

## Postgraduate Dissertation Cover Sheet



|                              |  |                   |                   |
|------------------------------|--|-------------------|-------------------|
| <b>Student Name</b>          | Manuel Vargas Basulto  | <b>Student ID</b> | 12811001          |
| <b>Programme</b>             | MSc. Corporate Governance & Ethics   | <b>Supervisor</b> | Dr Sue Konzelmann |
| <b>Title of Dissertation</b> | Sustainability and Labour Conditions in the Sugarcane Industry: The Case of San Antonio Sugar Mill |                   |                   |
| <b>Word count</b>            | 14,891 (excluding Cover, Table of Contents, Acknowledgements, Bibliography and Appendices)         |                   |                   |

**Plagiarism** - please read the statement overleaf on plagiarism, and sign the declaration below:

*You are reminded that all work submitted as part of the requirements for any examination of the University of London must be expressed in your own words and incorporate your own ideas and judgements.*

*Plagiarism — that is, the presentation of another person's thoughts or words as though they were your own — must be avoided, with particular care in coursework and essays and reports written in your own time.*

*Direct quotations from the published or unpublished work of others must always be clearly identified as such by being placed inside quotation marks, and a full reference to their source must be provided in the proper form.*

*Remember that a series of short quotations from several different sources, if not clearly identified as such, constitutes plagiarism just as much as does a single unacknowledged long quotation from a single source. Equally, if you summarise another person's ideas or judgements, you must refer to that person in your text, and include the work referred to in your bibliography.*

*Recourse to the services of 'ghost-writing' agencies (for example in the preparation of essays or reports) or of outside word-processing agencies which offer 'correction / improvement of English' is strictly forbidden, and students who make use of the services of such agencies render themselves liable for an academic penalty.*

### **Penalties for plagiarism**

Disciplinary proceedings will be initiated wherever there is evidence that plagiarism has been committed. Where plagiarism is confirmed, candidates will fail on the work concerned and may be liable for further disciplinary action, including permanent exclusion from study not only at Birkbeck, but also everywhere else in the University of London.

### **More information**

For more information on plagiarism, please refer to section 3 of the postgraduate handbook. You can also find information online at: <http://www.bbk.ac.uk/reg/regs/plagiarism>

I confirm that I have read and understood the advice given with regard to plagiarism in assessed work. I agree to abide by these rules and I agree that the JISC plagiarism service can be used to detect plagiarism. I accept that I may be penalised if I fail to abide by them.

Signed: Manuel Vargas Basulto

Date: 1<sup>st</sup> September, 2012

For Office Use Only

Received:



Birkbeck, University of London  
*School of Business, Economics and Informatics*  
*Department of Management*

*MSc. Corporate Governance & Business Ethics*  
*Dissertation*

***“Sustainability and Labour Conditions in the  
Sugarcane Industry: The Case of San Antonio  
Sugar Mill”***

By

Manuel Vargas Basulto

London, September 2012

*To my parents, Frida and Javier,  
who have taught me what really matters in life*

*and*

*To María Jesús Victoria,  
whose bravery has inspired me since I was a child.*

# Table of Contents

|   |            |
|---|------------|
| <b>Acknowledgements .....</b>   | <b>vi</b>  |
| <b>Abstract .....</b>   | <b>vii</b> |
| <br>  |            |
| <b>1. Introduction .....</b>  | <b>1</b>   |
| <br>  |            |
| <b>2. Literature Review .....</b>   | <b>4</b>   |
| 2.1 Sugarcane: History of a labour-intensive crop.....                          | 4          |
| 2.2 Business and Human Rights .....   | 9          |
| 2.2.1 Labour Rights and the ILO Core Principles.....                            | 11         |
| 2.2.2 Employees and Stakeholder Theory .....                                    | 14         |
| 2.2.3 Sustainability Standards and Certifications .....                         | 15         |
| <br>  |            |
| <b>3. Methodology .....</b>   | <b>18</b>  |
| 3.1 Research Questions and Paradigm.....  | 18         |
| 3.2 Research Methods .....  | 19         |
| 3.2.1 Semi-structured Interviews .....  | 19         |
| 3.2.2 Secondary Sources .....   | 21         |
| 3.3 Case Study .....  | 22         |
| 3.4 Ethical Considerations .....  | 23         |
| <br>  |            |
| <b>4. Analysis of findings.....</b>   | <b>24</b>  |
| 4.1 Disadvantages faced by sugarcane workers at ISA (Question 1) .....          | 24         |
| 4.1.1 The CAO Complaint and Dialogue Process.....                               | 24         |
| 4.1.2 Work Practices, Chemicals, and CKD – The BUSPH Report .....               | 26         |
| 4.1.3 Lack of Compliance with ILO Core Principles and Conventions.....          | 29         |
| 4.1.4 Other Disadvantages faced by Workers at ISA.....                          | 30         |
| 4.2 Bonsucro’s potential to improve labour conditions at ISA (Question 2).....  | 35         |
| 4.2.1 Bonsucro’s uniqueness and main features .....                             | 35         |
| 4.2.2 Bonsucro’s certification process and legitimacy .....                     | 36         |
| 4.2.3 Bonsucro’s Principle 2: Respect for Human Rights and Labour Standards ... | 39         |

|   |           |
|---|-----------|
| <b>5. Conclusions .....</b>   | <b>41</b> |
| 5.1 Conclusions regarding the main disadvantages faced by workers at ISA .....                                    | 41        |
| 5.2 Conclusions regarding the potential of Bonsucro Production Standard to improve labour conditions at ISA ..... | 43        |
| <br><b>Bibliography.....</b>  | <b>45</b> |
| <br><b>Appendices .....</b>   | <b>52</b> |
| Appendix 1: Workers Interview Form and Guidelines .....   | 53        |
| Appendix 2: Formulario y Guía de Entrevista .....   | 58        |
| Appendix 3: Bonsucro Interview Form and Guidelines .....  | 64        |
| Appendix 4: Proposal Form for Ethical Review .....  | 68        |

## **Table of Figures**

|  |           |
|--|-----------|
| <b>Figure 1: Detailed breakdown of aid provided by NSEL.....</b> | <b>26</b> |
|--|-----------|

## **Acknowledgements**

I would like to express my gratitude to Dr Sue Konzelmann for her valuable support and guidance as my research supervisor. Also, I would like to thank Ignacio Gavilán for his advice throughout the research process and for introducing me to Bonsucro.

I sincerely thank Jason Glaser and La Isla Foundation for allowing me to work with them and learn more about this case study. Particularly, I would like to thank Kimberly Benneth, Ilana Weiss, Diana Ramos, and Christian Velasquez, for conducting the interviews in Nicaragua. Moreover, I would like to thank those workers who bravely agreed to share their stories with us.

Finally, I would like to thank Natasha Schwarzbach and Nicolas Viart for giving me the opportunity to learn more about Bonsucro and the initiatives driven by this organisation.

## **Abstract**

This paper intends to increase awareness of the main disadvantages faced by sugarcane workers, particularly regarding labour conditions at the plantation and mill. It uses a single case study: San Antonio Sugar Mill (ISA), located in Chichigalpa, a small town of Nicaragua, where an epidemic of Chronic Kidney Disease (CKD) has killed hundreds of workers and is allegedly associated to the mill's strenuous labour practices.

In addition, this study intends to analyse the potential of a particular sustainability standard – the Bonsucro Production Standard – as a means to improve conditions and embed sustainability at ISA.

The results, based on semi-structured interviews and an extensive review of existing documentation, suggest that workers face several issues that violate some of their basic human rights. Moreover, the study concludes that these issues are not isolated but rather represent a complex web of interconnected situations which must be addressed using a systemic approach such as the one proposed by Bonsucro.

*'The first sweetened cup of hot tea to be drunk by an English worker was a significant historical event, because it prefigured the transformation of an entire society, a total remaking of its economic and social basis. We must struggle to understand fully the consequences of that and kindred events, for upon them was erected an entirely different conception of the relationship between producers and consumers, of the meaning of work, of the definition of self, of the nature of things'*

*Sidney Mintz, Sweetness and Power, p. 214*

## 1. Introduction

San Antonio Sugar Mill (in Spanish: *Ingenio San Antonio*) is located in Chichigalpa, a small community of the western coast of Nicaragua. It is known to be the first *Ingenio* founded in that country. The mill is owned by Nicaragua Sugar Estates Limited (hereafter NSEL), a company founded in 1890 by Francisco Alfredo Pellas, an Italian immigrant, son of a Genoese businessman (NSEL, 2009a). Mr. Pellas registered its company first in London and forty years later also in Nicaragua (Bogan, 2009)<sup>1</sup>.

The Pellas family business has developed and diversified considerably since its foundation. Nowadays, Carlos Pellas – Francisco’s great-grandson – is the President and major shareholder of Grupo Pellas, an industrial and commercial conglomerate that operates in many sectors, including sugar and ethanol, real estate, automotive retail, liquor production, IT software and hardware, telecommunications and financial services (Fonseca, 2012).

Despite the large range of businesses controlled by Grupo Pellas, one could argue that San Antonio Sugar Mill (hereafter ISA) still remains an important component of the family’s multimillionaire operations. For instance, the molasses derived from the mill’s sugar production are used by the Nicaraguan Liquor Company (another Grupo Pellas enterprise) to produce the internationally recognised ‘Flor de Caña’ rum, one of the most successful Nicaraguan products exported by Grupo Pellas (CLNSA, 2012). Moreover, ISA produces ethanol, one of the main biofuel alternatives available in the market (Tyner et al., 2011).

Biofuels are in vogue and will probably gain greater importance as the effects of climate change become more evident (Curtis, 2009). In fact, in October 2006, the International Finance Corporation (hereafter IFC) – a member of The World Bank Group that intends to reduce global poverty by providing support to the private sector in developing countries (IFC, 2012a) – agreed to lend NSEL a total of \$55 million (US Dollars), in order to finance the expansion and diversification of production at ISA. The funds were to be used to acquire up to 1500 hectares of new land, purchase new harvesting

---

<sup>1</sup>In an interview with Forbes Magazine, Carlos Pellas explained that his great-grandfather decided to register NSEL in England as a way to emphasize the ‘world-class’ nature of the company

equipment and improve plantation infrastructure, install new and more efficient irrigation systems, and construct a plant alongside the sugar mill to produce and export ethanol (IFC, 2012b).

The allocation of this loan triggered serious protests against the IFC and NSEL. Members of a local civil association called ASOCHIVIDA<sup>2</sup> – including former NSEL workers affected by Chronic Kidney Disease – filed a complaint with the IFC’s Office of the Compliance Advisor/Ombudsman (hereafter CAO), arguing that such a loan was a violation of the IFC’s own social and environmental sustainability policies. Moreover, they argued that hard labour conditions at the mill and chemicals used by the company were the cause of an epidemic of Chronic Kidney Disease (hereafter CKD), which has killed hundreds of men in this small community (Sheehy, 2011). In addition, they argued that NSEL has contaminated their water sources with chemicals and polluted the air by constantly burning sugarcane, causing respiratory problems amongst workers and local villagers (CAO, 2012). Nevertheless, NSEL has denied any correlation between CKD and its labour practices or the chemicals used at ISA. The company argues that its production processes are aligned to the standards of the sugarcane industry and its labour practices are similar than those followed at other mills around the world (NSEL, 2009b).

Since 2008, NSEL and ASOCHIVIDA have been participating in a dialogue process facilitated by CAO. However, as it will be explained in subsequent chapters of this paper, this dialogue has failed to reach sustainable solutions for ISA workers. Moreover, the cause of CKD is still unknown. As requested by the CAO dialogue parties, a research study was conducted in 2010 by Boston University School of Public Health (hereafter BUSPH), which aimed to establish whether there was a correlation between CKD and ISA’s labour practices. However, the results of this study were inconclusive and more research still needs to be undertaken in order to determine the causes of this disease (Brooks et al., 2010). In chapter 4, the CAO dialogue process and the BUSPH report findings will be analysed in more detailed. In addition, results of interviews performed in Nicaragua will be presented, allowing a description of other challenges faced by ISA workers.

---

<sup>2</sup> ASOCHIVIDA is an association that represents approximately 1000 people from Chichigalpa who are directly or indirectly affected by CKD, including former ISA workers and their families

### *Bonsucro Production Standard*

Also, this paper will analyse a sustainability standard – Bonsucro Production Standard – and its potential to improve conditions at ISA. The Bonsucro Production Standard is a recently-launched certifiable and metrics-based standard that aims to assess several aspects of sustainability in the sugarcane industry. This standard is the result of an extensive stakeholder consultation process, which involved retailers, end-users (companies who purchase sugar or ethanol), investors, traders, producers, and NGOs committed to the sustainability of agriculture business (Bonsucro, 2011). Bonsucro considers the economic, environmental and social dimensions of the sugarcane industry and focuses on common issues faced by mills around the world. The standard contains five principles that mills should comply with:

1. Obey the law
2. Respect Human Rights and Labour Standards
3. Manage input, production and processing efficiencies to enhance sustainability
4. Actively manage biodiversity and ecosystems services
5. Continuously improve key areas of the business

This paper will present an analysis of this multi-stakeholder initiative, and determine whether (and if so, to what extent) Bonsucro may be considered a potential solution for the issues experienced at ISA.

In summary, this research intends to contribute with new knowledge in the field of business ethics and sustainability. In the process of answering the questions posed by this study, there is also an attempt to promote further research. Finally, by raising awareness of the sugarcane workers situation and proposing alternative solutions, this study aims to contribute to the improvement of labour conditions at ISA and other sugarcane mills around the world.

## **2. Literature Review**

### **2.1 Sugarcane: History of a labour-intensive crop**

‘Without knowledge of the past, the present becomes incomprehensible’ (Wright, 2010:697). Indeed, history is an ally when trying to understand how current phenomena came to be. Therefore, the following review of the sugar business’ history, its evolution, and its traditional link to forced labour and back-breaking tasks aim to provide a glimpse of earlier social events that have shaped this industry.

#### *Asian origins and expansion to Europe and Africa*

The history of sugar is many centuries old. Some accounts point to New Guinea, in Southeast Asia, as the place where sugar originated naturally and was first domesticated (Parker, 2011). From New Guinea, cane cultivation probably spread towards India, around 500 B.C.; and later, by the sixth century A.D., it had already reached Persia (Parker, 2011; Mintz, 1999). From there, sugar was carried by the Arab conquerors and the expansion of Islam to the shores of the Mediterranean, particularly to Cyprus and Sicily. By the fourteenth century, Cyprus had become the major producer and supplier of sugar to the European market. A group of Catalan and Venetian families controlled and exploited most of the sugar production in Cyprus at that time, mainly using Arab and Syrian slaves in addition to local peasants (Galloway, 1989; Schwartz, 1985).

In Sicily, the crop flourished specially around Palermo. Some evidence suggests that the development of the sugar business in the island was based on three main factors: enslaved or coerced labour, relatively large areas of land, and a dynamic long-distance commerce (Galloway, 1989; Schwartz, 1985). Eventually, it was the Spanish and Portuguese who took sugarcane production even further towards southwest. However, they needed the Italian technology, capital and commercial know-how. In fact, the Genoese merchants played a very important role in the construction of the first sugar mills in Portugal and commercialisation of sugar across Europe. It can be argued that it was the Genoese merchants who created a taste for sugar in Western Europe (Schwartz, 1985).

Later, sugar was introduced in the Portuguese and Spanish colonised islands near the Western African shores, specifically on Madeira, São Tomé, and the Canary Islands (Mintz, 1999). In Madeira, sugar cane cultivation was driven and promoted by the Genoese and Jewish merchants that arrived on the island. By the late fifteenth century, Madeira had become the largest single producer of sugar in the Western World (Greenfield, 1977; Galloway, 1989). The economic structure of the sugar industry in Madeira was based on a large number of small and medium sized cane growers and just a small number of sugar mills, both dependent on coerced or enslaved labour composed by Africans, mulattoes, and the native inhabitants of the Canary Islands: the ‘Guanches’ (Schwartz, 1985). In the Canary Islands, large amounts of capital – which came mainly from Castilian nobles, Catalan families and wealthy Genoese merchants – were invested to build the mills (*Ingenios*). The mill owners initially used Guanches, but eventually African slaves became the preferred labour force (Schwartz, 1985; Camacho y Pérez Galdós, 1961).

The island of São Tomé, unlike Madeira or the Canary Islands, was very close to the Western African coast. Such proximity facilitated an unprecedentedly large supply of slaves coming mainly from Benin, Angola and Senegambia. By the mid sixteenth century, the population of the island was composed of only 600 whites, a similar number of mulattoes, and more than 2000 plantation slaves. It was in São Tomé (perhaps for the first time) that a slave resistance movement took place. A group of Angolan slaves escaped and organised in the south side of the island to raid against the Portuguese and burned some of their sugar plantations (Schwartz, 1985; Ryder, 1969).

Sugar production later declined in all of these western African islands. Some experienced soil exhaustion and labour problems; others simply could not compete with the high productivity of the sugar mills in other latitudes. Soon, production of other type of goods (e.g. wine) replaced the sugar industry. However, the capitalist plantation system modelled at these islands was ready to cross the Atlantic carrying promises of economic fortunes in the New World, yet coexisting with the tragedy of slavery as its chosen form of labour (Schwartz, 1985; Parker, 2011; Galloway, 1989). Eventually, the island of São Tomé would become a strategic location, where slaves were imported from Africa and re-exported to America, forming a triangle of slavery between Europe, Africa and the New World (Ryder, 1969; Schwartz, 1985; Parker, 2011).

## *The New World*

Columbus himself was familiar with the sugar business even before discovering America. He had worked trading sugar from Madeira to Genoa and his first wife's family had also been very successful in the sugar business (Ratekin, 1954; Morison, 1991). It was during his second voyage, in 1493, that Christopher Columbus brought sugarcane plantings from the Canary Islands to the Caribbean and predicted a great business cultivating the crop in Hispaniola (modern Haiti and Dominican Republic) (Mintz, 1999; Schwartz, 1985; Parker, 2011). However, the Spanish left the sugar business as a second priority, perhaps because they were much more attracted by the gold and minerals found at the mainland, particularly in Peru and Mexico (Parker, 2011, Harrison, 2001).

The Portuguese, on the other hand, had a different view of the economic potential of sugar. King Dom João III divided the Brazilian coastline into fifteen parcels, which he allocated to Portuguese *fidalgos* (noblemen). In return, the King demanded economic development of these lands. Sugar, following the models of Madeira and São Tomé, became the preferred option to develop a plantation economy in Brazil. Pernambuco, in the northeast coast, was initially the place where the sugar industry developed with a high degree of success. A large number of *engenhos* were built first in Pernambuco and eventually also in Bahia, which by the end of the sixteenth century became the major sugar producer in Brazil (Schwartz, 1985; Webb, 1974).

Brazil was at that time the richest European colony in the New World. Moreover, the hierarchical organisation of the Brazilian society became directly linked to the plantation economy. Sugar planters wanted to be recognised by their higher socioeconomic status; thus, it was normal for them to spend large amounts of money on 'luxurious life styles, laden with gold, silver, precious fabrics, jewels from the East, and an army of prostitutes and slaves always at their disposition' (Parker, 2011:11).

In Barbados, the English settlers had also realised that their sugar industry required a large workforce. They needed strong workers who could perform back-breaking tasks under the high temperatures and humidity typical of the Caribbean (Parker, 2011; Mintz, 1986). According to Parker (2011), the settlers initially used servants brought from England. Most of the servants, however, did not adapt to the difficult tropical

conditions, getting sick and dying a few years after their arrival. Moreover, in 1649, a group of servants organised a rebellion against the planters. Although this plot was unsuccessful, it became evident that the white servants had become a threat. Another source of labour was urgently needed at the sugarcane fields of Barbados.

The British settlers eventually followed the example of other European colonisers (e.g. Spanish, Portuguese, and Dutch) and started to import African slaves. It seems that the economic convenience of using slave labour, alongside with ‘moral justifications’ – such as considering African slaves not entitled to moral rights, being ‘natural slaves’, non-Christians, or being inheritors of the biblical Noah’s curse on Ham’s son Canaan – convinced the British sugar planters that the use of African slaves in the exhausting tasks of sugar production was not only right but necessary. As Higman (2000:224) explains: ‘an uneasy consensus has emerged that the [British] sugar planters’ shift to slave labour was the product of rational market choice’.

Slavery became an institution linked to the plantation economy (Sheridian, 2000). The industry had found a type of labour force capable of coping with the repetitive and physically strenuous tasks of the sugar plantation and mill. In this sense, slavery was ‘ideal’ for the success of the sugar industry. Parker (2011:54) explains such ‘symbiotic’ relationship between slavery and the sugar industry:

*‘To function, the institution of slavery requires the suppression of spirit, intelligence and initiative of the part of its victims. Sugar, with its mind-numbing, simple but repetitive and physically exhausting tasks, demanded exactly the same thing. Sugar and slavery were found to be a perfect fit’*

Nevertheless, by the eighteenth century, the Age of Enlightenment had challenged many of the established norms in Europe and new ideas about freedom were in vogue. British humanitarians, such as Thomas Clarkson, William Wilberforce and Thomas Buxton, led the campaign for the abolition of slavery in the British colonies. A long debate took place at the House of Commons in London during the last decades of the eighteenth century and the first decades of the 1800s. The British, who were some of the major slave traders, became then drivers of the abolition of slavery in the New World (Harrison, 2001; Green, 1976).

The abolition process was also influenced by a decline in the British West Indian planters' economic power, as well as by new economic ideas against mercantilism and in favour of free trade and free labour (Harrison, 2001; Richardson, 2007). The slave trade was abolished in 1807, but it was only until 1 August 1834 that the British Parliament made slavery illegal in the British colonies (Harrison, 2001; Green 1976). The sugarcane industry, however, remained an important part of the economy, and its labour needs were to be fulfilled by other forms of cheap labour.

### *After Slavery*

The emancipation was planned to be a gradual process. The freed men became 'Apprentices'. They were to remain as apprentices for a period of six years if they were agricultural workers and four years if they were domestic workers. The planters were obliged to provide them with food, clothing, lodging and medical attention during this period. In return, the apprentices would work 45 hours per week with no salary (Green, 1976).

The apprenticeship system was unsuccessful since it prevented the workers from being completely free and it was not economically attractive for the planters either. The system was prematurely abandoned in 1838 and by default workers were finally set free (Green, 1976). After that, other kinds of cheap labour were needed in order to ensure profitability of the sugar business. In some instances, former slaves were hired to continue working at the sugarcane plantations, but the industry in general faced a shortage of labour. Consequently, a large number of indentured workers from as far as China and India arrived at the West Indies to satisfy such high demand (Harrison, 2001; Green, 1976; Yun and Laremont, 2001).

The contracts for foreign workers were normally for a period of 5 years. The wages established were low and, initially, they included a return journey home. The majority of foreign workers, however, decided to stay in the islands and became new residents. As explained by Harrison (2001), due to an increase of the islands' population, the planters realised that acquisition of land would become a key factor to ensure the continuity of the sugarcane mono-culture. Several restrictions to acquire land were imposed, leaving peasants (including former slaves and immigrants) with no other

choice than becoming poorly paid workers at the larger plantations controlled by a few families. The latter contributed to the formation of a proletariat that can still be seen at present day: poor plantation workers who have no other option than working for large companies (many still controlled by a small group of families) operating in their villages.

Nowadays, technological developments in the sugarcane industry have reduced the demand of workers in countries like Australia, where the mechanisation of harvesting processes has replaced the traditional way of cutting cane by hand using a machete (Drummond and Marsden, 1999). However, in other countries, such as Nicaragua, harvesting and other tasks are still performed by manual workers (e.g. cane cutters, seed cutters, and seed planters). These workers are often poorly paid and face several risks to their health and safety. Indeed, there is no doubt that work in the sugarcane industry is still associated with hard conditions, health and safety hazards, and violation of basic human rights (Wesseling et al., 2011).

## **2.2 Business and Human Rights**

Traditionally, protecting and ensuring respect for human rights has been recognised a duty of the State. Therefore, the idea of assigning direct human rights responsibilities to corporations seems fairly recent (Cragg, 2012). In 2011, the United Nations Human Rights Council (UNHRC) ratified the ‘Protect-Respect-Remedy’ framework (also known as the Ruggie framework or UN framework) developed by Professor John Ruggie in his role as Special Representative of the Secretary General of the United Nations (SRSG).

In such framework, Ruggie highlights the State’s duty to protect their citizens against human rights abuses, encouraging ethical corporate behaviour, and seeking and using greater support from international agencies when required. In addition, he states that corporations have the responsibility to respect human rights in the countries where they operate. The latter includes also the corporate duty of leveraging over other actors causing harm (e.g. suppliers, other organisations, etc.). Finally, to close the loop, Ruggie makes clear that access to remedies – e.g. judicial and non-judicial grievance

mechanisms – is vital to ensure compliance with human rights (Ruggie, 2008; UNHRC, 2011).

The impact of Ruggie's framework is yet being discussed (it has been less than one year since the report was endorsed by the UNHRC). However, many guidelines, including the IFC's Performance Standards on Environmental and Social Sustainability, are already being adapted to reflect the three pillars described by Ruggie. Moreover, the framework opens up a new platform for further discussion and definition of human rights responsibilities associated to corporations (Cragg et al., 2012).

Ruggie (2008) argues that it is in the interest of corporations to take these responsibilities, and not doing so could be regarded as a gap in the company's societal role. Such failure on fulfilling public expectations may consequently imply a negative financial outcome for the firm. Furthermore, Ruggie's framework invites corporations to comply with their responsibilities towards human rights particularly in those instances when the law is not being enforced – e.g. when corporations operate in developing countries or parts of the world in which 'governments have become dysfunctional or deeply and systematically corrupt' (Cragg et al., 2012:3).

Ruggie (2008) highlighted the distinctive human rights responsibilities between the States and corporations. Companies are 'economic organs' and therefore cannot have the same responsibilities than the State. When the State complies with its 'duty to protect' it becomes more difficult for companies to fail on their responsibility 'to respect' human rights. Moreover, the framework relies on the principle of due diligence, which requires corporations to move from being 'named and shamed' to 'knowing and showing' that they are complying with such responsibilities. In order to do so, firms must look beyond their own interests and act also upon the interests of those being affected by their operations (Muchlinski, 2012).

The framework itself does not add any new legal obligations for companies or States. Instead, the core rights promoted by the Ruggie framework can be found in well-known international law instruments, such as the International Bill of Human Rights (including the Universal Declaration of Human Rights) and the core labour standards of the International Labour Organisation (ILO) (Gibbons, 2011; Muchlinski, 2012). Thus, a

review of the literature associated to these instruments – ILO Core Principles in particular – may be useful to further understand the concepts used by this framework.

### ***2.2.1 Labour Rights and the ILO Core Principles***

The International Labour Organisation (ILO) is the United Nations' specialised agency for labour and social policy. The ILO was formed as part of the League of Nations, the UN's predecessor, in 1919, after the First World War. From its origins, the ILO has aimed to establish methods and principles for regulating labour conditions across nation-states. As the organisation developed, it created a more explicit set of labour conventions and best practices that now constitute a benchmark against which firms and governments are measured (Martinez Lucio and MacKenzie, 2011; Rodgers et al., 2009).

In 1944, the Declaration of Philadelphia reasserted the principles and goals of the organisation. Rodgers et al. (2009:7) highlight the following principles as some of the most important:

- Lasting peace cannot be achieved unless it is based on social justice, grounded in freedom, dignity, economic security and equal opportunity.
- Labour should not be regarded merely as a commodity or an article of commerce.
- There should be freedom of association, for both workers and employers, along with freedom of expression, and the right to collective bargaining.
- These principles are fully applicable to all human beings, irrespective of race, creed or sex.
- Poverty anywhere constitutes a danger to prosperity anywhere, and must be addressed through both national and international action.

Whether these principles are systematically adopted and followed by member states is debatable (Martinez Lucio and MacKenzie, 2011); but, they constitute the moral and political foundations of the ILO. In addition, the organisation relies on a number of

standards adopted, which lay down actions to be taken and principles to be respected by governments and other actors, including companies (Rodgers et al., 2009). At the time of writing, a total of 189 conventions and 201 recommendations had been adopted by the organisation (ILO, 2012a). These conventions are legally binding treaties that may or may not be ratified by member states – i.e. the standards are not imposed on member states, but rather they are proposed. In addition, the ILO provides recommendations, which are non-binding guidelines often produced as a supplement of a convention (ILO, 2012b).

In 1998, the ILO adopted the Declaration on Fundamental Principles and Rights at Work, which covers four fundamental principles (ILO, 2012c):

1. *Freedom of association and the effective recognition of the right to collective bargaining*, which represents a channel to find solutions for potential conflicts between employers and workers. It promotes peaceful and democratic resolution of conflicts. Freedom of association represents the basic pre-requisite for collective bargaining and worker-employer dialogue. This principle is covered in conventions n<sup>o</sup> 87 and n<sup>o</sup> 98 (ILO, 2012d).
2. *Elimination of all forms of forced or compulsory labour*, including any type of coercive control over workers, such as withholding their food, salaries, land, using physical violence, sexual abuse, or restriction of their movement (ILO, 2012e). This principle is addressed by conventions n<sup>o</sup> 29 and n<sup>o</sup> 105.
3. *Effective abolition of child labour*, which intends to give children the opportunity to develop physically and mentally. This principle aims to stop any work that could potentially jeopardize their development. However, it does not necessarily mean stopping all forms of work performed by children. Moreover, governments must define and enforce an appropriate minimum age(s) for employment and the type of work that cannot be performed by children. Convention n<sup>o</sup> 138 addresses the minimum ages recommended by ILO, and convention n<sup>o</sup> 182 requires member states to prohibit and eliminate the worst forms of child labour (ILO, 2012f).
4. *Elimination of discrimination in respect of employment and occupation*, which can take many forms and affect different type of workers, from rural villages to city offices. It can happen on the basis of sex, race, and colour of the skin, nationality,

religion, political ideas, etc. On the contrary, equality at work means that all individual workers have the same opportunities to develop their knowledge, skills and competences. Convention n<sup>o</sup> 100 addresses the equal remuneration right, and convention n<sup>o</sup> 111 specifies the standards to eliminate discrimination in respect to the employment and occupation (ILO, 2012g).

Nevertheless, a recent survey on the fundamental conventions concerning rights at work reveals a number of inconsistencies in the way national constitutions reinforce these ILO conventions and principles. The survey provides a mix of positive and negative findings. For instance, freedom of association is guaranteed in almost all constitutions. Also, almost all constitutions prohibit slavery, although just a few of them address forced labour specifically, whilst others prohibit forced labour without giving a definition of the concept. In regards to child labour, only few constitutions establish a specific minimum age of employment, whereas work-related discrimination is addressed in approximately a quarter of member states' national constitutions (ILO, 2012h).

In summary, although the ILO core principles and conventions represent the international benchmark for labour rights, in reality they deeply depend on the member states' ability to embed these principles within their national political and legal frameworks. Moreover, the ILO principles cannot be fully embraced in the absence of a democratic system. In fact, it is only in a climate of respect of human rights, free from violence, pressure or threats against workers that ILO principles could be implemented. Therefore, it is the duty of governments to ensure such a positive climate first as a means to guarantee labour rights for their citizens (ILO, 2012h).

Whilst the ILO standards are directly linked to the State's duty to protect human rights, the corporate responsibility to respect is also driven by business-specific benchmarks. In fact, the stakeholder theory provides the foundations underpinning the 'enlightened self-interest' in which Ruggie conceived the corporate responsibility to respect. The stakeholder model invites business leaders to look after various groups of stakeholders rather than managing in the interest of shareholders alone (Crane and Matten, 2010). Therefore, since employees are one of the stakeholder groups considered 'vital for the

success of a business enterprise' (Freeman, 2010:25), a company should pay attention to the wellbeing of this group as a means to ensure sustainability of the business itself.

### ***2.2.2 Employees and Stakeholder Theory***

As it has been mentioned, the stakeholder model establishes that companies have material and/or moral reasons to consider the interests and wellbeing of several groups of stakeholders (Blowfield and Murray, 2011). However, stakeholder groups can be diverse and their expectations far from homogenous. Freeman (2000:53) defines stakeholders as 'any group or individuals who can affect or is affected by the achievement of an organisation's purpose'. Moreover, he argues that business leaders must ensure they understand three main details: who are their stakeholders; what are the processes in place to manage the organisation's relationship with its stakeholders; and whether the negotiations between the organisation and its stakeholder fit both the stakeholders' interest and the organisation's purpose.

Much of the wealth-generating capacity of modern firms relies on the skills and knowledge of their employees and the degree in which organisations enhance these skills in favour of customers (Blair, 1995). In fact, a company survey conducted in Japan shows that 63 per cent of Japanese chief executives considered employees the most important group of stakeholders, whereas only 11.5 per cent chose shareholders (Steadman et al, 1995; Yoshimori, 1995). In Japan, as well as in other countries like Germany or France, the stakeholder culture is deeply embedded in business and is often recognised as the backbone of their industrial strength and social stability (Clarke, 1998).

Firms are institutions embedded in complex and dynamic systems of relationships; therefore, the ethical dimensions of a company's internal policies and employment practices can be complex. For instance, it is an ethical dilemma to determine whether or not a company should hire cheap labour as a means to reduce costs; particularly, when such cheap labour (e.g. children, women, or subcontracted workers) tend to be the least protected in the market (Cooke, 2011).

Since companies are part of social life and affect many people they need to be aware of their intrinsic social obligations, such as fairness, justice, and protection of employees (Letza et al., 2004). Furthermore, following Kant's categorical imperative<sup>3</sup>, companies should not regard employees only as objects of managerial action; but instead, employees should be considered independent subjects with individual objectives and purposes – i.e. employees should be treated not merely as a means to an end but always at the same time as an end (Blowfield and Murray, 2011).

There are different strategies that companies may follow in order to comply with its responsibilities towards stakeholders. One of them is the implementation of Sustainability Standards (also known as Corporate Responsibility Standards), which represent 'a particular approach to managing business' effects on stakeholders' (Blowfield and Murray, 2010:212). This type of corporate responsibility tool will be reviewed in the following section.

### ***2.2.3 Sustainability Standards and Certifications***

Sustainability Standards are new institutional tools for corporate responsibility and stakeholder engagement (Rasche, 2010; Blowfield and Murray, 2011). Although they are considered 'soft law' (due to their voluntary nature) sustainability standards fill a variety of governance gaps left by non-existent or weakly enforced 'hard law' (Rasche, 2010). Moreover, many of these standards are useful to address some of the main corporate responsibility issues, such as preservation of the natural environment, labour rights, and corporate governance deficiencies. They can be part of a comprehensive industry-specific initiative or simply general business guidelines (Blowfield and Murray, 2011).

Legitimacy of a sustainability standard – i.e. robustness, effectiveness, and credibility of the standard – is often associated to the way the standard was developed. They can be developed by a company on its own, a group of companies, or through a multi-

---

<sup>3</sup> Kant said: 'Act in such a way that you treat humanity, whether in your own person or in the person of any other, never merely as a means to an end, but always at the same time as an end'. See Kant's *The Metaphysics of Morals*. First published in 1797

stakeholder consultation process (Blowfield and Murray, 2011). The formulation of a multi-stakeholder standard may not be exempt of conflicts of interests between the stakeholders involved (Ingenbleek and Immink, 2010). In fact, 'the standard's development process inevitably involves politics and the safeguarding of the interests of participating parties' (Castka and Balzarova, 2008: 238).

Ranganathan (1998:2) argues that 'sustainable indicators must be comparable, complete and credible – the 3 Cs of measurement'. Sustainability standards should be based on performance indicators that can be tracked over time and across firms. Also, they must be complete in scope and in its application – i.e. standards must be comprehensive and include the most relevant issues faced by the company/industry targeted. Finally, sustainability standards can only be successful if they are trusted and accepted by all the stakeholders groups involved. Sustainability standards need to be reliable enough for business and other groups of stakeholders to make decisions based on the information they provide.

Furthermore, a certification scheme is a control mechanism used to confirm compliance with the criteria established by a certain standard. One of the main arguments in favour of certification schemes (and its corresponding certification label) is that it may be impossible for most stakeholders to know by their own means whether a product/process is complying with certain specifications. For instance, customers may not have access to verify by their own means whether the coffee they are buying is organic, unless a certification label confirms that such coffee has been indeed produced under the required standards to be categorised as organic (Castka and Balzarova, 2008).

On the other hand, there are several arguments against certification schemes<sup>4</sup>. For instance, it is argued that certifications are normally funded by the same companies who get certified, which may be regarded as a 'commercialization of the certification process' that may weaken the audits' rigour (Castka and Balzarova, 2008; Lal, 2004). Moreover, Rasche (2010) argues that 'universality' of corporate responsibility standards is something very difficult to achieve. Standards provide general guidelines that are

---

<sup>4</sup> See for instance Nave and Marcus (2005) 'Achieving competitive advantage through implementing a replicable management standard: Installing and using ISO 9000' or Pentland (2000) 'Will auditors take over the world? Program, technique and the verification of everything'

supposed to be ‘universally’ applicable; however, the implementation of these guidelines represents a unique experience, different in each case, where there must be a local adaption based on specific societal, political, and economic circumstances.

Furthermore, ‘there can be no predefined checklists’ for auditors to verify the implementation of a standard without reflection (Rasche, 2010: 285). Instead, auditors must inevitably use a ‘fresh judgement’ to interpret the context in which the standard is being implemented (e.g. size of the factory, sector, country), which in turn may generate bias. Another critique raised by Rasche (2010) is that true corporate responsibility cannot emerge from codification but requires reflection and judgement of the context in which the company operates. Standards may be used as guidelines that support but cannot replace management’s judgement. Therefore, a company may ironically become ‘irresponsible’ if it blindly follows what is established in the standards. Instead, true corporate responsibility implies to acknowledge the independent nature of the decision to comply with the standard.

Whilst addressing the limits of corporate responsibility standards, Rasche (2010) also acknowledges that standards are essential tools for companies to work towards social and environmental compliance. Standards are needed ‘as institutional solutions to further promote corporate responsibility’ (Rasche, 2010:287), especially to fill the gaps of inexistent or unenforced law. Moreover, meta-regulation – i.e. the regulation of self-regulation – can help to enhance the effectiveness of sustainability standards, making them more consistent and reliable (Gill, 2008).

In summary, well designed standards can be very useful to foster better relationships between companies and their stakeholders; but, there are several aspects that need to be considered when assessing the standard’s potential. Not every standard is good for every situation and, as it was mentioned above, those standards designed under a properly conducted stakeholder consultation process may have more chances of success than those unilaterally established.

### **3. Methodology**

This research aims to understand phenomena that occur under a particular context. Therefore, the researcher's role was to gain a deep and holistic view of the elements being studied – that is, to understand the situation of sugarcane workers at ISA and the characteristics of Bonsucro Production Standard. This research has taken a qualitative approach – using a case study – where data is collected in a natural 'real setting' and contains 'reflexivity' by the researcher (Gray, 2009; Myers, 2008).

The research design intends to provide a logical plan in which the evidence collected can be used to answer the questions formulated below as unambiguously as possible (De Vaus, 2001). The chosen methodological framework aims to ensure validity (both internal and external) and reliability of the results.

Moreover, this research uses a combination of an inductive approach (i.e. theory building, based on new observations and findings) and a deductive approach (i.e. theory testing, following theories formulated by previous studies) (De Vaus, 2001; Gill and Johnson, 2010). This paper seeks to provide idiographic explanations – i.e. it focuses on a particular case and it builds conclusions, as complete as possible, around that specific case, which is 'exclusively of interest in all its particularity and ordinariness' (Stake cited in Silverman, 2009). However, it also intends to enable further research that may seek nomothetic explanations – i.e. to study a class of cases, including the one explored by this research (De Vaus, 2001).

#### **3.1 Research Questions and Paradigm**

This research aims to answer the following two questions:

**Question 1:** What are the main disadvantages faced (currently or in the past) by sugarcane workers at ISA, particularly in regards to labour conditions?

**Question 2:** Does Bonsucro Production Standard represent a means to improve labour conditions for sugarcane workers at ISA?

In order to answer these questions objectively it must be acknowledged that certain philosophical commitments are inevitably made when undertaking any kind of research (Gill and Johnson, 2010). In this study, an interpretative epistemological stance has been adopted. Therefore, the understanding of the phenomena studied derives from the interpretations of reality made by the actors (e.g. workers at the sugar mill) and includes the researcher's own reflections (Gray, 2009). Thus, this study takes a progressive paradigm approach in which reality is socially constructed and, consequently, 'the researcher must engage in a reflexive and self-critical dialogue' in order to identify hidden facts (Gray, 2009:105).

### **3.2 Research Methods**

The method used in this study is a combination of semi-structured interviews and secondary sources. The semi-structured interviews had two purposes: to further understand the reality of working conditions at ISA and to gain a deeper understanding of the Bonsucro Production Standard and its certification process; whereas the secondary sources were used to strengthen the analysis of the results obtained from the interviews.

#### ***3.2.1 Semi-structured Interviews***

##### *Interviews with ISA Workers*

Interviews with ISA workers (and former workers) have been performed in Nicaragua, with the assistance of La Isla Foundation, a non-profit organisation based in that country, and whose goal is to support agricultural workers from La Isla and Candelaria communities that have been affected by a CKD epidemic.

A total of eight 'face to face' interviews have been conducted. La Isla's team has randomly selected the participants from a pool of current and former workers willing to share their experiences. The majority of current workers, however, were afraid to talk

about these subjects as they feared to lose their jobs or being victims of other forms of retaliation<sup>5</sup>.

La Isla has facilitated a team of four interviewers<sup>6</sup>. The researcher has provided them with interview forms (in English and Spanish) containing the questions and protocol to be followed when conducting these interviews (see Appendices 1 and 2). These were semi-structured interviews – i.e. interviewers were allowed to re-question or change the order of questions depending on the development of the interviews. However, consistency and internal validity has been reached by standardizing the questions, requesting the interviewers to follow the same protocol, and keeping a fluent communication between the researcher and the interviewers before and after the interviews were performed.

Most of the interviews (7 out of 8) have been tape-recorded. Answers have been translated by the researcher from Spanish to English. Moreover, the researcher has analysed the audio records (i.e. workers' answers) as well as the comments and remarks made by the interviewers. The latter has strengthened the analysis, increased reliability and reduced bias; as it has allowed the researcher to compare his own interpretation of the results with the alternative views of the interviewers (Gray, 2009). On the other hand, one aspect that might have influenced the interview results (although insignificantly) is the fact that some of the interviewers did not share the same cultural background of the interviewees – i.e. they were not Nicaraguans, nor did they speak Spanish as their native language.

#### *Interview with Bonsucro Specialists*

In addition to the interviews performed in Nicaragua, the researcher has conducted a semi-structured interview with Natasha Schwarzbach, Bonsucro's Head of Engagement, and Nicolas Viart, Bonsucro's Head of Sustainability. The interview was performed

---

<sup>5</sup> Indeed, most of the interviewees were no longer working at NSEL by the time they were interviewed. Confidentiality remained paramount to protect interviewees from any form of retaliation.

<sup>6</sup> Most of them were students from American universities, who were also doing field research (mainly legal research) with La Isla Foundation.

face to face at Bonsucro's offices in London, and it was also tape-recorded. The main objective of this interview was to gain an in-depth understanding of this standard and its certification process. It aimed to supplement what is already described in the available literature about the standard. A set of questions was prepared in advance and used as an *aide-mémoire* during the interview (see Appendix 3). This interview also intended to analyse the extent to which the main arguments against certifications (as described in section 2.2.3) may be applicable to Bonsucro Production Standard. Moreover, this interview was useful to assess specific sections of the standard (e.g. Principle 2: Human Rights and Labour) within the context of this case study.

### **3.2.2 Secondary Sources**

Another important element of the qualitative data analysis performed in this study is the use of secondary sources – i.e. data in form of documents or studies previously prepared and analysed by other researchers (Gray, 2009). As argued by Myers (2008), an in-depth case study should use other sources of evidence besides interviews; thus, written documents are extremely valuable for this purpose.

Indeed, the case of labour conditions at ISA has been previously addressed by other researchers, although with different methodologies and approaches than the ones used for this study. In particular, four groups of secondary sources have been used to address Question 1:

1. The CAO Complaint Documents: This is the group of official documents published by the IFC's CAO regarding the complaint and dialogue process between ASOCHIVIDA and NSEL.
2. The evaluation of potential hazards associated with chemicals and work practices at ISA, reported by BUSPH.
3. Other relevant documents regarding the conditions of sugarcane workers in Nicaragua; such as the study performed by Wesseling et al. (2011) and media coverage of the CKD epidemic affecting former ISA workers (e.g. BBC News Report).

4. A website created by NSEL specifically to explain labour conditions at ISA and to reject any relationship with CKD<sup>7</sup>.

In order to address Question 2, a group of documents published by Bonsucro have been analysed. These documents included Bonsucro's technical standard, its implementation guidelines, some examples of recently certified mills, and other guidelines about Bonsucro's certification process.

In summary, this paper presents a 'fresh' view of the reality observed at ISA, which comes from the researcher's own reflection and interpretation of the results obtained from primary sources (e.g. interviews) and the secondary sources listed above.

### **3.3 Case Study**

ISA was chosen as a single case study for many reasons. First, it was chosen due to the opportunity to perform research in collaboration with La Isla Foundation in Nicaragua, which facilitated access to empirical evidence. Also, the case can be considered highly relevant since the alleged relationship between labour conditions and CKD has increased the need for more academic research around this topic. Moreover, the issue has caught the attention of international media<sup>8</sup> and international organisations. In addition, following Yin (2009), the selection of a single case study can be justified considering its 'revelatory' nature, as it analyses a phenomenon that has not yet been fully addressed by previous academic social science research.

Rather than just assessing conditions at the mill, this study aims to propose a potential solution for the amelioration of such conditions. In this regard, the Bonsucro Production Standard was selected as a subject of analysis, mainly due to the following three reasons: 1) it has been developed specifically for the sugarcane industry, 2) it allocates a significant amount of attention to labour conditions, and 3) it uses a systemic approach

---

<sup>7</sup> The information provided by this website has been used as the company's version of the case. It is a website created by NSEL exclusively to provide sufficient elements of judgment to understand the truth (according to them) about the company's operations and its relationship with the CKD epidemic.

<sup>8</sup> See for instance BBC News: <http://www.bbc.co.uk/news/magazine-16007129>

based on continuous improvement, which considers the economic, social and environmental characteristics of the sugarcane industry.

### **3.4 Ethical Considerations**

This research has been conducted following general guidelines for ethics in qualitative research and ensuring compliance with Birkbeck's Research Ethics Procedures (see Appendix 4). As explained by Gray (2009:190), 'the central ethical issue surrounding data collection through interviews is that participants should not be harmed or damaged in any way by the research'. Aspects such as confidentiality and the right to avoid answering questions have been guaranteed to all participants. Pseudonyms have been used to protect the identity of workers interviewed in Nicaragua. Audio records of the interviews, real names and details of the Nicaraguan interviewees have been kept confidential by the researcher and La Isla Foundation team.

## **4. Analysis of findings**

### **4.1 Disadvantages faced by sugarcane workers at ISA (Question 1)**

Sugarcane and ISA have been part of the small town of Chichigalpa for more than one hundred years. In fact, this industry is widely recognised as the town's main source of income. As expressed by one of the interviewed workers: “without this company [...] this would be a ghost town”. Such belief, combined with other factors – for instance, extreme-poverty and the high unemployment levels in Nicaragua – has given the citizens of Chichigalpa no other option than accepting the difficult conditions that characterised work at the sugarcane fields. Furthermore, most of the land dedicated to sugarcane in Nicaragua is owned by large producers<sup>9</sup>, which originates an imbalance of negotiation power (Lopez, 2003). The latter is a clear reminiscent of some of the industry's historical characteristics discussed in section 2.1 of this paper.

Some of the disadvantages faced by workers at ISA (currently or in the past) are described in the CAO complaint and its dialogue process (see sections 4.1.1 and 4.1.2). Also, the input gathered through interviews with ISA workers evidence other important issues present at the plantation and mill, such as lack of compliance with ILO conventions, low wages, and several health and safety risks (see sections 4.1.3 and 4.1.4).

#### ***4.1.1 The CAO Complaint and Dialogue Process***

The Office of Compliance Advisor/Ombudsman (CAO) is an independent grievance mechanism of the IFC and The Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group. On March 31, 2008, CAO received a complaint on behalf of a group of residents of Chichigalpa<sup>10</sup>, which included former ISA workers affected by CKD, who are members of ASOCHIVIDA.

---

<sup>9</sup> For instance, the Pellas Family owns large areas of land dedicated to sugarcane production in Nicaragua and other Central American countries.

<sup>10</sup> The complaint was filed by The Centre for International Environmental Law (CIEL), a non-profit organisation based in Washington, D.C., USA, and Geneva, on behalf of the residents of Chichigalpa.

They claimed adverse impacts of NSEL activities (specifically at ISA) to the health, environment, and livelihoods of the local communities. Specifically, they argued that there was a link between NSEL activities and the CKD epidemic that currently affects workers and other members of the community. The complaint raised other various issues, such as insufficient rights of association and collective bargaining, poor labour conditions (including child labour), negative environmental effects (including water contamination and air pollution), and appropriation of indigenous lands (CAO, 2008b).

As a first step, CAO performed an initial stakeholder assessment and identified three common objectives: 1) the need to understand the causes of CKD and receive appropriate support to address the effects of the disease; 2) the need to monitor water quality and to have a trustworthy distribution process; and 3) the need to enhance the existing worker and community grievance mechanisms. Other issues, such as the inappropriate acquisition of indigenous land or the use of child labour, were taken out of the dialogue process. Furthermore, on November 20, 2008, the parties agreed on a framework that focused exclusively on: 1) determining and addressing the causes of CKD, and 2) finding options for supporting local communities affected by a prevalence of CKD (CAO, 2008a).

On April, 2009, NSEL agreed to donate medical equipment, food subsidies, school supplies, and other benefits to ASOCHIVIDA members and their families. Also, the parties agreed that BUSPH would be the independent institution chosen to conduct a CKD causality study. In addition, the parties attempted to reach some government institutions, such as the Ministry of Health and the INSS (Social Security), but the government's response was minimal – i.e. they have remained largely out of the dialogue (CAO, 2009a; CAO, 2009b). In 2010, the company also agreed to fund other initiatives such as the generation of alternative sources of income, specifically a broiler chicken factory. In addition, NSEL agreed to provide a revolving small-loan fund for ASOCHIVIDA members to set up their own small-businesses (CAO, 2010a).

By the end of 2010, Carlos Pellas himself participated in a dialogue session, in which he committed to implement the recommendations proposed by BUSPH (CAO 2010b). In addition, Mr Pellas agreed to increase the microcredit fund to \$100,000 and to build 100

new homes for ASOCHIVIDA members, but declined opening NSEL's hospital to them (CAO, 2010c). The dialogue has not progressed much since then.

On January 2011, the parties agreed to request BUSPH an updated plan for continuing research activities at ISA. More recently, on April 2012, CAO published a breakdown of aid provided by NSEL. A total of \$4,023,425 has been already expended by NSEL, as specified in figure 1 below:

|  |  | Expended              | Committed             |
|--|--|-----------------------|-----------------------|
| <b>Food Supply</b>                           | 2009-2012  | \$2,000,000.00        |                       |
|  | 2012-2013  |                       | \$800,000.00          |
| <b>Income Generation Projects</b>            | Microfinance Fund  | \$165,000.00          |                       |
|  | Poultry Project  |                       | \$253,000.00          |
| <b>Improvements to Housing</b>               | Construction of 100 Houses                                 | \$40,000.00           | \$420,000.00          |
|  | Zinc Boards  | \$12,452.00           | \$12,000.00           |
| <b>Support to Local Health Care Services</b> | Contributions to INSS for Local Health Center (2009-2012)  | \$872,000.00          |                       |
|  | Donations of equipment and radiologist's services          | \$36,000.00           |                       |
|  | Health Care Improvement Project                            |                       | \$320,000.00          |
| <b>Research</b>                              | CNPA's Financial contributions to the CKD research efforts | \$800,000.00          |                       |
| <b>Other Donations and Support</b>           |  | \$98,000.00           |                       |
| <b>TOTAL</b>                                 |  | <b>\$4,023,452.00</b> | <b>\$1,805,000.00</b> |

Figure 1: Detailed breakdown of aid provided by NSEL (Source: CAO Website)

#### ***4.1.2 Work Practices, Chemicals, and CKD – The BUSPH Report***

In 2010, by request of the CAO dialogue parties, a team of experts from BUSPH has conducted a study in order to answer the following two core questions (Brooks et al., 2010:4):

1) Is there evidence that current work practices or chemicals used by ISA currently or in the past cause CKD?<sup>11</sup>

2) Is there evidence that current work practices or chemicals used by ISA currently or in the past are associated with CKD?

The difference between question 1 and 2 is the use of the concepts *cause* (question 1) versus *association* (question 2). Association may not always imply causation. Also, an agent is considered a cause only when ‘the scientific community and the health authorities have agreed that there is enough evidence’ to categorize it as such (Brooks et al., 2010: 39).

For question 1, BUSPH have ‘found no evidence that current work practices or the chemicals used by ISA currently or in the past are *generally accepted* causes of CKD’ (Brooks et al., 2010: 61). Their results are based on a review of currently available medical literature and field observations performed between April 20<sup>th</sup> and April 24<sup>th</sup>, 2010.

Regarding question 2, the team found very limited evidence that current work practices or exposure to chemicals used by ISA currently or in the past might be associated with CKD. They found, however, that certain agents used at the mill are associated with acute kidney damage, but they did not have enough data to evaluate whether the exposure levels were sufficient to cause the disease. Therefore, the team still requires new scientific knowledge to answer question 2 in a more conclusive way. In order to develop such new knowledge, subsequent phases of the research will need to focus on gathering additional information regarding workers’ exposure to the agents identified (Brooks et al., 2010: 61).

In addition, the BUSPH team highlighted some important facts regarding labour conditions at ISA (which represents perhaps the most important contribution of their study), such as the following:

---

<sup>11</sup> The report uses the term CRI (Chronic Renal Insufficiency) instead of CKD. However, the meaning does not change. As stated on page 39 of the same BUSPH report: ‘CRI is more commonly called Chronic Kidney Disease (CKD)’.

- A) ISA has changed many of its labour practices in the past few years. For instance, the minimum working age is now 18, whereas in the past children at a very early age (as early as 10) used to work at the fields with their fathers. Also, cane cutters used to work much longer days; in occasions, they would work up to 15-hour shifts, whereas now they can only work up to 8 hours.
- B) Cane cutters have strong incentives to work continuously because they are paid based on how much cane they cut; therefore, more break time means less money.
- C) Available data suggests that CKD prevalence may be higher in occupations in which strenuous work is performed at high temperatures (e.g. sugarcane workers, miners).
- D) According to the Occupational Safety and Health Administration (OSHA), in extreme conditions (e.g. at 30.6 °C) work should be performed for no more than 15 minutes and rest 45 minutes out of every hour. Some workers, such as cane cutters, seed cutters, seed planters and applicators are particularly at high risk of heat stress. The *zafra* (harvesting period) occurs during the hottest months of the year, when temperatures reach over 38°C.

Finally, the BUSPH team has made recommendations to improve general labour conditions at ISA. These recommendations are not necessarily linked to CKD, but they are clear opportunities to improve health and safety at the mill. Some of them are listed below (Brooks et al., 2010:57):

- At least 3 breaks per day should be required for certain workers (e.g. cane cutters, seed cutters, and planters), in which workers must rest on the shade. If there is no shade available, NSEL should supply tents or other structures to provide shade to the workers during breaks
- These workers should take 30 minute breaks approximately every 1.5 hours
- There should be a record keeping system for subcontracted workers, since currently there is no employment or medical information of this type of workers. Without clear medical records of subcontracted employees it is difficult to conduct basic surveillance of the health of these individuals, who represent an important proportion of the field workers at NSEL

### ***4.1.3 Lack of Compliance with ILO Core Principles and Conventions***

Interviews with former NSEL workers and previous studies indicate that some of the ILO core principles and conventions have not always been followed by the company. In particular, the evidence collected reveals lack of compliance with Freedom of Association and Child Labour:

#### *Freedom of Association*

Currently, there are five unions at ISA, which are certified and registered at the Labour Union Department of the Ministry of Labour in Nicaragua (NSEL, 2009b). The company claims that they have never interfered with the workers' right to form unions. However, the interviewed workers unanimously agreed that NSEL does not support freedom of association.

In fact, most of the interviewed workers argued that NSEL does not like to see their employees trying to form an independent union. "They fire you if you form a union", said Jose, who worked 36 years as a cane cutter at ISA. Another worker, Pedro, stated exactly the same, whilst Ernesto explained that he was fired when he intended to form a union:

*"I worked 23 years for San Antonio until they fired me for trying to form a union. [...] Some of us, the most experienced workers who have seen abuses for years, started to secretly form a union. When the other unions noticed, they called us and told us not to proceed with this initiative and proposed us better jobs and higher salaries, but we declined their offer and continued, and later they fired us. They fired more than 90 workers who had signed with us, even the youngest ones"*

Moreover, the interviewees indicated that current unions do not defend the interest of workers; they call them "White Unions". Some of them also mentioned that the current union leaders focus on their own interests, and the company controls these individuals by offering money or jobs at higher levels.

### *Child Labour*

As it was described in the BUSPH report, in the past it used to be common to see minors working at ISA's sugarcane plantation, most of them accompanying their fathers to cut cane. However, nowadays the company policy is to ensure only workers who are over 18 years old work at the plantation and mill.

From the group of workers interviewed, half of them started to work at ISA when they were younger than 18. Some of the interviewed workers recognised that there has been a change on how the company addresses child labour. Jose, for instance, argued that "the company is more careful now because they know others are paying attention".

However, most of the interviewed workers mentioned that some minors are still currently working at the plantation. They explained that even though the company does not hire them directly, minors work as subcontractors using somebody else's employment ID and name. "Now, with the method of using subcontracted workers the company avoids responsibility", argued Alberto. Another worker, Daniel, explained that "they don't hire them directly, but they would tell you to get your people to do the job and some workers recruit fellows that are younger than 18 [...] and these minors just use somebody else's name and number".

#### ***4.1.4 Other Disadvantages Faced by Workers at ISA***

In addition to the situations described above, there are other labour issues that workers at ISA face on a regular basis. These issues threaten their health and diminish their quality of life. Moreover, some of these issues are the result of poor management, and other studies, such as the one performed by Wesseling et al. (2011), indicate that similar situations are shared by other sugar mills across Central America.

### *Cane-Cutters Payment System*

Cane-cutters receive payment based on the amounts of cane they cut. The more cane they cut, the more money they receive. Thus, one could argue that such system may push workers to work continuously for long hours in order to get more money, even

going beyond their health limits. In response to this issue, the company established a specific work schedule for cane-cutters. As it has been mentioned, cane cutters used to work for as long as 15 hour shifts, whereas now the company only allows them to work for a maximum of 8 hours. Some of the interviewed workers have confirmed this change. For instance, Daniel mentioned: “they say now is only from 7 am until noon, although I used to work from dawn till dusk”.

However, reducing the length of the shifts does not address the other side of the issue: low wages. The evidence collected from the interviews varied, but it seems that workers do not receive more than 20 cordobas (about £0.52) per ton of cane cut. In one day, a worker can cut approximately 8 tons of cane. According to Pedro, “In one day a normal cane cutter make about 150 cordobas (about £3.9)”. For many of these workers such salary represents the main (often the only) income to support their families; thus, it may not be enough to cover their basic needs. The Ministry of Labour in Nicaragua has estimated the monthly basic needs (*‘canasta básica’*) to cost 10, 349 cordobas<sup>12</sup>, whilst a cane cutter can roughly make 6000 cordobas in a month (about £159).

#### *Sub-contracted vs. Permanent Employees*

As stated in the BUSPH report, subcontracted workers represent a large proportion of the workforce used at ISA. The demand for temporary workers increases during the harvesting period (between November and May in Nicaragua) and the company uses third party agencies that supply this type of workers. Most human resources tasks concerning subcontracted workers, such as hiring or record keeping, are handled directly by the contractor agencies. Therefore, since subcontracted workers are officially employees of their hiring companies, NSEL may skip some direct labour responsibilities towards these workers.

The interviewees highlighted some of the differences they perceive between permanent and subcontracted staff. For instance, some of them said that permanent workers are

---

<sup>12</sup> See *Ministerio del Trabajo de Nicaragua. Canasta Básica. Abril 2012*: <http://www.mitrab.gob.ni/documentos/canasta-basica/CAbril2012.pdf/view> [accessed 26 July 2012]

entitled to special benefits, such as food supply or the right to use the company's hospital. The BUSPH report indicates, however, that the company hospital is for both permanent and subcontracted workers and their families.

In addition, one of the interviewed workers, Ernesto, argued that it is more difficult for the company to terminate a permanent worker because they are entitled to receive a severance payment based on the number of years worked, whereas "for subcontractors they do not recognise anything", he said.

### *Sugarcane Burning*

Another issue is the constant burning of sugarcane during harvesting period and its impact on workers and surrounding communities. The company states, however, that adverse consequences of burning cane have not been scientifically confirmed. They also say that burning activities are being progressively replaced by mechanised harvesting. Moreover, they claim that land located near surrounding communities is not burnt.

The interviewed workers agreed unanimously that sugarcane burning is a common practice at ISA. They all agreed that it happens on a daily basis during harvesting period. In regards to the effects of burning, most of them complained that the ashes affect their health and pollutes the environment. "It affects your lungs, your kidneys, when you breathe that ash", said Alberto. "It pollutes the water and air" added Pedro.

Moreover, the burning process has a direct impact on cane cutters as it makes the cane fields even hotter. Also, most cane cutters do not use protection masks; therefore, they are normally exposed to inhale the ashes whilst they work on the fields. In addition, one of the workers argued that sometimes cane fields are burnt in the morning; therefore, workers may have to cut cane when the roots are still too hot.

### *General Health and Safety Conditions*

General conditions at the mill are difficult. They are characterised by an intense heat, dust, humidity, dirt, and ash. In addition, lack of hydration seems to be an issue. The interviewed workers confirmed, however, that the company currently provides saline

solutions for hydration. Some of them mentioned that they had to bring their own water from home; although, others said that the company does provide water in addition to the saline solutions. Nevertheless, most of them complained about the quality of water provided by the company. For instance, Ernesto argued that the water provided by the company is the same water used in the production process, just roughly filtered. “They do not bring purified bottled water for their workers like other companies do. We consume the same water they use for production”, he complained.

Moreover, some of the interviewed workers claimed to have seen some of their colleagues fainting dehydrated. “When the harvesting period starts, people fall dehydrated because their bodies are not used to the effort” explained Pedro. “I have fainted dehydrated myself. They sent me to the hospital for some tests. That has happened to me twice”, said Daniel. Fernando added that several subcontracted workers faint because they are already sick and return to the fields using somebody else’s name and number. Ernesto argued that the company is aware of the situation but they allow it because they need to meet their production targets, “they do not mind using walking dead”, he claimed.

The majority of the interviewed workers also mentioned that they often worked full shifts without having a single break. “We worked under the sun or rain”, said Jose. Some of the interviewees also mentioned that sometimes they could not even have lunch. Daniel explained that he would eat before going to work and eat again only until he would come back home. Ernesto, who worked at the refinery, explained that “workers would continue until they finish their shifts. Then, they would eat when their food may have already gone bad”. However, most of them agreed that the general rule was to have one hour lunch break between noon and 1 pm.

There were different versions regarding whether or not the company provides food to their workers. It seems that the company supplies workers with raw food for them to take home and cook it. In addition, one of the interviewed workers said that apparently the company provides 30 cordobas per day for food. Most workers, however, cannot leave their positions and have to eat quickly on their same workplace. For example, cane cutters eat on the fields and refinery workers eat right next to the machines they operate.

### *Sick Workers Being Made Redundant*

Some of the interviewees explained that if the company identifies a worker with signs of kidney disease they would immediately send him to the hospital for a creatinine level test. If the worker's creatinine level is higher than 1.2 he would automatically be made redundant. "They lose access to the hospital [...] then, they have no job, no money, no medicines, until they die", Jose argued.

In theory, workers should get a medical disability payment or pension (if retiring) from the State, but in reality that does not always happen. Ernesto explained that if the Social Security has not received enough contributions the worker may not receive any payment; whereas Daniel said that only permanent workers tend to get pension. Also, Jose told the story of his friend who had trouble to get a certification from the company's doctor: "He needed the doctor to certify that he was sick; otherwise, he could not claim permanent disability. He had to fight even to be recognised as a sick worker. He angrily asked the doctor: If I am not that sick, then why don't you let me go back to work?"

One could argue that the company faces a serious ethical dilemma with sick workers. NSEL cannot let them work anymore as this may worsen the workers' health. On the other hand, if these workers cannot work anymore, their economic panorama becomes very difficult. They have little support from the State (e.g. limited access to medical attention) and most of them will not receive enough money to deal with their basic expenses. Therefore, there is a need to define clear policies and determine the role of both NSEL and the State to guarantee better conditions for sick workers. In the current scenario, workers are left alone with no access to health care, which clearly represents a violation of basic human rights. Thus, this situation calls for the company's responsibility to respect as well as the State's duty to protect its citizens, as established by the Ruggie Framework.

## **4.2 Bonsucro’s potential to improve labour conditions at ISA (Question 2).**

Bonsucro is a non-profit multi-stakeholder organisation that was born from The Better Sugar Initiative. It aims to reduce the environmental and social impact of the sugarcane industry. The organisation has become a platform for collaboration between different stakeholder groups and has created a standard (and a corresponding certification scheme) for this industry. The results of the analysis of this standard and its certification scheme are presented in the following three sections, including its uniqueness and main features (section 4.2.1), its certification process and legitimacy (section 4.2.2), and its approach towards human rights and labour standards (section 4.2.3).

### ***4.2.1 Bonsucro’s uniqueness and main features***

As it was explained by Natasha Schwarzbach, Bonsucro’s Head of Engagement, the standard is unique in many ways. It is the first metrics-based standard in the sugarcane industry and has influenced other recently-developed standards for sugar and ethanol production. “If you cannot measure it, you cannot manage it; therefore, you cannot change it”, explained Schwarzbach, adding that Bonsucro has made sure the standard contains measurable targets. Moreover, another important detail is the way in which Bonsucro has been created; that is, through an extensive multi-stakeholder consultation process. “It is from the sugarcane industry and for the sugarcane industry” explained Nicolas Viart, Bonsucro’s Head of Sustainability.

Viart argued that other certifications tend to focus primarily on ensuring compliance with existing specific regulations (e.g. EU regulation for ethanol trade), whereas Bonsucro is rather concerned with an integral approach towards sustainability. He argued that if companies just want to comply with current EU requirements for ethanol trade they can use other standards that are also authorised by the EU; but, if a company really wants to go beyond legal compliance and follow an integral continuous improvement approach Bonsucro is definitely the best option.

The Bonsucro standard contains five main aspects: legal compliance, biodiversity and ecosystems impacts, human rights, production and processing, and continuous improvement. Schwarzbach explained that one aspect is not necessarily more important

that the others. However, some of them may gain more relevance according to the local context of each mill. For instance, in Australia the social aspect may not be as relevant as the environmental; whereas in developing countries human rights may be a priority, or maybe both the social and environmental aspects would be as important for some mills. In particular, respect for human rights represents one of the pillars of sustainability according to Bonsucro. In fact, Schwarzbach explained that this aspect was clearly highlighted by the stakeholders who contributed to the design of this standard.

In addition, both, Schwarzbach and Viart, have indicated that this standard can be implemented anywhere in the world, as long as there is an intention to work towards sustainability. The organisation has proactively approached several mills and is particularly active in certain countries such as India, Brazil, Colombia, Mexico, South Africa, Australia, and Thailand. In general, they are open to work with any mill that is willing to participate in the programme, regardless of its geographical location. As a first step, however, mills must become members of Bonsucro and abide to the organisation's code of conduct. "We do not accept companies who just want to do 'green washing' and take advantage of the certification in this sense", clarified Viart. "We are here to support them but they need to be committed to the principles of the organisation", he added.

#### ***4.2.2 Bonsucro's certification process and legitimacy***

The Bonsucro Certification system includes three main elements: the technical standards, the audit guidance, and the certification protocol. The technical standards describe the relevant principles and criteria that must be followed by the mills. The audit guidance is a group of manuals developed by the organisation, which intends to clarify specific aspects of the technical standard, including descriptions of how to interpret the standard's principles and criteria, how auditors should verify compliance, how to address exceptional situations, and what tools can be used during the audit process. Finally, the third component of Bonsucro's certification system – the certification protocol – is a detailed list of rules and requirements for certification

bodies and economic operators, which include the audit procedures that certification bodies are to follow as part of the Bonsucro certification process.

Bonsucro uses approved independent certification bodies to conduct its certification process. The organisation does not impose any particular certification body to the companies that wish to obtain Bonsucro's certification. Instead, companies can use one of the already approved bodies or ask their preferred certifier to register with Bonsucro and go through the approval process. The requirements to become a Bonsucro approved certification body include holding the accreditation ISO/IEC Guide 65 / BS EN 45011: 1998 (an accreditation provided by ISO), and to operate at least one accredited scheme relevant to the sustainability criteria specified in the Bonsucro Standard. Currently, there are 9 certification bodies already approved by Bonsucro, which have headquarters in different countries, such as Brazil, The Netherlands, USA, and Switzerland.

#### *Ensuring Consistency through Auditor's Training*

In order to ensure consistency between the standard and its certification process, Bonsucro provides training to the Lead Auditors and the Technical Managers of the approved certification bodies. The Lead Auditors are in charge of the entire investigation on the field, whilst the Technical Managers are in charge of reviewing all the evidence collected during the audits.

The Bonsucro's Head of Sustainability periodically witnesses live audits in order to identify potential gaps in the audit process, which may result in updates and improvement of the training curricula if necessary. Also, auditors are provided with software to calculate and determine whether or not a mill is compliant with the numeric targets specified by the standard. They must ensure, however, that the data used for these calculations is accurate and have the appropriate supporting evidence.

Auditors have to perform such audits based on universal principles specified by the standard. However, at the same time, they may face different contexts in each mill. Therefore, it becomes very difficult to guarantee consistency of the results between audits. Nicolas Viart explained that the standard has been designed to be applicable in different contexts; therefore, some criteria may not be precise enough for certain mills.

There may be less probability of interpretation issues around the technical part, because concepts and numeric targets are clearly specified. However, interpretation issues may be found mainly in the legal requirements (i.e. local law), since the law needs to be interpreted. In such instances, the training provided by Bonsucro becomes highly relevant because it helps to clarify what Bonsucro understands about the local law within the objectives of the standard. Therefore, consistency is generally achieved only through continuous improvement of the standard itself, by constantly reviewing and modifying the guidelines as required, using the experience accumulated, and performing as much training as needed, Viart added.

### *Legitimacy and the Auditor's Role*

Legitimacy and credibility of Bonsucro Standard is achieved through several actions. The standard has gained credibility from its developing process, which involved an extensive multi-stakeholder consultation in different geographical locations. In addition, Bonsucro complies with the specifications and codes of good practices of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).

Legitimacy of the certification process, however, relies deeply on the auditor's skill. Nicolas Viart explained that Bonsucro aims to have the best auditors, and these auditors are to perform serious investigations on the field. "Auditors need to be skilled and dig into issues in order to find strong evidence", he said. Viart argues that Bonsucro's certification process is far from being only a box-ticking exercise. The process is designed in a way auditors are forced to perform investigations on the field and gain an in depth understanding of the issues occurring at the mill. In addition, the reports submitted by the auditors are randomly reviewed by Viart himself, who verifies whether the auditors have consistently gathered the appropriate evidence. "Sometimes the quality of the audit is reflected on the quality of the report", he argued.

For instance, as part of Bonsucro's certification process, auditors need to verify compliance with ILO conventions. Rather than just considering the company's version, auditors need to talk to all relevant stakeholders (e.g. employees, local people, local NGOs) and verify all relevant documentation (e.g. payroll records, IDs, contracts) before reaching a conclusion regarding the company's compliance with the standard.

Auditors should be aware that even if everything looks good, a company may be showing a false image whilst the auditor is present. Auditors are accountable for the outcome of the certification process (i.e. whether the company gets certified or not). Their professional prestige is at stake, along with the credibility of the company they represent. If there is evidence that the audits were weak, it would directly affect the reputation of both the auditor and the certification body. Therefore, Bonsucro expects auditors do their best effort to uncover any issues happening at the mills being audited.

#### ***4.2.3 Bonsucro's Principle 2: Respect for Human Rights and Labour Standards***

One of the five pillars of the Bonsucro Standard is the respect for human rights and internationally recognised labour standards, which include compliance with ILO labour conventions governing child labour, forced labour, discrimination, and freedom of association and collective bargaining. Moreover, compliance with human rights and labour standards is also required from suppliers and contractors, including subcontractor agencies. In addition, Bonsucro aims to ensure companies provide a safe and healthy working environment at the plantation and mill, for which it has established targets regarding reduction of working accidents, risk mitigation plans, protective equipment, health and safety training, access to safe drinking water, and access to first aid and provision for emergency response. Furthermore, the standard requires mills to provide comprehensive, clear and equitable contracts, which should include details such as working hours, overtime payment, mode of payment, established wages, and other aspects associated to labour rights.

##### ***Bonsucro and Minimum Wages***

Bonsucro intends to ensure mills respect at least the national minimum wages (or ILO C131 guidelines in the absence of it) for all kinds of workers, including seasonal and other subcontracted workers. The standard, however, does not establish any guidelines on how wages should be calculated – i.e. mills can have hourly rates, a fixed salary, or payment based on the amounts of cane cut (as observed in the case of ISA). Therefore, if the established local minimum wages are not properly set up to cover someone's

basic living expenses, complying with minimum wages may not necessarily mean that workers receive fair compensation. When consulted about this issue, Bonsucro's Head of Sustainability explained that obeying the law is the first step required by the standard; however, whether the law is properly set – i.e. whether minimum wages are properly defined according to the living cost of the country – is currently out of Bonsucro's scope. Nevertheless, this situation could be analysed as part of the standard's annual revision and continuous improvement process, depending on the evidence collected at the mills currently being certified, he added.

### *Sugarcane Burning and Mechanization*

Regarding sugarcane burning and its social and environmental impact, Bonsucro acknowledges that sugarcane burning is a normal process embedded within this industry. The standard promotes a reduction of sugarcane burning, mainly as part of its targets to reduce greenhouse gas (GHG) emissions. Also, the standard requires mills to have a risk mitigation plan, where social and environmental impacts resulting from this process are minimized. For instance, burning should take place generally when people are indoors (e.g. at night) and considering other factors such as the wind direction. However, Bonsucro does not intend to eliminate this practice, Viart explained.

Mechanization does help to reduce sugarcane burning, argued Natasha Schwarzbach; however, it may not be feasible in some cases where the mill's topography is difficult for the machines to operate (e.g. hilly surfaces), she added. Moreover, moving to mechanization may reduce labour requirements; therefore, it would be necessary to have a plan to relocate manual workers that are made redundant when implementing this change. Schwarzbach commented about a case in Sao Paulo, Brazil, where a mill was required to mechanize its harvesting process, but managed to train and relocate workers in other jobs through a programme efficiently coordinated with the local government.

In general, Bonsucro is 'technology neutral'. They state that sustainability can be reached regardless of the methods used by the mill, whether they use manual workers or machines. It is more about mills managing their process in a way that social and environmental risks are eliminated or at least properly mitigated, explained Viart.

## **5. Conclusions**

### **5.1 Conclusions regarding the main disadvantages faced by workers at ISA**

1. Workers at ISA face several kinds of disadvantages; some of which are in fact considered ‘standard practices’ of the sugarcane industry (e.g. burning sugarcane, working under high temperatures). These practices, although common in this industry, represent health and safety risks that should be mitigated. Currently, workers at ISA are victims of human/labour rights violations, such as lack of freedom of association, the use of child labour, unfair wages, and the lack of access to health services (particularly in the case of workers affected by CKD).

2. The qualitative evidence collected indicates that there is an issue of ‘false’ freedom of association at ISA, where apparently there are five unions in place, but they are not truly independent, nor do they protect the employees’ interests. Therefore, the sole existence of several unions does not necessarily guarantee freedom of association. It is the company’s responsibility to promote and guarantee the independence of such unions, and to allow the formation of any new organisation or association that may enable collective bargaining, as established by one of the ILO’s core principles.

3. The current system to remunerate cane cutters needs to be modified. Fixing the cane cutters’ schedule to a maximum of eight hours is an incomplete solution. If wages remain too low, workers would still be pushed by the need to make enough money to cover their basic expenses. The company, in its duty to respect, should re-assess how much money cane-cutters receive in average, and ensure all workers receive a salary that is equal or above the established local minimum wages. On the other hand, the State needs to comply with its duty to protect by establishing appropriate minimum wages – i.e. enough to cover basic living expenses – and to ensure companies comply with this legal requirement.

4. NSEL must ensure that the subcontractor agencies they use comply with human rights, ILO conventions (including the elimination of child labour), and good management practices. NSEL should constantly evaluate the quality of services received from these agencies, taking into account their respect for human rights and

business ethics. If deficiencies are found, NSEL should request improvement plans and/or evaluate the possibility of ending the agency's contract.

5. The recommendations proposed by BUSPH (e.g. more breaks, tents to provide shade, and record-keeping for subcontracted workers) must be followed without further procrastination, regardless of the current lack of evidence linking ISA's labour practices and CKD. In fact, even if the studies would eventually demonstrate no link between ISA's labour practices and CKD, these recommendations should still be implemented to improve general health and safety conditions at the plantation and mill.

6. The dialogue facilitated by CAO has become merely a bilateral negotiation in which one group (ASOCHIVIDA) has focused on demanding compensation for former workers and their families, but has failed on requesting sustainable solutions and better conditions for current and future workers. In turn, the company has responded by using a philanthropic approach (e.g. donating money), rather than implementing structural changes (e.g. company policy changes) to improve its overall stakeholder approach.

7. The company has demonstrated willingness to invest significant sums of money to address the issues discussed. In fact, the donation of \$908,000 (plus \$320,000 committed) to support local health care services and the funds committed to support the poultry factory project (a total of \$253,000, as per figure 1) are probably two relevant investments. Therefore, the critique is perhaps more oriented to how the company funds are invested rather than a lack of willingness to invest.

8. A true sustainability strategy requires a comprehensive review of the company's internal policies and management procedures. NSEL's charitable donations may help to alleviate some of the basic needs of this community (where the government's intervention is hardly seen), but they cannot be considered sustainable solutions. Philanthropy is not enough to address major issues such as the way subcontractors are currently managed, the difficulties faced by workers made redundant due to high creatinine levels, or the deficiencies of the current cane-cutters payment system.

9. Any efforts to guarantee respect for human rights may not be completely successful without an active participation of the government institutions. In this case, participation from The Ministry of Health, The Social Security, and The Ministry of Labour is necessary. As per the Ruggie framework, the Nicaraguan State has the duty to address

the concerns raised by the community of Chichigalpa and encourage company's respect for human rights in this community. Moreover, regarding the CKD epidemic, the World Health Organisation (WHO) has called for governments to provide leadership in addressing and preventing the expected increase in mortality caused by this disease (Levey et al., 2007). Therefore, it can be argued that the Nicaraguan government is not complying with its duty to protect, since the evidence indicates that it has not yet taken sufficient action to address the issues discussed above.

10. In summary, ISA workers face a systemic problem, where different issues are interrelated with each other. That is, a mix of poverty, lack of access to basic services (e.g. health services), an industry characterised by hard labour conditions (e.g. heat, strenuous tasks), low wages, lack of other sources of income (other than those provided by the sugarcane industry), inappropriate use of subcontractors, lack of representation (e.g. minimal response from government institutions, weak trade unions), and poor solutions (e.g. a disconnected CAO dialogue, and the company's philanthropic approach).

## **5.2 Conclusions regarding the potential of Bonsucro Production Standard to improve labour conditions at ISA**

11. Systemic problems require systemic solutions. Indeed, Bonsucro represents a systemic approach based on sustainability and continuous improvement. The Bonsucro Production Standard regards the environmental, social, and economic factors of the sugarcane industry as interconnected pieces of the same puzzle.

12. The Bonsucro Production Standard specifically contains criteria demanding respect for human rights and labour standards, which would directly address many of the issues found at ISA, such as the lack of compliance with ILO's core conventions, or issues related to health and safety (e.g. hydration, risk of heat stress). In fact, the standard promotes respect for both permanent and subcontracted workers, and specifically requires companies to ensure its main suppliers (e.g. subcontractor agencies) comply with human rights and good labour practices, which would address the issue of inappropriate management of subcontractors at ISA.

13. The Bonsucro Production Standard uses measurable targets, allowing the company to track progress (i.e. specific achievements) and improve its relationship with stakeholders. However, Bonsucro is very careful about not letting companies use this standard for ‘green washing’. Moreover, the process of implementing the standard and obtaining the Bonsucro certification may take several years in some cases. Therefore, NSEL would need to be seriously committed to a long-term sustainability approach before joining this programme.

14. The Bonsucro certification, however, deeply depends on the quality of its audits and particularly on the auditors’ skill to determine whether a mill is truly compliant. Nevertheless, Bonsucro does have a series of controls in place to minimize the risk of poor quality audits. Perhaps, credibility of the audits could be highly enhanced by establishing partnerships with local NGOs (e.g. La Isla Foundation) which could play the role of ‘whistle blowers’ when inconsistencies are found at certified mills.

15. Mechanization as a means to improve conditions at ISA (e.g. reducing sugarcane burning) has the collateral effect of making manual workers redundant. Bonsucro does not specifically propose mechanization as a solution. Instead, it remains technologically neutral and establishes that sustainability can be achieved equally using mechanised or manual processes. Sugarcane burning, however, is an issue that Bonsucro partially fails to address. Bonsucro considers sugarcane burning a normal step and focuses only on minimizing the social and environmental effects derived from this process.

16. In summary, Bonsucro can be indeed regarded as a means to improve conditions at ISA – particularly labour and environmental conditions. NSEL’s adherence to this standard would lead to an improvement of its occupational health and safety in general. The process of implementing the standard and getting certified may take several years, but its design allows the company to progressively (and continuously) improve. The standard, although far from being a panacea, represents a true systemic approach, with guidelines to face the most critical issues found at the sugarcane plantation and mill. The success of its implementation would remain, however, inevitably attached to the company’s true commitment to meet its responsibilities towards stakeholders, as well as the Nicaraguan State’s capacity to comply with its duties towards the citizens of Chichigalpa.

## Bibliography

- Blair, M. (1995) 'Ownership and Control: Rethinking Corporate Governance for the Twenty-First Century'. In: Clarke, T. (ed.) (2005) *Theories of Corporate Governance. The Philosophical Foundations of Corporate Governance*. London: Routledge. pp. 174-188.
- Blowfield, M. and Murray, A. (2011) *Corporate Responsibility*. 2<sup>nd</sup> edition. Oxford: Oxford University Press.
- Bogan, J. (2009) 'Navigating Nicaragua. Carlos Pellas Chamorro on how his family has managed to thrive in business in the turbulent Central American country'. *Forbes*. <http://www.forbes.com/2009/10/20/grupo-pellas-nicaragua-business-chamorro.html> [accessed 15 June 2012]
- Bonsucro (2011) 'Bonsucro Production Standard. Including Bonsucro EU Bonsucro Production Standard' Better Sugar Cane Initiative Ltd ('Bonsucro') [http://www.bonsucro.com/assets/Bonsucro\\_Production\\_Standard\\_March\\_2011\\_3.pdf](http://www.bonsucro.com/assets/Bonsucro_Production_Standard_March_2011_3.pdf) [accessed 10 April 2012]
- Brooks, D., Ramirez, O., Laws, R., McClean, M. (2010) 'Industrial Hygiene/Occupational Health Assessment: Evaluating Potential Hazards Associated with Chemicals and Work Practices at the Ingenio San Antonio (Chichigalpa, Nicaragua) – Final Report'. Boston University School of Public Health. *CAO Cases – Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/FINALIHRReport-AUG302010-ENGLISH.pdf> [accessed 05 May 2012]
- Camacho y Pérez Galdós, G. (1961) 'El cultivo de la caña de azúcar y la industria azucarera en Gran Canaria. 1510-1535'. *Anuario de Estudios Atlánticos*, N° 7, pp. 11-70.
- Castka, Pavel and Balzarova, Michaela (2008) 'Social Responsibility Standardization: Guidance or Reinforcement through Certification?'. *Human Systems Management*. 27 (3) pp. 231-242.
- Clarke, T. (1998) 'The Stakeholder Corporation: A Business Philosophy for the Information Age' In: Clarke, T. (ed.) (2005) *Theories of Corporate Governance. The Philosophical Foundations of Corporate Governance*. London: Routledge. pp.189-201.
- Compañía Licorera de Nicaragua S.A. (CLNSA) (2012) 'Production'. <http://www.clnsa.com.ni/production.html> [accessed 7 June 2012]
- Compliance Advisor Ombudsman (CAO) (2008a) 'Framework Agreement for Dialogue on Chronical Renal Failure'. *CAO Cases – Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/FrameworkAgreement.English.pdf> [accessed 18 June 2012]

Compliance Advisor Ombudsman (CAO) (2008b) 'Stakeholder Assessment Report. Regarding Community and Civil Society Concerns in relation to the activities of the Nicaraguan Sugar States Limited'. *CAO Cases – Documents* [http://www.cao-ombudsman.org/cases/document-links/documents/AssessmentReportNSEL10\\_Dec\\_2008.pdf](http://www.cao-ombudsman.org/cases/document-links/documents/AssessmentReportNSEL10_Dec_2008.pdf) [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2009a) 'Dialogue Process on Chronic Renal Insufficiency. Facilitator's Summary. October 16 2009'. *CAO Cases - Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/DialogueaboutCRI-FacilitatorsSummary16Oct2009.pdf> [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2009b) 'Needs Assessment: Options to improve immediate and long-term care for people suffering from Chronic Renal Insufficiency'. *CAO Cases - Documents*. [http://www.cao-ombudsman.org/cases/case\\_detail.aspx?id=82](http://www.cao-ombudsman.org/cases/case_detail.aspx?id=82) [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2010a) 'Dialogue Process on Chronic Renal Insufficiency. Facilitator's Summary. June 4 2010 '. *CAO Cases - Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/FacilitatorSummaryJune42010English.pdf> [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2010b) 'Dialogue Process on Chronic Renal Insufficiency. Facilitator's Summary. September 2 2010 '. *CAO Cases - Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/FacilitatorSummarySept22010English.pdf> [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2010c) 'Dialogue Process on Chronic Renal Insufficiency. Facilitator's Summary. November 12 2010 '. *CAO Cases - Documents*. <http://www.cao-ombudsman.org/cases/document-links/documents/FacilitatorSummaryNov122010English.pdf> [accessed 19 June 2012]

Compliance Advisor Ombudsman (CAO) (2012) 'Nicaragua / Nicaragua Sugar States Limited–01/ León and Chinandega' *CAO Cases*. [http://www.cao-ombudsman.org/cases/case\\_detail.aspx?id=82](http://www.cao-ombudsman.org/cases/case_detail.aspx?id=82) [accessed 18 June 2012]

Cooke, F. (2011) 'Social Responsibility, Sustainability and Diversity of Human Resources'. In: Harzing, A. and Pinnington, A. (eds.) *International Human Resource Management*. 3<sup>rd</sup> edition. London: Sage. pp. 583-611.

Cragg, W. (2012) 'Ethics, Enlightened Self-Interest, and the Corporate Responsibility to Respect Human Rights: A Critical Look at Justificatory Foundations of the UN Framework'. *Business Ethics Quarterly*. 22 (1) pp. 9-36.

Cragg, W., Arnold, D., and Muchlinski, P. (2012) 'Human Rights and Business' *Business Ethics Quarterly*. 22 (1) pp. 1-7.

Crane, A. and Matten, D. (2010) *Business Ethics. Managing Corporate Citizenship and Sustainability in the Age of Globalization*. 3<sup>rd</sup> edition. Oxford: Oxford University Press.

- Curtis, F. (2009) 'Peak Globalization: Climate Change, oil depletion and global trade'. *Ecological Economics*. 69 (2) pp. 427-434.
- De Vaus, D. (2001) 'Research Design in Social Sciences'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapters 1, 2, and 3.
- Drummond and Marsden (1999) *The Condition of Sustainability*. London: Routledge.
- Fonseca, R. (2012) 'Exitosa Expansión Multisectorial' *Estrategia & Negocios* <http://www.estrategiaynegocios.net/2012/05/23/exitosa-expansion-multisectorial/> [accessed 15 June 2012]
- Freeman, E. (2010) *Strategic Management. A Stakeholder Approach*. Cambridge: Cambridge University Press. First published in 1984.
- Galloway, J.H. (1989) *The Sugar Cane Industry. An historical geography from its origins to 1914*. Cambridge: Cambridge University Press.
- Gibbons, S. (2011) 'Protect, Respect, Remedy: what does John Ruggie's framework mean for ethical trade?' Ethical Trading Initiative. <http://www.ethicaltrade.org/news-and-events/blog/steve-gibbons/ruggie-framework-protect-respect-remedy> [accessed 29 June 2012].
- Gill, A. (2008) 'Corporate Governance as Social Responsibility: A Research Agenda' *Berkeley Journal of International Law*. 26 (2) pp. 452-478.
- Gill, J. and Johnson, P. (2010) 'Research Methods for Managers'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapters 4, 5, and 20.
- Gray, D.E. (2009) 'Doing Research in the Real World'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapters 7, 9, 10.
- Green, W. (1976) *British Slave Emancipation. The Sugar Colonies and the Great Experiment, 1830-1865*. Oxford: Oxford University Press.
- Greenfield, S. (1977) 'Madeira and the Beginnings of New World Sugar Cane Cultivation and Plantation Slavery: A Study in Institution Building'. *Annals of the New York Academy of Sciences*, 292 (1) pp. 536-552.
- Harrison, M. (2001) *King Sugar. Jamaica, the Caribbean, and the world sugar economy*. London: Latin America Bureau.
- Higman, B. (2000) 'The Sugar Revolution'. *Economic History Review*, 53 (2) pp. 213-236.

Ingenbleek, P. and Immink, V. (2010) 'Managing Conflicting Stakeholder Interests: An Exploratory Case Analysis of the Formulation of Corporate Social Responsibility Standards in the Netherlands'. *Journal of Public Policy and Marketing*. 29 (1) pp. 52-65.

International Finance Corporation (IFC) (2012a) 'About IFC'  
[http://www1.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/about+ifc](http://www1.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc) [Accessed 19 June 2012]

International Finance Corporation (IFC) (2012b) 'IFC Projects – Nicaragua Sugar States Limited. Project # 25331. Summary of Proposed Investments'  
[http://www1.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/about+ifc](http://www1.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc) [Accessed 19 June 2012]

International Labour Organization (ILO) (2012a) 'Labour Standards' ILO Website  
<http://www.ilo.org/global/standards/lang--en/index.htm> [accessed 02 July 2012].

International Labour Organization (ILO) (2012b) 'Conventions and Recommendations' ILO Website. <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm> [accessed 02 July 2012].

International Labour Organization (ILO) (2012c) 'ILO Declaration on Fundamental Principles and Rights at Work'. ILO Website <http://www.ilo.org/declaration/lang--en/index.htm> [accessed 02 July 2012].

International Labour Organization (ILO) (2012d) 'Freedom of association and the effective recognition of the right to collective bargaining'. ILO Website  
<http://www.ilo.org/declaration/principles/freedomofassociation/lang--en/index.htm> [accessed 02 July 2012]

International Labour Organization (ILO) (2012e) 'Elimination of all forms of forced or compulsory labour'. ILO Website  
<http://www.ilo.org/declaration/principles/eliminationofchildlabour/lang--en/index.htm> [accessed 02 July 2012]

International Labour Organization (ILO) (2012f) 'Effective abolition of child labour'. ILO Website <http://www.ilo.org/declaration/principles/abolitionofchildlabour/lang--en/index.htm> [accessed 02 July 2012]

International Labour Organization (ILO) (2012g) 'Elimination of discrimination in respect of employment and occupation'. ILO Website  
<http://www.ilo.org/declaration/principles/eliminationofdiscrimination/lang--en/index.htm> [accessed 02 July 2012]

International Labour Organization (ILO) (2012h) 'General Survey on the fundamental Conventions concerning rights at work in light of the ILO Declaration on Social Justice for Fair Globalization, 2008'. *Report of the Committee of Experts on the Application of Conventions and Recommendations*. Report III (Part 1B). Geneva: International Labour Office. ILC.101/III(1B).

Kant, I. (1996) *The Metaphysics of Morals*. Cambridge: Cambridge University Press. First published in 1797

Lal, H. (2004) 'Re-engineering the ISO 9001:2000 certification process' *ISO Management Systems*. 4 (5) pp. 15–17.

Letza, S., Xiuping, S., Kirkbride, J. (2004) 'Shareholding versus Stakeholding: a critical review of corporate governance'. *Corporate Governance: An International Review*. 12 (3) pp. 242-262.

Levey, A., Atkins, R., Coresh, J., Cohen, E., Collins, A., Eckardt, K., Nahas, M., Jaber, B., Jadoul, M., Levin, A., Powe, N., Rossert, J., Wheeler, D., Lameire, N., Eknoyan, G. (2007) 'Chronic kidney disease as a global public health problem: Approaches and initiatives – a position statement from Kidney Disease Improving Global Outcomes' *Kidney International – The Official Journal of the International Society of Nephrology*. 72 (1) pp. 247-259.

Lopez, José (2003) 'Comercialización de la Caña de Azúcar en Nicaragua, casos comparativos con Honduras y Costa Rica' IICA. Managua, Nicaragua.  
[http://www.iica.int.ni/Estudios\\_PDF/Comercio\\_Cana.pdf](http://www.iica.int.ni/Estudios_PDF/Comercio_Cana.pdf) [accessed 7 August 2012]

Martinez Lucio, M. and MacKenzie, R. (2011) 'Regulation in Global Employment' In: Harzing, A. and Pinnington, A. (eds.) *International Human Resource Management*. 3<sup>rd</sup> edition. London: Sage. pp. 559-580.

Mintz, S. (1986) *Sweetness and Power. The Place of Sugar in Modern History*. New York: Penguin.

Mintz, S. (1999) 'Sweet Polychrest'. *Social Research*. 66 (1) pp. 85-101.

Morison, S. (1991) *Admiral of the Ocean Sea. A life of Christopher Columbus*. Boston: Little, Brown and Company.

Muchlinksy, P. (2012) 'Implementing the New UN Corporate Human Rights Framework: Implications for Corporate Law, Governance, and Regulation' *Business Ethics Quarterly*. 22 (1) pp. 145-177.

Myers, M. (2008) 'Qualitative Research in Business and Management'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapters 6 and 12

- Nicaragua Sugar States Limited (NSEL) (2009a) ¿Qué somos? <http://www.nicaraguasugar.com/es/que-somos/> [accessed 18 June 2012]
- Nicaragua Sugar States Limited (NSEL) (2009b) 'Nicaragua Sugar Estates Limited and Chronic Kidney Disease' <http://www.laverdadnssel.com/index.php?lang=en> [accessed 06 May 2012]
- Parker, M. (2011) *The Sugar Barons. Family, Corruption, Empire, and War in the West Indies*. New York: Walker & Co.
- Ranganathan, J. (1998) 'Sustainability Rulers: Measuring Corporate Environmental and Social Performance' *Sustainable Enterprises Perspectives*. World Resources Institute. [http://pdf.wri.org/sustainability\\_rulers.pdf](http://pdf.wri.org/sustainability_rulers.pdf) [accessed 12 July 2012].
- Rasche, A. (2010) 'The limits of corporate responsibility standards'. *Business Ethics: A European Review*. 19 (3) pp. 280-291
- Ratekin, M. (1954) 'The Early Sugar History in Española'. *Hispanic American Historical Review*, 34 (1) pp. 1-19.
- Richardson, D. (2007) 'The Ending of the British Slave Trade in 1807: The Economic Context'. *Parliamentary History*, 26 (1) pp. 127-140.
- Rodgers, G., Lee, E., Swepston, L., and Van Daele, J. (2009) *The International Labour Organization and the quest for social justice, 1919-2009*. Geneva: International Labour Office.
- Ruggie, J. (2008) 'Protect, Respect and Remedy: A framework for Business and Human Rights'. UN Doc A/HRC/8/5.
- Ryder, A. (1969) *Benin and the Europeans. 1485-1897*. London: Humanities Press.
- Saran, S. (2009) 'Global Governance and Climate Change', *Global Governance* 15 (4) pp. 457-460.
- Schwartz, S. (1985) *Sugar Plantations in the Formation of Brazilian Society. Bahia, 1550-1835*. Cambridge: Cambridge University Press
- Sheehy, K. (2011) 'Mystery Kidney Disease in Central America' *BBC News Magazine*. <http://www.bbc.co.uk/news/magazine-16007129> [accessed 10 February 2012]
- Sheridan, R. (2000) *Sugar and Slavery: An Economic History of the British West Indies, 1963-1775*. Kingston: Canoe Press (first published in 1974)
- Silverman, D. (2009) 'Doing Qualitative Research'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapter 13.
- Steadman, M., Zimmerer, T., Green, R. (1995) 'Pressures From Stakeholders Hit Japanese Companies'. *Long Range Planning* 28 (6) 29-37.

- Tyner, W., Dooley, F., Viteri, D. (2011) 'Alternative Pathways for fulfilling the RFS Mandate'. *American Journal of Agriculture Economics*. 93(2) pp. 465-472.
- United Nations Human Rights Council (UNHRC) (2011) 'Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises'.  
[http://www.ohchr.org/Documents/Issues/Business/A-HRC-17-31\\_AEV.pdf](http://www.ohchr.org/Documents/Issues/Business/A-HRC-17-31_AEV.pdf) [accessed 29 June 2012].
- Webb, K. (1974) *The Changing Face of North-East Brazil*. New York: Columbia University Press
- Wesseling, C., Crowe, J., Peraza, S., Partanen, T., Aragón, A. (2011) 'Trabajadores de la Caña de Azúcar'. In: *Una mirada a las condiciones de trabajo de algunos colectivos especialmente vulnerables*. Madrid: Organización Iberoamericana de Seguridad Social (OISS). pp. 87-99.
- Wright, R. (2010) 'Teaching History in Business Schools: An Insider's View'. *Academy of Management Learning and Education* 9 (4) pp. 697-700.
- Yin, R. (2009) 'Case Study Research: Design and Methods'. In: Frenz, M., Nielsen K., Walters, G. (eds.) (2011) *Research Methods in Management*. 2<sup>nd</sup> edition. London: Sage. Chapter 14.
- Yoshimori, K. (1995) 'Whose Company Is It? The Concept of the Corporation in Japan and the West'. *Long Range Planning* 28 (4) pp. 33-44.
- Yun, L. and Laremont, R. (2001) 'Chinese Coolies and African Slaves in Cuba, 1847-74'. *Journal of Asian American Studies*, 4 (2) pp. 99-122.

## **Appendices**

## Appendix 1: Workers Interview Form and Guidelines

### 1. About the Interviewee

|   |  |
|---|--|
| <b>Name:</b>                            |  |
| <b>Age:</b>                             |  |
| <b>Job/Role at ISA:</b>                 |  |
| <b>Permanent or Subcontracted:</b>      |  |
| <b>Period of work at ISA: (From/To)</b> |  |

*Note: If the interviewee's identity needs to be kept confidential, please assign a pseudonym. Also, rather than specifying the interviewee's exact age, you can indicate only a range (e.g. less than 18, between 18-25, 25-35, 35-45, 45-55, older than 55)*

### 2. Interview Details

|                               |  |
|-------------------------------|--|
| <b>Interviewer's Name</b>     |  |
| <b>Date of interview</b>      |  |
| <b>Place of the Interview</b> |  |
| <b>Length of Interview</b>    |  |
| <b>Method of Interview</b>    |  |

### 3. Interview Introduction

- ✓ Thank the interviewee for agreeing to be involved in this study
- ✓ Remind the interviewee about the purpose of the study

**Purpose of the study:** The purpose of this study is to learn about working practices at ISA and to analyse whether or not these practices follow basic principles of business ethics. The information collected through these interviews will help to verify/contrast the information provided by the company and/or documented by other independent organisations (e.g. NGOs, Universities, etc).

- ✓ Ask the interviewee if he/she agrees on having this interview recorded. If so, please record the interview (video, audio) for further analysis. Take the opportunity to remind him/her the terms of confidentiality and protection of our source of data (in this case, the interviewee)

## 4. Interview Questions and Findings

| <b>What we are capturing:</b>  |          |
|--|----------|
| Starting the interview. Understanding the interviewee's position and experience at ISA. We want to know his/her general perception about the company |          |
| Questions:   | Answers: |
| Q1: Tell us about your role at ISA. When did you start to work there, for how many years have you worked there? What did/do you do at ISA?           |          |
| Q2: How do you feel about working (or having worked) at ISA?   |          |
| Q3: In general, do you think ISA has a positive impact in your community?  |          |

| <b>What we are capturing:</b>  |          |
|--|----------|
| Working schedule (number of hours worked daily) at ISA, breaks and general conditions at the sugarcane plantation. |          |
| Questions:   | Answers: |
| Q1: How is a normal working day at ISA? What is the normal working schedule at ISA for cane cutters? (from/to)     |          |
| Q2: How many breaks do cane cutters have during a working day? When do they have lunch break?                      |          |
| Q3: Where do the workers eat their lunch? Is food provided by the company?   |          |
| Q4: How are the overall conditions (e.g. heat, humidity, dust) at the plantation during working hours?             |          |

| <b>What we are capturing:</b>                           |          |
|---|----------|
| Whether ISA ensures their workers are properly hydrated |          |
| Questions:  | Answers: |
| Q1: How do the ISA workers get hydrated?                |          |

|   |  |
|---|--|
| Q2: In your opinion, does ISA provide enough drinking water for the workers to be hydrated? |  |
| Q3: Have you ever seen a case of a worker getting sick of dehydration at ISA?               |  |

| <b>What we are capturing:</b>   |                 |
|---|-----------------|
| How ISA remunerates cane cutters, what are the consequences of their payment system and whether or not this is a fair and/or ethical system. Also, we want to know if the average wages earned by a cane cutter are enough to cover basic needs and whether or not ISA pays OT at a different rate. |                 |
| <b>Questions:</b>   | <b>Answers:</b> |
| Q1: Can you explain what is the method used by ISA to remunerate cane-cutters? Does ISA pay based on the amount of cane cut? How much do they pay?  |                 |
| Q2: In your opinion, is this a fair method to remunerate field workers?   |                 |
| Q3: Do you think this system pushes workers to go over their physical limits?   |                 |
| Q4: Do you know how much money (in average) can a cane cutter make in a certain day/month? In your opinion, is this enough to cover basic needs (e.g. house, food, services, transport, school)   |                 |
| Q5: What is the Overtime policy? Is OT compulsory or agreed with the workers?<br>Q6: Is OT properly recorded and paid by the company? If so, is there a special rate for OT?<br>Q7: Is it the same OT rule for permanent workers vs subcontracted?  |                 |

| <b>What we are capturing:</b>   |                 |
|---|-----------------|
| The use of subcontractors. Is ISA using subcontractors as a tool to avoid corporate responsibility?                                   |                 |
| <b>Questions:</b>   | <b>Answers:</b> |
| Q1: In your opinion, what are the main differences between permanent staff and subcontractors at ISA? (in terms of labour conditions) |                 |
| Q2: Why do you think ISA hires subcontractors?  |                 |

|   |                 |
|---|-----------------|
| <b>What we are capturing:</b>   |                 |
| Whether ISA burns Sugarcane as a standard practice and the workers' perception around this topic                |                 |
| <b>Questions:</b>   | <b>Answers:</b> |
| Q1: Is sugarcane regularly burnt at ISA?  |                 |
| Q2: When was the last time that you saw sugarcane being burnt at ISA?   |                 |
| Q3: What do you think are the main consequences of sugarcane burning? (for workers and surrounding communities) |                 |

|  |                 |
|--|-----------------|
| <b>What we want to capture:</b>  |                 |
| Whether or not ISA employs (or has employed) children on a regular basis. If so, we want to understand under which conditions these children are hired   |                 |
| <i>Note: Children = any person younger than 18</i>   |                 |
| <b>Questions:</b>  | <b>Answers:</b> |
| Q1: How old were you when you first started to work at ISA?  |                 |
| Q2: Do you know of any workers at ISA that are/were younger than 18?   |                 |
| Q3: Do you know of any pregnant women working at ISA's sugarcane plantation? If so, do you know what are/were their main tasks?  |                 |
| Q4: In your opinion, is ISA currently hiring (if any) more or less children than in the past? Why do you think they are now hiring more/less children than in the past?  |                 |
| Q5: If a boy/girl (13-16 years old) looks for a job at ISA but he/she gets rejected for being a minor, what do you think he/she would do next? (e.g. go back to school, continue looking for a jobs somewhere else, becoming a thief to survive, engage in prostitution, etc.) |                 |

|  |                 |
|--|-----------------|
| <b>What we are capturing:</b>  |                 |
| What is ISA's policy on workers who become ill? (e.g. CKD)   |                 |
| <b>Questions:</b>  | <b>Answers:</b> |
| Q1: Do you know how ISA handles the cases of ill workers (e.g. workers with high creatinine levels)? |                 |

|   |  |
|---|--|
| Q2: Have you seen any worker being terminated as a consequence of getting ill?  |  |
| Q3: What happens when a worker gets terminated for having high levels of creatinine? Do they get any kind of medical disability allowance?                  |  |
| Q4: Have you ever seen a worker coming back to work after being let go due to high creatinine levels? If so, do you know how do they manage to get rehired? |  |

|   |                 |
|---|-----------------|
| <b>What we are capturing:</b>   |                 |
| Whether there is freedom of association at ISA (e.g. labour unions, workers' associations and groups)   |                 |
| <b>Questions:</b>   | <b>Answers:</b> |
| Q1: Are you (or have you been) a member of a union or any workers' association/group?   |                 |
| Q2: In your opinion, does ISA support workers' freedom of association (i.e. the right to form or be part of a union/workers' association or group)? If possible, please give some examples to support your thoughts on this respect |                 |
| Q3: What do you think about the current unions at ISA? Do you think unions have helped to improve working conditions at ISA?  |                 |

|   |                 |
|---|-----------------|
| <b>What we are capturing:</b>   |                 |
| Last comments   |                 |
| <b>Questions:</b>   | <b>Answers:</b> |
| Q1: Is there any other important detail about working conditions at ISA that you would like to highlight? |                 |
| Q2: Is there any final comment that you want to make?   |                 |

## 5. Ending the interview

- ✓ Thank the participant once again for his/her time and answers.
- ✓ Ask him/her if he/she has any question.



## Appendix 2: Formulario y Guía de Entrevista

### 1. Sobre el Entrevistado

|  |  |
|--|--|
| Nombre:  |  |
| Edad:  |  |
| Puesto en ISA:   |  |
| Permanente o Subcontratado:                            |  |
| Periodo en el que ha trabajado para ISA: (Desde/Hasta) |  |

*Nota: Si la identidad del entrevistado debe ser mantenida en el anonimato, favor asignar un pseudónimo. De igual manera, en lugar de especificar la edad exacta del entrevistado, favor indicar un rango de edad (e.g. menor de 18 años, entre 18-25, 25-35, 35-45, 45-55, mayor de 55 años)*

### 2. Detalles de la Entrevista

|                           |  |
|---------------------------|--|
| Nombre del Entrevistador  |  |
| Fecha de la Entrevista    |  |
| Lugar de la Entrevista    |  |
| Duración de la Entrevista |  |
| Método de la Entrevista   |  |

### 3. Introducción a la Entrevista

- ✓ Agradecer al entrevistado por acceder a participar en este estudio
- ✓ Recordar al entrevistado el propósito de este estudio:

**Propósito del Estudio:** El propósito de este estudio es conocer las prácticas laborales en ISA y analizar si dichas prácticas consideran principios básicos de ética de negocios. La información recogida a través de estas entrevistas ayudarán a verificar/contrastar la información brindada por la compañía y/o documentada por otras organizaciones independientes (e.g. ONGs, otras universidades, etc.)

- ✓ Preguntar al entrevistado/a si está de acuerdo con que esta entrevista sea grabada. Si está de acuerdo, favor grabar la entrevista (video/audio) para un futuro análisis. Tomar la oportunidad para recordarle al entrevistado los términos de confidencialidad de este estudio y la política de protección de nuestras fuentes de información (en este caso, el entrevistado).

## 4. Preguntas y Respuestas de la Entrevista

| <b>Qué queremos capturar:</b>   |                    |
|---|--------------------|
| Empezar la entrevista. Entender la posición del entrevistado y su experiencia en ISA. Queremos saber su percepción general hacia la compañía.         |                    |
| <b>Preguntas:</b>   | <b>Respuestas:</b> |
| Q1: Cuéntenos sobre su rol en ISA. ¿Cuándo empezó a trabajar allí? ¿Por cuántos años ha trabajado en esa compañía? ¿Cuáles eran sus funciones en ISA? |                    |
| Q2: ¿Cómo se siente al ser (o haber sido) un trabajador de ISA?   |                    |
| Q3: En general, ¿piensa usted que ISA tiene un impacto positivo en su comunidad?  |                    |

| <b>Qué queremos capturar:</b>  |                    |
|--|--------------------|
| Horarios de trabajo (número de horas trabajadas diariamente) en ISA, tiempo de descanso y las condiciones generales de trabajo en la plantación de caña de azúcar. |                    |
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| Q1: ¿Cómo es la jornada laboral en ISA? ¿Cuál es el horario normal de un cortador de caña en ISA? (de/a)   |                    |
| Q2: ¿Cuántos descansos tienen durante el día los cortadores de caña? ¿Cuándo toman un descanso para almorzar?  |                    |
| Q3: ¿Dónde almuerzan los trabajadores? ¿La compañía les provee de alimentación?  |                    |
| Q4: ¿Cómo son las condiciones generales en la plantación durante la jornada laboral (e.g. calor, humedad, polvo)   |                    |

|  |                    |
|--|--------------------|
| <b>Qué queremos capturar:</b>  |                    |
| Si ISA se asegura o no de que sus trabajadores estén propiamente hidratados.   |                    |
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| Q1: ¿Cómo se hidratan los trabajadores en ISA?   |                    |
| Q2: En su opinión, ¿ISA provee de suficiente agua potable para mantener hidratados a sus trabajadores?   |                    |
| Q3: ¿Ha visto usted alguna vez un caso de un trabajador que se haya enfermado por deshidratación ocasionada por el trabajo continuo sin consumir líquidos? |                    |

|  |                    |
|--|--------------------|
| <b>Qué queremos capturar:</b>  |                    |
| ¿Cómo funciona el sistema de remuneración de los cortadores de caña? Cuáles son las consecuencias de dicho sistema y si se puede considerar justo y/o ético. También queremos saber si el salario promedio de los cortadores de caña les alcanza para cubrir sus necesidades básicas y si el tiempo extra se paga diferente. |                    |
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| Q1: ¿Podría explicar el método que utiliza ISA para pagar a sus cortadores de caña? ¿ISA les paga con base en el monto de caña cortada? ¿Cuánto les paga?  |                    |
| Q2: En su opinión, ¿es esta una manera justa de remunerar a los trabajadores de la caña?   |                    |
| Q3: ¿Cree usted que este sistema empuja a los trabajadores a ir más allá de sus limitaciones físicas?  |                    |
| Q4: ¿Sabe usted cuánto dinero (en promedio) recibe un cortador de caña en un día/mes? En su opinión, ¿es este monto suficiente para cubrir necesidades básicas (e.g. vivienda, comida, servicios, transporte, educación)?  |                    |
| Q5: ¿Cuál es la política de tiempo extra en ISA? ¿El tiempo extra es obligatorio o voluntariamente acordado con los trabajadores?  |                    |
| Q6: ¿La compañía registra y paga adecuadamente el tiempo extra? Si es así, ¿la compañía usa un monto diferente para pagar tiempo extra?  |                    |
| Q7: ¿Existen diferencias en la política de pago de tiempo extra entre trabajadores permanentes y subcontratados por ISA?   |                    |

| <b>Qué queremos capturar:</b>   |                    |
|---|--------------------|
| Sobre el uso de trabajadores subcontractados. Si ISA utiliza trabajadores subcontractados como método para eludir su responsabilidad corporativa            |                    |
| <b>Preguntas:</b>   | <b>Respuestas:</b> |
| Q1: En su opinión, ¿cuáles son las principales diferencias entre trabajadores permanentes y subcontractados por ISA? (en términos de condiciones laborales) |                    |
| Q2: ¿Por qué cree usted que ISA utiliza trabajadores subcontractados a través de terceros?  |                    |

| <b>Qué queremos capturar:</b>   |                    |
|---|--------------------|
| Si ISA quema caña de azúcar como una práctica estándar de sus operaciones y la percepción de los trabajadores en este tema                              |                    |
| <b>Preguntas:</b>   | <b>Respuestas:</b> |
| Q1: ¿Es la quema de caña una práctica común en ISA?   |                    |
| Q2: ¿Cuándo fue la última vez que usted vio una quema de caña de azúcar en ISA?   |                    |
| Q3: ¿Cuáles cree usted que son las principales consecuencias de la quema de caña de azúcar para los trabajadores de la caña y las comunidades aledañas? |                    |

| <b>Qué queremos capturar:</b>  |                    |
|--|--------------------|
| Si normalmente ISA contrata (o ha contratado) niños. Si es así, queremos entender bajo que circunstancias estos niños son contratados.<br><i>Nota: Niños = cualquier persona menor de 18 años.</i> |                    |
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| Q1: ¿Cuántos años tenía usted cuando ISA lo contrató por primera vez?  |                    |
| Q2: ¿Conoce usted algún trabajador en ISA que sea menor de 18 años?  |                    |
| Q3: ¿Conoce usted alguna mujer embarazada que trabaje en la plantación de caña de azúcar de ISA? Si es así, ¿conoce qué tipo de trabajos hace?   |                    |
| Q4: En su opinión, ¿ISA actualmente contrata más o menos niños que en el pasado? ¿Por qué cree usted que ahora contratan más/menos niños que en el pasado?   |                    |

|  |  |
|--|--|
| <p>Q5: Si un muchacho/a (entre 13 y 16 años) pide trabajo en ISA, pero no se lo dan por ser menor de edad, ¿qué cree usted que pasará con ese muchacho? (e.g. volverá a la escuela, seguirá buscando trabajo en otro lugar hasta que se lo den, se convertirá en un ladrón para sobrevivir, se involucrará en la prostitución)</p> |  |
|--|--|

| <b>Qué queremos capturar:</b><br>¿Cuál es la política de ISA con respecto a trabajadores que se enferman (e.g. CKD)?  |                    |
|---|--------------------|
| <b>Preguntas:</b>   | <b>Respuestas:</b> |
| <p>Q1: ¿Sabe usted cómo ISA maneja los casos de trabajadores que se enferman (e.g. trabajadores con niveles altos de creatinina)?</p>   |                    |
| <p>Q2: ¿Ha sido usted testigo de un trabajador despedido por consecuencia de haberse enfermado en el trabajo?</p>   |                    |
| <p>Q3: ¿Qué sucede cuándo un trabajador es despedido por tener niveles altos de creatinina? ¿Reciben algún tipo de pago por incapacidad médica?</p>   |                    |
| <p>Q4: ¿Ha visto usted alguna vez un caso de un trabajador despedido por haberse enfermado pero que luego haya vuelto a trabajar (recontratado) en ISA, a pesar de seguir enfermo? Si es así, ¿cómo cree usted que ellos hacen para conseguir ser recontractados?</p> |                    |

| <b>Qué queremos capturar:</b><br>Si existe o no libertad de asociación en ISA (e.g. sindicatos, asociaciones de trabajadores, grupos)  |                    |
|--|--------------------|
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| <p>Q1: ¿Es usted (o ha sido) miembro de un sindicato o algún tipo de asociación/grupo de trabajadores en ISA?</p>  |                    |
| <p>Q2: En su opinión, ¿ISA apoya la libertad de los trabajadores para afiliarse a un sindicato, asociación o grupo de trabajadores? Si es posible, favor indique algunos ejemplos que lo hacen pensar de esa manera.</p> |                    |
| <p>Q3: ¿Qué piensa usted de los sindicatos que existen actualmente en ISA? ¿Cree usted que los sindicatos han ayudado a mejorar las condiciones laborales en ISA?</p>  |                    |

| <b>Qué queremos capturar:</b>  |                    |
|--|--------------------|
| Comentarios finales  |                    |
| <b>Preguntas:</b>  | <b>Respuestas:</b> |
| Q1: ¿Existe algún otro detalle importante de las condiciones de trabajo en ISA que le gustaría resaltar? |                    |
| Q2: ¿Hay algún comentario final que le gustaría añadir?  |                    |

## 5. Finalizar la entrevista

- ✓ Agradecer al entrevistado una vez más por su participación y sus respuestas
- ✓ Preguntarle si tiene alguna otra duda/pregunta



## Appendix 3: Bonsucro Interview Form and Guidelines

### 1. About the Interviewee

|                                  |  |
|----------------------------------|--|
| <b>Name:</b>                     |  |
| <b>Organisation:</b>             |  |
| <b>Role at the Organisation:</b> |  |

### 2. Interview Details

|                               |  |
|-------------------------------|--|
| <b>Interviewer's Name</b>     |  |
| <b>Date of interview</b>      |  |
| <b>Place of the Interview</b> |  |
| <b>Method of Interview</b>    |  |

### 3. Interview Introduction

- ✓ Thank the interviewee for agreeing to be involved in this study
- ✓ Remind the interviewee about the purpose of the interview and the study

|  |
|--|
| <p><b>Purpose of the interview</b></p> <p>The purpose of this interview is to learn more about the Bonsucro standard, its technical aspects, design and purpose. Moreover, the idea is to assess whether a potential implementation of Bonsucro at Ingenio San Antonio could help to improve the current situation of working conditions at the sugarcane plantation and mill.</p> |
|--|

- ✓ Ask the interviewee if he/she agrees on having this interview recorded. Take the opportunity to remind him/her the terms of confidentiality and protection of our source of data (in this case, the interviewee)

## 4. Interview Questions

### **I. Your role at Bonsucro and whether (and if so, how) you have been involved with the development and/or implementation of the Standard.**

Q1: Please tell us about your role at Bonsucro?

Q2: How long have you been part of Bonsucro?

Q3: Were you involved in the development of this standard? If so, how.

### **II. The importance and 'uniqueness' of Bonsucro as a sustainability standard for the sugarcane industry.**

Q4: In your opinion, why is Bonsucro important to ensure sustainability in the sugarcane industry?

Q5: How does Bonsucro differentiate itself from other standards/certifications available for the sugarcane industry (e.g. ISCC, BSvs, etc)? Is Bonsucro 'special'? If so, why?

Q6: From the multiple sustainability areas addressed by Bonsucro (e.g. human rights and labour standards, environmental issues and biodiversity, continuous improvement) what is the most relevant area addressed by the standard (i.e. where the standard places more emphasis)? Do you think Bonsucro equally addresses all sustainability areas?

Q7: Why did Bonsucro decide to include Respect to Human Rights and Labour Standards as one of its core principles?

Q8: In which geographical region do you think Bonsucro could have a higher potential for its adoption and successful implementation? Why?

### **III. Some of the technical aspects of the Standard and its Certification process.**

Q9: What is the main difference between Bonsucro and Bonsucro EU standards?

Q10: Who are some of the current independent certification bodies authorized by Bonsucro? Is there any certification body for sugar mills in Nicaragua?

Q11: How do you ensure consistency between the certification process and the standard? Is there training for certification bodies?

Q12: Auditors may face different contexts in each country/mill (i.e. different political, socioeconomic context). Therefore, auditors may need to interpret the reality of each case.

- a) How do the auditors ensure that the same 'universal' criteria established in the standard are followed in each case?

- b) How do they ensure consistency if, at the same time, they may be different interpretations of the reality at different mills?

Q13: Some companies may use unethical practices to ensure compliance only when they are being audited.

- a) How do the auditors ensure they are not certifying companies that only get ready for the audit time?
- b) Does Bonsucro partner with local NGOs to ensure compliance beyond programmed audits?

#### **IV. Specifics aspect about the standard's criteria to comply with Principle 2: Human Rights and Labour Standards.**

Q14: How do the auditors ensure compliance with ILO Conventions? In particular, please explain the audit methods used to ensure compliance with

- a) Freedom of Association and Collective Bargaining
- b) Abolition of Child Labour

Q15: Since subcontracted workers are common in the sugarcane industry (in particular during harvesting period): To what extent does Bonsucro Production Standard ensures that permanent workers have the same labour rights than subcontracted workers?

Q16: It is claimed by some authors that government-established minimum wages in some developing countries are often not enough to cover basic living expenses.

- a) Does Bonsucro use government-established minimum wages as a reference for compliance?
- b) If so, wouldn't be better for the standard to use other references for minimum wages instead?

Q17: In your opinion, is the Bonsucro standard in favour or against a system of payment in which cane cutters get paid based on the tons of cane cut in a shift? i.e. the more cane they cut, the more money they get.

Q18: Is Bonsucro in favour of replacing manual labour with mechanization? If so, is there any plan to relocate the workers that would eventually be made redundant as mechanization takes place?

Q19: Considering that burning of sugarcane may represent a health issue for the workers and communities around sugar plantations. Does Bonsucro suggest alternatives to eliminate sugarcane burning during the harvesting period?

#### **V. Final Comments**

Q20: Is there any other comment that you would like to make in regards to Bonsucro and/or Sustainability in the Sugarcane Industry?

## **5. Ending the interview**

- ✓ Thank the participant once again for his/her time and answers.
- ✓ Ask him/her if he/she has any question.
- ✓ Offer a copy of your dissertation once it is finished.



## Appendix 4: Proposal Form for Ethical Review, School of Business, Economics, Informatics

|   |   |
|---|---|
| <b>Name(s) of applicant</b>   | Manuel Vargas Basulto   |
| <b>Status</b><br>(e.g. Lecturer, PhD Student)   | MSc. Student  |
| <b>Supervisor(s)</b>  | Dr. Sue Konzelmann  |
| <b>Department</b>   | Management  |
| <b>Project status</b><br>(e.g. UG, PG, doctorate, individual staff research, externally funded project) | MSc. Dissertation   |
| <b>Funding source</b>   | Self-funded   |
| <b>Project Title</b>  | Labour conditions in the sugarcane industry and sustainability standards as a means for improvement: The Case of San Antonio Sugar Mill and Bonsucro Production Standard. |

### Attachments:

Indicate the attachments enclosed with this form (please tick boxes):

Information sheet:     Consent Form:     Questionnaire:     Other:

### **Description and rationale or proposed project**

The research project aims to understand the labour conditions of San Antonio Sugar Mill in Nicaragua. Also, it aims to understand the features of a sugar industry sustainability standard named Bonsucro, as a potential tool for improvement of the labour conditions at the sugarcane mills.

The research and data collection is divided in two:

- 1) Interviews to be performed in Nicaragua, with the assistance of a local non-profit organisation named La Isla Foundation, which will facilitate access to interviewing some of the current and former workers of San Antonio Sugar Mill
- 2) An interview to be performed with one expert on sustainability standards and Bonsucro in particular. The interview is to be performed face to face in London.

In both cases, tape-recording is intended. However, authorization from the participants will be requested before starting the recording.

Only those workers willing to freely share their experiences will be interviewed. Moreover, anonymity will be offered. In such case, pseudonyms will be used when reporting the interview results. No person younger than 18 will be interviewed.

In addition, secondary sources will be reviewed in order to strengthen the analysis. Such secondary sources are mainly previous studies, websites and official documents available through the internet or with explicit authorization from the authors.

All of the above is also included in the Methodology section of the dissertation document.

### **Ethical issues:**

**Justification:** this research intends to achieve worthwhile objectives, such as improving labour conditions of sugarcane workers, which could not be achieved without understanding the current reality through these interviews.

**Access to participants:** Participants have been approached through the social work performed by La Isla Foundation in the local communities. They will be explained how and why they have been contacted.

**Informed consent:** Participants will be fully informed about the project and any potential hazards. Only those willing to be interviewed despite the risks will be considered as subjects of study.

**Potential harm:** There is no much potential for physical or psychological harm. However, economic retaliation may be possible. La Isla works to generate other

sources of income in these communities and its work focuses on fighting for the rights of these workers. Therefore, support will be there if that type of harm were to happen.

Conflict of interest: The project is self-sponsored and there is no significant conflict of interest

Equality: Participants are randomly selected (from those willing to participate) and interviewed without any sort of discrimination.

**I confirm that the proposed project conforms with College and professional ethical guidelines, as indicated: (please circle)**

- |   |     |
|---|-----|
| 1. Access to participants:                            | YES |
| 2. Informed consent:                                  | YES |
| 3. Anonymity and Confidentiality:                     | YES |
| 4. Potential Harm to Participants:                    | YES |
| 5. Potential Harm to Researcher(s)                    | YES |
| 6. Potential Harm to the College:                     | YES |
| 7. Participants' right to decline to take part:       | YES |
| 8. Uses of the information (including publication):   | YES |
| 9. Conflicts of Interest:                             | YES |
| 10. Other relevant ethical concerns (please specify): | YES |

**Classification of project (please circle):**

**ROUTINE / NON-ROUTINE**

*Signed by:*

The applicant: .....

Date: .....

Supervisor: (if applicable) .....

Date: .....

Department Research Ethics Officer: .....

Date: .....