



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

MINISTÉRIO DA
ECONOMIA



Follow up Report – SPECIFIC INSTANCE nº 07/2018

SUBMITTER:

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

RESPONDENT:

Starbucks

**National Contact Point for the OECD Guidelines for Multinational Enterprises Brazil –
PCN Brazil**

Ministério da Economia

Secretaria-Executiva da Câmara de Comércio Exterior (SE-CAMEX)

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January 27, 2022.

1. On March 11, 2020, this National Contact Point for the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises of Brazil (NCP Brazil) concluded the Specific Instance no. 07/2018, which addressed an allegation received on August 21, 2018, by "Articulação dos Empregados Rurais do Estado de Minas Gerais" (ADERE-MG) and Conectas Human Rights, related to the company Starbucks. The specific instance addresses an alleged violation of the OECD Guidelines relevant to Chapter II (General Policies), Chapter IV (Human Rights), and Chapter V (Employment and Industrial Relations). In short, the submitters point to the possible existence of slave-like labor in the supply chain of coffee bought by the Respondent, originating from farms in Minas Gerais.

2. According to the Final Statement of the Specific Instance, disclosed on the NCP webpage, it was decided to conclude the specific instance regarding Starbucks. At that time, recommendations were made to the company, with the establishment of a follow-up procedure by the NCP within six months after the publication of the Final Statement, namely March 1st, 2021. The NCP recommended that the company:

2.1. "Continue to strengthen its due diligence mechanisms to encourage continuous improvement in working conditions on the coffee farms that make up its supply chain."; and

2.2. "Seek to "encourage, where possible, business partners, including suppliers and subcontractors, to apply principles of responsible business conduct consistent with the Guidelines" in its section II.13."

3. In July and August 2021, e-mails were exchanged with the company to clarify questions about the disclosure of the follow-up report. On August 27, 2021, Starbucks reported the progress on the implementation of the recommendations stated in the Final Statement.

4. Regarding the first recommendation, the Respondent reports on the continuation of the Coffee and Farmer Equity Practices (C.A.F.E.) program, developed in collaboration with Conservation International, which broadly consists of a verification program that measures farms against economic, social, and environmental criteria designed to promote transparent, profitable and sustainable farming practices that protect farmers, workers, and communities. The company also states that it has increased verification of procedures through inspection and auditing, announced or unannounced, on farms involved with the company's production.

5. Regarding the second recommendation, the Respondent reports having opened, during the fiscal year 2021, the first Farmer Support Center in the country, implementing,

through this project, training, and workshops to meet the needs of producers regarding safety and understanding of the complex labor and environmental regulations, and others related to the needs of farmers.

6. The measures pointed out in the report sent by the Respondent about the opening of the Farmer Support Center and the existence of the C.A.F.E. program were verified on webpages dedicated to the topic (<https://stories.starbucks.com/press/2021/starbucks-opens-farmer-support-center-in-brazil-for-coffee-growing/>; <https://www.scsglobalservices.com/services/starbucks-cafe-practices>) and are, therefore, verifiable actions that, in general terms, meet the recommendations established in the NCP Brazil's Final Statement.

7. However, for better clarification and to have a clearer picture of the impact of these initiatives in the reality of the coffee production in Southern Minas Gerais - to which the allegation initially presented refers - it is considered relevant to ask Starbucks about the prevalence of the described actions, particularly in relation to cooperatives and direct producers in Southern Minas Gerais. This information is relevant to determine the effectiveness of the initiatives and allow the Brazilian NCP to assess, in a future follow-up, if the commitments eventually made were indeed implemented along the supply chain.

8. Given the above, it is considered necessary to require the company to complete the information in the second follow-up phase of the Specific Instance 07/2018, which is to be performed by the company for the NCP on the date of 18 July, 2021.