

Child Labor, Forced Labor and Land Rights

Review on Mexico's Sugar Cane Supply Chain
Harvest 2015 – 2016

1

Prepared by: COVERCO
Association Commission for the Verification of Corporate Codes of Conduct

Authors: Abby Nájera
Homero Fuentes

Date: January 31st, 2017



About COVERCO

The Association **Commission for the Verification of Corporate Codes of Conduct** (COVERCO) is a non-profit Guatemalan organization founded in 1997. Its objective aims to address the urgent need to work in the new context of national and international labor relationships by means of three working areas: research, training and social audits / social and labor risks evaluation in different export productive sectors (garment, agriculture, agroindustry, as well as thermoelectric, oil platforms and airport building in Mexico, Central and South America and Equatorial Guinea).

Data Review: January 2017

Field interviews were concluded in April 2016. Interviews to relevant national and international stakeholders, as well as interviews to stakeholders in the mills and sugarcane farms were carried out in two phases: the first one in November/December 2015 and the second one in February/March 2016. COVERCO has submitted Updates for internal use of TCCC Mexico. According to the commitment of the study, TCCC Mexico will provide interviewed external stakeholders with this Preliminary Report to get their comments and/or contributions to improve clarity in its presentation linked to the harvest 2015-2016.

August 23, 2018: The report was reviewed by The Coca-Cola Company and internal stakeholders

Credits

This study was commissioned by The Coca-Cola Company and implemented by COVERCO. The purpose of this document is to provide general information and does not entail legal purposes.

COVERCO performed the field interviews and prepared this Report.

Authors: Abby Nájera and Homero Fuentes, COVERCO

Photographs: Abby Nájera and Web.

January 31st., 2017

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	4
2. INTRODUCTION	7
3. METHODOLOGY	8
3.1 Implemented Activities.....	8
3.2 Additional Considerations.....	8
3.3 Consultant Team.....	10
4. MEXICO’S SUGAR INDUSTRY	11
4.1 Overview at the Sugar Agro-industry.....	11
4.2 Categories of Workers.....	13
5. LEGAL FRAMEWORK FOR CHILD LABOR, FORCED LABOR AND LAND RIGHTS	14
5.1 Child Labor. Definition. Legal Framework. Current Context. Initiatives to Eradicate Child Labor.....	14
5.2 Forced Labor. Definition. Legal Framework. Current Context. Initiatives to Eradicate Forced Labor.....	16
5.3 Land Rights. Definition. Legal Framework. Current Context. Initiatives to Promote Land Rights.....	19
6. FROM THE MILL DOWN TO THE SUPPLY CHAIN	21
6.1 Incidence of Policy management.....	21
7. FIELD OBSERVATIONS	23
7.1 Child Labor – Industry.....	23
7.2 Child Labor – Field.....	24
7.3 Forced Labor - Industry.....	29
7.4 Forced Labor – Field & Producers’ Associations	29
7.5 Land Rights – Industry & Producers’ Associations	32
8. CONTINUOUS IMPROVEMENT	34
9. BIBLIOGRAPHY	35
 ANNEXES	
Annex 1 – Acronyms	39
Annex 2 - Interviews with Relevant Stakeholders	40
Annex 3 - Initiatives to Eradicate child labor (Government)	41
Annex 4 – Initiatives to Eradicate child labor (Private Sector).....	43
Annex 5 – Initiatives to Eradicate child labor (Target Population).....	44
 APPENDIX	
Appendix 1 – Solidaridad – “PanAmericana” Platform.....	46
Appendix 2 - Multi-company collaboration for supply chain capability/capacity building.....	57

1. Executive Summary

Mexico is one of the supplying countries of sugar for The Coca-Cola Company, which has established a series of commitments to eliminate child labor and forced labor, as well as observe ethical standards in the ownership and use of the land in its sugar cane supply chain. Part of the commitments of The Coca-Cola Company includes obtaining an assessment on the labor and socio-economic situation of workers in the sugar cane agro-industry. Therefore, The Coca-Cola Company commissioned the Commission for the Verification of Codes of Conduct (COVERCO) to assess of child labor, forced labor and Land Rights in its sugar cane supply chain in Mexico.

To carry out this study, COVERCO conducted field work for the harvest 2015-2016 in 8 sugar cane mills supplying The Coca-Cola Company. The mills are in 6 states in the country. The study was performed in two stages: 1. at the beginning of the harvest and 2. in the high peak of the harvest.

COVERCO conducted 66 interviews with a variety of stakeholders (government, business groups, NGO, international initiatives, academy). In the field COVERCO conducted interviews with 734 stakeholders directly involved with activities of the agro-industry and, in addition, COVERCO carried out 16 joint meetings with managers, producers' associations and representatives of producers.

The visits, meetings and interviews allowed COVERCO:

1. To identify stakeholders who are involved or related to the sugar cane agro-industry and/or any of the subjects to be studied – child labor, child labor and Land Rights.
2. To observe and understand firsthand the labor practices and relationships in the sugar cane agro-industry -job positions and interactions among stakeholders, decision-

making level, responsibilities, tasks, benefits, etc.

This study focuses on the segment of farm workers. Hence the need to establish a framework of direct employment generated by the industry. However, the sources consulted used statistics from different harvests and according to their interest in certain segments of the labor market. Here are the most relevant findings:

MEXICO'S SUGAR AGRO-INDUSTRY

In broad terms, the sugar industry in Mexico is developed under the protection of the Law of Sustainable Development of the Sugar Cane. In addition, it is characterized by being the only productive sector which anticipated the legal requirements concerning child labor. The sugar industry formulated the policy "Zero Tolerance for child labor in the Value Chain of the Sugar Cane Industry in Mexico". It is also the only sector that has a specific agreement with the IMSS (The Mexican Institute for Social Security). It is governed by the Collective Bargaining Agreement - Law of the Sugar, Alcohol and Similar Industries of the Mexican Republic 2014-2016.

CHILD LABOR

The figures of The National Institute of Statistics and Geography (INEGI, by its Spanish acronym) showed that in the quarter October – December 2015 the population in the range of 5 to 17 years old in non-permitted employment was about 2,217,648 at national level. Of that number, 1,330,607 correspond to working children in dangerous occupation and 887,041 below the minimum age.

Figures are eloquent and point out to a historical practice that allows work performed by children based on economic and cultural grounds. The outcome is discrimination of childhood and adolescence because access to education and health is being violated.

Several stakeholders agreed on the widespread concern regarding adolescents. When extracting them from the field, there is the situation related to changing their perception on their rights to education.

Besides, there is a need to ensure that children's school enrollment will be validated in their communities of origin as well as in the communities of the labor destiny; specially when migrant families or "Jornaleros" are following the crops.

There is also the concern about the social and economic dimension because there are adolescents (< 18 years) with their own family nucleus, and therefore a need to find jobs in order to support a household.

Mexico has an extensive set of regulations in force. This legal framework includes the Conventions of the ILO (International Labor Organization) No. 138 regarding Minimum Age (ratified 10Jun2015) and No. 182 on the Worst Forms of child labor (ratified 30Jun2000).

Even so, the phenomenon of child labor persists in the agro-industry of the sugar cane, especially in the field during the harvest season. Interviews to key stakeholders and interested parties, as well as to stakeholders involved with the 8 mills supplying The Coca-Cola Company, reflect the advancements to the eradication of child labor in the sugar cane cutting work; they also show the efforts carried out by the mills in promoting the prohibitions for children and children recruitment. At the same time, the interviews confirm continued recruitment, on a smaller scale, of minor workers occurs, those in the range of "older than 16 and younger than 18 years old".¹

¹ Interviews to STPS, ILO, OXFAM, PODER, CNIAA, CNC and CNPR. December 2015.

Interviews to a forced labor/CIO, IOM, Save the Children, SNE. May 2016.

² LDSCA. CHAPTER IV. About Sugar Cane Production and Quality Committees. "

FORCED LABOR

In the absence of sectoral or national records on estimation of cases of forced labor in the field, the only available figures are from the ILO for the agriculture sector in Latin America: for 2005, 1,320,000 and for 2012, 1,800,000 –and according to ILO these are conservative figures. In the case of Mexico, this subject is not visible. Even the Department of Labor of the United States of America (U.S. DOL) does not include Mexico in its Report on forced labor 2016.

In the meantime, and even though Mexico is a signatory to the ILO Conventions No. 029 and No. 105 on the abolition of forced labor and of having a series of legal norms for its eradication, the subject of forced labor is conceived under definitions away from the modern concept and it is limited to the human trafficking issue. For this reason, society does not acknowledge or accept its existence. And as an immediate consequence, mills, associations and producers do not consider forced labor to be a priority to implement actions for its eradication.

Of the 8 mills visited by COVERCO, 1 mill reports an Agreement of the Sugar Cane Production and Quality Committee² signed in 2015 by its members (associations and the mill) prohibiting forced labor and 1 more mill includes a provision related to forced labor in its Policy of Responsible Sourcing. Nevertheless, still there are inadequate practices despite these written agreements.

LAND RIGHTS

For the subject of Land Rights, COVERCO considered Part II - Land of the ILO Convention No. 169 on Indigenous and Tribal Peoples, in force since September 1990, as well as national regulations. In addition, the agreements of the

Article 23.-At each mill a Committee will be integrated in order to handle all matters related to planting, cultivation, harvesting, delivering, receiving and to the quality and industrialization of the raw material.

Article 24. –The Committees will be composed by the representatives of the mills and the representatives of the Sugar Cane Suppliers..."

Sugar Cane Production and Quality Committees are fundamental for the whole supply chain, as do the agreements reached by the mills and the local trade union organization.

During most of the 20th century, Mexico implemented a large-scale transformation of the land regime. This reform granted more than a million hectares to groups organized as collective farms, known as *ejidos*. Indigenous groups also obtained rights on agricultural communities or collective tenure. In 1992 the government presented *ejidos* and agricultural communities with the opportunity for land privatization aiming at an increase of investment in agriculture and at the improvement of agricultural production. Later, in 2001 INEGI reported 103 million hectares occupied by little bit more than 31,500 agricultural communities and *ejidos*. In addition to these lands, 73 million hectares are private property of 1.6 million of landholders.

To avoid a concentration of land ownership, by means of the Agrarian Law the government established limits to qualify as a “small agricultural property”. In the case of sugar cane, the Law considers as small agricultural property the area of irrigated hectares not exceeding 300. In this agro-industry, smallholders and business companies can purchase land.

There is a tendency of the mills to acquire their own lands by means of agricultural companies. At the time of the visits of COVERCO, land purchases were reported in the range of 100 to 150 hectares. Though it is observed that mills lack policy management for Land Rights.

From the perspective of the mills, the subject of land rights is more related to management and policy for sugar cane acquisition. Most Mexican mills have been operating for 40 or more years and they have developed internal controls to ensure that the sugar cane supplied by the producers has been cultivated on free-of-conflict lands. Therefore, it is of vital importance for the mills to establish mechanisms to verify that cane suppliers are in possession of legal and legitimate

rights over the plots producing sugar cane, thus avoiding any involvement in legal disputes.

The conflicts may arise by inheritance disputes among the offspring of the statutory owners or due to invasion of plots by other small landholders. Or in the field the main concern refers to the pressure on the collective ownership of the land. There is a tendency to individual forms that derives to conversion of *ejidatarios* into farm workers on external lands. However; the law rules that *ejidos* are entitled to decide how to use it. There are cases of informal oral agreements for cultivation. There are also leasing contracts among small landholders and producers.

Participant mills reported these conflicts might affect their productivity. Most agree that during the duration of the conflict the mill cannot procure that sugar cane because there would be no legal certainty on the payment obligations.

2. Introduction

It is important for The Coca-Cola Company to get an assessment on the labor and socio-economic situation of workers in the sugar cane agro-industry. Therefore, The Coca-Cola Company commissioned COVERCO to assess the subjects of child labor, forced labor and Land Rights use in its sugar cane supply chain in Mexico.

The study will be based on applicable national and international legislation:

- Political Constitution of the Mexican United States
- Federal Law of Labor
- Related Conventions of the ILO
- International Conventions of the United Nations on Human Rights
- WB-IFC Performance Standards 1, 2, 4, 5 and 7
- Law of Sustainable Development of the Sugar Cane

SCOPE

- **One Harvest.** The study was completed during the harvest 2015-2016.
- **Country Analysis.** The study analyzes the general situation of the sugar cane industry and review of The Coca-Cola Company's supply chain in Mexico. It was the decision of The Coca-Cola Company to wrap up this research, analysis and findings with 8 mills representing authorized suppliers by the Company.
- **Identification and Interviews Local and International Stakeholders.** This study identifies and interviews pertinent local and international stakeholders to gain their perspective and experience about child labor, forced labor and land use in the Mexican sugar cane industry.
- **Field Visits.** This study includes field visits to farms owned or rented by the mills and

farms owned by independent producers who are supplying sugar cane to the chosen mills.

- The study includes information on themes that are linked especially to the workers in the field: **housing conditions**, as well as **access to health care and education services**.

This document is comprised by the following sections:

- The first one provides the reader with the methodology that was used to conduct the study.
- The second part offers a picture of Mexico's sugar cane industry.
- The legal framework applied to the three subjects of the study (child labor, forced labor and Land Rights).
- Followed for a description of the supply chain. It starts with a review of mill's policy management to establish the mill's influence and commitment towards stakeholders in the field.
- The fifth part describes field observations for each one of the subjects.
- Two appendixes are included, indicating the The Coca-Cola Company commitment towards continuous improvement.

3. Methodology

3.1 IMPLEMENTED ACTIVITIES

This study seeks to determine the situation of child labor, forced labor and land rights in the Sugar Cane supply chain of The Coca-Cola Company Mexico. To do this, COVERCO combines sensory inspections, review of labor registers and interviews in the workplace with the participation of a wide range of institutions and individuals involved in or influenced by the operations of The Coca-Cola Company. This methodology ensures the participation of stakeholders at all levels of the supply chain, starting from the mill and going down to the farms.

Table 1.1 – Methodology

Activity	Description
Literature Review	Review of publications on child labor, forced labor and Land Rights to establish concepts, understanding the legal framework, context and links between industry and field.
Interview to Stakeholders	At national and international level to verify and complement information collected during literature review
	Preparation and Use of Interview Guideline adapted to the sector / working area of the interviewee to determine trends and causes for improvement or stagnation of the situation (child labor, forced labor, Land) in the sugar industry.
	In the case of the Mills, preparation of an Electronic Questionnaire before the visit to establish influence of their Policy management on child labor, forced labor and Land Rights from the mill and to the bottom of their supply chain.
	Meeting for joint planning with The Coca-Cola Company Mexico to reach: - Common agreement to coordinate meetings and interviews with involved staff, partners, governmental offices and

³ The “Cabo” is the person responsible for recruitment of agricultural workers. He acts as the intermediary among the sugar cane cutters and the representative of producers and associations. He is also in charge of the supervision of daily tasks in the sugar cane cutting areas. In 4 of the mills

Activity	Description
Field Visits to conduct Interviews in the Workplace	organisms and international NGOs and other stakeholders at national level. - Approval of Methodology and Work Plan.
	Kick-start meeting with mills’ management to select direct sources to be interviewed at the factory, associations, sugar cane cutting areas and shelters, according to labor population.
Field Visits to conduct Interviews in the Workplace	Industry level: it includes management and Factory, unionized and non-unionized staff.
	Field Level: ➤ To associations, producers and field supervisors (<i>cabos</i> ³) ➤ To sugar cane cutters, machinery & transportation operators and food delivery persons (<i>loncheros</i> ⁴) ➤ Visits to shelters to conduct interviews to persons in charge, families and schools
	Exit meeting with management, associations and producers in order to share with them relevant findings in the industry and in the field.
	Update communications with The Coca-Cola Company Mexico.

3.2 ADDITIONAL CONSIDERATIONS

The Terms of Reference of the study required conducting interviews to a minimum of 30 relevant stakeholders. They should be linked - from their own responsibilities and working areas- to the sugar cane agro-industry and the subjects of the study. The Coca-Cola Company Mexico coordinated on behalf of COVERCO visits to and meetings with key stakeholders before, during and after the field visits. These meetings allowed the collection of important information to updating the Mexican context of this productive sector. In addition, they were useful as feedback to strengthen the strategies of the study. Interviewed stakeholders also suggested

supplying The Coca-Cola Company Mexico this intermediary has the support of Assistants to the Cabo.

⁴ The delivery persons are appointed to deliver food from the shelters to the sugar cane cutting for workers. Sometimes this task falls under the responsibility of the transportation operator.

other institutions and experts that might provide valuable insights, thus, expanding the interviews to 66 stakeholders (detailed in Annex 1 – Interviews with Relevant Stakeholders).

The field visits had two purposes:

- To identify stakeholders who are involved or affected by the sugar cane agro-industry and/or any of the subjects to be studied – child labor, forced labor and Land Rights.
- To observe and understand firsthand the labor practices and relationships in the sugar cane agro-industry (job positions and interactions among stakeholders, decision-making level, responsibilities, tasks, benefits, etc.)

Table 1.2 – Identification of Stakeholders (Mill and Field)

	MILL		FIELD
Management	Unionized Staff	Link	Producers Associations
	Non-Unionized Staff		Producers
	Fellows		Cabos & Assistants
	Apprentices	Sugar Cane Cutting	Sugar Cane Cutters
	Third Party Services		Transportation Operator
Mill (factory)	Permanent	Shelters	Lunch Delivery
	Seasonal		Responsible
	Eventual Staff with Preference	Families (cook)	
	Eventual Staff	Schools (staff)	

All visits to the 8 mills were announced. The mills coordinated the meetings with management, factory and producers’ associations. The selection of sugar cane cutting areas and shelters to be visited were independent decision of COVERCO based on the daily harvest schedule at the time of the visit.

All visits to the cane cutting areas were conducted with the accompaniment of mill staff and delegates of the producers’ associations.

However, they did not take part in workers interviews.

COVERCO emphasizes the importance of establishing the certainty and truthfulness of interviews. Once the cane cutting areas and shelters were chosen, the Team conducted interviews with workers in the cane cutting areas and in the shelters without interrupting their activities and without participation of the mill, the associations or producers. Since the very first contact, COVERCO strived to generate a climate of confidence, respect and confidentiality with workers. Once those conditions were met, the team could go deep into the sugar cane rows in the designated cutting areas to conduct interviews.

Table 1.3 – General Data and Figures

Summary Global Data for Harvest 2015-2016	
Visited Mills	8 out of 16
Sugar Business Groups Represented	5 out of 6
Visits Timeframe	From Dec 2015 To Mar 2016
Visited States	6
Interviews to Relevant Stakeholders: 66	
Government	14
Business Groups	12
NGOs	22
International Initiatives	17
Academy	1
Interviews to Stakeholders in 8 Mills: 734	
Mill	109
Field	625
Visited Shelters: 29	
Visited Sugar Cane Cutting Areas: 48	
Manual	41
Mechanized	7

Summarizing, COVERCO conducted 66 interviews to relevant stakeholders from government, sugar business groups, NGOs, international initiatives and academy. And in the field up to 734 interviews to local stakeholders (mills, producers’ associations, workers, shelters, and schools), spread in the 8 mills located in six States of the Mexican Republic. General figures do not include the number of participants in the Kick-Start and Exit Meetings with managers,

producers' associations and representatives of sugar cane producers.

Interviews in the field were conducted in two phases:

- 4 mills at the beginning of the harvest 2015-2016 to identify conditions in the agro-industry when dealing with less number of agricultural workers.
- 4 mills during the period of highest hiring of workers.

This way COVERCO was able to get a more accurate picture of the reality to support the findings and inputs for improvement opportunities.

COVERCO applies two approaches to process information collected from interviews and meetings to ensure the qualitative part duly supported by quantitative data:

Table 1.4 – Approaches of the study

Approach	Description
Qualitative	Research, analysis and interpretation of the information obtained from primary and secondary sources
Quantitative	Collection, data processing and analysis of the information gathered by means of developed tools and individually applied to the population and stakeholders involved in the process

3.3 CONSULTANT TEAM

The Commission for the Verification of Codes of Conduct (COVERCO) is a non-profit organization

that was founded in 1997 by a group of labor, human rights and religious leaders in Guatemalan civil society. Their objective was to build a culture of compliance with labor rights in Guatemala. COVERCO works to achieve this objective by conducting independent monitoring of workplace compliance with labor standards in Guatemala's major export for multinational companies and international organizations. COVERCO has developed a monitoring methodology that enables them to provide accurate and credible information about working conditions by conducting social audits and field investigations of places of work.

COVERCO conducts research, training and social auditing / social and labor risks evaluations in different export productive sectors: garment, agriculture, agro-industry and building of thermoelectric facilities, oil platforms and airports in Mexico, Central and South America, and in Equatorial Guinea.

The COVERCO team has a solid track record throughout Latin America in research and management, monitoring and evaluation of social, labor and environmental projects, with in-the-field experience. The team offers a wide range of skills, knowledge and experiences acquired particularly in subjects such as climate change, civil society strengthening, agricultural development, food and nutrition security, health, education, human rights, comprehensive care post natural disasters, gender, and corporate social responsibility, among others.

4. Mexico's Sugar Industry

4.1 OVERVIEW AT THE SUGAR AGRO-INDUSTRY

According to OECD/FAO, Mexico was the fourth export country of sugar by 2015⁵. Whilst for the harvest closure 2015-2016, the National Committee for the Sustainable Development of Sugar Cane (CONADESUCA, by its Spanish acronym), attached to the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) identifies the country as the sixth producer in the world with a contribution of 3.8% of global sugar production. Sugar cane represents 0.4% of the GDP and 7.3% of the Agricultural GDP⁶ and it is developed in an industrialized area of 779.000 hectares⁷, distributed in 6 sugar cane areas located in 15 states of the country.

Table 2.1 – Sugar Cane Regions

REGION	STATE
Northwest	Sinaloa
Pacific	Nayarit, Jalisco, Colima and Michoacán
Center	Puebla and Morelos
Northeast	Tamaulipas and San Luis Potosí
Gulf	Veracruz, Tabasco and Oaxaca
South	Chiapas, Campeche and Quintana Roo

According to data from the website of Zafranet, 164,397 sugar cane producers are associated to three main groups: The National Peasant Confederation (CNC), the National Confederation of Rural Landowners (CNPR), and Independent.

The statistical data submitted by the mills to CONADESUCA about the production volume by

regions and the cultivated area for the closure of harvest 2015-2016 is as follows:

Table 2.2 – Production Volume

REGION	PRODUCTION	AREA
	(Tons)	(Hectares)
Northwest	264,000	3.000
Pacific	12,425,000	138.000
Center	3,456,000	31.000
Northeast	7,012,000	115.000
Gulf	26,118,000	416.000
South	4,913,000	76.000
Totals	54,188,000	779,000

The figures mentioned in the sugar cane agro-industry in Mexico represent the result of activities carried out by several stakeholders in the supply chain: from the producers (associated or independent) and the sugar cane cutters who are in charge of planting and harvesting the sugar cane to subsequently supply it as raw material to the mills, to the transformation process into sugar for the buyers.

This study focuses mainly in the segment of farm workers. Hence the need to establish a framework of direct jobs generated by the agro-industry. Nevertheless, the sources consulted use statistics from different harvests and according to their interest in certain labor market segments.

The following table synthetizes this kind of data throughout the last ten years and may be useful as a guide:

⁵ OECD/FAO (2015), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

⁶ ZAFRANET,

<http://www.zafranet.com/productores-caneros/>

⁷ CONADESUCA, brochure Harvest 2015-2016 Results, with data provided by the mills to October 2016.

**Table 2.3 – Direct Employment Generated
by the Sugar Cane Agro-Industry**

Area	Zafranet 2006 ⁸	ILO 2008 ⁹	Univ Nayarit 2011 ¹⁰	CNIAA 2013 ¹¹	CNC 2015 ¹²
Mills		36,000	39,000	n.a.	40,884
Sugar Cane Producers	164,397	164,000	165,000	n.a.	165,000
Field	n.a.	206,000	176,000	80,000	206,951
Sugar Cane Transportati on	n.a.	34,000	28,000	n.a.	33,910
Total Direct Employment	n.a.	440,000	400,000	451,000	446,745
Sugar Consumer Industry	n.a.	490,000	n.a.	n.a.	490,000
Grand Total		930,000			936,745

n.a = not available

As per the National Association of Sugar and Alcohol Industries (CNIAA), the figure for the field corresponds to sugar cane cutters hired by the cane producers or by their local associations. From the cane cutters, approximately 25% are local workers and 75% represent foreign workers¹³. In turn, from this segment, almost 30% arrive at the sugar cane plantations during the harvest accompanied by their relatives¹⁴.

The conditions observed by COVERCO at the time of the visits to the 8 mills and plantations show an average of 36% of foreign workers and 64% of local workers. Foreign workers are domestic migrants usually known as “Jornaleros” from impoverished communities from the states of Oaxaca, Puebla, Chiapas and zone regions from

Veracruz as well. The recruitment system is explained on page 29.

In broad terms, the sugar industry in Mexico is developed under the protection of the Law of Sustainable Development of the Sugar Cane (LDSCA, 22Aug2005) which has as objective “to regulate the activities related to contract agriculture and to the sustainable integration of sugar cane, planting, cultivation and harvesting processes, the industrialization and commercialization of the sugar cane, its products, sub-products, by-products and derivatives”¹⁵. In addition, this industry is characterized by being the only productive sector which anticipated the legal requirements concerning child labor and to formulate the Statement “Zero Tolerance for child labor in the Value Chain of the Sugar Cane Industry in Mexico”¹⁶ and that has a specific agreement with the IMSS (The Mexican Institute for Social Security). On the other hand, it is governed by the Collective Bargaining Agreement “Law of the Sugar, Alcohol and Similar Industries of the Mexican Republic 2014-2016”, which articulates all the provisions governing labor relations between mills and factory workers.

This law establishes in its “*Article 3. This contract is applicable to all tasks of the Sugar, Alcohol and Similarities Industries, as well as to the*

8 Zafranet. Information to 2006. It refers just to the sugar cane producers.

9 ILO. Information to 2008. It provides data separating Field Workers: Agricultural Workers 138,000 + Sugar Cane Cutters 68,000 = 206,000 field workers Working Paper nr. 259. Towards decent work in the sugar sector, Mexico. Page 28.

10 Universidad de Nayarit. Information to 2011. It offers information separating job positions in the mills: Factory 23,000 + Management 16,000 = 39,000 workers in the mills. study “The Sugar Cane Sector in Nayarit. The sugar cane agro-industry in Mexico.”

11 CNIAA. Information to 2013. It mentions total employment generated in the field, emphasizing the figure for Sugar Cane Cutters. Action Plan.

12 CNC. Information to 2015. It offers information detailing job positions generated for the mills: Factory 34,804 + Management 6,080. = 40,884 job positions in the mills. In addition, and the same as the ILO it presents figures for the field distributed

in Agricultural Workers 141,870 + Sugar Cane Cutters 65,081 = 206,951 workers in the field. Presentation “What is the size of the sugar cane agro-industry in Mexico”, page 3.

13 “Local Workers” is applied for persons who are living in the communities located in the influence area of the mill. While “Foreign Workers” are the persons mobilizing from their communities of origin to sugar cane plantations located in other state of the country.

14 CNIAA-ILO. Action Plan to turn the sugar cane agro-industry in Mexico into a child-labor-free sector. Page 1.

15 LDSCA. Article 2.

16 Statement signed on 12Jun2013 by: both National Commissions of Sugar Cane Producers –CNC and CNPR-, the Sugar Cane Industry Trade Union and the National Association of the Sugar and Alcohol Industries.

production of derivatives of the sugar cane and other plants from which similar to sugar cane products are obtained, since the preparation of the land for production of raw material until the last industrial operation performed for the distribution of the products ...” Nonetheless, the Workers’ Trade Union of the sugar Industry and Similarities of the Mexican Republic has representation only at industry level, without relationship with field workers.

4.2 CATEGORIES OF WORKERS

At mill level in the administrative part there are several categories of workers: Unionized Staff, Non-Unionized Staff, Fellows, Practitioners and Third Party (Security Personnel).

In the factory, the Collective Bargaining Agreement governs economic and social benefits for unionized workers, in addition to the recruitment system, which establishes as minimum following categories of workers: Permanent, Seasonal, Eventual with Preference and Eventual.

At field level, there are workers who point to the mill as their employer, others say it is the Field Supervisor (Cabo) and very few workers mention the producers or the producers’ associations as their employers. The recruitment system is under the control of an intermediary in the supply chain an intermediary subjected to no supervision neither monitoring. Agricultural workers do not have trade union representation.

5. Legal Framework for Child Labor, Forced Labor and Land Rights

The study identifies the existing legal framework and initiatives that contribute to the eradication of child labor and promote the participation and commitment of the business sector, associations of producers, workers, government and society in general.

5.1 CHILD LABOR

DEFINITION. The International Labor Organization (ILO) defines child labor as the work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development.

Thus, it refers to the work that is dangerous and harmful for physical, mental or moral well-being of the children; that interferes with their schooling because it deprives them of the chance to go to school; that obliges them to abandon school prematurely or demands from them to combine school attendance with a heavy work and consumes a lot of their time.

When a specific activity is defined (or not) as “child labor” depends on the age of the child, the type of work to be performed and the number of hours devoted to the activity, the conditions under which it is performed, and the objectives pursued by the country. The answer varies from country to country and among sectors.

In the case of work in the sugar cane agro-industry, the ILO has catalogued it under the concept “the Worst Forms of Child Labor” and considers it a priority its immediate eradication. As per Article 3 of the ILO Convention number 182:

(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;

(d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. Labor that jeopardizes the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out, is known as “hazardous work”.

Likewise, the Secretariat of Labor and Social Welfare (STPS) defines as child labor the participation of a child or adolescent in a productive activity performed outside of the law, being it:

- Below the minimum age for admission to employment in accordance with the national legal framework;
- Prohibited by their nature or condition of exposure, for being dangerous and unhealthy and can produce negative effects, immediate or future, for their physical, mental, psychological or social development and/or
- That due to long working hours, it limits or impede the enjoyment of their human and labor rights, the assistance or stay in school.

The Mexican STPS also considers that child labor violates the fundamental rights linked to the dignity of the human person within the State and the society, which are recognized and guaranteed by the Political Constitution of the United Mexican States and the Convention on Children’s Rights, among them, the right to life; to survival and development; to education, to

rest and leisure and recreational activities appropriate to the age.¹⁷

NATIONAL LEGAL FRAMEWORK. It takes as primary source the regulations derived from international commitments, the Political Constitution and the Federal Labor Law, as well as a series of dispositions ensuring the elimination of child labor and to promote the protection of children and adolescents.

Table 3.1 – Macro Legal Framework

1. Universal Declaration on Human Rights. Article 25.2, Right to equal social protection.
2. International Convention on Civil and Political Rights. Article 24 on rights of the child.
3. American Convention on Human Rights. Article 19 on measures of protection.
4. Convention on the Rights of the Child. Articles 3, 19, 27, 28, 31, 32 and 34.
5. ILO Declaration on Fundamental Principles and Rights at Work
6. ILO Convention 138 on the Minimum Age for Admission to Employment and its Recommendation 146
7. ILO Convention 182 on the Worst Forms of child labor and its Recommendation 190
8. Political Constitution of the United Mexican States. Articles 1, 3, 4, and 123 section A, fraction III.
9. Federal Labor Law. Articles 2, 22, 22 Bis, 23, 29, 173, 174, 175, 176 section A, fractions I, II, III, IV, VI and section B, fractions II and IV; 177 to 180, 191, 267, 343-C, 691, 995 Bis and 997.
10. Decree dated 30Apr2015, reforming and repealing various provisions of the Federal Labor Law in the area of child labor. Adoption 30Apr2015. Entry into force 13Jun2015.
11. Federal Regulation on Safety, Hygiene and Working Environment. Articles 154, 158 to 160.

Table 3.2 –National Legal Framework for Eradication of child labor and Protection of Children and Adolescents¹⁸

1. Decree dated 03Dec2014, issuing the General Law of Girl, Boys and Adolescents and reforming various provisions of the General Law of Provision of Services for the Attention, Care and Integral Development of Children. Adoption 03Dec2014. Entry into force 05Dec2014.
2. Decree issuing the General Law of Provision of Services for the Attention, Care and Internal Development of Children. Adoption 14Sep2011. Entry into force 25Oct2011.
3. Decree reforming and adding various provisions to the Federal Criminal Code, the Federal Code of Criminal Procedures, the Law for the Protection of the Rights of Girls, Boys and Adolescents, the General Law of Education, the Law of Religious Associations and Public Worship, the Federal Consumer Protection Law and the Regulatory Law of Article 5 of the Constitution related to the practice of professions in the Federal District. Adoption 19Aug2010. Entry into force 20Aug2010.
4. Law for the Protection of Girls, Boys and Adolescents. Adoption 28Apr2000.
5. Law of the rights of girls and boys in the Federal District. Adoption 31Jan2000. Entry into force 01Feb2000.
6. Law of the Mexican Institute of Youth. Adoption 21Dec1998.
7. Law for the Treatment of Juvenile Offenders, for the Federal District in ordinary matters and for the Republic as a whole in federal matters. Adoption 19Dec1991.
8. Regulation of daycare services for children of female insured workers. Adoption 19Jun1981.

CURRENT CONTEXT. The figures of The National Institute of Statistics and Geography (INEGI) show that during the quarter October-December 2015 the population in the range of 5 to 17 years old working in non-permitted occupation was around 2,217,648 at national level. From that number, 1,330,607 correspond to minor workers in dangerous occupation and 887,041 below the minimum age.

17 Interview to Technical Secretariat of the Inter-Secretariats Commission for the Prevention and Eradication of child labor and the Protection of Adolescent in Permitted Age. Ms. Lidice Santiago. 29Nov2015.

18 ILO, information to January 2017. http://www.ilo.org/dyn/natlex/natlex4.listResults?p_lang=es&p_country=MEX&p_count=730&p_classification=04&p_classcount=9

Table 3.3 – Minor Workers in Non-Permitted Occupation in the Agricultural Sector*

Sector Economic Activity	Age Range 5-17 years old	Below Minimum Age	Dangerous Occupation
National	2,217,048	887,041	1,330,607
Agriculture	670,910	261,188	409,722
Agro Male	602,443	227,340	375,103
Agro Female	68,467	33,848	34,619

*Figures from INEGI

The reasons for the persistence of child labor refers to the socio-economic situation of the family, lack of access to education and health services, and by tradition. However, the incorporation of children and adolescents to the labor market results in situations that are in contravention of the legal provisions on minimum age, including the provision of social security and remuneration. Summarizing it, “child labor is the strongest expression of the lack of Decent Work”¹⁹. Several stakeholders agree on the persistence of concerns about adolescents being taken out of the field: how to change their perception about their own rights to education and how to ensure that their studies - for them and for children-, are validated both in their communities of origin, as well as in the schools of the communities of labor destination of their families. Stakeholders also expressed concern about the social dimension since there are children with own family nucleus²⁰.

Table 3.4 – Payment to Working Children in Non-Permitted Occupation*

Remuneration	Man	Woman
Receives no payment	397,940	44,819
Up to 1 minimum wage	100,838	9,011
+1 up to 2 minimum wages	71,443	11,475
+2 minimum wages	17,872	1,710
Not specified	4,223	804

*Figures from INEGI

19 Interview. ILO – Ms. Mónica Falcón. 30Nov2015.

INITIATIVES TO ERADICATE CHILD LABOR. The figures are eloquent and point out to a historical practice that allows the work of children based on economic and cultural justification. The result is the discrimination of children and adolescents since it violates their access to education and health while deteriorating the quality of life of working children.

Faced with this situation, Mexico has implemented several interventions to eradicate child labor and to promote their protection.

In this effort actions are directed toward raising awareness of society, professionalization for the officials linked to the subject, creating spaces for the formulation and implementation of public policies, tools for identification and monitoring of administrative procedures, among others. And government, private sector and civil society are participating as described below.

Table 3.5 – Initiatives to Eradicate Child labor

	Institutional (Government)	Companies (Social Responsibility)	Direct Target Population
Number	10	2	6
In force	7	2	3

The initiatives properly identified are included at the end of this document in the section of Annexes:

- Annex 2 – Initiatives to Eradicate child labor (Government)
- Annex 3 – Initiatives to Eradicate child labor (Companies)
- Annex 4 – Initiatives to Eradicate child labor (Direct Target Population)

5.2 FORCED LABOR

DEFINITION. In its two international Conventions the ILO states “*forced or compulsory labor shall mean all work or service which is exacted from*

20 Interviews to: STPS – Ms. Lidice Santiago, 29Nov2015; CNPR – Mr. Américo Saviñón, 02Dec2015; CNIAA – Legal Director, Mr. Maximiliano Camiro. 03Dec2015 and 13Jan2016; Save the Children – Ms. Maripina Meléndez, 23May2016.

any person under the menace of any penalty and for which the said person has not offered himself voluntarily”²¹; in addition, this Convention obliges "to suppress and not to make use of any form of forced or compulsory labor:

(a) As a means of coercion of political education or as a punishment for holding or expressing political views or expressing views ideologically opposed to the established political, social or economic order;

(b) As a method of mobilizing and using labor for purposes of economic development;

(c) As a means of labor discipline;

(d) As a punishment for having participated in strikes;

(e) As a measure of racial, social, national or religious discrimination”²²

Mexico also incorporates elements, actions, means and purposes of the Palermo Protocol of the United Nations of 2000, clearly linking the Human Trafficking with forced labor by means of:

The Actions, including recruitment, transportation, accommodation and the reception of a person –a woman, a man, or a child;

The Means, when referring to the threat or use of force, fraud or abuse of vulnerability and power;

The Purpose, to the exploitation, including forced labor, bonded labor, slavery, or practices analogous to slavery.

The Office of Child Labor, Forced Labor, and Human Trafficking Bureau of International Labor

Affairs of the U.S. Department of Labor contributes to this analysis on forced labor "In accordance with international standards, forced labor means all work or service which is exacted from any person under the menace of any penalty for breach of which the worker has not offered himself voluntarily, including exploitation contracts". "Forced labor" includes work performed or obtained to force, fraud, or coercion, including: 1) by means of threats of serious harm, or physical restraint of any person; 2) by means of any scheme, plan, pattern in order to cause the person to believe, that if the person does not perform that job or service, that person or another, may suffer serious harm or physical restraint; or, 3) by means of abuse or threats of abuse to the law or legal process²³.

NATIONAL LEGAL FRAMEWORK. The legal regulations of Mexico to combat forced labor includes following instruments:

Table 3.6 – Legal Framework to Eliminate Forced Labor

1. Political Constitution of the Mexican United States, Articles 1 and 29
2. Federal Labor Law Articles 5, 10 to 38
3. General Law to Prevent, Punish and Eradicate the Crimes of Trafficking in Persons and for the Protection of and Assistance to Victims of These Crimes
4. Regulation of the Law to Prevent and Punish Trafficking in Persons
5. The ILO Declaration on Fundamental Principles and Rights at Work
6. Convention No. 29, on Forced or Compulsory Labor, 1932
7. Convention No. 105, concerning the Abolition of child labor Convention, 1959
8. Recommendation on child labor, ILO, 2014, (No.203)
9. The Workers' Housing Recommendation, 1961 (No. 115)

21 Convention 29, on Forced or Compulsory Labor, 1932.

22 Convention 105, on Abolition of child labor, 1959

23 USDOL. Trafficking Victims Protection Reauthorization Act (TVPRRA), Report of 2016.

- 10. 2014 Protocol to the Convention on child labor, ILO, 1930
- 11. ILO, child labor and Trafficking in Persons, Handbook for Inspectors, 2009
- 12. United Nations Convention against Transnational Organized Crime, Palermo Protocol; UN, NY, 2002

OTHER LEGAL INSTRUMENTS

- Human Rights Policy and the Supplier Guiding Principles of The Coca-Cola Company
- World Bank / IFC Performance Standards, Nr. 2
- BONSUCRO, Principles 1 and 2

For the analysis of forced labor, COVERCO used several ILO instruments (among them, the indicators on forced labor of the Program of Action to Combat Forced Labor²⁴; the Protocol to the ILO Convention on child labor²⁵; and considerations about the housing workers²⁶) and complemented them with the Factsheet of TFT on Safe and hygienic accommodation²⁷.

Table 3.7 – Indicators to Identify Forced Labor

Nr.	Category
1.	Abuse of vulnerability
2.	Deception
3.	Restriction of movement
4.	Isolation
5.	Physical and sexual violence
6.	Intimidation and threats
7.	Identification documents retention
8.	Retention of wages
9.	Bonded indebtedness
10.	Abuse in the conditions of life and work
11.	Excessive overtime

²⁴ ILO, Indicators of Forced Labour, Special Action Programme to Combat Forced Labour (SAP-forced labor), 2012.
²⁵ ILO. Protocol to the Convention on the child labor Convention, 2014
²⁶ ILO. Housing for the workers, Helpdesk, NR. 6, Multinational Enterprises Program, ILO, Geneva, Switzerland
²⁷ TFT. Safe and hygienic accommodation, Factsheet. Date n.a.

CURRENT CONTEXT. In Mexico there are no recent statistics on cases of forced labor in the field, much less in the sugar agro-industrial sector. For Latin America the ILO estimates in two studies (Global estimate on forced labor, 2005 and 2012) that for 2005 there are 1,320,000²⁸ victims of forced labor in the agricultural sector and for 2012, 1,800,000²⁹. As pointed out by the ILO in these documents, these are conservative figures. In the absence of sectoral or national registers, it is the only figure available.

Including these indicators of ILO, it is conservatively estimated at 20.9 million victims of forced labor in the world in 2012. This implies that 3 out of 1,000 people have had to deal with any situation of forced labor in their lives³⁰.

This topic is not visible in Mexico. It is precisely this non-visibility that results in lack of information, to the extent that the USDOL does not include Mexico in its report on forced labor 2016³¹.

Table 3.8 – Identified Forced Labor Indicators

- Abuse of vulnerability.** There is a multi-character dependency from the employer: workers depend because of work, housing, food, and work for relatives.
- Deception.** This is related to the failed delivery of something that the worker was promised with, verbally or in writing. Recruitment promising decent and well-paid work.
- Abuse in the conditions of life and work.** Workers are subjected to precarious living conditions, overcrowded and unsanitary conditions without any privacy.
- Excessive overtimes.** Worker is required to work excessive hours or days beyond the limits prescribed by national law or collective bargaining agreement. Worker is denied breaks or days off, having to cover the days or hours of work of absent staff.

²⁸ ILO. child labor and Trafficking in Persons, Handbook for Labor Inspectors, Special Program to combat child labor Convention, 2008
²⁹ ILO. Global estimate on forced labor, Executive Summary, 2012
³⁰ ILO. Global estimate on forced labor. June 2012
³¹ USDOL, Trafficking Victims Protection Reauthorization Act (TVPR), Report of 2016

5.3 LAND RIGHTS

LEGAL FRAMEWORK. For most of the 20th Century, Mexico implemented a land reform on a large scale. This reform granted more than a million hectares to organized groups, *ejidos*, as collective exploitations. Besides, indigenous groups also obtained rights on agrarian communities or collective properties. In 1992 the government gave the opportunity to *ejidos* and agrarian communities to privatize their lands to increase investment in agriculture and improve agricultural production. Later, in 2001 INEGI reported 103 million hectares occupied by little more than 31,500 agrarian communities and *ejidos*. In addition to these land properties, 73 million hectares are privately owned by 1.6 million proprietors.

To prevent a concentration of land property, the government established limits to qualify as “*small agricultural property*” by means of the Agrarian Law (26Feb1992, reformed 09Apr2012). The law considers small agricultural property the surface of irrigation agricultural land that does not exceed certain limits of hectares according to the crop. In the present case, the sugar cane, the maximum is set at 300 hectares³².

This means that in the sugar cane agro-industry, small holders and business companies are legally entitled to acquire land up to 300 hectares.

It is important to point out that the Agrarian Law recognizes autonomy and legal personality of *ejidos* and communities’ population to make decisions about their lands and as such they are able to conclude association or commercial contracts.

³² Agrarian Law. Article 117, “It is considered small agrarian property the surface of irrigation or first humidity land that does not exceed... 300 hectares to be dedicated to the cultivation of... sugar cane ...”

From there the possibility of renting land to third parties within and outside the *ejido*.

Table 3.9 – Regulations for Lands

INTERNATIONAL	
1.	American Convention on Human Rights (Pact of San José) has been in force since 18 Jul1978
2.	ILO Convention 169 concerning Indigenous and Tribal Peoples (05Sep1991)
3.	The United Nations Declaration on the Rights of Indigenous Peoples (13Sep2007)
NATIONAL	
4.	Political Constitution of the Republic, articles 27 and 92 → they allow the certification and transfer of the property, as well as the privatization of lands belonging to <i>ejidos</i> and agrarian communities. Article 27 is implemented by:
5.	Agrarian Law (Feb1992) Opportunity to privatize plots of the <i>ejido</i> , establishing limits in order not to accumulate land. No <i>ejido</i> farmer can be holder of plot rights greater than neither 5% of the ejidal lands, nor more surface area than the equivalent to “small property”. And its corresponding Regulations:
6.	Regulation of the Agrarian Law in the matter of Certification of <i>Ejidal</i> Rights and Titling of Plots (06Nov1993)
7.	Regulation of the Agrarian Law to promote the organization and development of the Peasant Woman (08May1998)
8.	Regulation of the Agrarian Law in the matter of Management of Rural Property (28Nov2012)

CURRENT CONTEXT. Regarding property rights and land tenure, the current panorama goes around the possible conflicts of invasion of plots of small landowners or conflicts of succession among the offspring of the holder of plot rights in *ejidos* and agrarian communities.

INITIATIVES TO PROMOTE LAND RIGHTS

1993 –Secretariat of Agrarian Reform. Program of Certification of Ejidal Rights and Titling of Plots. PROCEDE.

Purpose: *“to provide certainty and legal security in land tenure and regularization of social property, through the delivery of plot certificates and/or rights of common use, as well as the titles of plots”*

1994 – Secretariat of Social Development (SEDESOL). Technical standards for the location, demarcation and fragmentation of the areas of urbanization of the *Ejid*os and Communities, of its expansion and growth of its reserves.

Purpose: to regulate the location, demarcation and fragmentation of the areas of urbanization of *ejidos* and communities, of its expansion and growth of its reserves.

1999 – Restructuring of the Commission for the Regularization of Land Tenure (CORETT)

Purpose: to expand its powers and to redefine their goals in order to have a public body that in addition to promoting the link between the use of lands of federal, *ejidal* and communal origin, and the national policy of irregular human settlements and urban development of the centers of population, making possible the coordination in these processes with the three levels of government, as well as with the social and private sectors. The regularization and furnishing with a title the plots in favor of the families that occupy them is done by means of the expropriation with the consensus of all persons involved.

2006 – Conclusion and Operating Closure Agreement of PROCEDE.

Purpose: to ensure that the agrarian groups can apply for continuity of the work until their total certification according to the Agrarian Law and its Regulations in the field of certification. In addition, it declares that the cartographic information generated during the life of the Program determines the foundations to promote the new rural cadastre.

2007 – Collaboration Agreement between the National Agrarian Record (RAN) and the CORETT.

Purpose: to achieve legal certainty over land tenure at the national level by means of certification and titling of plots by the RAN and the regularization of irregular human settlements by the CORETT in areas located within the social property. In summary, RAN deals with the rural aspect and CORETT deals with the urban location.

6. From the Mill Down the Supply Chain

The information collected by COVERCO has shown that Mexico is a country with peculiar characteristics in the division of work in the sugar cane agro-industry. COVERCO conducted 734 interviews out of these 109 were in the mill's compounds. COVERCO approached staff from the factory and from management.

Table 4.1 – Interviews to Industry Stakeholders

Area	Category	M	W	Total
Management	Unionized	0	0	0
	Non-unionized	55	22	77
Factory	Unionized	23	8	31
	Non-unionized	1	0	1
Totals		79	30	109

M = man W = woman

In the supply chain of the 8 mills, COVERCO conducted 625 interviews in the field, as shown in the following table. Data indicate composition by gender (man / woman):

Table 4.2 – Interviews to Field Stakeholders

Area	Category	M	W	Total
Link	Associations	46	15	61
	Producers	17	0	17
	Field Supervisors (Cabos)	26	0	26
Sugar Cane Cutting Area	Sugar Cane Cutters	397	1	398
	Transportation	17	0	17
	Food Delivery	14	0	14
Shelter	Responsible	12	1	13
	Family (cook)	1	22	23
	Sugar Cane Cutters	44	0	44
	School (staff)	4	8	12
Totals		578	47	625

M = man W = woman

The statistics on interviews do not include number of participants in the Kick-Start and Exit Meetings held with managers of the mills, representatives of the associations and

delegates of the producers. Each meeting was attended by groups ranging between 10 and 25 persons –a total of 16 meetings for an estimate of 250 persons.

6.1 INCIDENCE OF POLICY MANAGEMENT

POLICY MANAGEMENT. COVERCO conducted a review of policy management in the 8 mills and put special attention to policies related to labor conditions and labor relations, as well as to policies and procedures to guarantee the legality and legitimacy of rights of private and ejidal (collective) property.

It is important to note that the term “policy management” is applied by the 8 mills to the industrial processing part, to the product, exclusively. These reviews allowed to establish that about management at factory level, mills hold different certifications (ISO 9001, FSSC 22,000, HACCP, KOSHER) oriented to the product. Also, 2 mills reported their participation in programs related to Environmental Protection.

Regarding policy management oriented to human resources or on-boarding and training sessions on Safety and Health, there are no policies devoted to labor rights.

All eight mills stated that they have been audited on the The Coca-Cola Company's SGP. Seven mills expressed their discontent for not receiving technical assistance or promotional material. On the other hand, interviews conducted in the factory and in the field showed that workers are not aware of the subject and have received no training on the SGP. Only one mill proved that a training program takes place at industry level and it includes topics related to the SGP.

In the daily practice, the mills have or are working in their own Codes of Ethics and, very important, they report positive and valuable actions that should be reflected in more robust policy management, among them Labor Relationships and Community Relationships.

The starting point of this study is to get to know the mill –the formal part linked to its set of policy management and practices- to continue going down its supply chain. Start working from the mill, allows the identification of:

Policies. Do they have specific contents; do they describe mechanisms, tools and persons in charge? Do they ensure their implementation throughout the supply chain? Do they mention whom to coordinate with?

Practices. Are the policies in constant evolution? Are they robust or weak? Or are there only practices, still not reflected on paper and must be moved to formal policies?

The absence of a specific and more developed policy management or its weak implementation on subjects such as child labor and forced labor leaves room for risks in the whole supply chain.

According to the IFC's Performance Standard 2 related to Labor and Working Conditions, it is not only to comply with national and international law. The mills should also have policy management to protect workers, including vulnerable workers: children, adolescents, migrant workers, workers hired by third parties and workers in the supply chain.

On the other hand, the Sugar Cane Production and Quality Committees (CPPC)³³ play an important role to eradicate child labor and

forced labor. At the beginning of the harvest several Committees reach agreements for the eradication of child labor. One agreement revised among others, does also include the commitment to not use child labor. However, the absence of effective supervision and monitoring by the mills, associations and producers allows the continued practice.

³³ Law of Sustainable Development of the Sugar Cane, Chapter IV, Article 26, Roman number XII.

7. Field Observations

7.1 CHILD LABOR INDUSTRY

MANAGEMENT SYSTEMS. It's important to identify good practices that may be transferred to formal documents within mills management to ensure further application along the supply chain.

In the case of the 8 mills, an interesting combination was found:

- 2 mills have prepared a Management Policy for Child Labor Eradication and a Code of Conduct. Both documents include the prohibition to recruit children for activities in the sugar cane cutting and supply chain.
- 1 mill lacks a Policy for Child Labor Eradication, but does include an article in its CC, promoting the elimination of child labor. Though, this tool does not apply to the supply chain.
- 2 mills lack a specific Policy on Child Labor, but their CC establishes that it is governed by the Federal Labor Law –recruitment of children from 16 years old- but this CC does not apply to field
- 1 mill adheres to the Contract Law, it is in the process of editing its Code of Ethics and it distributes material on Human Rights in the Industry and in the Field.
- In addition, this mill works with its collaborators a program to raise awareness on principles and values to facilitate and promote constant growth as human being in all aspects of life. The program aims at better performance at work and improvement in interpersonal relations. The employees are committed to share this information along the supply chain
- 2 mills lack a specific Policy on Child Labor but have a Code of Conduct, this CCs are not applicable to the supply chain.

It is worth mentioning that from the combination described above, 2 mills have developed training materials and activities aimed at raising awareness on the subject at the level of processing and field, including children, adolescents and families. In addition, 2 mills have a program in coordination with an international agency that supports education for cutters and families.

In the practical part, 4 mills lack monitoring about child labor in the industry and field, 1 mill monitors in the field at the beginning of the harvest, and 3 mills show a still weak monitoring activity. Among the latter, 1 mill is establishing monitoring during the whole cycle of harvest (start, during, exit), through a system of identification controlled by the mill.

In addition, the 8 mills reported that as members of their respective Committees of Sugar Cane Productivity and Quality, they have taken up the challenge of promoting the eradication of child labor jointly along the supply chain. From them, 6 mills have issued acts prohibiting child labor and 2 mills have included the responsibility for compliance with their policy on child labor to the local CPCC.

Although 3 mills govern their recruitment by the Contract Law, the study does not reflect children employed in the industry, according to the statistics of interviews:

Table 5.1 – Interviews Industry
(it excludes Opening and Exit Meetings
with Mills, Associations and Producers)

Area	Category	Male	Female	Total
Management	Unionized	0	0	0
	Non-Unionized	55	22	77
Factory	Unionized	23	8	31
	Non-Unionized	1	0	1
Total		79	30	109

7.2 CHILD LABOR FIELD

Interviews conducted in the field allowed to identify six areas of interest for the subject of child labor:

RECRUITMENT OF CHILDREN. Interviews in the field to Producers' Associations and Producers confirm that:

- Local Sugar Cane Productivity and Quality Committees subscribed an Act prohibiting producers to recruit children
- 1 out of 8 mills reported an Agreement between local Sugar Cane Productivity and Quality Committee and the *Cabo* (field supervisor) prohibiting child labor recruitment for the harvest 2015-2016
- 1 mill supervises migrant workers recruitment in the communities of origin
- 7 mills lack supervision to the *cabos* for migrant workers recruitment

MONITORING TO VERIFY CHILD LABOR IN THE FIELD. Despite the efforts to jointly announce their position to eradicate child labor in the field and the provisions in the Codes of Conduct applicable to the supply chain, it is evident the lack of a monitoring system with mechanisms and clearly defined and sustained responsibilities. Interviews conducted on site reflect that:

- Although 1 mill invests efforts to supervise recruitment in the communities of origin, monitoring throughout the harvest is still weak.
- 1 mill makes a census directly in the sugar cane cutting fronts at the beginning of the harvest. It will begin to implement actions for monitoring during and at the end of the harvest.
- At the time of the visit, 1 mill reported a census to identify sugar cane cutters

completed to 80%. The credentials reviewed by COVERCO included complete name and surname of the bearer, data of the official ID and name of the post performed. Immediate purposes of this census aimed at the identification of child labor and once the system is established and ready to operate, it will serve for direct payment to the workers.

- 2 mills have direct responsibility in the subject of child labor eradication and shelter improvement.
- 4 mills lack supervision and monitoring.
- At least one children were observed at each mill. 104 children were observed (<15 & <18 years of age) out of 625 interviews representing 16.64% of the sample or out of 15,540 of total workers representing 0.67% as per the following figure.

Farm Workers									
Total Farm Workers	Total Interviews	Interviews							
		Adults		Children <15		Children <18		Child Labor	
		Total	%	Total <15	%	Total <18	%	Total	%
15,540	625	521	83.36	27	4.32	77	12.32	104	16.64

STAKEHOLDERS' COORDINATION. This is a key space for the mill to ensure effective implementation of actions aiming at the eradication of child labor in all its forms. However, interviews conducted in the mill and in the field showed that despite major advances in the industry and in the field, the traditional command line from the mills prioritizes the issues of productivity of the sugar cane, thus relegating actions directed to the human element in the equation of the sugar cane agro-industry. By proceeding in this way, efforts and solutions are diluted so that the achievements are not visible.

- There is a social worker in 1 mill. She is a direct link of the mill with the shelters and communities under the responsibility of the field superintendent. Her scope of work

includes: attention to workers in the factory and in the field in subjects related to education of their children; to ensure that the age permitted minor workers are duly registered in the social security system and do receive medical benefits; to coordinate different programs dealing with migrant workers and their families with State Secretariats³⁴; to pay attention to the needs of the population in the shelters. The social worker coordinates actions for joint monitoring with social workers of the producers' associations. It is not a well-defined system, and as such is still little effective.

- In 2 mills there is a link with the community by means of a project. Its social worker acts as the link between the project and the shelters.
- In the 3 mills mentioned up to now, the field superintendent has direct responsibility to the theme of child labor eradication and improvement of shelters.
- In 1 of these mills, the field superintendent is linked with external stakeholders for decision making related to the attention of workers in the sector of sugar cane.
- The remaining 5 mills have relations with the community and deliver activities with the population at the shelters, if any, and with the communities. However, this is not regulated, and it is not sustainable either. It is a practice which is transmitted orally among the staff of the mill.

The coordination among stakeholders at different levels is vital to manage themes linked to the operations of the sugar cane agro-industry, among others: access to education and health services, as well as living conditions. To

ensure the provision of decent services in these three areas, the mill must necessarily share responsibilities with various stakeholders in government and with the associations of producers. It is here where the sugar mills bet on the joint efforts and, to a lesser or greater degree, they advance to find solutions.

ACCESS TO EDUCATION SERVICES. Keeping children and adolescents away from field activities is a responsibility shared by various sectors: government, mills, producers' associations, independent producers and the workers themselves. To meet this challenge, a good coordination is needed for better investment of the available human, material, and financial resources. Nonetheless, and in spite of the development of this agro-industry throughout 15 States with governmental programs to benefit sugar cane workers, the mills are facing different levels of openness and approach with the corresponding offices in charge. For that reason, from the 8 mills of this study:

- 1 mill keeps trying to contact the Secretary of Education. Its intention is to reach an agreement that allows validation of schooling taken by migrant workers during the harvest upon their return to the schools of their home communities.
- 3 mills have an Agreement with the SEP and they are acting as linkages for the SEP-CONASEP Program for Multi-Level Federal Schools for Migrants. These schools provide a classroom for children in the range of 5-8 years of age and a separate classroom for up to 12-year-old children. The Program offers validation to continue their studies in their home communities.

³⁴ Please refer to Annexes 3, 4 and 5 on Initiatives to Eradicate child labor.

- 1 mill has volunteers who are responsible for the Adult Literacy Program for workers and their families. The shelter provides a classroom for this Program.
- 1 mill delegates its Field Superintendent to attend multi-stakeholder’s meetings for decision-making related to sugar cane workers and their families.
- 2 mills with local workers occasionally organize activities in the schools of the community.

ACCESS TO HEALTH CARE. In the sugar cane agro industry, girls, boys and adolescents face hazards and risks due to the exposure to several factors:

**Table 5.2 – Risks Factor³⁵
for Girls, Boys and Adolescents
in Sugar Cane Work**

- **Chemical risks** (agro chemicals and other toxic substances)
- **Physical risks** (humidity, heat, non-ionizing radiation such as UV rays)
- **Ergonomic risks** (unnatural or uncomfortable posture, repetitive movements, weight lifting)
- **Biological risks** (worms, ants, wasps, snakes, rodents, animals, plants, viruses, bacteria)
- **Mechanical risks** (farming machinery and equipment, hand tools)
- **Health risks** (lack or poor conditions of shelters, houses, drinking water, health care, canteen services, restrooms, showers)
- **Psychosocial risks** (harassment, exploitation, working pace, duration of the working day, hierarchical relationships, communication, monotony, compensation)
- **Natural hazards** (hurricanes, earthquakes, flooding, storms, forest fires)
- **Safety risks** (conditions of the agricultural facilities, surface risks, working height, confined spaces)
- **Other risks** (electrical, rays, topography, risks due to air and water pollution, natural hazards)

Interviews in the field to minor workers, as well as inquiries to the mills, producers’ associations

and adult workers, capture constant use of minor workers with the following characteristics:

- In 7 mills 60 children were interviewed. They were in the range “above 16 and below 18 years old”. They lacked social security protection. Because they are children, there is no direct registry with the IMSS, neither salary.
- 1 mill hired children in the range “above 16 and below 18 years old”. The 17 children interviewed are registered in the IMSS, and thus, they are compensated. The coordination of the social workers of both the mill and the producers’ associations, children are supported to ensure they receive health care and corresponding benefits.
- Risks of work incidents and accidents are not recorded.

LIVING CONDITIONS. Interviewed children arrived with their relatives, or their own household, or alone. They live in local communities and in shelters, according to their status of local or migrant worker. For both situations they are provided with transportation to the sugar cane cutting areas. In the case of migrant workers, they are also provided with transportation from and to their home communities.

Other factors are considered under “living conditions”, which are closely linked with the much-needed coordination among stakeholders:

- 3 out of 8 mills coordinate the subsidy with the National System of Employment (SNE, by its Spanish acronym)³⁶ for the Farm Workers Program. This program covers miter-state

³⁵ ILO. Informational Pamphlet. Conditions and environment of hazardous child labor in sugar cane farming, emphasizing the harvest season. No date available. Page 4.

³⁶ SNE (*Sistema Nacional de Empleo*) is a public institution of the Secretary of Labor and Social Welfare. It counts with the participation of the 32 federal states. By means of its 168 offices all over the country, it provides free and personalized service to all

and intra-state labor mobility. According to SNE, the program provides workers with financial support from origin and return, up to two times in a fiscal year. These resources are used by workers essentially for their priority needs. They decide how to spend this funding. SNE emphasized that *“this support does not substitute any benefit that employers must provide to workers -first and foremost, transportation”*.³⁷

- The positive characteristic of this support is that it goes directly to the worker. By means of a banking deposit made at the time the local SNE office confirms to the home SNE’s office the arrival of the worker to his destination. Payments are made according to the following table:

Table 5.3 – SNE ‘s Financial Support to Farm Workers

Zone / Mobility Type	Inter-State (amount in MX\$)	Intra-State (amount in MX\$)
Origin	SNE home office deposits in a banking account when the SNE office of destination confirms worker’s arrival	
	1,200.00	800.00
Destination	Before departing to his home community, the worker is linked to the SNE home office and he has fulfilled work period	
	600.00	300.00
Total	1,800.00	1,100.00

To qualify for this benefit, workers must register personally and present original and copy of their official and valid identification document (INE, or professional ID, or passport or National Military Service, CURP by its Spanish acronym), inter-banking password of an active account, and a photograph. They must also complete the

companies looking for personnel and to citizens looking for a job or for training. The SNE acts as the linkage between the employer and the potential employee. This reduces the costs of recruitment processes and the job search.

Format of the Applicant’s Registration SNE-01. If the INE’s credential includes the CURP, it is not necessary to show this document. SNE finds this system useful to detect migratory flows.

In 1 out of 3 of the mills working with this subsidy, the social worker of the mill plays an important role as linkage with the communities. The social worker helps workers to fill in that extensive format. Level of schooling of sugar cane cutters makes it difficult for them to fill in the format by themselves on time. In addition, the supervisors (*cabos*) provide the information just one day before departure. By doing so, workers are excluded from this benefit, because data collection and assignation of electronic cards take up a week.

Once the data is collected on lime in the Information System of the Program Support to Employment (SISPAE, by its Spanish acronym), the system assigns a unique number to manage those funds. The system ensures that the registered persons are *“at least 16 years old up to 70 years old, provided that the persons are able to work”*.³⁸

- 3 out of 8 mills coordinated support for shelters and school with SEDESOL (Spanish acronym for the Social Development Secretariat). SEDESOL has a Program for the Attention to Farm Workers. It covers the Farm Workers Regions at national level supporting workers in their home and work communities, as well as during the journeys.
- This program includes two types of support for the farm workers:

³⁷ Meeting. Coordinator General – Mr. Héctor Oswaldo Muñoz Oscós; Deputy Coordinator General – Mr. Donaciano Domínguez Espinosa; Labor Mobility Program - Mr. Enrique Evangelista Cortés. 26May2016.
³⁸ Interview. Local SNE official. March 2016.

**Table 5.4 –SEDESOL Program
for Farming Workers³⁹**

Types of Support	Description
Direct Support	Incentives for school attendance and permanence For persons below 18 years old. From MX\$187 to MX\$704
	Economical support of MX\$1,150.00 upon arrival of worker
Actions for Development of Farm Workers	Dietary supports for girls and boys For 14-year-olds and below. Up to 2 food items per day, for a maximum of MX\$15.07 per serving
	Social protection and communitarian participation actions For farm workers. Lectures and workshops on human rights, migration, healthy habits, basic sanitation and social accountability, among others
	Actions to boost the potential of development To access benefits of other programs
	Special supports for contingencies Transportation to return to home communities, payment for health care and sanitary services, funeral expenses for migrant farm workers and his companions, in case of accident during the journey from one work place to another
	Support for basic services Subsidies for building, rehabilitation, expansion, conditioning and house furnishing to address the needs of farm workers

- 6 mills had housing in shelters for migrant workers and in nearby communities for local workers.

- 1 mill showed that the associations provide workers with transportation in appropriate conditions. The mill did the monitoring (member of the Sub Committee for Migrant and Local Workers’ Affairs).
- 1 mill bought 38 buses on behalf of the associations. The buses wore stickers of the Program Against child labor. Buses in suitable conditions.
- 1 mill reported that the associations oversee workers transportation. Not appropriate conditions, no supervision, trucks belonging to third parties.
- 2 out of 8 mills had housing in nearby communities.

³⁹ <http://www.gob.mx/sedesol/acciones-y-programas/atencion-a-jornaleros-agricolas?idiom=es>

7.3 FORCED LABOR INDUSTRY

1. **Management and Practice.** Review of mill’s management policies showed that in the 8 mills there is no specific and developed management policy to address forced labor. However, 1 mill shows its leadership with a positive action. It signed the Agreement to Prohibit child labor with the local Sugar Cane Production and Quality Committee.

As per the indicators to identify forced labor, “excessive overtime” applies in the factory:

- On-site workers interviews in the factory stated that frequently and for different reasons workers did not show up to their corresponding shift. When this occurred, the worker who was about to conclude his shift, must remain in his post until the worker to take over the next shift showed up as mandated by the Contrato Ley. If a no-show occurred, he must carry on with that additional shift. This implied the obligation to work exceeding the established working hours.

7.4 FIELD & PRODUCERS’ ASSOCIATIONS

2. **Recruitment System.** To identify forced labor in the recruitment of farm workers by intermediaries (cabos), COVERCO applied the indicators “Abuse of Vulnerability” and “Deceit”.
 - In the kick-start meetings management of the 8 mills and their producers’ associations asserted that local and migrant farm workers’ recruitment did not resemble forced labor, because they willingly agreed to work in sugar cane cutting. True as this

may be, reality proves that vulnerability in their conditions and quality of life pushed workers to accept the terms imposed by the cabos. This includes the advance payment to ensure the recruitment.

- Recruitment system for local and migrant farm workers in the 8 mills is by means of a down payment of a bonus known as “gratification”. The relationship is formalized through a promissory note (down payment) of an amount varying from MX\$ 800.00 to MX\$ 3,000.00. Most of the time, the cabos approx. 50% as advance and the remaining percentage delivery is conditioned to the end of the harvest season⁴⁰.
- These down payments are not honored, thus qualifying as forced labor. Workers do not receive the total amount they were initially offered, and they are obliged to fulfill certain conditions –such as their commitment to work the complete harvest season- to be entitled to receive the complete sum. If the worker quits before the conclusion of the harvest, no matter the reason, the cabo does not provide him with the remaining sum. At this stage, producers’ associations have received the promissory note for the total amount.
- Producers’ associations of 6 out of 8 mills are responsible for the transportation of workers from their home communities to the shelters and from the shelters to the sugar cane cutting areas. Two mills showed initiative and leadership and bought buses on behalf of the producers’ associations for workers transportation. In the other 4 mills,

⁴⁰ Some *cabos* do not provide the gratification or the advance to workers recruited from nearby communities, due to the trust that

has been placed in them by workers umpteen times for the harvest seasons.

associations provide poor transportation, they use trucks.

- From the 8 visited mills⁴¹, 6 mills had migrant farm workers. Only two of these mills had an effective coordination with the producers' associations to recruit workers through the program of farm workers of the National Employment System (SNE). This system ensures workers transportation from and to home communities is provided with adequate collective vehicles.

Payment System with Productivity Indicators.

Overall, there is deceit and retention of salaries. Cane cutters expressed uncertainty regarding:

- Volume of cane cut versus delivered and paid cane.
- The CPCCs have established three different rates to estimate salaries based on productivity: 1. raw sugar cane cut; 2. burned sugar cane; and 3. Eventful sugar cane. While much more difficult the cutting activity, the higher the rate. However, interviewed workers in 4 of the 8 mills, asserted that they were being paid according to the lowest rate. Each CPCC sets its own rates.
- In the 8 visited mills, interviews to cutters reflected their recurring disagreement with the pay for the tom of came cut. They indicated it has been the same rate for 2-3 years.
- The mills are providing financial resources to the producers' associations to pay the contributions to the social security system. However, uncertainty prevails in the sugar

cane cutting areas and in the shelters about the effective IMSS registration of workers.

- Interviews with producers' associations allowed COVERCO to confirm cases of workers who were not included in the IMSS registration. One of the visited mills and one producers' association confirmed having not registered their workers for the harvest 2014-2015. To the date of COVERCO's visit, they have not included 100% of workers for the harvest 2015-2016.
- If workers are not registered in the social security system, they are not entitled to receive attention in the IMSS clinics. Consequently:
 - There are no records to justify their absence from the cutting area due to sickness or labor accident.
 - When workers miss up to two days of work, producers guarantee just the minimum wage in force or the rate agreed by the local CPCC.
 - This situation compels workers to return to their home communities or to their home in the local community.
 - COVERCO recalls that if workers do not conclude the harvest season, the practice is that the cabo retains the remaining amount of the previously agreed down payment –the workers have already signed a promissory note for the total amount.
- The seventh day and worked holidays lack the corresponding increase as "overtime work".

⁴¹ In 2 out of 8 mills chosen and coordinated by The Coca-Cola Company to conduct this study, the producers' associations, through the *cabos*, recruit local workers from nearby communities,

under their employer's responsibility. For that reason, there are no shelters.

- Workers are attracted to work in the cane cutting areas on weekends and holidays with the promise of grocery bags (known as “despensas”), which is not fulfilled.
- **Abuse in Living and Work Conditions.** COVERCO visited 29 shelters of the 6 mills employing migrant workers. Based upon ILO Recommendation 11642, COVERCO prepared a guide to assess minimal conditions of shelters and to classify them as acceptable, poor or sub human conditions.
- COVERCO identified 28 shelters not suitable for housing of workers and their families.

Table 5.5 – Shelter Rating

Conditions	Quantity
Acceptable	1
Poor	24
Sub human	4
Total	29

- During the first week of cutting work, producers subsidize migrant workers feeding. After that, workers pay directly to the shelter’s cook for their food. It amounts from MX\$350.00 to MN\$450.00 per week.
- In 24 shelters the food is prepared by the wives of cane cutters. The single workers’ pay those persons MX\$ 200-550 a week for their food. Or they prepare their own food under inadequate and unhygienic conditions. There are also single cutters who pay an average of MX\$.150 for their laundry.
- Migrant workers interviews reflected that food at the shelters is inadequate both in terms of quantity and quality.

- To improve their food, in 5 shelters exclusively dedicated to single workers, they make an additional between MX\$100.00 and MX\$150 payment per week. Thus, substantially affecting their meager income.
- The study did not identify systemic criteria to provide nutritional and balanced diet to cutters considering their daily caloric consumption.

RELATED SUBJECTS

Consumption of stimulants, drugs and serums without medical prescription

- In 3 out of 8 mills -2 mills visited at the beginning of the harvest and one in the high season- COVERCO interviewed cabos, confronted information with cane cutters and verified first aid kits. Overall finding pointed out to drugs consumption without medical prescription. Most of all, medication to relieve pain and fatigue.
- In 5 out of 8 mills there was intake of serums by cutters. The mills provided the serums, but there was no supervision of proper intake from the mills or from the associations.
- In 3 cane cutting areas COVERCO checked the first-aid kits and noticed they contained Tibeodoce, Sedalmerck and Pimir.
- At the beginning of the harvest season, cane cutters asserted that they inject Dexametasona and Neurobion as medication.

⁴² ILO Workers’ Housing Recommendation, 1961, (no. 115)

Drugs consumption for urinary tract infection (popularly known as “mal de orín”)

- In 2 out of 8 mills, cabos confirmed that cutters used to take drugs to treat urinary tract infection without competent medical prescription. This is a troubling finding, because it could indicate issues related to **chronic kidney disease** or sexually-transmitted diseases.

Personal Protection Equipment (PPE)

- When visiting the cane cutting areas, COVERCO noticed that cutters used no PPE required for that agricultural activity.
- 1 mill visited in March 2016 tested different PPE gear, such as shirts and hats for cutters. The plan was to deliver it on April 2016.
- Employer. Here lies the confusion for cutters to understand that the producers are their employers. Also, this way of recruiting prevents producers to recognize their direct relationship with workers.

7.5 LAND RIGHTS; INDUSTRY AND PRODUCERS’ ASSOCIATIONS

- The 8 mills assessed for this study match the lack of land management policies.
- The 8 mills resort to the Agrarian Law to ensure rightful ownership of the lands supplying sugar cane. They implement mechanisms for review and control of documentation.
- The 8 mills agree to declare that they do not accept sugar cane coming from lands under dispute. Despite no case showed up during COVERCO’s visits to the mills to take a deep insight on settlement mechanisms, 1 mill

explained the manner to contract sugar cane:

1. The owner can contract; it would be a deed of conveyance. When it is the owner, he/she must provide the mill with the statement by the *ejidal* commissioner. In the *ejido* maximum authorities are: the president, the commissioner and the treasurer.
 2. When it is not the owner, there is a leasing contract in between, bailment (*commodatum*), for a certain timeframe. In the format, previous owner relinquishes the right to the bailment and appoints a new owner. If there is some pending expense, at that very moment the debt acquisition is established.
 3. In the event of the death of the owner, a dispute arises among the existing heirs. The cane is harvested, and the mill retains the payment bank checks and delivers them until the court says so. “*We do not buy conflicts. We are impartial.*” The contract is valid for 3 years.
- 2 out of 8 mills have voluntarily adhered to the Ten Principles of the United Nations Global Pact. This pact comprises core human rights of the ILO Declaration, principles I and X related to ethical and rightful use of land. Especially, when considering areas for expansion.
 - 2 mills reported no plans for expansion or new growing areas.
 - 1 mill reported between 100 and 150 hectares of own land acquired through its agricultural companies associated in the producers’ associations CNPR and CNC.

- 1 mill reported growing expansion in its own lands by means of agricultural companies with an average of 20% of hectares to supply cane, unspecified ciper.
- 1 mill reported own lands for mechanized production. The mill did not specify number of hectares.
- The producers' associations in 1 mill estimated that the mill was cultivating 100 hectares of sugar cane in lands of its property.
- That same mill gives preference to its own farms, thus negatively affecting smallholders and ejidatarios.

8. Continuous Improvement

Based on the reiteration of the findings, in the 8 diagnosed mills and in order to make an efficient application of the available resources, The Coca-Cola Company took the decision to undertake a new, broader and deeper journey of accompaniment, management and training for all stakeholders, looking for improvements in the living and working conditions of agricultural workers of sugarcane, the optimization of the production system with environmentally appropriate technology and the improvement in transparency and efficiency in the management of production units.

To do this, it carried out an analysis of the most suitable partners for such work, choosing the non-governmental organization (NGO) Solidaridad Network and its "Panamericana" program.

Solidaridad Network, has carried out during the last 2 years (2017-2018) a series of actions to

sensitize all those involved, about the importance of a healthy agricultural supply chain, and through the SAGP schemes of The Coca-Cola Company and Bonsucro has diagnosed, generated improvement plans, and budgets needed to achieve the Agricultural Sustainability of The Coca-Cola Company sugarcane suppliers. In the following annex this work is exposed in Appendix 1.

In addition, The Coca-Cola Company has associated with other Consumer Good Companies under the "AIM-Progress" scheme, which share the same vision, to jointly address the issue and potentiate the result is shown in Appendix 2.

The Coca-Cola Company will be following up to assess the impact of remediation efforts in harvest 2020-2021.

9. Bibliography

INTERNATIONAL REGULATIONS

1. Convención Americana sobre Derechos Humanos (Pacto de San José) en vigencia desde 18jul1978
2. Convención sobre los Derechos del Niño.
3. Naciones Unidas. Convención contra la Delincuencia Organizada Transnacional, Protocolo de Palermo; ONU, NY, 2002
4. Declaración sobre los Derechos de los Pueblos Indígenas (13sep2007)
5. Organización Internacional del Trabajo. OIT. Convenio No. 29, sobre trabajo forzoso u obligatorio, 1932 (núm. 29)
6. Convenio No. 105, relativo a la abolición del trabajo forzoso, 1959
7. Convenio 138 sobre la Edad Mínima de Admisión al Empleo y su Recomendación 146
8. Convenio 182 sobre las Peores Formas de Trabajo Infantil y su Recomendación 190
9. Convenio 169 sobre Pueblos Indígenas y Tribales (05sep1991)
10. Declaración relativa a los Principios y Derechos Fundamentales en el Trabajo
11. Protocolo relativo al Convenio sobre el trabajo forzoso, OIT, 2014
12. Recomendación sobre Trabajo Forzado, OIT, 2014, (núm.203)
13. Recomendación sobre la vivienda de los trabajadores, OIT, 1961 (núm. 115)
14. Pacto Internacional de Derechos Civiles y Políticos. Artículo 24 sobre derechos del niño.

LEGAL REGULATIONS - MEXICO

1. Acuerdo de Conclusión y Cierre Operativo del PROCEDE. 2006
2. Constitución Política de los Estados Unidos Mexicanos
3. Contrato Ley de las Industrias Azucarera, Alcohólica y Similares de la República Mexicana 2014-2016
4. Convenio de Colaboración entre el Registro Agrario Nacional (RAN) y la CORETT. 2007
5. Declaración Cero Tolerancia al Trabajo Infantil en la Cadena de Valor de la Industria de la Caña de Azúcar en México. 12jun2013.
6. Decreto de 30abr2015, por el que se reforman y derogan diversas disposiciones de la Ley Federal del Trabajo en materia de trabajo de menores. Adopción 30abr2015. Entrada en vigor 13jun2015
7. Decreto de 03dic2014, por el que se expide la Ley General de los Derechos de Niñas, Niños y Adolescentes y se reforman diversas disposiciones de la Ley General de Prestación de Servicios para la Atención, Cuidado y Desarrollo Integral Infantil. Adopción 03dic2014. Entrada en vigor 05dic2014
8. Decreto por el que se expide la Ley General de Prestación de Servicios para la atención, cuidado y desarrollo integral infantil. Adopción 14sep2011. Entrada en vigor 25oct2011
9. Decreto por el que se reforman y adicionan diversas disposiciones del Código Penal Federal, del Código Federal de Procedimientos Penales, de la Ley para la Protección de los Derechos de Niñas, Niños y Adolescentes, de la Ley General de Educación, de la Ley de Asociaciones Religiosas y Culto Público, de la Ley Federal de Protección al Consumidor y de la Ley Reglamentaria del Artículo 5 Constitucional relativo al ejercicio de las profesiones en el Distrito Federal. Adopción 19ago2010. Entrada en vigor 20ago2010
10. Ley Agraria (feb1992)
11. Ley de Desarrollo Sustentable de la Caña de Azúcar (LDSCA, 22ago2005)
12. Ley de los derechos de las niñas y niños en el Distrito Federal. Adopción 31ene2000. Entrada en vigor 01feb2000

13. Ley del Instituto Mexicano de la Juventud. Adopción 21dic1998
14. Ley Federal del Trabajo
15. Ley General para Prevenir, Sancionar y Erradicar los Delitos en Materia de Trata de Personas y para la Protección y Asistencia a las Víctimas de estos Delitos
16. Ley para la Protección de los Derechos de Niñas, Niños y Adolescentes. Adopción 28abr2000
17. Ley para el tratamiento de menores infractores, para el Distrito Federal en materia común y para toda la República en materia federal. Adopción 19dic1991
18. Reestructuración de la Comisión para la Regularización de la Tenencia de la Tierra (CORETT). 1999
19. Reglamento de la Ley Agraria en Materia de Certificación de Derechos Ejidales y Titulación de Solares (06nov1993)
20. Reglamento de la Ley Agraria para Fomentar la Organización y Desarrollo de la Mujer Campesina (08may1998)
21. Reglamento de la Ley Agraria en Materia de Ordenamiento de la Propiedad Rural (28nov2012)
22. Reglamento de la Ley para Prevenir y Sancionar la Trata de Personas.
23. Reglamento de los servicios de guarderías para hijos de aseguradas. Adopción 19jun1981
24. Reglamento Federal de Seguridad, Higiene y Medio Ambiente de Trabajo. Artículos 154, 158 a 160
25. Secretaría de Desarrollo Social (SEDESOL). Normas Técnicas para la Localización, Deslinde y Fraccionamiento de las Zonas de Urbanización de los Ejidos y Comunidades, de su Ampliación y de sus Reservas de Crecimiento. 1994
26. Secretaría de la Reforma Agraria. Programa de Certificación de Derechos Ejidales y Titulación de Solares. PROCEDE. 1993

PUBLICATIONS

1. The Coca-Cola Company. 2014/2015 Sustainability Report. Global Workplace Rights Excerpt pages 20-26
<http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/08/2014-2015-sustainability-report-gwr-pages-20-26.pdf>
2. CONADESUCA, cartilla Zafra 2015-2016 Resultados, con datos generados por los Ingenios a Octubre 2016.

ECOSUR enlaces web:
3. Jornaleros del azúcar: Un mundo entre fronteras. https://www.youtube.com/watch?v=75jY_kYHZx4
4. Migraciones laborales en la agroindustria azucarera: jornaleros nacionales y centroamericanos en regiones cañeras de México.
http://www.pa.gob.mx/publica/rev_57/analisis/migraciones%20Martha%20garcia.pdf
5. Migraciones laborales, derechos humanos y cooperación internacional. Cortadores de caña centroamericanos en la frontera México-Belice. <https://trace.revues.org/971>
6. Perfil sociodemográfico de las familias jornaleras de origen guatemalteco empleadas en el cultivo de caña en la región azucarera de La Joya, Campeche. (solo archivo en PDF)
Rosa Santos Arguelles y Martha García Ortega
7. Industria Mexicana de Coca Cola. Comprometidos con el Bienestar. Informe de Sustentabilidad 2015
<http://www.coca-colamexico.com.mx/content/dam/journey/mx/private/Informe-de-Sustentabilidad-2015.pdf>
8. Friedrich Ebert Stiftung. Análisis Político. Nueva política industrial ¿opción para un desarrollo sustentable e inclusivo en México? México. Abril 2013. 36 págs.
9. ILAB / USDOL. 'Reducing child labor & child labor: a Toolkit for Responsible Business'

10. ILO. 'Hard to see, harder to count' Survey guidelines to estimate forced labour of adults and children. Special Action Programme to Combat Forced Labour (SAP-forced labor). International Programme on the Elimination on Child Labour (IPEC). Second edition. Switzerland 2012.
11. Indicators of Forced Labour, Special Action Programme to Combat Forced Labour (SAP-forced labor). Checkpoints, Eliminating and Preventing Forced Labour, 2016
12. OECD-FAO Agricultural Outlook”, OECD Agriculture statistics (base de datos), <http://dx.doi.org/10.1787/agr-outl-data-en>
13. Oficina Internacional del Trabajo (OIT). El Trabajo Forzoso y Trata de Personas, Manual para los Inspectores de Trabajo. 2008. Ginebra Suiza.
14. Departamento de Gobernanza y Tripartismo. Programa Internacional para la Erradicación del Trabajo Infantil (IPEC). Tendencias mundiales del trabajo infantil entre 2008 y 2012. Primera edición 2013. Ginebra OIT 2013. 54 págs.
15. Departamento de Gobernanza y Tripartismo. Programa Internacional para la Erradicación del Trabajo Infantil (IPEC). Medir los progresos en la lucha contra el trabajo infantil. Estimaciones y tendencia mundiales entre 2000 y 2012. Primera edición 2013. Ginebra OIT 2013. 49 págs.
16. Estimación Mundial sobre Trabajo Forzoso, Junio 2012
17. Ganancia y Pobreza Aspectos económicos del Trabajo Forzoso, OIT, Programa especial de Acción para Combatir el Trabajo Forzoso, Servicios de Principios y Derechos Fundamentales del Trabajo
18. La acción del IPEC contra el trabajo infantil: hechos sobresalientes 2010. Febrero 2011. Ginebra OIT 2011. 77 págs.
19. La acción del IPEC contra el trabajo infantil: hechos sobresalientes 2012. Abril 2013. Ginebra 2013. 75 págs.
20. La acción del IPEC contra el trabajo infantil 2012 – 2013. Avances y prioridades futuras. Primera edición 2014. Ginebra OIT 2014. 180 págs.
21. La vivienda para los trabajadores, Helpdesk, No. 6, Programa de Empresas Multinacionales. Ginebra, Suiza.
22. Oficina Regional para América Latina y el Caribe. Informe Trabajo Decente y Juventud. México. 20 millones de jóvenes con empleos productivos y trabajo decente construyen progreso. Primera edición 2007. Lima, Perú 2007. 82 págs.
23. TRABAJO. La revista de la OIT. El Futuro del Trabajo. De camionero a gestor de transporte. Número Especial de 2015. Ginebra, Suiza 2015. 39 págs.
24. Oficina de Países de la OIT para México y Cuba. Documento de trabajo núm. 259. Hacia el trabajo decente en el sector del azúcar, México. Página 28.
25. Guía para la Aplicación del Estándar de Competencia Laboral: implementación de la metodología para la gestión de perfiles y mapas de riesgo en seguridad y salud en el trabajo en la organización. Basada en la metodología de la OIT de Trabajo Seguro (SAFEWORK). Primera edición 2015. México, D. F. 2015. 84 págs.
26. TFT. Safe and Hygienic accommodation, Factsheet
27. Universidad de Nayarit. Estudio “El Sector Cañero en Nayarit. La agroindustria del azúcar de caña en México.”
28. USDOL. Dirección de Asuntos Laborales Internacionales, Oficina de Trabajo Infantil, Trabajo Forzoso y Trata de Personas
29. USDOL. Trafficking Victims Protection Reauthorization Act (TVPRA), Report of 2016
30. ZAFRANET, <http://www.zafranet.com/productores-caneros/>



ANNEXES

ANNEX 1 – Acronyms

CC	Code of Conduct
CNC	National Commission of Sugar Cane Producers (in Spanish <i>cañeros</i>)
CNIAA	National Association of Sugar and Alcohol Industries
CNPR	National Commission of Sugar Cane Producers (in Spanish <i>productores de caña</i>)
CONADESUCA	National Committee for Sustainable Development of Sugar Cane
CONAFE	National Literacy Commission
COVERCO	Commission for the Verification of Corporate Codes of Conduct
CPCC	Sugar Cane Production and Quality Committee
CURP	Unique Key of the Population Register
FAO	Food and Agriculture Organization of the United Nations
ILO	International Labor Organization
IMSS	The Mexican Institute of Social Security
INE	The National Electoral Institute
INEGI	The National Institute of Statistics and Geography
IOM	International Organization for Migration
LDSCA	Law of Sustainable Development of the Sugar Cane
OECD	Organization for Economic Cooperation and Development
PPE	Personal Protection Equipment
SAGARPA	Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food
SEDESOL	Secretariat of Social Development
SEP	Secretariat of Public Education
SISPAE	Information System of the Program to Support Employment
SNE	National Employment System
STPS	Secretariat of Labor and Social Security
TCCC	The Coca Cola Company
UARPCA	Regional Agriculture Union of Sugar Cane Producers

ANNEX 2 - INTERVIEWS TO RELEVANT STAKEHOLDERS

SECTOR	RELEVANT STAKEHOLDERS
Government	<p>CONADESUCA / SAGARPA. Comité Nacional para el Desarrollo Sostenible de la Caña de Azúcar</p> <p>IMSS (Centro Clínico). Instituto Mexicano de Seguridad Social. En uno de los ingenios visitados</p> <p>SEDESOL. Secretaría de Desarrollo Social en uno de los ingenios visitados</p> <p>SNE. Servicio Nacional de Empleo. En uno de los ingenios visitados y Ciudad de México</p> <p>STPS. Secretaría de Trabajo y Previsión Social.</p>
Private Sector	<p>CNC. Comisión Nacional de Cañeros. Ciudad de México y Oficinas Locales</p> <p>CNIAA. Cámara Nacional de la Industria de la Caña de Azúcar</p> <p>CNPR. Comisión Nacional de Productores de Caña. Ciudad de México y Oficinas Locales</p> <p>Grupo Corporativo 1</p> <p>Grupo Corporativo 2</p> <p>STIASRM. Sindicato de Trabajadores de la Industria Azucarera y Similares de la República Mexicana. En uno de los ingenios visitados</p>
International and National NGO's	<p>AFL-CIO. American Federation of Labor – Congress of Industrial Organizations</p> <p>CEREAL. Oficina Guadalajara</p> <p>Fomento. Oficina en Ciudad de México. Proyectos Veracruz y Chiapas</p> <p>OXFAM (Committee for Famine Relief) Oficina América y Oficina México – Pueblos Indígenas</p> <p>PODER</p> <p>SNTE Sindicato Nacional de Trabajadores de la Educación</p> <p>SOLIDARIDAD Panamericana</p> <p>TNS</p> <p>WWF. World Wildlife Fund</p>
International Organizations	<p>BONSUCRO</p> <p>DEG. Deutsche Investitions- und Entwicklungs- Gesellschaft</p> <p>FES. Friedrich Ebert Stiftung. Representación México</p> <p>LANDESA</p> <p>OIM. Organización Internacional para las Migraciones – México</p> <p>OIT. Organización Internacional del Trabajo – Oficina de México y Cuba</p> <p>Save the Children México</p> <p>USDOL. United States Department of Labor</p>
Academy	<p>ECOSUR. El Colegio de la Frontera Sur</p>

**ANNEX 3 – INICIATIVES TO ERADICATE CHILD LABOR
AIMED TO INSTITUTIONAL LEVEL - GOVERNMENT**

INICIATIVE	DESCRIPTION
Plan Nacional de Desarrollo 2013-2018. Eje “México Próspero”	<p><u>Propósito:</u> “Promover el respeto de los derechos humanos, laborales y de seguridad social” y “Contribuir a la erradicación del trabajo infantil”.</p> <p>VIGENTE</p> <p>Estrategia 4.3.2 “Promover el trabajo digno o decente”, líneas de acción: “Impulsar acciones para la adopción de una cultura de trabajo digno o decente”.</p>
Programa Sectorial de Trabajo y Previsión Social 2013-2018	<p><u>Propósito:</u> “Salvaguardar los derechos de los trabajadores en situación de vulnerabilidad y vigilar el cumplimiento de la normatividad laboral”.</p> <p>VIGENTE</p> <p>Estrategia 3.2 “Prevenir y erradicar el trabajo infantil y proteger a menores trabajadores en edad permitida” Acciones 3.2.1, 3.2.2, 3.2.3, 3.2.4, 3.2.5, 3.2.6, 3.2.7, 3.2.8, 3.2.9 y 3.2.10.</p>
Reestructuración administrativa	<p><u>Propósito:</u> atender de manera puntual e integral los asuntos relacionados con la prevención y erradicación del trabajo infantil y la protección de adolescentes trabajadores en edad permitida en México, además de atender los relativos a la inclusión e igualdad laboral.</p> <p>En julio 2014 la STPS llevó a cabo un rediseño institucional y cambio de la denominación de la Dirección General para la Igualdad Laboral por la de Dirección General de Inclusión Laboral y Trabajo de Menores (adscrita a la Subsecretaría de Previsión Social)</p>
Profesionalización de inspectores del trabajo federales y locales	<p><u>Propósito:</u> diseño del curso en línea “Prevención y erradicación del trabajo infantil” para fortalecer la función de inspección a través de la formación y sensibilización de inspectores del trabajo a nivel nacional en materia de prevención y erradicación del trabajo infantil y protección de adolescentes trabajadores en edad permitida, para cumplir con lo ordenado por los artículos 173 y 540 de la <i>Ley Federal del Trabajo</i>.</p> <p>Es una acción conjunta de la Dirección General de Inclusión Laboral y Trabajo de Menores y la Dirección General de Inspección Federal del Trabajo de la STPS. En 2014 se brindó sensibilización y capacitación de 650 inspectores del trabajo federales y locales de las 32 entidades del país a través de videoconferencias, con la colaboración de la OIT, la Comisión Nacional de Derechos Humanos y áreas especializadas de la propia Secretaría del Trabajo y Previsión Social. Asimismo, se han replicado los contenidos de dicha capacitación a representantes de gobiernos estatales y de las Delegaciones Federales del Trabajo.</p>
Protocolo de Inspección de Trabajo en Materia de Erradicación de Trabajo Infantil	<p><u>Propósito:</u> dirigido a servidores públicos vinculados con las funciones de inspección en el lugar de trabajo para identificar trabajo infantil, causas, consecuencias y procedimientos normativos.</p> <p>VIGENTE</p> <p>Elaborado con el apoyo del Programa Internacional para la Erradicación del Trabajo Infantil (IPEC) de la OIT. Establece los trabajos prohibidos para todas las personas menores de 18 años de edad y garantiza los derechos laborales y las cuestiones particulares sobre seguridad y salud de las y los adolescentes en el trabajo.</p>
Creación de la CITI	<p><u>Propósito:</u> coordinar a las dependencias y entidades de la Administración Pública Federal en el diseño, ejecución y evaluación de políticas, programas y acciones en esta materia, con base en la normatividad aplicable.</p> <p>VIGENTE</p> <p>Acuerdo de Creación de la Comisión Intersecretarial para la Prevención y Erradicación del Trabajo Infantil y la Protección de Adolescentes Trabajadores en Edad Permitida en México (CITI). 12jun2013</p> <p>Integrada por los titulares de las siguientes Secretarías: Trabajo y Previsión Social (STPS), quien la preside; Gobernación (SEGOB); Relaciones Exteriores (SRE); Desarrollo Social (SEDESOL); Economía (SE); Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA); Comunicaciones y Transportes (SCT); Educación Pública (SEP); Salud (SS); y Turismo (SECTUR). Asimismo, la conforman los titulares del Instituto Mexicano del Seguro Social (IMSS) y del Sistema Nacional para el Desarrollo Integral de la Familia (SNDIF). En calidad de invitados permanentes: un representante de la Jefatura de la Oficina de la Presidencia de la República y de la Procuraduría General de la República (PGR). Se han sumado representantes de las principales organizaciones patronales y sindicales de México, así como de organismos internacionales como la OIT, UNICEF, ONU Mujeres, y de la sociedad civil, entre ellas Fundación Telefónica, Save the Children y Ririky Intervención Social.</p>
Instalación de las Comisiones Estatales para Prevenir y Erradicar el	<p><u>Propósito:</u> coordinar las políticas, diseñar, instrumentar y dar seguimiento a los programas y acciones en la materia desde el ámbito local. Trabaja de manera coordinada con los gobiernos estatales, a través de las secretarías del ramo y con apoyo de las Delegaciones Federales del Trabajo. Esta coordinación permite la suma de sinergias en los rubros social y económico, para hacer más ágiles y eficientes las iniciativas tendientes a la generación y desarrollo de empleos dignos y bien remunerados; y de este modo las familias</p>

INICIATIVE	DESCRIPTION
Trabajo Infantil y Protección a los Adolescentes Trabajadores en Edad Permitida	<p>cumplan con la responsabilidad de brindar protección integral a sus hijas e hijos, y se materialice la posibilidad de incorporar y mantener a los integrantes de esas familias que oscilan entre los cinco y 17 años de edad en el sistema educativo, hasta concluir su educación básica obligatoria.</p> <p>VIGENTE</p> <p>Impulsada por la Secretaría del Trabajo y Previsión Social con fundamento en el Artículo 173 de la Ley Federal del Trabajo.</p>
Convenios de colaboración con instituciones de educación superior	<p><u>Propósito:</u> realizar, promover y difundir acciones de inclusión laboral en su ámbito particular; generar investigación y diagnósticos a nivel regional, nacional y estatal sobre los factores que propician el TI y las correspondientes problemáticas sociales, económicas y antropológicas.</p> <p>VIGENTE</p> <p>Información a 2014 da cuenta de convenios de colaboración a favor del trabajo digno, la inclusión laboral, el respeto a los derechos humanos y la prevención y erradicación del trabajo infantil suscritos entre la autoridad laboral federal y los gobiernos de los estados con las Universidades Autónomas de Baja California Sur, Campeche, Coahuila, Colima, Nuevo León, Estado de México y Tlaxcala, así como con la Universidad Olmeca de Tabasco, la Universidad Veracruzana, la Universidad Tecnológica de Santa Catarina, Nuevo León, y la Universidad Tecnológica Gral. Mariano Escobedo, Nuevo León, con la participación de los respectivos gobiernos estatales.</p>
Programa Understanding Children's Work (UCW): apoyos educativos para la generación de conocimiento	<p><u>Propósito:</u> generar información sobre las causas y consecuencias del trabajo infantil a nivel global y regional, así como medir la eficacia de las políticas instrumentadas por los países para contribuir a su erradicación.</p> <p>A partir del año 2000 la OIT, el Banco Mundial (BM) y UNICEF, iniciaron el Programa Understanding Children's Work (UCW) (Entendiendo el Trabajo Infantil), a través del cual se han desarrollado investigaciones y evaluaciones a nivel internacional en materia de trabajo infantil. El Programa se aplicó en México en 2012. En el primer trimestre de 2014, en el marco de los convenios de colaboración de la STPS con instituciones educativas, se impulsó la participación de las Universidades Autónoma de Nuevo León y Autónoma Metropolitana en el Programa UCW. Se contó con asistencia técnica del Programa y la realización de investigaciones conjuntas sobre el impacto económico del trabajo infantil en nuestro país, con la intervención de los departamentos académicos de Antropología, Sociología, Economía, Ciencias Políticas, Actuaría y Finanzas Públicas de dichas instituciones educativas.</p>
Generación de información estadística: Módulo de Trabajo Infantil	<p><u>Propósito:</u> medir el TI en México cada dos años, ofreciendo información sociodemográfica de la población entre los 5-17 años de edad en el mercado laboral, a partir de las encuestas de hogares.</p> <p>VIGENTE</p> <p>El Módulo de Trabajo Infantil, anexo a la <i>Encuesta Nacional de Ocupación y Empleo (ENOE)</i>, constituye un esfuerzo conjunto de la STPS y el Instituto Nacional de Estadística y Geografía (INEGI). Representa un importante aporte al Sistema Nacional de Información Estadística y Geográfica, al ofrecer información sociodemográfica de los niños de cinco a 17 años de edad que realizan actividades económicas, domésticas y escolares en nuestro país. Los resultados se presentan con una cobertura a nivel nacional, para áreas más y menos urbanizadas, y por entidad federativa.</p> <p>En 2013, con asistencia técnica del Programa de Información, Estadística y de Seguimiento en Materia de Trabajo Infantil (SIMPOC) de la OIT, y la participación del Instituto Nacional de las Mujeres, la Secretaría de Educación Pública, la Secretaría de Desarrollo Social, la Universidad Nacional Autónoma de México, el Sistema Nacional para el Desarrollo Integral de la Familia, el INEGI y la propia Secretaría del Trabajo y Previsión Social, se modificaron los indicadores del cuestionario para ampliar la información recabada por el MTI.</p> <p>Anteriormente, INEGI publicó la <i>Encuesta Nacional de Ocupación y Empleo</i> del cuarto trimestre de 2007, y por primera vez se obtuvieron datos por tamaño de localidad y para cada una de las entidades federativas del país. A partir de ese año se tiene información disponible para 2009, 2011, 2013 y 2015. En 1999 INEGI levantó el módulo de la <i>Encuesta Nacional de Empleo</i> y en 1997 el módulo levantado incluyó una sub-muestra de la <i>Encuesta Nacional de Empleo en Zonas Indígenas</i>.</p>

**ANNEX 4 - INICIATIVES TO ERADICATE CHILD LABOR
GOVERNMENTAL ACKNOWLEDGEMENT TO CORPORATE SOCIAL RESPONSABILITY**

INICIATIVE	DESCRIPTION
<p align="center">Distintivo Empresa Agrícola Libre de Trabajo Infantil (DEALTI)</p>	<p><u>Propósito:</u> reconocer a las empresas agrícolas que adoptan modelos o sistemas que mejoran la calidad de vida de las y los trabajadores y sus familias, y que de manera especial diseñan y ponen en práctica medidas para prevenir y erradicar el trabajo infantil</p> <p>VIGENTE</p> <p>La STPS creó el Distintivo Empresa Agrícola Libre de Trabajo Infantil (DEALTI) en 2010. Las empresas agrícolas reconocidas con el DEALTI deben estar asentadas en territorio nacional y cumplir con la normatividad laboral vigente respecto a la contratación de trabajadores eventuales del campo; instrumentar acciones que mejoren la calidad de vida laboral de su personal y sus familias; rechazar la utilización de mano de obra infantil y promover la protección social de las y los menores de edad que trabajan en edad permitida.</p>
<p align="center">Distintivo México Sin Trabajo Infantil (MEXSTI)</p>	<p><u>Propósito:</u> reconocer y difundir a los centros de trabajo de todo el país que implementen prácticas laborales que contribuyen a la prevención y erradicación del trabajo infantil, así como la protección de las y los adolescentes trabajadores en edad permitida, con el fin de garantizar los derechos humanos de la niñez y adolescencia, a la luz del marco jurídico nacional e internacional.</p> <p>VIGENTE</p> <p>El Distintivo México sin Trabajo Infantil (MEXSTI) es un galardón que entrega el Gobierno Federal a las instituciones y organizaciones de los sectores público, privado y social, así como a organizaciones sindicales, que cuenten con procesos, políticas, programas y acciones que contribuyan a la prevención y erradicación del trabajo infantil y a la protección de las y los adolescentes trabajadores en edad permitida en México. Es, además, un instrumento de la propia STPS para impulsar y fortalecer la cultura de responsabilidad social y contiene en su estructura un modelo de gestión para el desarrollo de buenas prácticas de cuidado y protección de los derechos de la infancia y la adolescencia.</p>

**ANNEX 5 - INICIATIVES TO ERADICATE CHILD LABOR
AIMED TO TARGET POPULATION**

INICIATIVE	DESCRIPTION
<p align="center">Campaña nacional de comunicación social contra el trabajo infantil</p>	<p><u>Propósito:</u> la campaña “México Sin Trabajo Infantil” permitirá persuadir a la población de todo el país sobre esta problemática y visibilizar a las niñas, niños y adolescentes que viven en situación de trabajo infantil</p> <p>VIGENTE</p> <p>La campaña se compone de tres etapas: 1ª. de carácter informativo, sobre las causas y consecuencias del trabajo infantil. 2ª. dirigida a la participación de la sociedad, asumiendo una postura de cero tolerancias a esta problemática. 3ª. involucra a la comunidad, como parte de la solución para lograr su prevención y erradicación.</p>
<p align="center">Proyecto IPEC: Alto al Trabajo Infantil Agrícola</p>	<p><u>Propósito:</u> proteger a 6,500 niñas y niños, a través de su retiro de las actividades productivas, la protección en los lugares de trabajo o la provisión de servicios educativos y no educativos que contribuyeran a eliminar el riesgo de su incorporación al mercado laboral. De este total, se programó retirar del trabajo a 2,250 niñas y niños, prevenir la incorporación al trabajo de 3,250 y proteger a 500 en el lugar de trabajo. Asimismo, se programó la capacitación para la generación de ingresos y/o reforzamiento de habilidades para los padres y madres de infantes en riesgo, la provisión de información y orientación sobre seguridad, salud ocupacional y servicios de salud básica mediante consejerías para padres y madres.</p> <p>La OIT creó el Programa Internacional para la Erradicación del Trabajo Infantil (IPEC) desde 1992 con financiamiento de USD4,750,00 del USDOL. México se adhirió al Programa de enero 2010 a febrero 2014 con el proyecto “Alto al Trabajo Infantil en la Agricultura”, implementado en Michoacán, Sinaloa y Veracruz.</p>
<p align="center">Declaración “Cero Tolerancia” en la industria de la caña de azúcar</p>	<p><u>Propósito:</u> acabar con la participación de niñas y niños en trabajos que pongan en riesgo su integridad física y emocional en labores del campo, toda vez que realizan actividades a la intemperie, manejan maquinaria pesada y están expuestos a químicos o a fauna nociva.</p> <p>VIGENTE</p> <p>Desde octubre 2010, los programas IPEC y SIMAPRO (Sistema de Medición y Avance de la Productividad) de la OIT han desarrollado una estrategia con los actores de la cadena de valor del azúcar de caña en México para promover el trabajo digno en el sector azucarero, particularmente en el campo cañero. El proceso involucró a los propios jornaleros y jornaleras agrícolas, a los contratistas y a las organizaciones cañeras más importantes de México: la Confederación Nacional de Propietarios Rurales (CNPR) y la Confederación Nacional Campesina (CNC), al personal de los ingenios azucareros, representantes de la Cámara Nacional de la Industria Azucarera y Alcoholera (CNIAA), así como a otros sectores dentro de dicha cadena, entre ellos, las Cámaras de Distribuidores, la Confederación Patronal de la República Mexicana (COPARMEX) e importantes firmas y marcas comerciales que requieren del azúcar como materia prima para sus productos.</p>
<p align="center">Formación de Agentes Multiplicadores en metodología SCREAM</p>	<p><u>Propósito:</u> proporcionar herramientas de expresión personal a jóvenes para convertirlos en multiplicadores que promueven cambio en sus comunidades sobre la percepción de que las niñas, niños y adolescentes son sujetos de derechos .de la toma de conciencia social en todos sus ámbitos (casa, escuela, grupos de amigos), para que contribuyan a la erradicación del trabajo infantil.</p> <p>El Programa IPEC desarrolló la iniciativa de defensa de los derechos de niñas y niños a través de la educación, las artes y los medios de comunicación, denominada SCREAM (<i>Supporting Children’s Rights Through Education Arts and Media</i>). SCREAM es una iniciativa de movilización docente y social que ayuda a los educadores, tanto de educación formal como de modalidades educativas no formales, a cultivar el entendimiento de las y los jóvenes sobre las causas y consecuencias del trabajo infantil, a través de las artes visuales, literarias y escénicas.</p>
<p align="center">Servicio Nacional de Empleo (SNE)</p>	<p><u>Propósito:</u> apoya económicamente a jornaleros agrícolas que requieren trasladarse a entidades federativas, municipios o localidades distintos al lugar de su residencia, para ocupar un puesto de trabajo acorde a su perfil laboral.</p> <p>VIGENTE</p> <p>El SNE es una institución pública de la Secretaría del Trabajo y Previsión Social que, con la participación de los 32 gobiernos de las entidades federativas, se encarga de atender de manera gratuita y personalizada a través de 168 oficinas en todo el país, a todas aquellas empresas con necesidades de personal y a ciudadanos que buscan un empleo o que desean capacitarse. El programa para jornaleros agrícolas está focalizado en 28 entidades federativas, caracterizadas por ser origen y/o destino de la población objetivo. No participan Aguascalientes, Distrito Federal, Edo. de México y Querétaro. No sustituye ninguna</p>

INICIATIVE	DESCRIPTION
	prestación que el empresario le otorgue, principalmente el medio de transporte proporcionado por el empleador
Carta de derechos humanos y laborales para menores trabajadores en edad permitida	<p><u>Propósito:</u> difusión de las disposiciones relacionadas a la erradicación de TI y protección para menores trabajadores en edad permitida.</p> <p>La STPS elaboró la <i>Carta de derechos humanos y laborales para menores trabajadores en edad permitida</i>, de la cual distribuyó 25 mil ejemplares en el año 2013 a actores estratégicos de los tres órdenes de gobierno y de la sociedad, en las 32 entidades federativas.</p>

Appendix 1

Solidaridad -The Coca-Cola Company Project

**SUSTAINABLE AGRICULTURE GUIDING PRINCIPLES (SAGP)
GAP ANALYSIS COCA-COLA SUPPLYING MILLS 2017-2018**

Progress report

46

I. PROJECT DESCRIPTION

Solidaridad with its **PanameriCaña** program, in alliance with **The Coca-Cola Company** and the **sugar mills**, established to participate in the realization of a gap analysis based on an assessment of Sustainable Agriculture Guiding Principles, to the 16 suppliers sugar mills in Mexico.

The sugar agribusiness in Mexico is made up of 51 mills installed in 15 states of the republic that cover 227 municipalities. The integration of 182,000 cane growers in an area of 800,000 hectares makes possible an estimated production for the current harvest 2017-2018 according to data from the National Committee for the Sustainable Development of Sugar Cane (CONDESUCA), a production of 5.9 million of tons; with a factory yield of 11.23%, and with 53.2 million tons of cane to be industrialized.

The sustainable agriculture principles project is addressed to 16 mills, which are Coca-Cola suppliers located in: 6 Veracruz; 1 Oaxaca; 2 San Luis Potosí; 1 Nayarit; 1 Tamaulipas; 1 Campeche; 1 Morelos; 1 Colima; 1 Quintana Roo and 1 in Jalisco. The central idea of the project was to find the compliance that these mills have with the principles of sustainable agriculture, to elaborate a work plan and to follow up on compliance with mills that wish to do so.

a. 2020 COMPROMISE – TCCC – THE COCA-COLA COMPANY.

The Coca-Cola Company, understands that a healthy agricultural supply chain is essential for the well-being of the communities in which it operates, and thus for the success of its business. Its approach to sustainable agriculture is based on principles to protect the environment, uphold human and workplace rights and help build more sustainable communities. To meet the expectations of its consumers, customers and other stakeholders and enable the company's continuous growth, it is imperative to maintain a safe and sustainable supply of the agricultural ingredients that define its brand.

It mentions that the increased demand for agricultural ingredients, combined with a decrease in potential productivity in certain regions, as a result of changes in weather patterns, may limit the availability or increase the cost of essential agricultural products, such as cane of sugar, corn, beets, fruits, including citrus fruits, coffee and tea, which are important sources of ingredients for their products and could have an impact on the food security of communities around the world. The

continuity of the sustainability of the crops and of the communities that produce them and, consequently, is essential for the success of your company and agricultural communities.

The Coca-Cola Company recognizes that sustainable sourcing poses new challenges and intends to work collaboratively with its suppliers on the road ahead to ensure that all agricultural ingredients are obtained sustainably.

"We aspire to grow our business by making a positive impact on the communities we serve, including our farm supply communities."

b. SOLIDARIDAD INFORMATION.

Fundacion Solidaridad Latinoamericana is located in Guatemala and covers the Central America, Mexico and the Caribbean region, through several programs focused on the promotion of social-labor, environmental and productive sustainability. It is an international organization dedicated to the execution of sustainable development projects in different value chains, such as livestock, coffee, African palm, cocoa, among others, aimed at the improvement of productive capacity, agro-industry and therefore, the quality of life of the beneficiary families. In this context, **Fundacion Solidaridad Latinoamericana**, works to support decent trade by improving the social and working conditions of workers, the practice of environmentally friendly techniques and improving the productivity of productive systems of crops and products such as palm oil, sugar, cocoa, coffee, etcetera.

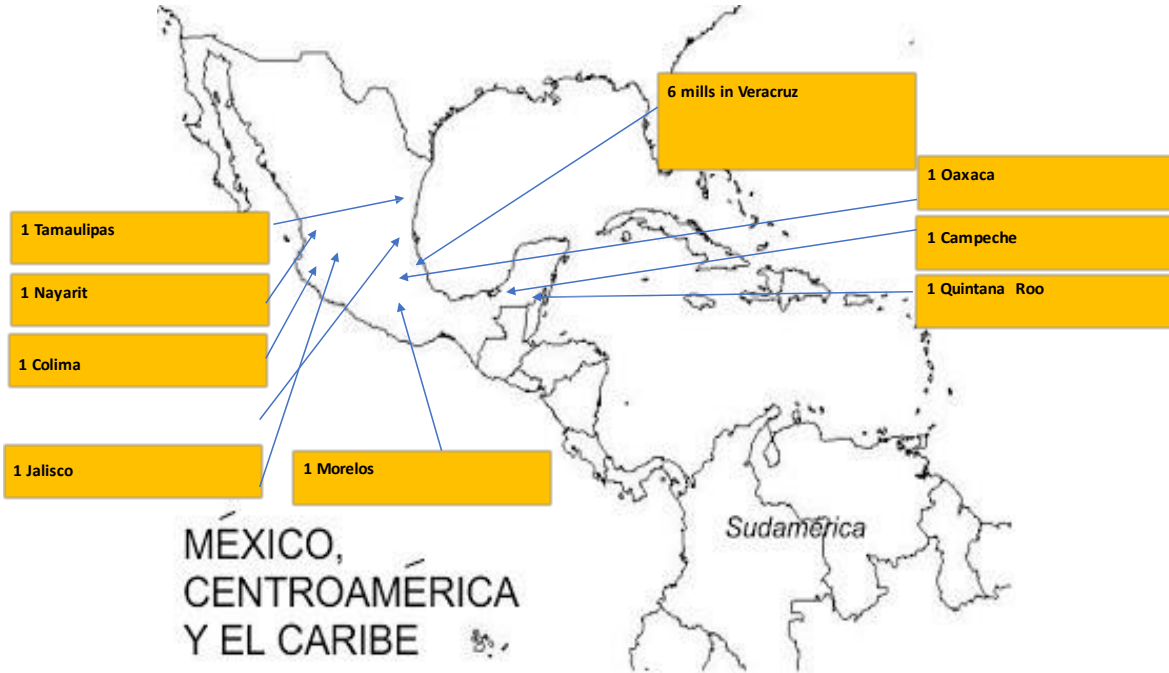
Solidaridad Mission is to work by involving all the actors in the value chains and to commit ourselves to innovative solutions to improve production, ensuring the transition towards a sustainable and inclusive economy that maximizes the benefit for all.

Solidaridad Vision is a world in which everything we produce and everything we consume is sustainable, with respect for the planet, each person and future generations.

c. GENERAL INFORMATION ON PARTICIPATING MILL IN THE PROJECT.

With an amount of 16 mills which are located in the following states: 6 Veracruz; 1 Oaxaca; 2 San Luis Potosí; 1 Nayarit; 1 Tamaulipas; 1 Campeche, 1 Morelos, 1 Colima, 1 Quintana Roo and 1 in Jalisco.

Mills participating in Coca-Cola/Solidaridad Project



MILL No. 1	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 14,821 to certificate: 1,200
<i>Average of Growers</i>	1963
<i>Size of Growers</i>	Less than 7.5 hectares
<i>% of mechanization</i>	60% in the area to be certified
<i>Average of Cutters</i>	878

MILL No. 2	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 16,200 to certificate: 1,800
<i>Average of Growers</i>	7155
<i>Size of Growers</i>	Less than of 2.2 hectares
<i>% of mechanization</i>	15%
<i>Average of Cutters</i>	2255

MILL No. 3	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 23,523 to certificate: 12,000
<i>Average of Growers</i>	4958

Size of Growers	Less than of 4.7 hectares
% of mechanization	35%
Average of Cutters	857

MILL No. 4	
CONCEPT	DESCRIPTION
Average of Hectares	Total: 29,353 to certificate: 4362
Average of Growers	4300
Size of Growers	Less than of 5.5 hectares
% of mechanization	22%
Average of Cutters	1963

MILL No. 5	
CONCEPT	DESCRIPTION
Average of Hectares	Total: 28,890 to certificate: 787
Average of Growers	2513
Size of Growers	Less than of 11.5 hectares
% of mechanization	25%
Average of Cutters	2800

MILL No. 6	
CONCEPT	DESCRIPTION
Average of Hectares	Total: 13,400 to certificate: 2000
Average of Growers	3871
Size of Growers	Less than of 3.5 hectares
% of mechanization	8%
Average of Cutters	748

MILL No. 7	
CONCEPT	DESCRIPTION
Average of Hectares	Total: 26,176 to certificate: 1452
Average of Growers	8174
Size of Growers	Less than of 3.2 hectares
% of mechanization	6%
Average of Cutters	3082

MILL No. 8	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 12,656 to certificate: 600
<i>Average of Growers</i>	1980
<i>Size of Growers</i>	Less than of 6.4 hectares
<i>% of mechanization</i>	8%
<i>Average of Cutters</i>	1660

MILL No. 9	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 12,650 a certificar: 2000
<i>Average of Growers</i>	4573
<i>Size of Growers</i>	Less than of 2.8 hectares
<i>% of mechanization</i>	30%
<i>Average of Cutters</i>	1698

MILL No. 10	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 12,650 to certificate: 2000
<i>Average of Growers</i>	4573
<i>Size of Growers</i>	Less than of 2.8 hectares
<i>% of mechanization</i>	30%
<i>Average of Cutters</i>	1698

MILL No. 11	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 36,225 to certificate: 3299
<i>Average of Growers</i>	4954
<i>Size of Growers</i>	Less than of 7.3 hectares
<i>% of mechanization</i>	35%
<i>Average of Cutters</i>	3547

MILL No. 12	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 10,520 to certificate: 1367
<i>Average of Growers</i>	5800

<i>Size of Growers</i>	Less than of 1.8 hectares
<i>% of mechanization</i>	15%
<i>Average of Cutters</i>	2450

MILL No. 13	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 30,275 to certificate: 4178
<i>Average of Growers</i>	3800
<i>Size of Growers</i>	Less than of 7.9 hectares
<i>% of mechanization</i>	28%
<i>Average of Cutters</i>	3100

MILL No. 14	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 29,526 to certificate: 4237
<i>Average of Growers</i>	5200
<i>Size of Growers</i>	Less than of de 5.7 hectares
<i>% of mechanization</i>	15%
<i>Average of Cutters</i>	3300

MILL No. 15	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 15,850 to certificate: 1711
<i>Average of Growers</i>	3350
<i>Size of Growers</i>	Less than of 4.73 hectares
<i>% of mechanization</i>	28%
<i>Average of Cutters</i>	2470

MILL No. 16	
CONCEPT	DESCRIPTION
<i>Average of Hectares</i>	Total: 15,898 to certificate: 558.25
<i>Average of Growers</i>	2250
<i>Size of Growers</i>	Less than of 7.0 hectares
<i>% of mechanization</i>	25%
<i>Average of Cutters</i>	2150

II. DEVELOPMENT.**Number of mills covered by the Project and activities carried out in 2017 and 2018.**

The total project covers **16 mills**. During 2017 and 2018, the following were carried out:

We managed to provide staff of each mill with sixteen interpretation workshops to **SAGP**, with the purpose of understanding the concepts and guidelines of the principles that Coca-Cola establishes.

During this period, staff of the mills were provided with sixteen interpretation workshops to the **BONSUCRO standard**, with the purpose of understanding the indicators and preparing those involved for the gap analysis.

For this same period, sixteen gap analyses were made to the sugar mills contemplating the mill and field areas under the sustainable agriculture guiding principles of Coca-Cola and the Bonsucro standard.

The delivery of reports for sixteen mills contained the package: SAGP field and factory report, Bonsucro factory report and Bonsucro agricultural report.

Development of sixteen improvement plans with revised budgets and validated for each mill, with this information has a more precise value of the costs and amounts to implement the project.

Thirteen meetings were held with Directors and / or owners of the mills in their corporate offices, to present and explain the improvement plans with their budgets.

52

Study period

- The **workshops** were taught during the period of **March-April 2017 and March 2018**
- The **gap analyses** were made during the period of **April-June 2017 and March-June 2018**.
- The **delivery of reports** of the two standards to the mills was made in the months of **April to July 2017 and May to July 2018**.
- The **presentation of results** and delivery of improvement plans to the mills was made during the period of **May-July 2017 and June to August 2018**
- The **presentation of results** and improvement plans to Directors and / or owners was made during the period from **July to November 2017 and August 2018**.

Project stages.

- It began with a **sensitization workshop** in Coca-Cola; **February 2017**
- **Signing of the MOU** Coca-Cola / Solidaridad / Mills **February 2017**.
- **Workshops on the interpretation of** the Guiding Principles of Sustainable Agriculture - SAGP and the BONSUCRO Standard in each mill; **March- April 2017 and March-April 2018**.
- **Gap Analysis** in each mill under the two sustainability standards; **April-June 2017**.
- **Visit to mills** for delivery of reports and presentation of improvement plan with revised budgets and validated with responsible for each industrial unit; **May-July 2017 and June-August 2018**.
- **Meetings with Directors** of Mills to present the results and budget to close gaps identified based on the requirements of the Indicators.

Global status of the project.

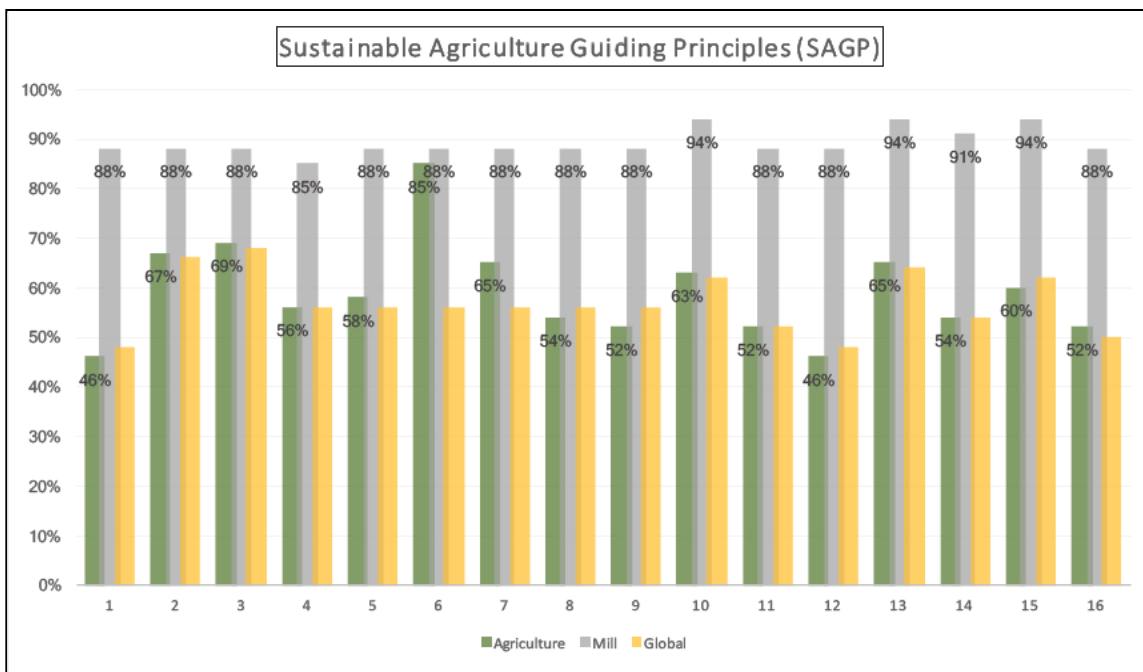
The project that involves the 16 mills. As of August 2018, they are in the following status:

- **11 improvement plans** submitted and presented at each plant and pending authorization of budgets by its administrative management.
- **5 improvement plans** delivered and presented in each mill and waiting for a second visit for budget validation with mill representatives.
- **5 pending visits** with executives of one group (4 mills) and (1) mills of a second group to present diagnostic results and improvement plan with budgets in September 2018.

III. GENERAL RESULTS.

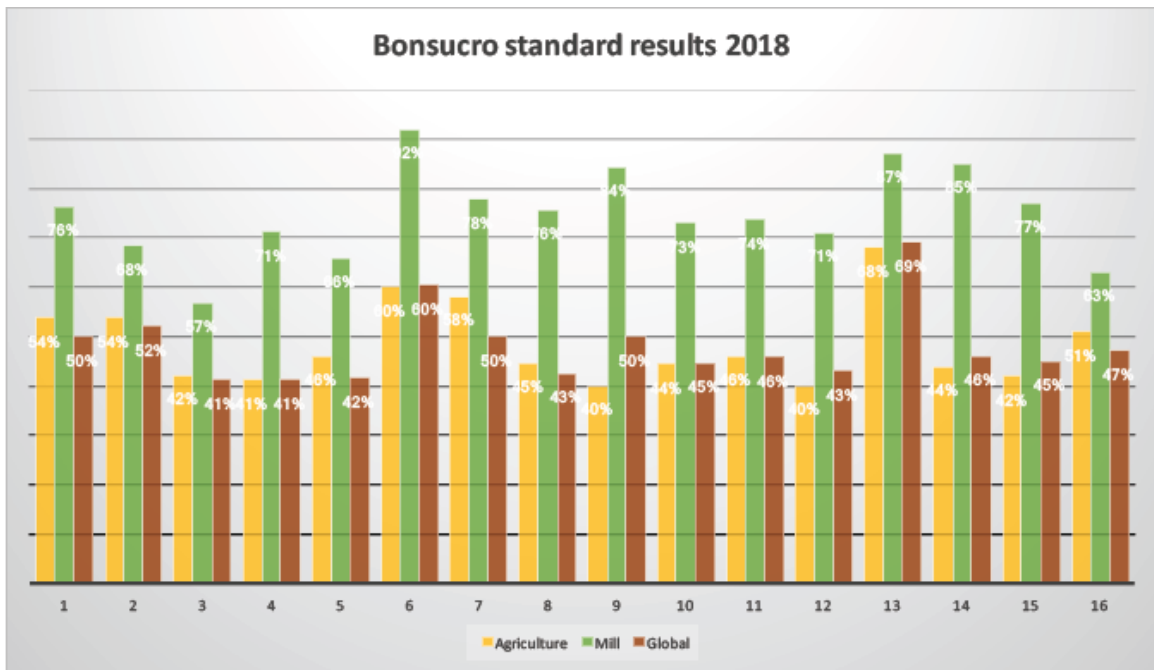
Sustainable Agriculture Guiding Principles Results.

Area	Sustainable Agriculture Guiding Principles (SAGP)															
Mill	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Agriculture	46%	67%	69%	56%	58%	85%	65%	54%	52%	63%	52%	46%	65%	54%	60%	52%
Mill	88%	88%	88%	85%	88%	88%	88%	88%	88%	94%	88%	88%	94%	91%	94%	88%
Global	48%	66%	68%	56%	56%	56%	56%	56%	56%	62%	52%	48%	64%	54%	62%	50%



Bonsucro standard general results.

Area	Bonsucro standard gap analysis results															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Mill	76%	68%	57%	71%	66%	92%	78%	76%	84%	73%	74%	71%	87%	85%	77%	63%
Agriculture	54%	54%	42%	41%	46%	60%	58%	45%	40%	44%	46%	40%	68%	44%	42%	51%
Global	50%	52%	41%	41%	42%	60%	50%	43%	50%	45%	46%	43%	69%	46%	45%	47%



Investment required to initiate remediation actions.

The investments that each mill must make to carry out this project are very variable for each of the mills ranging from 2.5 million to approximately 15 million Mexican pesos. This depends on the size of the mill, number of workers in the field and the scope for the project.

The costs of cane for each producer will be increased due to investments in environmental studies, soil studies, protection equipment, methodologies for the protection of field workers, maintenance of shelters, among other things.

IV. CONCLUSIONS

Main Challenges Encountered

Social

The cultural change in the sugar industry and the producers involved in understanding and applying the requirements of sustainability standards.

The total involvement of the representatives of the sugar cane organizations in the improvement of the conditions of the workers of the field and the search to dignify the working conditions and that supports the sugar industry to be seen by global clients as a Socially Responsible Industry.

Environment

Strengthen the mechanisms throughout the supply chain of the sugar industry in the protection of the environment and care of ecosystems, establishing and managing a general and comprehensive environmental plan for the field, which allows to have under control all environmental impacts, including the elimination, prevention or mitigation of the risks associated with the impacts of operations.

Economics

Access to new technologies that help industrialists, producers and field workers to be more efficient and productive to achieve the long-term sustainability of the entire sector.

Fluctuations in sugar prices in the market reduce the intention to invest in improvement projects associated with sustainability.

Lack of commercial incentives of the clients to co-invest with the mills, that allow to soften the investments that the Industrialists and the producers must make, so that these practices are established as a new work culture for the personnel responsible for the operations.

V. NEXT STEPS

Advances in the implementation of the improvement plan.

1. **Beginning in August** of this year, the second validation visit of the improvement plan begins with **5 mills** which (4) of the **one large** group and (1) of a second group. The purpose is a thorough review of the budget allocated for each of the activities of the PM and thus be able to present to the Corporate Management of each group.
2. **Presentation to the Management and / or the General Management** of the mill, the results of the gap analysis, plan of improvements and the investments for the factory and the field, with the purpose of directly explaining general information of the result and to achieve to agree the time needed to start developing the improvement plan.

3. **The final decision** to invest in the improvement plan and start working is a matter for the representatives of the cane and industrial producers.

Monitoring of Solidaridad with the three client mills.

1. **Follow-up to the improvement plan** in pending status, there are **3** mills that requested follow-up since 2017. To date it has not been clear if they authorize the agreed follow-up.

Sincerely,

Carlos García Valdez
Gerente Regional PanameriCaña
México, Centroamérica y el Caribe

Michaelyn Bachhuber Baur
Directora REC CAM Solidaridad
México, Centroamérica y El Caribe

Appendix 2

Multi-company collaboration for supply chain capability/capacity building

On the ground projects

Background:

AIM-PROGRESS, as a collective initiative by FMCG companies and suppliers, working towards “execution with impact”, can play a convening role in facilitating joint approaches to continuous improvement, with the objective of reducing duplication and costs, strengthening on-going efforts for better efficiency and efficacy, and generally fostering collaboration horizontally and vertically, always in strict compliance with applicable anti-trust law. AIM-PROGRESS seeks to accelerate change through supplementing existing initiatives and providing further leverage through member-driven on-the-ground activities, where needed.

So far, the following collaboration topics have been identified by member companies: cane sugar in Mexico, palm oil and coconut oil (and derivatives) in SE Asia.

Pilot on improving working conditions (water, shade, rest) in the Mexican cane sugar industry

AIM-PROGRESS members are keen to supplement an audit-only approach by joining forces to assist farmers, planters and mills to accelerate their journey towards compliance, upgraded sustainability and ethical practices, in particular better working conditions.

Given that many companies source from the same sugar mills, there is an opportunity for pooling of resources and knowledge to work with interested mills in tackling recurrent labour issues, instead of setting up individual training/remediation initiatives. A combined approach to improvement, rather than each individual company trying to solve the problem on its own, seems more effective and efficient. It will also benefit the supplier(s) in terms of efficiency and scale to work with a group of customers rather than with individual requests.

As a first step, **four AIM-PROGRESS members – The Coca-Cola Company, Kellogg, Nestlé and PepsiCo - organised a workshop for sugar suppliers, refineries, growers, government, and peer companies.** The workshop was hosted by Coca-Cola at their headquarters in Mexico City on 17 November 2017. The event clearly established that **working conditions in the cane fields were a major obstacle to finding skilled workers**, and that something needed to be done to improve the situation.

In a second step, AIM-PROGRESS scanned the horizon in Mexico to find out which member companies were already working on the topic and with which organisations. This scan showed that there was at that time no overarching, comprehensive approach to address working conditions in Mexican cane sugar. There were, however, a number of pilot projects by individual companies with various third parties and NGOs, but these were difficult to leverage jointly.



Bonsucro, the global organisation working on sustainable sugar cane, was at that moment not deemed ready to take on a broader project on working conditions in Mexico sugar.

Subsequently, four AIM-PROGRESS members – Barry Callebaut, The Coca-Cola Company, Kellogg and Nestlé – in collaboration with La Gloria Mill in Veracruz, who they all source from, set up a pilot in Q2 2018 to address working conditions, with focus on the particular issues of access to drinking water, rest and shade for cane cutters. The pilot project is managed by a local independent third party - ABC Mexico. The financing of the project is carried by the participating companies and AIM-PROGRESS.

The **five key project components** cover:

- Provide **water supply** for 2,100 daily cutters and kitchens of the 10 shade shelters currently available in the fields.
- Ensure **rest periods and provide shade**.
- Design, purchase and distribute **personal protective equipment** for 500 cutters minimum
- **Train** & sensitize contractors, field auditors, associations representatives and cutters
- **Generate field information** to create a baseline to make decisions and measure

The pilot will run throughout the 2018-2019 harvest season. A proper pilot evaluation will take place, including clear instructions on how to ensure sustainability of the improvements.

In addition, AIM-PROGRESS is exploring how to effect more systemic change in cooperation with specialist organisations, such as Bonsucro and SAI Platform; we will share the learnings from our pilot and encourage our members to join forces with Bonsucro.