



University of
Nottingham
Rights Lab

**Tackling slavery
in supply chains:
lessons from
Brazilian-UK beef
and timber**



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Who this guide is for

This guide is for supply chain managers and procurement professionals who wish to tackle slavery in the supply chains of the commodity products they source, especially beef and timber.

It draws upon collaborative research led by the University of Nottingham and the Pontifical Catholic University of Rio de Janeiro (PUC Rio) with non-governmental organisations (NGOs) Reporter Brazil, Corporate Responsibility (CORE) and the Business and Human Rights Resource Centre (BHRRRC). It presents case studies of emerging anti-slavery practices in the Brazilian-UK supply chains of beef and timber.

How it is structured

The report is structured into eight sections. An introduction describes the current scale of modern slavery and provides context relating to the situation in Brazil.

Section two provides a legal overview of relevant international trade law and anti-slavery legislation in Brazil and the UK. Section three describes the Organisation for Economic Co-operation and Development's (OECD) due diligence model for human rights. Section four introduces policy-making and presents examples of modern slavery and sustainable procurement policies. Section five describes practices for awareness raising and assigning accountabilities. Section six details how private compliance initiatives, civil certification, auditing and risk assessment have been used to ensure compliance. Section seven presents a series of case studies drawn from Brazilian-UK beef and timber supply chains that demonstrate capacity development within upstream supply chain operations. Section eight describes the development of reporting methods to measure effectiveness.

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Introduction

Slavery is illegal. Everywhere. Yet recent estimates by Alliance 8.7 suggest that, on any given day in 2016, there were 40.3 million people in modern slavery.¹ Of these, 24.9 million people experienced working conditions so bad that they may be considered forced labour (Figure one).²

According to the 2018 Global Slavery Index (GSI) on any one day in 2016 there were an estimated 369,000 slaves in Brazil.³

Brazilian Ministry of Labour and Employment (MLE) reports suggest that between 1997 and 2017 the single largest number of cases, and workers released from slavery, occurred in the cattle industry.

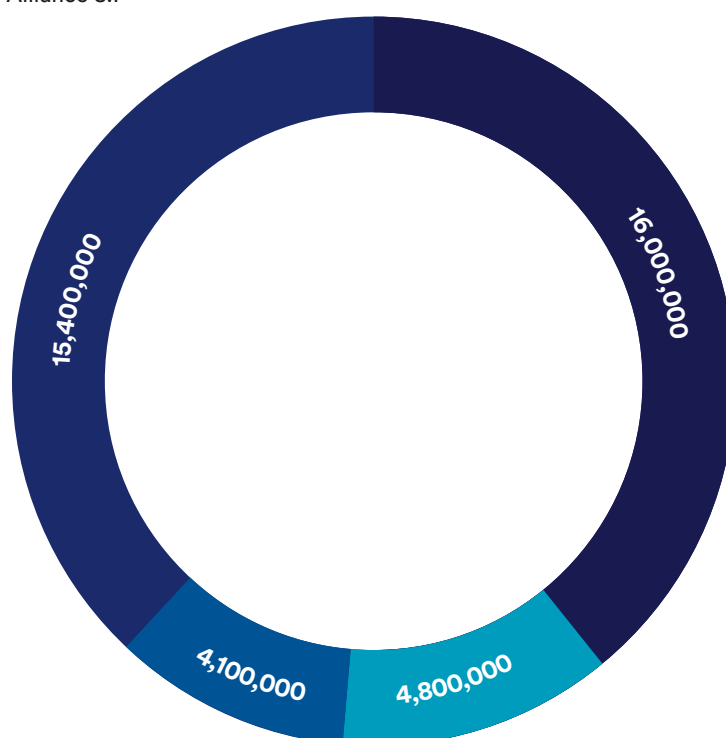
Activities related to deforestation and forest monocultures accounted for the third highest number of cases. Brazilian beef and timber commodities are important for export markets, such as the UK.

Article two of the International Labour Organisation (ILO) Forced Labour Convention, 1930 (No. 29) defines forced or compulsory labour for the purposes of the Convention as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

Figure one. Global Estimates of Modern Slavery Source: Alliance 8.7

Global

On any given day in 2016, an estimated **40.3 million people** were victims of modern slavery. Of these people, 24.9 million were in forced labour and 15.4 million were in forced marriage.



Legal frameworks

While the General Agreement on Tariffs and Trade (GATT)/World Trade Organisation (WTO) multilateral trade system does not recognise the legality of social safeguarding clauses that relate to the ILO core conventions, social standards are gradually being included in trade and investment arrangements.

Many of the standards affecting imports of timber and beef into the UK derive from European Union (EU) regulations and directives. For corned beef, the focus is on ensuring sanitary conditions and preventing entry of goods that could be harmful to human health. There is less focus on social clauses that aim to drive up labour standards throughout the supply chain. Instruments regulating timber imports attempt to restrict the entry of illegally harvested and unsustainable timber. In this context, both the notions of legality and sustainability can relate to working conditions.

UN member states have been encouraged to develop a National Action Plan (NAP) to incorporate the UN Guiding Principles for Business and Human Rights (UNGPs) into their domestic legal frameworks. The UK NAP includes an expectation that businesses will emphasise “[t]he importance of behaviour in line with the UNGPs to their supply chains in the UK and overseas.

Appropriate measures could include contractual arrangements, training, monitoring and capacity building”.⁴

Slave labour and the Brazilian Penal Code

Slave labour was included in the Brazilian Penal Code in 1940. In 2003, an amended article 149 expanded the scope of the code to include conditions analogous to slavery, defined as “[conditions] subjecting him/her to forced labour or debilitating workdays; by subjecting him/her to degrading working conditions, or by restricting, by any means, his or her movement by reason of debt”.⁵

A 2012 decision of the Brazilian Supreme Court recognised the relationship between slave labour and human rights violations and paved the way for new decisions to be applied to supply chains.⁶

Further guidelines on slave labour have been established to suggest how criminal law in the form of Article 149 may be interpreted for civil prosecution in the labour courts.⁷

The “dirty list” (Lista Suja, in Portuguese) was first created in 2003.⁸ It is a register, now updated by the Ministry of Economy, which discloses data on employers charged by labour inspectors of subjecting their employees to situations of slavery. Despite its turbulent legal history, it has been one of the main tools to combat slavery in Brazilian supply chains. Producers are included on the dirty list only after responding to an administrative procedure followed by the ministry.

Once included, the employer’s name remains on the list for two years, during which time they are unable to receive credit from Government banks and, in the case of both timber and beef supply chains, may be blocked from supplying their products to large Brazilian processors. If all labour and security claims are resolved and there is no recurrence during the two-year period, all information will then be removed from the list.





Transparency in supply chains reporting under the UK's Modern Slavery Act (2015)

Section 54 of the UK Modern Slavery Act (MSA) requires that commercial organisations with a turnover of £36 million or more operating in the UK produce an annual “transparency in supply chains” statement each year.

This statement must be published on the company's website or, should it not have one, be publicly available upon request. It must be signed by a named signatory and approved by the company's board of directors or equivalent. In its statement the company must describe the steps that it has taken to eradicate modern slavery from its organisation and its supply chains or state that it has taken no such steps.

While compliance with the law does not require the company to provide any particular details, the Home Office does offer guidance as to what companies might include.⁹ This guidance suggests reporting information about:

- the organisation's structure, its business and its supply chains
- its policies in relation to slavery and human trafficking
- its due diligence processes in relation to slavery and human trafficking in its business and supply chain
- the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk

- its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate
- the training and capacity building about slavery and human trafficking available to its staff

The MSA clearly places modern slavery on board agendas, provides public oversight of companies operations and hence the opportunity for NGOs and consumers to influence business practice. However, while the MSA is currently under review, at the time of writing companies are not required to provide any particular information about their actions, there is no central statement repository and it can be difficult to monitor year-on-year progress.

Frameworks and guidance for human rights due diligence

International instruments, including the UNGPs and OECD Guidelines for Multinational Enterprises, are relevant to companies in the business of importing timber or beef from Brazil.¹⁰ Important here also are Government attempts to encourage businesses to respect human rights, and drive up labour standards in their supply chains.

As members of the OECD, the UK Government has jointly addressed multinational enterprises through the OECD Guidelines for Multinational Enterprises. Since the update in 2011, the guidelines have adopted the UNGPs' "protect, respect and remedy framework". This encourages multinational enterprises to conduct human rights due diligence along the UNGP standard.¹¹

Principle 12 of the United Nations Guiding Principles for Business and Human Rights states that:

"The responsibility of business enterprises to respect Human Rights refers to internationally recognised Human Rights understood, as a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organisations' Declaration on Fundamental Principles and Rights at Work."¹²

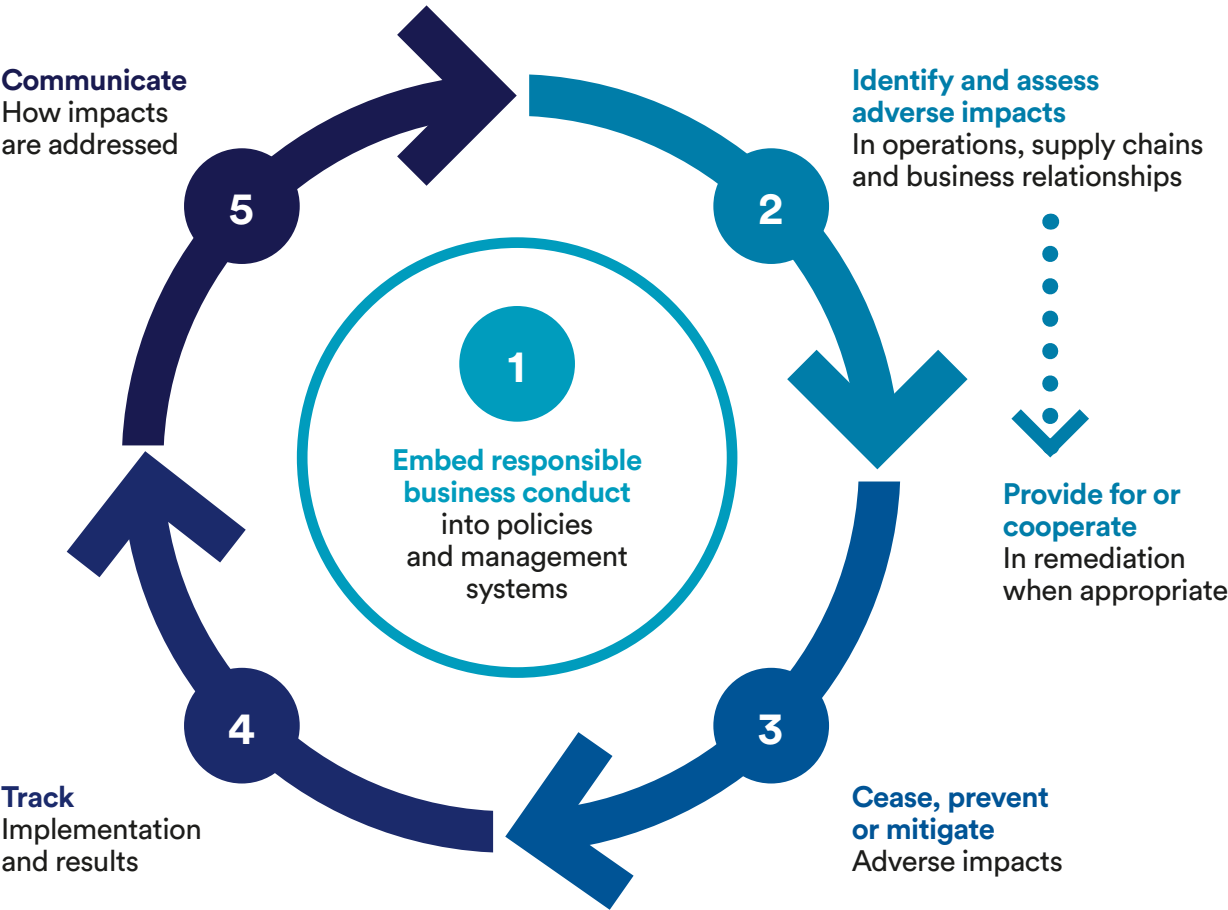
The International Bill of Human Rights contains an authoritative list of core internationally recognised Human Rights consisting of the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

The OECD Due Diligence for Responsible Business Conduct offers practical implementation guidance related to risk-based, human rights due diligence. The OECD approach seeks to avoid and address adverse impacts associated with a businesses operations, its supply chains and its other business relationships.

The model, shown in Figure two, recommends that a business embeds responsible business conduct into its policies and management systems and implements a four-stage sequential cycle to identify and assess adverse impacts in operations, supply chains and business relationships, cease, prevent or mitigate these adverse impacts, track implementation and results and communicate how impacts are addressed.

When appropriate, businesses may also provide for, or cooperate in, remediation activities. Detailed questions to be addressed at each of these six stages are provided.¹⁴

Figure two. Due Diligence for responsible business conduct Source: OECD Due Diligence for Responsible Business Conduct¹³, p.21



Modern slavery and procurement policies

A company's commitment to act against modern slavery may be communicated in its policies and codes of conduct. The differences between these two mechanisms are outlined in Table one.

Company procurement policy	Supplier code of conduct
A document of ideas and plans that is used as a basis for making procurement decisions in the company	An agreement on labour standards with suppliers
Voluntary	May be part of a mandatory, contractual agreement with a supplier
Content and scope determined by top management	Lays out the legal and ethical standards required of suppliers and subcontractors as defined by the company or a third party
Sets the direction for the company	Set the labour standards against which suppliers and/or subcontractors are audited
Applies until further notice	Applies while there is a contractual relationship
May be part of a broader sustainability or human rights agenda	Relates to company procurement operations and, if specified, those of its contracted suppliers and subcontractors

Table one: The differences between company policy and codes of conduct

An effective company policy should be specific, clear, uniform in its treatment, appropriate, easily understood, comprehensive, flexible enough to be used in multiple circumstances and stable.

Developing a clear company position means ensuring transparency, depth and credibility.

- transparency means that your stakeholders are informed about what you are doing
- depth means working your way up the supply chain
- credibility means ensuring that company staff and supply chain auditors have the necessary training, access and expertise

Codes of conduct sit beneath company policy and tend to be more detailed. For example, a supplier code of conduct may forbid specific recruitment practices, refer to detailed due diligence requirements, for example those applicable to employment agencies or brokers, or which prohibit or restrict the sourcing of specific products known to have a high slavery risk.

Case study:

UK Government Timber Procurement Policy

The following case study shows how one UK Government body has approached the drafting of a human rights and modern slavery procurement policy.

The UK Government Timber Procurement Policy (TPP) was set out by the Department for Environment, Food and Rural Affairs in 2013 and updated in 2014. It requires that “only timber and wood-derived products originating from an independently verifiable legal and sustainable source ... will be demanded for use on the government estate”, accordingly, “appropriate documentation will be required to prove it”.¹⁵

Included in the definition of sustainable is that “the forest management organisation and any contractors must comply with local and national legal requirements relevant to a. labour and welfare; and b. health and safety”. The TPP also identifies social criteria including:

- “management of the forest must have full regard for ... mechanism[s] for resolving grievances and disputes including those relating to tenure and use rights, to forest management practices and to work conditions, and safeguarding the basic labour rights and health and safety of forest workers.”¹⁶

To comply with the TPP, operators have to file either category A or category B evidence with the public buyer. Category A evidence can be satisfied by being certified by an approved forest certification scheme. The criteria for becoming an approved forest certification scheme include that:

- the standard requires compliance from both the forest management organisation and any contractors with local and national legal requirements including those relevant to:
- labour and welfare
- health and safety
- the standard must ensure that the basic labour rights of forest workers are safeguarded. In order to do this the standard must include requirements concerning the following:
- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of compulsory or forced labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation
- the standard must require that appropriate safeguards are put in place to protect the health and safety of forest workers¹⁷

Only PEFC and the FSC, discussed later, have been approved by the UK TPP as having met the standard set out. These standards are therefore well integrated into Government timber and timber products procurement policy.

Category B evidence is judged on a case-by-case basis, but it generally consists of supplier declarations, second party verification reports, third party reports and audits, and first party checks. The provided evidence check-lists make reference to all the labour rights and safety included in the Category A standard for approved forestry certificates above.

Case study: Co-op's sustainable procurement and supplier policy

The Co-op is the UK's largest co-operative and a major grocery retailer with 2,500 stores. The following case study provides details of its sustainable procurement and supplier policy.

In line with the Co-op's purpose, which it describes as "championing a better way of doing business for you and your communities", its Sustainable Procurement and Supplier Policy lays out its guiding principles on and commitment to ethical trade and human rights.¹⁸ It makes three specific commitments:

1. To ensure that the people and communities providing the products and services it buys and sells are treated fairly, and that their fundamental human rights are protected and respected.
2. To champion and campaign on ethical trade and human rights as a "better way of doing business". This includes its support for Fairtrade – helping support better prices, decent working conditions, and fair terms of trade for farmers and workers.
3. A commitment to human rights which also includes:
 - consideration of wider human rights issues associated with its suppliers and partners, and
 - recognition of the exceptional circumstances under which it may withdraw trade from a state or region, as set out in its Human Rights and Trade Policy¹⁹

It states that, "In putting these commitments into practice we focus mainly on protecting the fundamental rights of workers throughout our supply chains – such as fair reward, safe and decent working conditions, and protection from forced labour and modern slavery".²⁰

Should immediate compliance not be feasible, its suppliers are expected to commit to continuous improvement towards compliance and, in their core activities, suppliers are expected to respect the Fundamental ILO conventions as set out in the Ethical Trading Initiative's (ETI) Base Code:

- employment is freely chosen
- freedom of association and the right to collective bargaining are respected
- working conditions are safe and hygienic
- child labour shall not be used
- living wages are paid
- working hours are not excessive
- non-discrimination is practiced
- regular employment is provided
- no harsh or inhuman treatment is allowed

In its procurement activities the Co-op follows the UK Chartered Institute of Purchasing (CIPS) "Corporate Code of Ethics".²¹ It reports on its progress towards sustainable development in its independently verified "Co-op Way Report".²²

It states that, "In putting these commitments into practice we focus mainly on protecting the fundamental rights of workers throughout our supply chains – such as fair reward, safe and decent working conditions, and protection from forced labour and modern slavery".²⁰



Awareness and accountability

A variety of formats and occasions may be used to deliver training related to modern slavery and to allocate specific accountabilities.

Efforts to raise awareness include one-to-one training as part of the induction process, the provision of multi-language toolkits and resources, e-learning modules, trade team events, updates and huddles, supplier briefings, fora and conferences, industry- and company-specific workshops, programmes on web-based channels, trade champions' awards and horizon-scanning sessions.

One UK grocery retailer, Sainsbury's, reports requiring its suppliers to detail their own training plans related to modern slavery within ethical trading strategies approved by the retailer.

There are two distinct approaches to the assignment of organisational responsibility. Accountability for the eradication of slavery from a company's supply chains may be diffused throughout the organisation, exploiting existing resource structures for corporate responsibility, ethical trade or human rights and drawing upon the expertise of existing functional or regional professionals. Board-level scrutiny may be supported by cross-functional steering groups, committees and teams.

Alternatively, responsibilities may be delegated throughout the organisation. Responsibility may be assigned to those in category management and sourcing roles or, specific "Slavery-compliance Officer" roles may be created.

The UK Grocery retailer Sainsbury's report integrating ethical trading within its grocery category teams with the appointment of 'ethical champions'. It also reports the formation of a working group with a specific remit for modern slavery.

Ensuring compliance

Risk assessment and auditing, either as part of private or civil compliance schemes, may all be used to ensure compliance.

Risk assessment helps to understand where supply chains might be vulnerable to slavery and to allocate resources to these areas. Private schemes may be tailored specifically to a company's needs. They may be supplemented by policy statements, principles and supporting guidance such as supplier handbooks and toolkits. This can make them somewhat idiosyncratic and suppliers with multiple customers may find that they are faced with a raft of subtly different requirements. While SEDEX standards for supplier assessment questionnaires and auditing protocols appear to be emerging as a de facto standard, independent, civil standards for products such as beef have yet to receive widespread acceptance. Although both private and civil standards are used for timber, civil standards are notably better developed.

Private compliance

A number of US companies operating in the UK publish private supplier standards.²³ These standards highlight principles from the ILO Declaration on Fundamental Principles and Rights at Work and come with the contractual requirement that suppliers allow company or third-party representatives access to conduct audits. The right to terminate the business relationship should the supplier fail to meet the specified standards is also often included in standard terms and conditions.



Case study: Kimberly-Clark

Kimberly-Clark is headquartered in Dallas, Texas, with approximately 42,000 employees worldwide. It has operations in 36 countries including the UK. Kimberly-Clark's global brands, which include five billion-dollar brands, are sold in more than 175 countries.²⁴

It states that it is committed to promoting and protecting human rights through compliance with its "Social Compliance Standards".²⁵ Its labour policies align with the goals of international social compliance initiatives including the ILO Declaration on Fundamental Principles and Rights at Work and extend to its direct suppliers.

The company's "Supplier Social Compliance Standards" require its direct suppliers to comply with applicable occupational, safety and health, environmental and labour laws and regulations.²⁶ Suppliers must demonstrate the absence of violations in relation to child labour, forced labour, abuse of labour, freedom of association and collective bargaining, discrimination, working conditions that present imminent threat, serious injury or threat of [sic] employees. Violations to other aspects of its supplier social compliance standards, including compliance with local laws and regulations related to work hours, wages and benefits, protecting the environment, business integrity and the sourcing of conflict minerals, are the responsibility of the supplier who is expected to ensure that they are addressed.

Independent third party audits include confidential interviews with employers and on-site contract workers. The supplier is expected to work with Kimberley-Clark to implement any corrective actions needed. If a supplier fails to comply completely with its supplier social compliance standards the company reserves the right to issue corrective action and/or remedies which may include, but not be limited to, possible termination of the supplier's agreement(s) with Kimberley-Clark.

Civil certification

In the absence of a voluntary partnership agreement for timber between the EU and Brazil, civil certification schemes have proved to be of particular importance; with forest management and chain of custody certifications used to promote good practice throughout the timber supply chain. Some of these certifications and awarding-bodies have acquired sufficient pedigree to be consequential at a legal and state-actor level.



Case study: Forest Stewardship Council

The Forest Stewardship Council (FSC) is an international non-profit multi-stakeholder organisation. Its headquarters are in Germany and it is governed through a general assembly of FSC members and a board of directors. In the UK, members include NGOs Greenpeace UK and WWF, large companies including Boots and HSBC, and paper and timber products businesses including Mondi plc and Premium Timber Products.²⁷ There are also many Brazilian members. The FSC has been highly praised by environmental organisations.²⁸

The FSC offers a raft of national standards in Brazil including forest management and chain of custody certification. Forest management certification is for businesses with forestry operations. It requires that an inspection team makes field visits and examines the relevant documentation for each forest. A group scheme is available that allows companies to have only a proportion of their woodlands in an area visited annually.²⁹ Subject to certain provisions, a certified company may display the FSC logo on its products.

Principle two of the forest certification standard requires that “the organisation shall maintain or enhance the social and economic wellbeing of workers”. This requires that they:

- “uphold the principles and rights at work as defined in the ILO Declaration on Fundamental Principles and Rights at Work (1998)”
- “promote gender equality in employment practices, training opportunities, awarding of contracts, processes of engagement and management activities”
- “implement health and safety practices to protect workers from occupational safety and health hazards. These practices shall, proportionate to scale, intensity and risk of management activities, meet or exceed the recommendations of the ILO Code of Practice on Safety and Health in Forestry Work”

- “pay wages that meet or exceed minimum forest industry standards or other recognised forest industry wage agreements or living wages, where these are higher than the legal minimum wage. When none of these exist, the organisation shall through engagement with workers develop mechanisms for determining living wages”
- “demonstrate that workers have job-specific training and supervision to safely and effectively implement the management plan and all management activities”
- “engage... with workers [and] shall have mechanisms for resolving grievances and for providing fair compensation to workers for loss or damage to property, occupational diseases, or occupational injuries sustained while working for the organisation”³⁰

Each transition of ownership in the supply chain requires both buyer and seller to be certified by the FSC chain of custody certification if they want to resell with the FSC logo. This is intended to ensure that each supply chain actor, including the end customer, can be sure that the timber has been sourced legally and sustainably, including observation of principle two as described above. Organisations must put procedures in place to ensure that non-conforming products are identified and controlled.



In achieving chain of custody certification organisations must make a declaration that they are not “directly or indirectly involved in... violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998”.³¹



Risk assessment

Despite their limitations, social audits are widely used in the timber supply chain and, as the following JBS case study demonstrates, there are plans to use them in combination with risk assessment processes developed in the beef supply chain.

Under the G4 cattle agreement, and a concurrent Public “TAC” Agreement signed with the Para Federal Prosecutor’s office, each of the beef meat-packer signatories agreed to submit to an independent audit of the procedures they used to block ‘dirty list’ employers from supplying them cattle.

These audits include specific criteria for slave labour. On their own, these processes have been criticised. An up-to-date ‘dirty list’ has not always been available, it is mainly direct suppliers who are vetted and standardised audit criteria have yet to be agreed. The number of suppliers with whom the beef meat-packers deal with, which

may reach 70,000 suppliers makes the comprehensive auditing arrangements found in the timber supply chain impractical. However, as the following case study demonstrates, there are plans within the beef supply chain to combine auditing with an expanded risk assessment process.

Case study: JBS SA

JBS, the world's largest meat processor, has worked with the Brazilian-based NGO InPACTO and the Brazilian information technology company Agrotools to extend its existing social and environmental risk monitoring system.

The newly developed tool focuses upon the legal Amazon region where the majority of Brazil's deforestation - and 90% of agricultural slave labour cases - are found. JBS has contributed ten years of geographical and territorial risk monitoring data which has been correlated with over 20 years of slavery cases extracted from the MLE 'dirty list' to identify 20 geographical and territorial variables. These variables include geographical proximity to indigenous lands, preservation areas, municipal centres, settlements, census sectors, location of roads and highways and communication infrastructure such as mobile phone signals.

In parallel, InPACTO has provided social, demographic and economic data to help identify vulnerable communities at the municipal level. Starting with 400 variables, the final model uses 102 municipal level indicators which include information related to labour market dynamics, paid and unpaid work and income distribution, hours worked formally and informally, areas where the highest incidence of work hours exceeded legal limits, proportion of the population in work, instances of adolescent and child labour, work accidents, formal employment and social security packages.

These two databases have been used to create a model. Five groups of variables showing different correlations with cases of slavery have been scored and weighted to provide a municipal-level rating. There are two outputs from this work. First, a municipal hot-spot map showing five different levels of risk - which is to be made publicly available - and a second, more precise, map divided into geographical blocks with a finer degree of granularity for use by JBS.

The results are expected to be useful both for the development of public policy to reduce the risk in local municipalities and for JBS' own risk management practices.

The second map will be used to identify the risk associated with the farms of its direct suppliers' based upon their location. JBS has overlaid its 26 facilities and surrounding cattle suppliers onto this map to establish whether a farm is in a high or low risk area. This makes it possible to classify suppliers by slavery risk. The company aims to identify what percentage of the suppliers of a particular facility are in each risk category. This tool will help to target auditing and assessment resources on those suppliers in higher risk areas. Its due diligence processes will also take into account those farms that provide the highest proportion of its raw materials and the export markets into which they supply. SEDEX-compliant third party audits will then be used to identify whether or not the farms selected are using slave labour. Information from these assessments will, in turn, be used to re-calibrate the model and improve its accuracy.

Case study: GTPS

The Brazilian Roundtable on Sustainable Livestock (GTPS or Grupo de Trabalho da Pecuária Sustentável in Portuguese) was established in 2007. It is a multi-stakeholder initiative that convenes participants from the beef supply chain.

Its members represent Government and financial institutions, industry producers, service providers, restaurants, retailers, NGOs and universities. Representatives from GTPS sit on the Global Roundtable for Sustainable Beef.

To drive up standards across the sector, the organisation has developed a voluntary, self-assessment scheme for farmers. There are 1.7 million livestock producers in Brazil and, rather than the development of a private certification scheme which would reach only a small number of, typically large, producers, this approach was chosen to allow engagement with small and medium cattle farmers where the problems related to labour conditions most commonly lie.

The first phase was to build up a database of farms' capabilities. The database was launched in May 2018 and it contains a series of improvement principles, criteria and indicators agreed by a cross-industry team. The database structure is based on those used by certification schemes and other good practice guides. Content utilises and extends information gathered from local and national policies, UN, ILO guidelines and Brazilian legislation, for example the Brazilian Forest Code. The system is constructed around five principles: management, communities, workers, environment and value chain. The worker category reflects Brazilian labour law. Indicators of good practice are included which relate to workers' training and farmers' technical and functional skills. The system is designed to be inclusive and provides a platform for self-evaluation.

Farmers are asked to rate their current performance at one of five possible levels. At the end of the self-evaluation a dashboard of 5 individual scores is produced. This creates a baseline for improvement.

Scores are not made public, although GTPS intends to carry out confidential aggregation to understand where there might be a need for public policy development. Access to a library of resources is provided. The farmer completing the self-assessment can refer to these materials and identify relevant regulations. This self-assessment approach is designed to be complementary to certification. The idea is eventually to have some common indicators across each regional roundtable.

It is also hoped that the system will support analysis of year-on-year improvements, so that GTPS can pay particular attention to areas where progress is slow. Pressure on their suppliers by participating farmers may extend the approach upstream. Farmers could ask their suppliers to self-assess and a protocol may be developed where, for example, farmers buy only from suppliers achieving a certain level of performance or increase their use of the percentage of suppliers at a given level from one year to the next.

Capacity building initiatives

Although not specifically-focused on the processed beef supply chain, two UK grocery retailers – the Co-op and Sainsbury's - describe capacity building beyond their tier one suppliers.³² Further upstream, Brazilian companies Klabin and Fibria have developed innovative schemes to combat modern slavery in the vicinity of their operations.

Case study: Co-op

In 2016 this UK Grocery retailer reviewed its “Ethical Trade and Human Rights Policy Position Statement” and began a programme to monitor its tier two suppliers.

Ethical trade requirements and tackling modern slavery are now integrated into supplier contracts and approval processes. Support and training is provided to direct, tier one, suppliers to help them assess and manage issues in their supply chains. New SEDEX guidance on operational practice and indicators of forced labour has been adopted and the roll out of a new, Stronger Together training module that focusses on addressing modern slavery in global supply chains is used.³³

Extending beyond tier one, the Co-op have introduced a monitoring programme of a thousand of its tier two supplier sites across 70 countries and have conducted a supply chain mapping and risk assessment exercise in high-risk categories such as protein.





Case study: Sainsbury's

In its 2017 annual modern slavery statement Sainsbury's, the second largest UK supermarket retailer, committed to the Consumer Goods Forum's Labour Priority Principles which include a commitment to work towards zero recruitment fees in its grocery supply chain.³⁴

Contractual terms with all grocery suppliers have been amended to include a clause on MSA compliance. Suppliers are required to demonstrate compliance and to inform Sainsbury's of any breaches. Identified issues are categorised by the level of seriousness and an action plan put in place to ensure the supplier reaches compliance within a set timeframe.

The retailer has also introduced a "risk-based approach" to risk assessment: using a diagnostic risk assessment tool to analyse complex, internally and externally sourced data sets against an updated range of indicators to provide an aggregated risk rating for specific products and sectors in different business areas. Regular meetings are held with key grocery suppliers to discuss their plans in depth and to encourage effective human resource management strategies, focusing on areas such as worker engagement and the responsible use of labour providers. Grocery suppliers' ethical trade strategies are monitored. Case studies of good practice related to the prevention of modern slavery and the implementation of worker voice are shared.

All grocery suppliers are encouraged to attend one-day, ethical trade training and Stronger Together's "Tackling Modern Slavery in Supply Chains" training and to share this learning within their own businesses. In 2017 the retailer launched its "Ethical Trade Training links" document which signposts suppliers to courses run by independent experts.³⁵

Case study: Klabin

Founded in 1899 and operating 17 industrial units across Brazil, Klabin is Brazil's largest paper producer and a leading manufacturer of paper, corrugated packaging board and industrial bags. In 1998 it became the first company in Brazil to achieve FSC certification and has since been involved in drawing up the Small and Low Intensity Managed Forest (SLIMF) standard for planted forests.³⁶ Klabin has since extended FSC certification beyond its own suppliers to local small-holders.

Klabin opened its Ortigueira unit in the state of Parana in 2016. The plant produces hard eucalyptus and soft pine wood pulp and fluff. It is licensed to operate under International Finance Corporation (IFC) rules.

These rules specify performance standards for working and labour conditions and include the requirement for a company to identify the risks in its primary supply chains. Timber is felled from nearby forest areas in Santa Catarina, Parana and Sao Paulo state. Either Klabin, or its suppliers, harvest and transport purchased timber to the site. Around 20-30% of the timber supplied comes from independent producers and small-holders with less than 485 hectares.

The small-holder certification initiative is part of Klabin's strategy to attempt to use 100% certified wood in its production processes. The FSC trademark allows farmers to sell their timber with a higher added value which brings benefits to the entire supply chain. Around 2,000 "formetados" or partners were identified as suitable for FSC certification. Six hundred have since been certified and the aim is to reach 100%. Initially a team of Klabin employees handled the certification process for these small-holders.

This was, however, resource intensive work and the certification requirements were different from those which applied to Klabin's own processes. Managing the certification process has since been sub-contracted out to a specialist consultancy, 2Tree Consulting. This firm specialises in capacity building and auditing small-holders to the certifier's requirements. Small-holders need time to adapt to what are for them, new and more stringent, requirements. Certification audits are seen as a mechanism to facilitate supplier learning. Although a supplier might be temporarily blocked should a non-conformance be found during an audit, such an event is seen as an opportunity to enter into dialogue with the supplier to remedy the situation.



Case study: Fibria

The Brazilian company Fibria cultivates planted eucalyptus forests for the sustainable development of new products. Fibria has worked closely with local communities near its forests to develop alternative sources of income.

In addition to its part ownership of the Veracel mill in Eunapolis, the company operates three industrial units: Jacarei in the state of Sao Paulo; Tres Lagoas in Mato Grosso Do Sul and Aracruz in Espirito Santo.

Timber suppliers for the Aracruz unit are normally drawn from within 200 kilometres of the plant, in the states of Espirito Santo, Bahia and Minas Gerais. Timber is sourced from its own forestry activities, which are based on renewable plantations that cover 1,092 million hectares of forest, from spot market purchases; by arrangement with small-holders and from timber grown on leased land.

Fibria has been criticised for its handling of land rights disputes with Brazil's quilombos, descendants of slaves who have settled in the states of Bahia and Espirito Santo.³⁷ Some community leaders accuse Fibria of using land that was illegally occupied in the 1960s at a time when legal land owners were pressurised to sell their land at a bargain price. Legal action is ongoing. Subsequent plantation development has left quilombos communities vulnerable and isolated, with few options for making a living. Some have turned to wood theft, cutting down eucalyptus plants that they claim encroach upon their lands, to produce charcoal.

Although not targeted specifically at quilombolas, in 2009 Fibria introduced a "Rural Land Development Programme" (PDRT) as part of the FSC certification of its Aracruz plant.³⁸ The scheme involves the creation of designated community areas for growing crops and is based on creating and strengthening agricultural associations. These co-operative associations allow quilombos and other communities to gain access to developmental and income generation programmes.

Fibria provides tools and, in addition, aims to teach community members technical and marketing skills so that they can generate an income from the crops that they grow. By 2017 Fibria's PDRT scheme included over five thousand families across 56 communities.

Fibria uses a prioritisation matrix to identify those communities surrounding its forestry and industrial operations that would benefit most from its support. Its assessment is based on three criteria: the social and environmental vulnerability of a community; the impact of Fibria's operations on a community and the regions' local importance to the company. Fibria targets its resources at newly-created associations with the intention that each will develop the capabilities to operate independently in the long-term. In the future, Fibria has plans to encourage the participants of strongly-performing associations to share the knowledge and skills that they have gained to support those beyond formal PDRT developments and to extend the programme beyond its Aracruz unit.



Measuring effectiveness

Although these practices are not yet widespread, there are pockets of good practice related to the inclusion of reporting measures particularly in UK companies' annual modern slavery statements and Brazilian companies' sustainability reporting in the beef supply chain.

Organisations provide specific details of the number of non-conformances or instances of modern slavery identified in their operations. UK grocery retailers also indicate the range of positive actions that have been taken against which they measure their performance.

Metrics relate to internal and supplier training, non-compliances, ethical audit results, actions by third party auditors and critical breaches to policy, activities related to increasing transparency and supply chain visibility, due diligence monitoring, supplier site "heat maps" showing degree of ethical oversight and mitigation of high risk areas in their supply chains, campaigning, performance measurement, project monitoring and evaluation frameworks e.g. calls to hotlines, number of victims supported, the percentage of ethically traded products sold and progress against commitments to sustainably source priority raw materials and monitoring of suppliers' ethical trading strategies.



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