

## Human Rights Committee Meeting

Wednesday, December 7, 2022 | 1 – 2pm CET

### Notes from previous meetings

- LDC Human Rights Committee [Meeting Minutes](#) – January 15, 2020
- LDC Human Rights Committee [Meeting Minutes](#) – December 3, 2020

### Members:

- Michael Gelchie            Group CEO (**Chair**)
- Murilo Parada            Chief Sustainability Officer
- André Roth              Global Head, Grains & Oilseeds Platform
- Jessica Teo                Chief Human Resources Officer
- Nigel Mamalis            Advisor to the CEO
- Olivier Laboulle        Global Head of Sustainability, Coffee Platform
- Tim Bourgois            Global Trading Manager, Cotton Platform
- Vitor Correa              Global Head of Safety, Health & Environment
- Wei Peng                 Global Head of Sustainability, Grains & Oilseeds Platform (excused)

### Additional Invitees:

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

### Minutes:

- In his introduction, Mike restated the importance of Human Rights for the Group's operations, highlighted the seniority of the LDC committee members, and thanked Benjamin and Lene for their in-person participation.
- Murilo presented the progress made by LDC in the area of Human Rights, the appointment of a global, cross-platform Lead, the conduct of a materiality assessment and the development of a global responsible sourcing policy. The materiality assessment (from which key results will soon be published) found that Human and Labor Rights are highly material to LDC. An action plan and strategy will soon be derived from this exercise.
- Lene referenced a recent Guidance Note from the *World Economic Forum* titled [Board Duties in Ensuring Company Engagement with Affected Stakeholders](#) to which she contributed and could be helpful for LDC to consider when refining the design of its Human Rights Governance.
- Highlighting recent trends and emerging issues related to Business and Human Rights, Benjamin and Lene mentioned the following topics that are relevant for LDC:

- **Mandatory Human Rights Due Diligence:** EU Regulation, among other, create an opportunity for companies to engage with upstream suppliers who might otherwise have little incentive to do so.
- **Forced Labor Import Bans:** Uyghur Forced Labor Prevention Act in the US, upcoming EU Regulation, etc., also create an opportunity for multinational companies to drive change by leaning-in and engaging in origins with Human Rights issues rather than cut-off relationships. Forced Labor trends are going up with latest ILO numbers showing 50 million cases world-wide, 2.1 million of which in agriculture.
- **Sensitive Operating Contexts:** Myanmar, Ukraine, Xinjiang are difficult situations to navigate. Multinational companies are faced here also with the dilemma to engage or pull-out, weighing out pros and cons from a Human Rights impact perspective.
- **Child Labor** remains a significant issue for agribusiness companies as LDC, given that 70% of the cases are found in the agricultural sector. The [Durban Call to Action](#) highlights the importance of the agricultural sector and the need to tackle the root causes underpinning child labor issues such as poverty, formalization of work arrangements, lack of worker representations and farmer organizations.
- In 2022, **Occupational Safety and Health (OSH)** became the fifth category of ILO Fundamental Principles and Rights at work, completing the existing four categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation.
- The difference between minimum legal wages and living wages was discussed, especially in a context where certain voluntary standards create upward pressure on wages, well above the legal minimums. Benjamin pointed out that minimum wages should be set in consultation between governments, employer and workers. They should take into account needs of workers and their families and the cost of living, as well as economic factors such as productivity levels and the value of maintaining high levels of employment. These long-term Human Rights effects have to be taken into consideration, though Benjamin highlighted that technology is also important to increase productivity and ensure value creation. Digitalization of payments helps formalize work relationships and has a positive impact, for example. Mechanization and automation can improve productivity but it is important to consider any unemployment they may lead to.
- Given the labor shortages in the country, the committee discussed Brazil's government-led outreach program related to prison labor. Following due diligence to ensure the program was compliant with all international conventions and labor standards, LDC started to take part in this program for the 22/23 crop and has made plans to continue in 23/24. Benjamin referred to the ILO C029 - Forced Labor Convention which shall be taken into consideration for the purposes of this program, and mentioned in-house ILO experts who may be in a position to clarify eventual questions LDC may have in respect to this topic.
- Similarly, the topic of migrant labor brought from low-income parts of Brazil to work on LDC citrus farms was discussed. Such migrant program was carefully designed to give work opportunities to such labor force and respects all national legislations (including minimum wage). Notwithstanding the foregoing, LDC has received negative reports related to the remuneration of seasonal laborers. In relation to this issue and others discussed during the meeting, Lene and Benjamin highlighted the importance of engaging affected populations and to make sure that the perspectives from workers are taken into consideration when renewing such migrant labor

programs for next crop. They also offered to link LDC to their inhouse expert on the topic, if needed.

- A few recent examples of forced labor allegations and child labor cases in LDC's supply chains were presented and discussed, highlighting the complexity and idiosyncrasies of each single instance – and therefore the difficulty to address them in a systematic manner. LDC presented how each case was immediately identified and addressed internally upon investigation, due diligence and, where applicable and required, corrective action plans including prevention and mitigation activities. LDC also explained the decision to keep or stop the supply from each supplier involved in such cases depending on the outcome of its investigations.
- In relation to Human Rights Due Diligence mechanisms and Human Rights governance at LDC, Lene and Benjamin supported LDC's initiative to draft and implement a Human Rights policy highlighting that having a specific Human Rights policy was a key part of any Human Rights corporate governance framework. Referring to the results from LDC's materiality assessment which identified human and labor rights as highly material, Lene recommended to prioritize action on a few selected issues, based on country/commodity human rights impact assessments, instead of trying to tackle everything at once. Finally, LDC should be ready to report openly on human rights issues found and progress made to address them. Mike wrapped up the meeting highlighting the main takeaways and action points resulting from the meeting, and thanked all members for their participation, in particular Benjamin and Lene from ILO and UN OHCHR.