

Business & Human Rights - Brazil

Online workshop series

12 and 26 May, 9 and 23 June 2020



WEBINAR 4

Managing human rights risks in the supply chain

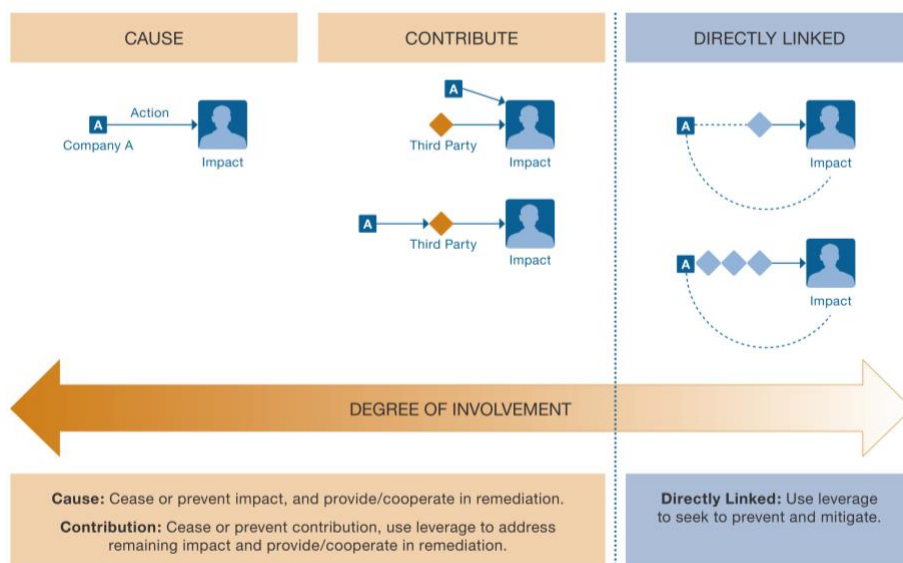
23 June 2020, 10:30 – 12:00 BRT

Companies face increasing pressure to demonstrate that they are taking effective steps to manage human rights risks in their supply chains – including risks relating to modern slavery. In this final webinar of our four-part series, Business practitioners explored ways to engage and build collaborative relationships with suppliers to identify and address human rights risks and issues. We also discussed the challenges presented by the COVID-19 pandemic regarding the management of human rights issues in supply chains.

This document captures key approaches, practices and insights shared during the webinar, as well as links to further resources.

HOW COMPANIES CAN BE INVOLVED IN HUMAN RIGHTS IMPACTS

- Managing human rights risks across the supply chain should be a priority for any company taking its responsibility to respect human rights seriously.
- Companies often ask how many tiers of their supply chain they need to consider. The UN Guiding Principles on Business and Human Rights (UNGPs) do not take a tier-based approach, but rather focus on the degree of involvement in the actual or potential human rights harm.
- What a company needs to do will vary, depending on the nature of its involvement. The infographic below summarises the three types of involvement described in the UNGPs: **cause**, **contribution** and **direct linkage**.



- In all cases it is important to address actual and potential impacts as early as possible to ensure problems are identified, fixed and remediated where necessary.
- Companies can engage with human rights issues in the supply chain in a variety of ways.
- Typically companies will:
 - engage in high level risk mapping;
 - develop and implement a supplier code of conduct;
 - implement audit processes; and
 - provide training and capability-building to suppliers.
- Companies may also choose to conduct deeper supply chain due diligence where risks are considered highest: for example, looking in depth at risks related to a particular product, issue or region.
- Companies may also partner at a local or industry level to address more complex or systemic challenges.

INSIGHTS FROM PRACTICE: A COMPANY WITH A MATURE HUMAN RIGHTS PROGRAMME

Setting and embedding expectations

- One multinational corporation with a large Brazilian supply chain developed its first human rights policy 15 years ago. The policy has evolved over time, incorporating guidance from the UNGPs, feedback from stakeholders and insights from expert consultants.
- The company developed supplier guiding principles on human rights, and has incorporated these into its ethical code of conduct.
- Governance structures have been established at the global level and in all business units to ensure the policy and code of conduct are implemented. The company continues to regularly engage with stakeholders.

Addressing specific issues

- The company identified a raw material which it sourced from several different geographies, including Brazil, which could present heightened human rights risks. To address this, the company commissioned a study on the supply chain of this raw material, focusing on specific issues identified through risk mapping: child labour, forced labour and land rights.
- This study was conducted by a commissioned research firm and involved:
 - a desk review;
 - in-person research; and
 - validation of practice in the field.
- The study identified systemic issues, such as poverty and a lack of access to education and healthcare. It also identified several operational issues with actors in the supply chain, and found that policies and practices were not cascading down through the supply chain.
- To combat these issues, the company is in the process of requiring its suppliers to become certified to a leading sectoral standard which addresses many of the challenges the study identified.
- The company has also developed its own guidance on land rights and free, prior and informed consent (FPIC), a topic discussed in [webinar 3](#) of this series.

INSIGHTS FROM PRACTICE: A COMPANY STARTING TO ENGAGE WITH SUPPLIERS

Conducting initial mapping

- A large Brazilian company has recently set a number of targets in relation to human rights in its supply chain.
- To commence the process, the company has sent a survey to all of its suppliers.
- The survey will help the company to understand the main gaps in commitment and practice in its supply chain. The company is mapping the results and will use the results to shape its response.

KEY CHALLENGES: MODERN SLAVERY IN SUPPLY CHAINS

- Brazil has an expansive definition of modern slavery. It encompasses forced labour and debt bondage, as well as exhaustive working conditions and degrading working and living conditions. The ILO has found that Brazilian legislation in this area aligns with its Forced labour Conventions, no. 29 and no. 105.
- The Brazilian government has also developed the *lista suja* or 'dirty list' of companies found to have modern slavery in their operations. This list was first published in 2004, and is typically updated every six months.
 - Ministries and banks are forbidden to buy from or lend to companies included on the *lista suja*.
 - A company can only be removed from the list once it has paid all fines, labour taxes and compensation to victims, and can prove that slave labour has not existed in the business for two consecutive years.
 - Penal cases may also be recommended by the labour public attorney's office after an investigation.
 - In agricultural settings, land may be subject to expropriation without compensation in line with the social duty of property established in the Brazilian constitution.
- Modern slavery legislation in other parts of the world may also have an impact on Brazilian companies. For example, the United Kingdom's Modern Slavery Act 2015 applies to companies with a global turnover of GBP 36 million and some presence in the UK. Proposed mandatory due diligence legislation in the European Union is also expected to have broader global impact and, if introduced, is likely to affect some companies in Brazil.

KEY CHALLENGES: COVID-19 AND CORPORATE RESPECT FOR HUMAN RIGHTS

- COVID-19 has highlighted the fragility of supply chains and focused attention on the workforces that are truly essential to our survival. The pandemic has also revealed the globalised nature of the modern workforce: migrant workers who can't go home but are without paid work, for example.
- In the short term, companies must find innovative ways to ensure respect for human rights. For examples, some companies have been using proxy questions to audit by phone, or using video conferencing to inspect facilities.
- In the medium and longer terms, companies must consider how to build more resilient supply chains which can deal with transformations – in light of COVID-19, but also to adapt to a changing climate.

FURTHER READING AND RESOURCES

Training resources

- GBI, [Business Practice Portal](#)
 - [Identifying human rights impacts](#)
 - [Managing business relationships](#)
 - [Addressing modern slavery](#)
 - [Using leverage](#)

Brazil-specific resources

- Presidência da República, [Diretrizes Nacionais sobre Empresas e Direitos Humanos – Decreto No 9.571, de 21 de novembro de 2018](#)
- Ministério Público do Trabalho, OIT Brasil, [Iniciativa SmartLab Promoção do Trabalho Decente Guiada por Dados](#)

Good practice

- Philips, [Supplier Sustainability Performance: Beyond Auditing](#)

Key challenges in 2020

- IHRB, [Respecting Human Rights in the Time of the COVID- 19 Pandemic](#)
- GBI, [The impact of remote working on companies' human rights risk management](#)
- GBI, [What do the UNGPs expect companies to do about racial discrimination?](#)