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Toward promoting human rights and decent working conditions in the leather supply chain

An overview of the leather industry in Brazil

About FLA

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.

Acronyms in this report

ABIEC	Association of Brazilian Beef Exporters	INSS	National Institute of Social Security
CICB	Centre of Brazilian Tannery Industries	LWG	Leather Working Group
CSCB	Brazilian Leather Sustainability Certificate	MBPS	Mesa Brasileira da Pecuária Sustentável
CSDDD	Corporate Sustainability Due Diligence Directive	OHS	Occupational health and safety
CSRD	Corporate Sustainability Reporting Requirement	OAS	Organisation of American States
CSOs	Civil society organizations	ReMI	Responsible Meat Initiative
ESG	Environmental, social, and governance	SLF	Sustainable Leather Foundation
EUDR	European Union's Deforestation-Free Products Regulation	SIE	Serviço de Inspeção Estadual
FLA	Fair Labor Association	SIF	Serviço de Inspeção Federal
GRSB	Global Roundtable on Sustainable Beef	SIM	Serviço de Inspeção Municipal
HRDD	Human rights due diligence	LIA	Textile Exchange Leather Impact Accelerator
HREDD	Human rights environmental due diligence	WBCSD	The World Business Council for Sustainable Development
ILO	International Labour Organisation	TVPRA	U.S. Department of Labor Trafficking Victims Protection Reauthorization Act
MHRDD	Mandatory human rights due diligence	UFLPA	USA Uyghur Forced Labor Prevention Act
		WWF	World Wildlife Fund

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1. Executive summary

“By illuminating challenges in upstream supply chains for commodities like leather, we aim to drive accountability and inspire collective actions toward a more equitable industry. This will help ensure dignity and respect for all workers at all levels of a company’s global supply chain — not just Tier One.”

— RICHA MITTAL, FLA EXECUTIVE VICE PRESIDENT AND CHIEF INNOVATION OFFICER

Global companies are facing increasing regulatory requirements to map their upstream supply chains, conduct risk assessments, monitor working conditions, provide workers access to remedy, and report on their efforts. In response, the Fair Labor Association (FLA) surveyed 100+ member companies and licensees on perceived risks in their upstream supply chains. In addition to concerns regarding cotton and rubber products, the surveyed companies identified the leather supply chain as a top priority. FLA’s conversations with the global civil society community also point towards a need to amplify discussions on leather in the ongoing mandatory human rights due diligence (MHRDD) discussions. The goal of the report is to generate a dialogue on effective approaches to promoting human rights and decent working conditions in the leather supply chain.

FLA collaborated with Impactt to develop this report.¹ Conducted over six months in 2024, the report presents an overview of the leather industry in Brazil. It profiles both the global leather industry and the leather industry specific to Brazil to determine hot spot areas, understand the nature of labor and human rights issues, map challenges, and identify existing initiatives. As part of the research

process, the team studied over 100 unique documents, including research papers and studies, articles, opinion pieces, and media reports, and interviewed 19 stakeholders.

The Brazilian leather industry

Brazil is a global leader in producing bovine leather, which is used in products including handbags, apparel, footwear, luggage, accessories, and sporting goods. The leather supply chain can be long and complex, spanning multiple countries. From the cattle farms to the final assembly unit, there are multiple intermediary tiers in the leather supply chain. These include, but may not be limited to, component providers, post-tanning processing, tanneries, beam houses, slaughterhouses, and traders in between each of those tiers.

Each of these supply chain tiers is labor-intensive, employing workers who often face precarious conditions—especially moving upstream to slaughterhouses and cattle-rearing farms. Several studies by organizations such as Transparentem, Somo, and Labour Behind the Label have reported on the poor labor rights and working conditions in leather processing facilities (tanneries and subcontracted units).²

1 Impactt, <https://impacttlimited.com/>

2 Transparentem, <https://transparentem.org/>;

Somo, “Indecent Work,” <https://www.somo.nl/wp-content/uploads/2022/12/Indecent-work.pdf>;

Labour Behind the Label, “The Real Cost of Our Shoes,” <http://labourbehindthelabel.net/wp-content/uploads/2017/12/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

These include the presence of child labor, exposure to chemicals, lack of contracts, compensation issues, lack of freedom of association and collective bargaining, and discrimination. The leather supply chain is often opaque to the final buyer or the consumer.

Findings

The report denotes several findings of concern to companies and consumers, including:

Supply chain transparency challenges: A lack of transparency between farms, slaughterhouses, and tanneries results in lost information, low product traceability, undisclosed facilities, and low visibility into working conditions.

Human and labor rights issues: At every stage of the leather production process, workers face significant risks:

- Slaughterhouses face persistent problems with worker harassment, abuse, mental health issues, gender discrimination, health and safety concerns, and more.
- Tanneries have known concerns, including exposure to dangerous chemicals, the presence of young workers, temporary jobs, and lack of unions or worker representation.
- Farms often use informal and inconsistent working arrangements; there are no decent accommodations; and there is a prevalence of low wages and the risk of modern slavery.

Certifications: Existing supplier certifications have a limited focus on working conditions and human rights and do not cover upstream supply chain tiers (slaughterhouses and farms) that pose the highest risk.

Lack of collaboration: The apparel/footwear and meatpacking industries are not collaborating in a structured manner to establish traceability or to ensure human rights due diligence (HRDD) in the full value chain.

Recommendations

The report details four main strategies that companies can adopt for traceability, and layering social and environmental parameters for the upstream supply chain:

1. Companies invest in their own traceability and human rights environmental due diligence (HREDD) systems and are mostly top-down through their Tier One suppliers. This process is often based on self-declaration.
2. Companies engage with third-party organizations on traceability and assessments which could use a multitude of techniques either top-down or bottom-up to remediate issues (for example, certification, blockchain, and digital passports).
3. Companies come together as coalitions within the same sector, or combine several sectors, to focus on supply chain mapping, remediation, and advocacy.
4. Companies adopt an exit strategy from high-risk countries where they are limited in influencing the sector mainly due to geopolitical reasons.

In addition, the report details a full list of specific recommendations that companies can employ to achieve these four strategies.

2. Introduction

2.1 Background on the leather industry

For both companies and individual farmers, investing in cattle is a long-term business strategy. Agricultural families consider cattle as an asset, sold at special times such as during droughts, food shortages, and weddings, or to afford higher education for their children. Farmers sell cattle to other farmers, a trader, a slaughterhouse, or directly to a large corporation, cashing out their investment after raising the animal. The global meat industry was valued at \$897.5 billion in 2022 and is expected to grow to \$1.3 trillion by 2027.³

The global leather industry was valued at \$242.85 billion in 2022, with an expected growth of 6.6% predicted from 2023 to 2030.

Leather is considered a by-product of the meat industry and is used for waste reduction.⁴ Nonetheless, the global leather industry was valued at \$242.85 billion in 2022, with an expected growth of 6.6% predicted from 2023 to 2030. At the heart of this growth is a rising demand for trendy leather apparel, accessories, and footwear. The footwear segment led the leather market in 2022 with a share of around 40%. In addition to the use of leather by luxury companies, major players in the athletic footwear segment are venturing into leather athletic manufacturing, considering the increasing consumer demand for leather athletic footwear.⁵

Bovine leather is the most popular hide that comes from the top layer of a bull's or cow's skin. Leather can be produced from almost any animal, including some exotic ones, but most commonly from sheep, goats, and pigs.⁶ The Leather Council states that "67% of skins used for leather belong to cattle and buffalo, followed by sheep (12%), pigs (11%) and goats (10%). It is estimated that less than 0.5% of leather is made from other animals, such as native kangaroos and domestic species like dogs and cats."⁷ Leather is mainly used in the production of footwear (46.85%), the auto industry (17%), garments (10.28%), furniture (9.86%), and gloves (4.16%).⁸ According to a recent report, "Most manufacture of leather and leatherwear occurs in low- and middle-income countries. China is the largest manufacturer, but Bangladesh, India, and Pakistan are also important producers."⁹

3 Statista, "Meat industry value worldwide in 2021 and forecast for 2022 and 2027," <https://www.statista.com/statistics/502286/global-meat-and-seafood-market-value/>

4 Leather Naturally, "FAQ: The real connection between leather and the meat industry," https://www.leathernaturally.org/wp-content/uploads/2023/02/LN-Meat-Connection-Factsheet-St_1-v1.pdf

5 Grand View Research, "Leather Goods Market Size, Share & Trends Analysis Report By Type (Genuine Leather, Synthetic Leather, Vegan Leather), By Product, By Region, And Segment Forecasts, 2023 - 2030," <https://www.grandviewresearch.com/industry-analysis/leather-goods-market>

6 Such as alligator, snakes, moose, crocodile, ostrich, wildebeest, stingrays, etc.

7 Collective Fashion Justice, "Under the Skin", April 2023, <https://static1.squarespace.com/static/5f5f02dd9b510014eef4fc4f/t/6447013fc313933929b754c0/1682375029994/CFJ+a+just+transition+beyond+leather.pdf>

8 The Leather Council, Statistics and Sources of Information, (Source: UKLF/ICT, 2015), <https://leather-council.org/information/statistics-sources-of-information/>

9 SOMO, "Shine a light on leather," November 2022, <https://www.somo.nl/download/39264/?tmstv=1719497351>

2.2 Supply chain relationships

The two supply chains—meat and leather—are intrinsically connected. Yet the influence of the two industries differs as the product changes from one supply chain to the next. Whereas the food (meat) companies can exercise some influence on farmers and slaughterhouses, leather sourcing industries (apparel, footwear, and automotive) can mostly influence tanneries, component makers, and final assembly units.

Cattle is mainly raised for meat or milk, and not for leather. Often, the farmers are unaware of the leather prices or the leather buyers. For slaughterhouses, the main transaction is with the meat company. They sell hide as a by-product to the tanneries, or to traders, and are unaware of the leather buyers. It is estimated that the hide represents only 1-7% of the total value of the cattle.¹⁰ Hide is further undervalued by the way animals are treated; farmers may use barbed wire fences or even hit the animals, harming their hides. Many cattle farmers do not know, or simply don't care, about improving hide quality.

Leather represents a very small portion of profit for meatpackers. So much so that the unfinished hide is sold by weight (kilograms) and not by length (meters) to dispose of in bulk. While the meat buyers communicate to the slaughterhouses about meat quality and their requirements, tanneries seldom communicate their requirements to the slaughterhouses. Tanneries are micro-enterprises that have no leverage, as both the upstream and downstream players are very large.

Companies that source leather often remain unaware of the birthing farms, raising farms, or slaughterhouses involved in the life of an animal. Given the low price of hide in comparison to meat in the upstream supply chain, tanneries often lack the leverage to discuss desired changes such as quality, supply chain transparency, decent working conditions, health and safety, living wages, etc. with their upstream suppliers (slaughterhouses or traders).

The leather industry is not driving anything when it comes to upstream meat and dairy supply chains. Yet, leather is a high-end product, sold at a premium price. Meat and dairy industry stakeholders should view leather as a valuable co-product.¹¹

2.3 Labor abuses in the leather industry

In addition, companies should be concerned about labor abuses within the leather supply chain. According to the U.S. Department of Labor Trafficking Victims Protection Reauthorization Act (TVPRA) list, there are 15 countries that use child labor, forced labor, or both, to produce bovine or cattle (the main source of hides).¹² Further, the list identifies Bangladesh, Vietnam, and Pakistan as countries that use child labor in the production of leather, and India and Mexico as countries that use child labor in the production of leather goods and accessories.

15 countries use child labor, forced labor, or both, to produce bovine or cattle (the main source of hides).

10 Leather and Hide Council of America, "Hide Economics: Leather's Status as a Byproduct", January 2021, <https://www.usleather.org/press/Hide-Economics-Leather-Status-as-Byproduct#:~:text=Traditionally%2C%20hides%2C%20on%20average%2C,hides%20only%20representing%20about%201%25>

11 Good on You, "Is leather a by-product of the meat industry?" <https://goodonyou.eco/is-leather-a-by-product-of-the-meat-industry/>

12 The countries include Bolivia, Brazil, Chad, Costa Rica, El Salvador, Ethiopia, Kenya, Lesotho, Mauritania, Mexico, Niger, Paraguay, South Sudan, Uganda, and Zambia.

Several organizations are currently working to improve supply chain traceability, environmental issues, and to some extent the working conditions in the upstream leather supply chain with a focus on tanneries and home-based work in India, Pakistan, and Bangladesh.¹³ Yet, much remains to be achieved both at an individual company level as well as an industry-level to address the pervasive poor working conditions in the leather supply chain. For example, the existing certification standards and assessment process has a strong focus on environmental, occupational health, and chemical safety, while labor issues such as informal work arrangements and employment relations, forced labor and responsible recruitment, freedom of association and collective bargaining, hours of work, and fair compensation need further strengthening and oversight.

2.4 Regulatory oversight

Several pieces of mandatory due diligence legislation have come into force in the past five years, including the German Supply Chain Due Diligence Act (Lieferkettengesetz)(2023), the French Duty of Vigilance (2019), the Norway Transparency Act (2022), Canada Bill S-211, the USA Uyghur Forced Labor Prevention Act (UFLPA)(2021), the Corporate Sustainability Due Diligence Directive (CSDDD)(2024), and the Corporate Sustainability Reporting Requirement (CSRD)(2024).¹⁴

**Raising cattle is
the main driver of
deforestation.**

These pieces of legislation require companies to take a risk-based approach, establish traceability, assess human and labor rights risks, provide access to remedy, and report on their efforts. The scope covers all parts of a company's supply chain, from its operations to the production sites where the raw material is produced. In the case of leather, it means companies must know more about cattle production, slaughterhouses, tanneries, and manufacturing units.

In addition to the MHRDD considerations, cattle rearing has an added angle of deforestation that is covered under the European Union's Deforestation-Free Products Regulation (EUDR).¹⁵ Raising cattle is the main driver of deforestation. In the Brazilian Amazon region, most deforestation is done illegally to clear land for cattle grazing, develop cattle farms, or produce feedstock for cattle (soy). Deforestation has impacts on local people as well. Illegal farms encroach upon the territories of traditional communities, resulting in land rights violations.¹⁶

13 The organizations include the Leather Working Group, the Textile Exchange Leather Impact Accelerator, and EU funded Together for Decent Leather;

14 Textile Exchange, "Traceability in the Leather Supply Chain," <https://textileexchange.org/app/uploads/2021/05/Traceability-Webinar-1-presentation-May-4-2021.pdf>;
The French Duty of Vigilance, https://www.economie.gouv.fr/files/files/directions_services/cge/Duty-of-Vigilance.pdf;
The Norway Transparency Act, <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>;
The USA Uyghur Forced Labor Prevention Act, <https://www.cbp.gov/trade/forced-labor/UFLPA>;
CSDDD, https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en;
CSRD, https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/corporate-sustainability-reporting-directive_en

15 EUDR, https://green-business.ec.europa.eu/deforestation-regulation-implementation_en

16 Environmental Investigation Agency, "Quem Comprou o Gado Ilegal do Território Apyterewa?" <https://us.eia.org/report/quem-comprou-o-gado-ilegal-do-territorio-apyterewa/>

The EUDR requires European companies to ensure that commodities they export or import have been produced in conditions that respect the laws of the country they originate from, including environmental laws, anti-corruption laws, and laws on land use rights.¹⁷ Products must also be deforestation-free. The law applies to cattle products like beef and leather, among others. The production of soy and geolocation of cattle (including birthplace, farms, feeding pastures, grazing lands, and slaughterhouses) are specifically included in the EUDR narrative.¹⁸ European companies will have to start complying in January 2025.¹⁹

Currently, many leather-sourcing companies lack supply chain visibility and leverage beyond the tanneries.

Currently, many leather-sourcing companies lack supply chain visibility and leverage beyond the tanneries. Some of these companies have focused on other raw materials, such as cotton, but the leather supply chain remains understudied. Hence, to comply with both the MHRDD and EUDR if sourcing from Brazil, companies will need to step up their efforts.

2.5 Recommendations in this report

In this paper we unpack the various tiers of the leather supply chain (with a focus on Brazil), the reported human and labor rights issues in the various tiers of the leather supply chain, and existing stakeholders that can exert influence and drive change. Based on experience in upstream supply chains, and talking to stakeholders, we provide recommendations to leather sourcing companies on actions that they can take within their sphere of influence and areas where they need to establish external collaborations.

17 Human Rights Watch, "EU: Major Step For 'Deforestation-Free' Trade" <https://www.hrw.org/news/2023/04/19/eu-major-step-deforestation-free-trade>

18 European Commission, "Traceability and geolocation of commodities subject to EUDR," https://green-business.ec.europa.eu/deforestation-regulation-implementation/traceability-and-geolocation-commodities-subject-eudr_en

19 Human Right Watch, "Will the Cattle Industry Be Made to Respect Brazilian Law," July 2024, <https://www.hrw.org/news/2024/07/02/will-cattle-industry-be-made-respect-brazilian-law>

3. Methodology

We started with desktop research into the profiles of both the global leather industry and the leather industry specific to Brazil to determine hot spot areas, understand the nature of labor and human rights issues, map challenges, and identify existing initiatives. Over 100 unique documents, including research papers and studies, articles, opinion pieces, and media reports were studied.

19 stakeholders interviewed

100 documents reviewed

Additionally, to develop a deeper understanding of the human rights and labor risks in the Brazilian leather industry, we conducted 19 interviews with various stakeholders from multiple perspectives – brands/retailers, leather specialists working on the ground, human rights specialists, civil society organizations (CSOs), and industry groups. We would like to thank all the stakeholders who shared their valuable insights with us. FLA and Impactt collected data and drafted a report in 2024.

4. Overview of the leather supply chain

The upstream leather supply chain involves various tiers from the birth of the cattle until its slaughter. Whereas the supply chain presented in Figure 1 is not a rigid format, and there might be cases of one single farm covering the full life cycle of the animal until slaughter, the most common setup is to have various farms involved: birthing farms, rearing or backyard farms, and fattening or finishing farms (which may or may not use additional feedlots), before the animal is sold to the slaughterhouses. One fundamental element of this latter structure is that cattle move constantly, and animals are transferred physically and in ownership between different actors within the supply chain.

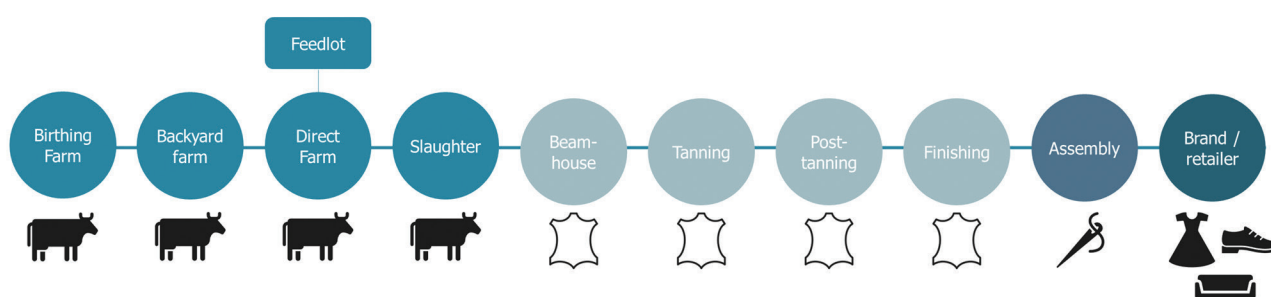


Figure 1: Leather supply chain

Once the cattle are slaughtered, the meat goes to the next steps of the food processing industry where the hide is separated. This is the start of the leather supply chain, as hides and skins are transferred from slaughterhouses to beamhouses for pre-tanning, with cleaning activities that will involve dehairing and degreasing. The hides then move to tanning (chemical treatment), post-tanning (wet end or re-tanning and milling), and finishing (treatment with wax, oil, dye, embossing, or pattern printing).

Finally, the leather moves to the industrial manufacturing process with assembly until the final product (clothing, footwear, handbags and accessories, furniture, tools, sports equipment, seats for automobiles, etc.) from brands and retailers is ready to be sold. In between the various processing tiers and industrial manufacturing, there could be traders who are only involved in exporting and importing the hides internationally. This introduces additional complexity in supply chain transparency.²⁰ As we move downstream from farms to manufacturing units, the facilities are more technologically advanced, better organized, and covered by national laws.

20 Note that the shavings and residual elements from leather have diverse uses and are incorporated in the food and pharmaceutical industries, and in pet products. AL-INVEST VERDE, "INICIATIVAS DE RASTREABILIDADE NAS CADEIAS DE VALOR DA CARNE BOVINA E DO COURO NO BRASIL," https://ipam.org.br/wp-content/uploads/2023/03/Iniciativas_rastreabilidade_PT_v05-2.pdf

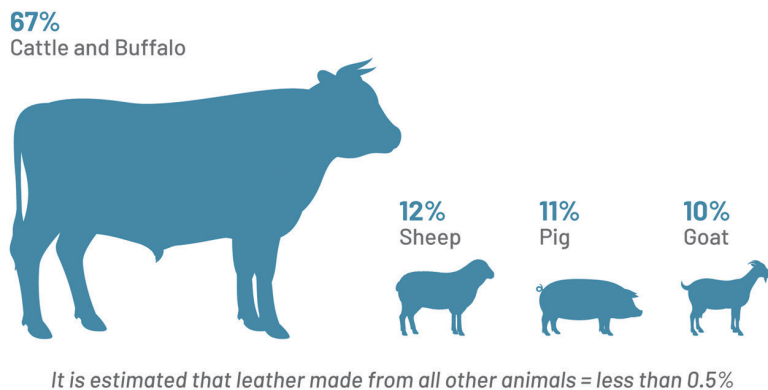


Figure 2: Share of leather by animal type (Source: Food and Agriculture Organisation)²¹

In some instances, this supply chain is vertically integrated as part of a meat company that owns various aspects of the production chain, from the farm to the final stage of tanning, as presented in the next sections of this report. The following sections of the report will discuss the commonly found risks within different tiers of the supply chain.

4.1 Brazilian beef and leather production

Brazil leads global meat production and has the largest commercial cattle herd in the world, estimated at 218.2 million in 2020.²² While meat is the primary product in the livestock value chain, several by-products, particularly leather, hold significant economic value. Leather is the second most profitable animal by-product. Brazil's leather industry is valued at \$3 billion and ranks third globally, following Italy and the United States. Brazil processes 40 million hides annually and exports hides to 80 countries,

After meat, leather is the second most profitable animal by-product.

with 25% of exports going to the European Union (about 8 million hides).²³ This important industry for Brazil comprises 244 tanneries and directly employs about 30,000 people.²⁴

The Brazilian beef industry is predicted to grow by 35% over the next two decades. Studies show that the leather business is vital for this expansion. More than 80% of Brazilian leather is exported, compared to only 20% of the total beef production.²⁵ Despite this, the leather industry faces challenges with consumers, particularly in the automotive, fashion, and furniture industries, who seek low-cost, synthetic alternatives.²⁶ Consequently, the global value of leather exports has fallen by 30%, with the value of Brazilian exports falling by half since 2014.²⁷

- 21 International Council of Tanners, "The Leather Council," <https://leather-council.org/information/statistics-sources-of-information/>
- 22 IPAM, "Traceability Initiatives in the Beef and Leather Value Chains in Brazil," September 2023, https://ipam.org.br/wp-content/uploads/2023/03/Iniciativas_rastreabilidade_PT_v05-2.pdf
- 23 Bain & Company, "Brazil's Path to Sustainable Cattle Farming" October 2020, <https://www.bain.com/insights/brazils-path-to-sustainable-cattle-farming/#:~:text=While%20meat%20plays%20a%20central,only%20Italy%20and%20the%20US>
- 24 CICB data, <https://www.cicb.org.br/cicb/sobre-couro>
- 25 Global Canopy, "Hidden Deforestation in the Brazil and China Beef and Leather Trade", August 2019, <https://globalcanopy.org/wp-content/uploads/2020/12/Hidden-deforestation-in-the-Brazil-and-China-beef-and-leather-trade.pdf>
- 26 Fortune Business Insights, "Faux leather market size, share and industry analysis," <https://www.fortunebusinessinsights.com/faux-leather-market-109844>
- 27 Bain & Company, "Brazil's path to sustainable cattle farming," <https://www.bain.com/insights/brazils-path-to-sustainable-cattle-farming/#:~:text=While%20meat%20plays%20a%20central,only%20Italy%20and%20the%20US>

Brazil's meat production happens in two main regions. The south of Brazil includes the Pampa region, where the environment is conducive to cattle farming. This region has smaller animals, whose leather is desired for the footwear industry, which is also a historically important traditional industry here. Finished leather exported by Brazil usually comes from here too. Northern areas of the country produce mostly wet blue leather, and as the animals are bigger, it is more suited for upholstery and automotive products. In general, Brazil is seeing a change in its leather exports. Historically, wet blue leather has been the country's dominant export; however, crust and finished leather are increasing in relevance in terms of exports.²⁸



Figure 3: Brazilian cattle herd (Source: Athenagro, IBGE data)²⁹

The state of Mato Grosso alone accounts for 14.24% of Brazil's beef cattle herd, followed by Minas Gerais (11.35%), Mato Grosso do Sul (11.10%), and Goiás (10.06%). While most of the beef production is consumed internally (only about 25-30% gets exported), Brazil is still the world's largest beef exporter, accounting for 27.7% of world exports for 2022. It's also the fastest growing producer, with 1.7 million increased tonnes in the past 10 years.³⁰

- 28 Based on CICB Brazilian exports of hides and skins reports for 2023 and 2024, <https://www.cicb.org.br/cicb/dados-do-setor/>;
Leather International, "Future use and destination of raw materials", November 2001, <https://www.leathermag.com/analysis/future-use-and-destination-of-raw-materials/>
- 29 Brazilian Beef Exporters Association, "Beef report 2024," https://www.abiec.com.br/wp-content/uploads/beefreport_v2024-ENG.pdf
- 30 Brazilian Beef Exporters Association, "Beef Report 2023", <https://www.abiec.com.br/wp-content/uploads/Final-Beef-Report-2023-Ingles-Digital.pdf>

On the other hand, about 70-80% of the bovine leather produced in Brazil is exported, mostly as finished leather (51.9%), wet blue (25.4%), crust (12.4%), and split WB (9.3%), according to 2023 statistics.³¹



Most of the exports go to Asia, China being the top importer, or Italy for further processing, particularly for use within the automotive, footwear, handbag, and apparel industries. The top export destinations of hides and skins in 2022 were China (31.5%), the United States (16%), Italy (12.1%), and Vietnam (7.1%).³² About 80-85% of the leather produced is graded as good quality, and about 15-20% is counted as a loss, which then goes to the gelatine industry.

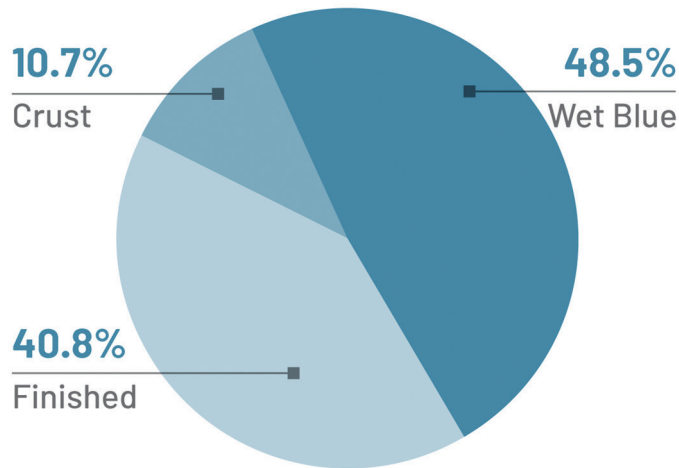


Figure 4: Brazilian exports of bovine leather, percentage area (sqm)³³

31 Finished leather: To make leather more durable, more stain-resistant and permanently water-repellent, a layer of a binder-pigment-mixture is applied to the surface of smooth leather that has already been completely pre-colored with aniline dyes. This color coat is also called finish or pigmentation;
Wet blue leather refers to unfinished hides that have been dehaired and tanned with chromium salts and chromium sulfate. In this phase, the hides are tanned but not yet dyed or dried, (they're still in their moist state, and the tanning is done to preserve them);
Crust leather is the term applied to leather, which is dried after tanning but has not yet been dyed. In the case of chrome-tanned leather, this is known as "chrome crust" and, for vegetable-tanned leather, as "vegetable crust."
Split leather: The splitting of leathers after tanning allows to produce two layers from wet blue leather, which has been chrome-tanned but has not yet undergone the complete finishing process;
Center for the Brazilian Tanning Industry, "Brazilian Exports of Hides and Skin, December 2023," <https://cicb.org.br/storage/files/repositories/phpspQjqX-brazilian-exports-of-hides-and-skins-dez23-eng-1.pdf>

32 Center for the Brazilian Tanning Industry, <https://cicb.org.br/>

33 Center for the Brazilian Tanning Industry, <https://cicb.org.br/>

5. Stakeholder mapping in the leather sector globally and in Brazil

5.1 Global stakeholders

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Global Roundtable on Sustainable Beef (GRSB) ³⁴	<p>GRSB's mission is to advance, support, and communicate continuous improvement in sustainability of the global beef value chain through leadership, science, and multi-stakeholder engagement and collaboration.</p> <p>Vision: "We envision a world where beef is a trusted part of a thriving food system in which the beef value chain is environmentally sound, socially responsible and economically viable."³⁵</p>	<p>While the GRSB primarily focuses on the beef value chain, its sustainability initiatives indirectly impact the leather sector. The GRSB collaborates with various stakeholders to ensure that the practices in beef production, which also supply hides for leather, are sustainable.</p> <p>Globally, GRSB members include organizations, roundtables and individuals from over 24 countries. Combined, they touch nearly two out of three cattle in the global beef chain.³⁶</p> <p>Members of the global roundtable are currently implementing 4 key goals:</p> <ul style="list-style-type: none"> ▪ Animal health and welfare, ▪ Climate health, ▪ Nature positive initiatives, and ▪ Social well-being. 	<p>About 12 national roundtables, including the Brazilian roundtable, across five continents are members of GRSB. These "boots on the ground" organizations serve their members and countries through shared access to management practices, dialogue on leading science, data and technology, and collaboration on sustainability activities.</p> <p>They serve GRSB by providing real-time information from a wide variety of viewpoints and geographical challenges.</p>

34 Global Roundtable for Sustainable Beef, <https://grsbeef.org/>

35 Global Roundtable for Sustainable Beef, <https://grsbeef.org/>

36 Global Roundtable for Sustainable Beef, "Global Beef Sustainability Goals," <https://grsbeef.org/sustainability-goals/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Leather Working Group (LWG) ³⁷	LWG is a multi-stakeholder community committed to promoting sustainable and responsible leather production. Its mission is to support and encourage the use of responsibly made leather by inspiring, educating, and challenging those involved in the leather supply chain. The organization aims to create a transparent leather value chain that achieves positive impacts aligned with the UN Sustainable Development Goals.	<p>LWG focuses on several activities to promote sustainability in the leather sector:</p> <p>Certification and auditing: Offers a certification standard for leather manufacturers.³⁸</p> <p>Traceability: Works on improving traceability in the leather supply chain to ensure transparency and accountability.³⁹</p> <p>Audits: Aims to promote social responsibility through audits.⁴⁰</p> <p>Deforestation and conversion-free supply chains: Aims for a 100% deforestation and conversion-free leather supply chain by 2030.⁴¹</p> <p>Education and collaboration: Provides tools, support, and educational resources to its members, fostering collaboration across the industry to drive sustainable practices.</p>	<p>Traceability and deforestation due diligence: LWG collaborates with local stakeholders to improve traceability and ensure deforestation-free leather production. This includes visiting farms, slaughterhouses, and tanneries to understand and address the challenges in the supply chain.⁴²</p> <p>Regional meetings and collaboration: LWG hosts regional meetings to discuss market expectations, regulatory impacts, and best practices for sustainability in the leather sector.</p>

37 Leather Working Group, <https://www.leatherworkinggroup.com/>

38 Leather Working Group, "Standards & Certification," <https://www.leatherworkinggroup.com/our-impact/standards-certification/>

39 ISPO, "Leather Working Group: Making Leather Processing Transparent," <https://www.ispo.com/en/markets/leather-working-group-leather-processing-gaining-transparency/>;
Leather Working Group, "Traceability," <https://www.leatherworkinggroup.com/our-impact/traceability/>

40 Leather Working Group, "Social Responsibility," <https://www.leatherworkinggroup.com/our-impact/social-responsibility/>

41 Leather Working Group, "A community for responsible leather," <https://www.leatherworkinggroup.com/>

42 Leather Working Group, "Working together on shared goals for traceability and deforestation due diligence in Brazil," <https://www.leatherworkinggroup.com/news-events/news/working-together-on-shared-goals-for-traceability-and-deforestation-due-diligence-in-brazil/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Textile Exchange Leather Impact Accelerator (LIA) ⁴³	LIA, an initiative by Textile Exchange, aims to accelerate positive impacts in the leather industry through the widescale adoption of better practices. This includes mitigating climate change, protecting biodiversity, respecting social and animal welfare, and reducing the environmental impacts of leather production. ⁴⁴	<p>LIA focuses on several activities:</p> <p>Benchmarking and protocols: Establishes minimum social, environmental, and animal welfare requirements for farms and suppliers. This helps ensure that leather production meets high sustainability standards.</p> <p>Impact incentives: Provides financial rewards to farms and suppliers that meet LIA benchmarks, encouraging sustainable practices throughout the supply chain.</p> <p>Traceability: Develops guidelines to build traceability into the leather supply chain, ensuring transparency from farm to finished product.</p> <p>Deforestation/conversion-free protocol: Requires third-party verification of zero-gross deforestation or conversion, aligning with the Accountability Framework.</p>	<p>In April 2023, the LIA team organized an educational trip to Mato Grosso, Brazil. This trip aimed to deepen the understanding of the cattle-to-leather supply chain and explore how brands can help stop deforestation and protect animal welfare. Participants visited cattle farms, a slaughterhouse, and a tannery, gaining on-the-ground insights and connecting with local program partners and ranchers.⁴⁵</p> <p>Textile Exchange, in collaboration with Produzindo Certo, has implemented pilot projects on properties in the Amazon and Cerrado regions. These projects focus on promoting responsible leather production by ensuring compliance with environmental and social standards.⁴⁶</p>

43 Textile Exchange, "Leather Impact Accelerator," <https://textileexchange.org/leather-impact-accelerator/>

44 Textile Exchange, "Leather Impact Accelerator," <https://textileexchange.org/leather-impact-accelerator/>

45 Textile Exchange, "In the Field, Brazil," <https://textileexchange.org/event/in-the-field-brazil/>

46 Produzindo Certo, "Responsible leather fashion," <https://www.produzindocerto.com.br/en/value-chain-responsible-leather-fashion/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Together for Decent Leather ⁴⁷	<p>Together for Decent Leather is a three-year program, carried out by a European Asian consortium of seven CSOs.⁴⁸</p> <p>Its mission is to improve the working conditions and reduce labor rights abuses in the leather industry.</p> <p>This initiative focuses on ensuring that companies fulfill their HRDD obligations and that governments implement safeguards and regulations to adhere to international labor standards.⁴⁹</p>	<p>Globally, Together for Decent Leather engages in several key activities:</p> <p>Research and exposure: Conducts research to expose labor rights risks and abuses in the leather industry.</p> <p>Capacity building: Strengthens the capacity of civil society and trade unions to advocate for workers' rights.</p> <p>Consumer and media engagement: Engages with consumers and the media to raise awareness and support for their aims.</p> <p>Advocacy: Persuades private sector companies to take responsibility for labor conditions and encourages government actors to implement protective regulatory frameworks.</p>	n/a

⁴⁷ Together for Decent Leather, <https://togetherfordecentleather.org/>

⁴⁸ Together for Decent Leather, "About us," <https://togetherfordecentleather.org/about-us/>

⁴⁹ Together for Decent Leather, "Rights for Workers," <https://togetherfordecentleather.org/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Responsible Meat Initiative (ReMI) ⁵⁰	ReMI aims to scale up responsible meat production and consumption. It focuses on addressing the environmental and social impacts of meat production, ensuring that it is sustainable and aligns with high standards of animal welfare and environmental stewardship. ⁵¹	<p>ReMI describes potential challenges and opportunities that lie ahead of the industry and provides action areas and targets to scale up responsible meat production and consumption.</p> <p>Despite growing consumer concern in the sustainability aspects of food, it remains a challenge to shift consumer decisions at the point of sale. ReMI aims to identify motivations, barriers, and levers to shift consumer behaviour towards more sustainable meat products.</p> <p>The World Business Council for Sustainable Development (WBCSD) conducted an analysis that provides members with potential market interventions that can be prototyped, tested, improved upon, and launched to market.⁵²</p>	n/a

50 Responsible Meat Initiative, <https://www.wbcds.org/resources/the-responsible-meat-initiative-remi/>

51 WBCSD, "The Responsible Meat Initiative," <https://www.wbcds.org/resources/the-responsible-meat-initiative-remi/>

52 The World Business Council for Sustainable Development, <https://www.wbcds.org/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Sustainable Leather Foundation (SLF) ⁵³	<p>SLF's mission is to support the global leather value chain in learning, improving, and protecting for future generations.</p> <p>It focuses on the principles of people, planet, and profit and has four key aims: protecting the environment; driving innovation; encouraging best practices; and supporting workforces.</p>	<p>Globally, the SLF engages in several key activities:⁵⁴</p> <p>Transparency Dashboard™: Provides a visual representation of sustainability performance across environmental, social, and governance (ESG) criteria.</p> <p>Audit and certification: Offers an audit certification standard to measure compliance and performance within the leather value chain.</p> <p>Guidance and support: Supplies tools and resources to help partners understand and meet sustainability requirements.</p> <p>Collaboration and innovation: Promotes best practices and innovation for more sustainable leather production.</p>	<p>SLF collaborates with Brazilian organizations and conducts site visits to understand and mitigate environmental impacts, support sustainable practices and ensure compliance with standards.⁵⁵</p> <p>Vancouros, a Brazilian tannery, became the first to join the SLF as a compliance partner. This partnership focuses on environmental improvements, traceability systems, and extending objectives to include social and governance practices.⁵⁶</p>

53 Sustainable Leather Foundation, <https://sustainableleatherfoundation.com/>

54 Sustainable Leather Foundation, "About Us," <https://sustainableleatherfoundation.com/about-us/>

55 Sustainable Leather Foundation, "Brazil: Rising to the Challenge?," <https://sustainableleatherfoundation.com/brazil-rising-to-the-challenge/>

56 Sustainable Leather Foundation, "First Brazilian Tannery," <https://sustainableleatherfoundation.com/vancouros-first-brazilian-tannery/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
FAIRR Initiative ⁵⁷	The FAIRR Initiative is a collaborative investor network that raises awareness of the ESG risks and opportunities in the global food sector. Its mission is to build a global network of investors who are aware of the issues linked to intensive animal production and seeks to minimize these risks within the broader food system. ⁵⁸	<p>While FAIRR primarily focuses on the food sector, its initiatives also impact the leather industry due to the interconnected nature of livestock production:</p> <p>Tools and benchmarks: Provides detailed ESG analysis on material investment risks and opportunities in the animal agriculture sector.</p> <p>Collaborative engagements: Facilitates collaborative engagements between investors and companies, encouraging companies to enhance disclosure and improve practices.</p> <p>Policy action: Engages with governments, regulators, and industry bodies to create awareness of systemic risks linked to intensive animal farming practices.</p> <p>Thematic research: Enables investor members to deepen their understanding of material issues that impact global food systems and portfolio companies exposed to the sector, through thought leadership reports and insights.</p>	FAIRR supports the Cerrado Manifesto, which aims to halt deforestation and incentivize sustainable land management in the Cerrado region. This initiative impacts the leather sector by promoting deforestation-free practices in cattle farming. ⁵⁹

57 FAIRR Initiative, <https://www.fairr.org/about>

58 FAIRR, "About FAIRR," <https://www.fairr.org/about>

59 FAIRR, "Cerrado Manifesto," <https://www.fairr.org/investor-statements/cerrado>

5.2 Stakeholders in Brazil

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Brazilian Leather Certification of Sustainability (CSCB) ⁶⁰	CSCB's purpose is to promote best practices in the leather industry and recognize companies that evolve and reach milestones on this journey.	n/a	Participating tanneries are audited following a specific audit standard and their performance is measured against more than 100 indicators on environmental, social, economic and sustainability management. There are four levels of seals (bronze, silver, gold, and diamond).
Centre of Brazilian Tannery Industries (CICB) ⁶¹	CICB's mission is to institutionally represent the leather sector, promoting actions to make it increasingly competitive globally and able to take advantage of the opportunities offered by the domestic and international markets, responsibly.	n/a	CICB runs the CSCB certification (see above) that assesses tanneries' performance on environmental, societal and economic matters.
Apex-Brasil - Brazilian Trade and Investment Promotion Agency ⁶²	Apex-Brasil works to expand Brazil's presence in the global economy, promoting exports and the internationalization of companies, and attracting foreign investments.	n/a	In partnership with CICB, Apex leads the Brazilian Leather Project, which "organizes the participation of Brazilian industrialists in major international fairs, projects the image of Brazilian leather through specialized media and also carries out research to keep Brazilian leather always at the forefront of global market trends."

60 CSCB, <https://brazilianleather.cicb.org.br/sustainability-cscb>

61 CICB, <https://brazilianleather.cicb.org.br/about-cicb>

62 Apex-Brasil, <https://www.apexbrasil.com.br/en/home/>

ORGANIZATION	MISSION	ACTIVITIES IN THE GLOBAL LEATHER SECTOR	ACTIVITIES IN THE LEATHER SECTOR IN BRAZIL
Ministry of Labor	Brazil's Ministry of Labor carries out labor inspections at any operating business in the country, with a focus on health and safety, and employment practices. Businesses where any form of slave labor is found are included in a "Dirty List" and sanctioned.	n/a	The ministry's government auditors inspect both business and tanneries.
Association of Brazilian Beef Exporters (ABIEC)⁶³	Its main objective is to "promote Brazilian beef exports, reinforcing its quality and safety in Brazil and worldwide."	n/a	In 2023, ABIEC and CICB signed a technical cooperation agreement that aims to improve socio-environmental controls and processes in the production chain. This includes improving the country's bovine traceability records. ⁶⁴
Repórter Brasil⁶⁵	Repórter Brasil is an NGO founded in 2001 by journalists, educators and social scientists. Its work aims to bring to light human rights violations in supply chains and workplaces across Brazil. It is one of the most important sources of information about slave labor in the country.	n/a	n/a
The Mesa Brasileira da Pecuária Sustentável (MBPS)⁶⁶	MBPS is a nonprofit association with over 60 members working together to promote the development of sustainable livestock in Brazil.	MBPS's vision is to be the voice of sustainable livestock in Brazil to the world by discussing emerging issues, taking positions, and sharing knowledge.	MBPS helped develop a technical public policy proposal for full traceability of the beef supply chain in Brazil.

63 ABIEC, <https://www.abiec.com.br/en/>

64 ABIEC, "Carne e couro: Acordo de Cooperação Técnica vai aprimorar controles socioambientais na cadeia produtiva," <https://www.abiec.com.br/carne-e-couro-acordo-de-cooperacao-tecnica-vai-aprimorar-controles-socioambientais-na-cadeia-produtiva/>

65 Repórter Brasil, <https://reporterbrasil.org.br/>

66 MBPS, <https://pecuariasustentavel.org.br/>

6. Legal frameworks governing the leather sector in Brazil

FRAMEWORK	DESCRIPTION
Consolidation of Labor Laws (CLT, 1943)	<p>Working hours: Work hours are limited to 44 hours per week, eight hours a day with a one-hour lunch break. Overtime must be paid with at least 150% the pay rate, and work on holidays/rest days must be paid at 200%.</p> <p>Vacations and leave entitlements: Employees are entitled to annual paid leave (usually 30 days per year), and to the 1/3 vacation bonus (calculated as 1/3 of monthly salary, paid once a year).</p> <p>Minimum wage and bonuses: Rural workers have the right to a minimum wage, either in accordance with the agreement with the employer or the union's collective agreement. The remuneration must be paid monthly, in cash, by the fifth business day of the month following the due date. Rural workers receive a year-end bonus, the 13th salary, and bonuses for unhealthy and hazardous conditions that pose a risk to health and life (e.g., exposure to noise, heat, cold, dust, pesticides, fuel for vehicles, etc.).</p> <p>Maternity leave: Employees receive 120 days of paid maternity leave, with the possibility to expand to 180 days under special circumstances.</p> <p>Unemployment insurance: Rural workers are entitled to 3-5 months of unemployment insurance (R\$1.412 in 2024) in the event of dismissal without just cause or termination of the contract. This is also valid for those under a temporary contract.</p> <p>Social security: Rural workers have the right to social security protection; the contribution is mandatory and must be collected by the employer. With the INSS (National Institute of Social Security), rural workers have the right to retirement due to age, disability, sickness benefit, accident benefit, maternity benefit, death pension, and imprisonment benefit.</p>
Law No. 9,032 (1995), Art. 48 (Retirement due to age)	The minimum age for retirement for rural workers is 60 years for men and 55 for women.

FRAMEWORK	DESCRIPTION
Law No. 5.889 (1973) – Rural work regulatory standards	<p>Art. 5: In any continuous work lasting more than six hours, it will be mandatory to grant a break for rest or food, observing the uses and customs of the region, this break not being included in the duration of the work. Between two working days there will be a minimum period of eleven consecutive hours for rest.</p> <p>Art. 6: In services, which are characteristically intermittent, the intervals between one part of the daily task and another part of the daily task execution will not be computed, as an exercise effect, provided that this hypothesis is expressly reserved in the Work and Social Security Card.</p> <p>Art. 7: For the purposes of this Law, night work is considered to be work carried out between 10:00 p.m. on one day and 5:00 a.m. on the following day, on the farm, and between 8:00 p.m. on one day and 4:00 a.m. on the following day. All night work will be increased by 25% on the normal remuneration.</p> <p>Art. 8: Minors under the age of 18 are prohibited from working at night.</p> <p>Art. 9: Except in cases of legal authorization or court decision, only the following installments, calculated on the minimum wage, may be deducted from the rural employee:</p> <ol style="list-style-type: none"> Up to a limit of 20% (twenty percent) for the accommodation Up to a limit of 25% (twenty percent) for the supply of healthy and plentiful food, taking into account the prices in force in the region Cash advances <p>§ 1: The deductions specified above must be previously authorized, failing which they will be null and void.</p> <p>§ 2: Whenever more than one employee resides at the same address, the discount, provided for in letter "a" of this article, will be divided proportionally to the number of employees, with collective family housing being prohibited under any circumstances.</p> <p>§ 5^a The assignment by the employer of housing and its basic infrastructure, as well as assets intended for production for his and his family's subsistence, do not form part of the rural worker's salary, as long as they are characterized as such, in a written contract signed between the parties, with witnesses and mandatory notification to the respective rural workers union (included by Law nº 9,300, of 08/29/96).</p> <p>Art. 15: During the period of notice, if the termination has been promoted by the employer, the rural employee will be entitled to one day per week, without prejudice to full salary, to look for another job.</p>
Law 10,097 (2000), Art. 403	<p>Any work for minors under sixteen years of age is prohibited, except as an apprentice, from the age of fourteen.</p> <p>Minors cannot work in places that are harmful to their training, physical, mental, moral, and social development and at times and places that do not allow them to attend school.</p>

7. Human and labor rights risks

7.1 Tanneries

7.1.1 INDUSTRY BACKGROUND

About 4-5 tanning companies have a significant market share, representing more than 50% of the country's hide processing volume. Brazil's largest meatpacking companies are also players in the leather industry, practicing vertical integration.

The Brazilian tanning sector is not exceptionally large, comprising approximately 214 total companies; of those, about 4-5 tanning companies have a significant market share, representing more than 50% of the country's hide processing volume.⁶⁷ Brazil's largest meatpacking companies are also players in the leather industry, practicing vertical integration. For example, the meat company JBS S.A. owns farms, slaughterhouses, tanning facilities (wet blue), and control-aligned transportation companies. JBS's wet blue facilities prepare the hides for upholstery, automotive, and small leather goods products. The company's wet blue leather is exported, first to Asia (usually Vietnam, China, and Indonesia) for preparation, coloring, and cross-tanning, then to Europe (Italy or Hungary) for automotive seat production, then finally for assembly in Germany or elsewhere in Europe.⁶⁸

7.1.2 WORKER HEALTH AND SAFETY RISKS

The known safety concerns in the tanneries include occupational health and safety (OHS) exposure to chemicals and chemical management, and heavy lifting.⁶⁹ Tannery workers are often exposed to a mixture of hazardous chemicals for prolonged periods. Exposure has been linked to a multitude of health concerns for workers, including skin diseases, respiratory illnesses, and a disproportionately high rate of cancer.⁷⁰ Some chemicals are immediately hazardous, causing injuries such as burns, whereas others, which are confirmed or potential carcinogens, manifest illness after years of exposure.⁷¹

Tanning is also considered a physically demanding occupation due to heavy lifting. While much of modern tanning now involves machinery to assist in heavy lifting, there remains a risk of injuries due

67 Leather Luxury, "An Overview of the Brazilian Leather Exports, 2022," <https://www.leatherluxury.it/en/news/391/an-overview-of-brazilian-leather-exports-in-%202022#:~:text=Brazil%20has%20244%20tanneries%20%E2%80%93including,40%20million%20hides%20every%20year>

68 JBS, "About JBS," <https://www.jbs.com.br/en/about/our-business/leather/>

69 BMJ Journals, 987 Tanneries and occupational health: literature review," https://oem.bmj.com/content/75/Suppl_2/A138.2

70 Collective Fashion Justice (CFJ), "Under their skin: A just transition beyond leather", April 2023, p. 11, <https://www.collectivefashionjustice.org/under-their-skin>

71 Human Rights Watch, "Toxic Tanneries," October 2012, <https://www.hrw.org/report/2012/10/09/toxic-tanneries/health-repercussions-bangladeshs-hazaribagh-leather>

to the remaining non-mechanized tasks.⁷² Men largely face workplace risks in tanneries, as they comprise the majority of the industry's workforce. Globally, studies show other issues with labor conditions in tanneries, such as the presence of young workers, the prevalence of temporary casual jobs (with no bonuses, benefits, or social insurance payments), and the lack of worker representation or trade unions onsite.⁷³

The upper tiers of the leather supply chain, including those that overlap with the meat industry (slaughterhouses and farms), are at a higher risk for unfair working conditions.

Tanneries are labor-intensive facilities that need to follow national laws and international standards if they are supplying to international buyers. In terms of working conditions, Brazilian tanneries are under scrutiny and must follow the government's workplace normative, NR12, owing to the high usage of machinery. NR12 is a specific regulation that applies to the prevention of accidents relating to working with machines and equipment of all types.⁷⁴ Additionally, other critical regulations apply: NR 15 addresses hazardous activities, ensuring control of exposure to chemical agents and noise; NR 9 focuses on environmental risk assessments, particularly those related to chemical products; NR 17 promotes ergonomics and comfort in the workplace; and NR 32 ensures safety when working with biological products, preventing contamination and occupational diseases. Additionally, the LWG and the local CSCB certification teams inspect tanneries for working conditions.

Tanneries are the most monitored step of the leather supply chain in Brazil. Given that there has been a lot of attention and inspection in the tanneries, we conclude that the upper tiers of the leather supply chain, including those that overlap with the meat industry (slaughterhouses and farms), are at a higher risk for unfair working conditions. Hence, the focus of Brazil's leather sourcing companies should be on the HSE conditions at tanneries and other human and labor rights risks in leather's upstream supply chains.

7.2 Slaughterhouses

7.2.1 INDUSTRY BACKGROUND

Brazil has 3 main types of slaughterhouses:

- Large international organizations (Brazil-owned), such as Marfrig, Minerva Foods, and JBS S.A.;⁷⁵
- Regional companies with multiple facilities in specific states; often focused on the international market; and
- Companies with multiple small slaughterhouses spread around the country, which are less structured in the way they work.

JBS, Marfrig, and Minerva together accounted for 71% of the Brazilian beef exports between 2015-

72 Carl Friedrik, "What is a tannery," 2022, <https://www.carlfriedrik.com/int/magazine/what-is-a-tannery>

73 International Labour Organisation, "Pakistan's Leather and Tanning Industries," 2023, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@ilo-islamabad/documents/publication/wcms_917120.pdf

74 Switzerland Global Enterprise, "Machinery Safety in Brazil: The NR-12 Norm explained and simplified," <https://www.s-ge.com/en/publication/guide/2021-c3-mem2-nr12norm?ct>

75 Marfrig, <https://www.marfrig.com.br/en/home>;
Minerva, <https://minervafoods.com/en/the-company/>;
JBS, <https://jbs.com.br/en/>

2017.⁷⁶ The large- and medium-sized companies mostly export or sell to larger companies within Brazil, and the small slaughterhouses primarily cater to local demand, supplying nearby communities or small businesses; they often lack the resources needed to export products.⁷⁷

Moving cattle is expensive and has an impact on meat quality. For this reason, a slaughterhouse will try to procure its animals within a 200-500 km radius.⁷⁸ As a result, Brazil has concentrated production hubs with farms, slaughterhouses, and tanneries altogether, in various regions of the country.

It is a common practice for smaller slaughterhouses to salt hides to preserve them, then at a later stage sell a whole batch at once, instead of selling it to traders who collect the hide more regularly. According to stakeholder interviews, in Brazil, most hides are processed fresh (short-term preservation is common), between 24-48 hours after the animal is slaughtered – which is an excellent quality indicator.⁷⁹ Tanneries tend to be close to the slaughterhouses, so processing is quick, and it makes it difficult for a middleman to be inserted in the supply chain.

7.2.2 RISKS TO WORKERS

Slaughterhouses – predominantly staffed by women and often managed by men – pose several risks to workers, including abusive behavior, mental health issues, and health and safety concerns.

Slaughterhouses pose several risks to workers, including abusive behavior, mental health issues, and health and safety concerns. Slaughtering is a repetitive activity that causes high rates of repetitive strain, injuries, pain, and issues related to temperature changes.⁸⁰ It is exhausting for workers, and official statistics show these tasks are one of the most common causes for work-related illness; in extreme cases, even leading to amputation.⁸¹

Repórter Brasil has reported on the prevalence of mental illness among slaughterhouse workers, caused by pressure to perform tasks quickly.⁸² Slaughterhouses often also use ammonia as a cooling aid, which can pose health risks to workers; past ammonia leaks have been related to cases of workers' poisoning and

76 Repórter Brasil, "The oxen march in the direction of the forest," December 2021, <https://reporterbrasil.org.br/wp-content/uploads/2022/02/Monitor-12-PT.pdf>

77 Tridge, "Brazil: Small and medium beef slaughterhouses seek support from the Ministry of Agriculture to expand exports," February 2023, <https://www.tridge.com/news/beef-small-and-medium-slaughterhouses-seek-support>

78 Imazon, "Os frigoríficos vão ajudar a zerar a desmatamento da Amazonia," <https://imazon.org.br/os-frigorificos-vao-ajudar-a-zerar-o-desmatamento-da-amazonia/>

79 Leather Naturally, "Modern cow leather processing," https://www.leathernaturally.org/wp-content/uploads/2023/02/LN-Guide_to_leather_making_PART_ONE.pdf

80 Repórter Brasil, "'Carne, Osso' depicts work in Brazilian meatpacking plants," 2011, <https://reporterbrasil.org.br/2011/03/quot-carne-osso-quot-retrata-trabalho-nos-frigorificos-brasileiros/>

81 CCVISAT, "Collaborating Center for Surveillance of Workers' Health Issues," 2019, <https://ccvisat.ufba.br/wp-content/uploads/2019/07/AGRAVOS-%C3%80-SA%C3%9ADE-EM-GRUPOS-DE-TRABALHADORES-DA-IND%C3%9ASTRIA-DE-CARNES-NO-BRASIL.pdf>

82 Repórter Brasil, "'Carne, Osso' depicts work in Brazilian meatpacking plants," 2011, <https://reporterbrasil.org.br/2011/03/quot-carne-osso-quot-retrata-trabalho-nos-frigorificos-brasileiros/>

hospitalization.⁸³ In addition, workers may face a lack of compensation once they can no longer work after injury.

The meatpacking sector employs a predominantly female workforce, often with male management, especially on poultry, pig, and bovine production sites. Such workplace power imbalances, along with contextual factors, lead to frequent reports of gender discrimination and harassment towards women in the workplace.⁸⁴

7.2.3 PRESENCE OF MIGRANT WORKERS

Direct recruitment for slaughterhouses is becoming difficult. Despite the poverty in Brazil, there are varied employment opportunities. Therefore, Brazilian workers are selective, as they don't want to commit to jobs that are low paying and require long hours. Hence, meat packers in some cases (not at scale) tend to work with labor agents who recruit workers from other parts of the country.

In addition, workers at slaughterhouses or farms are usually internal and regional migrants. Brazil has had a large influx of foreign migrant workers from Haiti and Venezuela in recent years, some of whom are employed in slaughterhouses.⁸⁵

Brazil is the largest exporter of halal meat worldwide, mostly to the Middle East and North Africa.⁸⁶ Approximately 90% of Brazilian slaughterhouses are certified to produce halal meat.⁸⁷ Under halal certification requirements, the slaughter must be done by Muslims; therefore, Muslim workers are in high demand. They are typically recruited through a labor intermediary/agent, who organizes their employment and accommodation; in some cases, they are brought in through human trafficking.⁸⁸ While limited data exists about these workers, we do know that there have been complaints regarding their working conditions, including low pay and temporary contracts that are cancelled based on consumer demand for halal meat.

Workers at slaughterhouses or farms are usually internal and regional migrants. Brazil has had a large influx of foreign migrant workers from Haiti and Venezuela in recent years, some of whom are employed in slaughterhouses.

Muslim workers are in high demand.

83 CNN Investigates, "Dangerous chemical leaks have injured workers at one of America's largest meat processors," 2023, <https://edition.cnn.com/2023/05/04/business/tyson-ammonia-leaks-invs/index.html>; CBC News, "20 workers sent to hospital after ammonia leak at Burlington, Ont., pork plant," 2023, <https://www.cbc.ca/news/canada/hamilton/burlington-slaughterhouse-ammonia-leak-1.6773540>; BBC News, "Five in hospital after Anglesey poultry plant chemical leak," 2021, <https://www.bbc.co.uk/news/uk-wales-58465087>

84 Food Empowerment Project, "Slaughterhouse Workers," <https://foodispower.org/human-labor-slavery/slaughterhouse-workers/>; Sentient, "Slaughterhouse Work Is Still Some of the Most Exploited Labor in the World," 2024, <https://sentientmedia.org/slaughterhouse-work-exploited-labor/>

85 Brazil IOM, "Integration of Venezuelan and Haitian beneficiaries of IOM cash-based intervention programming in Brazil," <https://brazil.iom.int/sites/g/files/tmzbd1496/files/documents/study-brief-integration-of-venezuelan-and-haitian.pdf>

86 The Muslim Vibe, "Brazil, Migrant Workers, and the Global Halal Industry," 2020, <https://themuslimvibe.com/muslim-current-affairs-news/americas/brazil-migrant-workers-and-the-global-halal-industry>

87 Euro Meat News, "Brazilian meat is increasingly conquering halal markets," June 2022, <https://www.euromeatnews.com/Article-Brazilian-meat-is-increasingly-conquering-halal-markets/5523>

88 Green Islam, "Brazil is the world's largest exporter of halal meat and here's why," <https://www.greenislam.org/articles/brazil-is-the-worlds-largest-exporter-of-halal-meat-heres-why-thats-a-problem>

We recommend that as companies start to assess risks in upstream supply chains, they also focus on collecting information about the presence of migrant workers and Muslim workers in Brazil and map their working and living conditions.

7.2.4 SLAUGHTERHOUSE INSPECTIONS

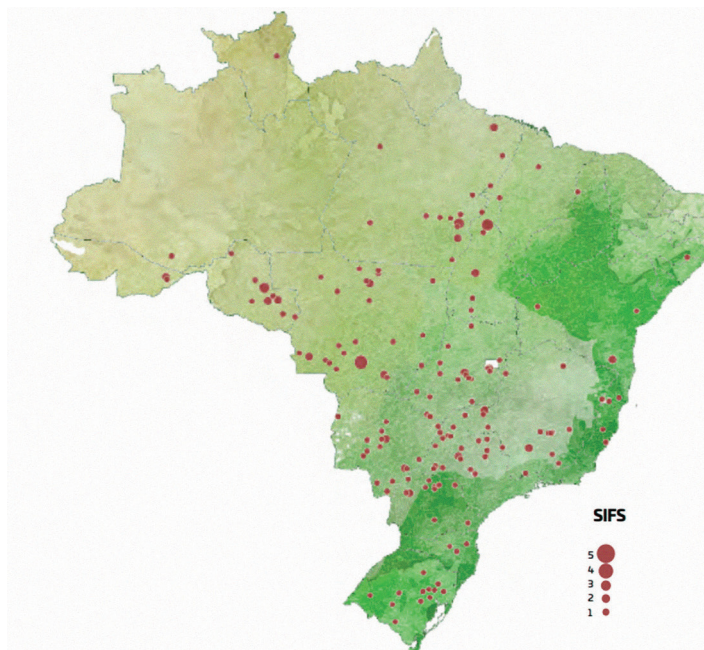
Slaughterhouses are inspected for health issues for animals and humans by the government at three different levels:

- 1.** Federal (carried out by the Serviço de Inspeção Federal, SIF);
- 2.** State (Serviço de Inspeção Estadual, SIE); and
- 3.** Municipal (Serviço de Inspeção Municipal, SIM).

These inspections for products of animal origin confirm that facilities are registered and meet the quality control criteria for adequate production.⁸⁹ The Ministry of Labor is responsible for labor conditions inspections, which it conducts at all operating businesses in the country with a focus on health and safety, and employment practices.

⁸⁹ Paripassu, "SIF, SIE, and YES: understand more about these inspection services," January 2024, <https://www.paripassu.com.br/blog/sif-sie-e-sim>

Figure 5: Distribution of plants with SIF inspections in Brazil (Source: ABIEC, MAPA data)⁹⁰



7.3 Farms

7.3.1 Risks to Farm Workers

The meat industry is a notorious player on the government's "Dirty List," (see section 7.4.1 below for more information) despite having fewer workers in production compared to other industries. The main human rights risks found on the farm level are related to informality and lack of regular employment.

Usually, the work on a cattle farm is not very labor-intensive and there is limited need for large groups of workers to raise or move cows. Subcontracting is not found because, unlike other commodities, there is no peak production or harvesting season. The main point in an animal's life is when more work might be required during vaccination, but this is sporadic and doesn't happen in bulk for all animals on a ranch; rather, vaccinations are staggered depending on their age.

As per information gathered during stakeholder interviews, at a farm level, it is difficult to ascertain the working conditions due to fewer inspections and informal work arrangements. On cattle farms, it's common to find informal and illegal activities (especially with regard to land frontiers, where there is land grabbing and land clearing) and modern slavery. Often, poor families work on farms and are paid by the owners to live in and manage the estate, and children work with their parents, increasing the risks associated with child labor.

The meat industry is a notorious player on the government's "Dirty List." The main human rights risks found on the farm level are related to informality and lack of regular employment.

Furthermore, the work on cattle farms has several stages of contract or temporary work, including cleaning and building infrastructure in the pasture, such as a fence. Usually, cowboys, known locally as an aliciador or gato, work for the farmer and bring together a group of temporary workers to complete tasks.

Workers are typically brought in from distant locations, including poorer Brazilian states such as Pará or Mato Grosso.⁹¹ These migrant workers arrive enticed by promises from the intermediary, usually facing precarious conditions. They may have debt bondage, still having to buy food and work equipment from their employer.

⁹⁰ ABIEC, "ABIEC Beef Report 2024," https://www.abiec.com.br/wp-content/uploads/beefreport_v2024-ENG.pdf

⁹¹ Multiple reports by Repórter Brasil showing the work of aliciador: <https://reporterbrasil.org.br/2010/08/fazenda-de-pecuaria-e-flagrada-com-22-submetidos-a-escravidao/>; <https://reporterbrasil.org.br/2010/08/vitimas-sao-escravizadas-em-area-embargada-pelo-ibama/>; <https://reporterbrasil.org.br/2010/04/fazenda-com-30-mil-cabecas-de-gado-mantina-28-escravos/>

Workers often face hazardous living conditions on the farms due to the lack of access to decent accommodation, including limited space, electricity, sanitation, food, and clean water. Workers often are given inadequate pay, enhancing the risk for modern slavery.

Workers are typically brought in from distant locations, including poorer Brazilian states such as Para or Mato Grosso, and often face hazardous living conditions on the farms.

The southern regions of Brazil are at a lower risk for slavery than the north, due to a stronger local economy. But one cannot conclude that a leather product sourced from this region is free from such risks, as ultimately the country's economy is interconnected. A hide that is procured from a

cow slaughtered in the south of Brazil does not come free from modern slavery risks, as: a) these are not restricted to specific areas in the country, it is rather widespread, and b) nothing guarantees that this cow hasn't, at some stage of its life, been in other regions of the country, where the probability of human and labor rights risks is higher.

7.4 Additional human rights risks

7.4.1 Forced labor across the value chain

In 1995, after a process at the Organisation of American States (OAS), Brazil officially admitted to both the ILO and the Brazilian public that the country has contemporary forms of slavery.⁹² The government started mapping out production chains and began monitoring employment practices, which led to a "Dirty List" (Lista Suja) of slave labor practices in Brazil.⁹³ This is an official register maintained by the Ministry of Labour listing employers or business owners who do not comply with local employment laws and human rights. It is an efficient way to detect companies that have been through inspections and had issues with labor conditions analogous to slavery, and once a company or person is blocked, it is hard to reverse. The challenge, however, is that inspections are scarce, and not thorough enough to assess the full operations of one company, as not all operating units are visited at once.⁹⁴

The government is making efforts to improve its operations to identify enslaved workers, finding that the livestock/cattle industry is responsible for almost half (46%) of the detected cases of slave labor in Brazil.⁹⁵ Between 1995-2022, these inspections identified 2,023 cases of slave labor within

2,023

Identified cases of slave labor within livestock/cattle industry

46%

of Brazil's slave labor cases are from the livestock/cattle industry

92 International Labour Organisation, "Fighting Forced Labour: The Example of Brazil," 2009, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_111297.pdf

93 U.S. Department of Labor, "Example in Action: Government's Role in Multistakeholder Initiatives: Brazil's 'Dirty List' and the Institute of the National Pact for the Eradication of Slave Labor," <https://www.dol.gov/agencies/ilab/comply-chain/steps-to-a-social-compliance-system/step-1-engage-stakeholders/example-in-action-governments-role-in-multistakeholder-initiatives-brazils-dirty-list-and-the-institute-of-the-nation>

94 Insight Crime, "Brazil's Dirty List – Not Making a Dent in Modern Slavery," November 2020, <https://insightcrime.org/news/brazil-dirty-list-modern-slavery/>

95 Repórter Brasil, "Slave Labour in Brazil's Meat Industry," January 2021, <https://reporterbrasil.org.br/wp-content/uploads/2021/01/Monitor-8-Slave-labor-in-Brazils-meat-industry.pdf>; Environmental Justice Foundation (EJF), "Slave labour in the Brazilian cattle ranching industry," December 2023, <https://ejfoundation.org/resources/downloads/EJF-EU-Pantanal-human-rights-report-cattle-sector-2023-v5.pdf>

this industry, leading to the rescue of 17,444 workers. This figure represented 29% of the total workers rescued across all sectors. However, due to a lack of inspections and reporting, the prevalence of slave labor in the cattle-ranching sector is likely much higher than the current datasets indicate.⁹⁶

In Brazil, while the legislation is strong, its enforcement is weak. Even though prevalence rates of forced labor have declined since 2014, sources suggest that this decline is more likely a consequence of fewer inspections over the last decade, rather than a significant real decline in the prevalence of slave labor within the cattle ranching sector. Funding cuts, especially since 2017, have directly hindered the capacity for labor inspections.⁹⁷

Furthermore, when cases of forced labor are identified, impunity for employers often prevails. A study by the Federal University of Minas Gerais found that between 2008-2019, only 4% of the cases against individuals or companies accused of modern slavery were convicted and had their verdicts upheld upon appeal. Oftentimes, when charges are filed, lengthy legal proceedings (often lasting up to 10 years) prevent justice and allow companies or individuals to continue operating slavery conditions during this time.⁹⁸

7.4.2 Inadequate traceability at the company level

In Brazil, there are large livestock producers. As per reports, the production of the country's "Big 3" beef companies, JBS, Minerva, and Marfrig, are not free from human rights risks.⁹⁹ These companies allegedly buy cattle from farms with different profiles (from the smallest to the largest), and ultimately, forced labor is a pervasive risk across all sectors and companies of all sizes in Brazil, particularly the meat supply chain.¹⁰⁰

Meat corporations in Brazil may have policies to prevent the risks of modern slavery in their supply chain, but the main action they take is a reaction to the "Dirty List" sanctions. Ultimately, this is not prevention and is not effective, because of multiple reasons. One is that by the time a person or a business is blocked, the risk of precarious working conditions on the supply chain is already identified, so that doesn't address the prevention aspect. Secondly, the "Dirty List" by itself is not effective; it is an automated block against the personal ID number from the business owner, not against the product itself. It is easy (and common) to transfer the product to another person to be able to sell it. This is known in Brazil as the *lavagem de gado*, or cattle laundering, and is a practice that arises because of inadequate

96 EU Reporter, "Labour abuses and environmental destruction in Brazil's cattle ranching industry linked to EU supply chains," January 2024, <https://www.eureporter.co/world/brazil/2024/01/12/labour-abuses-and-environmental-destruction-in-brazils-cattle-ranching-industry-linked-to-eu-supply-chains/#:~:text=Between%201995%20and%202022%2C%20%2C023,never%20been%20paid%20a%20salary>

97 Environmental Justice Foundation (EJF), "Slave labour in the Brazilian cattle ranching industry," December 2023, <https://ejfoundation.org/resources/downloads/EJF-EU-Pantanal-human-rights-report-cattle-sector-2023-v5.pdf>

98 Forbes, "Brazil's Combat Against Modern Slavery Has an Enforcement Problem," March 2023, <https://www.forbes.com/sites/riskmap/2023/03/24/brazils-combat-against-modern-slavery-has-an-enforcement-problem/>

99 Reuters, "Brazilian union sues JBS over alleged exploitation of chicken workers," 2023, <https://www.reuters.com/business/retail-consumer/brazilian-union-sues-jbs-over-alleged-exploitation-chicken-workers-2023-07-14/>; Bloomberg, "Slave Labor at Brazilian Cattle Farms Focus of New Report," 2021, <https://www.bloomberg.com/news/articles/2021-01-04/slave-labor-at-brazilian-cattle-farms-focus-of-new-report>

100 Fair Labor Association, "Addressing Forced Labor in Brazil," August 21, 2023, <https://www.fairlabor.org/wp-content/uploads/2023/08/08.21.2023-Issue-Brief-Forced-Labor-in-Brazil-English-1.pdf>

traceability.¹⁰¹ Today, it is not possible to sort the cows arriving at a slaughterhouse between those that are a product of slavery work and those that come from good-standing suppliers. Traceability will be discussed in further detail later in this report.

Large meatpacking companies have international standards on hygiene, animal health (e.g. the control and treatment of diseases), food safety, and human health. They are subject to more inspections compared to smaller organizations, who face less government scrutiny and may operate unmonitored. Smaller companies might pose a bigger risk to hygiene and worker safety due to lack of visibility and awareness into their employment practices and working conditions. In the meat and leather sectors, the exposure to human rights issues is always there. Smaller farms always supply to the medium and large corporations, and they do not have the awareness of worker's rights – nor resources to address those issues.

Despite the inspections in some parts of the upstream supply chains, slaughterhouses and farms are considered high risk facilities that companies should monitor. The risk is further exacerbated by the fact that the leather sourcing companies have limited traceability, no visibility into the working conditions, and no leverage at the slaughterhouses or farm level. What's more, leather sourcing companies do not have a structured collaboration with the meat-packing industry, and currently none of the existing industry or sustainability platforms focus on these tiers of the supply chain.

7.4.3 Deforestation

According to a multi-stakeholder roundtable, deforestation is a lucrative business in Brazil. Once trees are cleared from a parcel of land, its value increases by at least 5%; the landowners can then sell the timber at a profit. Next, the land can be used to grow soy, at which point it increases value by 15%. Finally, land parcels can be used for cattle grazing—another lucrative business.

In the year 2000, Brazil, Nicaragua, and Paraguay had 147 million cattle; as of 2024, that number has grown to 220 million. Meanwhile, the number of legal grazing pastures has not increased – resulting in higher demand for land.

Deforestation has been a key area of focus for initiatives designed to improve the traceability and sustainability of the cattle industry.¹⁰² Brazil has put a strong regulatory framework in place, such as the Agricultural Ministry's Forest Code, because of deforestation concerns. To comply with regulations, cattle must come from farms with a rural environmental license, or those that adhere to the code.¹⁰³ Additionally, cattle must not be sourced from conservation units, indigenous lands, embargoed areas, or locations listed on the "Dirty List."

101 Global Investigative Journalism Network, "Investigando 'lavagem de gado' e desmatamento na Amazônia: entrevista com o vencedor do Prêmio Goldman 2024," June 2024, <https://gijn.org/pt-br/artigos/investigando-lavagem-de-gado-e-desmatamento-na-amazonia-entrevista-com-o-vencedor-do-premio-goldman-2024/>; Piauí, <https://piaui.folha.uol.com.br/materia/lavagem-da-boiada/>; Repórter Brasil, "Fornecedores da JBS criaram ilegalmente gado em terra indígena em MT," 2023, <https://reporterbrasil.org.br/2023/06/fornecedores-da-jbs-criaram-ilegalmente-gado-em-terra-indigena-em-mt/>

102 Mighty Earth, "(Cattle) Monitoring deforestation in Brazilian supply chains," 2023, https://mightyeearth.org/wp-content/uploads/2023/12/RR_Report1_VF_Mighty_8DEC2023.pdf

103 The Consumer Goods Forum, "Guidance for Forest Positive Suppliers of Cattle derived products (Meatpackers in Brazil)," January 2023, <https://www.theconsumergoodsforum.com/wp-content/uploads/2022/02/2021-CGF-FPC-Guidance-for-FP-Meatpackers-in-Brazil-EN.pdf>

The country has also implemented programs on traceability and cattle monitoring to address deforestation. For example, the Pará Cattle Integrity and Development Program created the first environment-focused mandatory individual traceability policy with environmental requirements for cattle in Brazil.¹⁰⁴ The program allows authorities to identify deforestation linked to specific farms and hold ranchers accountable.

Furthermore, programs such as Initiative 20x20 promote sustainable cattle-rearing techniques that reduce deforestation, including rotational grazing and improved pasture management.¹⁰⁵ Public-private partnerships are also valuable in bringing together key stakeholders, such as government, civil society organizations, and slaughterhouses to collaborate and bring about sustainable change.¹⁰⁶ For example, Proforest facilitates and supports “landscape initiatives” that involve multiple stakeholders like governments, companies, and local communities working together to address deforestation and promote sustainable practices.¹⁰⁷

104 The Nature Conservancy, “TNC praises Brazil’s first state-wide cattle traceability program committed to reducing emissions and preventing deforestation,” December 2023, <https://www.nature.org/en-us/newsroom/brazil-first-statewide-cattle-traceability-program/>

105 Initiative 20x20, “Restoring Latin America’s Landscapes,” <https://initiative20x20.org/restoring-latin-americas-landscapes/>;
Initiative 20x20, Brazil, <https://initiative20x20.org/regions-countries/brazil/>;
Initiative 20x20, “Sustainable cattle ranching in Brazil’s Amazon,” <https://initiative20x20.org/restoration-projects/sustainable-cattle-ranching-brazils-amazon>

106 Partnerships for Forests, “Strengthening sustainability commitments in the Brazilian beef sector,” <https://partnershipsforforests.com/wp-content/uploads/2020/11/P4F-Cattle-Strategy-1.pdf>

107 Proforest, “Where we work,” <https://www.proforest.net/our-focus/where-we-work/latin-america/>

8. Certifications

Leather sourcing companies rely on audits and certifications as their main risk mitigation strategy. Some companies are required to only work with certified partners. For tanneries, the most known and referred to certification is the LWG Certification. Brazil has a home-grown certification, the Brazilian Leather Sustainability Certification (CSCB) from CICB.

The LWG Certification is a tool available to companies to a) minimize the multiple audit requests on the supply chain, and have a unified and widely accepted audit standard, and b) drive continuous improvement through the period monitoring of suppliers on the medal rating scheme. The focus of the LWG has been and continues to be on environmental performance, specifically tanneries improving on and demonstrating environmental standards within leather manufacturing. Over the years, the scope of the LWG's audits has grown, and in the 2021 version (which is the current version) there was an inclusion of a social audit component.¹⁰⁸

The LWG plans for traceability to become a critical section in the next major update to the leather manufacturer standard, which will improve accountability for full traceability.

The current LWG audit protocol addresses 17 topics, including water use, energy, chemical management, restricted substances compliance, waste management, operations management and H&S, traceability, social audits, air and noise emissions, and affluent control. The LWG focuses on leather production at the tannery level, which covers the raw material coming from slaughterhouses through to

finished leather. LWG defines medal levels for each audited facility, which are based upon best practices within the industry and reward good environmental practices. The medal levels are scored at 85% (gold), 75% (silver) and 65% (bronze). The supplier must score the minimum in each of the protocol's scoring sections. A non-medal rating (black) indicates that the supplier has been audited but did not fully meet the requirements of each section.¹⁰⁹

This certification does not investigate slaughterhouses or final product manufacturing. Although one of the audit requirements is traceability, the LWG asks that tanneries have visibility into slaughterhouses where the raw material is procured; however, no information is collected on any further upstream agents involved. Whilst traceability is currently a scored section of the leather manufacturer audit, this section is not considered critical on the overall audit scoring and doesn't affect the final medal rating that audited tanneries are granted at the end of the certification.¹¹⁰ However, the LWG plans for traceability to become a critical section in the next major update to the leather manufacturer standard, which will improve accountability for full traceability.

108 Leather Working Group, "Leather Manufacturer Standard," 2021, <https://www.leatherworkinggroup.com/certification/leather-manufacturer-standard/>

109 Vagabond, "Leather from LWG-certified Manufacturers," [https://www.vagabond.com/gb/materials/leather-from-lwg-certified-manufacturers/#:~:text=LWG%20Auditing%20%26%20Rating,and%2065%25%20\(Bronze\)](https://www.vagabond.com/gb/materials/leather-from-lwg-certified-manufacturers/#:~:text=LWG%20Auditing%20%26%20Rating,and%2065%25%20(Bronze))

110 Leather Working Group, "Traceability," <https://www.leatherworkinggroup.com/our-impact/traceability/>

As part of its traceability commitments, the LWG has set a goal to achieve 100% deforestation and conversion-free leather. In addition to traceability, the organization also looks forward to working on issues like animal welfare, biodiversity, climate change, deforestation and conversion of natural landscape, and environmental and social impacts of production.

The LWG is currently focused on environmental issues and topics relating to OHS. For it to deliver on the human and labor rights due diligence mandate for its member companies, it either needs to partner with a labor rights expert organization or develop its capacity to address human and labor rights at tanneries and in the upstream leather supply chain.

9. Traceability

Much of this section is developed based on the feedback from the interviewed stakeholders as there is very limited literature publicly available on this topic. According to stakeholders, brands and companies that source leather for their final products have increasingly been working on traceability. However, since the leather supply chain only starts at the tanning stage, this exercise poses some limitations.

9.1 Limited visibility past Tier One farms and a lack of documentation

Slaughterhouses usually only have visibility into the direct farms, its Tier One facilities, that bring the cattle to be slaughtered, but animals have moved through multiple farms before this last stage; slaughterhouses do not have visibility into previous farms. Slaughterhouses cannot enforce that their direct farms disclose the cattle's origin, so traceability information is shared voluntarily, and usually is not transferred through the different stages of the value chain. Even if such information is shared, companies rely on animal ownership transfer documentation, which is not always robust. Although there are efforts from organizations on the ground to increase transparency, such as the World Wildlife Fund (WWF), the farmers are not obligated to share such information about their suppliers.¹¹¹

9.2 Mixing hides from various origins

Tanneries usually collect hides from multiple slaughterhouses and process them all together. The quality of the leather is only defined after the tanning process is completed. Brands might attempt to trace farms that supply the specific tanneries they work with for a batch of leather they use, but every hide is different. If leather companies want similar hides for a batch of production, those may be combined from many sources (and even countries).

Brands' leather supply chains are larger and more complex than originally anticipated ... traceability in the sense of connecting leather to a farm is very complex, if not unrealistic.

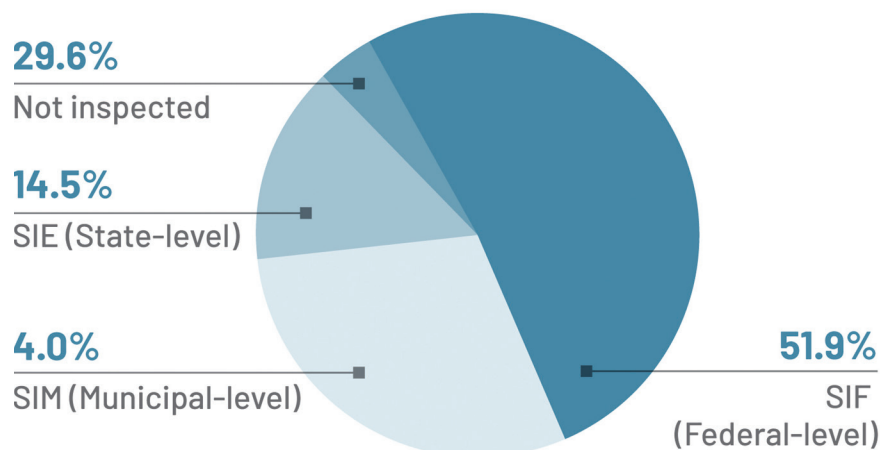
Furthermore, the final product often includes various pieces of different hides that range in quality and could be sewn together. A shoe could have different types of hides, different qualities of hides, and hides originating in various countries. Consequently, the brands' leather supply chains are larger and more complex than originally anticipated, as multiple farms and slaughterhouses are involved to ultimately achieve the required hide quality for the final leather. Therefore, traceability in the sense of connecting

leather to a farm is very complex, if not unrealistic.

111 NICFI, "TRANSPARÊNCIA DA CADEIA BOVINA NO BRASIL," https://wwfbrnew.awsassets.panda.org/downloads/pb_transparencia_cadeia_bovina_final_v2__1_.pdf

9.3 Lack of visibility into working conditions

Between the tannery and finishing levels, subcontracting of production processes is present—this is not prevalent in Brazil but common in India. For example, in India's leather footwear industry, homeworkers are not directly employed by the factories. Instead, there are several layers of subcontracting between the main factory and homeworkers, making their employment informal and invisible.¹¹² Many subcontracting arrangements are not pre-authorized and may not be mapped to the footwear brands.



Similarly opaque working conditions occur in Brazilian slaughterhouses.¹¹³ In 1996, specialists estimated that between 30 - 50% of animal slaughter in Brazil happens in clandestine slaughterhouses, not inspected by the government. More recent data still show this figure at around 30%, as shown on the graph to the left. There is a significant lack of visibility of the true working conditions in those facilities.

Figure 6: Slaughter per type of inspection. Source: ABIEC, Beef Report 2023¹¹⁴

That means that thorough information about the origin of the animal may never enter the leather value chain, which makes it difficult to say that a brand's leather has been made ethically. Companies have no transparency into the social conditions in which the leather is produced on a farm, or more realistically across multiple farms.

For most companies, the challenges in demonstrating environmental and social compliance are the prevalence of indirect, "invisible farms" that are not inspected. Even if a company manages to identify all farms involved in its supply chain, there is no way to verify exactly which farm a single animal comes from due to a few factors. Challenges include the existence of many smallholder farms, the long lifespan of Brazilian cattle and their grazing periods (30-40 months, in comparison to 14 months in the United States), and the high levels of mobility between cattle farms.

For most companies, the challenges in demonstrating environmental and social compliance are the prevalence of indirect, "invisible farms" that are not inspected.

112 Stitching our shoes, "Homeworkers in South Asia," <https://saubere-kleidung.de/wp-content/uploads/2017/11/2016-38-Summary-Stitching-our-shoes.-Homeworkers-in-South-India.pdf>

113 Revista de Política Agrícola, "The clandestinity in beef production in Brazil," 2008, <https://seer.sede.embrapa.br/index.php/RPA/article/viewFile/424/375>

114 Association of Brazilian Beef Exporters (ABIEC), "Beef Report," 2023, <https://www.abiec.com.br/wp-content/uploads/Final-Beef-Report-2023-Ingles-Digital.pdf>

9.4 Cost of ear tagging and branding

One possible solution for these traceability challenges is ear tagging animals and branding hides. Globally, animal traceability is often a requirement from a food safety perspective. Desktop research indicates that there are a multitude of traceability methods used across Brazil, including both traditional and GPS-enabled ear tagging and branding.¹¹⁵ Practices vary significantly by company or geographical location; there is not currently one single tracing method used consistently across Brazil, and usage of the available traceability methods does not appear widespread. Even though there are 12-13 existing traceability initiatives in Brazil, the country has only identified 4 million cattle out of 200 million animals, comprising just 2% of the herd.

Even though there are 12-13 existing traceability initiatives in Brazil, the country has only identified 4 million cattle out of 200 million animals, comprising just 2% of the herd.

Each available method has varying pitfalls and challenges; stakeholders debate which is most appropriate, effective, and achievable for companies.¹¹⁶ First, traceability can be costly. According to a stakeholder, one European company spent €50 million to vertically integrate its supply chains and have traceability, which may have cost as much as €2 per square meter of hide. This kind of expense may not be possible for the majority of companies that use leather as a raw material.

Second, tagged or branded sections of a cattle hide may be discarded during the processing process, thereby losing traceability. For example, traditional ear tagging will only trace an animal until it is slaughtered; once the animal becomes a hide, the tag is lost. Similarly, branding will identify the animal only until the hide is turned into leather and undergoes the finishing process, through which any defects, including the branding, are removed.

End-to-end traceability has been demonstrated previously by certain companies. For example, Gucci released a “zero-deforestation” handbag and in 2024 Minerva exported its first-ever batch of 100% traceable leather.¹¹⁷ Nevertheless, a national, highly coordinated, and multi-stakeholder effort will be required to ensure traceability across the entirety of Brazil’s beef sector, a task that will not be an overnight solution.

Although some neighboring countries, like Uruguay, have implemented ear tagging systems, Brazil has not done so yet. It will take time to implement a national ear tagging system that can track cattle across a large country through their lifespan. However, the EUDR requirements for deforestation will propel traceability, and the main question that remains is how to enhance traceability given the leather industry’s constraints.

115 Mongabay, “EU bill and new green policies spur progress on Brazil’s cattle tracking,” September 2023, <https://news.mongabay.com/2023/09/eu-bill-and-new-green-policies-spur-progress-on-brazils-cattle-tracking/>

116 AL-Invest Verde, “Traceability Initiatives in the Beef and Leather Value Chains in Brazil,” September 2022, https://alinvest-verde.eu/wp-content/uploads/2023/02/Iniciativas_rastreabilidade_ENG.pdf; International Leather Maker, “Practical Traceability in the Leather Supply Chain,” October 2021, <https://internationalleathermaker.com/practical-traceability-in-the-leather-supply-chain/>

117 European Responsibility for Deforestation Risk Leather and the Traceability Challenge; NWF; 2021; Minerva Foods, “Brazilian tannery exports its first batch of 100% traceable leather,” January 2024, <https://minervafoods.com/en/noticias/brazilian-tannery-exports-its-first-batch-of-100-traceable-leather/>

10. Recommendations

In FLA's experience, there are mainly four types of strategies that brands adopt for traceability and layering social and environmental parameters for their upstream supply chain:

- 1. Companies adopt an exit strategy from high-risk countries where they are limited in influencing the sector mainly due to geopolitical reasons.**
- 2. Companies invest in their traceability and HRDD systems, which are mostly top-down through their Tier One suppliers. This process is often based on self-declaration.**
- 3. Companies engage with third-party organizations on traceability and assessments, who could then use a multitude of either top-down or bottom-up techniques, such as certification, a blockchain, digital passports, etc.**
- 4. Companies come together as coalitions within the same sector or combine several sectors and focus on supply chain mapping, remediation, and advocacy.**

There are pros and cons for each strategy and companies may decide to shift between strategies over time. For the leather sector in Brazil, FLA recommends a combination of strategies two, three, and four.

As a side note, an overall strategy that companies are adopting is to invest in plant-based/vegan alternatives to leather, which include components like corn, apples mixed with fuel, pineapple and mycelium, recycled polyester or PU fibers, bio-fabricated leather, etc. There is an increasing consumer demand for vegan leather and interest in closing the loop on circular materials. The challenge for the leather industry is that, although companies are open to these alternatives, it is difficult to find scalable solutions that are cost-effective and just as good as leather. Another solution is recycled leather, which can be used in a variety of applications, such as airplane seats.

For companies sourcing leather from Brazil, we present some concrete recommendations that fit into any of the three strategies presented above.

10.1 Short-term strategies (1-2 years)

A key recommendation is that brands should not refrain from acting due to the challenge of mapping their supply chains. The key is to start acting now. The steps that can be taken in each company's sphere of influence are:

1. **Increase awareness internally and with peers about the leather supply chain.** Use this study as a starting point.
2. **Discuss and define a strategy internally on what the company wants to do based on internal resources, tools, partners, and bandwidth.**
3. **Start mapping the supply chain as far as one can go.** For example, several companies have identified tanneries, who they can work with to identify and disclose the slaughterhouses involved in their supply chain. Identify the slaughterhouses that provide to the tanneries consistently. They might not be the only ones, but it is a good starting point, and a fundamental one, given the relevance of slaughterhouses to labor topics and the need for improvement in working conditions.

Considering that the supply chain is not linear, companies should map annually:

AT THE GLOBAL LEVEL:

- Own operations that are involved in leather processing;
- Total number of Tier One suppliers that use leather in finished goods globally;
- Countries where 80% of the suppliers are located (by volume). Companies can map their suppliers that do 80% of the volume (or we also call it the 80:20 rule – 20% of suppliers doing 80% of volume);
- Total number of Tier Two leather component suppliers globally;
- Countries where the component suppliers are located (use the 80:20 rule – 20% suppliers doing 80% of the volume);
- Number and information of the traders in between (in case the component suppliers cannot provide the names of the tanneries);
- Total number of tanneries that are in your supply chain;
- Countries where tanneries doing 80% of the business are located (this will provide a map of the main countries where your raw material is coming from); and
- Human and labor rights risks identified in own operations.

AT THE COUNTRY LEVEL (BRAZIL):

- Location of tanneries;
- Number of slaughterhouses these tanneries are working with (identify if some of these companies have vertically integrated operations);
- Location of the slaughterhouses. This is the missing link in the current mapping process, yet it is crucial to reaching the cattle farms;
- The 200–500 km sourcing area for cattle and the number of cattle farms in the areas. You may not be sourcing from all the farms, yet it is important to start narrowing the geographical scope where you might want to build your program; and
- Human and labor rights risks identified in own operations.

4. **Undertake suppliers' visits to tanneries and slaughterhouses in person that your company is already familiar with.** Aim to learn more about the production process, working conditions, and associated human and labor rights risks, or work with a third party to arrange these learning visits.
5. **Start a dialogue with suppliers (tanneries and slaughterhouses) in full transparency about challenges they face in business operations and complying with applicable environmental and social regulations.** Start building awareness for human rights issues and work together on brainstorming for collective solutions.
6. **Identify main stakeholders in the meat industry in Brazil that may be engaged with the LWG or another convening organization, such as the ILO.** The purpose of this engagement is to identify potential collaborations and a path forward on traceability, environmental conditions, and social conditions in leather supply chains. The CICB already conducts an annual forum on sustainability; brands (or a group of brands with a representative) could participate to learn about the discussions held and explore the option to eventually present their expectations on traceability, social, and environmental goals.
7. **Prioritize the salient human and labor rights issues and tiers companies want to focus on first (considering a risk-based approach).** The research shows that while many social issues are present at the various tiers of the supply chain, forced labor and health and safety risks seem to be the most prominent in Brazil. There are additional issues at the farm level related to poor living conditions and informality of work. Companies should prioritize the supply chain tier and the human and labor rights issues they want to address first.
8. **Define a collective advocacy agenda with the government.** In Brazil, the tanneries and slaughterhouses are covered through inspections. While they may not be perfect, they do provide an existing infrastructure that can be utilized for monitoring. As a collective, companies can engage with the government to strengthen these inspection processes and make reporting public, so they can focus more on addressing the issues as opposed to auditing the facilities. Similarly, another advocacy agenda could be robust enforcement of procedures defined to mitigate forced labor issues. Finally, companies can also advocate for state-run effective grievance mechanisms that workers can rely on.
9. **Advocate for emphasis on social aspects in the existing certification schemes at the tannery level.** Companies should leverage the existing certification schemes (LWG and CICB) and ask for better integration of social aspects in their inspections and remediation plans. These organizations could consider working with a labor and human rights expert organization to update their procedures, train the assessment teams, conduct joint visits, and report on the findings at an aggregate level.

10.2 Medium and long-term strategies (3-5 years)

10. Establish cross-sectoral collaboration and concrete pilots between the leather and meat industries.

There are undeniable social problems in the upstream supply chain. Therefore, it is crucial to start promoting dialogue and concrete cooperation between the leather and the meatpacking industries. Both industries have an interest in tackling traceability issues and are working on finding solutions to this. Potentially, other industries are relevant, such as the soybean supply chain, as this is the food that is fed to cattle. Companies should identify a convening organization that could facilitate such exchange and collaboration. There are examples in Brazil that can be observed, such as the multi-stakeholder network led by the ILO Brazil on carnauba wax that discusses sustainability issues.

One focus of the pilot could be the slaughterhouses, which are the most important connection outside the leather processing facilities. Sourcing policies relating to deforestation and human rights can be enforced here. Also, currently, there are certifications for slaughterhouses and farms, so there is room for expanding these existing certifications to include more checks on labor rights.

11. **Explore a cluster-based traceability system.** The solution to such complex supply chains is not tagging each cow. No individual company can trace every single farm or map their full individual supply chain back to birth farms. Instead of thinking about an identity preservation system, where each hide can be traced back to the original farm, companies should think of a cluster identity system where one area is designated as a focal point for improved conditions. This certainly does not solve all the traceability challenges but eventually creates an area of negligible risk: if a product comes from a designated area, then there are no additional measures required to check compliance with environmental protections (e.g., deforestation and conversion-free meat), and human rights protections (no slave labor, no precarious working conditions, regular employment, etc.).
12. **Designate regions from where hides can be procured (area-based approach).** This requires a shift in the current way leather companies interpret traceability. Currently, companies work with certified tanneries and then trace products backwards in the supply chain. Alternatively, companies could start by tracing from the first steps of the supply chain at the farm level and move upwards, with a focus on stakeholder collaboration to strengthen labor, environmental, and animal welfare standards. Once a region is chosen and all actors of the supply chain are identified, there should be an investment in driving improvement for the actors within that area, with awareness training, technical support, capacity building, and partnership building. This strategy should include all levels of the supply chain within that region but focus on the areas with inconsistent verification methods—primarily smaller slaughterhouses or meatpackers that collaborate with partner and independent farms.
13. **Conduct community profiling and develop community-based action plans.** Understanding the community where your workforce operates is critical. Companies should work with local communities involved in their supply chains to map their needs and develop an action plan to improve well-being.¹¹⁸
14. **Consider incentives for farmers.** One element to consider is that traceability is not mandatory in most countries. If it is voluntary, then there is no real incentive for farmers to make the extra effort. Furthermore, farmers will be interested if they see financial gains, productivity gains, or increases in their technical skills as incentives.

118 University of Michigan, "What is Community Profile," <https://umich.instructure.com/courses/166063/files/5080481/download?verifier=DitFErvT0pWD4L4JCZQJVntcpdHpyejHHTF8Zozy&wrap=1>

- 15. Ensure workers have access to grievance mechanisms.** Map the existing grievance mechanisms available to workers in Brazil and ensure that the workers are aware of these existing grievance mechanisms.

The next phase of this work could be to undertake a pilot of the cluster identity model, with a sample of volunteer companies that are willing to work together in identifying a relevant region in Brazil and testing a bottom-up model.

Annex 1: Snapshot of the Brazilian leather industry

1.	Number of footwear factories	Brazil has 600 footwear companies employing 350,000 workers. Brazil is the third largest footwear manufacturer globally (after China and India), producing: <ul style="list-style-type: none"> Slippers and sandals (56.5%); Synthetic fibres (15.2%); Leather footwear (12.6%); Sport shoes (8.5%); and Shoes made of other materials (7.2%).
2.	Number of tanneries	Brazil has 244 tanneries; 137 tanneries are part of the Brazilian Leather Project and account for 91% of the country's leather exports. ¹¹⁹
3.	Number of animals slaughtered (2023)	Brazil slaughters 34.3 million heads, on average, per year. ¹²⁰
4.	Main importing countries	Brazil exports to 80 countries; China, Italy, and the United States are the main importing countries.
5.	Value of the sector	The sector is valued at \$4 billion (\$1 billion is domestic revenue and \$3 billion is exports).
6.	Heads of cattle	Brazil has about 220 million heads of cattle.
7.	Number of hides produced each year	Brazil produces 40 million hides per year.
8.	Leather production by type	The primary types of leather include: <ul style="list-style-type: none"> Wet blue (12.8%); Semi-finished (crust)(17.7%); and Finished (69.4%).
9.	Main leather associations	The main associations are CICB (the Centre for the Brazilian Tanning Industry) and Apex-Brasil (the Brazilian Trade and Investment Promotion Agency).
10.	Related sector and large exporters	The largest meat exporters in Brazil are: <ul style="list-style-type: none"> JBS S.A.; BRF S.A.; Marfrig Global Foods; Minerva S.A.; and Cargill. JBS, Minerva, and Marfrig account for 70% of exports.
11.	Active certification / assessments schemes	Schemes include the Leather Working Group (at the tannery level) and the Brazilian Leather Sustainability Certificate (CSCB).

119 Brazilian Leather Project, <https://cicb.org.br/brazilian-leather/en/about>

120 Garra International, "Cattle Slaughtering in Brazil Begins Year with Strong Acceleration," <https://www.garrainternational.com/cattle-slaughtering-in-brazil-begins-year-with-strong-acceleration/>

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