



## INITIATIVE FOR RESPONSIBLE CARNAUBA

### **TACKLING ENVIRONMENTAL AND SOCIAL CHALLENGES THROUGH INDUSTRY WORKING GROUPS**

#### The case of Carnauba wax from Brazil

Carnauba (*Copernicia prunifera*) is a species of palm tree endemic to the semi-arid region of North-eastern Brazil, that grows wild in two high-biodiversity, endangered ecosystems: the Cerrado and the Caatinga.

The Carnauba trees contribute to the protection of these unique habitats through the provision of important ecosystem services, including watershed protection, prevention of soil erosion and habitat for local wildlife. The tree provides a crucial source of income for the local communities living in the impoverished North-eastern region.



UNION FOR  
ETHICAL  
BIOTRADE

**SOURCING**  
WITH RESPECT

The study was produced as part of the Initiative for Responsible Carnauba (IRC) by the Union for Ethical BioTrade (UEBT), which acts as the Secretariat of the IRC



### Using voluntary sustainability standards

The working group IRC (Initiative on Responsible Carnauba) established some of its core practices through a partnership with a non-profit association that manages an internationally recognized sustainability standard: **the Ethical BioTrade Standard of UEBT**.

UEBT supports and verifies companies' commitments to sourcing of ingredients from biodiversity. The standard has a holistic focus with a strong emphasis on **regenerating local ecosystems and securing a better future for producers**.

UEBT is also a **membership association**, whereby companies first join UEBT and agree to an initial assessment of their sourcing systems and practices.

After that initial assessment, companies work with UEBT to define measures for improvement, to be applied both within the company and where ingredients from biodiversity are sourced. Regular assessments are conducted to monitor the progress on targets and define further possible improvements.

Early on in the working group, it became a requirement that local wax processing companies would need to start with UEBT membership, or an equivalent initiative, as a pre-requisite to joining the group.

### The challenges in Carnauba

The extraction of Carnauba powder for wax production takes place in the dry season, when there are few other jobs in agriculture. Carnauba wax, known as the 'Queen of wax', is a major export product with unique properties that make it a crucial ingredient in the food, cosmetics, pharmaceutical and polishing industries.

There are several challenges that put the sector at risk. Communities of North-eastern Brazil are vulnerable. Forced and child labour occur in several economic sectors in the region and are also known to occur in the Carnauba sector. Outside of these extreme cases, the working conditions in the sector are overall precarious, with high informality, health and safety issues, and a lack of technological innovations which causes low productivity and hazardous working conditions. There is also a concern that the younger generation is not interested in working in the sector.

Local biodiversity faces threats too, which may affect the regeneration of the Carnauba trees, and therefore the future of Carnauba wax production. A major threat is the spread of rubber vine (*Cryptostegia madagascariensis*), an invasive climbing species that suffocates native vegetation, including Carnauba trees. Rubber vine also depletes scarce water resources in the region.

Another threat is large-scale deforestation for livestock pasture and monoculture agriculture, which are economically attractive activities in the region. This may threaten the Carnauba sector, as owners of the land on which Carnauba forests grow are often not involved in Carnauba production themselves but rent their land to others for Carnauba extraction. Landowners see minimal economic gains from Carnauba and therefore have little financial interest in conserving Carnauba forests.

The poor working conditions that have been revealed in recent years have also created reputational risks for international purchasers of Carnauba. Furthermore, supply chain complexity creates low traceability between the collection fields and the wax processing factories, which makes it difficult for international purchasers to feel assured that the Carnauba was produced under satisfactory working conditions.

### Commitments of Brazilian wax processing companies as part of their joining the Initiative for Responsible Carnauba (IRC)

- Have signed and are implementing the Brazilian regulatory agreement (the TAC)
- Have become a UEFT member or demonstrated equivalent requirements
- Have demonstrated traceability of Carnauba up to the level of field collectors and family farmers
- Willing to submit to random internal audits of a minimum of 25% of the Carnauba producers supplying material to them, covering a minimum of 50% of these suppliers after 2 years.
- Willing to submit to an annual third-party verification of their regulatory compliance
- Within 8 years of IRC membership, achieve 100% verified or certified Carnauba sourcing (against an IRC recognised sustainability standard)

*In addition, wax processing companies cannot be on Brazil's federal government list of companies with slave labour.*

### Commitments of international purchasing companies as part of their joining the IRC

- Within 3 years of IRC membership, source 100% of their Carnauba from Brazilian wax processors that comply with IRC requirements
- **Distributors:** within 4 years of membership, source 50% verified or certified Carnauba (against an IRC recognised sustainability standard)
- **Final product manufacturers:** within 3 years of IRC membership, source 100% verified or certified Carnauba (against an IRC recognised sustainability standard)

### Opportunities in the sector

Despite the challenges, there are many opportunities in the sector. Carnauba extraction contributes to protecting the unique biodiversity in the area, since it is a renewable resource, and its extraction provides a value to standing forests and watersheds. Maintaining Carnauba extraction as a viable economic activity for local people prevents land conversion. In addition, the management of forests for Carnauba extraction also limits the spread of the invasive rubber vine.

Maintaining Carnauba extraction as a viable economic activity for local people prevents land conversion

To address poor working conditions, the Brazilian government has developed a regulatory instrument, called the 'Termo de Ajuste de Conduta' (TAC, or Terms of Conduct Adjustment), aimed at ensuring basic labour rights in different sectors. In the Carnauba sector, the TAC is a voluntary agreement signed between the Labour-related Public Prosecutor's office and Carnauba processing companies, through which companies commit to comply with labour legislation and occupational health and safety standards.

The private sector has also been acting in recent years to improve conditions in the Carnauba supply chain. Several local wax processing companies have started taking action to improve working conditions of Carnauba collectors (who are not their employees but are contracted by independent Carnauba producers that rent the land), however they require financial support as well as purchase guarantees from international buyers to continue and expand these projects.

International purchasers have shown their commitment to improve conditions in the sector and their support of the actions taken by local wax processing companies through their engagement and collaboration in various initiatives, including the **Initiative for Responsible Carnauba**.





## Business action through the initiative

The Initiative for Responsible Carnauba (IRC) is a multi-stakeholder initiative launched in 2018 with the support of the global 'Private Business Action for Biodiversity' (PBAB) project. The initiative involves Brazilian and international actors of the Carnauba wax production industry, government and civil society institutions.

These actors work together to support Brazilian wax processors in their commitment to improve the living and working conditions of Carnauba collectors and preserve biodiversity in Carnauba extraction areas through a preferential supplier programme. The preferential supplier programme essentially rewards local companies who have committed to improvements through the separate commitments of international purchasers to increasingly source their Carnauba from those companies that are making such improvements.

The engagement of international purchasing companies is crucial to support the local wax processing companies that have already started their improvement process

The engagement of international purchasing companies is crucial to support the local wax processing companies that have already started their improvement process. This demand-side pressure is also essential to incentivize additional local wax processing companies that have not yet been willing to improve their practices. Being part of the IRC allows international purchasers (including brands and manufacturers) to mitigate their reputational risks by ensuring that they source Carnauba from Brazilian wax processors that have demonstrated their commitment and are taking actions towards ethical sourcing.

Being part of a credible, international multi-stakeholder initiative, that also includes non-profits and government agencies, and that works to improve conditions in the supply chain also helps companies to meet their due diligence requirements.

## Sustainable Development Goals and the IRC

Through its actions, the IRC directly contributes to:



**SDG 1**  
No poverty



**SDG 8**  
Decent work and economic growth



**SDG 12**  
Responsible consumption and production



**SDG 15**  
Life on land

## Impact

Since its creation, the IRC has contributed to several impacts in the Carnauba supply chain and sector:

- Reinforcement of basic labour rights through the requirement to sign the Brazilian regulatory agreement.
- Inclusion of ethical sourcing principles in the systems of the local processing companies.
- Increased investments in trainings for local people, including Carnauba collectors, with a focus on human and workers' rights and good practices for biodiversity.
- Improved traceability systems.
- Definition and implementation of biodiversity action plans by the local wax processing companies to control invasive species, restore local ecosystems, and increase biodiversity awareness of local communities, among other actions.
- Enhanced sector-wide dialogue and collaboration between companies in different positions in the supply chain, which has led to increased transparency and the development of joint projects to contribute to improvements in the supply chains and among local communities.
- Increased awareness for purchasing companies of the social and environmental issues and risks in Carnauba, and an increased understanding of the functioning of the supply chain through [studies](#) commissioned by the IRC, as well as [videos](#) and a [good practices manual](#) for the sector.

## Demonstrating due diligence

Increasingly, companies need to respond to legal requirements and consumer expectations on practices along their supply chains.

This is known as due diligence: the process of identifying and addressing potential risks and adverse impacts caused by supply chain activities on people and biodiversity. With laws on due diligence in place or in development in many countries around the world, and human rights and other critical social risks as well as environmental risks having been identified in the Carnauba value chain, companies using Carnauba will be increasingly required by governments worldwide to be addressing and remediating these risks.

Being part of an initiative such as the IRC demonstrates the company's commitments to their due diligence obligations.



## Verification and certification

Verification and certification are two approaches to assure ethical sourcing practices in the field and at the level of the local wax processing companies. This gives purchasing companies confidence that improved practices are in place.

Certification follows a traditional and well-recognised process whereby an external certification body conducts an independent audit, and verification is a more flexible option in which a third-party controls the system of internal inspections done by qualified local staff at the wax processing companies.

In both approaches, the inspection is done against human rights and critical social and environmental requirements, including the following topics:

- Human rights
- Worker rights
- Child rights/no child labour
- Worker health and safety
- Land conversion and deforestation
- Protected areas
- Invasive species
- Threats to biodiversity
- Water quality
- Soil health
- Prices based on cost calculations
- Quality and traceability
- Legal compliance



## Further learnings

- One of the major benefits of the IRC has been its linkage of regulatory and voluntary approaches. Voluntary sustainability standards are a tool among several other tools to drive sustainability improvements, and they require additional tactics such as regulation to have maximum impact on a sector.
- Degradation of biodiversity directly impacts businesses economic bottom line. For example, the spread of the invasive species in Carnauba areas reduces much needed supply. The broader degradation of the ecosystems is threatening the future of Carnauba production more widely and, if not tackled, could affect the ability of companies to make Carnauba-related products in the future.
- The role of international purchasers is not necessarily to act on the ground but to financially support and incentivize (through purchasing commitments) the improvement actions taken by the local wax processing companies.



## Sourcing Carnauba wax? How to get involved

The Carnauba sector still faces many challenges but with these challenges come opportunities that companies can seize by joining forces with other committed businesses through the IRC. Companies working together in the IRC meet their due diligence obligations, secure a more responsible supply of Carnauba, contribute to improvements in an important value chain, and support local people and biodiversity.

You can express your interest in becoming an IRC member by writing to [irc@uebt.org](mailto:irc@uebt.org)

## About this case study

This case study was produced for the Initiative for Responsible Carnauba (IRC) by the Union for Ethical BioTrade (UEBT) acting as the IRC Secretariat, and supported by the Private Business Action for Biodiversity (PBAB) project, which is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) as part of the International Climate Initiative (IKI).

UEBT is a non-profit association that promotes sourcing with respect. It works to regenerate nature and secure a better future for people through ethical sourcing of ingredients from biodiversity. UEBT aims to contribute to a world in which all people and biodiversity thrive.

On behalf of:



of the Federal Republic of Germany

Implemented by



**Pictures** GIZ © Louisa Lösing. Carnauba wax flakes © Brasil Ceras.



## UNION FOR ETHICAL BIOTRADE

De Ruijterkade 6, 1013 AA, Amsterdam, The Netherlands | Telephone: +31 20 22 34567 | Email: [info@uebt.org](mailto:info@uebt.org)

**Representation in** Belém, Brazil | Ghaziabad, India | Antananarivo, Madagascar | Hanoi, Vietnam

**Connect with us** [www.uebt.org](http://www.uebt.org) | [www.linkedin.com/company/uebt](https://www.linkedin.com/company/uebt)

Published July 2021