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REPÓRTER BRASIL

# “CERTIFIED COFFEE, RIGHTLESS WORKERS 2”

**From farms to large retailers, Repórter Brasil shows the tortuous path linking coffee workers’ exploitation to global consumers**

# MONITOR #10


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# INTRODUCTION

This report addresses labour and human rights violations that affect coffee workers in Brazil, the world's largest producer and exporter. In addition, the investigation also maps connections between the product and major multinational companies in the coffee supply chain – including, at its final end, large European retailers that use imported coffee in their private labels.

Part of this research is the result of a field trip to southern Minas Gerais in the second half of 2020. The report also provides updated macroeconomic data about coffee produced in Brazil.

As a result of months of investigation, it also points out concrete examples of crimes and irregularities – including slave labour – that are directly or indirectly linked to the business chains of local buyers, exporters, roasters and, finally, top world retailers.

The findings show that there is still a long way to go to guarantee a supply chain that ensures decent working conditions and wages for coffee workers.

## AN OVERVIEW OF THE INDUSTRY

### BACKGROUND

Brazil is the world's largest coffee producer and exporter. Three out of every five cups of coffee consumed in the world come from Brazilian farms. In 2019, the country accounted for 34.7% of the world's production.[1]

Coffee farming in Brazil started in the 18th century, with seedlings brought from French Guiana to the state of Pará. It found ideal soil in the Southeast region and was the country's economic driver after the so-called Gold Cycle at the turn of 19th century.

During the period known as the Old Republic, between the late 19th century and the early 20th century, coffee was Brazil's main export product. That is when the country underwent its urbanization process, expanding rail lines and modernizing ports to facilitate transportation of coffee production.[2]

From 1880 to 1881, the country produced 3.7 million 60-kilogram sacks of coffee. Ten years later, between 1890 and 1891, production reached 5.5 million sacks and jumped to 16.3 million in the 1901-1902 harvest.[3]

With the fall in international prices and the country's surplus production, the coffee industry collapsed. In 1929, a year marked by crisis and the crash of the New York Stock Exchange, Brazil produced 28.9 million sacks of coffee but exported only 14.2 million.

Despite the crisis, Brazilian production remained relevant in the world market[4] – and it still is, despite the emergence of other producing hubs in Latin America, Africa and Asia.

### INDUSTRY FIGURES

In 2019, 3 million tonnes of coffee were produced in Brazil – or 50 million sacks. Of the total harvested, 2 million tonnes were of the arabica type, the most consumed coffee variant in the world, and 915.900 tonnes were of canephora, also known as conilon or robusta – widely used to produce instant coffee.[5]

Coffee plantations covered 1.8 million hectares – 990,800 million in Minas Gerais alone, followed by Espírito Santo, with 379.1 million hectares. The two states are the largest producers in Brazil. Of the total coffee output in 2019, 49.7% was harvested in Minas Gerais and 26.2% in Espírito Santo, which produced 1.4 million and 789,600 tonnes, respectively.[6]

Preliminary figures for the 2020 harvest show that production was larger than that of the previous year: between 57 and 62 million sacks of coffee grown on 1.88 million hectares.[7] Increase in production from one year to the other is explained by the two-year cycle of Brazilian production, which alternates larger and smaller harvests. This is due to the characteristic of the country's plantations, which produce in full sun and need to recover between harvest seasons.

## PRODUCTION HUBS

Of the 1.49 million tonnes of coffee produced in Minas Gerais in 2019, 1.47 million were of the arabica type – which accounts for 70.6% of domestic output.[8] Production hubs in the state are the regions of Matas, Cerrado, Mantiqueira, Chapada, and Southern Minas Gerais.[9]

In the same period, 81% of the coffee produced in Espírito Santo was of the conilon variety. Nationwide, the state accounts for 69.8% of the production of that type of coffee.[10] Its production hubs are the state's North region, known as Conilon Capixaba, and the southern Mountains of Espírito Santo.[11]

Coffee production is also relevant in São Paulo, Bahia and Rondônia. In 2019, the state of São Paulo harvested 290,400 tonnes. Its production was concentrated in the regions of Mogiana and Centre-Western São Paulo. In Bahia, which harvested coffee on 180,200 hectares in 2019, production zones are located in the Plateau and Cerrado areas. In Rondônia, which harvested 137,100 tonnes of conilon coffee, production takes place on small properties spread all over the state.[12 13]

## EXPORT FIGURES

Coffee remains as one of the top Brazilian export products. Trade in unroasted coffee ranked 11th among Brazilian exports in 2020, together with fuel oils from petroleum. This accounts for 2.4% of the country's total foreign sales. Coffee ranks 8th among agribusiness export items.[14]

Brazilian coffee exports between January and December 2020 totalled US$ 4.9 billion. During that period, 2.3 million tonnes of coffee were traded worldwide – or 39.7 million sacks.[15]

As the world's largest producer, Brazil is followed by Vietnam and Colombia, with 30.7 and 14.1 million sacks, respectively, according to data from 2019. Brazilian production in that year was 58 million sacks of coffee.[16]

The United States and Germany are the two main destinations for Brazilian coffee. They account for 18.19% and 16.86% of exports, respectively. Belgium (8.24%), Italy (7.27%) and Japan (5.11%) complete the list of major importers. These countries receive international shipments at their ports but are not necessarily the final destinations for consumption of processed coffee.[17]

## COFFEE SUPPLY AND ITS CONNECTION WITH GLOBAL MARKETS

Brazil's coffee industry includes 264,200 rural establishments, of which 188,300 produce arabica coffee and 75,900 work with conilon. Arabica production in Minas Gerais concentrates most of these establishments: 119,700, according to data from the 2017 Agricultural Census.[18]

The coffee harvested on the properties is passed on to producer cooperatives, local trading warehouses known as "brokers," or coffee trading companies that include multinational groups such as Singapore-based Olam International and Germany's Neumann Kaffee Gruppe (NKG). In the next stage, green coffee beans are sold to roasting and grinding industries and to instant coffee producers.[19]

Exports may occur in various ways: directly between industries and producers, sold by producer cooperatives, or intermediated by coffee trading companies.

In the domestic market, the largest companies linked to the Brazilian Coffee Industry Association, which represents roasting and grinding industries, are 3Corações, Jacobs Douwe Egberts Brasil, Indústria de Alimentos Maratá, Melitta do Brasil and Mitsui Alimentos.[20] In February 2020, the 3corações group acquired Mitsui Alimentos' roasted and ground coffee division.[21]

OLAM facilities at São Sebastião do Paraís, MG

# WORKING CONDITIONS

Despite being a world reference, the industry is still pervaded by labour irregularities. In addition, cases of slave labour are still found virtually every year during federal government inspections, harvest after harvest.

Information gathered by Repórter Brasil shows that these cases include farmers supplying companies and cooperatives that are part of the business network of large global retail chains.

## TYPES OF LABOUR VIOLATIONS IDENTIFIED

- ***Employing unregistered labour***
- ***Failing to pay legal benefits***
- ***Noncomplying with the rules for agrochemical use***
- ***Failing to provide Personal Protective Equipment (PPE)***
- ***Providing precarious accommodation***

## SLAVE LABOUR

From 2016 to 2020, 700 workers were rescued from slave labour in 46 different coffee farms. In the same period, across the country, 4,564 slave workers were rescued in all economic sectors and activities. In 2019 alone, 106 workers were rescued from 12 properties dedicated to coffee farming. In 2020, 140 workers were rescued in the coffee sector. The inspection and rescue operations took place on nine farms.[22]

According to Article 149 of Brazil's Penal Code, slave-like labour includes four elements: forced labour, debt bondage, strenuous working hours, and degrading conditions. Any one of the four elements is enough to configure the crime, whose penalties includes fines and 2-8 years' imprisonment.[23]

Larissa Goulard, network coordinator at the Reference Centre in Human Rights in Southern Minas Gerais (CRDH Sul de Minas), says that the problem is even more serious than that revealed by official statistics on workers rescued. “Lack of reporting is a major obstacle to combat slave labour crimes. Even so, our region has one of the highest rates of slave labour in Brazil, mainly in coffee plantations.”

In coffee farming, slave labour affects especially migrants, who work during harvest season from April to September. Coming from the state of Bahia and the Jequitinhonha Valley area in northern Minas Gerais, workers arrive in groups, enlisted by labour middlemen known as “cats.” “In these areas, there is less money in circulation and lower access to education. People will migrate to work in whatever job they can find,” says Leandro Marinho, a labour inspector in Varginha (MG).

João*, 32 years old, is an example of a person who migrates to work in coffee farming every year. Born in Cristália, in the Jequitinhonha Valley, he says that this is his best source of income, since opportunities near his hometown are scarce. “Here, most of the jobs are in coal, and it’s very hard work, so people from Cristália, Grão Mogol and Botumirim always work in the coffee harvest in southern Minas Gerais.”

He was rescued from slave-like labour during an inspection operation in July 2018. As he recalls, upon arriving at the property recommended by another colleague who had already worked there, he was faced with very precarious accommodation. “There was no house, there was no mattress. We had to buy everything,” he recalls.

In addition to mattresses and food, workers were forced to buy portable machines that help in harvesting coffee, known as derriçadeiras, incurring debts of R$ 2,500-R$ 3,000 before they even started harvesting. “Machine, maintenance, gasoline. We had to buy everything. We also had to pay for food. I wasn’t registered either, and they had promised formal contracts,” says João*.

“The middleman himself encourages the workers to buy portable harvesters and then takes them to a store he knows, which sells on credit,” points out labour inspector Leandro Marinho. In a quick search on the internet, it is possible to find that machine for less than R$ 700.00. “It’s a work tool, which should be provided to them, and it’s not being provided. If employers want faster harvests, they should supply the equipment.”

Marinho says that lack of access to drinking water or toilets and poor accommodation characterize most rescue cases in rural areas. “You’ll find permanent farm workers in bad houses, with accrued vacations, etc., but the worst accommodations are those for migrant workers, who usually stay in abandoned houses. Someone just brooms it quickly and that’s it,” he explains.

João* never stopped harvesting coffee, even after the rescue. He says conditions have changed little since the operation that rescued him three years ago. “Things remain pretty much the same in the industry.”

Precarious work is not exclusive to migrant labour. Labour Prosecutor Letícia Moura Passos Soares, from Varginha (MG), took part in two inspection operations that rescued workers between July and August 2020. In one of them, the workers had come from a poor village near the farm.

“Employers usually don’t care about who provides the service. They just want the job done,” says Passos. “What happens? A middleman goes to the village’s square and recruits people. He sets the payment for their harvest work and people go. It’s all informal. When that happens, everything already started wrong.”

Without labour monitoring, the industry is open to child labour. “It happened in one of the farms inspected in the presence of the prosecutors. There were three teenagers between 14 and 15 years of age,” she explains. Farm work is considered one of the worst forms of child labour, according to the International Labour Organization.[24]

In the other operation, 13 workers from towns in Bahia were rescued from slave-like conditions. The facility adapted as accommodation was located next to the corral. “Everyone was sort of huddled up there,” she recalls. “They were already highly indebted and no PPE had been provided.”

A new profile of harvest workers comes to the attention of labour inspector Leandro Marinho. In previous seasons, they used to be mostly single men. Now, entire families started to work in harvest, especially young couples. Fathers go to work while older children look after the little ones and mothers cook. “They used to pile up employees. Now, they pile up employees and their families,” Marinho observes.

## LABOUR VIOLATIONS ON CERTIFIED PROPERTIES

Although slave labour is common on certified properties, these farms are not free from other labour irregularities, according to labour inspector Humberto Monteiro Casmamie, head of the Mobile Inspection Group of the state of Minas Gerais. "Payment below what had been agreed, bad food, no PPE and no toilets are some of the violations found in large farms," he says.

In December 2016, Repórter Brasil released a study on several labour irregularities on certified coffee farms, including unregistered workers, illegal wage discounts and disregard for safety standards.[25] In addition, farm owners certified by UTZ, Rainforest Alliance and Starbucks's C.A.F.E. Practices have been fined in recent years for keeping workers in slave-like conditions.

The cases analysed by Repórter Brasil in 2020 also involve owners of certified farms that supply coffee to retail chains in Brazil and abroad [see more in the chapter on CASE STUDIES].

## INFORMAL LABOUR

Estimativas de 2014 indicavam qEstimates indicated that six out of 10 coffee workers were unregistered in 2014.[26] There is no recent research to confirm changes in this scenario. The general numbers on informal work in Brazil show that informality has been on the rise, reaching 41.1% of the employed population in 2020, or 38.4 million people.[27]

The share of registered seasonal workers is still small in the coffee sector. According to data from 2017, only 16% of farm workers had contracts that lasted up to 5.9 months, which is the duration of the coffee harvest season.[28]

Union leader Jorge Ferreira dos Santos explains that informality takes away workers' basic rights. "Workers lose vacations, 13th salary, paid rest periods, and also the possibility of retiring with a pension. If they have an accident while working in coffee, no one is going to have that family's back. From a more humane point of view, such coffee creates poverty."

Jorge dos Santos is the leader of the Coordination of Rural Employees of the State of Minas Gerais (ADERE) and has been following the progress and setbacks of the state's coffee industry for 14 years – especially in southern Minas Gerais, Brazil's largest producing area.

"During harvest season, you have, say, 2,000 workers in a given municipality. In the off-season, that number falls to 600 workers. Both producers and workers know that there is a reserve labour pool. Workers know that the season is over, jobs are over, so they won't run any risks and then they end up accepting

Rural workers in a coffee farm

the conditions imposed by employers," dos Santos concludes.

Unregistered labour does not occur only among harvest workers during harvest season. Labourers are also hired on a daily basis for different tasks in coffee plantations and are usually not registered. They are known as diaristas (day labourers) or turmeiros (group workers) – in the latter case, when the job involves a fixed group that wanders from farm to farm.

Idomeno José de Andrade, 60 years old, has worked as a day labourer in Minas Gerais's coffee farms since 1988. However, he was formally registered only during a short period – 12 years. "Today, it's hard for me to retire because I wasn't registered," he says.

Not even union leaders, who understand the irregularity of informal labour, escape that reality. This is the case of Roberto de Souza Costa, president of the Union of Rural Workers of Ibiraci, in southern Minas Gerais. He earns about R$ 70.00 per day worked. "You have no other option. If you ask the boss to register you, he'll say it's expensive and won't do it," Costa says.

The municipality of Ibiraci has had the highest number of notifications for slave labour since the beginning of the time series in 1995 – a total of 185 cases.[29]

Even with the pandemic, some 2,000 migrant workers came to town for the 2020 coffee harvest. In 2019, they were 6,000 – almost half of the local population of about 14,000.[30] "We estimate that farm owners have registered less than 10% of seasonal workers this year," the union leader says.

In Ibiraci, workers are staying more often in houses in town rather than in farm accommodation. "Employers now avoid leaving people in the farms. Nowadays, they pile up migrants from Bahia in houses here in town," says Eliane dos Santos, vice-president of the rural workers union in Ibiraci.

Idomeno José de Andrade, coffee worker at 60 years old

## LABOUR LAW FRAUD

Some of the labour rights guaranteed by Brazilian law include maximum 44 weekly working hours, paid vacations, paid rest on Sundays, paid overtime, unemployment insurance, paid sick leave, and severance payment in case of dismissal. Employers must pay other mandatory benefits such as social security contributions and the so-called Time of Service Fund (FGTS).

In the coffee sector, both permanent and seasonal workers are often registered with wages below what is actually paid. That is a maneuverer to reduce employers' expenses. "The worker produced[31] R$ 2,000.00, but his paycheck says R$ 1,045.00 [Brazil's minimum wage in 2020]. Then his 13th salary and Time of Service Fund benefits will be calculated over R$ 1,045.00," says Jorge dos Santos, from Adere-MG.

According to reports by union leaders, labour inspectors and labour lawyers heard by Repórter Brasil, it is also common for registered employees to have accrued vacations and not be paid their overtime correctly. There are still cases in which employers do not pay their duties related to employers' basic benefits – FGTS and social security contribution.

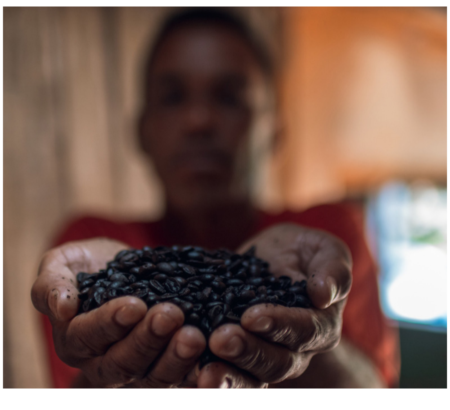
Jorge dos Santos, unionist in Minas Gerais

# PRECARIOUS ACCOMMODATION

Precarious accommodation is not exclusive to seasonal workers. In some coffee farms, permanent workers often live within property boundaries. In 2020, Repórter Brasil visited some examples of houses where lack of maintenance and water shortage were constant.

Since April 2019, 49-year-old Mário* has lived with his wife in a house on a coffee farm in Jesuânia, southern Minas Gerais. The farm supplies coffee to the Regional Cooperative of Coffee Farmers of the Verde River Valley (Cocarive), based in Carmo de Minas. The cooperative informed Repórter Brasil that it had not been notified about alleged illegal practices on the property.

The farm owner discounts part of Mário's wages to pay for rent but does not commit to doing the necessary maintenance on the house. When the couple moved to the farm, they went two months without electricity. "The people who used to live here didn't pay their bill and the company cut off the electricity supply. I'd ask him to leave work early to solve the problem, but he wouldn't let me. It took a long time for him to solve that situation," he says.



In addition to lack of electricity, the couple and other workers who live on the farm face water shortages, even during the pandemic. In October this year, Mário* and his wife were in contact with a person who later tested positive for Covid-19, and they were told to isolate at home. "I spent two days without water in that period," he says. "When I went to complain, the boss got mad at me and said he was going to settle our accounts so we could leave."

## DISREGARD FOR AGROCHEMICAL APPLICATION RULES

Coffee workers from properties where labour irregularities were found told Repórter Brasil that they had never been provided with full Personal Protective Equipment (PPE).

During harvest, PPE includes gloves, boots and leg protectors to prevent snake bites. In the rest of the year, lack of equipment compromises workers' health, especially when agrochemicals are applied.

Camila* and the couple Maria* and Junior* worked on the same coffee farm in São Tomás de Aquino, southern Minas Gerais, for six, five and eight years, respectively. They left in February this year and now they have gone to court to be paid for overtime and other labour rights denied during that period. Despite being permanent workers, they were never registered.

They had to bring their own work tools, food and water from home. In addition, they were often exposed to poisons applied to the plantation. A video recorded by Camila* shows a tractor spraying it on coffee trees next to where the group worked. "We used to take poison showers," she recalls.

Junior* was also in charge of applying agrochemicals with a sprayer attached to him, backpack-style. He says that headaches were common after doing that. "I used to work with the Roundup poison sprayer.[32] Sometimes it would break and I'd go to the supervisor and say: 'Look, this sprayer is not working.' It was as good as saying nothing. He just wouldn't change it."

Fertilizer application by tractor

## BUDGET CUTS COMPROMISES ENFORCEMENT

Recent cuts on the budget of the Ministry of Economy's Labour Inspection Secretariat (SIT) and reduction in the number of labour inspectors for field inspections compromise the fight against labour violations and slave labour in Brazil.

The scenario has been worsening since 2017 under Michel Temer's administration, which reduced the money for inspections against slave labour by up to 70%.[33] The Bolsonaro administration imposed the worst cut since 2013, when the time series began. For 2021, R$ 24.1 million were earmarked for operations to enforce occupational health and safety rules and labour benefits, and for combating slave labour.[34]

In Minas Gerais, labour inspector Leandro Marinho says that the agency is understaffed and cannot investigate all complaints. "Regarding the number of inspectors, the situation is critical," he says. "In January 2007, when I joined the agency, we had 14 inspectors for 47 towns. We are now eight inspectors for 52 cities. And the budget for displacements is getting smaller every year."

Even with budget cuts and the pandemic, 2020 saw a slight increase in the number of workers rescued from coffee farms compared to the same period in 2019: 140 people were rescued in 2020, over 106 in the previous year.[35]

Federal labour inspector Leandro Marinho

## COFFEE HARVESTING IN THE CONTEXT OF COVID-19

In May 2020, the state of Minas Gerais enacted a specific law on coffee farms, which provides for the adoption of measures to protect harvest workers.[36] The state-owned Technical Assistance and Rural Extension Company (Emater-MG) published a booklet with guidelines for preventing the new coronavirus during harvest season.[37]

Photo of workers at rest without a mask

"None of that was observed in the inspections I took part," says Varginha Labour Prosecutor Letícia Moura Passos Soares. "Nobody was wearing masks. There was no distancing, buses were not being cleaned. Absolutely nothing. No control whatsoever, no guidance."

Labour Prosecutor Letícia Moura Passos Soares

# IMPACTS OF LABOUR REFORM

Izídio dos Santos

***Drastic drop in union funds***

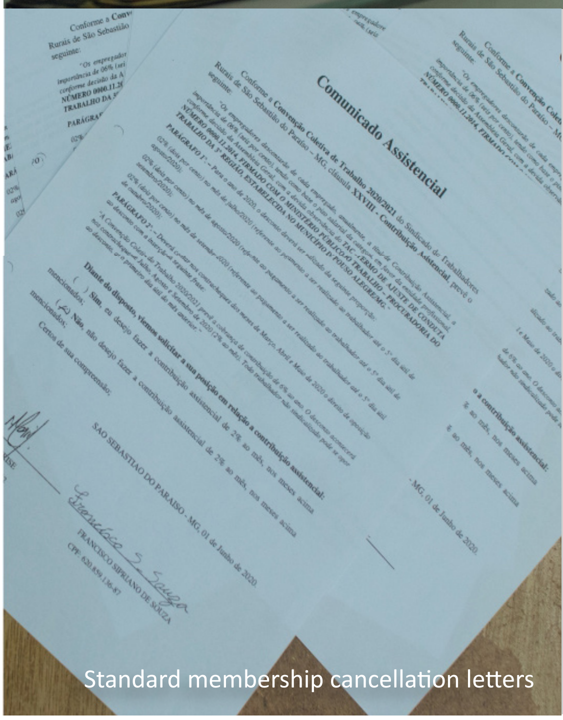
*The end of mandatory union contributions, which came into force with the labour reform approved in November 2017, profoundly changed union organization in Brazil, especially in rural areas. Between 2017 and 2019, revenues from the so-called union tax are estimated to have fallen by 96%.91*

*"We had eight unions in this area, but only two are still operating, and they are falling apart. This one won't last six more months," says Izidio Barbosa dos Santos, president of the Union of Rural Workers of São Sebastião do Paraíso (MG). "At some point the union used to receive R$ 40,000 a year in contributions. In 2020, it received R$ 348.00. I don't even know these enlightened people who contributed," explains Izídio dos Santos. About 1,600 people work on coffee farms in the municipality.ossui cerca de 1,6 mil trabalhadores em fazendas de café.*

Eliane dos Santos

***Cancelling membership***

*A strategy to drive workers away from unions has been implemented in southern Minas Gerais, Brazil's largest coffee producing hub. According to union leaders interviewed by Repórter Brasil, accounting firms hired by landowners write standard membership cancellation letters for workers, who just have to sign them and deliver them to their unions.*



Standard membership cancellation letters

*Their purpose would be to demobilize the category and weaken union work. "I'm not even sure if workers know what they are signing. When they come to bring the document here, we try to talk them out of it, but it's no use. They already have their minds made up against the union," says Eliane dos Santos, a union leader in of Ibiraci (MG).*

*Roberto de Souza Costa, the president of the rural workers union in Ibiraci, explains: "Accounting firms tell them: 'You don't need the union anymore. If you need to terminate your contract, to retire, you don't have to go to the union. What do you need the union for?' Then, when harvest season ends, they settle everything within companies, which cheat on their employees, and then the workers come here with their termination papers signed without understanding anything. I show them they have accrued vacations and other unpaid benefits, and they ask me: 'What should I do now?' Then I show them their letters cancelling union membership, and that's when they realize it."*

## WAGES DO NOT PROVIDE FOR LIVING INCOME

A living wage is one that guarantees workers' autonomy and allow them to provide their families with decent lives. According to the Global Living Wage Coalition, a living wage includes food, water, housing, education, health care, transportation, clothing, and other essential needs as well as provision for unexpected events.

Few coffee producing municipalities have their own labour collective agreements. When there is such an agreement, the base salary is very close to the national minimum wage. In 2020, when Brazil's minimum wage was R$ 1,045.00, coffee workers used to earn something between that and R$ 1,130.00. For 2021, the government established a minimum of R$ 1,110.00 – R$ 2.00 below the figure corrected for inflation.[38] With the end of the government's minimum wage increase policy, families' purchasing power has been directly affected.

Registered workers in southern Minas Gerais – the largest coffee production hub in Brazil – earn about one minimum wage. For employees who live within coffee properties, around 20% is discounted to pay for rent, water and electricity.

"What is left is something around R$ 800.00," Jorge dos Santos estimates. "That's not a salary that values your work so you can improve your social situation, so you can progress in life. Just look at the outskirts of cities that produce coffee. People are not going forward, unfortunately."

On the other hand, the last harvest was better than the previous one. Even with the novel coronavirus pandemic, international coffee prices remained high in 2020, varying between R$ 590.00 and R$ 620.00 per sack.[39] The pattern of rising prices remains in 2021. On January 8, arabica coffee was sold at R$ 625.71 per sack.[40]

"Ten years ago, they used to sell coffee at R$ 200.00 or R$ 280.00. Workers were paid R$ 10.00 per measure. In 2020, coffee reached R$ 612.00 and they still paid the same R$ 10.00 per measure," the union leader says.

"When we have hearings, employers often argue that the industry is undergoing a crisis, but what happens when the industry makes big profits? Weren't they supposed to provide more benefits?,"

Aerial view of a coffee farm in São Sebastião do Paraíso (MG) prosecutor Soares asks.

In June 2020, certifier Rainforest Alliance developed a methodology for rural producers to know how far they were from optimal earnings and could calculate what a living wage would be in their towns.[41] Paying living wages, however, will not be a criterion for granting the certification label.

Rainforest Alliance and UTZ are among the largest socio-environmental certifications in the world and started merging in 2017. The new brand will retain only the former name.

In April 2016, the Global Living Wage Coalition published a study conducted in Minas Gerais municipalities around the Guaxupé and Alfenas area. The organization estimated the gross living wage for the south and southwest of the state at R$ 1,629.00. At the time, the minimum wage – and the base salary for workers in the industry – was R$ 788.00,[42] that is, less than half that amount.

# CASE STUDIES

This chapter describes specific cases of labour irregularities and slave-like labour found in coffee farms. Repórter Brasil investigated the connections between these properties and retail chains in Brazil and abroad.

## CASE 1 – CÓRREGO DA PRATA FARM

The Córrego da Prata Farm in Muzambinho, southern Minas Gerais, belongs to Maria Júlia Pereira, who owns another coffee estate in Nova Resende, 37.5 km away from Córrego da Prata. She is the former sister-in-law of Federal Deputy Emidinho Madeira (PSB). Madeira's father Emídio Madeira owns two coffee farms where cases of slave labour were found in 2015 and 2016.[43]

### THE PROBLEMS

In July 2018, an inspection operation found 15 people, including a 17-year-old teenager, working in slave-like conditions on the farm's coffee harvest.[44] At the time of the rescue, they told Repórter Brasil that they used to work from 6 am to 10 pm. The group had come from Minas Gerais's Jequitinhonha Valley area and they said that they had not have a single day off during the 90 days they worked there, and they only stopped harvesting coffee on rainy days. "And if we stopped, the boss would get angry," one of the workers said during the inspection operation.[45]

At the time of the rescue, the property was leased to Elias Rodrigo de Almeida, who was notified by the operation and included in the "dirty list" in April 2020.[46] According to the inspection, he used to keep 80% of the coffee produced while the remaining 20% were passed on to the farm owner.

While Maria Júlia Pereira was not notified, workers interviewed in November 2020 by Repórter Brasil claim she used to pay them. They also say that the Córrego da Prata Farm was a supplier of coffee seedlings to be replanted on other properties belonging to her.

João*, 32 years old, was among the people rescued in 2018. He says the housing conditions were precarious. "When we got there, there was no house, there was no mattress. We had to buy everything," he recalls.

In addition to mattresses and food, workers were forced to buy portable machines that help in harvesting coffee, incurring debts of R$ 2,500-R$ 3,000 before they even started harvesting. "Machine, maintenance, gasoline. We also had to pay for food. I wasn't registered either, and they had promised formal contracts."

In addition to the slave labour

case, Maria Julia Pereira is a defendant in other labour-related lawsuits. One of these lawsuits was filed by a 42-year-old worker named Marcelo.* According to his report, he worked as a daily labourer on the property from May 2018 to June 2019. He used to perform several tasks such as planting coffee seedlings, applying agrochemicals, harvesting and doing maintenance in the property.

When he was fired, he says, he was given his own work papers back, which the employer had been keeping. However, only a 45-day period had been registered on it, rather than the 13 months he had worked on the farm as a permanent employee. In the lawsuit, the worker seeks acknowledgement of the employment relationship for all months worked and payment of overtime.

In addition to working unregistered, Marcelo* states that his working hours were similar to those of workers rescued in 2018 during the coffee harvest, with daily shifts of up to 12 hours.

He used to earn R$ 1,045.00, the minimum wage for the category, and claims he was never paid for overtime. “In most farms where I lived, you’d get everything right. Not there. Sometimes they’d pay half a month together with another month. It was always a mess, confused,” he says.

In the lawsuit filed by Marcelo* against Maria Júlia Pereira at the Labour Court of Guaxupé, the judge ruled in favour of the employer in November 2020.

According to Celso Antônio Barbosa Júnior, a lawyer representing Marcelo,* during the hearing with the judge, the worker was unable to prove that he had worked on the farm on a permanent basis. The lawyer explains that proving workers’ claims is one of the most difficult parts of the process. “It’s very hard to bring witnesses in these cases. Some people are afraid to testify because they think they won’t be able to get a job afterwards.”

## WHAT THE FARM OWNER SAYS

At the time of the rescue operation, in August 2018, Maria Júlia Pereira sent a note to Repórter Brasil, through her lawyer Thiago Dini, in which she claimed to have bought the farm in late 2016 and leased it in December of the same year to Elias Almeida, and that she was “unaware of any procedures and occurrences on that property.” The lawyer, who also represents Almeida, said that he had “outsourced personnel” and that he was “a victim, just like the other workers.”47 In October 2016, Almeida signed a Conduct Adjustment Agreement with the Labour Prosecution Service in Minas Gerais (MPT-MG).[48]

In February 2021, Maria Julia Pereira’s lawyer reported to Repórter Brasil that the property continued to be managed by Elias de Almeida until October 2019, when the lease agreement ended.

After that, she resumed the management of the farm, which came to be called Santa Rita das Paineiras. Her lawyer denies workers’ reports that Córrego da Prata was jointly managed by Elias de Almeida and Maria Júlia Pereira. “While the lease contract was in force, Maria Júlia did not visit the site and did not know how it was managed,” he says. “You can’t hold someone accountable for something she wasn’t even aware of.”

## CERTIFICATIONS

In 2019, Maria Julia Pereira’s Boa Vista/Coutinho Farm, in Nova Resende, was granted Starbucks’s C.A.F.E. Practices certification. The farm is part of a selected group of certified properties that supply coffee to trading company Exportadora de Café Guaxupé, according to the company itself.

The Santa Rita das Paineiras Farm – Córrego da Prata’s new name – has also held the UTZ certification since 2019. In April 2020, Elias Rodrigo de Almeida, then the property’s lessee, was included in the “dirty list” due to the 2018 slave labour case.

## SUPPLY CHAIN

Maria Julia Pereira sells her farms’ coffee production to trading company Exportadora de Café Guaxupé. The company confirmed that it bought her coffee from the Boa Vista/Coutinho Farms, in Nova Resende, in 2019, and Santa Rita das Paineiras, in Muzambinho, in 2020.

The trading company also stated that it has never sourced coffee from the farm where slave labour was found. On an email, João Paulo Custodio de Brito, head of the company’s Sustainability Department, said: “We have never purchased coffee from the Córrego da Prata Farm or from producer Elias Rodrigo de Almeida.”

## CASE 2 – THE CASTELHANA AND ALVORADA DO CANTA GALO FARMS

The Castelhana Farm is located in Monte Carmelo (MG) and belongs to producer Diogo Tudela Neto. The property has 1,200 hectares and produces an average of 20,000 sacks of coffee a year. The Alvorada do Canta Galo Farm is located in Campos Altos, in the Upper Paranaíba area (MG). Its owner is José Maria Domingos da Silva.

## THE PROBLEMS

Both properties have undergone inspections in the past two years. Unregistered workers were found at Castelhana, among other irregularities. At Alvorada do Canta Galo, in turn, dozens of people were rescued from slavery.

In July 2020, a team from the Mobile Inspection Group of the Minas Gerais Labour Superintendence found 81 unregistered seasonal workers at Castelhana. They had left the town of América Dourada in Bahia to harvest coffee and had been working on the property for 37 days without any payment.

The irregularities found at the site include unrecorded work hours, charging for work tools such as gloves used in harvest, no paid weekly rest, and lack of toilets and washbasins at work fronts.

The inspection carried out at the Alvorada do Canta Galo Farm took place a year earlier. In August 2019, 51 workers – including three teenagers aged 17, 14 and 13 – were rescued from slave-like conditions at the farm. They were also migrants, had no formal contracts, and were paid less than the minimum wage. Still, they used to pay about R$ 300.00 per month for rented rooms in town. The accommodation was divided between whole families and single workers.

There was no bathroom, drinking water or Personal Protective Equipment (PPE) at work fronts. There was no place to eat either. After the rescue, the employer signed an agreement with the Public Prosecution Service (MPT) and paid R$ 363,000 as compensation for individual moral damages and R$ 500,000 for collective moral damages.[49]

## WHAT FARM OWNERS SAY

Repórter Brasil contacted the Tudela Castelhana Coffee group owned by producer Diogo Tudela Neto by email and telephone but received no reply until this report was closed. We were unable to hear producer José Maria Domingos da Silva. He was contacted by Reuters after the rescue but declined to comment.[50]

## CERTIFICATIONS

The Castelhana Farm displays UTZ and Rainforest Alliance logos on its website. In response to Repórter Brasil, UTZ stated that the property's certification has expired. Its Rainforest Alliance license, in turn, has been suspended.

## SUPPLY CHAIN

Ambos os fazendeiros são for-
Both farmers are suppliers of trading company Nutrade Comercial Exportadora, a member of the Nucoffee program – the name given to Syngenta's coffee division.

Diogo Tudela Neto made sales to the company in August and November 2020. That is, shortly after labour inspectors found 81 unregistered workers on his farm.

Syngenta – Nutrade's owner – stated that it follows the case of Diogo Tudela Neto and that it pays close attention to "the process of regularization by the producer and the possible developments and resolutions of this case to be able to take the necessary measures."

José Maria Domingos da Silva traded coffee with Nutrade in 2020 and 2019 – also after the inspection operation that found, in his case, slave labour. Regarding this supplier, the multinational stated that the case was closely monitored by Nucoffee in 2019. Syngenta also stressed that Silva has not been included in the "dirty list" of slave labour and that it continues to monitor the case.

The "dirty list" is a federal register usually updated every six months.[51] It is now the main instrument used by companies to restrict trade relations with those who use slave labour. The document lists the names of employers caught in government inspections committing the crime. They are only included in the list after an administrative procedure reviews the inspection operation, which guarantees their right of defence. José Maria Domingos da Silva's administrative procedure has not been concluded yet.

Asked by Repórter Brasil about the destination of the coffee acquired from both employers, the trading company did not say which customers the product was sold to.

## CASE 3 – CEDRO II FARM

The Cedro II Farm is located in the Serra do Salitre area in the so-called Triângulo Mineiro. Its owner is Helvécio Sebastião Batista, who has his own coffee brand – Café Fazenda Cedro. The product was even marketed under a subscription-based club for specialty coffees,[52] but the business relationship was interrupted in April 2019[53] after his name's inclusion on the "dirty list" of slave labour came to light.

### THE PROBLEMS

In July 2018, an inspection operation at the Cedro II Farm found six workers in slave-like conditions. There were no toilets, drinking water or places to eat at work fronts. They used to live in poor hygiene conditions according to the inspectors that rescued them. Work shifts could last from 6 am to 11 pm, often without any weekly paid rest.[54]

In addition to the six workers rescued during the operation, labour inspectors found 19 other people in slave-like conditions in other properties managed by Helvécio Batista. As a result of the rescue at the Cedro II Farm, the owner was included in the "dirty list" of slave labour in April 2019.

### WHAT THE FARM OWNER SAYS

When the "dirty list" was disclosed, Helvécio Sebastião Batista – owner and administrator of the Cedro II Farm – stated that the charge of using slave-like labour was not true. "It's all false. These guys from the Ministry terrorize people who are creating wealth for this country," Batista told Repórter Brasil in April 2019." My farm is certified. I hold Nespresso, Starbucks, Rainforest, UTZ. All up to date."[55]

### CERTIFICATIONS

At the time of the inspection, the Cedro II Farm held the Rainforest Alliance certification. When the owner was included in the "dirty list," the certifier informed Repórter Brasil that it would suspend his label. The Rainforest Alliance label awarded to the Cedro II Farm was linked to a group certification granted by the Cerrado Coffee Farmers Cooperative (Expocaccer).[56]

Helvécio Batista was also certified by UTZ. The label, UTZ said at the time, was granted to a property adjacent to Cedro II.[57]

Batista was also certified by Starbucks's certification program C.A.F.E. Practices and supplied coffee to Nespresso, a brand controlled by multinational company Nestlé. At the time, Nespresso informed Repórter Brasil that it had suspended coffee purchases from the producer. In a statement, Starbucks said it would look into the case and, if the facts were confirmed, its trade relationship with the property could be suspended.[58]

### SUPPLY CHAIN

When slave labour was found, the producer was a member of the Cerrado Coffee Farmers Cooperative (Expocaccer), one of Brazil's largest coffee cooperatives and exporters.

In April 2019, Expocaccer sent a note to Repórter Brasil informing that it had suspended business operations with the producer and excluded him from all groups of certified and non-certified coffee producers.[59] Consulted again for the 2021 report, the company confirmed that Helvécio Sebastião Batista is still suspended.

## CASE 4 – TERRA FORTE GROUP

João Faria da Silva, owner of the Terra Forte Group, is considered one of the largest individual coffee producers in the world. The São Paulo-based farmer owns Terra Forte Importação e Exportação, a group that operates in international coffee trade, in addition to a warehouse and five coffee farms.[60] The company has faced financial problems in recent years. It filed for judicial recovery, which was approved in December 2020.[61]

### THE PROBLEMS

While João Faria da Silva has never been caught using slave labour or committing serious labour irregularities, he is a central character in a land conflict that threatens the survival of about 450 families in Campo do Meio, southern Minas Gerais.[62]

The area has been occupied for 22 years by family farmers and former employees of sugar company Usina Ariadnópolis Açúcar e Álcool S/A. The company used to be managed by Companhia Agropecuária Irmãos Azevedo (Capia), which filed for bankruptcy in 2002 without paying its labour duties. Six years earlier, when its activities were suspended, former employees occupied the area and the Landless Rural Workers Movement (MST) established the Quilombo Campo Grande camp on the site.[63]

Since then, businessman Jovane de Souza Moreira, manager of the bankruptcy estate of the Ariadnópolis sugar mill, has been fighting in court to evict the families. In August this year, a court ordered the repossession of part of the area and 14 families were evicted. Plantations, houses and a school were demolished after a court ruled in favour of Jovane Moreira.[64]

At the same time, the businessman leased the area occupied by the landless workers to coffee producer João Faria da Silva. The contract between them grants part of the 4,000 hectares of the mill's total area for coffee and sugar cane plantations.[65] Two of the seven farms belonging to the Terra Forte group – the Campo Verde Farm, with 1,056 hectares, and the São José do Indaiá Farm, with 620 hectares – are adjacent to the camp.66 The agreement between Silva and Moreira was used by the judge to justify the eviction that occurred in August this year.

Seasonal workers who live in the Quilombo Campo Grande camp also report a series of labour irregularities in the Terra Forte group's farms in Campo do Meio. Luciana Ribeiro Amorim, 47 years old, and Gisele Rodrigues, 23, worked in coffee harvest at the Campo Verde Farm. They say that there was no toilet, no water to wash their hands and no place to change clothes near the plantation. Employees had to buy Personal Protective Equipment (PPE) themselves. "They used to give us only rakes, sieves and protection glasses," recalls Luciana Amorim. "If you wanted anything else, you had to buy it. They won't give you gloves; they won't give you anything to protect your legs and hands."

Aerial photo of ruins of the plant that originated the MST occupation in Campo do Meio (MG)

Gisele Rodrigues and Luciana Amorim

Gisele Rodrigues recalls that the payment per measure of harvested coffee is only revealed at the end of the working week, which made it impossible for workers to know how much they were working for. “You work on coffee for a whole week and only afterwards you’ll know what your payment is,” she says. “For each measure, which is 60 litres, he’d say a different value. For example: you worked on a group of plants and he’d paid you R$ 17.00 in one place and then R$ 10.00 in another. The maximum he’d pay there was R$ 18.00.”

## WHAT THE COMPANY SAYS

Repórter Brasil tried contact the Terra Forte group by phone and email about workers’ claims to the reporters but never received any replies to its questions. The company did not provide any stance on the land conflict in Campo do Meio either.

## CERTIFICATIONS

The Terra Forte group displays at least four certifications on its website. One of them is Starbucks’s C.A.F.E. Practices. In an interview with Repórter Brasil in September this year,[67] Megan Lagesse, the company’s communications and PR manager for Latin America and the Caribbean, said that Terra Forte is certified to sell coffees to the company and has farms certified by the program, but she did not reveal the properties’ names.

In addition to Starbucks’s certification, João Faria’s business group also holds good practice labels from UTZ, Rainforest Alliance and 4C. UTZ had granted its label to the Campo Verde Farm in April this year. After Repórter Brasil’s contact, the organization decided to suspend the certification.[68] According to its representatives in Brazil, the documents provided by the certifier hired to audit the farm do not mention conflicts in the area next to the property. Certification will remain suspended until an internal investigation is completed.

In the case of Rainforest Alliance, the certification granted is of the Chain of Custody type, which allows Terra Forte to handle and market coffee from certified farms. Terra Forte is also registered as an intermediate buyer of coffee certified by German label 4C, which stands for Common Code for the Coffee Community. According to 4C director Gustavo Bacchi, no batch of 4C coffee was traded by Terra Forte in 2019 or 2020.

## SUPPLY CHAIN

In addition to plantations, the Terra Forte group directly exports the product grown on its farms, as well as coffee purchased from other rural producers. The company has been one of the largest Brazilian coffee exporters in the past ten years. Its warehouses in São Paulo and Minas Gerais can store hundreds of thousands of coffee sacks.

The previous chapter provided a list of cases of rights violations related to suppliers of major trading companies operating in Brazil – Exportadora de Café Guaxupé, the Nuccoffe program (Syngenta group), the cooperative Expocaccer, and Terra Forte group. All of them operate in the foreign coffee trade and have customers in the European market.

Repórter Brasil identified the trade relationship between these exporters and important brokers/roasters based in Europe. Through them, coffee beans are processed and prepared to be sold in the retail market.

According to 2019 and 2020 customs records, Exportadora de Café Guaxupé supplied coffee during that period to German multinational Neumann Kaffee Gruppe (NKG),[69] which operates in several stages of the supply chain. It also supplied German roaster Melitta[70] and Swiss and German subsidiaries of UCC[71] – a multinational group based in Japan.

Nucoffee, in turn, supplied coffee to green coffee bean buyer Sucalina.[72] Like Guaxupé, it also traded coffee with the aforementioned NKG group and European subsidiaries of roaster UCC.

The cooperative Expocaccer is another company that supplied coffee to NKG, UCC and Sucafina. According to 2019 customs records, Terra Forte also traded its production with UCC.

Repórter Brasil contacted these four importers about the cases investigated and that involve their supplier networks. The companies' stances are presented below.

## NKG

On an email to Repórter Brasil, NKG confirmed its business relationship with Nucoffee, Expocaccer and Exportadora de Café Guaxupé, but it claimed that no company in the group has knowingly bought coffee from the properties mentioned in this report. "NKG's local trading partners in Brasil have assured that they don't trade with coffee from producers that are on the "lista suja,'" the company's statement adds.

A world leader in green coffee services, NKG claims to be committed to "eliminating forced labour and any other form of labour rights violations within [its] sphere of influence" and to require its suppliers to follow the guidelines of the company's Code of Conduct.[73]

## MELITTA

The Melitta group said it strictly follows controls, protocols and rules intended to guarantee quality and reliability in the entire process of coffee production and supply. As for the properties and producers mentioned, they replied only that Exportadora de Café Guaxupé is one of its suppliers and has subscribed to its Code of Conduct.[74]

According to an email sent by spokespersons for the Melitta group, "violation of principles and values stated in the code can result in excluding the supplier from our list of approved suppliers for coffee."

## UCC

The British subsidiary of UCC replied by email that it had no direct relationship with and did not deliberately purchase coffee produced on the properties mentioned in this report.

The company explains that green coffee beans originating in Brazil are purchased by UCC Coffee Services Switzerland – the group's subsidiary in Switzerland. This company's suppliers, in turn, include agribusinesses and global commodity traders that have "their own business controls and policies to mitigate risk in their supply chain," which follow the multinational's Code of Conduct.[75]

"The green coffee supply chain is complex, and in some coffee growing countries and the agriculture sector, there are inherent social risks and vulnerabilities. Brazil is one of the largest coffee producing countries in the world and faces its own social, economic and environmental challenges," says an excerpt from the note sent to Repórter Brasil.

"We are committed to ethical business practices and mitigating risks in our supply chain within our sphere of influence. We are confident in our practices and business controls and [...] will continue to develop these to support the sustained eradication of global human rights abuses," it adds.

## SUCAFINA

Sucafina did not fully clarify whether it knowingly bought coffee from the properties mentioned in this report. By email, a spokesperson said only that the company has an internal system to monitor and prevent forced labour and that, in Brazil, it uses instruments such as the "dirty list" to "to make sure we never work with sanctioned entities and persons."

Sucafina also explained that it regularly visits partner suppliers in the field to certify their ethical conditions of operation. It also said that its Code of Conduct[76] follows guidelines from the International Labour Organization (ILO).

"We are conscious that we must collectively do more to address this systemic issue, and we can't do it alone. The Coffee industry, governments, NGOs, and civil society have to work together to tackle those issues," adds the company spokesperson.

# RETAILERS

The coffee negotiated by the four importers mentioned in the previous chapter reaches final customers through several marketing channels. They include some of the most important actors in global food retail.

UCC claims to be "one of Europe's leading private label coffee roasters," and that its retail customers include British chains Tesco, Waitrose and Asda, Switzerland-based Coop, Dutch chain Jumbo, French hypermarket chain E.Leclerc, in addition to the Germany's Metro and Lidl.[77]

The Sucafina group owns Belgian company Beyers Koffie,[78] another important roaster for European retailers' private labels. Corporate documents found by Repórter Brasil show that it has a history of supplying to chains such as Lidl, E.Leclerc, Carrefour, Metro and Asda.

The NKG group has the German retailer Aldi among its customers.[79] Roasting company Melitta, in turn, is as a supplier of Lidl's private labels. [80]

All retailers were contacted by Repórter Brasil, but only six – Carrefour, Coop, Jumbo, Lidl, Metro and Tesco – answered our questions about their policies to combat labour and human rights violations along their supply chains.

See each company's reply below:

## CARREFOUR

Carrefour,[81] a French multinational group with more than 10,800 stores in 33 countries, confirmed by email that the Sucafina group is one of its coffee suppliers in France and that it asked suppliers "to stop sourcing coffee from the farms involved, in addition to requesting that they also conduct in-depth investigations on their producer partners."

However, the company did not confirm which properties would have supplied coffee to the group, when this would have happened or which local buyers made the sales.

Carrefour spokespersons explained that suppliers sign a Letter of Commitment, which "specifically prohibits suppliers from resorting to covert or undeclared outsourcing and requires, through a ripple effect, that their suppliers demand the same social requirements from producers." The group also claimed to carry out periodic audits to monitor working conditions at its suppliers.[82]

## COOP

Coop[83] is one of the largest retail chains in Switzerland, with more than 2,400 stores. On an email to Repórter Brasil, the company replied that it sources from UCC, which, in turn, said that it has no direct relationship with the farms mentioned in the report.

The retail chain also states that almost all the coffee used in its private labels has certified origin and can be traced.

According to its sustainable sourcing guideline, Coop requires traceability and transparency for all private label brands, at least up to the last level of value-added processing.

The company explained that it demands traceability and transparency down to production level from its suppliers of "critical raw materials" such as coffee.

Through its own guidelines, Coop claims to set standards for its suppliers' employees, such as freedom of association; collective bargaining rights; prohibition of discrimination, child labour and forced labour; and disciplinary measures. "Coop also requires its business partners to commit to paying their employees a living wage," added the company's spokesperson.

## JUMBO

Dutch chain Jumbo,[84] a retailer with 687 stores spread across the Netherlands and Belgium, informed by email that it had no direct relationship with the aforementioned farms, and suggested that Repórter Brasil forwarded the questions to UCC.

The company explained that it has a human rights policy and a code of conduct signed by "almost all suppliers of private label products" and that, in the case of coffee, it requires that all its suppliers' products be certified in accordance with the UTZ/Rainforest or Fairtrade standard.

Jumbo also stated that it carried out an assessment of its coffee supply chain in 2020 to understand human rights and environmental risks by country of origin and the impact of purchasing certified coffee on the lives of the industry's workers and producers. According to the company, the results of the assessment will be published by the end of March 2021.

## LIDL

On an email sent to Repórter Brasil, a spokesperson for Lidl – a German retail chain with more than 11,200 stores in 29 countries[85] – did not answer whether the coffee used in the company's private label was supplied by any of the farms, local producers and green coffee buyers mentioned in the report.

In response, the group stated that it operates in the coffee supply chain with organizations such as Fairtrade and Rainforest Alliance, and that it is committed "to sourcing 100% of [its] coffee from third party certified sustainable sources" by 2022.

Lidl explained that it enforces a "zero-tolerance position with regards to forced and child labour, which is communicated to all suppliers within [its] supplier Code of Conduct and forms part of [its] contractual agreements,"[86] and that it carries out regular risk assessments in its global supply chains, including coffee,[87] to understand the impacts and assess the effectiveness of the group's approach.

## METRO

German multinational Metro is a retail chain with 670 stores in 24 countries in Europe and Asia[88] under the Metro and Makro brands.

On an email to Repórter Brasil, a spokesperson for the retail chain said that the group has no direct sourcing relationship with the producers mentioned regarding the group's coffee private label.

The company said that four of the 24 countries where it has units have business relations with green coffee buyer Sucafina and roaster UCC, but that both suppliers are subject to the group's Code of Conduct.[89]

"We are now in close contact with our suppliers to investigate the reported incidents promptly and to take appropriate action, if necessary," the spokesperson explained.

The Metro Group's Supplier Code of Conduct was developed in accordance with guidelines from organizations such as the United Nations and the International Labour Organization (ILO), and the company permanently invests in awareness raising, training and audits among its suppliers.

## TESCO

Tesco, a British multinational retailer with more than 6,700 stores,[90] is mentioned on roaster UCC's website as its customer. However, a spokesperson said that the group does not source coffee from UCC for its private labels.

According to the company, all Tesco private label coffee is 100% certified by Fairtrade or Rainforest Alliance and can be traced at least to cooperative level – with most coffee being traceable down to farm level.

"We recognise that certification is only one part of the picture in driving working condition improvements across the coffee supply chain and Tesco was the first UK retailer to join the Global Coffee Platform which acts as a catalyst for coffee players who want to accelerate the sustainability journey," the retailer says.

# FINAL REMARKS

Recent cases revealed by Repórter Brasil show that slave labour and serious labour irregularities are still common in Brazilian coffee production. The situations described also show that the farms where the problems happen as well as the employers involved are connected to a complex network with ramifications that can reach roasting and retail giants worldwide.

The coffee trading chain is usually long and complex. It includes several processing stages, which involve different trading models and several intermediaries between coffee plantations and final consumers. Batches from various coffee growers are often mixed in sales made by cooperatives, trading companies and exporters, and information about original farms is often lost along the way.

Such complexity helps to "mask" the bad labour practices occasionally linked to the coffee that reaches supermarket shelves. It is extremely difficult to prove that a certain bean planted by slave labour or even linked to other crimes was purchased by this or that company at the end of the supply chain. At the same time, it is also true that roasters and retailers do not have sufficiently effective means to rule out this possibility.

In this context, there remains considerable risk of their businesses being contaminated by common problems in Brazil's rural areas. That reality demands best practices not only for monitoring suppliers, but also for much more effective engagement of their business networks to provide minimally decent conditions to coffee workers.

## USING THE "DIRTY LIST" IS ONLY PART OF THE ANSWER

Regarding slave labour, some of the companies mentioned here stated to Repórter Brasil that they did not source coffee from farmers included in the "dirty list" – the official government document that lists employers caught perpetrating this crime. In some cases, such a policy would have even been used to address concrete situations described throughout the report.

The use of the "dirty list" to monitor suppliers is recognized, in Brazil and worldwide, as one of the best practices available to tackle slavery in supply chains. However, while the practice is important, it should not be seen as a magic solution. First, because cases actually inspected by the government were never close to the total number of complaints. Second, because this situation has been worsening in recent years as a result of decreasing funds for labour inspections.

Such scenario tends to increasingly undermine the "dirty list" as a document that reflects the magnitude of the problem. Therefore, new strategies become relevant not only to avoid undermining inspections but also to progress in alternative actions focused on monitoring, preventing and mitigating violations faced by workers – something that, in addition to child and slave labour, must also consider other problems that are even more widespread in Brazilian coffee farming, such as informal labour.

## CERTIFICATION IS FLAWED AND NEEDS TO EVOLVE

Also recorded in this report, another common stance taken by retailers and roasters on complaints that affect their supply chains is that their sourcing policies are totally or partially focused on purchasing certified coffee. Under no circumstances that answer should be accepted as definitive proof of good practices – as if coffee with certified origin came from a "parallel reality," oblivious to labour fraud and other common issues in the industry.

Unfortunately, reality is different, as shown by several examples published by Repórter Brasil over the past few years – some of which have been even mentioned here. Even slave workers have been rescued from areas within farms holding the most important coffee sustainability labels.

But it is not a matter of simply saying that certification is a fraud. Several studies and testimonials from stakeholders point to positive impacts of such programs on the daily reality of farms – including in Brazil. However, the recurrence, year after year, of serious labour violations on farms bearing renowned labels turns on a major yellow light. There is a big difference between what certification promises to deliver and what it actually delivers.

## COMPLYING WITH THE LAW DOES NOT GUARANTEE LIVING WAGES

Finally, it is important to note that labour violations and human rights crimes are only one side of precarious labour in coffee plantations. What workers are paid – close to the minimum wage for a large part of them – cannot be considered a living wage. In addition, recent regulatory changes have increased employees' vulnerability in the industry, affecting their bargaining power for negotiating economic improvements. The undermining of union representation, abruptly stripped of resources after the 2017 labour reform, is just one example.

Because of these and other problems, enforcing the law is not enough. Supply chains also have to mobilize for deeper changes so that the legal framework for protection of labour as well as the economic conditions of the trade network – including the division of revenues and profits along the various links – provide decent income for rural workers.


# NOTES

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