

PLEASE READ THIS FIRST

THIS SECTION IS **INTERNAL GUIDANCE ON HOW TO USE THIS DOCUMENT. YOU MAY SHARE THE REST OF THE DOCUMENT WITH EXISTING AND POTENTIAL LICENSEES.**



This document is an articulation of what Fairtrade already does and delivers through its standards and certification process. The aim is to express it in 'HRDD language' and help businesses understand how the sourcing of Fairtrade commodities supports HRDD on their supply chains.

In practice, our certification related services vary depending on the size and commitment of the license holder, the certified product, the situation of the PO and capacity of the related PN or NFO. The below listed bullet points can be tailored to particular licensees. Every NFO is at a different stage in its journey and understanding about HRDD, and some are already offering or planning to go beyond certification. But this document covers only Fairtrade sourcing.

Fairtrade's HRDD Working Group continues to develop further materials that present how our current programme and advocacy work support companies' HRDD

work and also propose new offers to business. Because "mere" certifications are widely criticised in HRDD discussions, it is not advisable to post this paper on websites.

Human rights risks and violations are complex issues and require long term and system wide interventions. Fairtrade plays an important role but should not be considered as a one-stop solution for fulfilling all the HRDD responsibilities of any company.

References to data sharing imply no changes to existing Fairtrade and FLO-CERT rules about data confidentiality.

Remember to communicate in a balanced way, seeking to avoid overclaiming or disregard. For example, Fairtrade Standards have criteria on child labour and producers seek to comply with them – but no absolute claims like 'there is no child labour' should be made. The fact that the most salient Human Rights issues are referred to in Fairtrade standards does not automat-

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ically translate into full compliance with those requirements. Certification schemes and standards are not the best way to effectively address Human Rights abuses and its root causes. Also, the absence of non-compliance in an audit is not equivalent to fulfilling Human Rights requirements (the fact it was not found does not mean it does not exist).

For better understanding please read the internal background paper and Q&A document. You may also refer companies to public documents like Fairtrade's Human Rights Commitment.

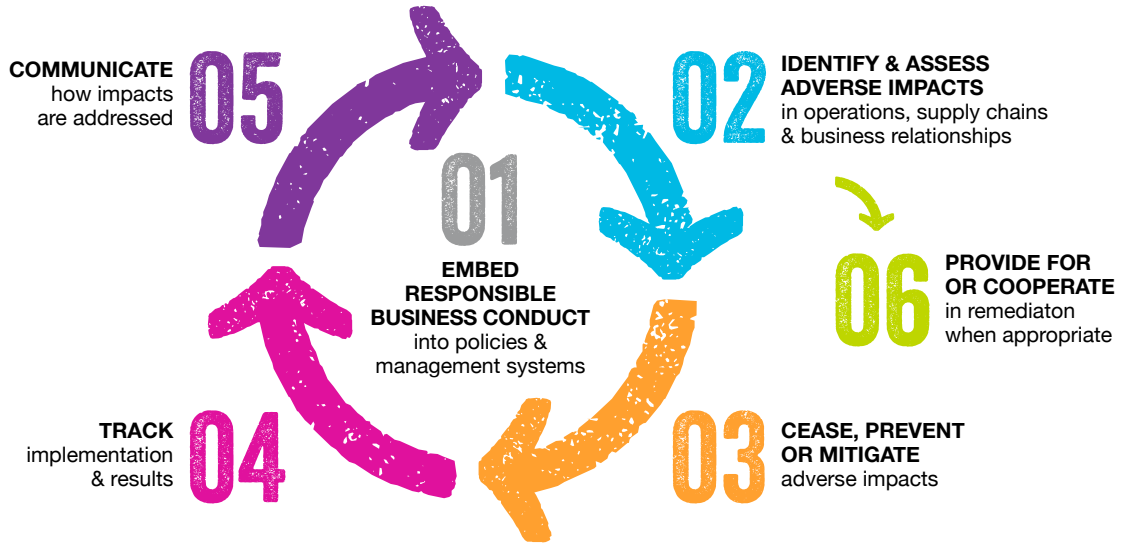
FURTHER INFORMATION:
Fairtrade's HRDD Centre of Excellence,
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HOW FAIRTRADE SOURCING SUPPORTS YOUR COMPANY'S HUMAN RIGHTS DUE DILIGENCE EFFORTS?



Human rights risks like **child labour, modern slavery and inadequate incomes and wages** are still prevalent in global supply chains. Corporate responsibilities in addressing these risks are defined in the UN Guiding Principles on Business and Human Rights (UNGP 2011), which clarify that companies have a responsibility to respect human rights. In practice, companies should carry out human rights due diligence (HRDD), to identify, prevent, mitigate, remedy and account for salient human rights risks and breaches in their operations and supply chains.

The The OECD Due Diligence Guidance for Responsible Business Conduct outlines the six steps of the due diligence process and measures



Fairtrade is committed to advance human rights¹. Fairtrade standards address the internationally recognized human rights that are salient in its supply chains. Fairtrade's main focus is to reduce vulnerability at the farm level, but it also has interventions to mitigate unfair trading practices, abuse of labour, and environmental damages throughout supply chains².

Fairtrade's independent certification body, FLOCERT³, follows rigorous practices in verifying whether a producer or supply chain actor fulfills the Fairtrade Standards.

Fairtrade's work also goes beyond certification. Through Fairtrade Producer Networks, who hold 50% of voting rights at Fairtrade, we are present on the ground in Africa, Asia and Latin America and engage closely with farmers, workers and

relevant stakeholders. The ongoing producer support and programmes are designed to build capacity, and support producers in sustainable production that respects human rights.

Further, Fairtrade's advocacy, campaign and awareness raising work promotes consumption patterns, business practices and public policies that favour responsible businesses.



FAIRTRADE

FAIRTRADE'S OFFER

FAIRTRADE IS A TRUSTED CERTIFICATION SYSTEM AND A **CREDIBLE PARTNER** FOR BUSINESS IN MITIGATING HUMAN RIGHTS RISKS AND ADVERSE IMPACTS IN SUPPLY CHAINS⁴. BY SOURCING FAIRTRADE PRODUCTS, COMPANIES ENGAGE WITH FAIRTRADE AS A BUSINESS PARTNER AND **GAIN THE OPPORTUNITY FOR DEEPER DIALOGUE AND COLLABORATION AS WELL.**



FAIRTRADE OFFERS SUPPORT FOR EACH STEP OF THE HUMAN RIGHTS DUE DILIGENCE PROCESS:

STEP 1

EMBED RESPONSIBLE BUSINESS CONDUCT

- A. Input and guidance for company's human rights policies
- B. Sourcing on Fairtrade terms and information about its significance for human rights
- C. Knowledge on human rights, commodity-specific challenges and geographic hotspots, based on Fairtrade experience and research as well as latest public information
- D. Opportunities for learning from and sharing best practices with other Fairtrade partners

STEP 2

IDENTIFY AND ASSESS ADVERSE IMPACTS

- A. General supply chain overview about key Fairtrade products and producers
- B. Knowledge and information on human rights in Fairtrade supply chains (e.g. audit information with consent to disclose)
- C. Building linkages with producer organizations and supply chains

STEP 3

CEASE, PREVENT AND MITIGATE ADVERSE IMPACTS

- A. Relevant standards requirements which prohibit and enable actions to mitigate, correct and prevent adverse human rights impacts
- B. Requirement for producer organisations to have policies on several human rights risks⁵
- C. Training and capacity building for producer organisations on salient human rights as part of standards requirements e.g. training on child labour, freedom of association etc.
- D. Protection policies for children and vulnerable adults in Fairtrade supply chains
- E. Support for producer organisations to develop and implement corrective action plans if requested
- F. Various assessment tools like audits, questionnaires, research and engagement with farmers and workers
- G. Guidance on systemic human rights challenges to enable companies to leverage their position to effect change
- H. Opportunities for joint awareness raising with Fairtrade and likeminded organisations to promote responsible business conduct

STEP 4

TRACK IMPLEMENTATION AND RESULTS

- A. A risk-based auditing system that tracks the implementation of Fairtrade Standards, including corrective measures where human rights issues are identified
- B. Information on the outcomes and impacts of Fairtrade's interventions, obtained from research, audits, premium use reports and ongoing dialogue with farmers and workers (with consent to disclose)

STEP 5

COMMUNICATE HOW IMPACTS ARE ADDRESSED

- A. Narrative information, pictures and interviews around Fairtrade activities and Fairtrade premium use
- B. Guidance for credible and transparent communication about human rights

STEP 6

PROVIDE FOR OR COOPERATE IN REMEDIATION

- A. Capacity building and social dialogue, which support workers to voice their grievances and seek remediation
- B. Guidance for alignment with international remediation guidelines

¹ Independent research shows that Fairtrade advances several human rights. However, these are complex issues, global progress is very slow, and nobody can guarantee violation-free supply chains.

² Fairtrade standards cover the production, processing and trading stages. See Fairtrade standards for farmer cooperatives, plantations and other supply chain actors: www.fairtrade.net/standard/spo; www.fairtrade.net/standard/hl; www.fairtrade.net/standard/trader

³ ISO 17065 accredited, ensuring autonomous, transparent and independent certification decisions.

⁴ For research on Fairtrade's impact, see e.g. Overseas Development Institute (ODI), 2017, *The Impact of Fairtrade*; CEval, 2018, *Follow up Study: Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development*.

⁵ For example, Fairtrade standard for small producer organizations recommends as best practice the development and implementation of a gender policy, a policy against gender-based violence, sexual harassment and a policy against child labour if such risks have been identified. Note that these policies are not a minimum compliance requirement.



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