

## **Documentation: Responses from the companies**

### **Nestlé's reply to McDonald's, forwarded by McDonald's to Danwatch:**

"Nestlé does not purchase coffee beans from "blacklisted" plantations but produce from these farms sold to sub-suppliers could form part of our supply chain."

### **Danwatch asked Nestlé:**

*After having reviewed the survey answers sent to Danwatch from McDonald's regarding slavery-like conditions in the Brazilian coffee industry, an important new question has emerged regarding Nestlé's supply chain. It appears that Nestlé has given one answer to Danwatch and a different one to McDonald's regarding the possibility of blacklisted plantations forming part of Nestlé's supply chain.*

*In Nestlé's reply to Danwatch, Nestlé guarantees that coffee from Brazilian blacklisted plantations has not ended up in coffee sold by Nestlé or any of its coffee labels. Below is the relevant question from the Danwatch survey earlier sent to Nestlé, including the positive answer given:*

*"Can Nestlé guarantee that coffee from blacklisted plantations like Eduardo Barbosa de Mello's, where inspectors have found conditions that violate 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 one)  Yes  No."*

*However, according to McDonald's, Nestlé has stated the following in an answer to a recent inquiry made by McDonald's regarding Nestlé's Brazilian coffee supply chain (an inquiry which was made after Danwatch contacted McDonald's this fall):*

*"Nestlé does not purchase coffee beans from "blacklisted" plantations but produce from these farms sold to sub-suppliers could form part of our supply chain."*

*Please let me know no later than December 8th if McDonald's has not quoted Nestlé correctly.*

*Before this date, please also answer the following question:*

*Why has Nestlé told one thing to Danwatch and another to McDonald's regarding the possibility of coffee from Brazilian blacklisted plantations ending up in coffee sold by Nestlé?*

### **Nestlé replied:**

Thank you for the further question. It is probably just a question of timing. One of the answers is quite generalized as we were at an early stage of the enquiries. Then we provided you with more detailed specific information.

### **Other replies from Nestlé to questions by Danwatch:**

*In 2015 the Brazilian Labour 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 co-op 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.

*Some of Cocarive's members also sell coffee through Carmo Coffees, and Carmo Coffees confirms in an email that it bought coffee from the two inspected plantations up until 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 purchase 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.

...

Nestlé has zero tolerance for slavery. It is illegal and against everything we stand for. We are thus very concerned by serious allegations regarding potential instances of forced labour and poor labour conditions on some of Brazil's coffee plantations.

...

On the basis of this survey, we acknowledge that there remains more to do to address labour issues in Brazil's coffee supply chain and are grateful to Danwatch for drawing these matters to our attention. As a player in the coffee supply chain, we recognise our role in addressing them. We are determined to tackle this complex problem in close collaboration with our suppliers, whom we have contacted in connection with these questionnaires.

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We are strongly committed to ensuring that our suppliers comply with national laws and corporate principles. In addition, we require all our sourcing partners to comply with our non-negotiable Supplier Code and Nestlé Business Principles, by which we expect our suppliers to respect all human rights throughout their business activities.

...

*How could Nestlé's agronomists avoid noticing the problems at Fazenda da Pedra and Fazenda da Lagoa found by the Labour Ministry such as workers without contracts, that the plantation owner was withholding the workers official working documents, that the workers was not provided with adequate personal protective equipment, that the rooms where the workers were staying did not*

*have doors, that the workers did not have access to clean drinking water, and that they did not have access to refrigerators where they could store their food and meat, and a number of other breaches of labour rights stated in the official inspection reports from the Labour Ministry?*

*Comments:*

Our agronomists visit each farm from where we source coffee at least once a year, performing assessments on different social and environmental criteria. We are very strict with the compliance of specific criteria, for instance, good working conditions and health and safety, amongst others, which are looked at during visits that can occur at any time of the year. Both during these internal inspections and external audits, workers are interviewed and all documentation is checked. If these audits happen to take place outside of the harvest season, when labour demands are low, temporary workers are not present at the farms.

Nestlé's agronomists last visited the Fazenda da Pedra farm in August 2014 and the Fazenda da Lagoa farm in August 2015. None of these assessments showed any evidence of violations of the Brazilian labour code. In both instances, since the harvest season was already over, temporary workers were not present and houses were empty. Moreover, our August 2015 visit to the Fazenda da Lagoa farm did not reveal any evidence of misconduct as the farmer is very likely to have already taken corrective action to address the issues brought to light by the local authorities in their audit earlier in the year.

While Nestlé's agronomists do conduct regular assessments of the farms from where we source our coffee, we also rely on and work in partnership with local governments. We welcome their work to enforce labour regulations.

We received confirmation from the 4C Association that this particular coffee grower is not part of any 4C unit in Brazil. Therefore, coffee from this plantation was not part of the 4C-certified Brazilian Arabica coffee we source from Outspan.

Moreover, Olam has declared it regularly consults the Government's blacklist, which led to the removal of Neuza Cirilo Perão from the company's supply chain in 2013 after this farmer was blacklisted by the Brazilian Labour Ministry.

...

*This means that coffee produced under conditions analogous to slavery may have ended up in coffee bought and sold by Nestlé. What are Nestlé's comments to these findings?*

We are urgently working with relevant suppliers and verification partners to assess the claims being made. Most of our suppliers have confirmed that coffee from blacklisted farms has not entered our supply chain. We have also received assurances of due diligence, with confirmations to be received over the coming days. We are working closely with our suppliers to address these allegations as well as to proactively tackle these complex social and labour problems in our value chain.

...

*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?*

Nestlé 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.

....

On the basis of this survey, we acknowledge that there remains more to do to address labour issues in Brazil's coffee supply chain and are grateful to Danwatch for drawing these matters to our attention.

#### **Replies from JDE:**

"Nevertheless, we share your concern that due to the nature of how coffee is traded, we cannot guarantee that there are no labour related issues on each and every farm in Brazil from which coffee is sold to cooperatives, exporters, traders, and eventually to us. It is a long and complex supply chain, with an estimated 260,000 farmers and, despite our best efforts, it is possible that coffee from coffee farms in Brazil with poor labour conditions has found its way into our supply chain."

"Accordingly, JDE is engaged in the following to ensure that we are part of the solution to deal with this very challenging problem:

- In many instances, we purchase our coffee with third-party verification or certification to provide additional assurance that farms are complying with all relevant laws and regulations concerning the farming of coffee.

We have reached out to all of our suppliers and asked that they explain what steps they are taking to ensure that they do not purchase coffee from the "Blacklisted" farmers.

We are engaged in non-competitive activities in Brazil to address the most challenging coffee farming related issues, including but not limited to poor labour conditions. An important example is the public-private IDH Sustainable Coffee Program, where JDE and other roasters worked with the Brazilian Federal and State Governments as well as with the State Extension Services towards the development and roll-out of a National Sustainability Curriculum. In this Curriculum, key social, environmental and economic issues are thoroughly addressed in the coffee producing areas."

**Danwatch's question to Mother Parkers:**

Can Mother Parkers guarantee that coffee from blacklisted plantations like Eduardo Barbosa de Mello's, where inspectors have found conditions that violate the Brazilian penal code, Article 149, regarding conditions analogous to slavery, has not ended up in coffee sold by Mother Parkers or any of its coffee labels?

**Reply from Mother Parkers:**

In preparing to respond to the request for information from Danwatch, we have received a very thorough response from Cooxupé, a version of which has also been sent directly to Danwatch. This response clearly and definitively explains the controls in place that ensure coffee supplied to Mother Parkers and our customers by Cooxupé is protected from sources either under suspicion or convicted of any activities deemed illegal under Brazilian law.

**Reply from Dunkin' Donuts:**

*Can Dunkin' Donuts guarantee that coffee from blacklisted plantations like Eduardo Barbosa de Mello's, where inspectors have found conditions that violate the Brazilian penal code, Article 149, regarding conditions analogous to slavery, has not ended up in coffee sold by Dunkin' Donuts? (Please check off one)  Yes  No.*

Dunkin' Brands will continue to communicate and enforce our code of conduct standards throughout our coffee supply chain. Any material breach of this Code that does not have an immediate corrective action plan would result in termination of the supplier's approval status.

...

At Dunkin' Brands we are committed to treating everyone with respect and fairness, from our employees and franchisees to the farmers and workers that provide our coffee and other ingredients. Dunkin' Brands code of conduct stipulates that suppliers must comply with all laws, ordinances, rules, regulations, and orders of public authorities pertaining to the maintenance and operation of the business that supplies products or services to the Dunkin' Brands system. Suppliers must not use forced labour, indentured servitude, violence, physical punishment, confinement, or other forms of physical, sexual, psychological, or verbal harassment, intimidation or abuse.

....

Dunkin' Brands will continue to communicate and enforce our code of conduct standards throughout our coffee supply chain. Any material breach of this Code that does not have an immediate corrective action plan would result in termination of the supplier's approval status.

**Reply from McDonald's:**

We take your inquiry very seriously and will not knowingly serve coffee sourced from a farm where the government has found the farm guilty of using slave labour. We have zero tolerance for any such slave labour in our supply chain. If we determine that any coffee in our supply chain

results from any such slave labour, we will take immediate action to ensure that this does not continue.

We have surveyed our suppliers and relevant certification organizations. They have advised us that, according to their due diligence, the conditions highlighted in your survey are not present in McDonald's supply chain.

**Reply from Starbucks:**

"Carmo Coffee has a supply chain participating in C.A.F.E. Practices, which was last audited between May-June 2015, however Starbucks has not purchased or received coffee from the two farms mentioned in your questionnaire and they are no longer in the Carmo Coffee supply chain.

Cooxupé has a supply chain participating in C.A.F.E. Practices which was last audited between June – September 2015, however coffee from the specific farm referred to in your questionnaire has not been included in any shipments to Starbucks. We have once again deployed third party verifiers to this supply chain in order to evaluate current conditions and ensure compliance to our standards before making any purchasing decisions.

Because Starbucks sources 99% of its coffee through C.A.F.E. Practices, we know the names of all farms that may potentially supply to Starbucks."

**Reply from Illy:**

*"What is Illy's overall comment to these findings?"*

This is a reason why we use to buy coffee only by known farmers that we visit regularly."

**Reply from Volcafe:**

Cocatrel is one of the largest cooperatives in Brazil, comprising several thousand individual farmers and plantations. Cocatrel receives over a million bags of coffee each year from these several thousand farmers. I can confirm we bought coffee from Cocatrel between 2008 and 2015 but have yet to receive any evidence that the coffee we bought from Cocatrel included coffee from Eduardo Barbosa de Mello's plantation.

...

We take the issue of sustainable and ethical practices in our supply chain or any allegation of improper conduct on the part of our suppliers very seriously. As such, we have taken the precaution of launching an extensive and thorough internal investigation into these claims.