



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

Rights Lab briefing on a study led by Dr Alexander Trautrim and Dr Silvia Pinheiro, undertaken between November 2017 - March 2019<sup>i</sup>

*Legislative developments on modern slavery in supply chains have produced some positive changes in corporate behaviour. Companies should adopt examples of good practice to reduce risks in their supply chains and show the way forward.*

## Key research findings

1. There is some evidence that legislation has played a part in companies' development of capabilities to tackle modern slavery in beef and timber supply chains
2. Emerging good practices have focused on:
  - Procurement policies
  - Increasing awareness and accountability
  - Capacity building in the supply chain
3. The key law and policy provisions affecting corporate responses to modern slavery in Brazilian-UK beef and timber supply chains are:
  - Brazil Penal Code (art. 149)
  - Brazil's 'Dirty List', or 'Lista Suja'
  - UK Modern Slavery Act (s. 54)
4. Weak enforcement of law and policy has limited the impact of these measures.

## Why is this important?

It is estimated that in 2016, there were 24.9 million people globally in forced labour. In Brazil, there were approximately 369,000 slaves.<sup>ii</sup> According to Reporter Brasil, the cattle industry had the highest number of cases of modern slavery and workers being released from slavery. Supply chains that involve higher risks require appropriate responses.

Some legislative developments have sought to increase transparency<sup>iii</sup> and others have created consequences for failures to respond appropriately to the risk of modern slavery.<sup>iv</sup> Beyond compliance with corporate reporting requirements, companies can draw on emerging good practices to respond to risks and incidents of modern slavery in their supply chains.

At the international level, pressure has mounted on companies since the adoption of the UN Guiding Principles on Business and Human Rights (UNGPs) by the Human Rights Council. The UNGPs, which refer to companies' responsibility to respect all internationally recognised human rights are gradually being incorporated into national laws. This may create additional legal risks for companies in the future.

## Recommendations for business

- [Understand the applicable legal frameworks governing your supply chains](#)
- [With an understanding of the risk of modern slavery in your supply chain, take action internally and externally to prevent or mitigate impacts](#)
- [Assign responsibility for the risk of modern slavery internally to ensure that appropriate action is taken](#)
- [Support capacity building in your supply chains to improve suppliers' responses and resilience](#)
- [Support legislative and policy developments that provide clarity on standards for companies](#)

## Recommendations for policy-makers

- [Extend the scope and application of domestic regulations to include upstream actors and to cover labour conditions in the supply chains](#)
- [Harmonise approaches to regulation of corporate efforts to tackle modern slavery in supply chains.](#)

## Research overview

Many developments in good practice are linked to the inclusion of reporting requirements under UK law, Brazilian companies' sustainability reporting in the beef supply chains, and certification practices in timber.

### Legal frameworks

The dominant legal frameworks for Brazilian-UK beef and timber supply chains are the respective domestic frameworks. For beef, regulations on imports into the UK focus on sanitary conditions and preventing harm to human health. Timber standards focus on the legality and sustainability of the harvest. Unfortunately, the routine inclusion of social standards has yet to become the norm in international trade and investment agreements governing the movement of goods. This omission increases the importance of legislation such as the UK Modern Slavery Act, which requires large companies operating in the UK to publish a statement on the steps they have taken, if any, to eradicate modern slavery from their organisation and supply chains.

Similar to many other states, the Brazilian Penal Code criminalises both slave labour and conditions analogous to slavery. In 2003, Brazil also created the 'Dirty List', or 'Lista Suja', which discloses data on employers that have been found to be subjecting their employees to situations of slavery.<sup>v</sup> Employers who are added to the list remain there for two years during which time they are unable to receive credit from government banks and may be blocked from supplying large beef and timber processors.

At the international level, other instruments seek to reduce companies' negative human rights impacts. These include the UNGPs and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, both of which are relevant to companies operating in Brazilian-UK beef and timber supply chains.

### Procurement policies

Companies can take action through procurement policies. These include the company's procurement policy, which sets out ideas and plans that are used as a basis for making procurement decisions, and supplier codes of conduct through which a company can agree labour standards with its suppliers.

The UK Government's Timber Procurement Policy (UK TPP) requires that all timber and wood-derived products come from an independently verifiable legal and sustainable source. The only recognised certification schemes under the UK TPP are the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification. Both

have protections concerning forced labour, welfare of workers, child labour and freedom of association.

For businesses, procurement and supplier policies can establish principles for commitment to ethical trade and human rights. These can help reshape ideas about ways of doing business and secure wider commitments to human rights.<sup>vi</sup> Other good practice examples include plans for continuous improvement if suppliers fall short of compliance.

### Awareness and accountability

Training programmes to increase awareness about modern slavery are common and varied. However, two main approaches to assigning accountability for eradicating slavery were identified. The first is a diffused model which exploits existing and related functions on human rights, ethical trade or responsible business. The second is to delegate responsibility to staff in category management and sourcing roles or dedicated compliance roles. The study identified two models for ensuring compliance:

**Private Compliance Schemes:** Companies may publish private supplier standards that adhere to international human rights principles or standards and create a right to terminate the relationship if suppliers fail to meet the standard.<sup>vii</sup>

**Civil Certification:** forest management and chain of custody certification schemes have been used to promote good practice throughout timber supply chains. The FSC upholds certain standards on the social and economic wellbeing of workers.

In both models, audits that include specific criteria on slave labour are used. These are often criticised if used on their own but may be improved by combining them with other risk detection processes.

### Capacity building initiatives

The study identified two UK grocery retailers that have described capacity building initiatives that extend beyond their tier one suppliers<sup>viii</sup>

Upstream timber processing companies in Brazil have also developed innovative schemes for capacity building. For example, Klabin, Brazil's largest paper producer established a programme to extend FSC certification to local small holders<sup>ix</sup> as part of its effort to use 100% certified wood. Another Brazilian company, Fibria, which cultivates eucalyptus forests, has created designated areas for growing crops to support local communities in developing alternate sources of income.

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<sup>ii</sup> Walk Free Foundation, Global Slavery Index 2016.

<sup>iii</sup> California Transparency in Supply Chains Act (2010); UK Modern Slavery Act (2015); Australia Modern Slavery Act (2018).

<sup>iv</sup> Brazil's Lista Suja; Australia Modern Slavery Act (2018).

<sup>v</sup> Ministry of Economy Brazil, 'Lista Suja'.

<sup>vi</sup> The Co-op, 'Sustainable Procurement and Supplier Policy' (2017), page 1.

<sup>vii</sup> Kimberley-Clark Corp, 'Supplier Social Compliance Standards' (2014).

<sup>viii</sup> See The Co-op, 'Ethical Trade and Human Rights Policy Position Statement' (2016). Sainsbury's Modern Slavery Statement 2017, pages 5,12-13.

<sup>ix</sup> See Kimberley-Clark Corp, 'Supplier Social Compliance Standards' (2014).