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<b>Consultation Results Synopsis</b>	
<b>Information to Stakeholders on the Outcome of the Human Rights and Environmental Due Diligence in the Hired Labour Standard</b>	
<b>To</b>	Stakeholders
<b>Consultation Period</b>	19 June 2023 – 28 Aug 2023
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## **PART 1 Introduction**

### **1.1. General Introduction**

Fairtrade International’s Standards & Pricing (S&P) would like to thank all stakeholders for the time and effort they have put into participating in the consultation of Human Rights and Environmental Due Diligence (HREDD) in the Hired Labour Standard (HLS). The consultation concluded on the 28 August 2023 with a total of 189 participating stakeholders via the online survey and 297 participating via workshops and webinars. Thanks to these replies, Standards & Pricing has gained a good understanding of critical issues and concerns including potential solutions. Together with the results of the research carried out by S&P, this information provides the basis for the final proposal to be presented to the Standards Committee (SC). The SC decision on the final standard will be taken in full knowledge of stakeholders’ comments.

This document aims to present the outcome of the consultation in the most transparent way possible without disclosing confidential stakeholder information.

**Should you have any queries or remarks concerning this report, please contact: [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net) .**

### **1.2. Executive Summary**

The purpose of this project is to strengthen HREDD requirements in the Fairtrade Standard for Hired Labour in order to reinforce the ability of Fairtrade certified Hired Labour Organisations (HLOs) to protect Human Rights and Environmental practices and to comply with mandatory due diligence regulations and to build a path of continuous improvement and collaboration among supply chain actors.

Below a summary of the consultation topics and an overview of the responses per topic:

<b>Topic and Explanation</b>	<b>Consultation responses – main outcomes</b>
<p><b><u>Step 1: Commit (Six proposals)</u></b></p> <p>The first step of HREDD is for your organisation to publicly commit to respecting human rights and the environment and to conducting due diligence. At this step, all organisations are expected to implement different measures relating to commitment and awareness raising through:</p> <ul style="list-style-type: none"> <li>• Fostering buy-in among management, staff and worker representatives.</li> <li>• Developing and operationalise a commitment to respect human rights and environmental sustainability.</li> <li>• Raising awareness.</li> </ul>	<ul style="list-style-type: none"> <li>• The majority of respondents agree with the proposal on awareness raising and compliance with the national law.</li> <li>• Divided opinions on sharing audits with workers especially regarding proposing corrective measures.</li> <li>• Majority of the stakeholders especially in workshops and webinars not in agreement with the proposal on introducing a Fairtrade Compliance Committee. Suggestion to delete the requirement or merge the tasks to existing committees.</li> </ul>
<p><b><u>Step 2: Identify (Three proposals)</u></b></p> <p>The second step in HREDD process is to identify the most serious and common - or “salient” - human rights and environmental risks and problems linked to the organisation and</p>	<p>The majority of respondents agree with the proposal on conducting a risk assessment and strengthening the grievance procedure and</p>



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<b>Topic and Explanation</b>	<b>Consultation responses – main outcomes</b>
<p>production. The risk assessment is about risks and problems for people and the environment, not about risks to the business.</p>	<p>raising awareness about the grievance mechanism. The scope of the grievance mechanism should not include the community because this would imply higher costs and training. Grievances from 3rd parties would be a different procedure to the internal one. Suggestion to therefore delete 3rd parties from the requirement.</p>
<p><b><u>Step 3: Address and remediate (Six Proposals)</u></b></p> <p>The third step in HREDD process is to take actions to address the most salient human rights and environmental risks and problems linked to your organisation. More specifically, these actions aim to prevent, mitigate or remediate the salient issues or cease your linkage to those issues.</p>	<p>Stakeholders identified this step as the most difficult one to implement.</p> <p>General agreement on proposal on introducing Human rights and environmental policies and action plans. Questions raised on how the new policy can be merged with already existing policies and suggestion made to focus on emphasising the saliency of risks identified instead of the quantity of risks identified. Suggestions to improve the wording in the action plan requirement to avoid confusion.</p> <p>Divided opinions in the proposal on participatory planning. Suggestions to delete the role of the FCC in the proposal and instead the action plan can be approved by the FPC or GA. Consulting with external experts will be costly.</p> <p>Agreement with the proposal on having a remediation procedure and Monitoring and remediation system.</p> <p>Divided opinions on the proposal to engage in dialogue with buyers. Need to include the minimum number of buyers the HLO needs to engage with. Important to state that the action plans are shared with buyers who are interested or have expressed an interest in co-investing. It can lead to loosing buyers and also difficult to suction buyers to share remedies. Buyers usually have a higher ground and HLOs can therefore be disadvantaged.</p>
<p><b><u>Step 4: Track (One proposal)</u></b></p> <p>The fourth step of HREDD is tracking, which means checking whether your activities have been effective. HLOs should track progress to:</p> <ul style="list-style-type: none"> <li>• learning whether their due diligence activities are working and effective.</li> </ul>	<p>Majority of stakeholders in agreement with the proposal. Suggestions to extend the implementation period to be able to be able to first implement the first steps.</p>



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Topic and Explanation	Consultation responses – main outcomes
<ul style="list-style-type: none"> <li>identifying and continue best practices.</li> <li>changing ineffective activities</li> </ul>	

### 1.3. Way Forward

Based on the results of this consultation, S&P will develop proposals to be presented to the SC in November 2023 for decision making.

The table below describes the progress to date and next steps:

Activity	Timeline
Scoping	Nov 2022 - March 2023
Research	Nov 2022 – May 2023
Consultation	June- Aug 2023
Analysis of consultation responses and drafting proposal to the SC	Sep-Oct 2023
SC decision	November 2023
Publication	Q1 2024

### 1.4. Abbreviations

FCC	Fairtrade Compliance Committee
FPC	Fairtrade Premium Committee
HLO	Hired Labour Organisation
HLS	Hired Labour Standard
S&P	Standards & Pricing
SC	Standards Committee

## PART 2 Draft Standards Consultation - Outcome

### 2.1. Consultation process

The consultation in survey format was published online in Survey Hero and was also available in word format on the Standards section of the Fairtrade website. Both links were sent to all certified Hired Labour Organisations (HLS), Small Producer Organizations (SPOs), traders and other relevant stakeholders. In addition, [introductory videos](#) were uploaded to facilitate the participation in the consultation. The survey was open for 60 days and a 2 week extension was given after the deadline. In addition to the possibility to give written feedback, S&P, PN and National Fairtrade Organisations (NFOs) conducted webinars and workshops that enabled verbal feedback and group discussions of topics.

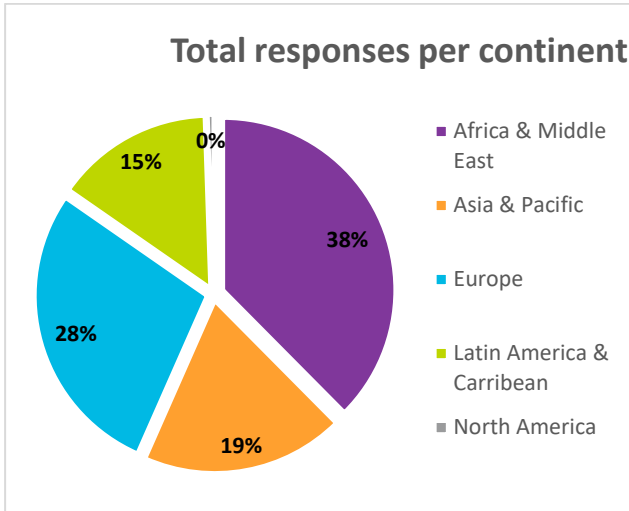
For each of the topics consulted this report considers the responses provided via the online survey and the responses provided in workshops in a summarized way in order to protect anonymity.



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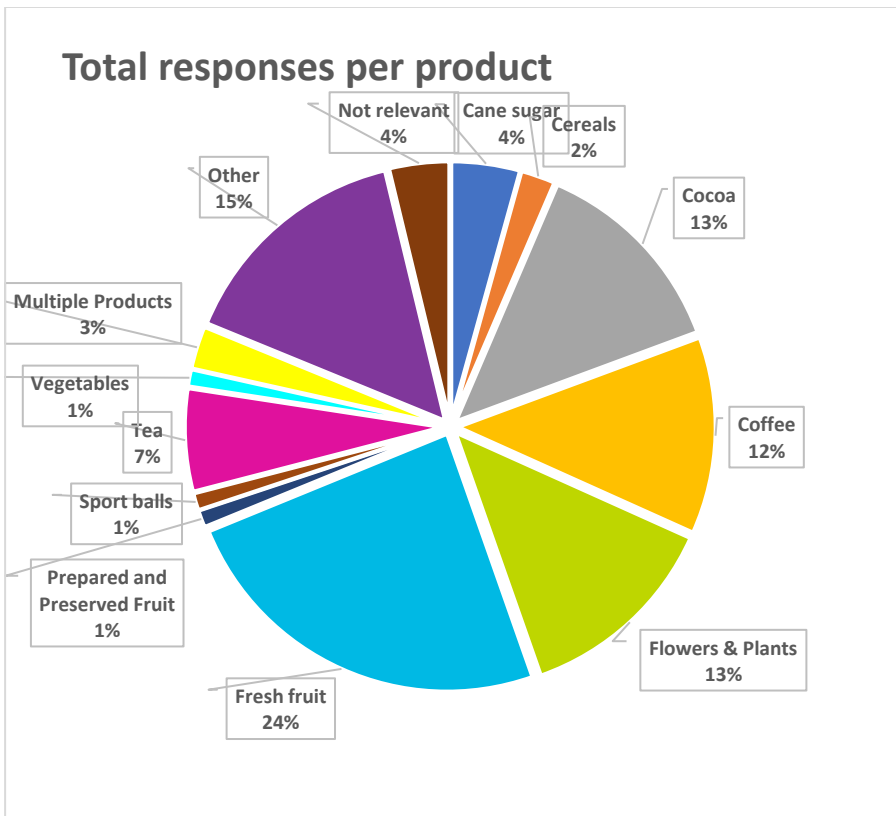
## 2.2. Participants

### Online participants



In total 189 stakeholders participated via the online tool or provided written responses to the questionnaires. Per region the highest participation came from Africa (38%), followed Europe (28%) and Asia & Pacific (19%). 15% of stakeholders from Latin America & Caribbean participated in the consultation.

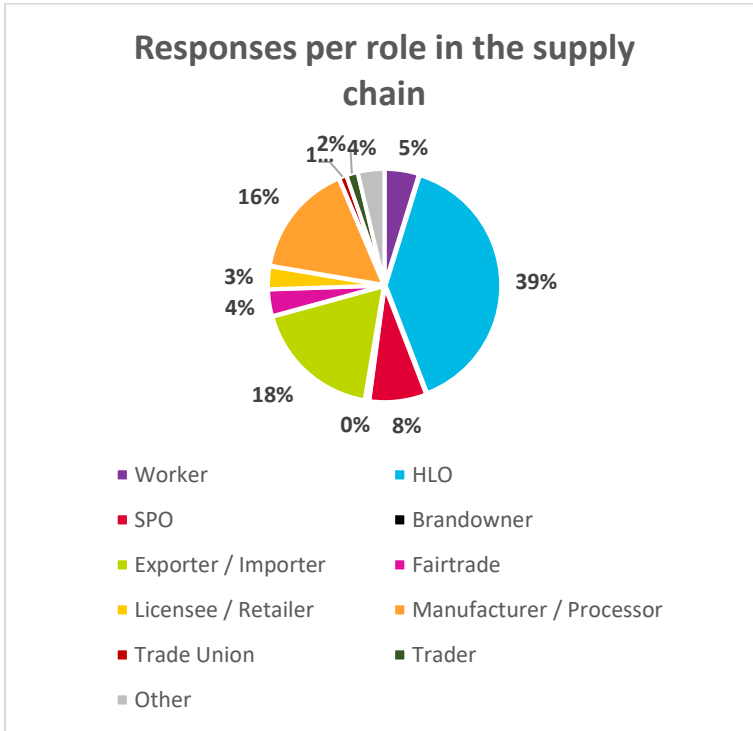
The chart below shows the proportions of participants by product groups, with the largest groups representing fresh fruits (24%) and flowers and plants (23%).





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Looking at the distribution per responsibility in the supply chain, in the following chart below, the highest participation came from HLOs (39%) followed by exporters and importers (18%) and manufacturers and processors (16%).



### Workshop and webinar participants

Besides the opportunity to provide feedback through online consultation, S&P together with PNs organised 7 workshops and webinars in Africa and Asia. The CLAC also organised 14 workshops in 9 countries 7 of which were physical and 7 took place virtually. A total of 177 stakeholders participated in the workshops and webinars in Africa and Asia and 131 stakeholders participated in the workshops in the Latin America region.

The table below gives a summary of the workshops.

Workshop / Country or Region	Number of HLOs
Argentina	4
Brazil	11
Chile	2
Colombia	35
Dominican Republic	34
Ecuador	36
East Africa	58
India	7
Mexico	2
Nicaragua	3
Peru	4



South Africa	20
Sri Lanka	14
West Africa	11
<b>Total</b>	<b>241</b>

The table below gives a summary of the webinars

<b>Webinar / Country or Region</b>	<b>Number of HLOs</b>
East Africa	51
India	4
<b>Total</b>	<b>55</b>

Please note that we have not combined the participation numbers in the written survey with the participation in the workshops and webinars as it is possible that some workshop participants also participated via the online questionnaire.

### 2.3. Consultation Outcome

This section presents the aggregated and high level outcomes of the consultation. For each question, after the topic description, the consultation outcomes are presented in two steps: input received through written responses followed by the input received through the workshops. Due to the different dynamics of the two main methods of providing feedback, it is more transparent to keep the results of the workshops separate to the written feedback.

For the analysis of the information received through workshops, the responses are aggregated as much as possible although given the qualitative nature of the discussions this was not always feasible. Also, it is important to point out that since not all respondents responded to all questions and not all topics were discussed in all workshops; this is reflected in the analysis.

In the analysis of the responses the Standards Team tried to identify aggregated trends per topics. In addition, the team strived to capture areas of common agreements or divergence of views to summarize main opportunities/concerns.

The CLAC provided a summary report of all the workshops conducted in the 9 countries as well as the detailed feedback from all the workshops. They also analysed the results by bringing together the product networks, National Coordinators, operational team and CECLAC. It is important to note that from the summary report from the CLAC the "disagree" responses were because some requirements are less demanding for traders as compared to producers. It was also because of the wording of some requirements, which in some cases is confusing or because something is missing, or something needs to be removed. Proposals and recommendations are therefore presented in this case.



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## Step 1: Commit

### Introduction of topic and overall aim of the proposal:

The first step of HREDD is for your organisation to publicly commit to respecting human rights and the environment and to conducting due diligence. At this step, all organisations are expected to implement different measures relating to commitment and awareness raising. To do this, your organisation can:

1. Foster buy-in among management, staff and worker representatives. Management awareness and support for HREDD work is vital from the outset. Worker representatives and staff working on environmental or social issues also need to be trained on human rights and HREDD.
2. Develop and operationalise a commitment to respect human rights and environmental sustainability. Your first human rights and environmental commitment need not be lengthy or complicated (please see the example on page nine of the HREDD guide for HLOs). Your commitment should consider feedback from staff and workers and be approved by senior management. When your HREDD work has progressed after a few years, you can update your commitment and include more information about how you have organised your due diligence process.
3. Raise awareness.
  - inform and educate your board, management, staff, workers, suppliers and other partners about their rights and responsibilities as well as your organisation's commitment to human rights, environmental sustainability and due diligence;
  - influence attitudes and behaviours towards protecting human rights and the environment.

Activities to raise awareness may include:

- training events held by own staff or external experts;
- producing educational resources such as infographics and videos;
- establishing focal points who support other staff or workers by answering questions and searching for expert support when needed;
- holding or participating in events such as roundtables, seminars, workshops and demonstrations;
- engaging trade unions or other worker representatives to raise awareness among workers;
- using online groups and social media such as Facebook/WhatsApp/Signal;
- using community radio, press releases, opinion articles, or arts like street theatre

You can request awareness-raising materials or training from your PN contact. Workshops and materials are also often available from local government agencies and civil society organisations.

There are 6 proposed changes in this section and one additional question regarding the applicable transition period.



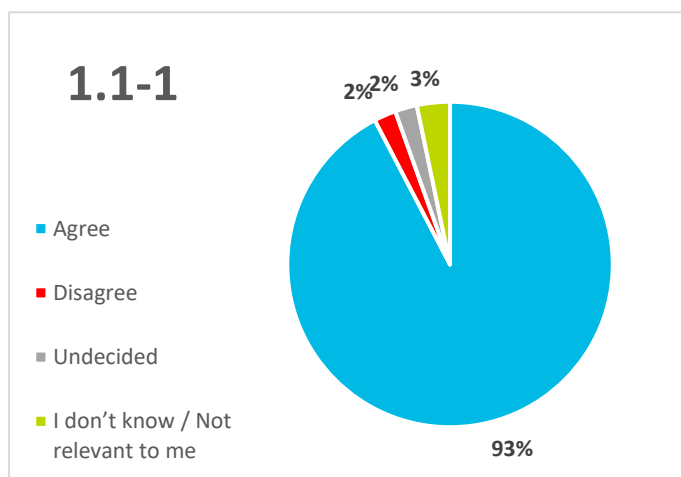


## 1.1 A new Core Year 0 requirement on HLOs committing to respecting Human Rights and the Environment.

### **NEW** Written commitment to respecting human rights and the environment

<b>Applies to:</b> Companies	
<b>Core</b>	You have a written commitment to respect human rights and environmental sustainability where you commit to conduct due diligence and to refer to internationally recognised human rights, including labour rights. You align your operational policies and procedures with the commitment.
<b>Year 0</b>	
<b>Guidance:</b> You may combine this commitment with your mission statement, referred to in requirement 1.2.2.	
Internationally recognised human rights include the rights contained in the <a href="#">International Bill of Human Rights</a> and the <a href="#">ILO Declaration on Fundamental Principles and Rights at Work</a> .	
Please see the <a href="#">HREDD Guide for Hired Labour Organisations</a> .	

#### Written feedback:



The majority of respondents (93%) agree with the proposal. A suggestion was made to also mention that the approved commitment is also signed at the most senior level of the company.

A stakeholder who disagreed with the proposal stated that the due diligence commitment can be embedded in other policies and commitments and does not necessarily need to be a stand alone commitment. Another stakeholder mentioned that human rights is a broad topic, and that the commitment needs to be addressed in accordance to the national laws and be region specific.

#### Feedback from webinars and workshops

In the workshops and webinars that took place in the Africa region, stakeholders are in general in agreement with the proposal. It was mentioned that the practice is already in place, and it only needs to be documented. A suggestion was made that internal structures of how to go about it should be left to the organizations to decide and not prescribed in the standard.

Stakeholders from Asia region are also in agreement with the proposal. A suggestion was made to provide guidance on which internationally recognised human rights, including labour rights to refer to.



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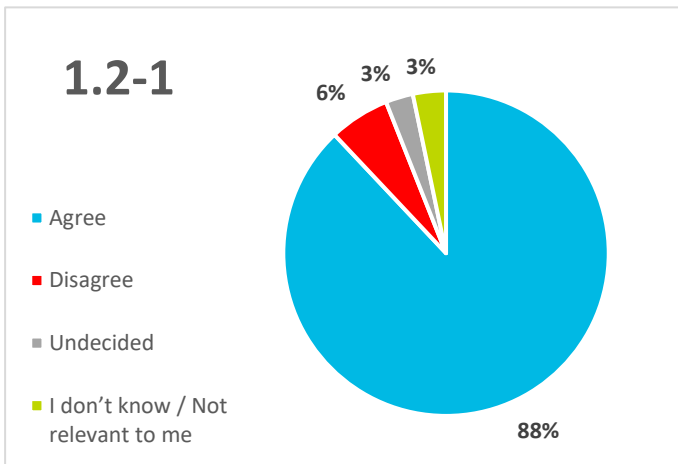
All the participants in the workshops that took place in the Latin America region are in agreement with the proposal. It was mentioned that HREDD issues are already included within the codes of ethics, integrated policies, internal procedures, mission, vision, and procedures of the HLOs.

**1.2 A new Core Year 1 requirement on raising awareness about HLOs’ commitment to respecting human rights and the environment.**

**NEW Awareness raising**

<b>Applies to:</b> Companies	
<b>Core</b>	You train your board, management, staff members and workers about your commitment to respecting human rights and the environment, and its implications for your operations.
<b>Year 1</b>	You inform your immediate buyers and subcontractors.
<b>Guidance:</b> It is best practice to make the commitment publicly available online.	
Worker education can entail a workshop with worker representatives and posting the commitment on a notice board that workers can access.	
Please see the <a href="#">HREDD Guide for Hired Labour Organisations</a> .	

**Written feedback:**



In general, stakeholders (88%) are in agreement with the proposal. A comment made by a stakeholder who agreed was that the proposal is worded as a one-off requirement: Once you've organised one workshop, and sent couple of emails, you are good for the next 6 years. It is important to make sure that awareness raising should be an on-going process.

A stakeholder who disagreed mentioned that sensitizing the board can be done in many manners, and pushing for direct training of the board is overly explicit. It is unrealistic for FI to impose a specific frequency of interactions with the Board on this particular topic, given the breadth of boards' responsibilities. A suggestion was made to link it with HLS requirement 2.2.1, instead of introducing a new requirement. Another stakeholder said that the number of trainings required should be minimised

considering producers' workload. The question of budget costs as well as resources was also raised. Lastly, a suggestion was made to change the term from 'training' to 'sensitising'.

### Feedback from workshops and webinars

The majority of participants from the Africa region are in agreement with the proposal. It was mentioned that training from FTA would be needed and a suggestion was made to change the applicability of the requirement from year 1 to year 3.

Stakeholders from Asia region are in agreement with the proposal.

69% of the participants from the Latin America region are in agreement with the proposal. The following suggestions were provided by those who disagreed with the requirement :

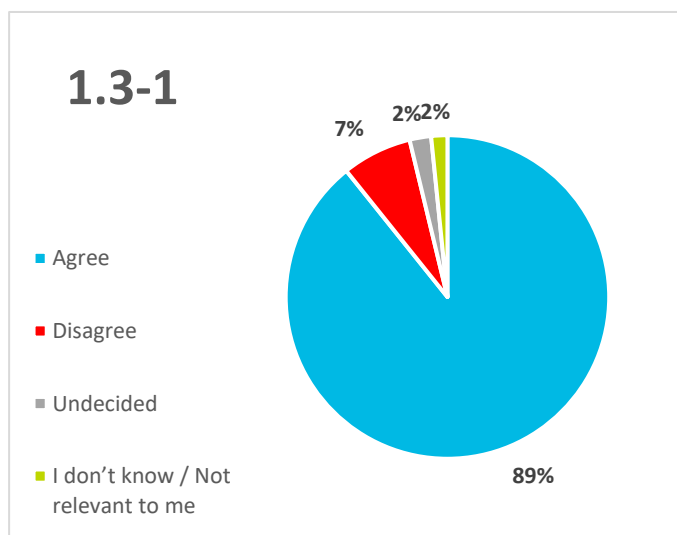
- Replace the term 'awareness' with sensitisation.
- It should not be an obligation to inform buyers because they should already know this information .

### 1.3 A new Core Year 0 requirement on compliance with national law.

#### **NEW** Compliance with national law

<b>Applies to:</b> Companies	
<b>Core</b>	There are no indications that your company violates national legislation on the topics covered by this Standard.

#### Written feedback:



The majority of the stakeholders (89%) agree with the proposal. A suggestion that was made by a stakeholder who agreed was that auditors would need to be trained on national regulations to be able to conduct their work accordingly.



A stakeholder who disagreed questioned why Fairtrade should include such a requirement, yet it is the role of the government to ensure that producers abide by the law. Another stakeholder mentioned that there are situations where national law contradicts with some requirements in the standards. A suggestion was therefore made to reword the requirement to state that in the event that applicable national legislation is stricter than a requirement of the standard, national legislation will prevail as long as it is in line with Fairtrade International's vision. Where applicable national legislation is less stringent than a requirement of the standard, the requirement of the standard shall prevail. One other stakeholder suggested following international laws, rather than national laws because some national laws do not respect human rights.

### Feedback from workshops and webinars

The majority of the stakeholders in the Africa region are in agreement with the proposal. Those who disagreed mentioned that this should be the role of the government and not the standard. It was also mentioned that there are archaic laws that have not been enacted and thus if introduced it can be a challenge with compliance.

Stakeholders from the Asia region are in agreement.

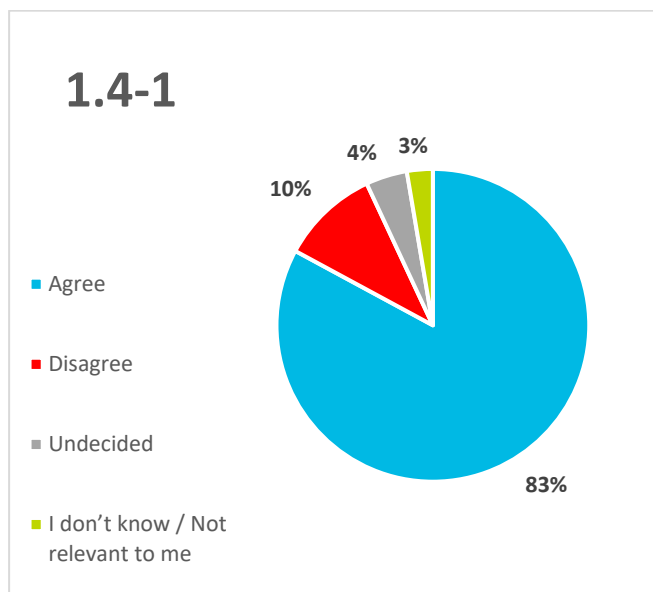
76% of the participants in the Latin America region are in agreement with the proposal. Those who disagreed mentioned that the requirement is unclear as to which aspects of HREDD must be fulfilled. Furthermore, there is no guidance in the requirement. A suggestion was therefore given to highlight the aspects of HREDD to be fulfilled.

### 1.4 Strengthening requirement 1.1.2 of the HLS on sharing audit results with workers.

#### Audit results shared with workers (revised requirement, changes highlighted in red)

<b>Applies to:</b> companies	
<b>Core</b>	Your company shares audit results with workers following each audit in a format and language accessible to workers.
<b>Year 1</b>	<p>The audit results are also shared at the General Assembly .</p> <p>Worker representatives join the audit opening and closing meeting in order to increase worker involvement and understanding in the process of compliance.</p> <p>The audit results are discussed with the worker representatives, who may propose corrective measures.</p>
<b>Guidance:</b> As best practice, the opening and closing meetings of the audit are arranged at a location easily accessible for worker representatives.	

#### Written feedback:



Majority of the stakeholder (83%) agree with the proposal. A stakeholder who agreed suggested to make the requirement more specific and mention that HLOs should "share the information with all workers" and ensure that it is accessible to all workers. It is important that the audit results are discussed with all workers, not only worker representatives.

A stakeholder who disagreed mentioned that corrective measures should be left for the organization to decide. A suggestion was made to leave the requirement as it currently is.

A stakeholder who was undecided was concerned about workers literacy levels and their ability to understand the audit process.

#### **Feedback from workshops and webinars:**

The requirement was highly debated, especially in the workshop and webinar that took place in East Africa. Those who agreed mentioned that this is already a practice that is already taking place. Others mentioned that this would promote transparency and a good worker/management relationship. Those who disagreed had reservations on workers suggesting corrective measures. Worker's representatives can attend opening and closing meeting and that should be sufficient. It was mentioned that since workers do not own the certificate, then they should not be involved.

62 % of the participants in the Latin America region are in agreement with the proposal. Suggestions provided by those who disagreed include:

- To replace the term "discussed" with "analysed and based on this, corrective measures are proposed together with...". The reason for this is that the employee has no decision-making power, does not manage budgets and resources. Such decisions are made by top management. They should be part of the consultation on corrective measures, but not decision-makers.
- Workers should not propose corrective measures or make decisions independently, as they are easily influenced and require further training.
- The communication of audit results is a practice that companies already carry out during GAs. However, the way it is carried out must be defined and adjusted according to the HLO.



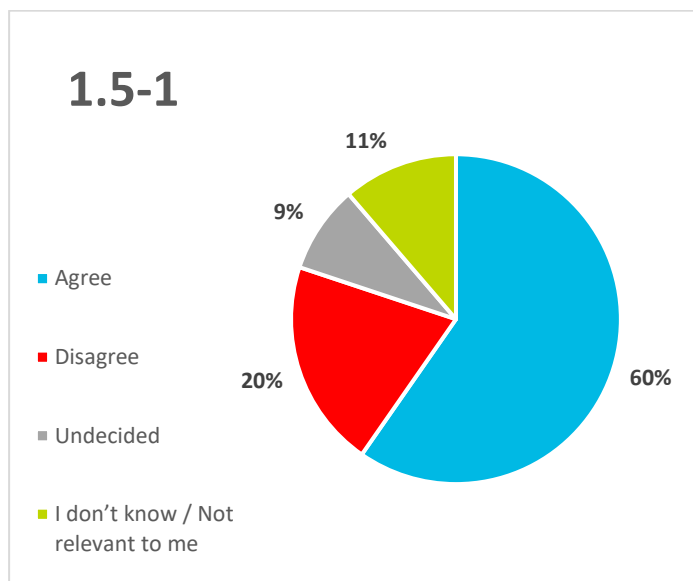
- Communication should be provided, but it should be immediately after the audit.
- The requirement as drafted takes away the authority and power of the Fairtrade Premium Committee (FPC) in the administration and use of the premium for the benefit of the workers.

**1.5 A new Core Year 1 requirement on having a Fairtrade Compliance Committee (FCC) to ensure that workers are engaged and involved in the implementation of the Fairtrade Standards.**

**NEW Fairtrade Compliance Committee composition**

<b>Applies to:</b> Companies	
<b>Core</b>	<p>A Fairtrade Compliance Committee (FCC) is created with the purpose that workers in the existing established workplace committees can inform the implementation of the requirements in this standard.</p> <p>The FCC members are democratically elected by workers, and are trained on the Fairtrade Standards.</p> <p>The FCC consists of worker representatives and as a minimum is composed of:</p> <ul style="list-style-type: none"> <li>- the Chair and one member of the Occupational Health and Safety Committee</li> <li>- the Chair and one member of the Fairtrade Premium Committee</li> <li>- if present, trade unions representing workers in the company or, in their absence, a worker representative - one for each trade union. If a single trade union represents the workforce, two of their representatives can attend.</li> </ul> <p>In the case of multi-estates there are FCCs at each affiliated plantation to the multi-estate. There may also be a central FCC at the head office.</p> <p>The FCC elects its chair and ensures that an up to date list is accessible to all workers in the workplace.</p>
<b>Year 1</b>	
<p><b>Guidance:</b> If you have a women's committee in place, as best practice you also have a member and chair in the FCC.</p> <p>As part of the agreed tasks (<a href="#">req. 1.2.1 HL</a>) the Fairtrade officer acts as a liaison between workplace committees to support establishing the FCC.</p> <p>It is recommended that the FCC sets and follows terms of reference which define its composition and aim. See <a href="#">the HLS</a> to check the scope of the Occupational Health and Safety Committee (requirement 3.6.3) and Fairtrade Premium Committee (requirement 2.1.1.).</p>	

**Written feedback:**



60% of the participants agreed with the proposal. A stakeholder who agreed mentioned that gender perspective should be strengthened. Gender sensitivity should go beyond "best practice" by making reference to the inclusion of a female worker representative, where at all possible. Another stakeholder mentioned that the FCC costs should be covered by the company and not by premium funds.

A stakeholder who disagreed with the proposal stated that the requirement could lead to conflict of interest among the various chairs of the committees. Another stakeholder stated that compliance is the responsibility of the company management. Involving workers will introduce bias and conflict in trying to achieve this and adds to company costs. Furthermore, it is a duplication of FPC and other committees roles and a complication to the company labour management. A suggestion was made to empower and extend the mandate of the existing committees instead. Worker's compliance committee will be an extra cost to the company in terms of time and resources. Another stakeholder mentioned that introducing such committee will bring disharmony in the farm by having a superior committee. It was further said that it is a requirement and responsibility of the company to ensure compliance and the implementation of Fairtrade Standards which can be applied through existing forums, committees and or other channels. An additional committee is not necessary to comply or implement the Fairtrade policies and standards. The compliance requirements are already broad, complex, time-consuming, costly, demanding effort, and a huge burden to the organizations. In some countries, the education and level and competency of some committees, and other implementing actors is low, and the management is taking the burden of all and facing pressures. There is no relevance in forming additional committees (FCC) where several workplace committees representing workers are in place, performing different responsibilities and involved in the standard implementation. The proposed requirement to form a Fairtrade Compliance Committee will only create problems, demanding a lot of effort, time, and cost but no desired outcome, and also create a conflict of interest, industrial conflict, and an unpleasant workplace. Another stakeholder mentioned that they already have internal audit and compliance committees in place and is therefore not necessary to have an FCC. In addition, it was mentioned that the company has a compliance or certification department responsible for the implementation of the Fairtrade Standards. The implementation of the standards is the prerogative or responsibility of the management to ensure that certificates are maintained and continue to trade under Fairtrade terms. Additionally, workers are already involved in the implementation of some aspects of the standards such as the social aspects, labour conditions, environmental, health and safety etc. The stakeholder suggested that the name of



FCC be changed to HREDD committee who work on the HREDD related issues and should be comprised of both management and workers' representatives. Another stakeholder added that the election of a chair within the FCC could lead to tensions and leadership problems between the chairs of the various committees, whose authority might be subject to that of the FCC chair. Another stakeholder mentioned that the role of the Fairtrade officer already ensures compliance with fairtrade standards and there is no need to duplicate. A stakeholder also said that this would not make sense in smaller companies with already a Fairtrade Premium Committee and a Workers Committee, except if it can be combined.

A stakeholder who was undecided wondered whether workers wished to be involved in compliance of the company. Another one mentioned that this would require proper training of the subject and whether there were resources to cater for this.

#### **Feedback from workshops and webinars:**

Majority of the participants in the Africa region were not in agreement with the proposal. It was mentioned that this would bring conflicts in farms and that no workers committee should be above any other committee. Other concerns included : why management is not included, many committees create too much work, better to redefine the tasks of the existing committees , better to empower the union to conduct this, tasks can be done by the internal audit committee, include the Fairtrade officer as they are already performing some of the tasks mentioned, does not make sense for the committee to only meet once a year, How would FCC members be democratically elected by workers, when they come from the existing committees?

During the workshop that took place in Sri Lanka, the participants were asked to provide any feedback or lessons learnt from the requirement on FCC in the tea standard. The participants mentioned that the requirement has only been applicable since April 2023, and it was too early to provide any feedback on lessons learnt.

99% of the participants in the in the Latin America region did not agree with the proposal. It was mentioned that creating a new committee is not necessary and does not add value. it implies more obligations for the worker (e.g. meetings, trainings, assemblies, travelling etc). It generates stress, additional costs and complications in the implementation of the standard. The functions attributed to this new committee are already carried out by the other committees and the Fairtrade Officer. Currently, it is very difficult to find staff for all the existing committees, because it is a voluntary job that takes up a lot of time even if the company provides the time off during the working day.

The participants suggested to eliminate the requirement to "create a new committee" and maintain the current committees, strengthening their training to increase their empowerment.

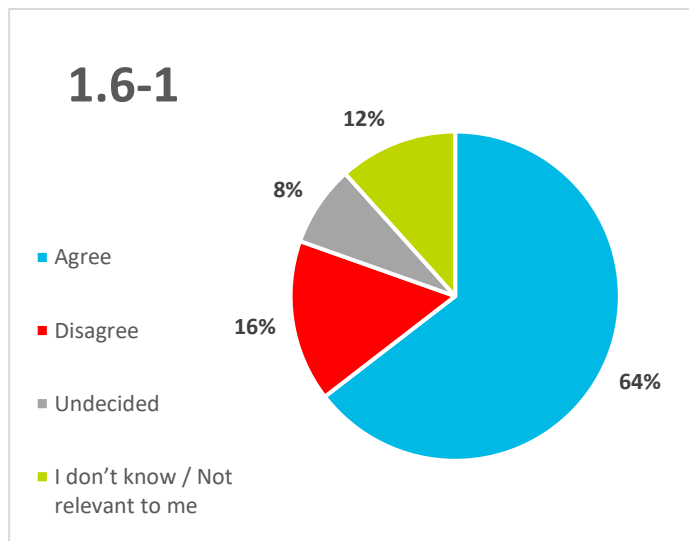


## 1.6 A new Core Year 3 requirement detailing the task of the FCC.

### NEW FCC tasks

<b>Applies to:</b> Companies	
<b>Core</b>	The tasks of the FCC include, but are not limited to:
<b>Year 3</b>	<ul style="list-style-type: none"> <li>- meeting at least once a year to carry out an evaluation of services and conditions provided by the management on prioritised areas, as required in Fairtrade standards</li> <li>- documenting the findings of the evaluation in a report using a template</li> <li>- sharing the report with management</li> <li>- presenting the report to workers in the General Assembly with an opportunity for management to share their follow-up activities</li> <li>- meeting with auditors to discuss the work of the committee during the audit</li> </ul>
<b>Guidance:</b> The committee members are free of any pressure, undue influence by or repercussions from management in relation to their committee activities.	

### Written feedback:



64% of the stakeholders agreed with the proposal. A stakeholder who agreed suggested that the applicable year should be aligned with the requirement on the FCC composition, otherwise the FCC has two years during which it exists but is seemingly without a purpose. This only means additional resources being spent, without the relevant output being generated. Another stakeholder suggested that the FCC should meet more than once a year to ensure that they are able to do their work well.

Once again it was mentioned by those who disagreed that this will be an unnecessary burden both to the workers and the company. Another stakeholder mentioned that the cost of production is already high and additional expenses are not sustainable. As mentioned above, there was a consensus around merging the FCC tasks to already existing committees to avoid repetitions of task and also confusing workers about the difference roles in the committees through continues trainings and meetings that is becoming too much for the workers to understand. A stakeholder mentioned that they already have a committee called Assess and Address committee that sees to human right and due diligence. The environmental aspect can be added to make one committee rather than to create a new committee to



perform the same task. The stakeholder added that they already have 6 existing committees in their organisation and are already contributing to the implementation of the Fairtrade Standards. Lastly, it was mentioned that the participation of both premium and workers' committees is very complex, and increasing the number of committees to learn the regulations is not very feasible.

A stakeholder who was undecided suggested reducing the number of committees and add more tasks to prevent overlapping.

### **Feedback from workshops and webinars:**

Majority of the of the participants in the Africa region were not in agreement with the proposal. It was mentioned that since they were not in agreement with the formation of the FCC, then they were also not in agreement with the FCC tasks.

99% of the participants in the in the Latin America region did not agree with the proposal. It was mentioned that as it was proposed in the previous proposal to remove the requirement for the creation of a new committee, the requirement on the functions of that new committee should also be removed.

### **Additional implications for step one**

Stakeholders were also asked whether they see any additional implications in relation to the implementation of proposed requirements under Step 1: Commit. Below is a summary of the feedback provided:

- Since Premium payment is only up to cotton Farmers not throughout the supply chain of all workers / Employees. How it will be useful in the Textile Industry.
- From producers' perspective: We believe that HL producers won't have big issues with requirements 1.1 - 1.4. On the other hand, some might oppose to 1.5, as they already have existing committees. By adding a new committee, Fairtrade will bring confusion regarding the role and responsibility of existing committees. Better to integrate the FCC tasks with existing ones.
- FI has to develop guidance and training materials for compliance committees.
- Who will manage these internal trainings? Who will bear the cost of such trainings?
- Additional running costs and time to the company and FPC, considering we have other certification standards to be promoted to at farm level.
- Too much cost implications
- Financially the farm will be impacted negatively if the FCC is implemented and lead to poor industrial relations due to role conflicts and the feeling of superiority by the FCC.
- Simplify the standard and focus on the most important issues.
- The company is already struggling to comply with all the Fairtrade Standards and so far, so good. The existing committees are doing a good job, the company has allocated all necessary resources to them. Instead of adding the FCC please consider adding the new tasks to the already existing committees. There is already tension between the committees. FCC will not be able to do much if they are meeting once a year because their impact will be minimal.
- The creation of the FCC will result into misunderstandings with the FPC. It will also undertake the role of compliance officers so what will happen to the compliance officers in companies. Who will be responsible for the training costs of the fairtrade Compliance Committee?
- It would be important to know the exact cost implications.
- The additional implications are that: there are too many committees on the farm and their duties are overlapping despite the numerous trainings that have been provided on the different role of



each committee. This is due to the fact that all certification bodies that we operate with require committees to be formed to comply with their requirements.

- Only in 1.5 and 1.6 it is very complex; at the moment it is already very difficult for committee members to meet and participate.
- The compliance implications are as follows: Implications of the word train, it is recommended to use change to sensitise, requirement 1.3.1 is not clear and has no guidance and criteria 1.5.1 and 1.6.1 should be deleted as it is considered unnecessary to form a new committee.
- The composition of FCC should also be crosschecked. Shouldn't there be management representatives as minority?
- It should be indicated how the requirement 1.3 Compliance with national legislation will be audited.
- For optimal compliance with Step 1, the support of Human Rights and Environmental Due Diligence experts from PN is necessary.
- Compliance tools should be proposed.
- More training needed, use of risk and compliance matrices.
- Implementation of Step 1 requirements will require more financial, human and time resources.
- There are few staff available to participate. In addition, there is little interest.
- There is a need to review the existing committees and their functions.

## Step 2: Identify

### Introduction of topic and overall aim of the proposal:

The second step in HREDD process is to identify the most serious and common - or “salient” - human rights and environmental risks and problems linked to your organisation and production. Note that this risk assessment is about risks and problems for people and the environment, not about risks to your business.

Human and environmental risks are generated by multiple direct and indirect causes at farm, country and supply chain level. Root causes may include low prices, poverty, poor human resource management, structural barriers to accessing rights, discrimination, environmental calamities, unfair division of value in global supply chains and limited public services. But you can only manage the risks and problems if you first recognise and document them.

HLOs are not expected to eliminate human rights or environmental risks on their own, but can work together with suppliers, buyers, governments and civil society.

It is crucial to show that you recognise and understand your salient risks. If some issues are common in your country or field of production, buyers increasingly expect you to acknowledge them and explain how you are managing them.

There are two key tools for identifying and tracking human rights and environmental risks and problems: risk assessment and grievance mechanism.

#### Risk assessment

As part of HREDD, risk assessment involves identifying and evaluating actual and potential adverse impacts on the workers, stakeholders and environment connected to your organisation’s activities and



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business relationships. The assessment should be participatory, inclusive and conducted at least every three years.

Your risk assessment should include the following steps:

- mapping the human rights and environmental risks that are common in your country and field of production
- assessing the risks relating to your specific operations and supply chains
- identifying and further assessing at least three of the most salient challenges
- identifying the most vulnerable groups of people and analysing factors affecting their vulnerability, such as limited legal protection from the state, low access to quality public services or working without contracts (examples include migrant workers lacking legal documentation with no or limited access to public (protection) services or the right to work legally).

Fairtrade has developed a Fairtrade Risk Map and a Risk Assessment Tool for HLOs designed to support HLOs and farmer organisations to assess their human rights and environmental risks. However, as long as you follow a similar process, you are of course free to use other methods.

#### Grievance mechanism

A grievance mechanism is a formal process for receiving and responding to complaints from workers, staff, local community members and other individuals and groups. These complaints:

- allow you to respond to concerns and incidents early, before the problem grows bigger
- bring you information about rising risks and problems, so that you can consider strengthening your related policies and practices.

Complaints could be about various issues including:

- discrimination
- problems with working conditions or wage/salary payments
- unfair labour practices
- inadequate health and safety equipment
- poor practices by job brokers or suppliers used by the organisation
- excessive use of water resources causing problems for the local community
- unfair use of Fairtrade premiums
- breach of Fairtrade standards

It is essential that the complaints procedure a) allows for anonymous complaints to be made in written and verbal form and b) ensures that those making complaints face no retaliation or harm.



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You can start by setting up a Grievance Committee. The committee can propose a grievance procedure specifying how complaints are made, handled and recorded, and will also be responsible for handling complaints. To ensure that complaints are handled fairly, the committee membership should be diverse in terms of gender, age etc.

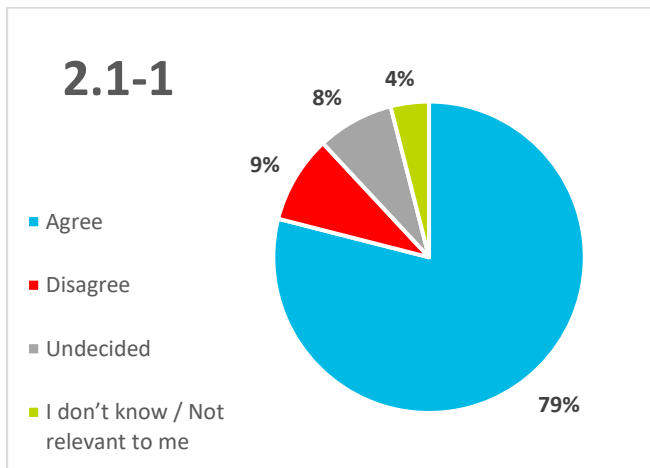
In this section there were 3 proposals consulted:

## 2.1 A new Core Year 1 requirement on conducting a human rights and environmental risk assessment.

### **NEW** Risk Assessment

<b>Applies to:</b> Companies	
<b>Core</b>	You conduct a human rights and environmental risk assessment at least every three years:
<b>Year 1</b>	<ol style="list-style-type: none"> <li>1. Map the risks and challenges that are common in your region and field of production, considering external data and research.</li> <li>2. Engage worker representatives to assess the risks relating to your field of production and to identify at least three most salient issues.</li> <li>3. Assess the most salient issues and their root causes.</li> <li>4. Identify vulnerable groups of people that are or could be impacted.</li> </ol> <p>You strengthen your assessment methods over time.</p>
<p><b>Guidance:</b> Acknowledging your risks and challenges allows you to address them before they grow bigger and builds your credibility among business partners and other stakeholders. Include child labour and forced labour in your salient issues if Fairtrade or another reliable source has identified these as a high risk in your country and field of production. You can also engage community members, trade unions, local authorities and/or buyers.</p> <p>In any organisation or society, some groups of people are disadvantaged. These may include, for example, migrant workers, women and girls, young people, minorities, indigenous peoples etc. While all your workers may have some level of vulnerability to poverty, the aim here is to identify more specific groups.</p> <p>You may choose to use <a href="#">Fairtrade's Due Diligence Risk Assessment Tool</a> to guide you through this basic risk assessment process and which offers you relevant data and research findings. In addition you can use other environmental and social risk assessment tools to conduct deeper analysis of your high risk issues.</p> <p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	

### **Written feedback:**



Majority of respondents (79%) are in agreement with the proposal. A stakeholder who agreed suggested inclusion of informal workers to vulnerable groups. A suggestion was made to align terminology with the Fairtrade Risk Map, Fairtrade's risk assessment tools e.g. replacing region with country or field of production with commodity. Another stakeholder suggested that "at least every three years" should be complemented with "and whenever the context changes in such a way that risks threaten to increase". Another stakeholder stated that the 3 year cycle is too long and should be a 2 year cycle.

A stakeholder who disagreed mentioned that mapping the risk and challenges that are common in your region and field of production, considering external data and research could give misleading information about a producer. Farms though operating in the same region and field of production, may have different ethos and standards of operation for example a Fairtrade certified farm may not be exactly compared with uncertified farms. Another stakeholder mentioned that they already have risk assessment procedures which are strictly adhered to and progress is monitored and documented. There is therefore no need to duplicate. Another stakeholder added that the assessment should be done at least annually for early monitoring.

**Feedback from workshops and webinars:**

Majority of the of the participants in the Africa region were in agreement with the proposal. It was mentioned that risk assessment is already being implemented by farms. It was suggested that salient issues should not be restricted to a number, and it should be open to the farm do more based on the outcome of the risk assessment. The following concerns and suggestions were given : more clarity needed on what salient issues are, Being specific on the who vulnerable groups are, The word region requires more clarification, No control of research materials and therefore difficult to rely on them.

Majority of the participants in the Asia region were in agreement with the proposal. A question was raised about how to integrate the requirement with other risk assessment requirements e.g environmental, health and safety, child labour etc and make sure that there is no duplication of work. Participants in the workshop that took place in Sri Lanka were asked to name salient issues in their region or area of production and some examples mentioned included: Gender based violence, sexual harassment, freedom of speech, alcoholism and industrial disputes.

72% of the participants in the Latin America region were in agreement with the proposal. Suggestions or concerns provided by those who did not agree with the proposal include:



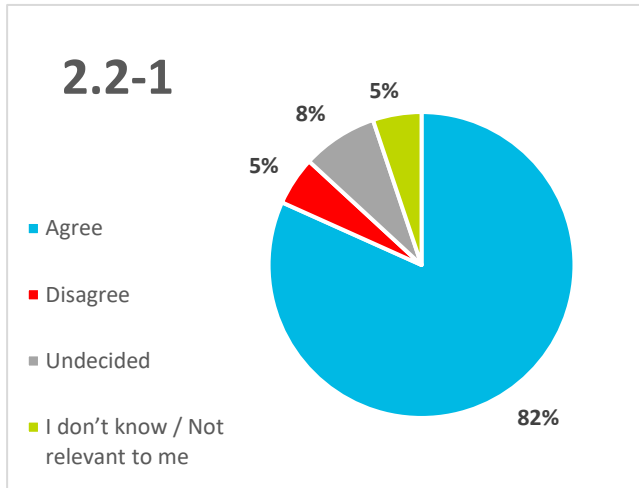
- Tools to support the identification and assessment of risks should be specified, which do not involve additional costs with specialists. It would be more effective if these are available from Fairtrade.
- The requirement should support or accept the risk assessment done for the developed area by those trading companies that have more resources or capacities.
- Fairtrade risk assessments already done by Fairtrade should be accepted e.g.: Risk map or allow it to be addressed by product or country among certified companies.
- Limit risk mapping and risk identification to the farm only.
- Demands high costs for the organisation.
- Better define the scope and priority areas of rights to be auditable. Terms such as "in its region and field of production" comprise a broad scope, which creates a lack of clarity regarding the complexity that the requirement would demand.
- Not only the union but also the workers should be involved.

## 2.2 Strengthening the requirement on grievance procedure to ensure that it is human rights based.

### **NEW** Human rights based grievance mechanism

<b>Applies to:</b> Companies	
<b>Core</b>	<p>You have a grievance mechanism which allows workers, community members and other individuals and groups, including third parties, to anonymously raise complaints of injustice, harm or fraud linked to your organisation, including environmental harms. The grievance mechanism:</p> <ul style="list-style-type: none"> <li>- is accessible in your national language(s) and supports both written and verbal complaints</li> <li>- respects the anonymity of the complainants and protects them from retaliation, threats or harm</li> <li>- ensures decisions are taken by a trained, diverse and impartial committee, following a clear, time-bound procedure and keeping all parties informed about progress</li> <li>- allows for appeals</li> <li>- ensures follow up actions are implemented in a timely manner by the appropriate level and unit/committee at your organisation</li> <li>- ensures a confidential, rights based handling of sensitive grievances such as sexual harassment</li> <li>- aligns with internationally recognised human rights, national laws.</li> </ul> <p>Grievances regarding sexual harassment are designated to specially appointed women or women's committees, linked to a female senior manager where possible and with direct access to the Chief Executive . The same principles apply in case of sexual harassment of groups other than women.</p> <p>The grievance committee includes at least one trade union where applicable and two elected worker representatives representing male and female workers and other vulnerable groups. If relevant, you report human rights violations to relevant national agencies</p>
<b>Year 0</b>	
<p><b>Guidance:</b> A grievance mechanism is meant to help your organisation hear about and address grievances early, before they grow bigger.</p>	
<p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	

**Written feedback:**



The majority of the stakeholders (82%) agree with the proposal. A stakeholder who agreed said that it would be great if the grievance mechanism corresponded with the grievance mechanism required for traders in the future. Another stakeholder mentioned that a detailed guidance on the procedure to help the producer/company implement it would be useful. It was mentioned that grievances from 3rd parties would be a different procedure to the internal one. It was therefore suggested to delete 3rd parties from the requirement.

A stakeholder who disagreed mentioned that the current grievance procedure is sufficient. The proposed procedure would complicate the process because there are existing committees that handle various complaints e.g. Union committee on terms and conditions of the employees, gender committee that handles gender issues including sexual harassment, and environment, health and safety committee that handles environment and safety issues. Another stakeholder stated that the organization has a HR department for these activities. This will nullify the activities of the HR Department.

**Feedback from workshops and webinars:**

Majority of the of the participants in the Africa region were in agreement with the proposal. Some of the suggestions and concerns raised by those who did not agree include: Proposed timeline will be a challenge, how far should the farm need to reach out, where are the resources to undertake these activities in the community? Challenging to involve communities on grievance handling, Can the premium be used to support the initiative? What is the level of competence of the committee members? The committee to handle complains should be trained, Need to focus only on workers and for community, resources are required.

The majority of the participants in the Asia region were also in agreement. A suggestion was made to share internationally recognised human rights in an explanatory document or include it in the guidance section.

17% of the participants in the Latin America region agreed with the proposal and therefore the majority did not agree. Suggestions and concerns raised by those who did not agree include:

- The term "women" be removed and that complaints relating to sexual harassment be passed to the Committee dealing with gender issues.
- Replace the term "procedure" with "mechanism" and include senior management.
- Replace the term "ensure" with "promote" or "manage".





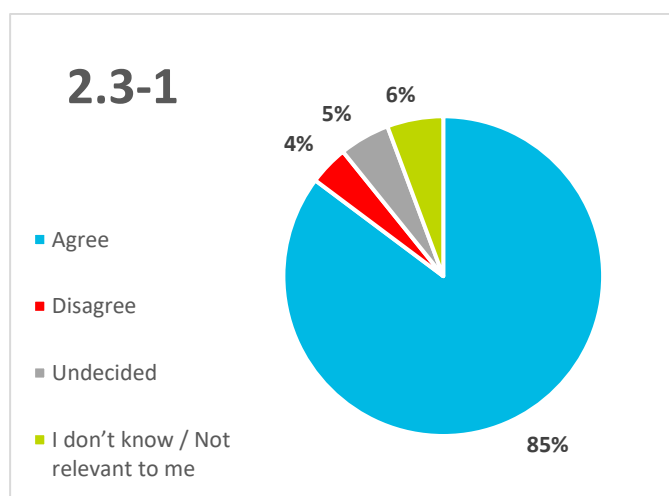
- The applicable year should not be Year 0 as a trained Committee requires prior preparation.
- It should be left to the HLO to define who should follow up on complaints.
- A complaints and follow-up procedure should be in place. In addition to a classification of complaints into internal or external, as appropriate.
- The scope should not include the community, as this would imply higher costs and training.
- Many companies already have representatives who have the function of receiving and channeling complaints. National regulations already require them to do so. Others have their own systems for handling third-party complaints.
- The inclusion of trade unions and other workers' representatives should not be forced.
- The creation of a new Grievance Committee makes it difficult to implement the requirements mentioned for the FCC.

### 2.3 A new Core Year 1 requirement that ensures that workers are informed about the grievance mechanism

#### NEW Raising awareness about the grievance mechanism

<b>Applies to:</b> Companies	
<b>Core</b>	You inform all your workers about the grievance mechanism, and take annual measures to make the mechanism known, and accessible to workers, surrounding communities and other stakeholders.
<b>Year 1</b>	You improve the mechanism and your operations to prevent future harms through a regular analysis of the grievance cases and dialogue with key stakeholders, including trade unions or, where no trade union is active, other organizations representing the interest of workers..
<b>Guidance:</b> Key stakeholders include trade unions or, where no trade union is active, other organisations representing the interest of workers.	
It is best practice to make the commitment publicly available online.	
For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a> .	

#### Written feedback:





The majority of the stakeholders (85%) agreed to the proposal. A suggestion given by a stakeholder who agreed was to publish the grievance mechanism on the company's website with a direct link from the main landing page. Another stakeholder suggested aligning the year of applicability with the previous requirement (Human rights based grievance mechanism).

A stakeholder who disagreed mentioned that it would be tricky to find members of surrounding community and therefore suggested deleting this part. Another stakeholder suggested that grievance issues should be handled by HR.

#### **Feedback from workshops and webinars:**

Half of the participants in Latin America region were in agreement with the proposal. The other half of who did not agree provided the following suggestions:

- Replace the term "awareness-raising" with "sensitisation" of external grievance mechanisms.
- Replace the text "You improve the mechanism and its operations to prevent future harm through regular analysis..." with "You conduct regular analysis of grievance cases..."
- The scope should not include the community as it implies higher costs and training.
- The issue of the union should be specified: where, if it is active and recognized by Fairtrade, in the community or province. If there is no active union, it should be the Workers' Committee instead.

#### **Additional implications for step two**

Stakeholders were also asked whether they see any additional implications in relation to the implementation of proposed requirements under Step 2: identify. Below is a summary of the feedback provided:

- From a HLO perspective 2.1 (risk assessment) will be very difficult to implement.
- Additional training will imply high costs
- Implementation timeline, lack of expertise, and cost implications.
- The challenge is about policy implementation at employees level. Some employees will not give adequate value to the policies against grievance.
- The additional implication in Step 2 is that the scope of some requirements includes the community. This should not be included.
- There are implications for the definition of the committees, their composition and connection to the community. As well as in the term "ensure".
- -The scope of the risk assessment needs to be adequately defined as it relates directly to the other steps of Due Diligence.
- Implementation of the requirements will involve increased costs, resources and time.

## Step 3: Address and remediate

### Introduction of topic and overall aim of the proposal:

The third step in the HREDD process is to take actions to address the most salient human rights and environmental risks and problems linked to your organisation. More specifically, these actions aim to prevent, mitigate or remediate the salient issues or cease your linkage to those issues.

There are three general activities to take into consideration :

1. Develop and implement policies and procedures for each of the salient issues (for example, many HLOs have policies for forced labour and non-discrimination).
2. Develop and implement an action plan that sets out the concrete activities to implement these policies.
3. Take measures to remediate serious human rights harms.

It is advisable to consult several groups of people when drafting a policy or action plan, to ensure they are relevant and that key stakeholders such as staff, workers, young people, women, management and external experts support them.

To implement the policies, develop an action plan that sets out the first concrete actions you will take to prevent, mitigate, cease and remediate the salient human rights and environmental problems. A template Action Plan can be found in Appendix 5 of the HREDD Guide for Hired Labour Organisations.

### Remediation

If you identify cases where a person's human rights have not been respected, you need to take remediating measures. The key steps are:

1. Seek to end the violation, for example by reversing it (inappropriate termination of work, etc.) or safely withdrawing the affected person from the situation (child labour, forced labour, sexual harassment etc.).
2. Support the affected person(s), for example by reimbursing costs, finding alternative employment, providing schooling or training, or giving financial or non-financial compensation. The aim is to rehabilitate victims by returning them to a good, healthy life.
3. Take actions to prevent the violation from happening again. This can entail any of the prevention or mitigation activities listed above.

In addition, remediation may include applying disciplinary measures against the offender(s), for example by giving the offender a formal warning or suspending them from work for a serious violation. Note that you need to outline any possible disciplinary measures in the relevant policy so they do not come as a surprise to anyone.

An individual company can rarely provide full remediation on their own, so remember to report to and support the work of relevant government agencies. If buyers have contributed to the violation, for example by paying low prices, they also have a responsibility to participate in remediation.



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### Monitoring and remediation system

Where the risk of child labour, forced labour or gender-based violence is high, the HLO should consider establishing a monitoring and remediation system to address those specific issues. This would include:

1. identifying individuals at high risk
2. regularly checking the safety of the identified individuals
3. remediating any cases of violation discovered
4. documenting the number of individuals at high risk, number of violations, number of safe withdrawals and activities taken to prevent further violations.

For suggestions about establishing a monitoring and remediation system, please request support from your PN or Fairtrade International

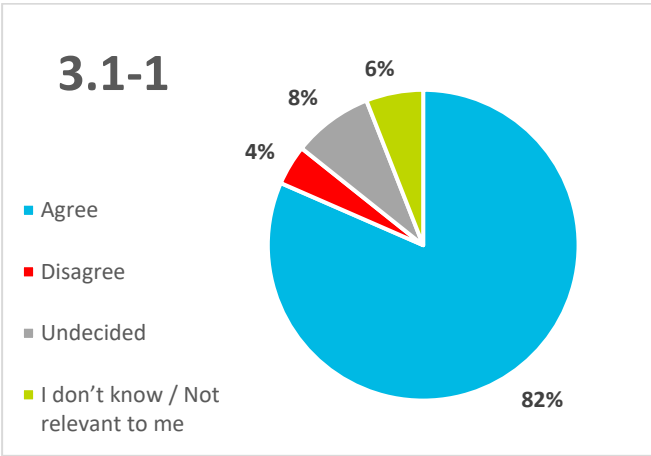
In this section there were six proposals consulted:

### 3.1 Introduce a new Core Year 3 requirement on having and implementing human rights and environmental policies

#### **NEW** Human rights and environmental policies

<b>Applies to:</b> Companies	
<b>Core</b>	You develop and implement policies to mitigate, prevent and remediate at least three of the most salient issues identified through your risk assessment.
<b>Year 3</b>	You communicate the policies to your management, staff and workers. You review and revise the policies at a minimum every six years.
<b>Guidance:</b> The organisation can choose to have either separate, complementary policies or one overarching policy. See requirements 3.3.3 on Child Labour policy and 3.3.4 on Child Labour remediation policy. It is best practice also to communicate the policies to subcontractors. For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a> .	

#### Written feedback:



The majority of the stakeholders (82%) agreed to the proposal. A stakeholder who agreed mentioned that the country's legal compliance is extensive and often covers what is mentioned in the requirement. Another stakeholder suggested changing the requirement to core year 1. Another stakeholder suggested reviewing and revising the policy every 3 years and not 6 years.

A stakeholder who disagreed mentioned that they already have enough policies in place and there is no need to duplicate. Another stakeholder wanted to know why Fairtrade is only focused on 3 risks. The stakeholder suggested rather emphasising the saliency of risks identified instead of the quantity of risks identified.

A stakeholder who was undecided wanted to know who would bear the costs.

**Feedback from workshops and webinars:**

A number of the participants in the Africa region agreed to the proposal however with some suggestions of improvement which included : who approves the policies? Where will the resources come from? What about the existing policies? Will this not be a duplication?

The majority of stakeholders in Asia region agreed with the proposal and wanted to know how the requirement would complement other requirements on policies in the HLS. A question on how to manage religious issues was also raised.

70% of the participants in the Latin America region were in agreement with the proposal. The following suggestions were provided: Requirement on having an action Plan is sufficient and therefore, it should not be mandatory to have more policies, the implications of undertaking remediation in terms of costs, more so when remediation may be at the community level.

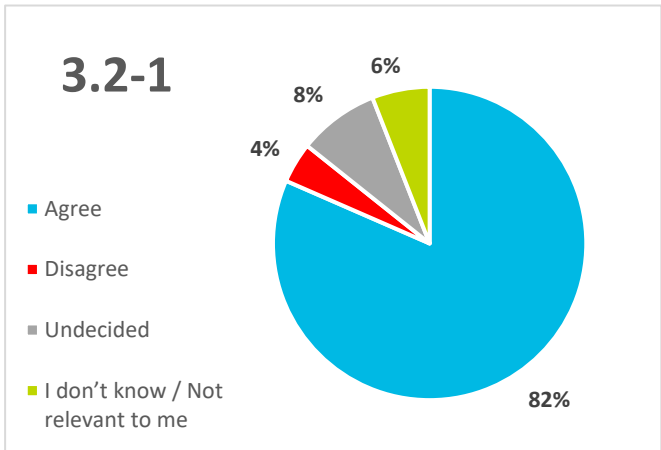
**3.2 Introduce a new A new Core Year 3 requirement to develop and implement an action plan to mitigate, prevent and remediate salient issues**

**New Action Plan**

<b>Applies to:</b> Companies	
<b>Core</b>	You develop and implement an action plan to mitigate, prevent and remediate your salient issues, including at a minimum the issues covered by your policies.
<b>Year 3</b>	

	<p>For the identified salient issues, you develop an action plan for one type of activity from the list below:</p> <ul style="list-style-type: none"> <li>- dialogue and collaboration with your buyers, other companies, public authorities and/or civil society actors</li> <li>- awareness raising and training about workers’ rights, salient human rights and environmental issues for your board, management, staff, workers and trade union or elected worker representatives</li> <li>- support for the vulnerable group(s) of people you have identified</li> </ul> <p>You have at least three types of activities in your action plan.</p> <p>You consult worker representatives in order to identify appropriate activities.</p> <p>The plan is revised annually to keep it up to date.</p>
<p><b>Guidance:</b> In addition to the activities mentioned above, your activities can also include provision of services; improvement of tools, facilities or processes; partnerships with local organisations; and negotiations with local authorities, etc. These types of activities can be conditional to you receiving funding from your buyers.</p> <p>Awareness raising can be done through presentations, discussions and meetings; posters and leaflets; and training programmes including sketches and role-play. The proposed dialogue and training complement your dialogue with and training for trade union or elected worker representatives (see requirements 2.2.4 and 3.4.8).</p> <p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	

**Written feedback:**



The majority of the stakeholders (82%) agreed to the proposal. A stakeholder who agreed mentioned that dialogue and collaboration with their buyers is possible, but will be difficult to have dialogue with other companies, public authorities and civil society actors. Some stakeholders found the requirement confusing and suggested more clarity. As it is, the requirement is confusing because it mentions developing an action plan for one type of activity and then having at least three types of activities in your action plan. Another stakeholder mentioned that Fairtrade should provide trainings accompanying remediation requirements and the HREDD guide to ensure understanding and effective implementation.



A stakeholder who disagreed wanted to know why action plans have to necessarily contain 3 activities. It should not be about the quantity of activities, but rather their relevance toward mitigating and remediation risks.

**Feedback from workshops and webinars:**

Participants in the Africa region were in general in agreement with the proposal. It was mentioned that this is already a requirement in some markets and would therefore make sense to also include it here. The following reservations were raised: who will cater for the financial and human resources, more clarity needed when it comes to external stakeholders, need to have an agreement with other worker committees.

Participants from the Asia region were also in agreement with the proposal and the question of how the whole process will be financed was raised. The also mentioned that that more time should be given for the implementation of the requirement. A question on how to manage religious issues was also raised.

15% of the participants from the Latin America region were in agreement and therefore the majority of the participants were not in agreement. The following concerns and suggestions were raised:

- Delete the whole of the 2nd paragraph and keep the other fields, given that it implies to conditions of other actors, which is not feasible.
- The requirement should include that the plan should be shared with those actors interested in sharing co-responsibility or who are committed to the company (e.g., buyers).
- The requirement should state "dialogue and collaboration with relevant actors" instead of "buyers, other companies...".
- Companies already have action plans in place to raise awareness among workers and support vulnerable groups.
- The wording is confusing (e.g. term "policies"). Text "for one type of activity" and "at least three types of activities" needs clarification. The wording needs to be more flexible.
- Collaboration of external parties is unnecessary and complicates the requirement.
- There needs to be more clarity on the level of commitment of the parties, the number of activities to be taken and when it is requested to be shared with all buyers.
- The scope of the risk assessment needs to be defined first, not the number of activities.
- Consider the concept of remediation at the community level, given the complexity it would have for each company.

**3.3 A new Development Year 3 requirement on participatory and inclusive planning when preparing an action plan**

**NEW Participatory planning**

<b>Applies to:</b> Companies	
<b>Dev</b>	You consult both internal and external experts and stakeholders to identify effective activities when you prepare your action plan. You include the estimated costs of each activity.  Your action plan is approved by the FCC.  You share the implementation report from previous plans with the FCC.
<b>Year 3</b>	
<b>Guidance:</b> Including estimated costs for each activity increases your chances of gaining support from buyers, NGOs or other funders.	

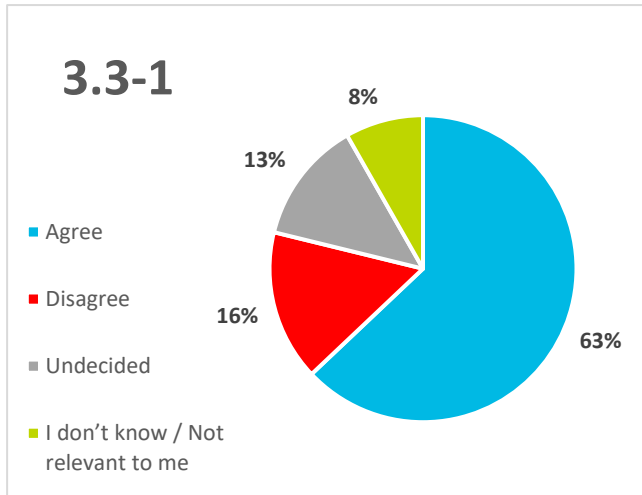


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Relevant experts and stakeholders may include community members from your operational areas and representatives from trade unions, civil society organisations, local and government authorities, research institutions, etc.

For further guidance, please see the [HREDD Guide for Hired Labour Organisations](#).

### Written feedback:



63% of the stakeholders agreed to the proposal. A stakeholder who agreed to the proposal suggested that the action plan is approved by workers representatives and General Assembly and not by the FCC. Another stakeholder mentioned that an assessment tool should be made available.

A number of stakeholders who disagree with the proposal mentioned that the FCC should be deleted from the requirement. Another stakeholder suggested that the action plan is approved by the senior management and not by the FCC. Another stakeholder stated that this will unnecessarily increase the costs of paying the external experts. Another stakeholder mentioned that they do not agree with consulting with internal and external experts and suggested incorporate including members of the community in their operational areas instead.

A stakeholder who was undecided, mentioned that since the action plan comes with budgets, the approval should come from management in consultation with the committee.

### Feedback from workshops and webinars:

The majority of the participants in the Africa region were not in agreement with the requirement specifically because of the role of the FCC. There is also no clarity on the external parties to be included and engagement with internal experts could bring conflicts. the approval process is done by the workers committee and therefore conflicts with management and the cost issues was also raised.

Participants from the Asia region were in general in agreement with the requirement but the question of where the resources to finance this was raised.

2% of the participants in the Latin America region agreed with the proposal and therefore the majority did not agree with the proposal. The following suggestions and concerns were raised :

- Replace the term "experts" with "internal and/or external trained personnel".





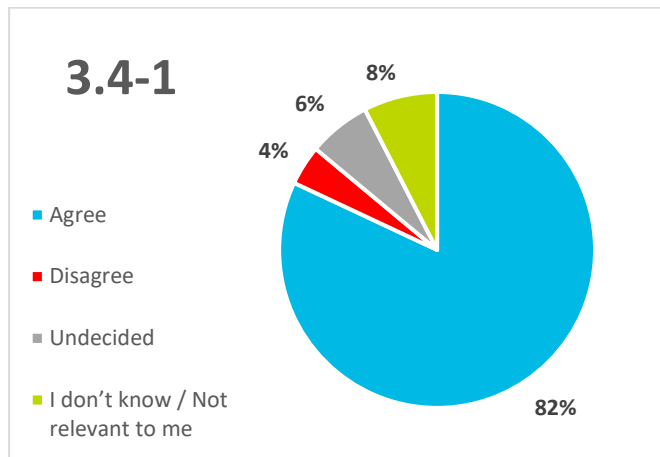
- Delete the text "include community members from your operational areas and representatives of trade unions, civil society organisations, local and governmental authorities, research institutions".
- Replace the term "You consult internal and external experts..." with "You consult stakeholders".
- The guidance should consider including community members from your operational areas and relevant stakeholders.
- The Action Plan should be approved by management and be known to the Premium Committee.
- The measures should only apply to the company, except in specific cases where their scope can be extended to the authorities.
- The management of alliances or agreements with competent institutions that can support in the elaboration and definition of the activities and their action plans should be included.
- Evaluate having the support of specialists from CLAC or Fairtrade in Human Rights and Environmental Due Diligence.
- The term 'Experts' is ambiguous and needs to be defined or an alternative word is used.
- Stakeholder consultation or hiring of experts leads to high costs and increased complexity.

### 3.4 A new Core Year 0 requirement on having a procedure for remediation if human rights or environmental violations are identified

#### **NEW** Remediation procedure

<b>Applies to:</b> Companies	
<b>Core</b>	You have a written procedure that guides your remediation work relating to human rights or environmental violations caused or contributed to by your organisation.
<b>Year 0</b>	<p>You take measures to enable and cooperate in the remediation of any case found. .</p> <p>You engage your buyers and/or public authorities.</p> <p>In cases where a person's human or environmental rights have been violated, you report cases to public authorities, in line with national legislation</p>
<p><b>Guidance:</b> Remediation measures can have many goals, including:</p> <ul style="list-style-type: none"> <li>- ending the violation</li> <li>- ensuring the prolonged safety of the affected person(s)</li> <li>- restoring the person(s) or environment to the situation prior to the violation</li> <li>- enabling compensation or other remediation that corresponds to the significance and scale of the violation</li> <li>- preventing further cases</li> </ul> <p>Remedy may include withdrawal of the person from the situation, restitution, rehabilitation, financial or non-financial compensation, apologies, punishment of wrong-doers, and projects to prevent future violations. When determining the remedy, the affected person(s) and their representatives need to be consulted, unless this puts their safety or security in jeopardy.</p> <p>Your buyers and/or public authorities may have a responsibility to cooperate in remediation. You may also engage non-governmental organisations.</p> <p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	

#### **Written feedback:**



The majority of the stakeholders (82%) agreed to the proposal. A stakeholder who agreed to the proposal suggested rewording the last paragraph in the requirement to 'In cases where a person's human or environmental rights have been violated, *in which you have caused or contributed..*' This makes sure that HLOs are not overburdened by all cases, but are responsible for those cases in which the harm is linked to them.

A stakeholder who disagrees with the proposal suggested changing the requirement to Year 1 because having such a requirement at Year 0 would mean that FLOCERT does not certify a HLO without such a procedure in place before the audit or that becomes a non- conformity to take as a corrective action in a given timeframe. Another stakeholder mentioned that engaging with buyers on this topic might be sensitive. Another stakeholder said that the scope of the clause is too wide for the producer to comply.

#### **Feedback from workshops and webinars:**

In general, the participants from Africa region were in agreement but wanted more clarity on how to engage the buyers.

Participants from Asia region were also in agreement and suggested connecting this requirement with the one on dialogue with buyers.

15% of the participants in the Latin America region agreed to the proposal and the majority were not in agreement. The following concerns and suggestions were raised :

- Replace the term "buyers" with "interested buyers".
- The applicable year should be year 3 in line with the requirement of having a policy
- The wording should be more concrete and able to define what the buyer is committed to.
- Spell out in detail what "engaging your buyers and/or public authorities" consists of.
- There must be a procedure or protocol for remediation of human rights or environmental violations.
- Local authorities and buyers should only be involved when appropriate. E.g., when they are involved in cases of human rights violations.
- It is necessary to clarify how many procedures or protocols are required for each violation. E.g. child, gender, etc.
- It is necessary to review remediation at the community level, as it becomes a complex situation for companies, who would have no control over it.



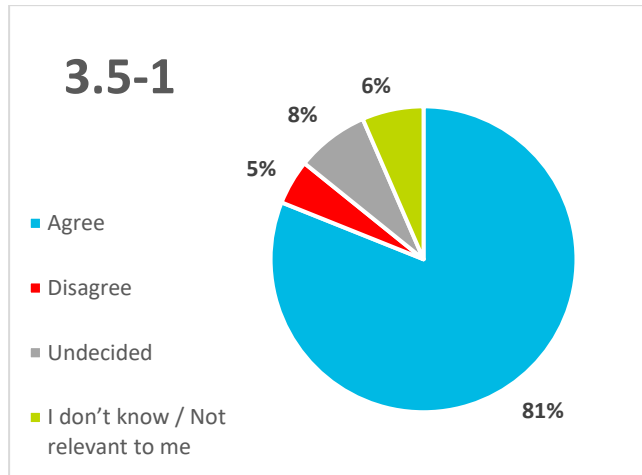
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### 3.5 A new Development Year 3 requirement on implementing a Monitoring and Remediation System

#### **NEW** Monitoring and remediation system

<b>Applies to:</b> Companies	
<b>Dev</b>	You implement a monitoring and remediation system to check for and respond to cases of human rights or environmental violation.
<b>Year 3</b>	<p>You focus on selected types of violations, which you have identified as salient for your organisation.</p> <p>Your system contains the elements described in the monitoring and remediation system guidelines.</p> <p>You enable and cooperate in the remediation of any case found.</p> <p>You document the type and number of cases identified and responded to.</p>
<p><b>Guidance:</b> You may establish and operate this system by yourself or in partnership with others, including relevant government agencies, expert human rights NGOs, traders or others.</p> <p>When forming partnerships, you help to eliminate violations from your country and production. You may also access funds and other resources for this work. In areas and products where risks are high, some buyers are increasingly selecting suppliers who have established monitoring and remediation systems on salient issues.</p>	

#### Written feedback:



The majority of the stakeholders (81%) agreed to this proposal.

A stakeholder who disagreed with the proposal mentioned that the scope is too wide for the producer. Another stakeholder mentioned that this should be under the role of HR.

#### Feedback from workshops and webinars:

Majority of the participants in the African region agree with the proposal. It was mentioned that any system requires monitoring for continual improvement. A question was raised on how to rate high risks.

24% of the participants in the Latin America region agreed to the proposal and therefore the majority did not agree. The following concerns and suggestions were raised :

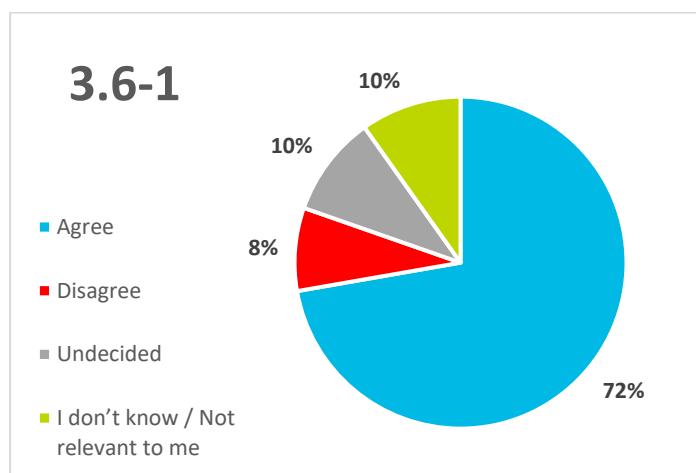
- Delete the requirement 3.5 as it is a repetition of the requirement on having an action plan..
- The scope should not be at community level.
- There should be more specification regarding how to deal with risk and monitoring. More training and clarification regarding the criteria of very high, high, low risk and what each consists of is needed.
- The scope of risk assessments needs to be adequately defined in order to define the scope of the monitoring system as it has cost implications for implementation.
- There is a need for further explanation of what the national law deals with. As well as the involvement of competent entities and what Fairtrade is requesting.

### 3.6 A new Core Year 3 requirement on dialogue between supply chain actors

#### **NEW** Dialogue with buyers

<b>Applies to:</b> Companies	
<b>Core</b>	You present your action plans and remediation activities and invite buyers to present theirs to incentivise dialogue.
<b>Year 3</b>	
<p><b>Guidance:</b> You seek dialogue and collaboration with your buyers on the human rights and environmental harms in your operations and operational environment.</p> <p>This dialogue is intended to inform your buyers' risk assessment, policies and action plans. As best practice, you agree on a mutually acceptable type and level of support from your buyers for your activities.</p> <p>Where a buyer contributes to human rights or environmental violations, for example through low pricing, they have a responsibility to cooperate in remediating those violations. It may be useful to also invite public authorities and/or civil society organisations to join the dialogue. Where a buyer supports some activity, you report about its implementation to this buyer.</p> <p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	

#### Written feedback:



72% of the stakeholders agreed with the proposal. A stakeholder who agreed mentioned that the requirement to invite buyers must also be extended to suppliers so that this process is initiated and done not only up but also down the chain. Another stakeholder suggested including the minimum number of buyers the HLO needs to engage with. Does it count if they just invite buyers to dialogue even if they



don't respond? How do we measure compliance? Another stakeholder said that It would be great if the role of NFO is represented to stimulate transparency and consider rightsholder dialogue in the supply chain. Another stakeholder mentioned that dialogue is a crucial part of Fairtrade's HREDD approach. However, the requirement is not clear as to why we are asking for dialogue. It would be useful to include the reasoning in the requirement. A suggestion was made to change the wording from 'you present your action plans' to 'you share your action plans. It is not possible to sanction buyers to come up with action plans. Another suggestion was made to state that the action plans are shared with buyers who are interested or have expressed an interest in co-investing.

A stakeholder who disagreed wanted to know why buyers and suppliers would come up with two different action plans for the same supply chain. Another stakeholder said that buyers should access HLOs compliance status to HREDD through the certification body. Another stakeholder added that dialogue on human rights and environmental violations with buyers can help negotiate a better price or interventions. However, it might also be negatively perceived and cause losing buyers. Another stakeholder said that Fairtrade have not empowered producers to be able to influence customers decisions and preferences. Additionally, a stakeholder mentioned that Involving buyers who operate in different countries is difficult. One other stakeholder said that internal company information is not allowed to be passed on to customers or suppliers.

#### **Feedback from workshops and webinars:**

A majority of participants in the African region did not agree to this proposal. Some of the concerns and suggestions raised included :

- Difficult to suction buyers to share remedies
- Buyers usually have a higher ground
- Fairtrade international to reach out to the buyers to be audited on a specific requirement outlined in the HREDD.
- Clarifications of public authority,
- Sharing the risk assessment with buyers can help negotiate a better price or interventions.
- FLOCERT to share audit reports to both parties e.g. Buyers and producers.
- Include the requirement under sourcing plans
- Change the wording from present your action to share the report

72% of the participants in the Latin America region were in agreement with the proposal.

Some of the concerns and suggestions raised include:

- It is not possible to include all buyers. The term "all buyers interested or having expressed an interest in co-investing" is proposed instead.
- The requirement should also apply to buyers.
- Buyers should not be part of the process, unless they are directly involved in the issue, which causes the human rights violations.

#### **Additional implications for step three**

Stakeholders were also asked whether they see any additional implications in relation to the implementation of proposed requirements under Step 3: Address and remediate. Below is a summary of the feedback provided:

- It is mentioned that compliance costs will increase for producers. What kind of mandatory support from traders will be offered?



- We support these new HREDD criteria for HLOs only under the condition that the corresponding requirements on collaboration, support and co-investment remain in the Trader standard as they reflect our vision of a shared responsibility for HREDD. They are imperative for the proposed HREDD requirements for producers and distinguish us from others. Otherwise, we overburden the producers, and we have the same approach as RA and don't prevent that implementation cost is being pushed along supply chain actors. We are aware that some support requirements are also integrated in the TS review, but retailers and licensees should be involved too.
- The aspects of addressing and remediating human rights harms are contingent upon cooperation along the supply chain, which we are trying to facilitate through the standards. Currently the requirements in this section focus too heavily on the "what", rather than the "why". We need to help POs and traders) understand that they are entering into dialogue in order to achieve alignment and support for their own priorities and activities. That this is a chance, not only an obligation. This whole aspect of cooperation and interlinkage needs to be explicitly mentioned in the requirements for HREDD across all HREDD Standard reviews, if the new standards are to be effective.
- We also need to make clear, that support for the additional HREDD measures to be taken by POs are contingent upon securing the relevant (financial) support through the Trader Standard. This needs to be taken into account.
- Address and remediating are the most difficult due to the requirements of resources, complexity due to the requirement to involve several stakeholders, and high-cost implications
- Remove the requirement to have the action plan approved by FCC.
- Remove the whole of 3.6 requirement on dialogue between supply chain actors.
- It should be borne in mind that measures should be tailored to each project as in some cases the cost of mitigation may be beyond the reach of the producer (co-op/association/company).
- A requirement for the trader to provide feedback or comments should be included as part of the requirement on action plans.
- The high costs and other implications of a company being responsible for remediation at the community level need to be reviewed.
- A flexible system should be in place to accommodate different sizes of companies.
- The number of risks to be addressed should not be predefined.
- It should be explicitly stated that complete and comprehensive remediation cannot depend exclusively on companies and requires the participation of the State as a guarantor of rights.
- Trade relations between producers and their importers constitute a risk.
- Buyers must be open to address the issue and Fairtrade must ensure a permanent dialogue in order to promote their willingness to get involved. This willingness should not be a declaration, but concrete commitments with economic resources, advice, according to what is contemplated in the action plans.



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## Step 4: Track

### Introduction of topic and overall aim of the proposal:

The fourth step of HREDD is tracking, which means checking whether your activities have been effective. HLOs should track progress to:

- learn whether their due diligence activities are actually working and effective
- identify and continue best practices
- change ineffective activities

You need to track (a) your progress in due diligence activities and (b) changes in your salient issues.

Examples of indicators for tracking progress in due diligence activities include :

- number and topics covered in awareness raising activities
- salient risks and vulnerable groups of people identified through risk assessment
- number and type of grievances received, resolved and still open
- policies and activities implemented to tackle the most salient risks identified
- number and type of serious human rights violations identified, and victims supported (without mentioning names)
- type and amount of support received from buyers and external partners

To track changes in your salient issues, you need annually to:

- check whether the issues are becoming more or less common and serious by using the same indicators and methods as in your risk assessment
- analyse the information you have gained through your grievance mechanism

In this section one change was proposed:

### 4.1 A new Core Year 3 requirement on tracking due diligence activities.

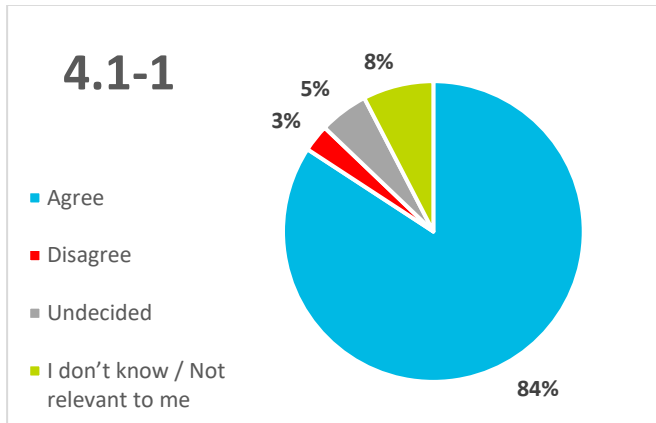
#### **NEW** Tracking due diligence activities

<b>Applies to:</b> Companies	
<b>Core</b>	You define and implement annual measures to track the implementation and effectiveness of your due diligence activities.
<b>Year 3</b>	<p>You document and use the lessons learned to improve these activities.</p> <p>You report key lessons learned to your management and/or Board and/or shareholders and workers' General Assembly.</p>
<p><b>Guidance:</b> you could use:</p> <ul style="list-style-type: none"> <li>- the implementation report of your previous action plan</li> <li>- risk assessment indicators related to your salient issues</li> </ul> <p>It is best practice to draw on feedback from workers and other internal and external sources, and to pay particular attention to the impacts on the most vulnerable groups or people.</p> <p>For further guidance, please see the <a href="#">HREDD Guide for Hired Labour Organisations</a>.</p>	



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#### Written feedback:



Majority of the stakeholders (79%) agreed to the proposal. A stakeholder who agreed suggested that lessons learnt should also be reported to the FCC. One other stakeholder added that lessons learned ought to be discussed also with trade union representatives as part of requirement 3.4.8 of the HLS. Another stakeholder mentioned that the implementation and effectiveness of due diligence activities should always also be publicly accessible. It was noted that training will be necessary to enable HLOs to implement the requirement.

A stakeholder who disagreed with the proposal suggested that the requirement should be applicable as of year 2 and not year 3.

#### Feedback from workshops and webinars:

Half of the stakeholders in the Africa region were in agreement with the proposal. It was mentioned that tracking is important to assess success and gap within the process for continual improvement. Stakeholders who did not agree said that the scope was too big.

Majority of stakeholders from the Asia region were in agreement with the proposal. A suggestion was given to increase the implementation period because to be able to track, they will need to have implemented the other 3 HREDD steps.

100% of the participants from the Latin America region were in agreement with the proposal.

#### Additional implications for step four

Stakeholders were also asked whether they see any additional implications in relation to the implementation of proposed requirements under Step 4: Track. Below is a summary of the feedback provided:

- Important to ensure that the GA is also involved in other requirements where they are not mentioned.
- The tracking will help the organization to tell whether the activities concerning the HREDD issue have been effectively implemented.
- It helps the organizations prepare well ahead of Fairtrade audits.
- Agree with the requirements, but since our Fairtrade sales are very low, the requirements will be very difficult to implement.
- A template or format for the monitoring report may be required.





## Step 5 Communicate

The step to communicate was not included the consultation but stakeholders were asked to make any suggestions on the topic. Below is a summary of the feedback provided:

- The focus on communication should be on lessons learnt on solving the salient issues to ease the work of the buyers and suppliers.
- Due care should be taken on data privacy and confidentiality requirements of organizations.
- As a general recommendation to the text, I strong suggest replacing the word salient with a more common word like "outstanding" or "most important" as the terms salient is not very common in English and may be a hurdle to non-native speakers.
- Active communication can make you a valuable partner to our buyers since we need continuous business.
- Producers must come up with proper communication on how to communicate with stakeholders on salient issues to ensure that stakeholders are well informed.
- Certified companies should be listed on the Fairtrade website.
- Communication should always be publicly available. Communication should be credible, transparent and evidence driven.
- To facilitate acceptable requirements for the members that reliable communication system should be maintained.
- One of the difficulties or also opportunities is to raise awareness of all actors, to carry out training on how to elaborate and implement these requirements.
- It is important that the requirements are adjusted to the local reality. It should be a work that also relies on exporters and other actors in the chain.
- It is necessary that support is provided to build and develop capacities for the realisation of the communication process.
- The standard can include requirements on communication, but these should be flexible and allow each organisation to decide on the format to be used.
- Some organisations already implement Due Diligence through other certifications they hold.
- Communication in Due Diligence should only communicate the process, but not specific cases.