and understanding of complex labor and environmental regulations, as well as others related to the needs of farmers.

18. The indications highlighted in the report sent by the respondent regarding the opening of the Farmer Support Center and the existence of the C.A.F.E. program were verified on the website dedicated to the topic (<https://stories.starbucks.com/press/2021/starbucks-opens-farmer-support-center-in-brazil-for-coffee-growing/>), therefore being verifiable and complying, in general, with the recommendations highlighted in the Final Declaration of the Brazilian NCP.

19. However, for better clarification and aiming to assess the impact of these initiatives on the reality of coffee production in the South of Minas Gerais, it was considered relevant to ask Starbucks about the incidence of the described actions, particularly, on cooperatives and producers direct from the south of Minas Gerais. Such information proved to be relevant to verify the effectiveness of the initiative and assess, in a future monitoring moment, whether the commitments eventually assumed were, in fact, implemented throughout the supply chain.

20. In light of the above, it was deemed necessary to request the respondent to supplement the information in the follow-up second phase of the Specific Instance 07/2018, which would be carried out by Starbucks on July 18, 2022.



5. SECOND CYCLE OF FOLLOW-UP AND RESPONSE FROM THE RESPONDENT

21. On July 8, 2022, the respondent informed the Brazilian NCP about updates on its implemented measures since August 2021. In the aforementioned statement, it stated that the C.A.F.E program continues to be the basis of Starbucks' approach to ethically sourced coffee. Despite the challenges brought by the pandemic in 2021, particularly on-site farm audits, Starbucks sourced approximately 95% of its coffee under C.A.F.E.

22. Starbucks further claimed to have updated the C.A.F.E program's verification procedures in 2020 to incorporate an increase in the frequency and sample size of third-party inspections on farms. For Brazil, new procedures after January 1, 2021, resulted in a significant overall increase in agricultural inspections in 2021 compared to 2020 and 2019. Additionally, the entity also reported an improved approach to unannounced audits that provided additional visibility into verification under the C.A.F.E.

23. Regarding the Farmer Support Center project, whose purpose is to promote transparent, profitable and sustainable coffee farming practices, the company reported that it has been operating in Brazil for almost a year, assisting coffee business partners, their technicians, farmers and agricultural communities. Starbucks Sustainability Coordinators working at the Farmer Support Center would currently be implementing projects, workshops and trainings relevant to the unique needs of coffee farmers.

24. According to Starbucks, using a risk-based approach to prioritize the implementation of workshops, up until that point, the team had already trained more than 700 people across the supply chain, of which 40% located in the South of Minas Gerais, in promoting good socio-environmental practices, including good living conditions, in accordance with the C.A.F.E. program and the Brazilian labor legislation. These workshops would address the main points of the aforementioned legislation for rural areas, especially in the areas of social and labor rights, as well as health and safety in rural areas.

25. Additionally, Starbucks reported that, in addition to focusing on training, its team also started a Model Farm project in the south of Minas Gerais. By working together with farmers, they have established model farms in the area that serve as the best representations of coffee farms that meet Brazilian regulations, including health and safety, as well as sustainable growing



practices. Farmers and communities will be invited to view these model farms as an example of what is possible to achieve.

26. Furthermore, the company also reported to have made, through its Foundation, in January 2022, donations that supported communities affected by floods in Bahia, in addition to other donations, in March of the same year, that would have supported 20,000 people in the coffee growing communities of Bahia and Minas Gerais, providing access to improved domestic water and sanitation solutions, assisting families, workers and coffee growing communities.

27. Finally, the company submitted updates on three collective action projects financed by it and focused on promoting and enhancing good working conditions on coffee farms, namely:

- i) Participation, in May and June 2021, of employees in a workshop offered by the Rainforest Alliance (an international organization that acts on protecting forests, improving the livelihoods of farmers and forestry communities, promoting their human rights and helping them to mitigate and adapting to the climate crisis) called “Building skills”, to detect and respond to forced labor and exploitative labor practices on Brazilian coffee farms”;
- ii) Announcement, on the 15th and 16th of February 2022, of a workshop for training inspectors and verifiers within the scope of the C.A.F.E program, with 36 participants; and
- iii) Maintaining its participation in the Global Coffee Platform (GCP) Social Welfare Collective Action Initiative over the last year, aiming to promote ethical recruitment in the Brazilian coffee sector.



6. ASSESSMENT BY THE NCP SECRETARIAT

28. Considering that the Organization for Economic Co-operation and Development (OECD) [Guidelines](#) for Multinational Enterprises (Guidelines) have the main objective of helping companies, groups, associations, unions and other interested parties to take appropriate measures for a more responsible business, NCPs act as a non-judicial dispute resolution mechanism, through so-called “specific instances”. Specific instance is the name given to the procedure carried out by an NCP in relation to an allegation of non-compliance with the Guidelines.

29. In August 2018, the Brazilian NCP received an allegation made by Articulação dos Empregados Rurais do Estado de Minas Gerais (ADERE-MG) and the NGO Conectas Direitos Humanos, to the detriment of the companies Nestlé, Jacobs Douwe Egberts, McDonald's, Dunkin' Donuts, Starbucks and Ily. Regarding this allegation, the company Starbucks presented its versions and after examining the documentation, the Interministerial Working Group decided to close the case on August 13, 2020, as there was no direct relationship between the business activities and the violations narrated by the complainants. At the time, recommendations were made to the respondent, which would be monitored by the Brazilian NCP.

30. Regarding the recommendations, in the first follow-up cycle, Starbucks claimed the continuity of the Coffee and Farmer Equity (C.A.F.E.) Practices program, developed in collaboration with Conservation International, which, in general terms, consisted of a verification program that measured farms against economic, social and environmental criteria designed to promote transparent, profitable and sustainable farming practices that protect farmers, workers and communities. In addition, the company informed it has opened, during fiscal year 2021, the first Farmer Support Center in Brazil, implementing through this project training and workshops to meet the needs of producers regarding safety and understanding of complex labor and environmental regulations, in addition to others related to the needs of farmers.

31. For the second follow-up cycle, Coffee and Farmer Equity (C.A.F.E.) practices and the Farmer Support Center project continued to be the foundation of Starbucks' approach to the verification that measures farms based on economic, social and environmental criteria, all designed to promote transparent, profitable and sustainable coffee farming practices, as well as protecting the well-being of coffee farmers and workers, their families and communities. The



company also reported other specific actions to support coffee growing communities in the period.

7. CONCLUSÃO

32. The company Starbucks filed counter allegations. After examining the documentation, the Interministerial Working Group decided to close the case on August 13, 2020, as there was no direct relationship between the business activities and the violations narrated by the complainants. As can be seen, the multinational accepted the recommendations proposed by the Working Group and presented in the follow-up cycles the adoption of conduct to promote transparent, profitable and sustainable coffee growing practices, aiming to protect the well-being of coffee growers and workers, their families and communities.

33. According to the Final Declaration of the Specific Instance, published on the Brazilian NCP website, it was decided to close the process regarding the company Starbucks in this Allegation of Non-Compliance. After the follow-up cycles, the instance is definitively closed.

8. APPENDIX - Chronological summary of the case's progress with the Brazilian NCP:

Receipt of the Specific Instance nº 02/2018	August 21, 2018
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Acceptance of the case / Brazilian NCP meeting	September 12, 2018
Communication to companies and request for counter-allegations	September 2018
Receipt of Starbucks counterclaims	December 19, 2018
Notification of the Complainants for Breakdown of Allegations	August 12, 2019
Presentation of the complaints separated per company by the Complainants	September 9, 2019
NCP Brazil meeting that decided not to pursue the allegation against Starbucks	March 11, 2020
Submission of the preliminary version of the Final Statement to the Parties	June 12, 2020
Final Statement with recommendations	August 13, 2020
Sending to parties, informing about publication and notifying about follow up	September 1, 2020
Settlements on confidentiality and clarifications of doubts	June, July and September 2020
Receipt of information from the respondent 1st follow up cycle	August 27, 2021
Publication of the follow-up report	January 27, 2022
Receipt of information from the respondent 2nd follow up cycle	July 8, 2022
Conclusion	September 27, 2024