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BRIEFING: Sugar contracts and their impact on land and workers' rights

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About Business & Human Rights Resource Centre

[Business & Human Rights Resource Centre](#) is an independent non-profit organization that brings information on companies' human rights impacts, positive and negative, to a global audience. We have researchers based in Brazil, Colombia, Hong Kong, India, Japan, Jordan, Kenya, Mexico, Myanmar, Senegal, South Africa, UK, Ukraine and USA. Our [International Advisory Network](#), comprising 70 experts from all regions, is chaired by Mary Robinson, former United Nations High Commissioner for Human Rights and former President of Ireland. The Resource Centre was named as recipient of the [2013 Dodd Prize in International Justice and Human Rights](#). For further information about the Centre, see the "[About us](#)" section of our website, and a profile of our work by the Financial Times entitled "[A fair approach to human rights](#)".

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Supply Chain for Sugar: An Introduction

Sugar is produced from either sugar cane grown in tropical countries or from sugar beets grown in temperate climates. It is produced in 120 countries, majority of which are in Africa, Latin America, and Southeast Asia. As one of the largest agricultural commodities in the world, sugar supply chains are often linked to a high risk of associated human rights abuses with respect to land, livelihood, and labour rights. As a result, the policies and practices of global companies that use sugar in their own products are rightfully scrutinised to ensure that these risks are mitigated, remedied, or eliminated.

In 2017, KnowTheChain, a collaborative initiative involving Humanity United, Business & Human Rights Resource Centre, Sustainalytics, and Verité, released a report benchmarking the human rights performance of 10 food and beverage companies that rely heavily on sugar cane in their products. Some of the most notable findings were that only a small group of companies have assessed risks and set targets to eradicate forced labour in their supply chains and of the 10 companies benchmarked, only Wilmar discloses the names and addresses of its sugar producers/growers. Other companies disclose the countries where they are sourcing their sugar. The report also found that no company was able to provide concrete examples of a remedy provided to a worker whose rights were violated.

This briefing paper is an introductory work to look at the other critical actors in the sugar supply chain: the companies that have been granted rights to access, use, and develop lands for the purpose of growing sugarcane, referred to in this paper as growers or producers.

We analysed nine contracts made publicly available on the OpenLandContracts portal (www.openlandcontracts.org) and assessed their provisions in relation to land rights, labour rights, and access to remedies. The contracts involved 10 companies operating in Cambodia, Sierra Leone, Cameroon, Ethiopia, Mali, and Timor Leste. We then attempted to compare these provisions in the growers' contracts to the human rights commitments of major food and beverage companies ranked by KnowTheChain.¹

We also sought to find the grower-buyer relationship between the companies benchmarked in the KnowTheChain report and the companies with contracts posted on the OpenLandContracts.org using publicly-available data.

We started with Wilmar because it is the only company included in the KnowTheChain study that discloses its list of producers/growers. We started with a review of its list², followed by a search on our own website, with 15 years of company data, and finally, a 15-search page review on Google. All these yielded no public connections between Wilmar and the nine grower companies. Coca-Cola, ABF, Pepsi, Nestle, Hershey, Mondez, and Monster Beverage simply disclose the countries where they source their sugar. We found through a report by Partner Africa that Coca-Cola sources from Sosucam.³

Similarly, a thorough search of company webpages and other online pages led us to the assumption that none of the nine producer/grower companies publicly discloses who purchases their sugar. We found the connection between Coca-Cola and Sosucam through a third-party report. If such a supplier list is available, it is not accessible online.

The challenge of connecting growers of sugar to their buyers continues because:

- Global companies that buy sugar are not legally obliged to disclose their list of growers and the majority do not undertake voluntary disclosure.
- Grower-companies are also not required to disclose their list of buyers, nor do they do so in practice.
- The sugar supply chain has many players: producers/growers → millers → refineries → traders → buyers. End-user companies may not even know the names of the ultimate source companies if they mainly purchase from sugar traders. This emphasises the equally critical need to look into these in-between players of the sugar supply chain. Very little is known about them.

Despite the absence of a transparent link between the specific producing and end-user companies, this briefing note analyses the contracts of nine grower companies with respect to their impact on land and labour rights, and compares this record to the human rights commitment of end-users, using analysis from KnowTheChain. By doing this, we seek to provide initial analyses on whether or not the policies and practices of global buyer brands towards compliance of fundamental human rights standards can be supported by the commitments made by grower-companies. We also discuss allegations of abuse raised against grower-companies, and including whether effective implementation of contract provisions would have prevented or mitigated the abuse.

We close with our recommendations for governments, businesses, and civil society.

¹ [Sugar Cane Contracts](#).

² [List of sugar suppliers](#).

³ [The Coca-Cola Company: Review of Child Labour, Forced Labour and Land Rights in the Sugarcane Supply Chain](#) (2017).

Companies with publicly-available sugar contracts*

* *Contracts allowing them to use land for the purpose of growing sugarcane, posted on openlandcontracts.org*

Cambodia

[Crystal Agro Company Limited](#) (2006)

[Real Green Co. Ltd.](#) (2006)

[Heng Yue](#) (2011)

[Koh Kong Sugar Industry Company Limited](#) (2006)

Cameroon

[Sosucam](#) (2006)

Ethiopia

[Hunan Dafengyuan Agriculture Co.](#) (2010)

Mali

[China Light Industrial Corporation for Foreign Economic and Technical Cooperation](#) (2009)

Sierra Leone

[Addax Bioenergy Sierra Leone Ltd.](#) (2010)

Timor Leste

[GTLeste Biotech](#) (2008)

Companies benchmarked by KnowTheChain

Chocolate and Confectionary Manufacturers

Hershey

Mondelez

Nestle

Beverage Companies

Coca-Cola

FEMSA

Monster Beverage

PepsiCo

Sugar & Sugar Product Produces (*not growers)

Archer Daniels Midland

Associated British Foods

Wilmar

Displacement and absence of effective consultations

When private businesses are granted the authority by government to use land for sugar plantations, it is common to see reports of eviction and displacements of residents in the host communities. Our monitoring of allegations of abuse by companies in the sugar industry, over the last 15 years, has identified common violations including lack of proper consultation, inadequate or no compensation, and forced evictions. On top of these, we have documented at least six incidences of attacks (deaths or threats) against human rights defenders working in the sugar sector.⁴

Our review of the contracts revealed that some contracts purport to provide protections for residents against forced displacement. In practice, however, these protections are inadequate for several reasons:

Local residents may not have legal title over the lands they occupy.

In Cambodia, the contracts of [Crystal Agro](#), [Real Green](#), and [Heng Yue](#) prohibit companies from using land “*legally owned by the local residents*”. However, many communities in Cambodia live on land they do not own, including public lands and untitled lands.

It is therefore not surprising that long-time residents have accused companies and governments of displacing them without prior notification and consultation. For example, locals accused Hengfu Sugar and its subsidiaries of taking and destroying their lands, including ancestral areas.⁵ Families affected by the business operations of [Koh Kong Sugar Industry](#) have just recently agreed to accept 2 hectares of land for their own use and \$3,000 in the form of compensation for their displacement.⁶ This is a prolonged dispute, starting in 2006 when the company was allowed to develop 9,000 hectares of land.

In Cameroon, some groups alleged that the land concession to [Sosucam](#) was signed without the consent of the affected communities.⁷ In Mali where lands belong to the government, a report indicated that when [China Light Industrial Corporation for Foreign Economic and Technical Cooperation](#) began construction on the lands, prior notification was not given to residents and completed impact studies are not available.⁸ The Timor Leste government was also accused of extending a so-called “land giveaway” of 100,000 hectares to [GT Leste Biotech](#), with very little public consultation.⁹

Contract provisions that purport to protect landowners assume that the occupants have legal title over the property, which is often not the case in practice. More effective contract clauses would provide protections for individuals and communities occupying land, whether or not they hold title to it.

Companies have secured warranties of peaceful possession and utilization of awarded lands.

A provision in the contract of [Hunan Dafengyuan Agriculture](#) in Ethiopia effectively prevents local communities from exercising their right to challenge displacements and assert their right over the land. Here, government as owner of the land and lessor, ensures that the company “*shall enjoy peace and trouble-free possession*” and even commits to “*provide adequate security, free of cost...against any riot, disturbance or any other turbulent time*”. To ensure the protection of land rights, stakeholders must provide clear provisions allowing communities to seek redress when violations are committed. For example, this quoted provision can be qualified with this statement: “*Nothing in this provision should prevent/prohibit any person from using legitimate judicial and non-judicial mechanisms to challenge the party’s right to possess and/or use the land. Legitimate exercise of the right to expression and freedom of assembly shall be protected.*”

Contracts fail to provide compensation for displaced communities. Displacement often entails temporary or even prolonged economic hardship, making fair and just compensation a critical need if restoration to the land is not an available remedy.

⁴ Business & Human Rights Resource Centre – [Business, Civic Freedoms & Human Rights Defenders Portal](#) (as of 30 August 2018).

⁵ Business & Human Rights Resource Centre – [Cambodia: Conflicts continue between Preah Vihear villages & Heng Fu Sugar subsidiaries, as locals accuse companies of taking land without adequate compensations.](#)

⁶ Pech Sotheary, Khmer Times – [Land dispute settled in Koh Kong](#) (02 July 2018)

⁷ GRAIN – [Cameroon: One village resists the acquisition of much of its land by a French company.](#)

⁸ Agile International – [Over 70,000 Hectares in Mali Identified in New Database of Land Grabbing by Global Agribusiness.](#) (16 May 2018).

⁹ Timor Leste Land Studies – Massive East Timor land-for-biofuel plan raises hackles <http://timorlestelandlaw.blogspot.com/2013/11/massive-east-timor-land-for-biofuel.html> (2008)

However, none of contracts reviewed for this paper contain provisions on the compensation for affected communities. Fees are given to government, and even if one can assume that these fees are then turned over to the communities, the amounts are extremely small. For example:

- [Hunan Dafengyuan](#) (Ethiopia) pays approximately US \$5.75 per hectare per year (3,950,000 birr for 25,000 hectares/year)
- [Heng Yue](#) (Cambodia) pays \$5 per hectare/year.
- [Koh Kong Sugar](#) (Cambodia) pays \$1-\$5 per hectare per year depending on which year in the 90-year contract is looked at.

A report mentions that [Addax Bioenergy](#) (Sierra Leone) leases lands from their local residents at \$12 per hectare per year, described by many as unfair and inadequate.¹⁰

The contracts from Cameroon, Mali, Sierra Leone, and Timor Leste do not have compensation provisions.

A review of documented cases on our website reveal that even when either or both law and international conventions create the obligation to compensate displaced communities, many companies still refuse to comply with this duty. Governments have been very inconsistent in their application of compensation laws, when they exist.

Right to food and protection of the environment

Oxfam asserts that access to land for small scale farmers “*is a pivotal part for a better food system.*”¹¹ However, a quick glance at the massive areas now devoted to sugar plantations reveals that this significantly reduces the acreage available to be developed for other food crops, especially for domestic consumption. In addition, displacement results in thousands more of small-scale farmers being deprived of lands to farm for their own food supply.

Company	Hectares awarded
GTLeeste Biotech (Timor Leste)	100,000
Hunan Dafengyuan Agriculture Co. (Ethiopia)	25,000
China Light Industrial Corporation for Foreign Economic and Technical Cooperation (Mali)	20,000
Sosucam (Cameroon)	11,000
Addax Bioenergy Sierra Leone Ltd (Sierra Leone)	10,000
Koh Kong Sugar Industry (Cambodia)	9,000
Heng Yue (Cambodia)	8,959
Crystal Agro Company Limited (Cambodia)	8,000
Real Green Co. Ltd. (Cambodia)	8,000

Contracts do not guarantee adequate land for food. None of the contracts that we reviewed had explicit provisions that create commitments to devote portions of lands awarded for the purpose of growing food for domestic use. The need to

¹⁰ CorpWatch – [Sierra Leone Farmers Evicted for Sugarcane Biofuel Plantations](#) (05 March 2013).

¹¹ [Sugar Rush: Land rights and the supply chains of the biggest food and beverage companies](#) (02 October 2013).

determine why and how governments are able to award massive areas of land to the detriment of local food security needs to be discussed and then addressed.

We note the following:

Timor Leste. The Timor-Leste National Strategic Development Plan 2011-2013 identifies agribusiness as a “*a large feature of rural private sector development*”.¹² Because there is no law providing for ceilings in land concessions and because the state owns the lands, the government can award large tracts of land – in this case, 100,000 hectares for [GTLeste Biotech](#).

Cambodia. The law limits land concession awards to 10,000 hectares per company, regardless of location within the country.¹³ However, even the Cambodia Office of the UN High Commissioner for Human Rights companies have pointed out that companies circumvent the provision by simply registering more than 1 company.¹⁴ Take for example the companies [Crystal Agro](#), [Real Green](#), and [Heng Yue](#). They all signed their contract with government in 2006 with land grants below 10,000 hectares. However, they share the same office and designated bank (Canada Bank in Cambodia). Their contracts have the same provisions.

Ethiopia. In 2009, a government proclamation returned to the federal government the mandate to carry out all aspects of foreign land investment.¹⁵ In turn, the federal government now awards lands to businesses who can commit at least \$100,000 in investment, with no limitations in areas covered.

Mali, Sierra Leone, and Cameroon. Like the other countries, the government has control over the lands and can awards thousands of hectares to interested investors.

The award of massive areas of land is not compensated by protective provisions in favor of smallholder farmers – to protect their ability to cultivate food for their own and for country’s consumption. There is only one contract that mentions smallholders - [Addax Bioenergy’s](#) contract in Sierra Leone provides for the establishment of smallholder and outgrower support scheme to improve livelihoods of local farmers. However, communities also reported that when the project’s output failed to reach the annual targets, the support was withdrawn.¹⁶

Environmental protection provisions are not enforced. All of the reviewed contracts have provisions on the protection and preservation of the environment. These typically include the obligation to conduct environmental and social impact assessments,¹⁷ to conserve natural resources,¹⁸ and to exclude from business operations mountains, reservoirs, traditional forest lands, and protected areas.¹⁹

However, contractual commitments are from the realities on the ground.

- Water contamination²⁰ is reported in the areas covered by Addax Bioenergy operations.
- Heng Yue is accused of destroying forests and contaminating surrounding waters and causing fish to die²¹
- Sosucam faces allegations of exposing community residents to harmful chemicals.²²

Policies of sugar buyers versus commitments of grower companies on land rights

While company policies on land rights was outside the scope of the KnowTheChain report, we nevertheless note that Coca-Cola, is conducting a 28-country study on child labour, forced labour, and land rights for its sugar supply chain. A potential future report could focus on the disclosure of policies in this area by global companies that buy sugar.

¹² Forest Peoples – [Natiional Updates on Agribusiness Large Scale Land Acquisitions in Southeast Asia](#) (2013).

¹³ Open Development Cambodia – [Concessions](#).

¹⁴ [Economic land concessions in Cambodia: A human rights perspective](#) (June 2007).

¹⁵ The Oakland Institute- [Understanding Land Investment Deals in Africa](#): Ethiopia (2011).

¹⁶ SwedWatch – [SwedFund, FMO failed to respect human rights when exiting bioenergy project](#) (08 November 2017)

¹⁷ [Addax Bioenergy contract](#), Appendix, paragraph 6

¹⁸ [Hunan Dafengyuan](#), para. 4.1

¹⁹ The contracts of [Crystal Agro](#), [Real Green](#), and [Heng Yue](#).

²⁰ Swedwatch – [Swedfund, FMO Failed to Respect Human Rights When Exiting Bioenergy Project](#) (08 November 2017)

²¹ [Indigenous Peoples representatives from Preah Vihear – Providing information regarding violations of human rights due to sugar concessions of Chinese companies in Preah Vihear, Cambodia](#) (25 August 2017).

²² Environmental Justice Atlas – [SOSUCAM and Samdiaa sugar operation in Haute-Sanaga, Cameroon](#).

Workers' rights

A review of the nine contracts to determine if growers maintain strong commitments to protect workers' rights yielded extremely disappointing results. Where workers were mentioned at all, contracts only provided for the following:

- A commitment to prefer local experts (Cambodia and Timor Leste contracts);
- Expressions of potential job creation: up to 4,000 staff from Addax Bioenergy in Ethiopia and more than 2,000 regular jobs & more than 8,000 labor direct jobs from GTLeste Biotech in Timor Leste.

The Cambodia contracts contains a very loose commitment to improve the livelihood, health, and education of employees/workers and their families. However, the obligation is limited to the construction of "*suitable houses, hospitals, temples, schools, and recreation centers*". These provisions have been inadequate in promoting and protecting the welfare of the workers.

For example, Addax Bioenergy workers launched a series of protests decrying discriminatory treatment of local workers and nonpayment of overtime and retirement benefits.²³ Communities affected by the operations of Heng Yue in Cambodia complain that the company's operations have not benefitted them because they were only offered low pay or temporary work and many were left unemployed.²⁴ Reports about excessive overtime work and violation of rest day rules have also been made in relation to Sosucam's operations in Cameroon.²⁵ This was attributed to operations of the sub-contractor that was providing the workers for Sosucam.

Policies of sugar buyers versus commitments of grower companies on workers' rights

KnowTheChain analyzed the workers' rights policies of buyer companies and found that for most, robust workers' rights policies are in place. For example, ABF, Coca-cola, Nestle, and PepsiCo also undertook assessments of their sugar supply chains to understand forced labour risks:²⁶

- ABF assesses modern slavery risks at the country and plant level.
- Coco-Cola is working with third parties to undertake 28 country studies by 2020 and this will include assessment of forced labour risks.
- Nestle's disclosure on this field identifies countries and commodities.
- PepsiCo assesses risks to human rights at both its first-tier suppliers and at the farm level.

However, while workers' rights are prioritised by the buyers, the protection of workers' rights are not articulated as contractual commitments of sugar growers. Stakeholders must strengthen initiatives to engage with both end-user and grower companies on these issues. Global sugar buyers who closely monitor and enforce standards along their supply chains have strong leverage over grower companies. If these companies are concerned about workers' rights, their efforts and their economic influence on the grower companies are critical.

²³ Radio Binkongoh Online – [Addax Bioenergy Flouts Local Content Policy](#) (16 June 2017)

²⁴ Yang, Chandara of Radio Free Asia – [Sugarcane in Preah Vihear](#).

²⁵ Partner Africa – [The Coca-Cola Company Review of Child Labour, Forced Labour, and Land Rights in the Cameroon Sugarcane Supply Chain](#) (2017)

²⁶ *Supra* note 2, page 15

Access to remedy

Equally disappointing are the results of the review of contractual provisions on remedies for victims of abuse. None of the contracts provided for effective victim-centered remedies. While some contracts mentioned the need to prioritise people's interests, these did not clearly articulate how this will be implemented. The table provides a summary of the remedy provisions of some of the studied contracts. Those not included in the table below have no remedy provisions.

Company	Remedy Provisions	Remedies for victims of abuse
Addax Bioenergy Sierra Leone Ltd	Permits will be suspended if allegations of life and environmental risk are proven	NONE
Sosucam (Cameroon)	NONE	NONE
Hunan Dafengyuan Agriculture Co. (Ethiopia)	NONE Government provides companies with security against riots and disturbances	NONE
Crystal Agro Company Limited (Cambodia)/Real Green/Heng Yue/Koh Kong	Investment activities may be suspended in case there is land conflict Priority given towards protection of people's interest	NONE <ul style="list-style-type: none"> No clear, implementable provision to effect this recognition of people's interest
China Light Industrial Corporation for Foreign Economic and Technical Cooperation (Mali)	NONE	NONE
GTLeste Biotech (Timor Leste)	NONE	NONE

The provisions that do exist are extremely insufficient to protect the rights of communities and are largely skewed in favour of investors. This is very characteristic of contracts between states/governments and private companies around the world – whether these are integrated in investor-state treaties or in individual investor-state agreements such as the memoranda of understanding, concession agreements, or lease contracts that were analysed in this briefing note. To illustrate, let us consider the following:

- When governments commit to provide companies with security against riots and disturbances, this actually creates an implied obligation on the part of government to prevent communities from engaging in protest actions against companies, as a form of redress for their grievances.
- Suspension of investment activities and permits when allegations of abuse are raised is necessary but governments must oblige themselves to combine this with more victim-centered remedies such as providing direct and effective support for communities and human rights defenders under threat. More importantly, governments must be aware that in many cases, these private investments are actually necessary for the economic growth and development of communities. Hence, they must strive to integrate legal obligations for companies to operate responsibly and sustainably for the primary purpose of contributing to the development of its people.

Policies of sugar buyers versus commitments of grower companies on access to remedies for victims of abuse

In assessing the policies of sugar buyers, KnowTheChain summarised its findings by noting that companies – even those that have policies on access to remedy –were not able to give an example of remedy offered to workers in their sugar supply chains. At best, companies have plans to address the remedies gap. KTC notes, for example, that ABF plans to address remedy in its Modern Slavery and Human Rights Action Plan. Nestle and Coca-cola have initiatives ongoing initiatives to address forced labour. The effectiveness of these measures have yet to be measured.

The contracts of buyer-companies have undertaken no clear remedial measures against abuse, especially for victims of violations of land and labour rights. Further down the supply chain, grower-companies also do not have commitments to establish victim-centered remedy mechanisms.

Without effective remedy mechanisms, not even the clearest recognition of land and labour rights, and other fundamental human rights would lead to effective solutions that will work for victims of abuse.

Recommendations

For companies: Both grower and buyer companies must:

- Increase transparency in their supply chain. Growers should disclose their buyers and buyers should disclose their growers/producers. It is not enough for companies to list the countries where they source their sugar.
- Push for disclosure from all other parties in the sugar supply chain, including millers, refineries, and traders.
- Grower companies should support making their land contracts with government public, and buyers should consider mandating contract disclosure as part of their supply chain transparency and accountability efforts.
- Establish and implement policies to respect land and workers' rights, even when their existing contracts are devoid of provisions related to these rights.
- Provide effective remedies that are victim-centered.
- Establish monitoring schemes and pursue annual reporting of issues affecting local communities and workers in the supply chain.

For governments: They must:

- Mandate supply chain transparency and disclosure for all players in the sugar supply chain.
- Strictly implement legal provisions, when available, that can protect land and labour rights. For example, if there is a 10,000 hectare limit for each sugar concession, that should be strictly enforced and investors should not be allowed to simply register different companies to circumvent the limit. Ensuring that limits exist and are respected ensures that sufficient lands are left for growing other food products and for protected areas like forests, ancestral lands, and the like. States must not endanger local food security needs. For example, in Timor Leste, 100,000 hectares were awarded to one company and this area is already one-sixth (1/6) of the farmable land in the entire country. Finally, States must establish frameworks if non-existent and improve if ineffective.
- Laws on compensation must clearly provide guidelines on at least the following: 1) who should be compensated; 2) reasonable economic and social criteria on determining the amount of compensation; 3) mechanisms to review compensation guidelines regularly.
- Strengthen various remedy mechanisms to ensure that victims are at the center of all accountability measures.

For civil society: They must:

- Initiate or support initiatives that promote sugar supply chain transparency, including contract disclosure.
- Support efforts to establish effective remedies against abuse, including the participation in multistakeholder efforts that are solutions-centered.
- Continue seeking accountability from companies that violate human rights and use various avenues of redress: from remedies available domestically to remedies in the international arena.