

Ajinomoto Group
Country human-rights risk impact assessment for supply chains in the
sugarcane industry and the coffee industry
Survey Report:
Brazil

The Global Alliance for Sustainable Supply Chain

13 February, 2023

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<Executive summary>

(1) Backgrounds and objectives

The Ajinomoto Group promotes human rights due diligence in accordance with the Group Shared Policy on Human Rights based on the Guiding Principles on Business and Human Rights of the United Nations, and through dialogues and consults with stakeholders and collaborate with human rights experts. The Ajinomoto Group conducted human rights risk assessments in each country in which it operates. As a result, the Group identified Thailand and Brazil as countries with high human rights risks, and Food Processing as industries with high human rights risks. Based on this risk assessments, the human rights impact assessment of the seafood and poultry industry supply chains in Thailand was conducted in 2019. This time, the Group decided to conduct a human rights impact assessment in Brazil, which was the second highest risk country after Thailand in the Human Rights Risk Assessment in 2018.

The following two companies are listed as the Ajinomoto Group's subsidiaries that conduct business related to Brazil. Commercial distributions of the main raw materials in these two companies is shown below.

- 1) Ajinomoto do Brazil Ind. Com. Alimentos Ltda.; Ajinomoto do Brazil manufactures amino acids, food ingredients and food products at four plants in Sao Paulo State and procures sugar cane and raw sugar from sugar cane as raw materials.
- 2) Ajinomoto AGF Inc.; Ajinomoto AGF manufactures and sells coffee products in Japan. It imports coffee beans as raw materials from Brazil via a general trading company.

Therefore, the human rights impact assessment of the sugarcane and coffee industries throughout Brazil was conducted.

(2) Contents of surveys

STEP1; Desktop-based surveys throughout Brazil and remote interviews with stakeholders (NGO, industry associations, etc.)

STEP2; Interviews with sugar cane and coffee industry supply chain participants in the relevant areas of the Ajinomoto Group's businesses

Interviews were originally desirable for face-to-face interviews in the field, but since it was difficult to visit the field due to pandemic by Covid-19, we conducted remote interviews online (conducted between October and December 2021).

(3) Results of Surveys

STEP1: Desktop and stakeholder interviews throughout Brazil

- In both the sugarcane and coffee bean industries, the human rights risk of "forced labour and modern slaves" is reduced by the reduced employment of seasonal workers due to the reduced manual labor associated with increased mechanization. On the contrary, when mechanization is not advanced, the employment of seasonal workers increases because manual work is required. Human rights risks are likely to be higher, particularly where vulnerable seasonal workers from the Northeast and elsewhere are employed.
- In order to grasp the human rights violation in the supply chain, there is a mechanism to check by entering a dirty list issued by the Ministry of Labor and a CNPJ registration numbers of enterprises.
- Brazil's law is strict and there seems to be little "child labour," but awareness of hidden risks is also necessary.
- From the perspective of "occupational safety and health," as a general theory, personal protective equipment is insufficient for spraying agricultural chemicals and chemical fertilizers throughout Brazil. In addition, there is a possibility that the dormitory and residence where seasonal workers stay and the sanitation of food and drinking water are inferior.
- From the viewpoint of "environment", as a general theory throughout Brazil, there is a risk that the use of illegal citation water, excessive pesticides and chemical fertilizer will affect the river which becomes the domestic water of the local inhabitant.

STEP2: Results of supply chain interviews with the sugar cane and coffee bean industries in the Ajinomoto Group business-related regions

- The Ajinomoto Group supply chain stakeholders surveyed this time were subject to strict laws in Brazil.
- Some factories, exporters and farms have acquired certification systems related to their industries.
- Sugarcane and coffee bean plantations are being mechanized
- Even when hiring seasonal workers, factories and farmers directly employ neighboring workers and conclude employment contracts. They did not employ workers from the Northeast, where human rights risks are high.
- Proper provision of protective equipment and training
- Agricultural chemicals and chemical fertilizers were used in accordance with certification systems and government guidelines.

From these results, it was considered that the risks in terms of "forced labor and modern slaves," "child labor," "safety and health," and "environment" of the sugar cane and coffee bean industries in the Ajinomoto Group business-related regions seems not to be high. However, it should be noted that these are only the results from the related suppliers interviewed in this survey. Plants and plantations in Sao Paulo and Minas Gerais are expected to be certified and instructed by relevant industry organizations and NGO in response to requests from Europe and the United States. Therefore, the human rights risk in these areas is considered to be low. Regarding "grievance mechanism", it was found that opinion boxes were often installed in the restaurants of factories and farms. While it is very important to set up a opinion box, it is necessary to improve the effectiveness of access to remedies in the guiding principles of business and human rights. In the future, it is necessary to establish a system to accept complaints such as a third-party organization for ensuring anonymity and non-retaliation.

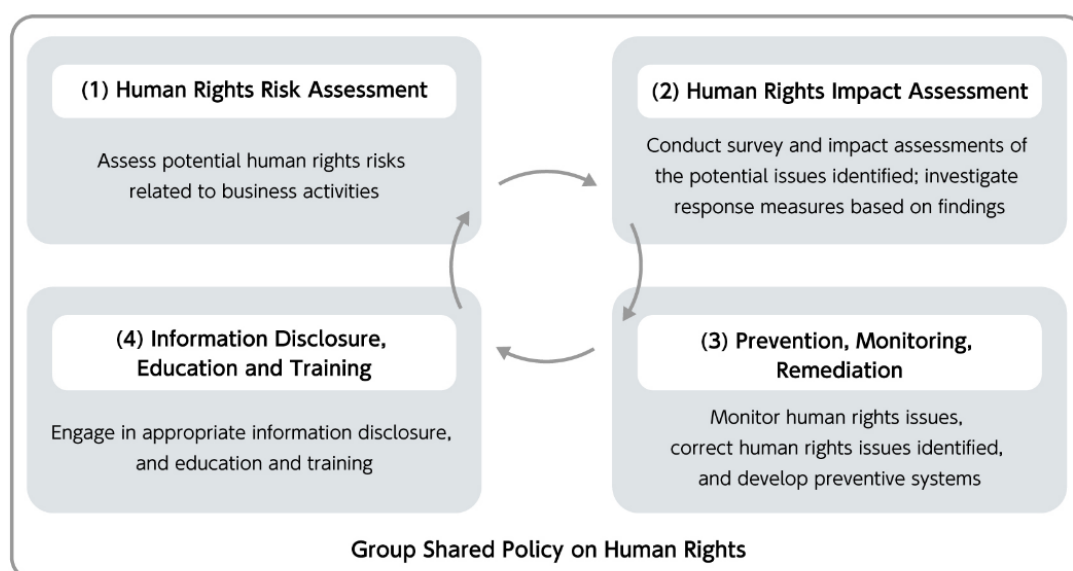
Based on this interview survey, it is necessary for the Ajinomoto Group to review the guidelines and policies adopted by the company to improve areas that are inadequate for promoting respect for human rights, to evaluate and improve risk responses implemented, and to report implement reports on human rights due diligence as the Ajinomoto Group.

1. Background and Purpose

The Ajinomoto Group promotes the following four processes of human rights due diligence in accordance with the Group Shared Policy on Human Rights based on the Guiding Principles on Business and Human Rights of the United Nations, and through dialogues and consults with stakeholders and collaborate with human rights experts (Figure 1).

- (1) Human rights risk assessment
- (2) Human rights impact assessment
- (3) Prevention, monitoring, and Remediation
- (4) Information disclosure, education and training

Figure 1: Human Rights Due Diligence Process of the Ajinomoto Group



Excerpt from the Ajinomoto Group Company HP¹

In promoting human rights due diligence, in 2018, the Ajinomoto Group collaborated with outside human rights experts to conduct country-specific human rights risk assessments in which the Ajinomoto Group operates using Verisk Maplecroft human rights risk data, referring to OECD Due Diligence Guidance for Responsible Business Conduct. As a result, we identified "Thailand" and "Brazil" as high-risk countries for human rights, and "food processing" as high-risk industries for human rights. In 2019, the Ajinomoto Group conducted an on-site interview survey on the supply chain of the seafood and poultry industry in Thailand as a human rights impact assessment based on

¹Human Rights due diligence | Human Rights | Sustainability | Ajinomoto Group (ajinomoto.co.jp)
([Link](#))

the results of the human rights risk assessment. Through initiatives led by the Thai government and industry organizations, the Group reported that the issues of child labor and the working environment of migrant workers are improving, but that there are challenges in the introduction and use of grievance systems ([Link](#)) of the Human Rights Impact Assessment Report by Thailand). The objective of this survey is to conduct a human rights impact assessment in Brazil, which was the second highest-risk country after Thailand in the Human Rights Risk Assessment in 2018.

2. Survey methods

The following two companies are listed as the Ajinomoto Group's subsidiaries that conduct business related to Brazil. Commercial distributions of the main raw materials in these two companies is shown below.

1) Ajinomoto do Brazil Indústria e comércio de Alimentos Ltda.; Ajinomoto do Brazil (hereafter, ABR) manufactures amino acids, food ingredients and food products at four plants in Sao Paulo State and procures sugar cane and raw sugar from sugar cane as raw materials.

2) Ajinomoto AGF Inc.; Ajinomoto AGF (hereafter, AGF) manufactures and sells coffee products in Japan. It imports coffee beans as raw materials from Brazil via a general trading company.

Therefore, the human rights impact assessment of the sugarcane and coffee industries throughout Brazil was conducted. In this survey of human rights impact assessment, the human rights issues in the sugarcane and coffee industries throughout Brazil were identified through desktop surveys and remote interviews with stakeholders (NGO, industrial groups, etc.) (STEP1), and then the actual situation was surveyed through interviews with sugarcane and coffee industry supply chain participants in the relevant regions of the Ajinomoto Group's business (STEP2). Interviews were originally desirable for face-to-face interviews in the field, but since it was difficult to visit the field due to pandemic by Covid-19, we conducted remote interviews online (conducted between October and December 2021).

Table 1: Approach to Human Rights Impact Assessment in Brazil

	Survey area	Survey methods	Subject of interview survey
STEP1	<u>Throughout Brazil</u>	Desktop and Remote Interviews	<u>Stakeholders</u> <ul style="list-style-type: none"> • Human rights environment-related NGOs and media: 3 organizations • Industry organizations (sugarcane, coffee beans): 7 organizations • Relevant ministries and agencies, labor unions: 6 organizations *Reference shows the interviews lists
STEP2	<u>Ajinomoto Group business-related regions</u> <ul style="list-style-type: none"> • Sugarcane (ABR): Sao Paulo 	Remote interview	<u>Ajinomoto Group-related supply chain officials</u> <ul style="list-style-type: none"> • Directors (including procurement officers) and employees of ABR: 5 persons

			<ul style="list-style-type: none"> • Sugar cane-related suppliers (Sugar production and sales: 1 company, Sugar production and manufacturing: 3 companies, Farms: 3 farms) This part is related to Sugar.
	<ul style="list-style-type: none"> • Coffee beans (AGF): around Minas Gerais and Sao Paulo 		<ul style="list-style-type: none"> • Coffee bean-related suppliers (General trading companies: 2 companies, Exporters: 2 companies, Farms: 4 farms)

This time, the Global Alliance for Sustainable Supply Chain (ASSC) * received a request from Ajinomoto Co., Inc. and conducted surveys and prepared reports.

*Non-Governmental Organizations (NGO) Promoting Sustainable Supply Chains in Japan

3. Survey results

(1) STEP1: Desktop-based surveys of the sugarcane and coffee industries throughout Brazil. Results of remote interviews with stakeholders (NGO, industry groups, etc.)

As shown in Table 2, in addition to "modern slaves and forced labor" "child labor" and "occupational safety and health," which were listed in the human rights risk assessment conducted in 2020, they are also summarized from the viewpoint of "environment" that affects the human rights of local residents.

Table 2: Overview of Survey Results throughout Brazil

	Desktop survey	Interviewing with NGO, industry groups, etc.
Modern slavery and forced labour	<ul style="list-style-type: none"> • In migrant workers (seasonal workers) from northeastern Brazil, where farms are used for harvesting or manual work, which temporarily require a large amount of labor. • They are forced to bear the debt of hiring fees paid to intermediaries, etc.. • Young African Brazilians are susceptible to labour exploitation. • Notice of working conditions or execution of employment contract may not be made, and discrimination occurs at the time of employment or in terms of employment conditions. 	<p><u>Interview with InPACTO (Organization that works to prevent and eradicate slave labor in the supply chain in Brazil)</u></p> <ul style="list-style-type: none"> • Sugarcane: In the vicinity of Sao Paulo, the audit by the Labor Inspection Bureau has been strictly audited and mechanized, making it less likely to infringe on human rights. On the other hand, there are many vulnerable people around the Northeast region. • Coffee beans: Generally, mechanization is advanced. On the other hand, some places cannot be mechanized depending on the topography, and they become manual and require seasonal workers. Seasonal workers come from various regions such as the Northeast, and they are vulnerable. The standards for that employment are not firm. <p><u>Interview with the Brazil Division of Inspection for the Eradication of Slave Labor/Office of Labor Inspection (DETRAE/SIT: Ministry of Labor)</u></p> <ul style="list-style-type: none"> • A dirty list issued by the Ministry of Labor to confirm the presence of human rights violations in companies in the supply chain

		<p>can be obtained by anyone upon application. Companies on the dirty list will not be removed from the list until they have cleared their hefty fines and penalties.</p> <ul style="list-style-type: none"> • In the dirty list, CNAE is the registered number, and if you look at CNAE, you know whether it is sugarcane or coffee. <p>Coffee: 0134200, Sugarcane: 0113000.</p> <ul style="list-style-type: none"> • As a way for companies to identify human rights violations in the supply chain, A company registration number called CNPJ for a particular company or farm can be entered into the website to find out if it has any labor law violations.
Child labor	<p>Of the 3.3 million children and minors working in northeastern Brazil, 56.5% are engaged in sugarcane and coffee plantations. The number of child labor in plantations has been decreasing in recent years due to regulations such as the Brazilian domestic law, and it is necessary to manage the business by paying close attention to future trends.</p>	<p><u>Interviews with human rights NGO and industrial organizations</u></p> <ul style="list-style-type: none"> • The labor law in Brazil is strict, and there are many reports that child labor has not occurred. <p><u>Interview with the Brazil Division of Inspection for the Eradication of Slave Labor/Office of Labor Inspection (DETRAE/SIT; Ministry of Labor)</u></p> <ul style="list-style-type: none"> • When the Labor Inspection Bureau visited the plantation in response to the whistleblowing, child labor had been hidden .
Occupational safety and health	<p>In the application work of pesticides and chemical fertilizers, the risk of occupational safety and health is high, such as the fact that the farm side does not prepare personal protective equipment. The viewpoint</p>	<p><u>Interviews with Ministry of Labor and the Human Rights NGO</u></p> <ul style="list-style-type: none"> • As a general theory, personal protective equipment is insufficient for spraying agricultural chemicals and chemical fertilizers throughout Brazil. In addition, there is a

	of occupational safety and health risk management is necessary for the farm proprietor.	possibility that the dormitory and residence where seasonal workers stay and the sanitation of food and drinking water are inferior.
Environment-related	Contamination of soil and water by the spraying of agricultural chemicals and chemical fertilizers is invading, which may threaten the livelihood of local residents. In addition, the pioneering and cultivation of agricultural land is advancing in order to increase profitability, which leads to deforestation and loss of biodiversity. There is a situation in which local communities and indigenous peoples are forced to migrate.	<p><u>Interviews with environmental NGO and industrial organizations</u></p> <ul style="list-style-type: none"> • As a general theory in Brazil, unrestricted water spraying to illegal crops from neighboring rivers may deplete the living water of neighboring inhabitants. Excessive dusting of pesticides and chemical fertilizers may cause soil contamination and outflow to nearby rivers, which may contaminate the water used for living in the neighborhood. Especially in Minas Gerais, Sao Paulo, Parana and Espirito Santo, which are the main production areas for coffee production, the use of pesticides and chemical fertilizers is high in risk. In sugarcane plantations, pre-harvest cane burning is still underway, leading to deforestation and loss of biodiversity, causing health hazards to neighboring residents due to air pollution. The places where millet is grilled are in northeastern Brazil, in São Paulo and part of Mato Grosso. It has been reported that 30% of the farms in northeastern Brazil are conducted.

As shown in Table 2, the results of a desk-top survey and interviews with NGO and industry groups in STEP1 throughout Brazil showed the following

- In both the sugarcane and coffee bean industries, the human rights risk of "forced labour and modern slaves" is reduced by the reduced employment of seasonal workers due to the reduced manual labor associated with increased mechanization. On the contrary, when mechanization is not advanced, the employment of seasonal

workers increases because manual work is required. Human rights risks are likely to be higher, particularly where vulnerable seasonal workers from the Northeast and elsewhere are employed.

- In order to grasp the human rights violation in the supply chain, there is a mechanism to check by entering a dirty list issued by the Ministry of Labor and a CNPJ registration numbers of enterprises.
- Brazil's law is strict and there seems to be little "child labour," but awareness of hidden risks is also necessary.
- From the perspective of "occupational safety and health," as a general theory, personal protective equipment is insufficient for spraying agricultural chemicals and chemical fertilizers throughout Brazil. In addition, there is a possibility that the dormitory and residence where seasonal workers stay and the sanitation of food and drinking water are inferior.
- From the viewpoint of "environment", as a general theory throughout Brazil, there is a risk that the use of illegal citation water, excessive pesticides and chemical fertilizer will affect the river which becomes the domestic water of the local inhabitant.

(2) STEP2: Interviews with supply chain stakeholders: ABR’s business-related regions (Sao Paulo) and AGF’s coffee bean-procurement regions (Around Minas Gerais and Sao Paulo)

As shown in Table 3, in addition to "modern slaves and forced labor," "child labor," "occupational safety and health," and "the environment," it was arranged from the viewpoint of "grievance mechanism". Table 3-1 shows the results of interviews with ABR’s members and sugar cane related suppliers in ABR business-related regions (Sao Paulo Province). Table 3-2 shows the results of interviews with general trading company officials and coffee industry related suppliers in AGF sourced coffee regions (Minas Gerais Province and Sao Paulo Province).

Table 3-1: Summary of the interviews of ABR members and sugarcane related suppliers in Sao Paulo.

<p>Ajinomoto do Brazil. (ABR)</p>	<ul style="list-style-type: none"> • The Ajinomoto Group has established a sustainability programme based on the policies promoted globally (Ajinomoto Group Policy: AGP) and is expanding it to plants and supply chains. It promotes internal efforts to reduce environmental impacts such as CO2 emissions, water consumption, food loss, plastic waste, and solid waste, use of renewable energy, and sustainability of raw material procurement, including human rights and workers' rights. • The Group Policy on Respect for Human Rights and the Group Policy on Supplier Transactions are also being developed in ABR to promote awareness among employees. Human rights-related issues are dealt with at all times by analyzing opinions gathered from employees, business partners, and outsourcing companies. It is also discussed at a quarterly meeting of AGP Commission in ABR. • In ABR, all managers and supervisors are trained in human rights, including child labour and forced labour. The company has also established a strict compliance policy and continuously implements training for employees. • In ABR, many workers in the plant were required to be isolated due to COVID-19 infection, and workers were hired in the short term to avoid the burden on the remaining workers. In such cases where the employment of short-term workers is required, Ajinomoto do Brazil. strictly follows the laws of Brazil. • In 2016, SMETA audits were started at one plant, and in 2019, the same audits were conducted by SMETA at all plants. More recently (2022), the new PD-Plant was included on the SMETA Audit too, to harmonize the practices among ABR plants.
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	<ul style="list-style-type: none"> • All employees are free to participate in trade unions, and are free to associate and negotiation collectively. • Grievance mechanisms at individual plants include "Opinion Boxes (AGP Boxes) that can be used by contractors," "Establishment of Opinion Boxes in the main gate of the plant to be accepted from drivers of transportation companies and workers of third-party service providers," "Compliance Channels for reporting corruption," "Reporting Channels on Web Site," and "Channels for reporting directly to Japan." These channels are also designed to be accepted by e-mail from suppliers. • Quality assurance activities are conducted regularly for suppliers on topics related to quality, the environment, safety and health, and human rights. There is no supplier-wide grievance mechanism. • Plants and workshops are held as training programs for plantations, taking into account aspects related to safety and health, human rights, and the Ajinomoto Policy. Agricultural chemicals and chemical fertilizers are used on farms in accordance with Brazil's regulations from Agriculture and Health Surveillance Agency, and environmental problems at the farm level are not particularly problematic. • When manufacturing amino acid products, the sugar content of sugar cane is fermented, and after extracting amino acids, the liquid containing many nutrients is extracted and commercialized as fertilizer. The liquid fertilizer is sold to sugarcane, coffee, and fruit plantations in São Paulo and Minas Gerais. The use of this liquid fertilizer improves the quality and increases the fruit.
<p>Sugar sales company A</p>	<ul style="list-style-type: none"> • The company purchases and sells ethanol and sugar from its affiliated sugar plants. • 8 out of 34 affiliated plants obtained “Bonsucro certification”. Products delivered to ABR are certified products. The other 26 plants are also preparing to obtain “Bonsucro certification”. • Established a department in charge of sustainability within the company's units and also set human rights environmental targets. The plants that have obtained “Bonsucro certification” are taking human rights measures equivalent to certification. Even in factories that have not yet acquired certification, human rights efforts are being made in accordance with the strict Brazil Labor Law. • Sugarcane plantations are mechanized by 95%. • A grievance mechanism is in place to accept complaints within the company. A hotline and a opinion box were installed at the plant. • Joint membership of Union is left to the freedom of the individual.

<p>Sugar production plant B</p>	<ul style="list-style-type: none"> • The number of employees is about 110, of which 30 are seasonal workers. <p>Everyone commutes from their hometown. Seasonal workers always have employment contracts with them in accordance with Brazil's Labor Law.</p> <ul style="list-style-type: none"> • Suppliers' sugarcane farmers are 100% mechanized. • The factory does not have a grievance mechanism, but workers can call the labor union to communicate the complaint. Farm workers can join the rural union, so they can be communicated to the rural union with a mobile-phone app called WhatsApp.
<p>Sugar mill and sugarcane plantation management C</p>	<ul style="list-style-type: none"> • The number of employees is about 120, of which 40 to 50 are seasonal workers. Seasonal workers employ from a small town with plants. Seasonal workers exchange labor contracts. • The state of Sao Paulo is under very strict crackdown by the Ministry of Labor's audit. • The company has a security team to train farm workers. Disasters such as injuries are not occurring because training is sufficiently implemented. • There are many women, and sexual harassment is occurring. Therefore, there is a grievance mechanism of whistle-blowing which accepts them. There is an opinion box, and complaints and consultations are received.
<p>Sugar mill and sugarcane plantation management D</p>	<ul style="list-style-type: none"> • The company has 750 employees and employs about 250 seasonal workers from neighboring areas during busy seasons. Seasonal workers are registered with the Brazilian ministries and agencies through direct employment contracts with this company. • In factories and plantations, employees are engaged in accordance with the human rights and labor safety rules established by the ministry and agency. In response to the strong sunlight, the company provides workers with UV cut-cream and personal protective equipment such as work clothes, gloves, and boots. Special protective equipment is also provided when handling pesticides and chemical fertilizers. • All workers join the labor union • There are opinion boxes in the plant that contain complaints and improvements. Sugarcane plantations also have boxes that accept complaints, and boxes that place requests and complaints at the center of the plantation. Employees are voicing requests for improvements rather than complaints, such as "I want you to make an employee cafeteria," "I want you to make an internal newspaper outside of your work activities," and "I want to know information about other factories." • The company has acquired FSSC2200 authentication, which is promoted by well-known worldwide beverage manufacturers.

Sugarcane farmer E	<ul style="list-style-type: none"> • There are 20 employees, all of whom are permanent employees. There are no seasonal workers. The number of people is small because agricultural work is mechanized. • The application of pesticides has and follows the standards established by the Brazilian Ministry of Health. When pesticides are used, all protective equipment, gloves, boots, goggles, and protective clothing are provided. Some technical consultants are audited by experts. • Workers undergo annual medical checkups. • All workers are members of labor unions. • As a grievance mechanism, posts are installed in the cafeteria, but there are few complaints.
Sugarcane farmer F	<ul style="list-style-type: none"> • The number of employees is about 30, and the number of seasonal workers is about 15. They commute from the neighborhood, including seasonal workers. Harvesting is being mechanized. • This farm conducted seminars for employees on occupational safety, such as wearing appropriate personal protective equipment, and the use of agricultural chemicals. • Until now, they had to join the labor union, but the revision of the labor law last year made the accession of workers to the union free. Whether it is related or not, the labor unions in this area have disappeared. The workers on this plantation are not members of the trade union. • I feel the importance of working to protect the environment. I'm worried about the contamination of nearby rivers and water. • There is no hotline or opinion box. They talk directly with the workers and treats them as members of the family.

Table 3-2: Overview of survey of interviews with general trading companies and related suppliers of the coffee industry in AGF procurement coffee region (Minas Gerais, Sao Paulo)

General trading company A	<ul style="list-style-type: none"> • The company has formulated a "Sustainable Supply Chain Initiative Policy" and is thoroughly disseminating this policy to all first-tier suppliers. It is also sent to all Tier 1 suppliers involved in sourcing coffee. • Utilizing external experts and tools such as international standards and international labour norms, the company has conducted human rights risk assessments. As a result, by combining products × regions, areas that potentially
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	<p>pose a risk to human rights are identified as "high-risk areas," and human rights risks are managed on a priority basis. Brazil's coffee is also a "high-risk area."</p> <ul style="list-style-type: none"> • Conducted a company-wide questionnaire survey of major suppliers in high-risk businesses. Five Brazilian exporters responded in 2020. In 2022, Company A conducted surveys on the top 10 farmers and agricultural cooperatives among the procurement sources of subsidiary Brazilian exporters, and received responses from all companies. As a result of analyzing the responses, there were no business partners that required any concerns or additional measures. On top of that, it is ideal to go through a PDCA such as conducting a supplier survey and asking for improvements. • The contents of the questionnaire survey were whether they understood the action policy, whether they implemented measures related to human rights and occupational safety and health, whether they prepared the human rights policy of supplier companies, whether they disclosed it, whether they had the manager or not, etc. • Since FY 2014, the company have been conducting on-site visits to survey the status of our suppliers in areas at high risk of human rights and environmental problems. Coffee beans was surveyed in the first year (FY 2014). Outside experts and visits to Brazil suppliers (two farms and agricultural cooperatives) were conducted. The survey was conducted on three themes: human rights, labor environment, and environment, but no major problems were found as a result. • With regard to coffee beans procurement from Brazil, there are relatively many large-scale farms compared to other countries, and there are cases where the farms are directly contracted with the producers. It is easy to manage the supply chain because direct communication is possible for coffee directly procured from the farm. On the other hand, it is recognized that the identification of risks is an issue when traceability cannot be ensured that is not a direct contract. • Even in cases where traceability is not secured, the company seeks to reduce human rights risks in the supply chain via its primary suppliers by having its primary suppliers implement initiatives similar to those of the company. Many of the exporters with whom the company does business unique their own Code of Conduct, and the company is aware of cases in which respect for human rights is advocated or in which it conducts its own supply chain management. • Since 2004, the company have confirmed that there have been no transactions with plantations on the dirty list issued by the Brazilian Bureau of Labor Inspections.
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<p>General trading company B</p>	<ul style="list-style-type: none"> • The sustainability survey includes 200 companies that are considered to be at potential risk through written and on-site surveys of environmental, social and occupational safety. Depending on the pandemic status by Covid-19, more visits will be conducted. • As an approach to primary suppliers, the company have notified 2590 business partners of the basic human rights policy and the basic sustainability policy in the supply chain. The company plans to reach out to operating companies in the future. We plan to identify and investigate high-risk products. • With regard to the implementation of human rights DD, following the formulation of human rights policies and the revision of the Basic Principles for Sustainability, the company plans to continuously implement human rights DD in new businesses and implement human rights DD in existing businesses through surveys of consolidated subsidiaries. • In procuring raw materials for coffee beans, companies confirmed and signed a Basic Supply Chain CSR Policy (CODE SEVEN in 2017 for all suppliers (buyers, plantations) worldwide. The second entry contains Respect for Human Rights. Business partners are mainly exporters from each country, but if they deal directly with large-scale plantations, they check with the plantations. • Brazil has a relatively large number of large plantations, making it easier to trace the supply chain. Brazil has 10-15 exporters, of which 7-8 are large plantations. The plantation is located in southern Minas, Minas Gerais, Moziana, São Paulo, and in part in the Cerrado area. The supplier is fixed, and the supplier is chosen to be the supplier who can deal with it with confidence. • Regarding the human rights, labor, and environment of production plantations, there are many machinery in large-scale enterprises in Cerrado district, and there is a possibility that the mechanization is not carried out in Minamis. • Prior to Covid-19 pandemic, the company also visited farms in the exporter's supply chain to verbally check, visually check, and interview based on CODE SEVEN. In addition, visiting all the farms is considered to be difficult because of the large number of them. • The company has continuously told exporters not to purchase from farms with human rights and labor problems. At present, the problem is not discovered, and it is considered that there is no necessity of requesting improvement.
<p>Coffee bean exporter C</p>	<ul style="list-style-type: none"> • There are 250 employees as a whole, and there are three warehouses in total. There are no seasonal workers.

(selected warehouse)	<ul style="list-style-type: none"> • Due to its export to the United States, the Company conducts occupational safety and health management not only by law but also in accordance with the guideline protocol of the U.S. FDA. The company also has its own safety plan, which enables employees to gather and hold seminars every week to prevent occupational safety risks. • Membership in the labor union is free and not involved as a company. The prevalence of workers in labor unions is currently 5-10%. As the labor law was revised, the number of labor unions joined was reduced because the membership of labor unions was no longer compulsory. • The grievance mechanism has not been installed at this time. • The company has certifications of 4C, UTZ and Rainforest Alliance. It also has a tracking system audit. It is independently certified by a globally renowned coffee-related company and is audited annually. Fifty percent of the coffee beans purchased by the company are certified. • Since Brazil is a country that encourages companies to carry out proper maintenance of vouchers, proper issuance of vouchers is a requirement for transactions. Brazil's labour law is strict and its inspections are taking place. The company has an ethic code and is distributed to all farmers. Respect for human rights is included in the ethic code. • There are 1500 to 2,000 producers related to coffee beans delivered to AGF. • When purchasing from a cooperative, it is difficult to identify the farmers who are supplying them. For farmers who are directly purchased by the company without a cooperative, there is all the data and traceability.
Coffee bean exporter D (cooperative)	<ul style="list-style-type: none"> • The company is a cooperative, with 16,000 farmers as members, and over 50% of them are small farmers (definition of small farmers in Exporter D: 28 hectares or less). It covers southern Minas-Gerais and the Cerrado area. • The company's employees are also free from collective bargaining and union through trade unions. • The company has a mechanism for picking up complaints from employees and responding to them. • All farmers of the company's member harvest the coffee beans by machine. Even small farmers use small machines to harvest. There is little hand picking, and there is no inferior working environment by hand picking in the working environment. • Training on the use of agricultural chemicals, chemical fertilizers, and machinery as support for farmers. Personal protective equipment is also provided by the company.

	<ul style="list-style-type: none"> • The farmers of the members are monitored daily, and if there are any problems, they are dealing with them. For example, among member farmers, 15 to 20 farmers enter the dirty list in a year, and other human rights-related issues have also arisen. If such farmers are asked to make improvements and their human rights situation does not improve, they may be excluded from the membership. One of the most common human rights issues in these farmers is the poor working environment and the fact that farmers do not provide housing for their workers. • Members' farmers employ seasonal workers from different parts of Brazil to make up for labor shortages at harvest. The company is a cooperative, so it does not provide support to member farmers for employing workers or for managing their workers as a service.
Coffee Farm E (Minas Gerais)	<ul style="list-style-type: none"> • The company employs about 70 employees and employs about 40 seasonal workers from the neighborhood during the harvest season. There are no immigrants from the Northeast. The farm complies 100% with the laws of the Brazilian Ministry of Labor. • Training is provided to employees over a one-week period in accordance with the farm's policy. • The farm doesn't know about trade unions specializing in coffee plantations, but there are regional cooperatives and associations. As for labor unions, workers from various industries are included. • The farm has set up an opinion box to accept feedback, opinions, and complaints from workers, service providers, and visitors. Mobile phones, Website, and a hotline system are provided. • It has been UTZ authentication since 2006 and Rainforest Alliance certified since 2011. • The farm has defined human rights and environmental instructions and procedures for business partners and provide guidance to suppliers. • The farm carefully uses pesticides and chemical fertilizers according to Rainforest Alliance protocols. On the other hand, the use of chemical fertilizer is increasing worldwide, and the environmental impact is feared. • The amount of water used is determined by the government, and they followed it. Neighboring farmers are concerned that some farmers use water without restrictions. • The farm used compost and other organic fertilizers, but has been using ABR's liquid fertilizer AJIFOL® for some farms since five years ago.
Coffee Farm F	<ul style="list-style-type: none"> • The company employs four full-time employees, and rarely employs one seasonal worker from the neighborhood during the harvest period. Direct employment

(Minas Gerais)	<p>contracts are signed, and the amount is stated in the employment contract and salary is paid.</p> <ul style="list-style-type: none"> • The farm work is mechanized. Provide personal protective equipment and conduct safety training. • Pesticides and chemical fertilizers are used, but when spraying them, safety is taken into consideration, such as marking the prohibition of entry. • For pesticides, based on biological evaluations, recipes are established and sprayed after analyzing which pesticides are required.
Coffee Farm G (Minas Gerais)	<ul style="list-style-type: none"> • A coffee farmer (12 hectares) who runs a family of five (three children). • During the harvest season, they rent machineries. Seasonal workers are not employed. • Two months ago, the farm started using ABR's liquid fertilizer AJIFOL®. Intended use is recommended by agricultural engineers and to reduce the negative impact on the earth. • It's just begun and I don't know the real effect, but the appearance feels as if the crops are growing neatly. It would be good if the soil were improved to generate large economic returns for farmers.
Coffee Farm H (around Sao Paulo State)	<ul style="list-style-type: none"> • Coffee farms using ABR's liquid fertilizer (AMINORGAN®, AJIFOL®, AMINO PLUS®) • The farm has used on 10-20% of the coffee plantation premises to keep the soil balanced. • The farm has been used them since 11 years ago. They feel it is reasonably priced and safe and effective. Effects can be restored by spraying liquid fertilizer during periods of stress, such as harvesting and after cold waves and hail. • By the use of liquid fertilizer, they feel the difference of the harvest quantity, and 5~10% from the experience feels it is increasing. There are differences in quality with the use of organic fertilizers. This increases the size, shape, and tolerance to disease. The higher the quality, the higher the selling price. • Regarding environmental effects, it seems that the use of chemical fertilizers and the use of organic fertilizers have eliminated the soil of chemicals to nearby rivers and reduced the health hazards to workers in terms of safety and health.

As shown in Tables 3-1 and 3-2, SETP2 interviews revealed the following conditions in the supply chain of the sugarcane and coffee bean industries in the Ajinomoto Group business-related regions.

- The Ajinomoto Group supply chain stakeholders surveyed this time were subject to strict laws in Brazil.

- Some factories, exporters and farms have acquired certification systems related to their industries.
- Sugarcane and coffee bean plantations are being mechanized
- Even when hiring seasonal workers, factories and farmers directly employ neighboring workers and conclude employment contracts. They did not employ workers from the Northeast, where human rights risks are high.
- Proper provision of protective equipment and training
- Agricultural chemicals and chemical fertilizers were used in accordance with certification systems and government guidelines.

From these facts, it was considered that the risks in terms of "forced labor and modern slaves," "child labor," "safety and health," and "environment" as confirmed in STEP1 were low. However, it should be noted that these are only the results from the supply chain stakeholders interviewed this survey. Plants and plantations in Sao Paulo and Minas Gerais are expected to be certified and instructed by relevant industry organizations and NGO in response to requests from Europe and the United States. Therefore, the human rights risk in these areas is considered to be low. Regarding "grievance mechanism", it was found that opinion boxes were often installed in the restaurants of factories and farms. While it is very important to set up a opinion box, it is necessary to improve the effectiveness of access to remedies in the guiding principles of business and human rights. In the future, it is necessary to establish a system to accept complaints such as a third-party organization for ensuring anonymity and non-retaliation.

It was also confirmed in the interviews that some coffee farms using liquid fertilizer (AMINORGAN®, AJIFOL®, AMINO PLUS®) sold by ABR had the effects of increased harvests, improved quality, and improved stress tolerance. In addition, since it is possible to reduce the use of agricultural chemicals and chemical fertilizers, it seems possible to take measures to reduce the negative impacts on the environment, such as the health hazard of workers and soil and water pollution.

4. Proposed initiatives to human rights risk (Proposal from ASSC)

Based on desktop surveys and remote interviews with stakeholders (e.g., NGO and industrial associations) on human rights issues in the sugar cane and coffee industries throughout Brazil in STEP1 and interviews with sugar cane and coffee industry related suppliers in the relevant regions of the Ajinomoto Group business in STEP2, ASSC want to propose the following to support risk-mitigation initiatives.

- ① Through this survey, a number of opinion boxes were installed in the cafeterias of plants and farms. The Guiding Principles of Business and Human Rights call for improving the effectiveness of access to remedies, and we will make efforts to develop a mechanism for receiving complaints such as anonymity security and third-party organizations for non-retaliation.
- ② Make efforts to improve traceability as much as possible, including from the perspective of quality assurance
- ③ Ensure that suppliers' companies and farms with established traceability are not on the Brazilian Ministry of Labor's dirty list.
https://www.gov.br/trabalho-e-previdencia/pt-br/composicao/orgaos-especificos/secretaria-de-trabalho/inspecao/areas-de-atuacao/cadastro_de_empregadores.pdf
- ④ Confirm the CNPJ registration number of the supplier's company or farm with established traceability and confirm whether or not there is a labor violation on the following website regarding labour violation counseling. <http://cdcit.mte.gov.br/inter/cdcit/emitir.seam>
- ⑤ Conduct periodic human rights impact assessments (face-to-face interviews where possible) and strive to reduce human rights risks by raising awareness and promoting the implementation of initiatives to respect human rights among supply chain stakeholders.
- ⑥ When undertaking new procurement transactions, confirm that the human rights risk in the area where the procurement is scheduled is not high.

Based on this interview survey, it is necessary for the Ajinomoto Head Office to review the guidelines and policies adopted by the company to improve areas that are inadequate for promoting respect for human rights, to evaluate and improve risk responses implemented, and to report implement reports on human rights due diligence as the Ajinomoto Group.

5. Issues of remote interview research

Remote online interviews were free from communication problems because they could see and talk to each other's faces on the screen. The problem of the connection by the online was also worried, but there was hardly a problem in the connection condition, and there was no problem in the hearing. However, since this is a remote survey, visiting sugarcane farms and sugar manufacturing plants in Brazil, as well as coffee plantations and selected warehouses, there is a disadvantage that it is not possible to observe the atmosphere felt at the site and the conditions of workers.

On the other hand, when visiting Brazil, interviews were set within a limited period of stay, and the number of stakeholders who conducted the interviews was limited. On the other hand, online interviews conducted remotely had the benefit that many interviews could be set without limiting the period of stay.

Implementation of online interviews with supply chain stakeholders



6.References

Stakeholder interviews

◆Human rights and environment related NGO, media: 3 organizations

- ✓ Solidaride Brazil: Solidaride, founded in 1969, is a Dutch-based global NGO that works with public agencies, businesses and civil society organizations to support small farmers in 41 countries and eight regional centres worldwide.
- ✓ Imaflores: An environmental NGO that conducts business throughout Brazil. It contributes to environmental conservation and improves and maintains the quality of life of rural and forestry workers, indigenous peoples, plantations, and others.
- ✓ Brazilian reporters are organizations established in 2001 by journalists, social scientists and educators with the aim of promoting reflection and action on the violation of fundamental rights of people and workers.

◆Industry organizations (sugarcane, coffee beans): 7 organizations

- ✓ SOCICANA: Gauliba Sugarcane Suppliers Association. It is a not-for-profit civil society headquartered in Guariba, located inside Sao Paulo, and established as a representative body of sugar cane producers. 1216 members are active and concentrate within 100 kilometers of the head office.
- ✓ ASSOBARI: Association of Sugarcane Suppliers in Bali Region
It is an association established by a group of farms with a common ideal of gathering sugarcane suppliers.
- ✓ UNICA (Brazil Sugarcane Industry Association): Brazilian Sugarcane Industry Association
It is an industrial group of a wide range of corporate groups that produces sugar, ethanol, and other products in the southcentral region of Brazil.
- ✓ Bonscro Brazil: Has a global sustainability platform and certification standard for sugarcane.
- ✓ ABAG (Brazil Agribusiness Association): The Brazilian Agri Business Association is an organization that promotes Brazilian agribusiness based on sustainable development.
- ✓ COOABRIEL (Cooperativa Agrária dos Cafeicultores de São Gabriel) : Brazil largest conironic coffee cooperative in Espirite Santo
- ✓ Rainforest Alliance Brazil: The Rainforest Alliance was established in 1987 as an international non-profit organization, and its activities span over 70 countries. "Rainforest Alliance Certification" is given only to farms that meet strict standards such as protection of the global environment and sustainable livelihood of people, protection of forests and ecosystems, conservation of soil and water resources, improvement of the working environment, and life security.

◆Relevant ministries and agencies, labor unions, etc.: 6 organizations

- ✓ Brazil Office of Contemporary Slave Eradication and Labor Inspection DETRAE/SIT:Sub-Secretariat of Labor Inspection within Ministry of Labor
- ✓ National Agreement Body for the Eradication of Slave Labor (InPACTO): An organization that promotes the prevention and eradication of slave labor in the Brazilian supply chain.
- ✓ COAMA: Environmental Operations Support Center Environmental Operations Support Center is an environmental organization located within the Minas Gerais Public Prosecutors Office.
- ✓ Rural district Permanent employee Labors Union (Sindicato dos Empregados Rurais Assalariados de Araras e Região) in Alalas and Legiaoq: Farmers' Workers' Union
- ✓ CONTAR: National Federation of Rural Workers, division in Brasilia, the Brazilian capital. The organization has a number of relevant federations of workers and unions in all regions of Brazil.
- ✓ FETAEMG: Federation of Agricultural Workers based in Minas Gerais (strong in coffee-area)