Danwatch is preparing a series of articles on the coffee sector in Brazil and human rights violations within this sector. Danwatch has documents showing that coffee produced by workers who are subjected to conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery sell coffee to exporters who supply Nestlé.

Danwatch would therefore like Nestlé to answer some questions about Nestlé’s CSR-politics and relations to the suppliers.

Danwatch is an independent media and research center that focuses on human rights, environment, conflict and corruption in a global perspective and investigate violations of environmental standards and human rights.

Danwatch conducts investigative journalism under national and international rules and guidelines for press practice and ethics including the Media Liability Act (Denmark) and the International Federation of Journalists’ Declaration of Principles on the Conduct of Journalists (international).

This questionnaire has been sent to some of the big importers of Brazilian coffee and answers/non answers will be quoted in the articles published by Danwatch. Please return your answers no later than Friday the 16th of October 2015. If you chose to answer only parts of the questionnaire both answers and non-answers will also be included in the articles.

Feel free to contact us if you have questions or comments of any kind.

**General inquiry**

1. How much of all the coffee Nestlé buys originates from Brazil? (in %)

It varies from year to year. For the Nestlé Group, around 20% of our coffee beans come from Brazil.

1. How much of the coffee that Nestlé buys from Brazil is certified (in %) and with which certifications? (Please list the certifications).

For 2014 (full year) 57% of the Brazilian coffee supplied to the Nestlé Group was verified/certified or was sourced through a sustainability programme. The farms/farmers mentioned in the survey produce Arabica coffee. Around, 86% of the Brazilian Arabica coffee supplied to the Nestlé Group was verified/certified or part of a sustainability program. Out of this figure, 68% was 4C-verified and 9% was Rainforest Alliance (RA) certified and 23% was sourced from farms participating in our own sustainability programmes that combine a focus on quality, sustainability and productivity.

1. Does Nestlé know the names of all the Brazilian coffee plantations in Nestlé’s supply chain? (please check off one)
   1. □ Yes, we know the names of all the Brazilian coffee plantations in Nestlé’s supply chain.
   2. x No, given the size of our operations and the large number of farms and farmers from whom we source our coffee, it is a challenge to have an exhaustive list of all their names. However, we have made the public commitment to increase traceability back to the plantation and we thus know the names of many of the Brazilian coffee plantations in Nestlé’s supply chain. If this is so, how many percent of the Brazilian coffee plantations that Nestlé buys coffee from, does Nestlé know the name of?

The total volume of verified/certified/sustainably sourced coffee in question 2 is traceable either to the farm/plantation or to a group of farms.

* 1. □ No, we don’t know the names of the Brazilian coffee plantations Nestlé’s coffee originate from.

1. Does Nestlé have a Supplier’s Code of Conduct? (please check off one) xYes □ No.

If yes, could you please send it to us?

Please see the following links

<http://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf>

<http://www.nestle.com/asset-library/documents/library/documents/suppliers/appendix-supplier-code-english.pdf>

http://www.nestle.com/asset-library/documents/library/documents/corporate\_social\_responsibility/nestle-responsible-sourcing-guidelines.pdf

1. Which demands do you set forth to ensure that your suppliers comply with National legislation and human rights?

Compliance with National legislation and human rights is mandatory for all verified/certified/sustainability programmes. Additionally, all of our coffee suppliers have to comply with our Supplier Code, which aims to guarantee responsible sourcing by ensuring that vendors hold the same principles and values that we do.

In addition to these minimum and non-negotiable social and environmental standards, we also have a Pre-shipment Green Coffee Quality Control Centre (NQCC) in Brazil, which carries out spot checks/audits at the suppliers’ premises and monitors quality assurance. Links for the Nestlé Supplier Code, Appendix and Responsible Sourcing Guideline are above in Q4.

1. Does Nestlé conduct any supplier inspections to ensure that the plantations comply with the principles in your Supplier’s Code of Conduct? (please check off one) x Yes □No. If yes: How many percent of the Brazilian plantations that supply you with coffee do you inspect during one year, and who conduct these inspections?

Yes, we keep regular contact with coffee producers and conduct supplier inspections to ensure that the principles in our Supplier’s Code of Conduct are met. The number of these visits depends on the total volume of coffee sourced and thus varies from year to year. For verified/certified coffee, we rely on independent inspections by relevant verification/certification bodies. Moreover, our agronomists, who are indirect contact with farmers, and teams from the Nestlé’s Quality Control Centre (NQCC) visit coffee farms and plantations regularly to help farmers improve agricultural practices and increase quality. Additionally, our commercial and agri-services team periodically visits those farms that supply our main vendors. While these visits are not inspections, all of our teams are aware of the Nestlé Supplier Code, national legislation and human rights standards regarding working conditions and are able to identify code violations or other issues during these visits. We also encourage our suppliers to report any suspected violations to the Nestlé contact person or report them confidentially using our Compliance Reporting System.

1. Which actions does Nestlé take if Nestlé finds violations of the national legislation or of the human rights at coffee plantations in Nestlé’s supply chain?

Issues of non-compliance with our Responsible Sourcing Guideline are recorded in a report submitted to the supplier and Nestlé. Both parties then work together on an agreed course of action and corrective measures. However, if the supplier does not improve its practices within an agreed timeframe, its contract is terminated and it is removed from our supply chain. Please see the link in Question (4).

1. What kind of violations of Nestlé’s supplier’s code of conduct would make Nestlé terminate a collaboration with a supplier? See answer to question (7) above.
2. The Brazilian Ministry of Labor inspects coffee plantations and free workers who are subjected to conditions described as “analogous to slavery” in the Brazilian penal code’s article 149. Do you monitor the findings of the inspectors? (please check off one) X Yes No. Do you terminate the collaboration with Brazilian coffee plantations where the inspectors from the Brazilian Ministry of Labor finds conditions “analogous to slavery”?

In case of confirmed instances of such labour conditions, we would terminate the contracts with those farms as per our Supplier Code, Responsible Sourcing Guideline and Nestlé Business Principles.

Moreover, whilst we do not directly monitor the findings of the inspections carried out by the Brazilian Ministry of Labor, our suppliers do. Tristão and Cooxupé, for example, regularly consult the government blacklist and remove any producers from its supply chain that stands on this list. In the last 8 years, Cooxupé has held more than 1,400 audits to monitor compliance with national legislation and its supplier code of conduct.

For more information, please see answer to question (7).

1. Is Nestlé a signatory of The National Pact for the eradication of slave labor in Brazil? Would you consider becoming a signatory? -- We support Brazil’s national efforts to engage national and international companies to eradicate slave labour. We received an invitation from INPACTO in September this year to become a signatory of the ‘National Pact for Eradication of Slave Labour.’ We are currently evaluating our involvement with this multi-stakeholder platform and we will most probably become a signatory.

**Supply chain findings:**

1. Danwatch’s research shows that Nestlé or some of Nestlé’s coffee labels have bought coffee from the following Brazilian Coops and/or coffee exporters, please confirm this by checking yes or no in the boxes.

**Cooperativa Regional de Cafeicultores em Guaxupé Ltda** (**Cooxupé)** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter x 2008 x2009 x2010 x2011 x2012 x2013 x2014 x2015)

**Tristão Companhia de Comércio Exterio** (**Tristão)** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter x 2008 x 2009 x 2010 x 2011 x 2012 x 2013 x2014 x 2015)

**Volcafe** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter x 2008 x 2009 x 2010 x 2011 x 2012 x 2013 x 2014 x 2015)

**Louis Dreyfus Commodities** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter x 2008 x 2009 x 2010 x 2011 x 2012 x 2013 x 2014 x 2015)

**Outspan Brasil Importação e Exportação Ltda (Outspan)** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter x 2008 x 2009 x 2010 x 2011 x 2012 x2013 x 2014 x 2015)

**Exportadora de Café Carmo de Minas Ltda (Carmo Coffees)** xYes □ No (if yes, please check off the years, when you have bought coffee from this coop/exporter □ 2008 □2009 □2010 x2011 x 2012 x2013 x 2014 x 2015)

**Cecafex Comércio e Exportação de Café Ltda (Cecafex)** □Yes x No (if yes, please check off the years, when you have bought coffee from this coop/exporter □ 2008 □2009 □2010 □2011 □2012 □2013 □2014 □2015)

Please also declare if Nestlé buys coffee directly from the exporting company **Cooperativa Regional Dos Cafeicultores do Vale do Rio Verde Ltda (Cocarive)** □Yes x No (if yes, please check off the years, when you have bought coffee from this coop/exporter □ 2008 □2009 □2010 □2011 □2012 □2013 □2014 □2015)

**Conditions analogous to slavery – key findings from Brazilian authorities**

1. The plantation owner Eduardo Barbosa de Mello was blacklisted by the Brazilian Labor Ministry in 2014, because inspectors found conditions at his coffee plantation, which violated the Brazilian penal code, article 149 regarding conditions analogous to slavery. Danwatch’s research shows that Eduardo Barbosa de Mello is member of the coop Cooperativa dos Cafeicultores da Zona de Três Pontas (Cocatrel), and documents from BARÃO COMISSÁRIA DE CAFÉ LTDA shows that Cocatrel has sold coffee to both Tristão, Cooxupé, Volcafe and Louis Dreyfus Commodities, which according to Danwatch’s research have supplied Nestlé with coffee.

What is Nestlé’s overall comment to these findings?

Nestlé Brazil does not have any business relationship with this company. Moreover, our suppliers regularly visit sub-suppliers to seek clarification and action if there are any grounds for social or environmental concern. They regularly consult the Brazilian Labor Ministry’s blacklist and remove producers from their supply chains who appear on this list. Tristão, Cooxupé and Volcafe have concrete examples of instances when they have stopped buying coffee from blacklisted suppliers (see annexed documentation).

Can Nestlé guarantee that coffee from blacklisted plantations like Eduardo Barbosa de Mello’s, where inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, has not ended up in coffee sold by Nestlé or any of it’s coffee labels? (please check off one) X Yes No.

Comments:

We source coffee from a large number of Brazilian farmers and suppliers and work closely with them to assure compliance with national laws and legislation, as well as with our internal standards. These non-negotiable principles are listed in the Nestlé Supplier Code, Responsible Sourcing Guideline and Nestlé Business Principles. Whenever these codes are breached or suppliers fail to take corrective action, we take measures that include removing these suppliers from our supply chain and the termination of our contracts with them.

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In 2015 the Brazilian Labor Ministry’s inspectors also freed workers from two other plantations, Fazenda Lagoa and Fazenda da Pedra – both located in Carmo de Minas, Minas Gerais. On both plantations the inspectors found conditions, which violated the Brazilian penal code, article 149 regarding conditions analogous to slavery. Danwatch’s research shows that the owners of both plantations are members of the coffee coop Cocarive. According to documents from BARÃO COMISSÁRIA DE CAFÉ LTDA Cocarive sells coffee to Volcafe, which according to Danwatch’s research has supplied Nestlé.

What is Nestlé’s overall comment to these findings?

Volcafe has confirmed it has not supplied Nestlé with coffee from neither Fazenda Lagoa nor Fazenda da Pedra. The company has assured that it has neither purchased coffee from these two plantations directly nor indirectly via Cocarive.

Some of Cocarive’s members also sell coffee through Carmo Coffees, and Carmo coffees confirms in an email, that they have bought coffee from the two inspected plantations up untill 2015. Danwatch’s research shows that Carmo Coffees supplies coffee to Nestlé.

What is Nestlé’s overall comment to these findings?

In the past, Carmo Coffees did purchased coffee from these two farms on our behalf. This has not been the case in 2015, when the government survey took place and the subsequent allegations of misconduct were raised. In fact, these plantations are not part of our 4C-verified coffee suppliers.

In addition, and as part of their routine yearly visits to supplying farms, our agronomists visited the plantation of Fazenda da Lagoa in August 2015 and Fazenda da Pedra in August 2014. These visits did not reveal any misconduct. However, in light of the current allegations, we have suspended sourcing from these farms until the government investigation is closed. At this point, we are waiting to hear the outcome of such official enquiry so we can determine how to act moving forward.

Can Nestlé guarantee that coffee from plantations like the Fazenda da Pedra and Fazenda Lagoa where inspectors in 2015 have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, does not end up in coffee sold by Nestlé or any of its coffee labels? (Please check off one) X Yes No.

Comments:

We do not source coffee from Cocarive and this cooperative does not form part of our supply chain. See also above answer regarding Carmo Coffees. We have also received information that these two farms are not part of any 4C-verified unit in Brazil, thus excluding it from all the volume of 4C-verified coffee we source.

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In 2013 the coffee plantation owner Neuza Cirilo Perão was blacklisted by the Brazilian Labor Ministry, because inspectors had found conditions at her coffee plantation, which violated the Brazilian penal code, article 149 regarding conditions analogous to slavery. Danwatch has acces to the documents from a lawsuit that documents, that Neuza Cirilo Perão has sold coffee to Outspan, which according to Danwatch’s research has supplied Nestlé.

What is Nestlé’s overall comment to these findings?

Olam Outspan, which is indeed one of our commercial partners, stopped purchasing coffee from this plantation in 2012.

In 2013 (the same year as she was blacklisted) Neuza Cirilo Perão sold coffee to Cecafex, according to lawsuit files that Danwatch has acces to. According to their webpage, Cecafex is a supplier of Nestlé.

What is Nestlé’s overall comment to these findings?

We do not source coffee from Cecafex as this exporter is not part of our supplier base. Moreover, Neuza Cirilo Perão is not part of the list of farmers from whom we supply 4C-verified coffee.

Can Nestlé guarantee that coffee from blacklisted plantations like Neuza Cirilo Perão’s, where inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, has not ended up in coffee sold by Nestlé or any of its coffee labels? (Please check off one) X Yes No.

Comments:

We rely on transparent/traceable supply chains to source verified/certified/sustainable supplies to be able to ascertain whether a specific farmer is part of our supply chain. Olam Outspan has confirmed that the last time they purchased coffee from this plantation was in 2012. Moreover, we do not source coffee from this plantation as this farmer and plantation owner are not part of any 4C-verified unit in Brazil.

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In 2013 Paulo Roberto Bastos Viana was blacklisted by the Brazilian Labor Ministry, because inspectors had found conditions at his coffee plantation, which violated the Brazilian penal code, article 149 regarding conditions analogous to slavery. Danwatch has acces to lawsuit files showing that Paulo Roberto Bastos Viana sold coffee to Tristão the same year as inspectors freed the workers from his plantation, and Danwatch’ research shows that Tristão has sold coffee to Nestlé.

What is Nestlé’s overall comment to these findings?

Tristão regularly consults the government blacklist and removes any producers from its supply chain that stands on this list. They have confirmed, on a statement released on October 14th and attached here as an annex, that they do not purchase any coffee from this supplier after he was blacklisted by the Brazilian government in 2013.

Can Nestlé guarantee that coffee from blacklisted plantations like Paulo Roberto Bastos Viana’s where inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, has not ended up in coffee sold by Nestlé or any of its coffee labels? (Please check off one) X Yes□ No.

Comments:

Our suppliers have confirmed that they have suspended sourcing coffee from this farmer.

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In June 2013 the plantation owners Joaquim Reis da Silva and Donisete Geraldo Leite were blacklisted by the Brazilian Labor Ministry, because inspectors found conditions at their coffee plantations, which violated the Brazilian penal code, article 149 regarding conditions analogous to slavery. Danwatch’s research shows that both plantation owners have been members of Cooxupé and that Cooxupé has supplied Nestlé with coffee.

What is Nestlé’s overall comment to these findings?

Cooxupé has assured that they stopped purchasing coffee from Joaquim Reis da Silva after he was blacklisted by the Brazilian Labor Ministry in June 2013. Moreover, we can also confirm that we not source coffee from this plantation as this plantation owner is not part of any 4C-verified unit in Brazil. However, Cooxupé resumed commercial transactions with Donisete Geraldo Leite after he was proven not guilty, absolved of all accusations regarding violations to article 149 of the Brazilian Penal Code and removed from the “dirty list” in August 2013. This information can be verified via the Transparency Portal da Transparência do Minstério Público, where any Brazilian citizen can be checked for legal processes, on the following link: <http://www.transparencia.mpf.mp.br/atuacao-funcional/consulta-judicial-e-extrajudicial> as well as on the website of Reporter Brasil, the organization responsible for delivering information about the National Pact for the Eradication of Slave Labour (http://www.reporterbrasil.org.br/pacto/listasuja/datails/984)

Can Nestlé guarantee that coffee from blacklisted plantations like Joaquim Reis da Silva and Donisete Geraldo Leite where inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, has not ended up in coffee sold by Nestlé or any of its coffee labels? (Please check off one) Yes □ No.

Comments:

See information above about the two farmers mentioned.

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Donisete Geraldo Leite’s plantation where the inspectors found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery was UTZ-certified.

What is Nestlé’s overall comment to these findings? We do not buy any UTZ certified coffee.

Is some of the coffee Nestlé buys from Brazil UTZ-certified? (please check off one) □Yes x No.

Which actions will Nestlé take to make sure that the UTZ-certified coffee Nestlé buys in the future isn’t produced in a way that violates national legislation and human rights?

We do not specifically source UTZ certified coffee

1. Which actions will Nestlé take to ensure that coffee from plantations where the Brazilian Labor Ministry’s inspectors find conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, does not end up in coffee sold by Nestlé or any of its coffee labels in the future?

Over the past years we have increased the volume of verified/certified/sustainable coffee we source from Brazil. This is in line with our overall commitments on coffee in the Nestlé in Society report: http://www.nestle.com/csv/rural-development-responsible-sourcing/nescafe-plan

We are constantly vigilant of issues such as those addressed by the Brazilian Penal Code regarding labour conditions and conduct inspections and visits as mentioned in questions (5) and (6) above. Suppliers who do not comply with our Supplier Code and Responsible Sourcing Guideline or have an action plan in place to comply with it or they will have their contracts terminated. Once an issue is identified we can also take measures to prevent coffee entering the supply chain. We will also continue building our volumes of verified/certified coffees from Brazil. We will monitor the Ministry’s inspection results and suspend/exclude farmers who are not in compliance.

1. Which actions will Nestlé take in relation to each of the Coops/exporting companies in Nestlé’s supply chain that has bought coffee from plantations where the Brazilian Labor Ministry’s inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery?

We have not found evidence of coffee in our Supply Chains coming from these particular plantations. All our Suppliers expressly acknowledge agreement to our Supplier Code, which excludes issues like these from their own operations as well as from the operations of their suppliers. Suppliers who do not comply with our Supplier Code and Responsible Sourcing Guideline or have an action plan in place to comply with it will have their contracts terminated.

1. Danwatch’ research indicates that Nestlé might have sold coffee to McDonald’s. Please confirm this by checking yes or no in the boxes. X Yes □ No (if yes, please check off the years, when Nestlé has sold coffee to McDonald’s X 2008 X 2009 X 2010 X 2011 X 2012 X 2013 X 2014 X 2015).
2. Can Nestlé guarantee that coffee from plantations where inspectors from the Brazilian Labor Ministry have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery, has not ended up in coffee sold by Nestlé to McDonald’s? (Please check off one) X Yes No.

Comments:

We have not found evidence of coffee in our Supply Chains coming from these particular plantations. Coffee supplied from Brazil is either Rainforest Alliance-certified/4C-verified/responsibly sourced.

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**Acutely toxic pesticides and other findings**

1. The cases where the Brazilian Labor Ministry’s inspectors have found conditions, which violates the Brazilian penal code, article 149 regarding conditions analogous to slavery only illustrate some of the problems facing coffee workers in Brazil. Danwatch’s research shows that as many as 40-50 percent of the coffee harvesters work without the official contracts (carteira assinada) which gives them the right to social security services.

What will Nestlé do to ensure that Brazilian coffee workers in Nestlé’s supply chain are provided with official contracts (carteira assinada)?

Work contracts of coffee harvesters are subjected to the Brazilian work law and are the responsibility of the farmers. The issue of documents such as the “carteira assinada” is a governmental affair, subjected to the Brazilian work law which we fully recognize. However, proper labour contracts are part of Nestlé’s Supplier Code, the 4C Code of Contact, the Sustainable Agriculture Network (SAN) standards, as well as all recognised voluntary standard organizations.

During farm audits performed by external parties, such as SAN, its members, 4C or Rainforest Alliance local representatives or our NQCC team, workers are interviewed and their documentation and contracts are verified.

Which actions will Nestlé take now in this regard? Please see above and refer to question (5)

1. Danwatch’ research also shows that there are problems with coffee workers receiving less than the minimum wage, too long working hours, occupational accidents, lack of protective equipment and very bad living conditions for migrant workers.

What will Nestlé do to ensure that Brazilian coffee workers in Nestlé’s supply chain are subjected to working conditions that comply with the Brazilian legislation and with human rights?

Nestlé is committed to positively influence its value chains through activities that Create Shared Value, including delivering technical assistance through our Farmer Connect programme and our own agronomists, as well as through agronomists working for partner exporters and cooperatives. Farmer Connect enables direct relationships with farmers and co-operatives so that we develop a more sustainable supply chain and drive positive change. Our sourcing staff provides services including free technical assistance and training to help meet the highest sourcing standards.

Moreover, Nestlé has commitments and activities that support the responsible farming, production, supply and consumption of coffee. In this way, we seek to improve the living standards of coffee farmers; optimise yields and increase the quality of the coffee they produce; ensure Common Code for Coffee Community (4C) verification along with other sustainability standards and promote the responsible farming production, supply and consumption of coffee.

In addition and over the past years in Brazil, we have ensured the distribution of personal protective equipment, helped improved sanitation and hygiene for farmers and farm workers, improved storing facilities for agrochemicals and trained farmers and farm workers in good and safe agricultural practices.

Which actions will Nestlé take now in this regard? See answer to question (18).

1. Danwatch’ research also shows that Brazilian coffee plantations are allowed to use pesticides that are not allowed in the EU where they are classified as acutely toxic. Some of these pesticides are fatal if they get in contact with the skin, others are mutagenic and might cause cancer. Danwatch’ research shows that many of the workers at Brazilian coffee plantations apply pesticides with no or only with inadequate personal protective gear, and that symptoms of pesticide intoxication are widespread.

What will Nestlé do to ensure that Brazilian coffee workers in Nestlé’s supply chain are subjected to working conditions that are not dangerous to the worker’s health and that comply with human rights?

Nestle supports the banning of dangerous chemicals and promotes the proper use of protective equipment. All verification/certification/sustainability schemes we are part of and implement have lists of banned pesticides/agrochemicals validated by independent organisations like the PAN (Pesticide Action Network). Their audit process checks for the use of these banned substances in the supply chains. Nestlé has worked through the IDH (Dutch Sustainable trade initiative), with other coffee manufacturers as part of the SCP (Sustainable Coffee Programme) and Brazilian entities to eliminate the use of harmful chemicals such as Endosulfan.

In addition, over the past years in Brazil, we have also worked to ensure the distribution of personal protective equipment, helped improved sanitation and hygiene for farmers and farm workers, upgraded storing facilities for agrochemicals and trained farmers and farm workers in good and safe agricultural practices.

For more details, please refer to comments in question (18).

Which actions will Nestlé take now in this regard? Same as in question (18)

Best regards,

Julie Hjerl Hansen

Journalist,

Danwatch