

DIALOGUES FOR A RESPONSIBLE CARNAUBA

21 JUNE 2023 | TERESINA, PIAUÍ, BRAZIL



60 people gathered in Teresina, Piauí, Brazil on 21st June for a day of conversation around the challenges and solutions in the Carnauba sector.

This event brought together different stakeholders that had not been together before in this way, including international buyers alongside government authorities, civil society organizations, producer and worker representatives, and local wax processing companies.

Private companies present

- **Local companies** in the Dialogues included representatives from [Agrocera](#), [Brasil Ceras](#), [Ceras Salustiano](#), [Foncepi Natural Waxes Ltda](#), [Morrinhos Indústria de Cera](#) and [Pontes Indústria de Cera](#).
- The **international buyers** who are part of the IRC and who were able to travel to attend the dialogue included De Monchy, Kahl GmbH, L’Oreal, Natura and Norevo.

See all IRC members [here](#).

Above: Participants of the Dialogues for a Responsible Carnauba

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INITIATIVE FOR RESPONSIBLE CARNAUBA



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OPENING ADDRESSES

The day started with opening addresses during which five actors from government and civil society all highlighted the importance of a dialogue between the diversity of actors gathered at the event and their hope that this day will be the basis for more dialogues in the future.

The opening speakers were:

- **Elizabeth de Carvalho Meireles** – Project Director for the Middle North Region, Piauí Government
- **Dr. Edno Moura** – Chief Prosecutor MPT-PI, Public Ministry of Labour (MPT)
- **Joseane Carvalho Costa** – MDA worker, Ministry of Agriculture (MDA)
- **Rik Kutsch Lojenga** – Executive Director, UEBT
- **Benno Pokorny** – Project Director for Bioeconomy and Value Chains, GIZ

OVERVIEW – CURRENT STATUS OF RESPONSIBLE SOURCING

After the welcome addresses, the day started with an overview by Dr. Edno Moura (Chief Prosecutor of the Public Ministry of Labour of Piauí) of the involvement of the MPT Piauí in the Carnauba sector, how they came to develop the TAC (Termo de Ajuste de Conduta – Terms of Conduct Adjustment) as a tool for structural improvements, the challenges they face and support they receive in their work in the Carnauba sector.

Laissa Poliana, legal advisor of CONTAR (the National Confederation of Rural Salaried Workers), after giving some context on the situation of rural workers in Brazil, talked about how workers are the most vulnerable actors in the Carnauba sector. CONTAR is responsible for negotiating and monitoring more than 600 collective labour agreements for rural workers in Brazil. In 2013, a collective labour agreement was signed in Piauí for the Carnauba sector to try to address the cases of slave labour and informality.

Above: Participants during the round of introductions



The agreement is, on paper, one of the best in Brazil, with among other stipulations, a salary which was negotiated above the minimum wage, and various other social guarantees. However, in practice, the agreement is not respected. Efforts are needed to reinforce the implementation of the agreement, which would contribute to a responsible Carnauba sector with workers receiving dignified salaries and dignified working conditions.

Emerging due diligence laws around the globe are a driving force for company engagement

Rik Kutsch Lojenga, Executive Director of UEBT, and Andrea Sauer, Head of Purchasing at Kahl GmbH & Co KG and part of the IRC advisory committee, then had a conversation about the Initiative for Responsible Carnauba (IRC), a roundtable of companies and civil society organisations that come together to work on challenges in the Carnauba sector. IRC members make commitments that aim to support local companies that commit to monitoring their supply chains and taking concrete actions to improve working conditions. Andrea talked about the importance of Carnauba for her company, and how they joined the IRC because they understood that collective action is needed to address the issues in the Carnauba sector and support the Brazilian companies that make efforts.

The IRC was created based on the conviction that it is the responsibility of all actors along the supply chain to contribute to improving conditions for the workers. Emerging due diligence laws around the globe are a driving force for the engagement of companies and are an opportunity to engage more companies to commit for improvements in the Carnauba sector. Being part of the IRC demonstrates a company's commitments to responsible sourcing and to their due diligence obligations.

Carnauba workers and producers study

A study among Carnauba workers and producers, commissioned by the IRC and conducted by the State University of Ceará, was presented in the event.

The study showed that:

- A majority of workers interviewed indicated that they have seen improvements in their working conditions in the last five years.
- Despite these reported improvements, almost half of the workers interviewed are not aware of their workers' rights, they still lack knowledge on health and safety, and a large majority are not formally registered as workers.

Perspective from the MPT Piauí

- The MPT Piauí started to be involved in the Carnauba sector in 2012 as a reaction to cases of labour exploitation, which are defined as slavery in Brazil. They started dialogues with the companies associated with workers who had been rescued due to being found in conditions analogous to slavery.

After realising that rescue operations were not sufficient, they developed the TAC as a more structural solution to the human rights issues in the sector. The TAC's aim is to have local companies monitor their supply chains.

- Companies that signed the TAC began to work effectively on trainings of workers, monitoring of their supply chains, investing in various projects to improve the sector. This is in line with due diligence regulations in Brazil and internationally that are requiring companies to monitor their supply chains.
- Several carnauba wax processing companies in Brazil still resist taking responsibility for compliance with human rights guidelines for all actors involved in their supply chains. In this way, they violate the law, becoming more competitive in the prices they can offer buyers than companies that take responsible sourcing measures: this is 'social dumping', since these companies do not make investments in due diligence in their supply chains.
- When the TAC was developed, it was decided to exclude family agriculture from the monitoring system required by the TAC. It became clear now that this had led to widespread fraud on registrations of workers with the label of 'family agriculture' to avoid the regulations set by the TAC. The MPT plans to review this.
- To support the efforts of the government in improving the Carnauba sector, international companies have a crucial role in asking for serious commitments from their suppliers, including signature of the TAC, and excluding those that do not commit.
- The MPT is glad to see the number of initiatives in the Carnauba sector (by Associação Caatinga, GIZ, IRC, ILO, UEBT), bringing additional support to the efforts of the government.



ADVANCES AND CHALLENGES – DIALOGUE AMONG PARTICIPANTS

The higher level overviews were followed by interactive conversations among participants on advances in the last five years in the Carnauba sector and challenges that remain.

Key advances identified

Some key advances that participants identified are:

- Improvements in processing companies, including more modern technology and improved traceability
- Several key Brazilian wax processing companies signing the TAC
- Certification initiatives operating that provide an opportunity for companies to show compliance against social and ethical standards, including fairer prices
- Improvement of working conditions thanks to the provision of trainings on workers' rights, health and safety, and provision of PPE
- Organisation of an event like this allowing for an open dialogue among key actors in the sector
- Increased awareness of buyers about the market and sector
- Several initiatives focused on improvements in the supply chain, and coordination between those organisations running these (UEBT, IRC, ILO, GIZ)
- Existence of a quality collective labour agreement in the Carnauba sector in Piauí, whose implementation needs to be strengthened and extended

Key challenges identified

Some key challenges that participants identified are:

- Several Brazilian wax processing companies refuse to take the necessary actions for a responsible sector, unfairly giving them a price advantage (more attractive to some buyers who only differentiate on cost) compared to the companies that are taking responsible action
- Socio-economic vulnerability of the workers and small producers
- Lack of knowledge of workers of their own rights, causing their resistance to employment registration
- Difficulty for small producers of registering their workers due to the associated costs
- Low level of organization of the workers, producers and industry
- Lack of technological development at the field level
- Little evolution in the price of the Carnauba powder in the last years
- Possible challenges for the continuation of the Carnauba activity, with a low engagement from younger people
- Large portion of the volumes of Carnauba produced go to final users that are interested in certification and responsible sourcing
- Significant number of middlemen in the supply chain

Above: Participants shared experiences and insights at the event





SUPPORT PROJECTS IN THE CARNAUBA SECTOR

The event shared information and updates on projects happening in the sector. Those shared included:

DeveloPPP project

The DeveloPPP project is implemented by Brasil Ceras, Foncepti and Pontes with the support of GIZ. Actions include trainings on labour issues, mental health, productive and financial planning, and workers' organization. It includes a permanent advisory service with an accountant and lawyer to answer questions from workers after the trainings. The project also includes the identification and promotion of alternative income sources. The project has reached 1 140 workers so far, with the objective to reach 3 000 people until September 2024.

Promoting the strengthening of the carnauba production chain to overcome unacceptable forms of work

The project is implemented in partnership between ILO and the MPT of Piauí and focuses on training family farmers, generation of income alternatives, and testing of new technologies.

The MPT supports the project because it addresses not only workers' conditions, but also aims to empower workers by promoting forms of organization, and supporting them by other income opportunities.

Above: Dr. Edno Moura gave an overview of the involvement of the MPT Piauí in the Carnauba sector

The Safe Carnauba Machines project

The project is implemented by UEBT, in collaboration with the Carnauba processing companies Agrocerá, Brasil Ceras, Foncepti and Pontes, and supported by GIZ. The project addressed a key obstacle for machine owners that is the lack of access to technical advice to know which changes to machines are needed, and the lack of access to a specialist engineer who can deliver the certificate of conformity with the government regulations on health and safety.

In 2022, 70 machines were adjusted and received a certificate of compliance, and 279 workers received safety trainings. The project will continue over the coming years with a strengthened human rights component and the aim to reach all Carnauba machines in the sector by 2025.

Sustainable Carnauba

The project Sustainable Carnauba is implemented by Associação Caatinga. The project aims to contribute to the professionalization and modernization of the Carnauba chain, improve productivity and health and safety for workers, and disseminate traceability techniques. The project is in the third stage of implementation.

A model community will be identified to conduct a pilot project in which the community will be supported to implement all good practices, regarding collection practices, environmental management, health and safety and labour regulations. The community will also be supported in the commercialization of the powder. The aim is for the community to become a model community and for the project to be replicated to other communities.



Articula Fito Project: Carnaúba Value Chains for Health Promotion in the Territories

The Articula Fito project has been developed by Fiocruz since 2015. The aim of the Articula Fito project is to promote public health by strengthening value chains and supporting traditional populations, family farmers and small producers of medicinal, aromatic, condiment and food plants which are used as medicine by the local communities and have a potential for public health.

The project has identified Carnauba as one important value chain with a great potential for the development of the bioeconomy in this region of Brazil. The project is helping to ensure that different initiatives existing in the Carnauba value chain are integrated and have a channel of communication to increase impacts of each separate project. For this purpose, representatives of GIZ, Articula Fito, UEBT, IRC, ILO and local Carnauba wax processing companies have been meeting every month and have defined a workplan and activities in collaboration.

Above: Participants shared experiences and insights at the event

DISCUSSION ON SUPPORT PROJECTS

The support projects were followed by a dialogue among all participants on the role of each part of the sector in projects, and what can be done as next steps.

The audience highlighted the need for all different projects to be well articulated and suggested that these could be combined into one overarching project with all actors who are present today and are willing to continue the efforts. Participants discussed that international companies (distributors and final product manufacturers) should agree to adequate prices for Carnauba and provide financial support to their Brazilian suppliers and to relevant projects.

In addition, distributors have the responsibility of raising awareness of their clients, who are the final users of the product and those that allow the market to exist. The IRC, which represents the industry actors that committed to a responsible Carnauba sector, has the responsibility to increase its membership and raise awareness among international distributors and final users who have not been reached yet.

Event organizers

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Buyer actions identified in the dialogue

To support the efforts of the government in improving the Carnauba sector, **international companies have a crucial role in asking for serious commitments from their suppliers** and excluding those that do not commit. This also means:

- **Respecting Brazilian law** and aligning sourcing with supply chain due diligence regulations internationally
- **Requiring verified or certified carnauba** (at the field level) and checking documents from suppliers to ensure this compliance adheres to strict standards
- **Supporting improvement projects** (including those of suppliers) at the local level wherever possible

Above: Traditional Carnauba craft exhibited during the event by a cooperative created as part of the ILO-MPT Piauí project.

MOMENTUM FOR CONTINUED DIALOGUE

Participants agreed that the multistakeholder dialogue that this event started should be maintained, with representation of all actors (workers, producers, industry, government, civil society), with an aim to develop a national action plan for the Carnauba sector.

For this purpose, the event was closed with the formal creation of the **National Carnauba Dialogues**, formed by representatives of all sectors previously mentioned. This national articulation will develop a work plan, with indicators and targets to be implemented over the coming years.

