

Human and Labor Rights Committee Meeting

Wednesday, December 13, 2023 | 1 - 2pm CET

Members:

Michael Gelchie	Group CEO (Chair)
Murilo Parada	Chief Sustainability Officer
André Roth	Global Head, Grains & Oilseeds Platform
Jessica Teo	Chief Human Resources Officer (excused)
Nigel Mamalis	Advisor to the CEO
Olivier Laboulle	Global Head of Sustainability, Coffee Platform // Group Human and Labor Rights Lead
Tim Bourgois	Global Trading Manager, Cotton Platform
Vitor Correa	Global Head of Safety, Health & Environment
Wei Peng	Global Head of Sustainability, Grains & Oilseeds Platform
Daniela Agnes Luci Gragnoli Aragao Lamoglia	Legal Director – Sustainability
Manon Latil	Sustainability Data and Reporting Manager

Additional Invitees:

Lene Wendland	Business and Human Rights – Office of the United Nations HCHR
Benjamin Smith	Senior Specialist, Child Labor – International Labour Organization (ILO)

Minutes:

- In his introduction, the Chairman welcomed participants to the annual Steering Committee Meeting dedicated to Human and Labor Rights and particularly acknowledged the participation of Lene Wendland and Ben Smith, and thanked them for their continuous engagement and guidance, which extends beyond the annual encounter in the context of these annual meetings.
- The Chairman observed that over the past few days, the international community met in Geneva to celebrate the 75th anniversary of the UN Declaration of Human Rights and that it was a very fitting week and apt location for the meeting of this committee.
- The Chairman emphasized progress since the appointment of Murilo as Chief Sustainability Officer and Olivier as Group Lead for Human and Labor Rights: the update of the corporate sustainability strategy that elevates human and labor rights to one of six priority areas; the publication of a Global Supplier Code of Conduct; the formalization of a Human and Labor Rights Policy; and the scaling-up of our human and labor rights risk assessment.
- In his introductory remarks, the Chief Sustainability Officer presented key aspects of the new sustainability governance at LDC: On the reporting side, LDC will be unifying its Sustainability Report and Annual Report from 2023 onward. 2022 was LDC's first report drafted with reference to the Global Reporting Initiative (GRI) standard, demonstrating LDC's efforts toward clearer and more transparent reporting.
- In terms of organization, each function and platform within the Group now has a sustainability focal point. They meet every fortnight with additional ad-hoc meetings for the most critical and urgent topics. For priority issues, technical Steering Committees meet on a regular basis – bi-annually in the case of human and labor rights. At management level, the sustainability strategy Steering Committee meets monthly and covers all sustainability topics, including human and labor rights.
- Human and labor rights is one of only two topics where the sustainability strategy Steering Committee has a dedicated annual session with external advisors. This shows the importance of the topic to LDC, and the value given to the contributions from Lene and Ben, as their feedback and guidance helps us elevate our standards in this important area of work for the Group.
- Olivier presented the six **human rights due diligence** steps recommended by the OECD Guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights (UNGP) and gave an update on the progress LDC has made in this area, as well as the action plan for 2024.
- As highlighted in the 2022 Sustainability Report, LDC has adopted a Group-wide Supplier Code of Conduct, building on existing individual policies, and is in the process of formalizing a Human and Labor Rights Policy. LDC also started to conduct a human and labor rights gap analysis of our policies and procedures. We initiated a corporate human rights risk assessment and based on the results of this assessment to be finalized in 2024, we plan to determine and prioritize actions to address negative human rights impacts on stakeholders throughout our activities and operations.
- The Committee reviewed the draft human and labor rights policy that had been shared prior to the meeting and discussed a few aspects:
 - Discussing what constitutes a fair wage, Ben referred to the ILO's work in this area and encouraged LDC to participate in tripartite dialogues and sectoral collective agreements. The ILO is currently piloting a project in five countries to look at living wages, assessing what the true needs of workers and families are.
 - Lene encouraged LDC to take into account the effectiveness criteria from the UNGP for grievance mechanisms as context- and language-specific solutions may be required, beyond the global hotline [EthicsPoint](#) currently in place.
 - The human and labor policy may be reviewed once the risk assessment is completed.
- The comments received will be integrated into a final policy draft, ready for adoption by the committee before the end of 2023.

- Daniela presented LDC's recently published **Supplier Code of Conduct**, whose objective is the formalization, at Group level, of a standard laying out LDC's expectations to its suppliers when it comes to sustainability. It sets minimum requirements, including on human and labor rights, and aligns fully with the policy presented by Olivier. Up to this point in time, many of these principles had been implied or scattered in different documents. The new Code of Conduct consolidates all existing elements into a single policy commitment. The Code applies to commodity suppliers not already covered by a more stringent policy (e.g. coffee), and all other suppliers of goods and services. It will be rolled out in 2024 and LDC will design processes to support and monitor compliance, also encouraging its suppliers to cascade it upstream to their own suppliers. This process is likely to take more than a year.
- Vitor offered a brief update on the progress made in **juice operations** which is the only platform where LDC operates farms directly:
 - Since most of LDC's operations occur in the south-eastern part of Brazil, in São Paulo State, where seasonal manual labor for harvesting is scarce, LDC relies on migrant workers from the north-eastern part of Brazil. 100% of the workers are recruited directly and LDC has strong processes in place to ensure compliance with strict national regulations.
 - With regard to health and safety, LDC goes beyond minimum standards set by national regulations, trying to understand workers' needs and improve their working conditions. [In recent years, LDC has achieved good results, with significant year on year reduction in frequency and gravity rates as highlighted in the 2022 sustainability report.
 - LDC also made further progress on the coverage of certification for its own farms: 84% are now certified by the Rainforest Alliance; and 100% are FSA GOLD certified (a tool of the SAI Platform). [When it comes to third-party suppliers, LDC's Code of Conduct for Brazilian suppliers (which is being replaced by the new global Supplier Code of Conduct) has been acknowledged by almost all suppliers and over 75% of third-party farms have already been audited.]
- In his overview of the situation of **fundamental principles and rights at work**, Ben highlighted the following:
 - On labor rights, generally, the ILO sees a picture of increased risk in 2023, partially due to conflicts and geopolitical instability.
 - For child labor, the latest results from incidence studies showed that the pandemic resulted in increased child labor.
 - Similar scenario for forced labor, where today, there are an estimated 50 million people in modern slavery – a 10m increase since the last global estimate from 2016. ILO estimates this to be a US\$150 billion industry. One of the underlying factors is limited state capacity, and the struggle faced by governments to fund social services protective of labor rights. The weak enforcement capacity of nation states on forced labor, in industries like mining or construction for example, further exacerbates the situation. Geographically speaking, the highest prevalence is found in Arab States, followed by Europe and Central Asia.
 - State-sponsored labor rights violations continue to be an issue and the ILO will send a team to observe the cotton harvest in Turkmenistan, based on methodology developed some years ago for Uzbekistan.
 - Despite an increasing number of violations registered in the area of freedom of association and collective bargaining (e.g. union busting), the ILO sees a rise in unionization in some sectors, such as those connected with the platform economy, as well as an increased percentage of women joining unions.
 - On occupational safety and health, the ILO records 1.88m deaths per year, mainly due to diseases. Efforts in this area are vital to ensure the skills transfer required to train the next generation of workers, especially in the smallholder farming context.
 - Whether or not the rise of human rights due diligence legislation will result in a positive impact on labor rights is unclear. There is a rush toward tick-the-box compliance and these new laws may well result in certain companies deciding to cut-and-run in order to de-risk their supply chains. In this context, Ben highlighted the importance of going beyond due diligence to tackle root causes. On this point, he views the rise of partnerships between governments and the private sector as a positive sign.
 - LGBTIQA+ rights are increasingly at risk. Despite their inclusion in the ILO's program and budget for several years, this remains a contentious issue among member states.

- Adequate income, decent work for parents is critical to protect against child labor and social dialogue is key to reach adequate wage levels. In this context, sectoral minimum wage agreements are critical because their pre-competitive nature creates a level playing field.
- Lene offered some **updates from the UN OHCHR perspective** and started by congratulating LDC for holding such human and labor rights committee meetings at that level of management, something she views as a rare occurrence but a very good practice.
- Geopolitical situations affect every aspect of the work we do, including with regard to business and human rights. For this reason the OHCHR released a publication entitled [Business and Human Rights in Challenging Contexts – Considerations for Remaining and Exiting](#). The absence of clear guidance on this aspect of the UNGP has meant that perceptions and expectations of companies have varied significantly. There are many considerations for companies to decide on whether to remain in, or exit from, a challenging context - from legal compliance to public relations issues, etc. so it was important to clarify at least what the expectations are in terms of human rights to help companies interpret the UNGP and inform their decisions about what to do in a challenging context.
- Following the 2022 UN General Assembly declaring access to a clean, healthy and sustainable environment as a universal human right, OHCHR is currently working on what implications to derive from this in terms of Human Rights Due Diligence given that environmental impact assessments are rather different in nature compared to existing practices in place.
- OHCHR is increasing its work on Business and Human Rights at the regional level, including through continuation of a project covering nine countries in Latin America (in collaboration with the ILO and OECD) and increasing work in Sub-Saharan Africa.
- Regarding the sometimes headline-grabbing work of some civil society organizations, which have put private companies on the spot with demanding requests for information, Lene reiterated the importance to have strong due diligence systems in place to be able to respond to any such allegations from a position of confidence in the process in place, showing that LDC has discharged its responsibility in terms of due diligence.