



HUMAN RIGHTS ABUSES IN GLOBAL SUPPLY CHAINS: WHAT WERE THE LEGAL CONSEQUENCES FROM PAST SCANDALS?

By Giovana Agutoli

FGV Law School

THE RESEARCH BACKGROUND

Nike accused of tolerating sweatshops

No action as Argentina's illegal sweatshops flourish

Two-thirds of the clothing industry is conducted in illegal workshops, like one where two young boys died last month.

DRC: Apple, Tesla and Intel may have benefitted from mines using child labour — Global Witness

Coca-Cola boycott launched after killings at Colombian plants

Chile: UN experts demand justice for Arica residents still facing health problems almost 40 years after toxic waste dump by Swedish company Boliden Minerals AB

Food giants accused of links to illegal Amazon deforestation

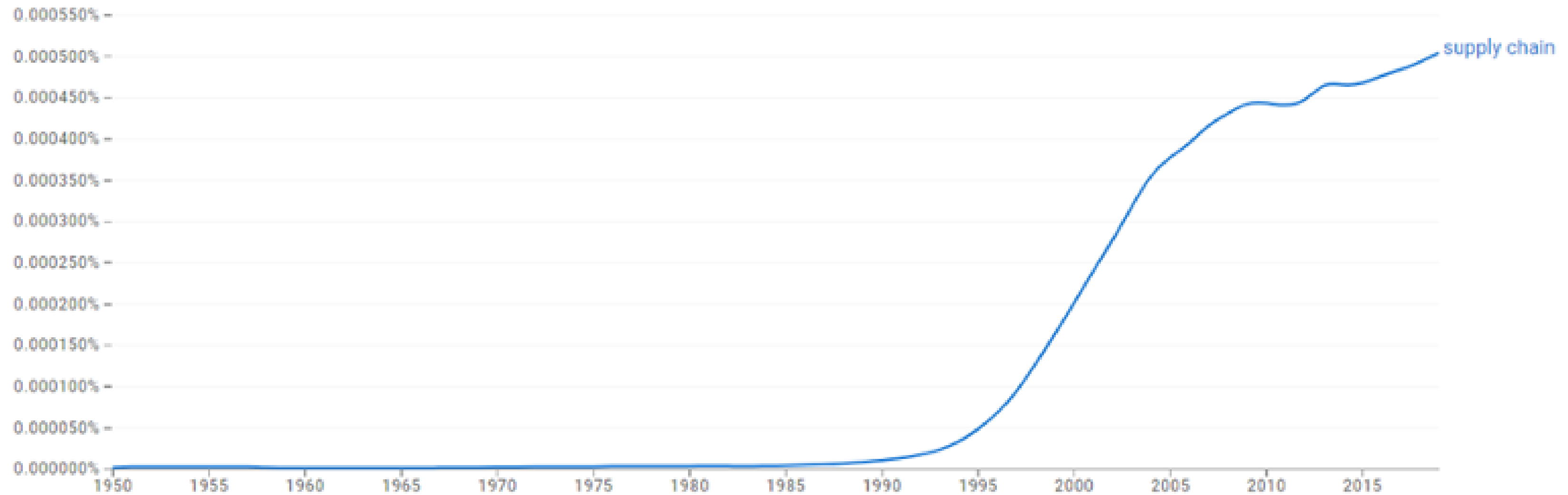
Cargill, Bunge and Cofco sourced beans from companies allegedly supplied by a farmer fined for destroying swathes of rainforest

“All the chocolate sold in Brazil today is tainted by child labor”

Report on Brazil's major cocoa-producing areas exposes labor and human rights violations

THE RESEARCH BACKGROUND

Google books Ngram Viewer: "supply chains" (1950-2019, 2023)



STARTING POINT OF THE STUDY



Literature gap

Lack of understanding of the legal consequences of human rights scandals in global supply chains



Research goal

- A systematic, empirical and comparative analysis on the subject
- To understand **the landscape of the supply chain litigation**; the **criteria** to determine liability; **legal challenges** associated with it, and the **compensation** to the victims

STARTING POINT OF THE STUDY

BHRRC Database

65 cases mapped regarding human rights abuses in global supply chains

22 cases had no legal consequences



43 cases had legal consequences



50 lawsuits and **14 agreements**

OVERVIEW FINDINGS

Quantitative review

- **43 cases**
- Comprehensive analysis of supply chain litigation:
 - Location of the abuses and lawsuits
 - Types of abuses
 - Sectors involved
 - Types of plaintiffs



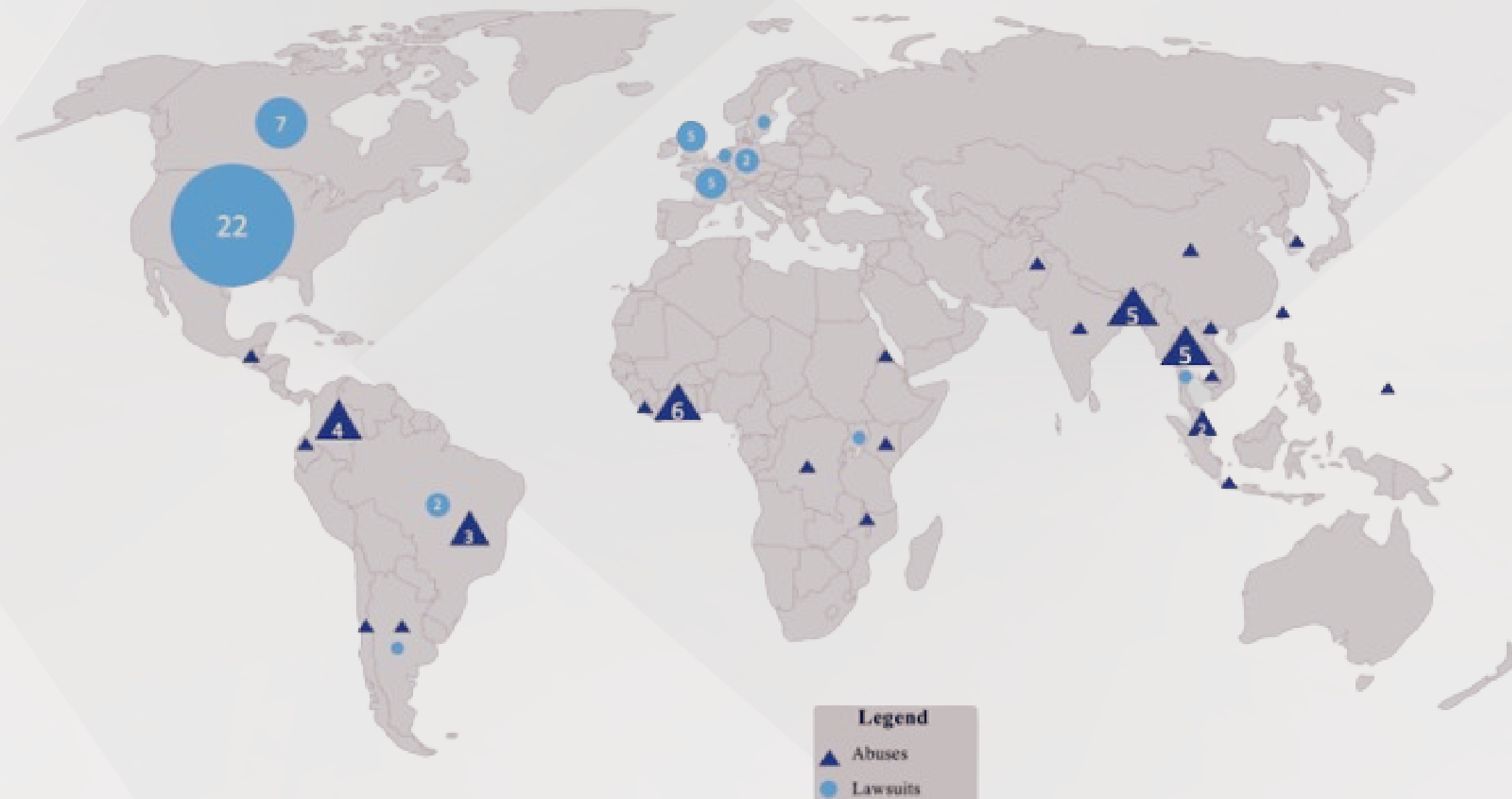
Qualitative review

- **15 cases** were selected for an in-depth examination, considering the **variety of jurisdictions** and **human rights issues**:
 - Claims
 - Legal challenges



QUANTITATIVE REVIEW

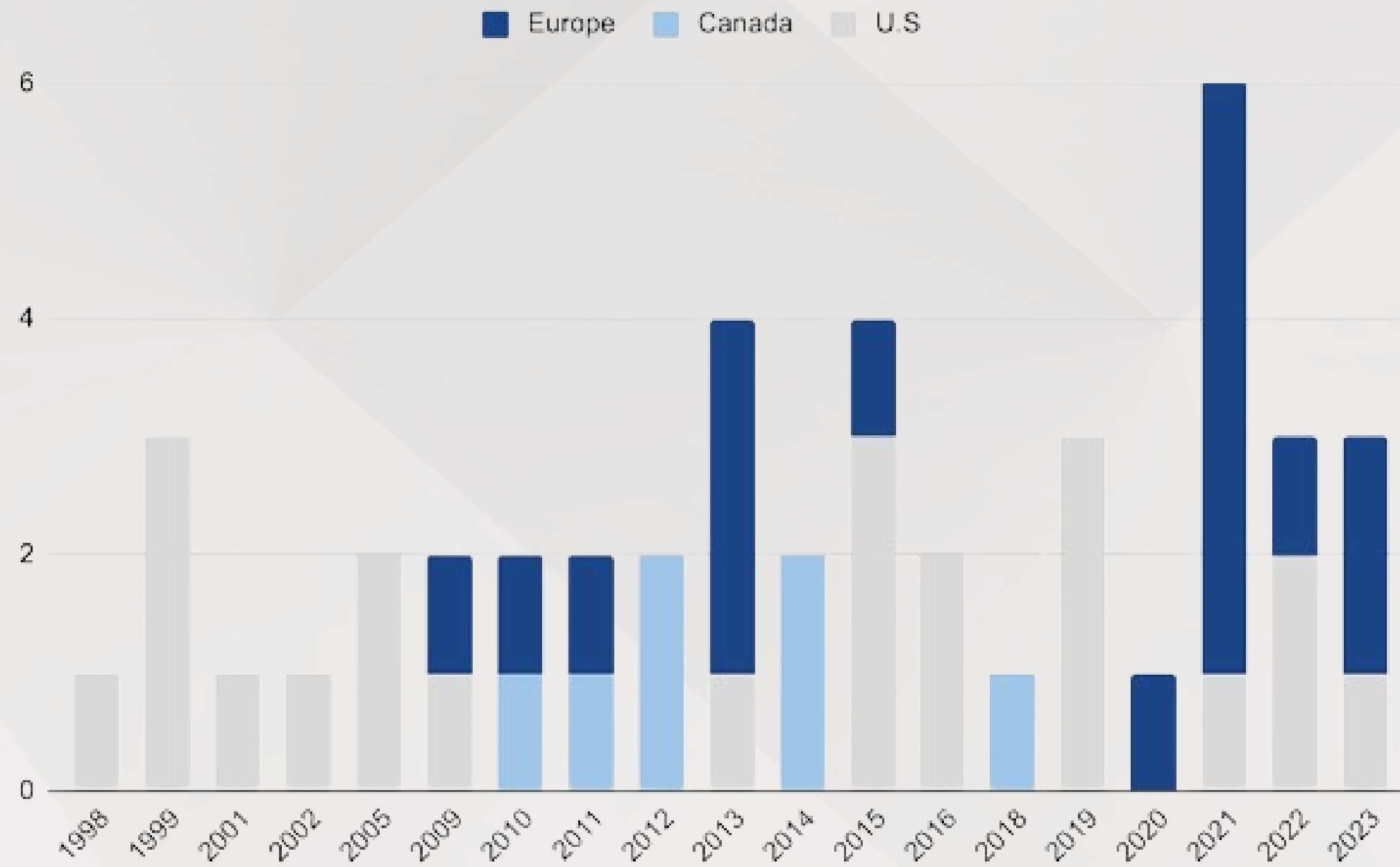
Location of the abuses and the location where the lawsuits were filed



- All the identified cases took place in the **Global South**
- The lawsuits were mostly initiated in the **Global North courts**

QUANTITATIVE REVIEW

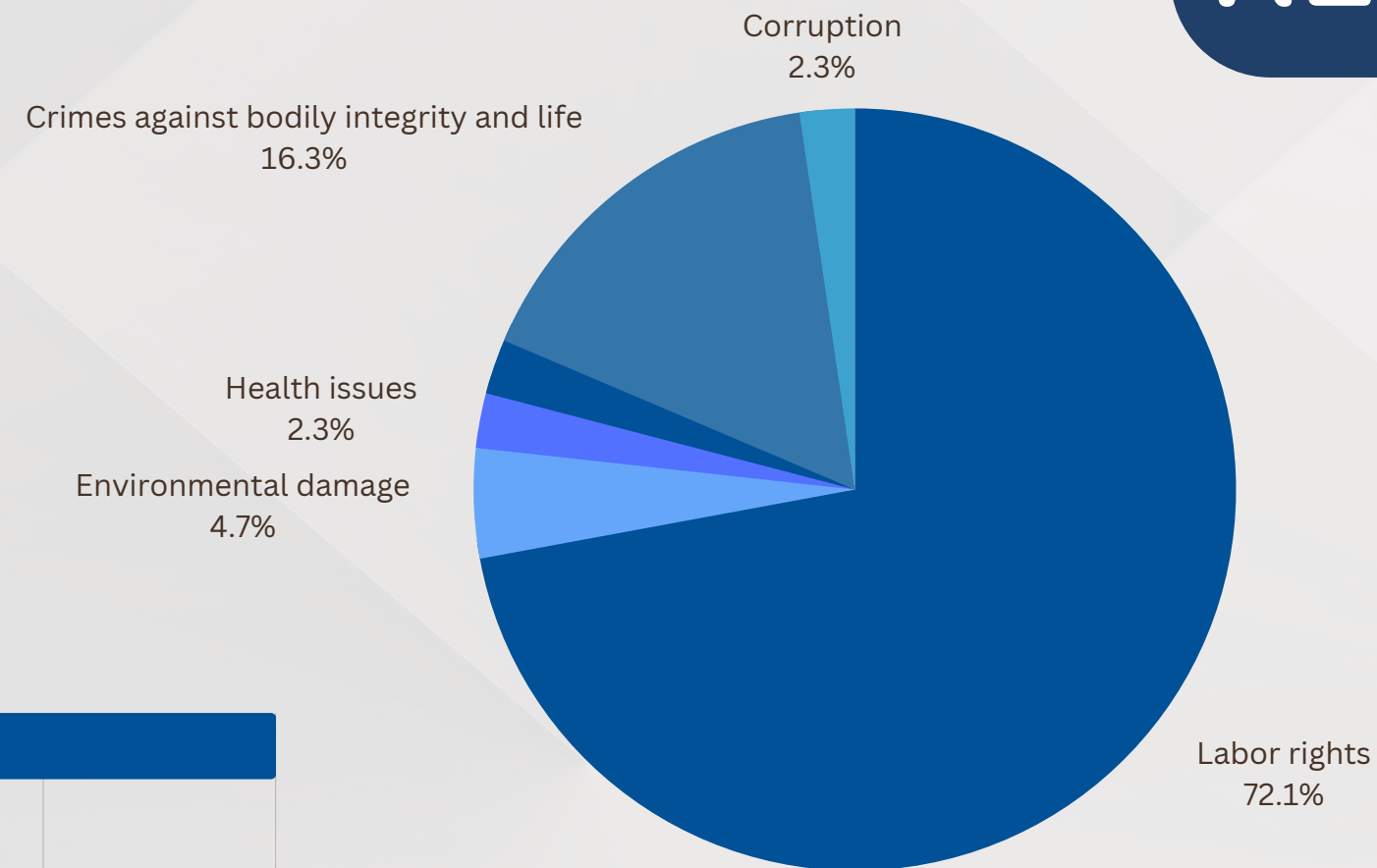
Supply chain cases over time in the Global North (the United States, Canada and Europe)



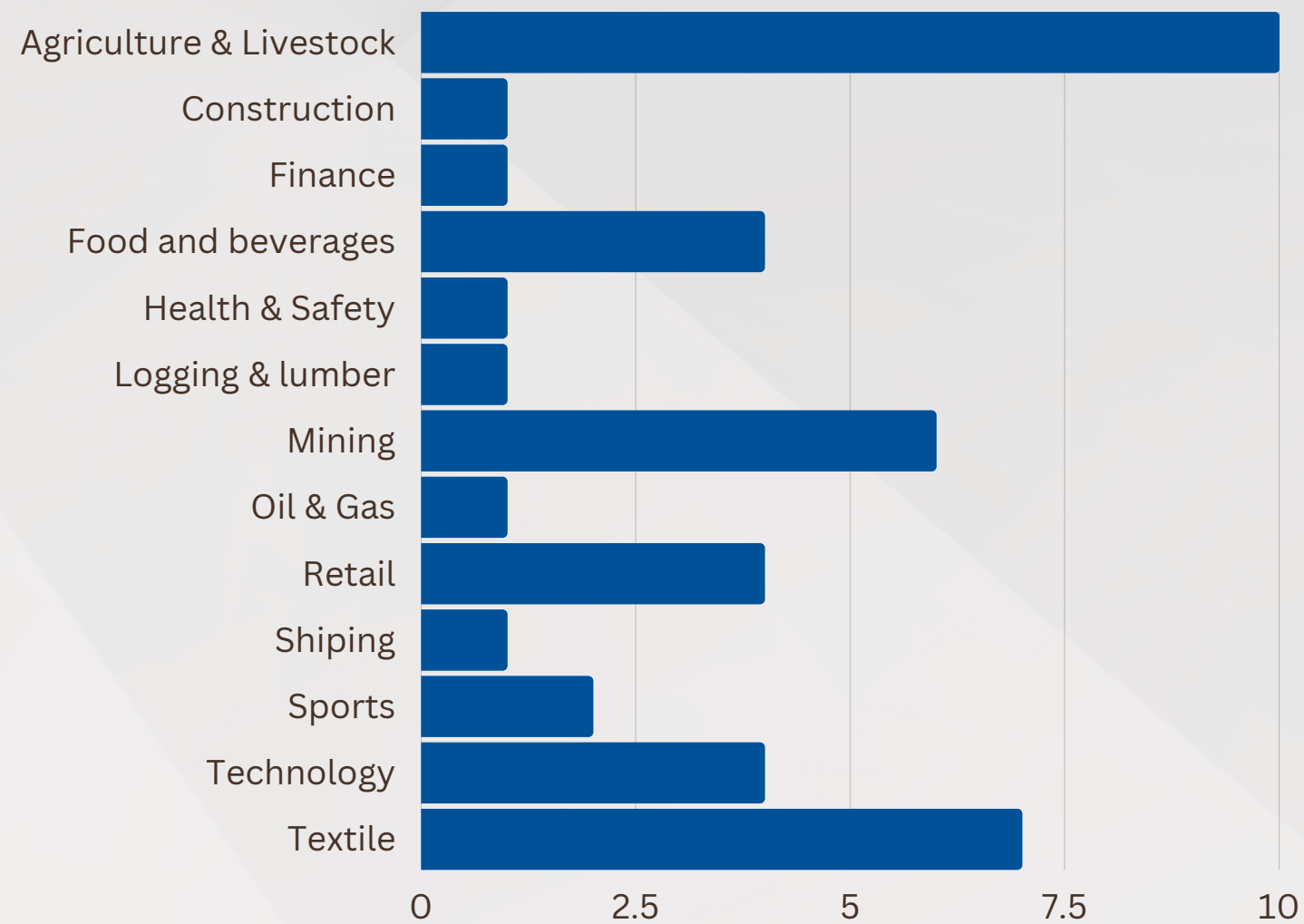
- **Before 2008:** U.S.
- **Starting in 2009:** not only in the U.S, but also in European and Canadian courts.
- **In 2021:** peak in litigation in Europe.

QUANTITATIVE REVIEW

Types of abuses



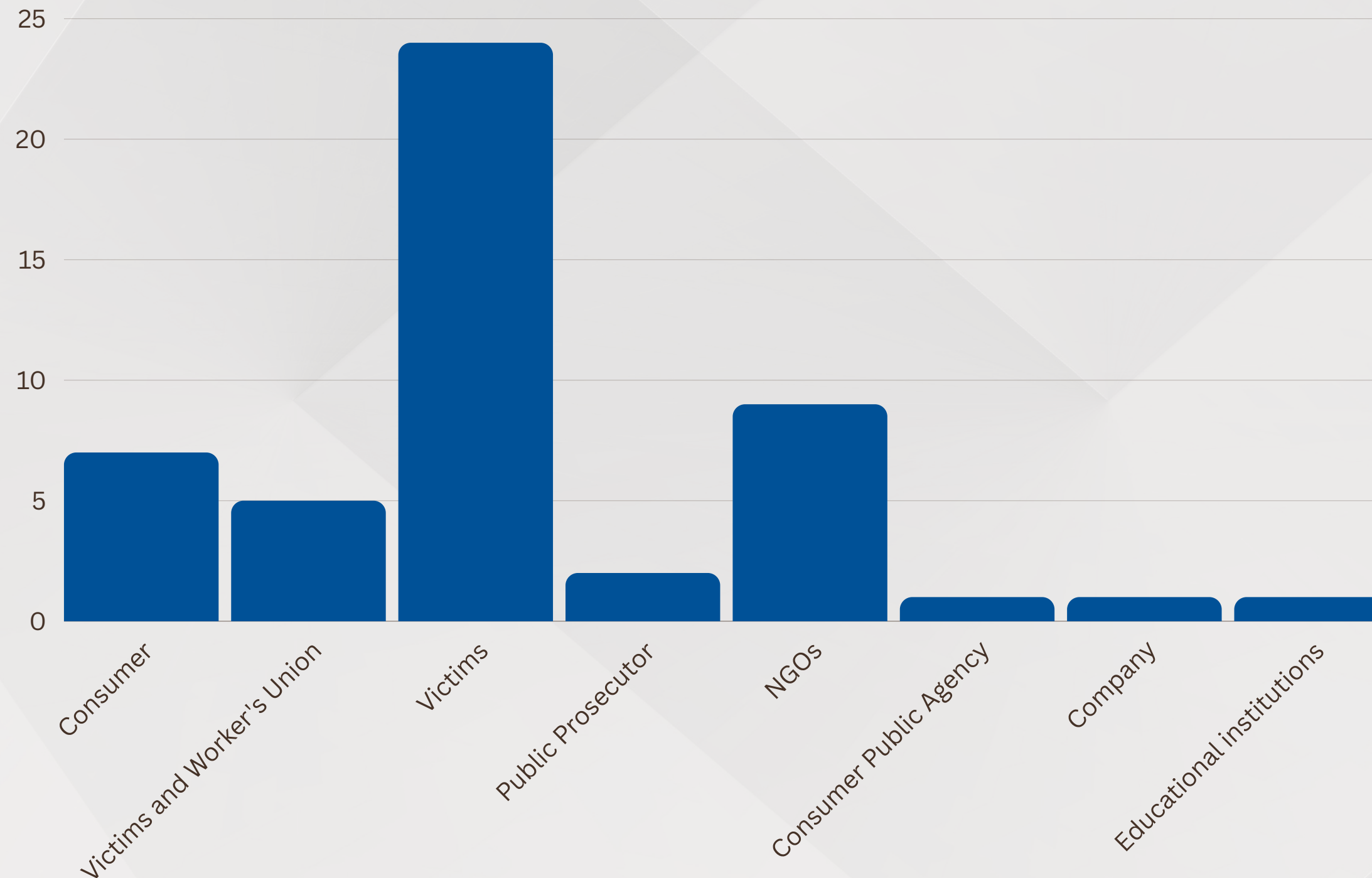
Cases by sector



- Roughly 75% are linked to **labor rights**.
- Spanned across **various industry sectors**.

QUANTITATIVE REVIEW

Types of plaintiffs



- The victims emerged as the most prevalent group, followed by NGOs and consumers.
- But they are not the only ones - a wider spectrum of plaintiffs can be seen in the chart.

QUALITATIVE REVIEW: TYPES OF CLAIMS



Consumer claims

Duty of care claims

QUALITATIVE REVIEW: TYPES OF CLAIMS

1. Consumer claims



- **Different plaintiffs:** not limit to consumer themselves, but also NGOs and public entities
- Argument: **consumers' right to access trustworthy information** about business operations, highlighting that this also covers labor conditions issues

QUALITATIVE REVIEW: TYPES OF CLAIMS

1. Consumer claims

Nike case (1998):

- In the Nike case, the plaintiff argued that **Nike engaged in false advertising by falsely claiming its respect for labor rights conditions** in its Southeast Asian subcontractors, despite global media reports of abuses in Nike's supply chain.



QUALITATIVE REVIEW: TYPES OF CLAIMS

2. Duty of care claims



Awareness of the probability
of potential harm occurring



Economic dependence



Obligations formed through
formal or informal contracts

QUALITATIVE REVIEW: TYPES OF CLAIMS

Awareness of the harm

Boliden case (2013):

- Sweden company faced a lawsuit in Sweden regarding **improper waste disposal** in the 1980s in Chile
- More than **800 Chilean** suffered health **damages**.
- The plaintiffs in this case affirmed that the company knew previously about the risks due to a **patent application**.



QUALITATIVE REVIEW: TYPES OF CLAIMS

Economic dependence

KiK case (2015):

- The plaintiffs argued that the company had a duty of care of its factory's suppliers in Pakistan, **because it was the primary purchaser of the factory.** In this specific case, the factory caught fire in 2012 due to unsafety fire securities, resulting in **260 deaths.**



QUALITATIVE REVIEW: TYPES OF CLAIMS

Obligations formed through formal or informal contracts

Coca-Cola case (2003):

- Some **unions leaders** were murdered and tortured in Cola-Cola's suppliers in Colombia
- The plaintiffs argued that the company had a duty of care with its suppliers' labors, considering **the bottler's agreements**



QUALITATIVE REVIEW: LEGAL OUTCOMES

Non - advanced legal cases

»» The cases that did not proceed further faced some challenges, all within

Global North Courts:

- statute of limitations
- lack of traceability
- insufficient evidence

Agreements

»» In some cases, agreements addressed compensation for the victims, without any acknowledgment of corporate liability

»» The involvement of International Labour Organization (ILO)

QUALITATIVE REVIEW: LEGAL OUTCOMES

Advanced legal cases

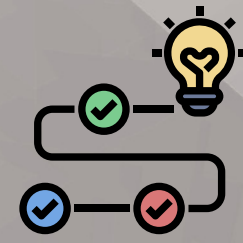


The cases that did proceed further:

- **Meta case** (Kenya)- Procedural grounds
- **Maran case** (UK)- Procedural grounds
- **Olam case** (Brazil)- Merits
- **Zara case** (Brazil)- Merits



In Brazil, the decisions on merits were reached through **public enforcement**



KEY CONCLUSIONS

01

Enforcement **challenges** in Global North Courts vs. the **existence** of enforcement in the Global South

02

Questions about **sufficiency** of compensation

03

The involvement of **International Organizations**

04

Exploring **liability limits**: extraterritoriality and shared responsibility



THANK YOU!

By Giovana Agutoli



Personal contact: g.agutoli@gmail.com