



Strategic Dialogue Assessment of Risks Associated with the Supply Chain

April 2023

"Nowadays, in interconnected world, companies must be vigilant in managing risk throughout their supply chain, otherwise they risk damaging their brand and losing the trust of their customers."

Doug McMillon
CEO - Walmart



The Risk Assessment is the basis for ensuring that companies comply with their regulatory obligations and improve their actions in all aspects: ethical and social, environmental and economic.

Portal O Tempo > Economia > Artigo

ANÁLOGO À ESCRAVIDÃO

BNDES vai executar dívida de empresa em lista suja do trabalho escravo

Ministro do Trabalho e Emprego, Luiz Marinho, disse nesta sexta-feira (10) que pretende tornar mais rigorosas as punições

Por Agências Publicado em 10 de março de 2023 | 21h08 - Atualizado em 10 de março de 2023 | 21h08

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NOTA OFICIAL

Multinacional se manifesta sobre caso de trabalho escravo. VEJA OS DETALHES

Empresa tem contrato com estas fazendas para a produção de sementes de arroz

Por: AGROLINK -Aline Merladete
Publicado em 17/03/2023 às 11:15h.

Justiça

Vinícolas devem pagar R\$ 7 milhões por caso de trabalho escravo no RS

Uma parte é por danos morais coletivos e outra, individuais

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Publicado em 10/03/2023 - 13:45 Por Felipe Pontes - Repórter da Agência Brasil - Brasília

Brasil resgatou 918 vítimas de trabalho escravo em 2023, recorde para um 1º trimestre em 15 anos

Número foi registrado entre janeiro e 20 de março deste ano, por meio de operações do Ministério do Trabalho. Volume representa uma alta de 124%, em relação aos primeiros três meses de 2022.

Por Paula Salati, g1
21/03/2023 17h11 - Atualizado há 5 dias

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Empresa é multada em mais de R\$ 120 mil por armazenar ilegalmente 11 mil litros de agrotóxicos em MS

Durante fiscalização em uma fazenda, policiais descobriram que os produtos estavam armazenados em tambores com livre acesso de pessoas e animais, assim como sem rótulos de risco.

Por Renata Barros, g1 MS
13/03/2023 15h29 - Atualizado há 2 semanas

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DIREITO DO AGRONEGÓCIO

Confisco de imóvel rural em caso de trabalho análogo à escravidão

10 de março de 2023, 8h00

[Imprimir](#) [Enviar](#)

Por Flavia Trentini e Larissa Ferreira Porto



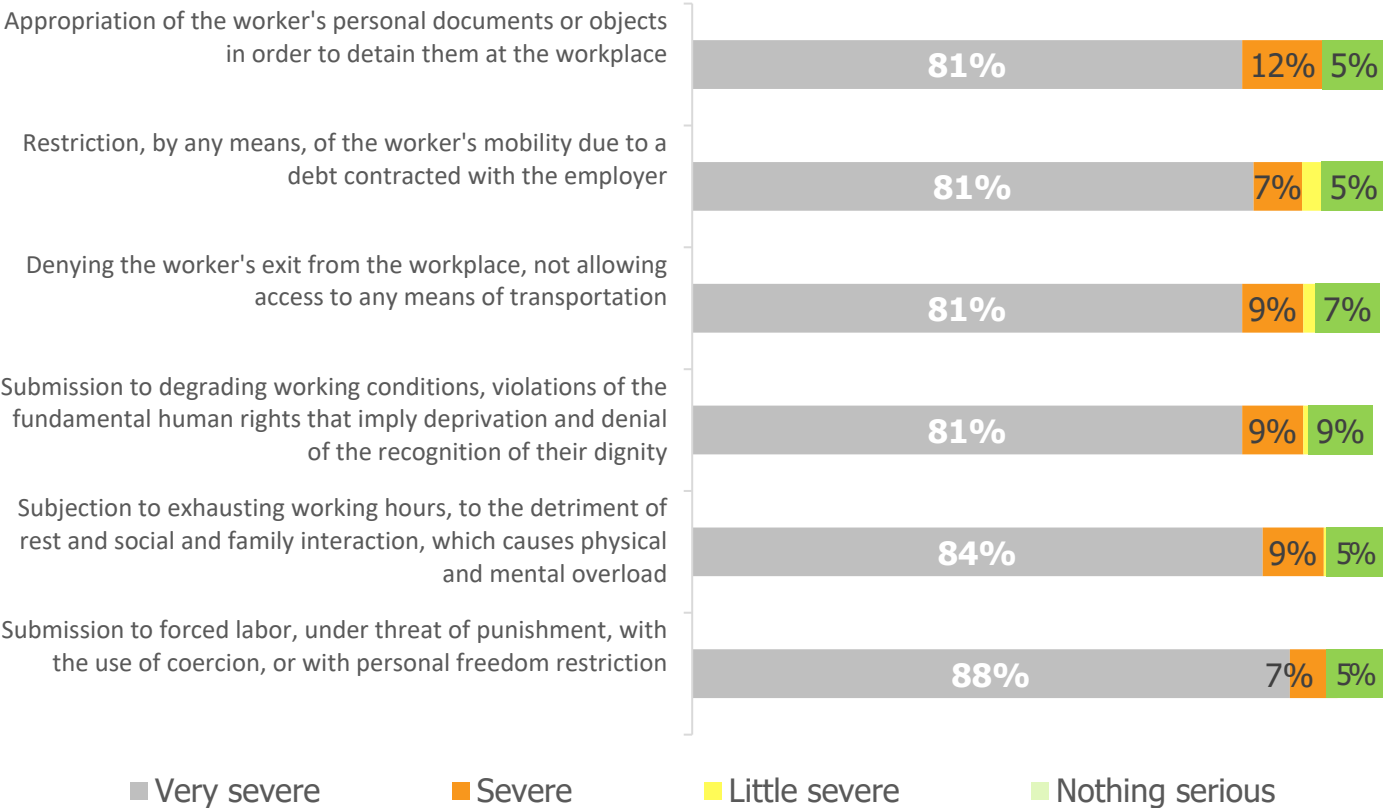
- Supply chain disruption
- Increased Operating Costs
- Litigation and penalties
- Legal and financial sanctions
- Damage to brand and reputation
- Loss of revenue
- Hidden costs
- Loss of confidence (investors, financiers and shareholders)

Source: G1 / Agrolink / Agência Brasil / Portal O Tempo / Revista Consultor Jurídico



The disclosure of information is very fast and generates an immediate reaction from the public, often before the official verification of the data, which can cause irreversible damage to companies

Thinking about the employment relationship, how serious do you consider each of the situations below:



63%

of the people interviewed were made aware through the press



84%

of the people interviewed agree that in case of exploitation of slave labor, the condemned person loses the right to his property

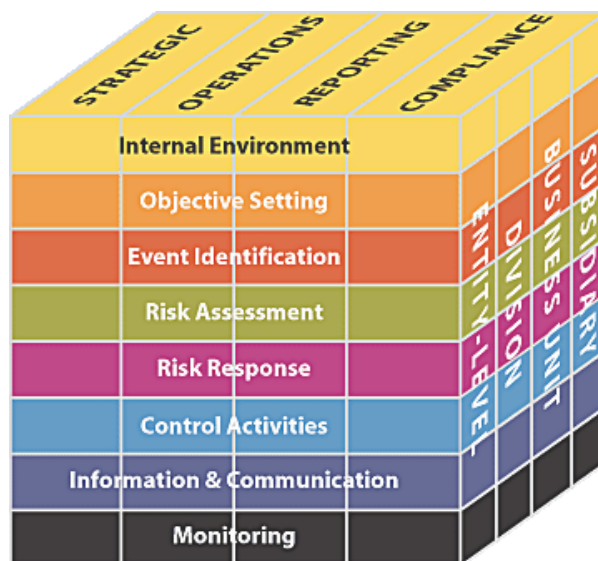


Bill number 5,970, of 2019, regulates the expropriation of urban and rural properties in which the exploitation of labor in slave-like conditions is found. These properties are destined for agrarian reform and popular housing programs, without any compensation to the owner and without prejudice to other sanctions provided for by law, according to article 243 of the Federal Constitution.

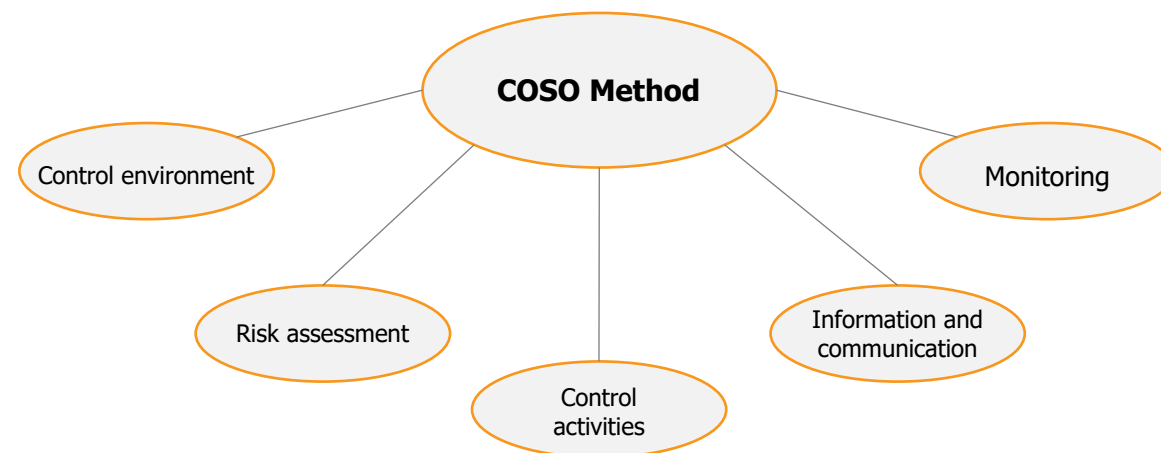
Source: <https://www12.senado.leg.br/institucional/datasenado/materias/enquetes/maioria-apoia-que-se-perca-o-direito-a-propriedade-em-caso-de-condenacao-por-exploracao-de-trabalho-escravo>

The methodology used in the assessment of risks associated with the supply chain is based on *Committee of Sponsoring Organizations of the Treadway Commission (COSO)*

- **The COSO methodology** is an international model used as a reference for the assessment of risks associated with the corporate management process;
- Through it, it is possible to evaluate the internal controls, as well as the appetite and risk tolerance of the organization
- With the application of COSO it is possible to obtain guidance on fundamental aspects such as: governance, controls, risk management and corporate ethics;
- The use of this methodology is of paramount importance, since it allows the prioritization of risks for management effectively by the organization



Internal control has five interrelated components



The implementation of COSO includes three stages

RISK IDENTIFICATION

- Identification of events that may negatively affect the organization

RISK ASSESSMENT

- Analysis of the probability and impact of these events

RISK RESPONSE

- Development and implementation of strategies to mitigate or accept the risks previously identified

The identification of risks in the supply chain is based on a robust assessment to identify nonconformities with the potential to cause harm to the organizations, as well as possible opportunities on the risk management process

Our work is divided into four phases, where phases 1 and 2 are interdependent; and phases 3 and 4 may be optional



Identification of the organization's critical suppliers

- Critical suppliers are those that are essential and have the ability to affect an organization's operation, production, image, and reputation

Documents Assessment

- Evaluation of procedures, policies, contracts and other documents inherent to the risk assessment process



Risk assessment (*in loco*)

- Health and Safety at work (e.g. provision of PPE, training, appropriate equipment, etc.)
- Possible violations of human rights and other social aspects (e.g. sanitary conditions, accommodation, housing, food and working conditions)
- Waste management (use, storage and disposal)
- Other aspects at the discretion of the client



Action plans for Risk mitigation

- Elaboration of action plans to mitigate the impacts identified in the previous phase
- Action plans will be defined together with the organization through workshops and/or specific meetings



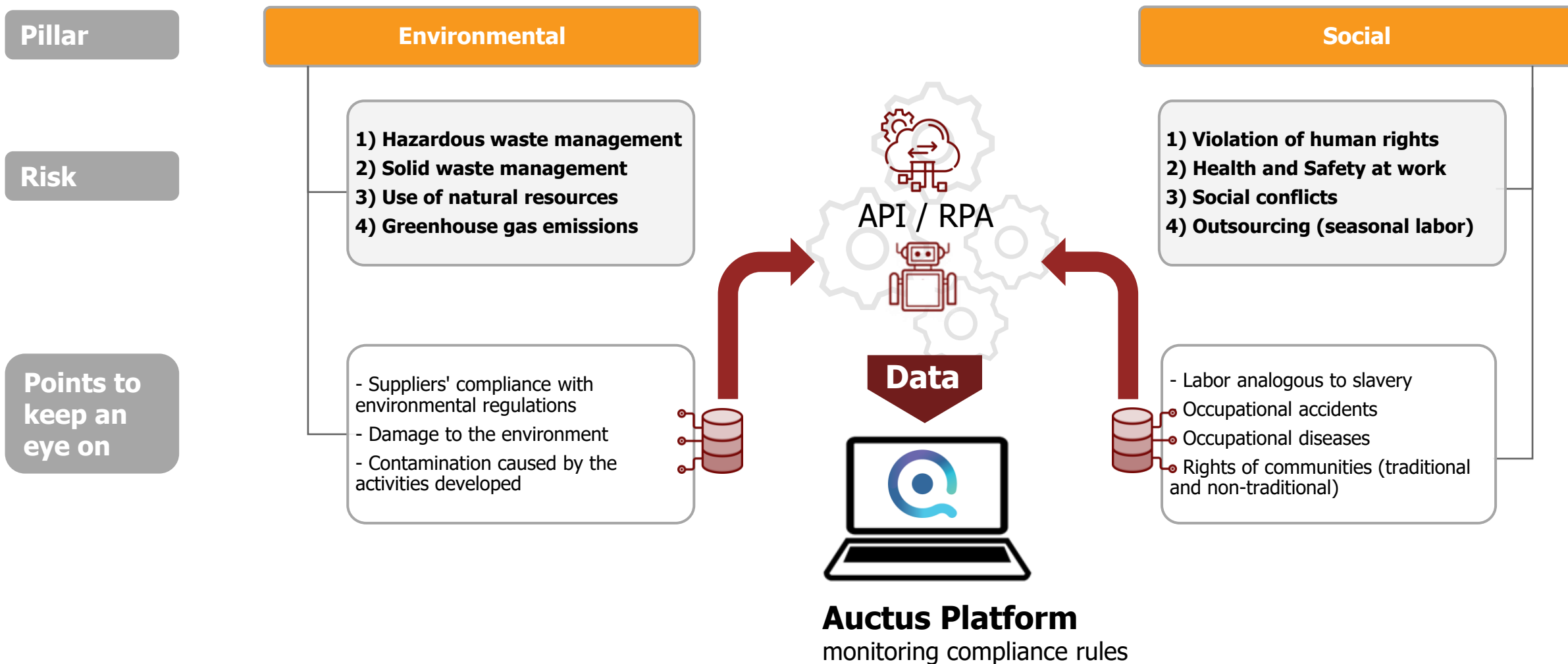
Monitoring

- Monitoring the implementation of action plans and periodic monitoring



How can we help?

ESG Tech can carry out ESG risk assessment in the supply chain, focused on the environmental and social pillars and their interrelationships with the organizational strategy



**“Risk comes
from not
knowing what
you’re doing”**

Warren Buffet



Alexandre Di Ciero

Partner Sustentabilidade

diciero@esgtech.com.br

+55 11 95267-5812



 **Condomínio Alphabusiness - Edifício Jerivá**

Rua Aguaçu, 171 - Bloco D - Sala 205

Campinas / SP - 13098 321 - Brasil

 +55 19 3324 3019

 faleconosco@esgtech.com.br

 www.esgtech.com.br

