**30th Human Rights Council**





**Side Event on**

**“Ending Contemporary Forms of Slavery in Supply Chains”**

**Statement by Mr. Leonardo Sakamoto**

**Board Member, United Nations Voluntary Trust Fund**

**on Contemporary Forms of Slavery**

Palais des Nations (Salle XXI)

Wednesday, 16 September 2015

12.00 to 2.00 p.m.

**Statement by Mr. Leonardo Sakamoto, Member of the Board of Trustees of the UN Fund on Contemporary Forms of Slavery**

We spend yearly millions of dollars in programs to prevent and fight slave labour, often ignoring the opinion of those who are most interested in this: the victims and their communities. They have an understanding of their own reality better than anyone else does and they are capable to identify solutions, including actions for their economic autonomy and participation in clean supply chains.

Victim-centred projects proposals are annually submitted to the United Nations Voluntary Trust Fund on Contemporary Forms of Slavery, established in 1991 by the United Nations General Assembly and serviced by the Office of the United Nations High Commissioner for Human Rights in Geneva.

On that basis, the Fund awards yearly grants to organizations that provide humanitarian, legal and financial aid to individuals whose human rights have been violated as a result of contemporary forms of slavery.

The Fund is unique within the United Nations system. Its victim-based approach has allowed it to channel funds to those in most need of assistance, such as vulnerable groups in society, many of them children, women and minorities. This Fund is also unique in its ability to reach victims of forced and early marriage, a group which cannot be addressed by many other United Nations funds. It provides opportunities for NGOs, often working at the grass-roots level, to assist a large number of victims directly, with relatively small amounts of money.

The Fund assists a full range of victims from debt bondage, serfdom, forced labour, the worst forms of child labour, child servitude, human trafficking, sexual slavery, forced marriage, sale of wives and other forms of slavery.

While serving as a member of the Board of Trustees of the Fund and visiting organizations, I have seen some truly remarkable stories of rehabilitation and empowerment of victims in re-gaining their dignity. Some of these stories are featured in the publication ‘The human faces of modern slavery’ available on the table at the entrance of this room.

Unfortunately, despite the pressing need to support organizations doing this meaningful and impactful work to assist victims of slavery the Fund, which is replenished from voluntary contributions by governments, and other private or public entities, is at critically low funding level and unable to meet the assistance requests received yearly. For instance, I come from the American continent, a region that has little contributed to the Fund’s maintainability, even though the International Labour Organization estimates that more than 1.8 million people live under contemporary slavery there.

Cecília Meireles, a famous Brazilian poet, once wrote: “Everyone wants freedom. But who works for it?”

With that in mind, I welcome the Rapporteur’s work and I would like to say a few words about slave labour supply chains, since I have dedicated my work to this issue for 16 years. For this, I will share a little of the Brazilian experience with you.

Since the 1970s, civil society in Brazil has systematically denounced the existence of contemporary forms of slave labour. After decades of pressure, the Brazilian government acknowledged before the UN in 1995 the persistence of this type of exploitation on its territory. In that year, a public policy to fight this human rights violation was established, based on labour inspections with the presence of police officers and public prosecutors. They investigate complaints, free workers, hold employers accountable for paying salaries and labour rights, and initiate legal actions for compensating employees or criminally punishing the ones involved.

Since then, over 50,000 workers were rescued. Both people and corporations caught benefiting from slave labour were entered, from 2003 onwards, in a public transparency database, which has been termed the “dirty list”, established by ministerial decree in the same year. Once they have exercised their right to administrative defence in two instances, they used to remain on the list for two years, during which they should repay their debts with both workers and the State and make sure not to be recidivist into this crime.

The database was used by dozens of public and private companies that signed the National Pact for the Eradication of Slave Labour, applying both commercial and financial sanctions. In December 2014, the Supreme Court granted an injunction to an association of construction companies, suspending the “dirty list”. To date, attorneys from the Federal Government have not been able to re-establish the database.

But civil society organizations, using the Brazilian Freedom of Information Act, rebuilt the database and relaunched it to keep transparency about slavery cases. This "new list" has been used by several companies to make their risk management analysis and block who used slave labour.

In Brazil, when an open capital company was added in the “dirty list” biannual update, its stocks suffered significant decreases in the market. For instance, this happened with major companies that produced sugar and alcohol or with big construction companies. Having no access to credit and with the negative impact suffered by the brand in the media, investors pressured the corporation to adopt policies to avoid the problem from happening again. We have cases of supply chains that improved considerably as a result of this process.

Most companies have not engaged on this of their own free will, but it happened through the pressure of complaints from the press and civil society showing how their chains were contaminated. Other actions were also important in this regard; for instance, the laws that warrant forfeiture of properties and the annulment of registration if companies are caught with this crime. In this regard, two important laws were recently approved: one in the State of São Paulo – the wealthiest in the country – banishing for ten years the company that benefits from slave labour. The other one is a federal law that guarantees the forfeiture with no legal compensation of rural and urban properties where slave labour is found, allocating them for land reform or housing programs. Some legal actions already mention this law and they are waiting the Judiciary’s response.

These elements of complaint and punishment have fostered a behaviour from investors who have begun analysing the damage risk to the brands involved after these complaints go public. This is important because consumer’s boycott only works in the short term or not at all. For most cases, corporative policies to combat slave labour are only adopted if there is a real risk of economic loss for an enterprise.

Thus, we note with concern the development of policies to eradicate slave labour in supply chains in which the State and the civil society are dislocated from centre-stage to co-star of companies.

The Executive Power needs to lead this process, guaranteeing not only independent labour inspections that also have administrative policing powers, but also policies for slave labour prevention – which includes fighting poverty and offering opportunities for effective citizenship.

At the same time, the Judiciary and the Labour Prosecutor’s Office need to denounce and judge the involvement of companies, holding them accountable and imposing significant condemnations in values that render slave labour a bad investment. Moreover, the Legislative branch needs to approve laws that punish companies and investors that benefit from this type of exploitation.

Independent audits, self-regulation and self-declaration do not guarantee the same quality of control and monitoring than what derives from labour inspectors and laws that warrant punishment for those who profit from this kind of exploitation.

Besides, public authorities need to bring the organized civil society in the monitoring process, supporting the actions developed by these actors – which was the case, in Brazil, of the National Pact for the Eradication of Slave Labour, quoted as an example by the Rapporteur in her report – and protecting them from the offensives of certain business sectors that will not be happy with these changes. I know this from my own experience, since I have been the target of threats and legal actions due to our organization’s work in fighting slave labour supply chains in Brazil.

I am fully aware how hard this process can be, especially when some States are practically hostages of certain economic sectors or international and national companies, either through financing their governors and parliamentarians or through controlling the economy.

However, we must remember that a good deal of the issue is inserted in global supply chains which do not start nor finish in only one country. If consumers pressuring mobile phone investors and developers in one country can lead to better living conditions for workers involved in its production on the other side of the globe, imagine what wouldn’t we achieve by creating treaties and mandatory principles, under the penalty of economic sanction, to companies lenient with slave labour?

Accordingly, I welcome the debate that has been engaged in order to create a binding treaty in which companies are obliged to adopt minimal human rights criteria that must include contemporary forms of slavery. In June 2014, the UN Human Rights Council adopted Resolution 26/9, which established an open-ended Intergovernmental Working Group to discuss a legally binding instrument on business and human rights.

Nevertheless, no policy concerning supply chains will succeed without the action from States and the international community and without punishing the capital directly involved in them. Because slave labour is not an obliquity, it is an instrument that facilitates competitiveness and profit.

We know this process is not dialectical. In Brazil, where some advances have occurred, the action of conservative politicians and the backfire from certain business groups are weakening the basis of the policy to eradicate slave labour in supply chains, either by suspending the transparency instrument or by attempting to overthrow laws that define and punish slave labour.

With the imminent adoption of the 2030 Agenda for Sustainable Development, it is important to renew our commitment to eradicate contemporary slave labour, forced labour and human trafficking. However, analysing our present scenario, in which some public policies that reaffirm this combat look more like greenwashing actions adopted by big corporations to avoid changing their production or diminishing their profits, I do not believe we will achieve this goal by 2030. Not even by 2050. Maybe, if climate change allows it and we still have a planet, we will be able to do it by 2100.

Slave labour is not a disease, it is a symptom. The Brazilian experience shows that it is not possible to eradicate slave labour without addressing the workers’ socioeconomic situation, along with the matter of impunity. That is, eradicating slave labour depends on how interested in considerably reducing poverty in poor countries are the governments of developed countries, the main beneficiaries of the global economic system. I believe just a small share of the resources allocated in promoting armed conflicts or in the war on drugs would be enough.

In Brazil, the Assentamento Esperança (Hope Settlement), in the Monsenhor Gil town, one of the poorest in the countries, was created by workers rescued from slave labour. Their life is not perfect, but the autonomy they conquered, producing and selling this production, gives them an opportunity to choose – a power they did not have before.

Based on the Brazilian experience, while we cannot completely heal the sick, there are some elements that should be observed in order to whittle the problem by acting in supply chains:

1) A system of public and quality labour inspection is fundamental to identify the economic actors involved in slave labour;

2) A list sponsored by the State or with information provided by the State, thus guaranteeing transparency to the names of those involved in this crime, is the basis for creating effective corporative policies for fighting slave labour. Developing and publicizing researches that identify supply chains of actors involved in slave labour has the potential to involve consumers in this combat. Because there is no conscientious consumption without quality information;

3) The partnership between civil society organizations, unions and press in essential to monitor the behaviour of the government and the business sector. The Prosecutor’s Office and the Judiciary branch need to act in order to impose compensations proportional to the income of the companies caught with slave labour;

4) Boycotting does not work in the long run. We have realized in Brazil that when there was rescue involving a company direct or indirect in slave labour, this created a repercussion in the press. There were negative comments circulating among society and social networks, increasing the risk perception of a certain brand for investors, stockholders and commercial partners. They are the kingpin – not the final consumers. Scared that the denunciation would translate into a depreciation of their investments, some movements happened in the Stock Market or along with the stockholders. This generated a window of opportunity in which the company, worried about the situation, tried to give society a response, thus opening the possibility of implementing corporative policies. This window of opportunity is very short, because the consumer will soon forget, the press will bring another scandal and the investor will restore his confidence. But, if well used, it could mean significant changes.

I conclude this statement with a strictly personal opinion. I dream of the day in which the International Labour Organization and the UN Office of the High Commissioner for Human Rights have the same power held by the World Trade Organization or the International Monetary Fund. Because we know there is a range of values that will not change while the capital is free to travel around the world but workers are deterred on the borders or left to drown in the sea.