



MINISTÉRIO DA
ECONOMIA



PONTO DE CONTATO NACIONAL

National Contact Point

for the OECD Guidelines for Multinational Enterprises

FINAL STATEMENT Specific Instance nº 07/2018¹

Complainants

- Articulation of Rural Employees of the State of Minas Gerais (ADERE – MG)
- Conectas Human Rights

Respondent

- Starbucks

August 13, 2020

¹ The Specific Instance no. 07/2018 is part of the previous Specific Instance no. 02/2018, which involves six multinational companies. This Final Statement refers only to Starbucks.



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1. EXECUTIVE SUMMARY

1.1. This Final Statement presents the conclusions of the Brazilian National Contact Point (NCP)² for the OECD Guidelines for Multinational Enterprises (Guidelines) on the allegations presented, on August 21, 2018, by the Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG) and the non-governmental organization (NGO) Conectas Human Rights, in relation to practices of the companies Nestlé, Jacobs Dowe Egberts, McDonalds, Dukin' Donuts, Starbucks and Illy.

1.2. The Specific Instance addresses the conduct of the alleged parties that supposedly violated the OECD Guidelines corresponding to Chapter II (General Policies), Chapter IV (Human Rights) and Chapter V (Employment and Industrial Relations). In general, the Complainants point to the existence of, actual or potential, labor analogous to slavery in coffee supply chains of the companies mentioned, in farms in Minas Gerais (state in the southeastern region of Brazil).

1.3. The Final Statement was presented by the rapporteur, representative of the Ministry of Women, Family and Human Rights, in a meeting that took place on March 11, 2020. The Brazilian NCP decided to follow the rapporteur's position and close the procedure related to Starbucks, consequently excluding

² The Brazilian National Contact Point (NCP) underwent changes in 2019 with the edition of the Decree no. 9.874, of June 27, which, in addition to revoking Inter-ministerial Ordinance No. 37, of February 19, 2013, brought provisions on the competences and the new NCP organization, establishing it as an inter-ministerial Working Group (in this text it will be referred to only as NCP Brazil) composed of the following bodies:

- Ministry of Economy (Coordinator of the Brazilian NCP)
- Ministry of Justice and Public Security
- Ministry of Foreign Affairs
- Ministry of the Environment
- Ministry of Women, Family and Human Rights
- Ministry of Mines and Energy
- Comptroller General Office
- Brazilian Central Bank



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the Respondent from this Specific Instance, due to the lack of evidence of non-compliance with the Guidelines, as explained below.

1.4. All the documentation that supports the analysis of this case was uploaded to the Electronic Information System (SEI) of the Ministry of Economy, Process SEI no. 19971.100627/2019-29.

1.5. This Final Statement follows the Resolution NCP no. 01/2016, of November 16, 2016, which provides for the performance of the National Contact Point and the Guiding Principles of Specific Cases, Part II of the text of the Guidelines.

1.6. This Statement has two Annexes. Annex I presents a chronological summary of the progress of the case. Annex II informs which are the parties involved and shares their contact details.

1.7. This Final Statement is available on the Brazilian NCP website at www.pcn.economia.gov.br.

2. STAKEHOLDERS

The Complainants

2.1. The Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG) is an organization that articulates several unions of rural employees, among them the Union of Rural Employees of the Southern Region of Minas Gerais (the largest union in the state of Minas Gerais), whose attribution includes the representation of workers in 28 municipalities in the region.

2.2. Conectas Human Rights is an international non-governmental, non-profit organization, founded in September 2011, in São Paulo, Brazil. Its mission is to promote the realization of human rights and the Democratic Rule of Law, in the Global South, including Africa, South America and Asia. Since May 2009, has an observer member status in the African Commission on Human and People's Rights.



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The Respondent

2.3. Starbucks is an American multinational company, with the largest house chain in the world. It has its headquarters in the city of Seattle, Washington State.

3. HISTORY OF THE PROCEDURE

3.1. The Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG) and the NGO Conectas Human Rights submitted allegations of non-compliance, on August 21, 2018, in relation to practices of Nestlé, Jacobs Dowe Egberts, McDonalds, Dukin' Donuts, Starbucks and Illy.

3.2. The complaint addresses the conduct of the alleged parties that supposedly violated the OECD Guidelines corresponding to Chapter II (General Policies), Chapter IV (Human Rights) and Chapter V (Employment and Industrial Relations). In general, the Complainants indicate the existence of, actual or potential, of labor analogous to slavery in the coffee supply chains of the companies mentioned, originating from farms in Minas Gerais.

3.3. The policies and practices of the companies reported would not be able to prevent, mitigate and remedy violations in their supply chain [REDACTED].

3.4. The facts reported would indicate the possibility of violations in the Contribution or Direct Relationship modalities, depending on the case.

3.5. Initially, NCP Brazil understood that there were sufficient elements to preliminarily receive the allegations, when it was determined that the case rapporteur would be the Ministry of Women, Family and Human Rights, in collaboration with the then Ministry of Labor. This Ministry and its employees who knew the case are now part of the Ministry of Economy and, with that, the assignment of the matter was exercised only by the Ministry of Women, Family and Human Rights.



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3.6. In August 2019, based on a preliminary report, the Brazilian NCP acknowledged that, although the Specific Instance met the requirements of items I, II and IV, of Art. No. 10 of the NCP Resolution no. 01/2016, it have not had a sufficiently circumscribed focus, as required by item III of the same instrument. Thus, it decided to notify the Complainants so that an allegation of non-compliance could be made, delimiting the object, enabling individualized analysis, as well as allowing the achievement of any mediation in an appropriate manner.

3.7. On August 12, 2019, the Complainants were notified of the decision electronically, and by means of a petition dated of September 9, 2019, submitted allegations broken down by company involved. At the same time, they expressed disagreement as to the separation of the case, as they understood that a more effective solution to the problem could be reached with a possible joint mediation.

3.8. Such notes had already been considered in the preliminary decision of the Brazilian NCP, which, in the end, understood that such a possibility would contradict the delimitation of the object, as provided for in its Resolution, since the level and form of relationship of each company with the facts narrated were diverse. It was also comprehended that technically it would not be advisable to carry a mediation process with many stakeholders and conflicting interests, as it makes it very difficult to accept the participation in the voluntary process, its development, as well as reaching a consensual solution.

3.9. A new report was presented at a meeting held on March 11, 2020 at the Ministry of Economy. Then, the Brazilian NCP decided to follow the position of the rapporteur and not pursue the procedure related to the company Starbucks, due to lack of evidence of non-compliance with the Guidelines, as justified further on.



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4. INITIAL ASSESSMENT

4.1. The Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG), together with the NGO Conectas Human Rights, presented an allegation of non-compliance with the OECD Guidelines for Multinational Enterprises against Starbucks, through its representative in Brazil.

4.2. Art. No. 3, I, of the NCP Resolution no. 01/2016 provides for a period of twelve months, from the date of the violation, for the submission of allegations of non-compliance. The documents attached by the Complainants would report violations of rights that occurred between 2015 and July 2018. However, the questions raised would have a continuing character, due to the refusal to provide information to the interested parties, because there would be systemic problems in the coffee harvest in the region, as well as a routine shopping procedure without due diligence procedures.

4.3. In short, the Complainants claim that the Respondent violated labor and human rights provisions in the exercise of its business activities related to coffee production in the south of Minas Gerais, which, ultimately, would be related to contemporary slavery cases. The arguments presented are based in a possible ineffectiveness of the company's due diligence mechanisms in their supply chain regarding human and labor rights, appropriate to the size, nature and risk of their operations.

4.4. The allegation begins with a description of a situation that, supposedly, would be generalized in the South of the State of Minas Gerais. The Complainants report the stories told by thirty-seven people rescued from farms, victims of serious violations of labor and human rights, including circumstances characterized by the Brazilian law as work analogous to slavery. Together with the stories, inspection reports and administrative infraction notes from the Brazilian Federal Labor Inspection would prove such a claim.



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4.5. The workers would be co-opted in Bahia, during the dry season, to work in the coffee harvest in Minas Gerais, through irregular intermediation of labor. These fraudulent job offers would characterize human trafficking.

4.6. Accommodation for workers would be inappropriate, without basic furniture, or, in some cases, lacking even running and drinking water, electricity or a bathroom. There are reports of serious safety problems, such as the risk of electric shock or fire.

4.7. In other cases, employees would have had the price of their meals deducted from their wages in an irregular manner or even suffered restrictions on access to food. Likewise, they report cases of strenuous working hours and insufficient supply of personal protective equipment, in addition to reports of diseases caused by the crop protection products used.

4.8. The Complainants also mention fraud in the weighing of harvested coffee in order to reduce the payments due to employees. Fraud would be facilitated by the lack of formalization of employment contracts or even by the retention of documents, such as the work and security card of workers.

4.9. The allegation continues with a general contextualization on Minas Gerais as a major national coffee producer, followed by a brief overview of the national and international legislation dealing with slave labor, as well as the basic features of the national policy to fight it. It then proceeds to provide a brief explanation on the causes, contribution and direct relation, according to the Guidelines, and, in a continuous act, to a summary of the ordinary functioning of the coffee supply chain.

4.10. Then, based on the report of the organization Danwatch-Bitter Coffee, published in March 2016, the Complainants point out the direct relationship of Starbucks with violations in the south of Minas Gerais.

4.11. According to the report, Starbucks had purchased coffee from the distributor Cooxupé, which would have declared that it was not possible to



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inform whether it had bought coffee as a result of labor analogous to slavery. Cooxupé had purchased its product from the Cocatrel cooperative, which maintained commercial relations with a producer, even after adding of its name to the so called “Dirty List”. In this way, the Respondent’s direct relationship would be due to its business relations with enterprises that take the risk of purchasing coffee produced by working in conditions similar to slavery.

4.12. The Danwatch’s report points out that

“Starbucks adopts purchasing guidelines called Coffee Production Equity Practices (C.A.F.E). The guidelines are the central part of the “Starbucks C.A.F.E Practices” program, which includes audits and is implemented in partnership with SCS Global Services. These guidelines have a mandatory criterion requiring the implementation of “a policy that prohibits any type of forced or involuntary labour, debt bondage, use of prison labor or resulting from human trafficking (Conventions 29, 97, 105 and 143 of the ILO).” The practices also include other standards related to human and labour rights, which are verified by third parties. An important aspect of the policy is the chain traceability: Starbucks is able to identify all suppliers in its chain”.

4.13. As can be seen, the claim itself points out that the Respondent adopts measures that allow it to track all the farms in its supply chain and, thus, has demonstrated that the coffee it sells did not come from farms where it was identified as work in conditions similar to slavery. According to the company, all farms from those they buy coffee are tracked, investigated and measures are taken, whenever complaints arise.

4.14. However, based on a report published by the Brazilian NGO Repórter Brasil, the Complainants point out that the C.A.F.E system has flaws, as the farm *Fazenda Córrego das Almas*, even if certified, was caught in 2018 with labor in conditions similar to slavery. On this basis, even recognizing that the Respondent would not have made any purchase from this farm since 2016, the Complainant points out the company's contribution to granting the certification.



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4.15. In 2018, the Respondent would have been contacted by Conectas to provide information on compliance measures adopted in its supply chain and on the list of its suppliers, as well as ensuring that the blacklisted farms would not be part of its chain. Starbucks said it could confirm that the farms listed by Conectas were not part of its supply chain. The company also responded that it expressly communicates to its suppliers that farms included on the Dirty List could not join its chain.

4.16. The Complainants state that the situation described violates the following provisions of the Guidelines:

II. General Policies

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard:

A. Enterprises should:

(...)

2. Respect the internationally recognised human rights of those affected by their activities.

(...)

10. Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.

11. Avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur.

12. Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship. This is not intended to shift responsibility from the entity causing an adverse impact to the enterprise with which it has a business relationship.



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13. In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct compatible with the Guidelines.

IV. Human Rights

States have the duty to protect human rights. Enterprises should, within the framework of internationally recognized human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

1. Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.
2. Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.
3. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.

(...)

5. Carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.
6. Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

V. Employment and Industrial Relations

1. (...) d) Contribute to the elimination of all forms of forced or compulsory labor and take adequate steps to ensure that forced or compulsory labour does not exist in their operations.

4.17. Finally, they ask the Respondent to:



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1. reinforce its commitment to human rights, through a commitment to fulfill its duty to respect Brazilian labor and criminal standards, in addition to the international human rights standard, especially with regard to working conditions on coffee farms in southern Minas Gerais;
2. develop and implement a plan for mitigating supply chain risks in southern Minas Gerais, in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, in addition to other sector good practices. The plan may involve the improvement of its own forms of inspection, partnership with local unions, consultations with the Labour Prosecutor's Office, and the establishment of an effective communication channel for complaints;
3. take effective measures to identify the farms in its supply chain, making this information available to regional actors and the general public. The transparency and traceability of suppliers allow local agents, including workers themselves, to know who is the recipient of their products and which are the applicable corporate rules;
4. provide accessible complaint mechanisms for actors in the southern region of Minas Gerais, in accordance with internationally recognized effectiveness criteria;

Additionally, due to a possible contribution relationship with the violations, the Complainants ask the Respondent to:

5. conduct an assessment of its human rights policies, identifying which failures in procedures and practices have given rise to violations, and devise strategies to correct them. The assessment should include the participation of victims of violations and their legal representatives;
6. establish a remediation plan for the victims of the violations to which it contributed, together with other actors involved or separately, with the participation of victims of the violations and their legal representatives;
7. establish a plan to prevent and mitigate future violations, especially through measures to strengthen victim support agencies, such as unions;

Finally, regarding a possible direct relationship with the violations, the Respondent should:

8. seek to influence companies with which it has business relationships, especially those that contribute to or cause violations of human rights on coffee farms in



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the south of Minas Gerais, so that they take measures to prevent work situations similar to slavery and other violations of human and labor rights.

5. COUNTER-CLAIMS

5.1. On December 19, 2018, Starbucks submitted a response to this allegation of non-compliance.

5.2. The Respondent informs that, over its 20 years of joint working with Conservation International, it has developed the C.A.F.E system, which aims to establish improvements in social and environmental conditions on coffee farms and their communities.

5.3. The program would be the backbone of the Respondent's coffee purchasing system. It has a list of minimum conditions to be respected, with a zero-tolerance index, in addition to promoting continuous improvement in production sites. It also has a form of positive incentive, rewarding high-performance supply chains.

5.4. When problems are identified, investigations can lead to a suspension of business relationships, as well as the establishment of a work plan for correction.

5.5. In 2015, 99% of the company's production chain was certified.

5.6. Specifically, in relation to the *Fartura* and *Córrego das Almas* farms, the Respondent informs that they are not the same property and that it has not purchased products from any of them. The second farm had applied to the program but had not been accepted yet at the time of the investigation. In any case, both the farms are suspended from commercial relations with the local supply chain operator and with the exporter, until the investigations are closed.

6. LEGAL REASONING



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6.1. Under the terms of Art. no. 4, I and II of the NCP Resolution no. 01/2016, the Specific Instance must contain the identification of the interested parties, accompanied by their respective addresses and contact details. This requirement was met in part, as there is no record of the telephone number of the Respondent's representative in the petition.

6.2. As it is a correctable omission, it was understood that the complaint should not be rejected for such reason.

6.3. The Complainants indicated an inobservance of Chapter II, items 2, 10, 11, 12 and 13; Chapter IV, items 1, 2, 3, 5 and 6; and Chapter V, item I, d; all of the OECD Guidelines for Multinational Enterprises. Thus, it was met the requirement of Art. no. 4, III, of the NCP Resolution.

6.4. The facts described directly affect the rights of rural workers who carry out their activities in the State of Minas Gerais, so that ADERE's legitimacy to file the Specific Instance is guaranteed, in accordance with Art. no. 4, IV, and Art. no. 10, I, of the NCP Resolution.

6.5. The NGO Conectas does not represent the affected workers, nor is itself affected by the facts narrated. However, according to the workers, the NGO worked directly with the Respondent, in an attempt to seek information about its integrity procedures in the supply chains, besides having the defense of human rights as its main goal. Thus, it was understood that its participation as an interested party is legitimate, based on the same items mentioned above, in order to allow adequate information in any mediation procedure.

6.6. On the other hand, the complaint states:

(...) Conectas has contacted Starbucks, asking if its policies and practices had been adapted to prevent the company from continuing to buy coffee directly related to serious violations of human and labor rights. Conectas has also sent a list of farms in the southern region of Minas Gerais that were included in the Dirty List of Slave Labor, and asked if companies could: (i) make its list of suppliers available, in a



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transparent manner; or (ii) at least ensure that the farms listed by Conectas are not part of the companies' supply chain.

6.7. It is noticed in the paragraph that the efforts allegedly undertaken by the parties with the aim of solving the problems raised are described, in order to comply with Art. no. 4, V, of the NCP Resolution no. 01/2016.

6.8. The Complainants attached to the Specific Instance documents 1 to 7, with which it is intended to provide information and demonstrate the efforts made to resolve the case directly, according to Art. no. 4, VI, of the NCP Resolution.

6.9. The provision of Art. no. 4, VII, is not essential, while the phase referred to in item VIII was already over when the case was accepted, before the claim being separated by company.

6.10. Thus, it was understood that the formal requirements for merit analysis were fulfilled.

6.11. On the merits, however, there is no indication that there is any direct relationship between Starbuck's business activities and the reported violations, which could motivate a mediation process carried out by the Brazilian NCP.

6.12. The allegation of non-compliance recognizes that the Respondent tracks its supply chain to the point that it is possible to identify the origin of all grain purchased, and that no coffee bags from blacklisted farms have reached their stocks. It was the same information brought to the present procedure by the company.

6.13. The complaint also recognizes that the Respondent has a program for sustainable production, widely applicable to its suppliers (the abovementioned C.A.F.E). This is in line with the information provided by the company regarding its prerogative to terminate commercial relations and require the elaboration of a working plan for remediation due to contractual



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provisions. Such information, together with the complete tracking of its supply chain and the existence of mechanisms for auditing it, indicates responsible treatment of its supply chain. These procedures would make it difficult for suppliers to commit irregularities, encourage the use of good practices and allow corrective actions if necessary.

6.14. The fact that any of the Respondent's intermediaries has commercial relations with people who have committed illicit acts, but who are not part of the company's supply chain, cannot be linked to its business activities, under penalty of unreasonable extrapolation. Control failures in the supply chain of an economic agent cannot be able to attract the responsibility of all its business partners, even in other lines of the chain. The opposite would be the same as transforming every economic agent into a universal responsible, considering the complexity of the current global chains, which allow almost every exchange carried out on the globe to reach nearly everyone, depending on how many jumps one intends to make in the chain.

6.15. The norms, whether hard or soft, as the Guidelines are, have the intention to regulate human conduct, so that it is possible to fulfill its primary mandate. The rules must be edited in order to be enforceable. The issuance of orders of impossible adequacy leads to oppression, as it would serve as a rhetorical justification for the application of unfair sanctions.

6.16. There is nothing, either in the national or international legal system, nor specifically in the Guidelines, that determines the closure of relations with any supplier that has had a deal with another agent that at some point committed an irregularity.

6.17. The OECD Due Diligence Guide, in Chapter 3, which deals with "CEASE, PREVENT AND MITIGATE ADVERSE IMPACTS" mentions as practical actions "Consider **disengagement from the supplier** or other business relationship as **a last resort after failed attempts** at preventing or mitigating severe impacts; when adverse impacts are irremediable; where there is no reasonable



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prospect of change; or when severe adverse impacts or risks are identified and the entity causing the impact does not take immediate action to prevent or mitigate them. Any plans for disengagement should also take into account how crucial the supplier or business relationship is to the enterprise, the legal implications of remaining in or ending the relationship, how disengagement might change impacts on the ground, as well as credible information about the potential social and economic adverse impacts related to the decision to disengage”. (Without emphasis in the original).

6.18. It would not be unreasonable to say that, if so, the global Gross Domestic Product (GDP) would be considerably lower, given the chain reaction. Lower per capita income would mean more poverty and consequently more human rights violations, which is what we want to combat.

6.19. What each company can do is to control its supply chain, as much as possible, and establish internal policies to solve the problems that are identified, including terminating relations if necessary. It seems to be what happens in the present Specific Instance.

6.20. On the other hand, the Respondent chose not to provide its list of suppliers, as this may be an essential element of its business model, with no irregularity in keeping it confidential.

7. CONCLUSION

7.1. Before presenting the relevant conclusions, it should be mentioned that the Brazilian NCP underwent institutional changes during the course of this case. Previously conducted by a team from the extinct Ministry of Finance, the procedure was taken over by the new Ministry of Economy, which incorporated the competences of its predecessor. In view of the transition, it was necessary an adjust in the team of public servants to resume the analysis and conduct of this procedure.



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7.2. Based on the arguments set out above, it was decided to terminate the participation of the company Starbucks in this Specific Instance, pursuant to Art. no. 14, I, of the NCP Resolution no. 01/2016.

7.3. In fact, the Complainants themselves acknowledge that the Respondent carries out a full tracking in its supply chain, promoting adequate control of the origin of its products, has a code of ethics applicable to all its suppliers, as well as has the prerogative to terminate business relations in case of non-compliance. All the information brought by the company corroborates these statements. The identified context demonstrates that the Respondent adopts good practices.

7.4. In the complaint of September 9, 2019, the Complainants argued that there should be no separation of cases because the participation of all companies could serve to present joint structural solutions, through the power of structural influence of companies with suppliers. In addition, there is in the allegations themselves the acknowledgment mentioned in the previous paragraph, that perhaps a structural solution would be found.

7.5. Although it is possible that such dialogues are an indicator that companies are using their power of influence with their business partners, in accordance with item II.13 of the Guidelines, and that it is desirable that sectoral structural solutions occur, the Specific Instances are not the appropriate means for the construction of such measures when there is no relationship with a concrete breach identified.

7.6. In this sense, the Decree no. 9.874, of June 27, 2019, which regulates the Brazilian NCP functioning, provides, in its Art. no. 2, IV, “b”, that it is its responsibility “to offer mediation to find a non-judicial solution between the parties, **when there are allegations against the operations of a multinational**” (without emphasis in the original).



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7.7. Indeed, although the mediation in general can serve both for Conflict Resolution and Doing Business, the mediation offered by the NCP mechanism is certainly of the first type.

7.8. Although the motions for resolutions have infinite possibilities and can effectively generate agreements with typical characteristics of new businesses, for the present procedure to be applicable, it is essential that there is an effective non-compliance with any of the provisions of the OECD Guidelines for Multinational Enterprises. The mere possibility of occurrence in theory is not enough, the convenience in resolving irregularities which cannot be attributed to the company's action or inaction neither.

7.9. It would be contradictory, on the one hand, to recognize the ability to track and fully control its chain, and, on the other, to say that this is non-compliance. Ultimately, such a statement would mean that none of the integrity systems that currently exist globally are acceptable, and that exactly the companies with the best of them should be subject to allegations of non-compliance, simply because they have more resolving capacity.

7.10. At this point, it is worth highlighting what determines the Procedural Guidance of the OECD Guidelines, which states that the NCP “will contribute to the resolution of issues arising from the implementation of the guidelines in specific cases, in an impartial, predictable, **equitable** and compatible way with the principles and regulations of the guidelines” (without emphasis in the original).

7.11. Thus, although the intention to promote an environment of broad discussion with the main players in the sector is positive, this is not the proper way to do so.

8. RECOMMENDATIONS

8.1. Although it concluded that the present complaint was not pursued, the Brazilian NCP, as suggested by its Coordinator at the March 2020 meeting and



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accepted by all its members present, recommends that Starbucks keeps enhancing its due diligence mechanisms, in order to encourage the continuous improvement of labor conditions in the coffee farms in its supply chain.

8.2. Furthermore, the NCP recommends that the Respondent seeks “to encourage, whenever possible, business partners, including suppliers and subcontractors, to apply principles of responsible business conduct compatible with the Guidelines”, pursuant to item II.13.

8.3. Despite the fact that the Guidelines has a voluntary compliance, the Brazilian NCP expects the recommendations presented to be considered, as they are adequate for the realization of human rights, with good possibilities for generating shared value, in the ideal format of building solutions where all win.

8.4. The inclusion of the company Starbucks in this procedure for alleging non-compliance remains, therefore, completed and closed.

Dante Cassiano Viana

Rapporteur

Representative of Ministry of Women, Family and Human Rights



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ANNEX I - Chronological summary of the progress of the case with NCP Brazil

Receipt of the Specific Instance nº 02/2018	August 21, 2018
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

ANNEX II – Information on the Stakeholders

NCPs involved in the instance

Brazilian NCP Responsible for the instance

Ministry of Economy

Executive Secretariat of CAMEX

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Support

U.S. NCP

Office of Economic and Business Affairs

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Email: USNCP@state.gov, YetkenMA@state.gov

The Complainants

Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG)

Organization that articulates several unions of rural employees, among them the largest in the state of Minas Gerais, the Union of Rural Employees of the Southern Region of Minas Gerais, whose assignment includes representation workers in 28 (twenty-eight) municipalities in the region.

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Conectas Human Rights

It is an international non-governmental, non-profit organization, founded in September 2001 in São Paulo - Brazil. Its mission is to promote the realization of human rights and the Democratic Rule of Law, in the Global South - Africa, Latin America and Asia. Since January 2006, Conectas has a consultative status with the United Nations (UN) and, since May 2009, has observer status with the African Commission on Human and Peoples' Rights.

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Respondent

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