

Fairtrade and HRDD

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Questions and Discussion



What is Human Rights Due Diligence? 1/2

UN Human Rights Convention (1948):
Roles of individuals and states;
UNGP (2011): Role of business.

UN Guiding Principles on Business and Human Rights (UNGP, 2011):

Business enterprises have a responsibility to respect human rights.

This means that companies **must avoid causing** or contributing to adverse human rights impacts through their own activities or business relationships.

Examples of "adverse human rights impacts" in supply chains:

- farmers' right to decent standard of living is violated, when she/he doesn't earn living incomes
- workers' right to health is violated, when they need to handle hazardous materials without protective equipment
- rights of the child are violated, when a child does work that harms her/his schooling or health
- etc

What is Human Rights Due Diligence? 1/2

Which rights?

UN Guiding Principles on Business and Human Rights (2011)

Business enterprises

This means that

avoid causing

adverse human

through their own

business relations

Rights of Vulnerable groups'

children, women, migrants, persons with disabilities, indigenous people, minorities...



Economic, social and cultural rights



health, education, work, just conditions of work, association, adequate standard of living...



Civil and political rights



freedom of expression and religion, equality, privacy, liberty, self-determination...

Environmental rights



water, stable climate, forest conservation...

Note

Environmental rights are not yet properly codified in international conventions. But consensus on them is building up.

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What is Human Rights Due Diligence? 2/2

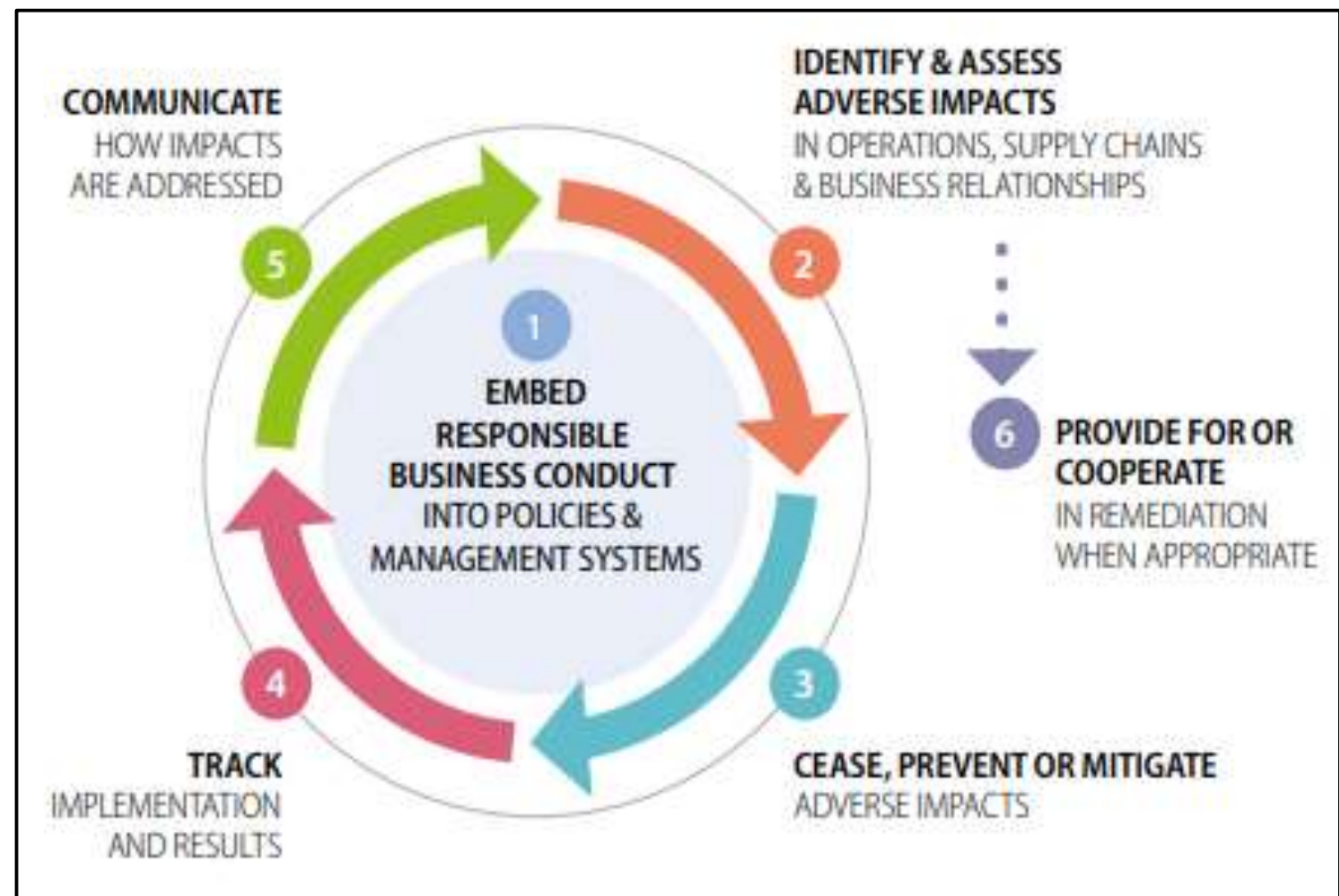
Globally accepted by both corporations and civil society organizations.

UN Guiding Principles on Business and Human Rights (UNGPs, 2011):

Business enterprises have a responsibility to respect human rights.

This means that companies must avoid causing or contributing to adverse human rights impacts through their own activities or business relationships.

In practice, companies are expected to establish a **process of human rights due diligence (HRDD)**: an ongoing process of identifying, mitigating, tracking and communicating their impacts on human rights.



The HRDD process, as depicted in the OCED Due Diligence Guidance for Responsible Business Conduct

What is new compared to CSR?

Corporate Social Responsibility pre-UNGP

Operating responsibly was **voluntary**.

CSR activities were often **charitable** donations or projects.

Each **company chose** its own CSR activities, often based on PR value.

There was **no obligation** for companies to go beyond local legal requirements.

Post-UNGP

Companies have to **respect** human rights.

Companies must assess the human rights **impacts** of their business & value chains.

Companies must address the **most severe** human rights problems related to their operations.

Corporate responsibilities are **independent of state** duties = companies must e.g. seek to pay living wages even where local laws are weak.

HRDD and SDG'S



The positive contribution of business towards the SDGs can only be fully realised if all companies fulfil their responsibility to respect human rights.

EVERY COMPANY SHOULD Identify and reduce the most severe negative impacts associated with the business.

COMPANIES CAN ALSO Identify and deliver new business ideas that advance positive outcomes.



Graph by **Shift**

Why should Fairtrade work on HRDD? 1/2

Civil society, investors, business partners, governments and consumers increasingly expect companies to do HRDD.

Global guidance

- [OECD Guidelines for MNEs \(2011\)](#)
- [OECD Due Diligence Guidance \(general 2018; textiles 2017; agriculture 2019\)](#)
- Being negotiated: [UN Binding Treaty](#)
- UNICEF, Save the Children & Global Compact (2012): [Children's Rights & Business Principles](#)

HRDD legislation

- France has made HRDD compulsory for large companies.
- Preparation/campaigns for similar laws in Switzerland, Netherlands, the UK, Germany, Finland, Luxembourg, Sweden, Canada...
- **The EU is preparing a law to make HRDD mandatory for (large) companies**, and [stakeholders widely support this](#).

Rankings

- Corporate Human Rights [Benchmark](#)
- Oxfam Supermarkets [Scorecard](#)



Standards/certifications

- **ISEAL** has developed [summary guidance](#) on how standards systems can relate to (and overlap with) due diligence legislation and frameworks
- **RA/UTZ** is developing an assess & address approach to social compliance issues.

Why should Fairtrade work on HRDD? 2/2

The case of Bonsucro (sugar certifier)

Inclusive Development (NGO) has *filed a complaint*, saying Bonsucro has failed to abide by OECD Guidelines and

- conduct adequate HRDD when partnering with Mitr Phol (company) despite its previous human rights violations that have not been remedied
- influence Mitr Phol to address its adverse human rights impacts
- produce a Human Rights Commitment or human rights-based grievance mechanism

The UK National Contact Point *has accepted* to investigate the complaint. Its decision is still pending.

→ **Fairtrade needs a HRDD process.**

→ **We need to advocate for a bottom-up approach to HRDD.**

Governments and corporations must put **farmers and workers at the heart of HRDD policies and practice.**

→ **To avoid losing business partners, attract new ones, and remain relevant for farmers and workers we need to clarify and strengthen our offer to licensees that do HRDD.**

We need to take the HRDD approach into consideration

when developing our policies and processes **in order to avert criticism and litigation.**

HOW IS FAIRTRADE'S HRDD WORK ORGANIZED?



Fairtrade's HRDD WG gained a mandate from FI Board in March 2019.

CEO's approved work plan 2020 in Oct'19

FI Board approved Fairtrade's Human Rights Commitment on June 24th, 2020.

Draft 1 of FT's new strategy suggests we

- develop 'certification+' services to support commercial partners meet HRDD requirements in sourcing;
- build the capacity of POs to respond to HRDD requirements;
- advocate for inclusion of LI/LW and fairer trading practices in HRDD laws.
- **seek HRDD compliance of Fairtrade products, programs and services by the end of 2021(!!!)**

HRDD Working Group is developing a systemwide approach to HRDD for Fairtrade, in the following workstreams:

- i. advocacy messaging and work;
- ii. HRDD related Offer to Business;
- iii. system development

HRDD WG has members from all three PNs, many NFOs, FI, Flocert and FTAO.

HRDD WG is supported and facilitated by Fairtrade's Centre of Excellence on HRDD, based at Fairtrade Finland.

Questions and discussion

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Time for discussion!

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FAIRTRADE'S HRDD WORK



ADVOCACY

Messaging/July 2020

Plan/Sept-Oct 2020

Influencing EU-level HRDD law and OECD guidelines.

Several NFOs in national campaign coalitions.

Opportunities also in South.

Led by Sami Asali /MH France.



Offer to business

Packaging/Oct 2020

Our certification and programmes mitigate several human rights violations in some of our licensees' supply chains.

Important not to oversell! Legal risk!

Some NFOs also offer guidance & expertise.

Led by Linda Wagner /FT Germany.



SYSTEM DEV'T

Human rights...

- Commitment/June '20
- **(Hotspot) Mapping/'21**
- in Standards, producer support, programmes
- in ToC and impact framework
- Communications
- Grievance mechanisms and remediation

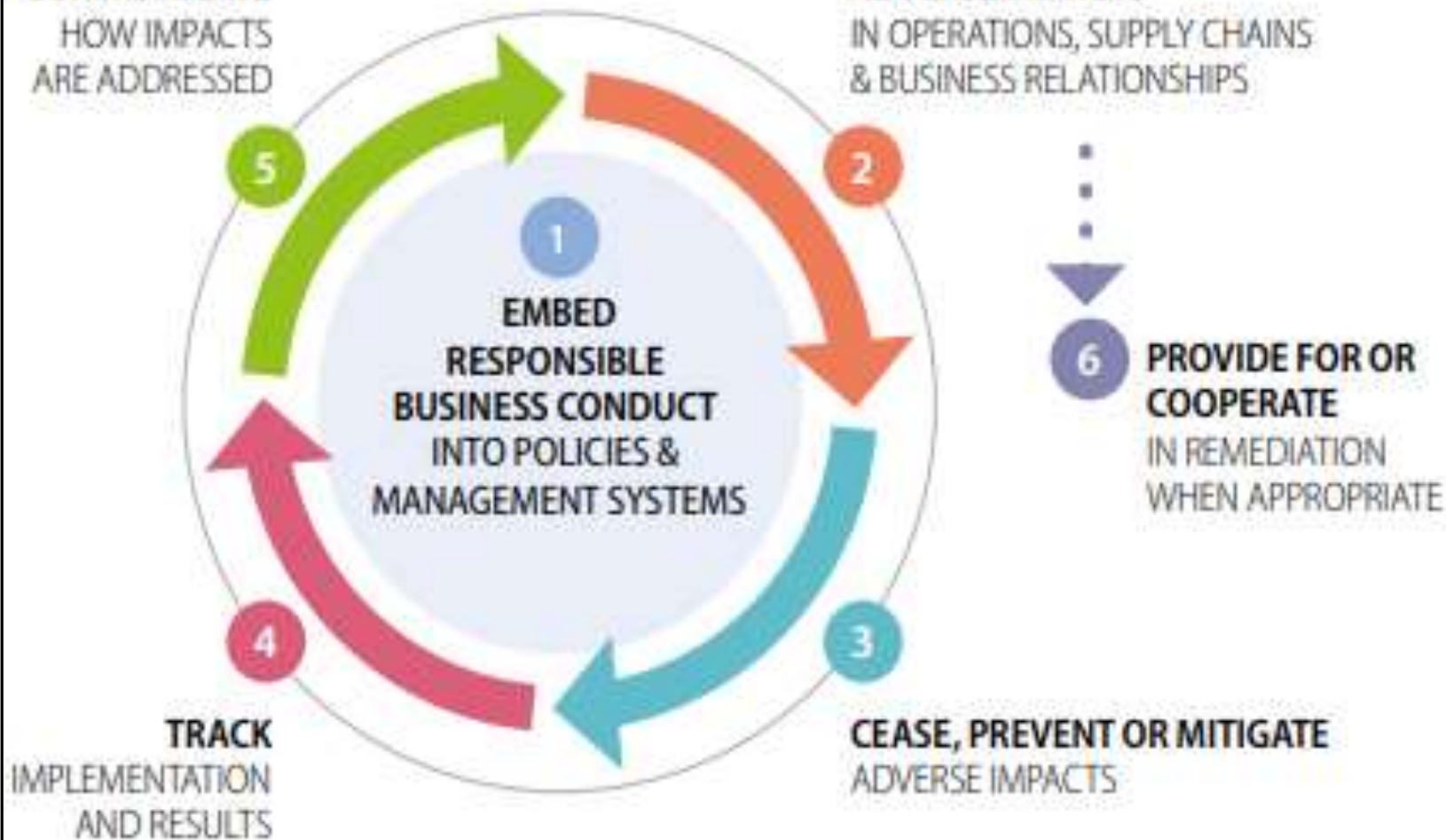
Led by Tytti Nahi /FT Finland

FAIRTRADE'S HRDD WORK



COMMUNICATE
HOW IMPACTS
ARE ADDRESSED

**IDENTIFY & ASSESS
ADVERSE IMPACTS**
IN OPERATIONS, SUPPLY CHAINS
& BUSINESS RELATIONSHIPS



SYSTEM DEV'T

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Led by Tytti Nahi
/FT Finland

Our HRDD-related Offer to business

Several Fairtrade offices already support companies in their HRDD efforts, offering e.g.:

- Understanding of how Fairtrade certification mitigates human rights risks and violations
- Training and awareness raising on human rights and HRDD
- Feedback on licensees' HRDD work, including statements required by HRDD related legislation
- Dialogue events/seminars among companies and farmers & workers representatives
- Supply chain mapping
- Understanding about human rights challenges in licensees' supply chain
- Human Rights Impact Assessments (HRIAs) by/with FLOCERT.

The future?

We offer

- 1) **certification that mitigates the key human rights risks in supply chains,**
- 2) **guidance & expertise on HRDD,**
- 3) **programmes to assess human rights in specific supply chains and/or mitigate human rights violations.**

We facilitate dialogue and understanding among supply chain actors, including rightsholders (= farmers and workers) and their representatives.

Our data and understanding makes HRIAs easy for license holders.



Pressures on fairtrade standards

” We offer certification that mitigates the key human rights risks in supply chains “

1. We need to cover key human rights.

Human Rights Commitment: “the **salient human rights issues**, which our efforts to mitigate, prevent, cease and remediate chiefly focus on, include

- living wages and living incomes
- freedom of association and unionization
- conditions of work
- child labour, forced labour and gender-based violence
- discrimination based on gender, ethnic origin or other status
- environmental rights”

To be revised in Human Rights (hotspot) Mapping/2021, but big changes unlikely.

2. We need to encourage certified entities to undertake and contribute to other supply chain actors’ HRDD.

- Includes risk assessment - grievance mechanisms - remediation - monitoring of progress - rightsholder engagement - reporting about these steps.
- Traders need to increasingly co-invest in human rights monitoring and remediation.

The new RA Standard includes these!

Particular pressures related to **trader and cocoa standards**.

Next Steps

The Standards Unit, HRDD WG and HRDD CoE seek a coherent and swift incorporation of human rights and HRDD in Fairtrade standards:

- **Dialogue and workshop between Standards Unit and HRDD WG in 2020** (facilitated by HRDD CoE).
- **Gap assessments in 2020** (coordinated/commissioned by HRDD WG/CoE).
- **HRDD review of key standards (SPO, HL, CP, trader) in 2021 (?)**
- **Full trader standard review as soon as possible.**

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Get in touch!**

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