

Implementing Human Rights and Environmental Due Diligence (HREDD)

A Guide for Fairtrade Certified Traders



THIS GUIDE CLARIFIES THE NEW HREDD CONTENTS IN THE FAIRTRADE TRADER STANDARD. IN PARTICULAR, THE GUIDE IS DESIGNED FOR SMALL COMPANIES THAT BUY DIRECTLY FROM FARMERS OR OTHER PRIMARY PRODUCERS.

Fairtrade works with over 4100 trading and processing companies across the world. We hope this guide – part of Fairtrade's a series of HREDD guides for different supply chain actors – brings practical support for traders and processors in understanding, adopting and collaborating in HREDD.

The Fairtrade Trader Standard version 2.0 was published on April 16, 2024 and includes HREDD requirements applicable to all trading and processing companies.

Guidance on how different types of small and medium-sized enterprises can perform HREDD is still limited.

Our guide is a practical tool for first buyers at the start of their HREDD journey, with a focus on small and medium-scale first buyers.

First buyers play a particular role in supply chains:

They are in direct contact with farmer cooperatives and other primary producers and have a responsibility to support the HREDD work of their suppliers.

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*This guide can
be found online on:
[www.fairtrade.net/
standard/trader](http://www.fairtrade.net/standard/trader)*

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Introduction

Global supply chains are related to multiple environmental and social challenges such as deforestation, water pollution, gender discrimination and low wages and incomes. These problems cannot be fixed overnight. All companies in supply chains have a responsibility to take action and cooperate to address these challenges.



TO MAKE BUSINESS FAIRER, ALL COMPANIES IN SUPPLY CHAINS ARE EXPECTED TO PERFORM HREDD AND COOPERATE WITH ONE ANOTHER.

To make business fairer, companies are expected to conduct human rights and environmental due diligence (HREDD). Essentially, HREDD is a process of identifying and addressing risks and harm to people and the environment.

Fairtrade is committed to support supply chain actors on their HREDD-journey. Even though the overarching principles of HREDD apply to all companies, there are differences in how companies are expected to carry out their duties, depending, for example, on their size and role in the supply chain.

We hope you find this guide practical and easy-to-read! **This guide is applicable to all Fairtrade traders, but especially targeted at small- and medium- sized companies who buy directly from primary producers and are at the beginning of their HREDD-journey.**

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What is Human Rights and Environmental Due Diligence?

Human Rights and Environmental Due Diligence (HREDD) is about managing the risks and adverse impacts that business may have on people and planet. The overall goal is to reduce negative impacts.

Human rights are the basic rights and freedoms of every human being. They are universal, regardless of any status like gender, nationality, ethnicity or religion.

The idea that companies have a responsibility to perform due diligence on human rights was agreed at the United Nations Human Rights Council in 2008. This responsibility was clarified in the UN Guiding Principles on Business and Human Rights (UNGPs) in 2011.

Since then, several countries have enacted due diligence laws, so some or all steps of HREDD are compulsory for large companies operating in many European countries, Australia and Canada – and several additional countries are preparing similar laws. Throughout the European Union, HREDD is required of all large companies from mid 2027 onwards.



**HREDD IS ABOUT
MANAGING THE RISKS
AND ADVERSE IMPACTS
THAT BUSINESS MAY
HAVE ON PEOPLE
AND PLANET.**

The HREDD process has five steps¹. A company is to

1. **commit** to respecting human rights and the environment and embed this commitment in all its operations.
2. **Identify** the salient human rights and environmental issues linked to its operations and value chains.
3. Take action to **address and remediate** those issues.
4. **Track** progress.
5. **Communicate** about this work to stakeholders.

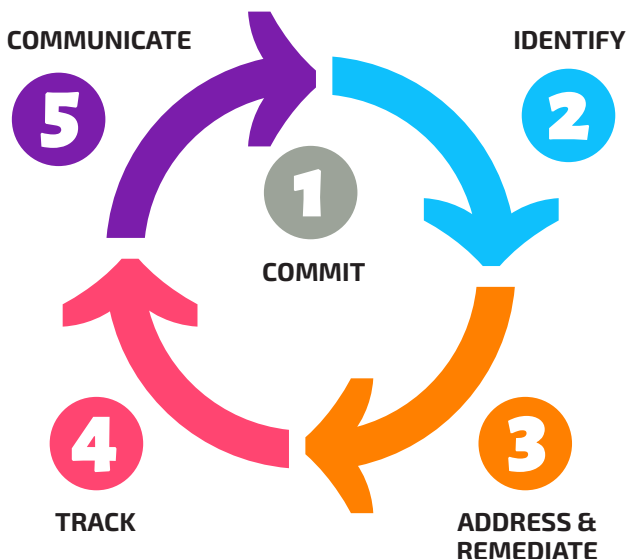
HREDD is an ongoing process. Typically, there are overlaps in the implementation of these steps.

All companies that produce, sell, or buy products or services are expected to develop an HREDD process. All supply chain actors, including small and medium-sized traders, need to do their part.

Your company is probably already taking some HREDD measures, even if you have not called it “due diligence” yet. For example:

- Assessing risks is related to HREDD step 2: Identify.
- A code of conduct is related to HREDD step 3: Address and Remediate.
- Measures to improve occupational health and safety can also be part of HREDD step 3.

Steps of the HREDD process



¹These five steps are based on the OECD Due Diligence Guidance for Responsible Business Conduct. While the OECD framework features 6 steps, we show 5 steps, because Fairtrade considers a grievance mechanism and remediation as integral parts of due diligence steps 2 and 3.



Meaningful Stakeholder Engagement

Meaningful stakeholder engagement is a central part of due diligence. It helps companies understand how business affects different groups of people, what measures can be effective in addressing and remediating the harms, and what existing measures companies can join.



IT CAN MAKE YOUR HREDD
WORK MORE EFFECTIVE
AND EFFICIENT WHEN YOU
CONSULT THE PEOPLE,
WHO ARE AFFECTED BY
YOUR OPERATIONS.

For HREDD, the most important stakeholder group are the people whose rights business may impact. These (potentially) affected stakeholders are also called “rightsholders”.

Companies need to make efforts to hear rightsholder and stakeholder perspectives at every step of the HREDD process. In agricultural supply chains key stakeholders often include suppliers, farmers, farmer cooperatives, workers, trade unions, and communities living close to production areas and facilities.

This does not mean that you have to engage with all stakeholders at once. But you do need to engage with some – and gradually expand the variety of these stakeholders.

Engagement is meaningful if it is based on open, two-way communication and good faith. It should also be ongoing, not a one-time effort, with stakeholder views actually influencing company decisions.

For further information on Fairtrade requirements related to stakeholder engagement, see page 27.

The Role of First-buyers

Companies that buy directly from farmer cooperatives, plantations or other primary producers have a particular role in supply chains:

- 1) **Flow of information:** First buyers have a unique role in conveying primary producers' priorities, needs and expectations to downstream business partners – and market expectations and realities to producers.
- 2) **Facilitate collaboration:** First-buyers are well placed to learn about and support local human rights and environmental initiatives at the origins of global supply chains – and to inform downstream actors about them.

This support and facilitation is invaluable because human rights and environmental risks are often rooted in poverty, inequality and other systemic issues that primary producers cannot tackle alone.



TRADERS HAVE A RESPONSIBILITY
TO SUPPORT THEIR SUPPLIERS'
HUMAN RIGHTS AND
ENVIRONMENTAL WORK.

- 3) **Shared responsibility:** All companies have a responsibility to participate in remediating harms that they have contributed to, for example via low prices. This is the 22nd principle in the UN Guiding Principles on Business and Human Rights. Therefore, traders often have a responsibility to co-invest in their suppliers' human rights and environmental work.



Why Should Traders Conduct HREDD?

- **Advancing wellbeing.** HREDD is about advancing wellbeing among your employees, business partners and local communities. This fosters employee satisfaction and stable business relationships, and reduces the risk of criticism or conflicts with local communities and civil society actors.
- **Better employee and stakeholder relations.** When you perform HREDD, including social dialogue with your employees, you are better placed to recognise relevant and feasible ways of responding to your stakeholders' needs and expectations. This fosters trust and employee commitment.
- **Opportunity to prioritise.** Due diligence gives your sustainability work a direction. It offers a generally accepted way to define priorities for your sustainability work. So, you can first focus on the most serious issues and address other issues later.
- **Market access.** Large retailers, brands and processors increasingly need information about their suppliers' due diligence measures and results: To comply with HREDD laws, they need to know and reduce the human rights and environmental challenges in their supply chains.
- **Gaining support from buyers.** When you have identified the most serious human rights and environmental issues in your operations and supply chains, your buyers should support you in addressing them. International due diligence guidance is very clear that HREDD is about collaboration.
- **Retaining Fairtrade certification.** Fairtrade published new HREDD requirements for its Trader Standard in April 2024. This allows buyers, governments, and consumers to continue recognising Fairtrade as a sign of good practices



**ACKNOWLEDGING YOUR RISKS
ALLOWS YOU TO ADDRESS THEM
BEFORE THEY GROW BIGGER AND
BUILDS YOUR CREDIBILITY AMONG
BUSINESS PARTNERS AND OTHER
STAKEHOLDERS.**

How to Start in Practice

- Develop the HREDD process step by step: start simple and strengthen the process over the years.
- Start with what you already have in place. See where the gaps are and plan improvements.
- Keep it practical: a plan that is not implemented is not useful to a company or the affected people.

EU Regulation

The European Union is a front-runner in making HREDD legally mandatory. Related EU laws include.

- **Corporate Sustainability Reporting Directive** (applicable from January 2024) requires detailed reporting on environmental, social and governance topics.
- **EU Deforestation Regulation** (December 2025) expects due diligence on deforestation from traders of specific products including coffee, cocoa, soy and wood.
- **Corporate Sustainability Due Diligence Directive** (summer 2027) requires large companies to implement risk-based due diligence – and to expect the same from their suppliers.
- **Forced Labour Regulation** (summer 2027) expects due diligence on forced labour and seeks to keep products made with forced labour out of the EU market.



Step 1 Commit

The first step of the HREDD process is to publicly commit your company to respecting human rights and the environment and to conducting due diligence.

A written commitment clarifies your goals and guides future work. This commitment should be realistic. Further, you need to review your other policies and processes, and weed out possible inconsistencies.

To do this:

- Sensitise management and staff;
- Draft and sign a commitment;
- Assign responsibilities;
- Raise awareness about the commitment; and
- Align your other policies and processes



YOUR COMMITMENT NEED NOT BE LENGTHY OR COMPLICATED – BUT IT SHOULD INFLUENCE HOW YOU RUN YOUR BUSINESS.

Sensitise Management and Staff

Support from top management or the owner is important for HREDD work from the beginning. Managers and experts working on environmental or social issues also need orientation on human rights and HREDD.

First, your company can reserve meeting time to discuss the above chapters (Introduction and What is HREDD) and this entire guide. Throughout this guide, you also find links to additional videos, tools, and guides on HREDD.

Draft and Sign a Commitment

Your first commitment does not need to be lengthy or complicated. You can update it after a few years and include more information about how you have organised

your due diligence process. Below on page 10 **you find an example of a commitment that you can adapt to your company.**

A written commitment can be a standalone statement or part of your value statement, sustainability policy or an Environmental, Social and Governance (ESG) statement.

You should commit to:

- Respect all internationally recognised human rights and environmental sustainability. In agricultural supply chains, it can be practical to group human rights into 13 areas, as shown on page 13. This includes the rights contained in the [International Bill of Human Rights](#), the [ILO Declaration on Fundamental Principles and Rights at Work](#) and the [UN Resolution \(48/13\) for the right to a clean, healthy and sustainable environment](#).
- Conduct due diligence. Fairtrade recognises it as equivalent, if the company has committed to implementing one of these key due diligence guidelines: The UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, or the UN Global Compact.

Fairtrade Trader Standard also expects you to recognise the importance of

- **Collaboration** with suppliers and (potentially) affected stakeholders – or “rightsholders”. Such dialogue and collaboration is crucial to understand how business affects different groups of people and what measures can be most effective in addressing and remediating the harms.
- **Sustainable purchasing practices** We discuss sustainable purchasing more on page 23.
- **Work towards living incomes and living wages.** In agricultural supply chains, decent farmer incomes and wages are pre-requisites for many human rights and environmental goals, including sufficient nutrition, education and health, protection of forest and biodiversity, and resilience to climate change.
- **Providing for or cooperating in the remediation** of harms you cause or contribute to. See page 25 for further information on remediation.

The above measures reflect the UN and OECD guidance and EU directive on due diligence.



Fairtrade Standard Requirements for Traders

Written commitment to respecting human rights and the environment

Core requirement, Year 0

You have a written commitment to respect human rights and environmental sustainability, to conduct due diligence, and to recognise the importance of:

- Collaboration with suppliers and rightsholders in addressing human rights and environmental challenges
- Having sustainable purchasing practices which favour long-term business relationships
- Working towards living incomes and living wages
- Providing for or co-operating in the remediation of identified harms you cause or contribute to

Your written commitment refers to internationally recognised human rights, including environmental rights, and is signed off by senior management.

Awareness raising

Core requirement, Year 1

You raise the awareness to your management and staff about your commitment to respecting human rights and the environment, and its implications for your operations. Your commitment is publicly available and you inform your immediate suppliers and subcontractors.

Internal alignment with the commitment

Core requirement, Year 3

You align your operational policies and procedures with the commitment and embed the commitment into your existing management systems. You assign a responsible person(s) for due diligence related functions.

If you operate in conflict areas, Fairtrade Standards recognise it as best practice to commit to heightened due diligence. Conflict areas refer to regions with ongoing armed conflict, political instability, or significant violence, often characterised by a breakdown of law and order, and weak governance. In such regions, each step of HREDD should be conducted rigorously, assessing whether the business activities fuel or ease the conflict.

The commitment needs to be approved by senior management. This may be the management or executive board, depending on the company's own rules for decision-making.

Further, international guidance on HREDD recommends that this commitment be informed by both internal and some external expertise. In practice, the simplest way to achieve this is often by inviting internal experts to review a draft commitment and utilising guidance developed by external experts.

Please note that national or regional HREDD regulations may apply to your company and place further expectations on the scope or content of your commitment.

Q&A – Why refer to living incomes and living wages? Are the Fairtrade Minimum Price and Premium not enough?

Choosing Fairtrade means supporting the right to a decent income and putting more money in the hands of farmers and workers.

The Fairtrade Minimum Prices aim to cover average costs of sustainable production, and offer a safety net against market volatility. The Fairtrade Premium is used by farmer cooperatives and worker committees to improve farming and community wellbeing.

However, these measures are not enough to achieve living incomes and wages for all farmers and farm workers. Current earnings are often so low that Fairtrade cannot close the gap to sustainable livelihoods alone and at once.

Best practice for a company is to map the income and wage gaps in its supply chains and pay bonuses or participate in projects to narrow these gaps.



Assign Responsibilities

Clearly assigned responsibilities help in bringing your commitment to life, so it does not end up being just a paper exercise.

By involving key managers and experts from the start, you advance a healthy embedding and integration of HREDD work into your other workstreams or functions.

Somebody from your senior management should have oversight, and a manager or expert should lead the development of your HREDD process. The relevant lead could be an operational manager or an expert in internal control, risk management, environmental or social sustainability, or quality management.

Raise Awareness

Awareness raising means informing and educating your management and staff about:

- Your commitment to respecting human rights and the environment, and
- Its implications for your operations

The aim is that your managers and employees understand how the commitment to human rights and environment relates to their own work, know what lines of accountability exist, and start developing their practices accordingly. It is best practice that all employees gain training on how HREDD relates to their own work.

Externally, you need to make your commitment publicly available, for example on your website, and inform your immediate suppliers and subcontractors about it. When informing all immediate suppliers is not possible then you inform at least all Fairtrade suppliers. Read more about supplier engagement on page 5.

To reap the commercial benefits of proactive HREDD work and encourage HREDD among your business partners, it may also be beneficial to inform your largest buyers, service providers such as recruitment, cleaning, construction and security partners, and other stakeholders.

Align other Policies

Align your other policies and procedures with your commitment. Consider for example your policies on health and safety, human resources, environmental management, procurement/contracting and project approval. Are they aligned with the principles of addressing the most serious problems first and listening to the affected people? You may need to revise these policies so that they support your human rights and environmental commitment.

It is good practice to explicitly reference the commitment in such key documents as your codes of conducts for employees and business partners, employee manual and sales terms.

One important part of this alignment is integrating human rights and environmental considerations into your normal risk management work.

How to Start in Practice: Awareness Raising

- **Awareness raising is a process and not a one-time event:** people's attitudes and beliefs are shaped by many factors and usually change slowly.
- You can raise awareness via presentations, discussions, role play, sketch comedy, training programmes, posters, leaflets, videos and infographics.
- Use any channels you already have: Induction, code of conduct trainings, planning meetings, intranet, internal newsletters etc.
- Offer training and reminders often – repetition is the mother of learning.
- Make information easily accessible on your notice boards, intranet and other internal channels.
- Use existing material. There is an abundance of online material on human rights, from videos to pamphlets to guidance. Use widely-trusted sources, such as UN organisations.
- To prompt discussion, you can ask experienced colleagues to share their experiences or participate and share learnings from an external webinar or workshop.



Example: Commitment to Human Rights and Environmental Sustainability

1. With this document, _____ [*name of the company*] commits to respecting the internationally recognised human rights and the environment.

This includes the rights contained in the International Bill of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the right to clean, healthy and sustainable environment, as recognised at the United Nations in 2021.

2. **To demonstrate our commitment, we carry out human rights and environmental due diligence (HREDD)** in our business operations and relationships. This means that we actively seek to avoid causing or contributing to adverse human rights and environmental impacts. If such impacts occur, we participate in correcting them.

[If you operate in or source from conflict areas: We conduct more comprehensive due diligence in conflict areas.]

3. We will strengthen our due diligence process over time. This work is overseen by our _____ [*title of the assigned director*].
4. As a Fairtrade certified organisation, we already work to prevent, mitigate, cease and remediate several adverse impacts. For example, we implement policies and plans on [*list any human rights and environmental topics you have policies on, for instance health and safety, workers' rights, deforestation, climate adaptation or fair procurement*]. We also run [*or participate in*] a grievance mechanism that allows anonymous complaints.
5. **We actively seek opportunities to collaborate with other supply chain actors** to strengthen our due diligence work. This is crucial to tackle such complex, systemic problems as poverty and inequality, which lie at the root of many human rights and environmental risks.

In particular, we will initiate annual discussions with our largest suppliers to identify opportunities for improvement in both our own and our suppliers' ways of working, to better prevent and mitigate human rights and environmental risks and harms. **We recognise that our purchasing practices can contribute to human rights and environmental challenges in our supply chains.** We also recognise that this collaboration benefits from long-term business relationships.

Further, we seek collaboration with multistakeholder initiatives and our buyers [*and/or civil society experts and government agencies*].

6. We recognise the importance of social dialogue with our employees, as well as dialogue with other people who may be affected by our and our business partners' operations. Meaningful dialogue can help in identifying, addressing and remediating the salient issues. We seek to pay particular attention to the perspectives of the most vulnerable groups of people.
7. We also recognise the importance of working towards living incomes for the farmers and entrepreneurs and living wages for the workers engaged in our operations and supply chains. Decent incomes and wages are pre-requisites for sufficient nutrition, education and health, environmental protection and resilience to climate change. [*If you are already familiar with these tools: We will explore the use of/utilise Living Income Reference Prices and Living Wage Benchmarks to advance decent incomes and wages.*]
8. We will raise awareness about human rights and environmental sustainability and this commitment among our employees and will communicate this commitment to our business partners and other stakeholders.

This Commitment has been approved by

_____ [*for example the Board*] in
 _____ [*city, country,*] on _____ [*date*].

Step 2 Identify

The second step in an HREDD process is to identify the most serious and common – or “salient” – human rights and environmental risks and problems related to your company and supply chains.

This risk assessment is about risks and harms to people and the environment, not about legal, reputational or commercial risks to your business. Some risks might be more prominent in your supply chain and others in your own operations.

Risk assessment can be done at many levels, such as an individual project, commodity or sourcing country. But before getting into the details, you need to look at the big picture and assess the human rights and environmental risks in all your operations and supply chains.



IT IS MUCH EASIER TO ADDRESS PROBLEMS BEFORE THEY GROW, HARM MORE PEOPLE OR THE ENVIRONMENT AND ARE DISCOVERED BY AUDITORS, YOUR BUYERS OR JOURNALISTS.

The risks and challenges in your supply chains are often not caused by you – the root causes often include poverty, limited public services, discrimination, and environmental calamities. Thereby **you are not expected to work alone or to eliminate human rights or environmental risks and impacts in full.** However, you are expected to make continuous efforts to reduce the risks and forge concrete collaboration with your suppliers and buyers to achieve progress.

Acknowledging your risks and challenges allows you to address them before they grow bigger and builds your credibility among business partners and other stakeholders.

Publicly available information and statistics show that problems such as child labour, forced labour, gender discrimination and deforestation are widespread. If a certain problem is common in your industry or key sourcing area, your buyers and consumers expect you to explain how you are managing that problem.

There are two key tools for identifying human rights and environmental risks and problems:

1. Risk assessment
2. Grievance mechanisms

Dialogue is Valuable

Dialogue with your stakeholders can be invaluable to identify and understand the risks, existing harms and their root causes. In many cases, the risks and harms at farms and factories are rooted in poverty, unequal power relations in the supply chain and lack of economic alternatives.

However, your suppliers are unlikely to open up, if they worry that a better understanding of their risks and challenges could push you to discontinue the business relationship. So, to gain their information, **you need to build trust** by e.g., offering longer term contracts and engaging in joint project or advocacy work to change the root causes.



TO ESTABLISH MEANINGFUL DIALOGUE ABOUT RISKS, YOU MAY NEED TO OFFER LONGER TERM CONTRACT TO YOUR SUPPLIERS AND ENGAGE IN JOINT PROJECT OR ADVOCACY WORK TO CHANGE THE ROOT CAUSES.

Risk Assessment

As part of HREDD, risk assessment is a systematic process of identifying and analysing negative impacts on workers, farmers, other people and the environment that are connected to your operations, sourcing areas and field of production. The effort you put into this risk

assessment can be proportionate to your resources: A small traders' risk assessment can be a simple and straightforward exercise. Consider adding human rights and environmental impacts into your existing risk assessment processes.

Your risk assessment can consist of four steps:



Before you start the actual risk assessment you need to map your operations and supply chains as well as possible: What are your main operating countries, industries/products/raw materials, and sourcing countries? The more you know, the easier it is to conduct a robust risk assessment.

consider the risks that are most common in your field of production globally. After your first risk assessment, it is then important to strive for greater traceability in your supply chains.

However, you need to assess the risks, irrespective of how little you know: Many companies only have certainty of their first-tier suppliers. In this situation, you can utilise the information you do have, assume that your raw materials come from the largest supplier regions – or just

The risk assessment should be conducted on an on-going basis or at least every 3 years. It is good practice to update your assessment before major changes in your operations. Such changes can include, for example, expansion to new markets and product or service lines, restructuring or major new business partnerships.

Fairtrade Standards Requirements for Traders

Risk assessment

Core requirement, Year 1

You conduct a human rights and environmental risk assessment for your own operations and supply chains at least every three years, and you do the following:

- Map the most common risks and challenges in your own operations and in the supply chains of your main commodities and countries, considering external data and research.
- Assess which risks and challenges are most serious.
- Identify which Fairtrade suppliers may have the highest risks and assess their root causes.

- Identify the vulnerable groups of people who are or could be impacted more than others.
- Identify which of your company's practices cause or contribute to these issues.
- Consult your staff and your immediate suppliers (that include Fairtrade suppliers) to prioritize which risks and challenges to be addressed first.

You strengthen your assessment methods over time. The results of your assessments cannot be used to put pressure on supplier(s) to immediately address identified risks, nor do you make it a condition of purchase.

1. MAP THE COMMON RISKS

At first, map the human rights and environmental risks and challenges that are common in your largest operating and sourcing areas and your field of production. You can research the risks by looking into public statistics, indices and reports from trusted organisations, including [the Fairtrade Risk Map](#).

You need to consider all internationally recognised human rights and environmental issues. While certain issues, like child labour or deforestation, may be widely discussed, your mapping should not be limited to these alone. Human rights are indivisible and strongly interdependent. In agriculture and other sectors where Fairtrade operates, it can be practical to group human rights into the following 13 areas:

1. Adequate standard of living (including living income, living wage, access to water and sanitation)
2. Working conditions
3. Health
4. Freedom of association and collective bargaining
5. Forced labour
6. Child protection and child rights
7. Gender rights
8. Non-discrimination
9. Self-determination
10. Climate change and deforestation
11. Water and biodiversity
12. Freedom of speech, thought and public participation
13. Privacy

Please consult Appendix 1 to see how these areas cover all internationally recognised human rights.

Fairtrade Risk Map

[Fairtrade Risk Map](#) is a tool that has been developed to help companies and producer organisations assess their risks. You can use it to support your risk assessment in identifying common risks in your products and operating areas.

The map shows what external data and research find to be the salient risks in your countries and commodities. The map highlights the root causes of these risks and encourages collaboration with farmers and workers.



**FAIRTRADE RISK MAP
CAN SUPPORT YOUR RISK
ASSESSMENT WORK. VISIT
RISKMAP.FAIRTRADE.NET**

2. IDENTIFY YOUR SPECIFIC RISKS

The findings in step 1 may, however, not fully reflect your specific situation: Perhaps you and your business partners have managed to mitigate some of the common risks?

Therefore, step 2 is to zoom into your specific operations and supply chains. Seek to recognise both the actual harms caused by and the risks and harms linked to you and your business partners.

The information you may utilise includes:

- audit results;
- findings of your internal audits;
- studies by external experts, performed with or without your organisation's involvement;
- any data related to your specific operating and sourcing areas that may be available from external sources;
- media reports;
- interviews with workers or other stakeholders and experts.

3. IDENTIFY AND ASSESS MOST SALIENT ISSUES FURTHER

Identify and further assess at least three risks or challenges that are most common and serious – or “salient” – and hence need to be addressed first. You need to identify these issues in consultation with your staff and immediate suppliers, based on :

- **Scope:** How many people are affected? For example, how many workers need to work around-the-clock, seven days a week, or otherwise too much? Or how many workers have no written contracts?
- **Scale:** How seriously does the problem affect people or the environment in your area? Can or has anyone lost their life because of the risk?
- **Remediability:** How difficult is it to correct the problem? Is it possible to restore the affected people to their situation before the harm?

If Fairtrade [Risk Map](#) or another reliable source has indicated that child labour, forced labour or deforestation are a high risk in your country or sector, include that risk among your salient issues. Then assess your salient issues further, to ensure that you have identified the key factors involved. Where are these issues particularly common and serious, looking at all your stages of production, supply chains and locations? Which business

Cause, contribute, directly linked

Your company's activities may directly **cause** negative human rights impacts, for example if there is gender discrimination in your recruitment, your working conditions cause health hazards or your operations pollute neighbouring waterways.

Unfair purchasing practices can **contribute** to negative human rights impacts. For example, late changes in orders can contribute to overtime demands at suppliers' farms and factories, and low prices can contribute to low wages.

Through your business relationships, you may be **linked** to negative impacts. For example, the farms or shipping companies you work with may inadvertently use forced labour, if they utilize irresponsible recruitment agencies.

partners face the highest risks? How is your company causing, contributing or linked to these issues? Could you mitigate the issue by changing some of your practices or policies? This will help you after the risk assessment, when it is time to address the issues.

You can continue to utilise the same sources of information, but also search for new sources, including for instance:

- Observations and visits. This could include visits with your suppliers.
- Surveys and individual or group interviews with staff, suppliers, other business partners or external experts.
- Engagement with relevant trader unions, civil society organisations, local authorities, researchers or community members.

This is the point in your risk assessment where supplier consultation is most important.

4. IDENTIFY THE MOST VULNERABLE PEOPLE

Identify which groups of people are most affected by the risks and harms you identified. This helps to address the risks and harms more effectively. Groups that are often vulnerable include:

- Migrant workers, who may not speak the local language or know local laws, customs or support channels
- Indigenous people and minority groups – for example national, ethnic or religious minority groups
- Unskilled and low educated people, who may not be aware of their rights
- Temporary workers and people living in abject poverty, who may not be in a position to defend all their own rights
- Women, girls and youth may not be in a socially accepted position to bring up issues
- Children
- Persons with disabilities
- Trade union representatives and other human rights defenders, who defend the rights of specific groups of people

Q&A – Why do traders need to identify the highest risk Fairtrade suppliers? Aren't risks higher elsewhere?

Fairtrade operates in high-risk sectors and locations where farmer and other producer organisations can seldom prevent or remediate the salient issues alone. They need support.

This is why traders also need to consider the risks and root causes related to their Fairtrade supply chains: We hope to encourage collaboration between suppliers and buyers who strive for responsible and sustainable conduct.

How to Start in Practice: Risk Assessments

- To map risks for your industry and country, use public information and indices such as those in the Fairtrade Risk Map.
- Involve stakeholders and experts who have information and experience of different social and environmental issues. CSOs may be able to advice both on risks and stakeholder consultation.
- Your suppliers can be a great source of information – if you commit to support prevention, mitigation and remediation, and not to disengage, when you learn more about their challenges.

Nobody can do a perfect HREDD risk assessment the first time. Just complete the steps as well as you can, note down the learnings, and try to improve next time.

Your first human rights and environmental risk assessment can be a simple exercise. When you conduct the assessment again, for the second and consecutive times, you need to strengthen your methods. You can for example gradually:

- engage a more varied or larger group of stakeholders;
- map and assess your supply chains in more detail;
- consider more external data and research;
- make a more thorough assessment of the risks, suppliers, vulnerable groups or your corporate influence;
- document and publish your findings more comprehensively.



Grievance Mechanism

A grievance mechanism is a formal process for receiving and responding to concerns from workers, suppliers, local community members and other individuals, groups and partners.

Enabling people to voice their grievances is valuable because it:

- **allows you to respond to concerns and incidents early**, before the problem grows bigger, is more difficult to manage, and might be discovered by auditors, buyers, NGOs, or journalists;
- **brings you information about emerging risks and problems**, so that you can consider strengthening your related policies and practices.

Thus, the grievance mechanism serves as an early warning system that supports your risk assessment.

The nature of grievances can be diverse, including:

- adequacy of health and safety equipment in your premises;
- sexual harassment in a company event;
- labour practices by your subcontractors or job brokers;
- fairness of quality claims;
- use of water resources, which causes challenges for the local community;
- observed breaches of Fairtrade standards.

You should accept allegations of any injustice, harm or fraud linked to your company, including environmental harms.

The UN Guiding Principles on Business and Human Rights set a quality criteria for operational level grievance mechanisms: These mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, source of continuous learning and dialogue-based.



**COMPLAINTS ARE VALUABLE.
THEY ALLOW YOU TO RESPOND
TO CONCERNS AND INCIDENTS
EARLY, BEFORE THE PROBLEM
GROWS BIGGER.**

Two points are essential, to handle grievances:

- Allow anonymous complaints in written and verbal form, in languages most commonly spoken in your operations and supply chains.
- Make sure that persons who make complaints face no retaliation, threats or harm.

If there is a shared grievance mechanism for your sector or country, which fulfils Fairtrade Standard requirements, you can participate in that mechanism instead of establishing your own. Or if you already have a solid process for handling some types of complaints, you can consider expanding that to all types of grievances.

If you need to develop your own grievance mechanism, consider how you can ensure fair and prompt treatment of different types of grievances. Develop a procedure that will be followed once a grievance is received, including timelines. This makes the mechanism more predictable – people lodging a grievance will know what to expect. Appoint a person or committee to handle the procedure and offer them training or external expert support as needed.

No grievance mechanism is perfect. It takes time for your stakeholders to hear about the mechanism and learn how to lodge grievances. You can start simple and improve the mechanism over time.

Remember to make continuous efforts to raise your workers' awareness and inform your suppliers and other stakeholders about the grievance mechanism.

As your work progresses, try to analyse the grievances and gain feedback from grievants, your immediate suppliers, worker representatives and, where applicable, trade unions, to strengthen both your mechanism and your operations.

Complaints that a certified entity has not complied with Fairtrade Standards can also be submitted to FLOCERT, the auditing company, via WhatsApp on +49 (0)228 2493230 or an online form available [here](#).

Typical steps of a grievance procedure:

1. Receive grievance. Allow grievances to be made anonymously or non-anonymously, in multiple ways: for instance in person, in a suggestion box, over the phone, via whatsapp, via email or an online form. You need to collect enough information to assess the grievance.

- 2. Screen and acknowledge.** Screen each grievance to see how serious they are. Severe grievances should be addressed quickly. Acknowledge each grievance within a specific period, for example 3 days. If the grievance does not relate to your company or suppliers, report the case to a relevant authority or organisation, while making sure that confidentiality or security of the impacted person are not affected.
- 3. Investigate** to establish what has happened. Seek to investigate cases quickly maintain confidentiality and observe all parties' right to privacy. Pay particular attention to confidentiality of sensitive grievances, such as sexual harassment. If a case is not found legitimate, close and document it.
- 4. Communicate** findings to the grievant and affected parties. When relevant, report to relevant national agencies, in collaboration with the affected parties.
- 5. Remediate.** Agree and implement a remediation plan that resolves the grievance. Where needed, seek to engage your business partners, government agencies or some civil society partners to achieve meaningful remediation. Communicate progress to affected parties.
- 6. Follow up and close out.** Provide the complainant with an opportunity to appeal if they are unsatisfied with the outcome. Monitor the implementation of the remediation plan to ensure its effectiveness. Conduct an annual analysis of the received grievances, and utilise the findings in strengthening your policies, processes and the grievance mechanism itself.



How to Start in Practice: Grievance Mechanism

- Allow and encourage all individuals and groups to file grievances. No one should be scared to make a complaint.
- If you have a committee that handles grievances, strive for a diverse group in terms of personal backgrounds and characteristics, professional expertise and corporate functions. This can make the grievance mechanism more approachable, legitimate and adept.
- Take into account the local legislation and involve local authorities as appropriate.

Fairtrade Standards Requirements for Traders

Human rights-based grievance mechanism for medium and large traders

Core requirement, Year 0

You have or participate in a grievance mechanism which allows workers, suppliers and other individuals and groups to anonymously raise complaints of injustice, harm or fraud linked to your company, including environmental harms.

The grievance mechanism:

- is accessible in the language(s) spoken in your operations and the language(s) most common in your supply chains
- supports both written and verbal complaints
- respects the anonymity of the complainants and protects them from retaliation, threats or harm
- ensures resolutions are decided and remediation implemented by trained staff or an appointed expert in a timely manner
- ensures that all parties are kept informed about progress
- allows for an appeals process
- ensures confidential handling of sensitive grievances, such as sexual harassment
- aligns with internationally recognised human rights and national laws

Where you are unable by yourself to remediate the harm in full, you seek to engage other private, public or civil society actors.

If relevant, you report human rights violations to the appropriate national agencies.

Human rights-based grievance mechanism for small traders

Core requirement, Year 0

You have a written procedure for managing any complaints of injustice, harm or fraud relating to your company. The procedure specifies timeframes. You handle and document complaints in line with this procedure and communicate your follow-up actions to all parties involved.

Your procedure includes appointing a specific person responsible for the complaints process in the company and includes provisions to prevent retaliation, threats or harm against people who file complaints.

Raising awareness about the grievance mechanism

Core requirement, Year 1

You raise awareness to your staff and inform immediate suppliers about the grievance mechanism, and take annual measures to make the mechanism known and accessible to staff, suppliers and other stakeholders.

You conduct regular analysis of grievance cases and consult your immediate suppliers and your worker representatives or, where applicable, trade unions. The results of the analysis of the grievance cases are used to improve your grievance mechanism and your operations.

Q&A –How quickly should remediation measures be decided upon and implemented? The requirement says "in a timely manner".

That depends on the grievance and the remedy. If the reported injustice is clear and undisputed, remedies can and should be decided quickly. But in some cases it can take several weeks to establish what has and has not happened.

Some remedial measures also take longer to implement than others.

Importantly, each certified organisation should set some timeframes and procedural steps in their own written grievance procedure – and handle grievances accordingly.

Certified organisations also need to keep parties informed of progress in deciding and implementing the remedies. This is particularly relevant when investigation or remediation takes long.



Step 3 Address and Remediate

The third step of the HREDD process is to take action to address the most salient issues you have identified through your risk assessment. More specifically, these actions can aim to prevent, mitigate, cease, or remediate adverse impacts.

What activities are most effective depends on several factors: the exact problem, its root causes, the operating environment, the capacities of your company, and other actors' related activities. Often, it is much more effective to act in collaboration with suppliers, industry peers, multistakeholder initiatives or civil society organisations.

There are three general activities that you can take:

1. **Develop and implement policies** on each of the salient issues.
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 and environmental harms that have already occurred.



IT IS OFTEN NOT POSSIBLE TO ADDRESS ALL PROBLEMS AT ONCE, SO YOU CAN PRIORITISE A FEW MOST SERIOUS HUMAN RIGHTS AND ENVIRONMENTAL ISSUES.

Policies

A policy is a text where your company agrees on the goals, general principles and procedures related to a specific topic. Policies are helpful, because they guide later decisions and activities.

Fairtrade Trader Standard expects large and medium-scale trader companies to develop and implement a policy or policies on sustainable purchasing practices and at least the three most salient issues identified through your risk assessment. These policies need to be communicated to senior management, staff, and suppliers and revised at least every three years. Read more about sustainable purchasing practices on page 23.

There is no strict template for a policy, but the following elements are commonly included:

- The purpose– Example: *A policy against forced labour could have the purpose of establishing measures to prevent and remediate any incidences of forced labour.*
- Definitions of key terms – Example: *Definition of forced labour based on ILO indicators of forced labour.*
- General principles guiding the policy – Example: *[The company] accepts ILO Conventions, UN Guiding Principles on Business and Human Rights, national legislation of [country] and Fairtrade Standards in regards to forced labour.*
- Objectives – measurable improvements you aim for within 1–3 years. Example: *X percentage of our supplier relations have lasted for at least X years; Dialogue and collaboration on forced labour prevention achieved with X suppliers; Gap between current and living wages assessed in X sourcing areas etc.*
- Responsibilities – Example: *The implementation of this policy is overseen by Director [title] and coordinated by the Protection Focal Persons.*
- Procedures or step-by-step instructions of e.g. monitoring, reporting and remediation.

There are seven typical steps to developing and implementing a policy:





Fairtrade Standards Requirements for Traders

Human rights and environmental policies for medium and large traders

Core requirement, Year 1

You develop and implement policies:

- to prevent, mitigate and remediate at least three of the most salient issues identified through your risk assessment, and
- on sustainable purchasing

You communicate the policies to your senior management, staff and suppliers.

You review and revise the policies at least every three years.

Action Plan for medium and large traders

Core requirement, Year 3

You consult your staff, internal experts and immediate Fairtrade suppliers to identify effective activities. You develop and implement an action plan to prevent and mitigate the identified salient issues, and to co-operate in remediation of cases found.

Your action plan includes at least two of the following activities:

- dialogue and collaboration with Fairtrade suppliers, other companies, public authorities and/or civil society actors
- raising awareness to your management and staff on the salient human rights and environmental issues
- support Fairtrade suppliers and/ or producers (see Support for producers on HREDD)

The action plan is informed by dialogue with at least one immediate Fairtrade supplier (see requirement "Supply chain dialogue on HREDD collaboration").

The plan is approved by senior management and revised annually to keep it up to date.

Action Plan for small traders

Core requirement, Year 3

You develop and implement an action plan to mitigate and prevent the salient issues. The plan is revised annually to keep it up to date.

Supply chain dialogue on HREDD collaboration

Core requirement, Year 3, Applies to medium and large traders who are first buyers

You share information about your prevention, mitigation and remediation activities with your Fairtrade producers (at least one producer), and invite producers to share theirs in order to reach a common agreement on collaboration and support.

Support for producers on HREDD

Core requirement, Year 3, Applies to large traders

You support at least one Fairtrade producer with their efforts and the costs of prevention, mitigation and remediation. You agree on a mutually acceptable type of support.

Your support is either direct or through a partnership. You do not put pressure on producers to accept the type of support, nor do you make this support a condition of purchase.

Remediation procedure

Core requirement, Year 1

You have a written procedure that guides your remediation work and includes measures on providing for, or co-operating in the remediation of any case found.

If you have identified cases of human rights or environmental harms which your company has caused or contributed to, you remediate according to your procedure.



Action Plan

To implement the policies, develop an action plan that sets out the concrete actions you will take. It can be a simple table of tasks with a deadline, budget, responsible person, and an indicator to measure the success of each task. See [Annex 2](#) for an example of an action plan.

Action plan development will be easy if you have analysed each salient issue, its root causes and possible solutions well during your risk assessment and policy development. Still, it is good practice to consult some experts and stakeholders to identify effective activities. Fairtrade Standards expect that medium- and large-scale traders consult their staff, internal experts and at least one immediate Fairtrade supplier.

Keep your plan realistic. It is better to have a less ambitious plan that can be achieved, than setting overly ambitious goals that remain on paper. Define the tasks as specifically and concretely as possible – this will make implementation easier.

The plan should be approved by senior management and revised annually.

Fairtrade Trader Standard expects large and medium traders to have at least two of the following in their action plan:

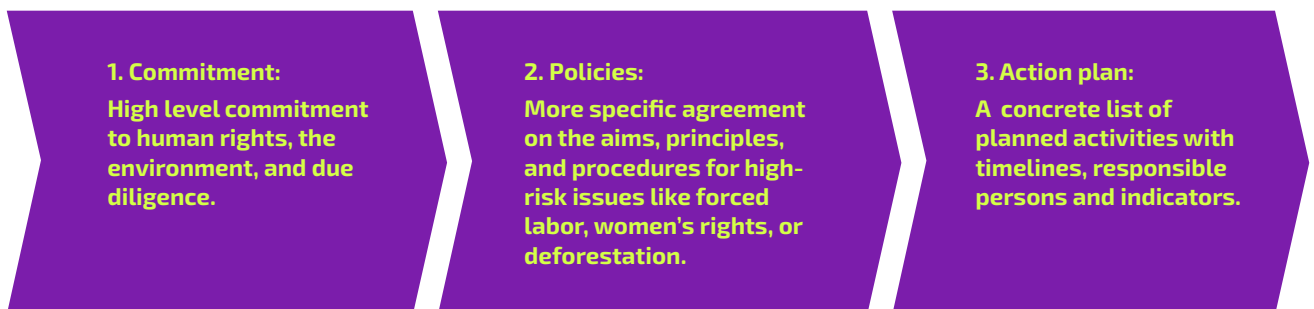
1. **Raising awareness** among staff and management about key issues
2. **Dialogue and collaboration** with suppliers and other stakeholders
3. **Supporting Fairtrade suppliers** and producers.

Definitions

- **Prevention** means taking action to avoid a problem.
- **Ceasing** means stopping your contribution to a human rights or environmental problem.
- **Mitigation** means reducing the risk or frequency of a problem, the number of people suffering from it, or the impact on those people or the environment.
- **Remediation** means correcting a harm that a person or a group has experienced. In short: making the wrong right again.

In addition to the activities mentioned above, your activities can include for example partnerships with local organisations, negotiations with local authorities and governments, improvement of tools and practices, or even adjustments in your business model.

From Commitment to Policy to Action plan





How to Prevent and Mitigate Human Rights and Environmental Risks and Harms?

Here are six important measures for your company to consider – from less to more demanding:

1. BUILD AWARENESS AND EXPERTISE

Raise awareness and train your board, management and employees on your salient human rights issues and related solutions, the vulnerability of specific groups of people, and human rights principles in general. Support your suppliers and other companies in your value chains to do the same. See page 9 for a few practical tips on awareness raising.

2. DIALOGUE WITH SUPPLIERS

Since many human rights and environmental problems are complex and systemic, dialogue and co-investment between traders and suppliers is often needed to address these issues.

Fairtrade Standards clarify that traders need to initiate this dialogue. You need to share information about your prevention, mitigation, and remediation activities with at least one Fairtrade producer and invite that producer to share theirs. This relationship is reciprocal: To ask for information, you first need to offer some – to that particular supplier.

The aim is to gain information and reach a common agreement on some collaborative activities. Further, your producers' priorities and plans should inform your risk assessment, policies and action plans.

3. SUPPORT YOUR SUPPLIERS

When risks are high in your supply chains, it's essential to assess why your suppliers are not addressing them better: Is it due to lack of incentives, know-how or resources?

In many global supply chains, very little value accrues to the first actors, and primary producers would need higher prices and longer business relationships to have the means to invest in stronger due diligence measures.

When it's resources or know-how that is lacking, stronger requirements in supplier contracts or codes of conduct are ineffective. They can even aggravate the problems if they cut suppliers' incomes.

Fairtrade Standards require traders to support the HREDD work of at least one Fairtrade producer through funding, training or public advocacy that is agreed with and acceptable to the supplier. This can be offered directly or via a third partner.

4. PARTNERSHIPS AND ADVOCACY

In addition to suppliers, mitigation of complex problems can require dialogue and collaboration with public authorities, governments, trade unions and civil society organisations. There are many multistakeholder initiatives and roundtables where companies can participate, from strategic to product or issue-specific ones.

As a Fairtrade certified company, you already participate in one multistakeholder initiative that facilitates collaborative action. **Certification schemes** have transparent standards for all participating companies, regular auditing, and processes to monitor that corrective measures are implemented where necessary.

The strongest schemes also utilise other tools. For example, Fairtrade maintains minimum prices and premiums, offers training to suppliers, and runs programme, advocacy and awareness raising work. To find out more, please visit the Fairtrade Risk Map on riskmap.fairtrade.net/salient-issues

5. LAUNCH OR JOIN A PROJECT

Targeted and tailored projects may be needed to support the affected people and tackle deeply embedded issues like climate change, migrant workers' vulnerability, or child labour, to name a few examples. Fairtrade's current projects are introduced on impactmap.fairtrade.net

6. RETHINK YOUR FACILITIES, PRACTICES OR BUSINESS MODEL

Sometimes your own corporate facilities, practices or business model may cause or contribute to a harm. See the discussion on purchasing practices on the next page.

Due diligence thinking knows no "blacklist" of industries – but some ways of doing business may be pretty difficult to align with the due diligence approach. This is the case, for example, if your business depends on constantly revolving short-term business relationships, if it causes health hazards, oppression or overconsumption, or uses an excessive amount of natural resources.



Mutual Code of Conduct

Mutual codes of conduct with your key suppliers can be great tools for operationalising your commitment to fair purchasing practices.

Mutual code of conduct is an agreement in which two business partners commit to responsible business practices. Each code is unique, tailored to the parties' challenges and objectives.

Dialogue between the parties is the best way to draft, monitor and revise a mutual code of conduct. Practically, monitoring could entail annual discussions between parties. A mutual code of conduct between a buyer and supplier could include the following elements:

- 1. Buyer responsibilities:** The buyer commits to
 - communicate the mutual code of conduct and provide related training to all staff
 - assess and mitigate any negative impacts it may cause or contribute to through its business model, operations, purchasing practices, or other measures
 - engage in dialogue about and change its most harmful purchasing practices, which can include pricing; length of contracts; lead times; clarity of terms and sourcing plans; sharing of financial, market and production risks et cetera.
 - Use living income reference prices and/or living wage benchmarks, fair payment timelines and pre-finance
 - co-invest in joint projects and advocacy work, to address the salient human rights and environmental issues and their root causes
 - avoid sudden or irresponsible disengagement
 - initiate annual discussions between parties to monitor the implementation of the code

- 2. Supplier responsibilities:** The supplier commits to
 - communicate the mutual code of conduct and provide related training to all staff
 - continuously strengthen its HREDD measures, social dialogue with workers, and dialogue with other potentially impacted people
 - share information about its salient human rights and environmental issues measures and progress
 - participate in annual discussions between parties to monitor the implementation of the code

Further guidance and sample codes:

- Social Accountability International – [here](#)
- Responsible Contracting Project – [here](#)

Purchasing Practices

It is possible that your purchasing practices contribute to human rights and environmental risks or harms in your supply chains.

In many supply chains, producer prices do not cover the costs of sustainable production, so primary producers cut corners on their workers' wages, their environmental practices or other social or environmental measures. For example, a connection has been found between the low prices in coffee and sugar and increased debt bondage, forced overtime and illegal wage deductions.

Therefore, **fair prices are an important first step towards sustainable purchasing practices.** In order that your suppliers have the means to respect human rights and the environment, you need to pay prices that cover the costs of sustainable production, including living wages for workers and living incomes for farmers and entrepreneurs.

To identify fair prices, you can consult living wage benchmarks and living income reference prices on your sourcing areas. Further information is available on Fairtrade International's [website](#).

Further, long-term business relationships, dialogue with suppliers and support for suppliers' human rights and environmental measures can be very valuable in building the trust, shared goals and financial means that it often takes to mitigate complex human rights and environmental problems in a long supply chain.

Practices to be avoided include delayed payments, unclear quality criteria, frequent changes in orders, short lead times and terms that leave producers to shoulder the majority of financial or production risks.



COMPANIES NEED TO PROVIDE ADEQUATE RESOURCES AND TRAINING FOR SUPPLIERS ... TO IMPLEMENT DUE DILIGENCE.

OECD, 2018, DUE DILIGENCE GUIDANCE, PAGE 23.



Q&A – What kind of support does Fairtrade expect traders to provide to producers?

Fairtrade Standards require large traders and encourage medium-scale traders to support the human rights or environmental efforts and costs of at least one Fairtrade producer. This support is additional to Fairtrade Premium and can take the form of funding, training or advocacy with government, offered directly or via a third partner.

A trader can

- 1. fund a producer organisation directly**, to support its human rights or environmental measures
- 2. fund a development project** operated by Fairtrade, some other organisation or company, or the trader company itself, that supports producers' measures or otherwise prevents, mitigates or remediates the salient problems in the sourcing area. If the trader cannot trace its supply chains to specific producer organisations, it can support a project in its likely sourcing area or country.
- 3. provide training** to a producer organisation either directly or via a third party
- 4. conduct advocacy** activities, which seek a specific change for the sector, towards local authorities or the government

Auditors will seek for evidence of such actions, including e.g. receipts that detail how much funding has been paid, to whom and when; the training topic, participating supplier(s), date, cost and some evidence that the training was conducted; evidence of interaction with the government and the specific proposal made.

I don't know where my raw materials are produced, so how can I support the right producers?

See the above answer, point 2.

How can we support producers, we don't have direct relations with any producer?

The Standard requirement states that large traders' support to producers can be "either direct or through a partnership". This means that traders can engage with either their known supply chain partners or with

relevant sustainability initiatives to channel support for producers. This support can be for example through training, funding, or other investment into a relevant development project.

We offered to support one Fairtrade supplier, but they didn't need any support. Have we done enough?

This is not enough. Fairtrade Trader Standard expects large and medium-sized traders' action plans to include at least two of the following: (a) awareness raising, (b) dialogue and collaboration, and (c) support to Fairtrade suppliers/producers.

One-time communication, such as an email to a supplier, is not sufficient evidence of dialogue and collaboration (b). The purpose of stakeholder engagement in HREDD is to gain information about how business impacts people and the environment and how adverse impacts can best be addressed ([OECD Due Diligence Guidance](#), especially pages 49-51). This requires several two-way exchanges.

Similarly, a trader needs to actually provide some support to a supplier/producer, to fulfil the support expectation (c). If one supplier/producer turns the offer down, a trader needs to offer support to another one – or choose the other two activities (a and b) instead.

If producers in our supply chain already gain support from others, are we exempt?

All large traders are expected to support producers' HREDD work, regardless of other traders' and organisations' contributions. If a trader engages directly with producers, it can ask which parts of the producers' HREDD action plans still need support.

Otherwise the trader can inquire about the support needed with civil society organisations, trade unions, Fairtrade, or other sustainability or development initiatives operating in its key sourcing areas and products.



Remediation

If you identify cases where a person's human rights have not been respected, you need to take remediating measures. Remediation means correcting a mistake or, in the context of HREDD, correcting a harm on someone's human rights or the environment.

Fairtrade Standards expect certified traders to have a written procedure that guides your actions to remediate any case found, either on your own or in cooperation with other companies and state agencies.

The key elements of remediation are:

1. **Seek to end the violation**, for example by reversing the situation or safely withdrawing the impacted person from the situation.
2. **Ensure the safety of the affected persons** and protect their right to privacy.
3. **Restore or rehabilitate the effected persons or environment**, for example, by reimbursing costs, finding alternative employment, providing schooling/ skills development or through other activities the victim(s) find appropriate.

The aim here is to rehabilitate the victim, which means returning him/her to a good, healthy life. Companies can rarely provide all the necessary support on their own, so remember to report to and support the work of relevant government agencies.

4. **Enable financial or non-financial compensation** that corresponds to the significance and scale of the violation.
5. **Take actions to prevent further violations from happening again.** This can entail any of the preventive or mitigating activities as listed above.

Remediation is only meaningful when the victim(s) find it meaningful. Therefore, when selecting remediation measures, it is important to consult the affected person(s) and their representatives, unless this puts their safety and security in jeopardy.

Who is responsible for remediation?

Where you have caused or contributed to a human rights violation, you have a responsibility to participate in remediation. If harm occurs in your supply chain, you can typically co-operate in remediation by providing financial support to your supplier's remediation work.

Participation is, however, also expected from other actors. State agencies have a duty to protect human rights and participate in remediation. Where other companies have also contributed to the violation, for instance via low prices, they also have a responsibility to participate in remediation.

If state agencies and business partners do not provide support, you would rarely be able to fulfil all four remediation steps.



WHERE BUYERS HAVE CONTRIBUTED TO HUMAN RIGHTS OR ENVIRONMENTAL HARMS IN AGRICULTURAL PRODUCTION, FOR INSTANCE VIA LOW PRODUCER PRICES, THEY ALSO HAVE A RESPONSIBILITY TO PARTICIPATE IN REMEDIATION.

How to Start in Practice: Address and Remediate

- Engage with your suppliers and buyers to discuss how you can support each other: Many human rights and environmental risks are rooted in poverty and inequality and can only be mitigated through concrete collaboration and co-investment.
- Collaboration with civil society organisations, trade unions, government agencies or development agencies can be a useful source of know-how and resources.
- In remediation, prioritise the interests of the impacted person, including privacy, and be responsive to his/her needs and wishes.

Step 4

Track Progress

The fourth step of HREDD is tracking. This means checking whether your activities have been completed and effective.

Tracking helps to:

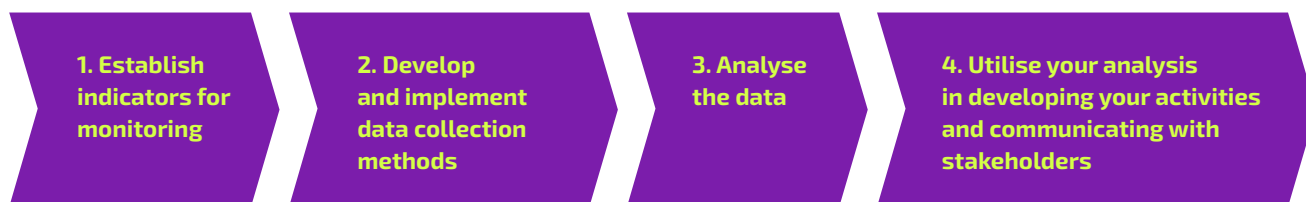
- Assess whether your HREDD policies and activities are actually working and effective.
- Identify and continue best practices.
- Change ineffective policies and activities.

You do not need to report all tracking data to anybody else, but sincere tracking is crucial for the effectiveness of your own HREDD efforts.



FIRST AND FOREMOST, TRACKING SERVES YOUR COMPANY: IT HELPS YOU TO IMPROVE YOUR OPERATIONS.

It takes four steps to set up and run a tracking system



In HREDD work, you need to track: (a) the implementation and (b) effectiveness of your due diligence activities.

To track (a) your progress in HREDD activities, key indicators can be:

- Number of and topics covered in awareness raising activities; number of attendees, disaggregated by gender and age groups;
- Number and type of grievances received, solved 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).

Try to collect this data as part of your ongoing work.

To track (b) effectiveness of your activities, you can:

- Check whether your salient issues are becoming more or less common and serious by utilising the same indicators and methods as in risk assessment. You may also have other suitable tools, such as staff surveys and health & safety or environmental assessments.
- Analyse the information you have gained via your grievance mechanism.

It is best practice to gather feedback from suppliers and other internal and external stakeholders, with special attention to impacts on vulnerable groups. For small traders, Fairtrade considers it sufficient to conduct tracking on the basis of staff knowledge.

The findings need to be annually reported to senior management and used to improve the HREDD process.



Fairtrade requirement

Tracking due diligence activities

Core requirement, Year 3

You define and implement annual measures to track the implementation and effectiveness of your due diligence activities.

You amend and improve your HREDD policies, actions plans and activities according to results and lessons learned. You report key lessons learned to your senior management annually.

How to Start in Practice: Tracking

- Consider whether your tracking work can build on some tools and indicators you already use, like staff surveys.
- You can use both quantitative, measurable indicators, and qualitative indicators that reveal peoples' views and experiences.
- It can be enlightening to engage with internal and external stakeholders and hear their feedback. Directly affected individuals may be able to provide particularly useful feedback.

Meaningful Stakeholder Engagement

You have probably noticed that Fairtrade Trader Standard expects meaningful stakeholder engagement throughout the HREDD process. To connect the dots, we collected all these expectations here:

Commitment	Your commitment recognises the importance of collaboration with suppliers and rightsholders in addressing human rights and environmental challenges.
Awareness raising	You raise staff awareness and inform your immediate suppliers and subcontractors about your commitment.
Risk assessment	You consult your staff and immediate suppliers (including Fairtrade suppliers) to prioritize which risks and challenges to be addressed first. <i>Guidance offered in Trader Standard:</i> You can also engage, for example, community members, buyers, local authorities and trade unions. You strengthen your assessment methods over time, inter alia by engaging a more varied or larger group of stakeholders.
Awareness raising about your grievance mechanism	You raise staff awareness, inform immediate suppliers, and take annual measures to make your grievance mechanism accessible to staff, suppliers and other stakeholders. To improve the mechanism and your operations, you analyse grievances regularly and consult immediate suppliers, worker representatives or, where applicable, trade unions.
Human rights and environmental policies	You communicate the policies to your senior management, staff and suppliers. <i>Guidance:</i> It is best practice to also communicate them to subcontractors.
Action plan (medium and large traders)	You consult your staff, internal experts and at least one immediate Fairtrade supplier to identify effective activities. Your plan includes at least two of the following: Raising staff awareness on the salient issues; Dialogue and collaboration with Fairtrade suppliers, other companies, public authorities and/or civil society actors; Support to Fairtrade suppliers and/or producers.
Remediation procedure	<i>Guidance:</i> It is best practice to engage suppliers, buyers and/or public authorities. You may also engage NGOs and human rights and expert environmental groups.
Supply chain dialogue (medium and large first buyers)	You share information about your HREDD activities with at least one of your Fairtrade producers and invite the producer(s) to share theirs, to agree on collaboration and support. <i>Guidance:</i> Inviting public authorities and/or civil society organisations to join may be useful. Producers' priorities inform your risk assessment, policies and plans.
Support for producers (large traders)	You support at least one Fairtrade producer with their HREDD effort and costs.
Tracking	<i>Guidance:</i> It is best practice to draw on feedback from suppliers and other external sources.



Step 5 Communicate

The final step of the HREDD process is about communicating what you do to respect human rights and the environment.

In practice, you should share key information about what your salient issues are, how you have conducted your due diligence, and what effect your activities have had.

As a trader, you are strategically positioned in your supply chains and active communication can make you a valuable partner to both your buyers and your suppliers: You can promote collaboration and shared responsibility among supply chain actors by conveying information about market expectations to your suppliers – and information about your suppliers' expectations, salient

issues and support needs to your buyers. This is often particularly true for first buyers.

Naturally, your suppliers may not always be keen to share information about their risks and challenges. Many suppliers worry that some buyers will disengage, if they communicate about their human rights or environmental risks, even where these risks are systemic and the same for all suppliers in the region.

You can build trust by offering longer term contracts and co-investing or facilitating funding for your suppliers' human rights and environmental work.

Communicating to Rightsholders, Suppliers and Buyers

Your communication can be formal or informal. Formal communication can take place via publicly available reporting: You can include HREDD information in your annual reports, or sustainability reports if you publish them.

Less formally, you can share updates on your HREDD work in meetings and discussions with rightsholders, suppliers, staff or customers. As your HREDD work develops, consider discussions with your suppliers and rightsholders as a core element in this work.

Try to adapt your information to different stakeholders.

Retailers and brands are increasingly interested in how traders manage their most significant risks. Partially, this interest stems from the growing legal obligations for large retailers and brands to produce annual due diligence or sustainability reports, particularly if they operate in Europe. Remember to call on your buyers to support you and your suppliers!

Rightsholders have a right to know about your plans and priorities. Both the UN and OECD due diligence guidance confirms that where rightsholders raise concerns, companies need to disclose information on their due diligence work. You can and should still protect sensitive private and commercial information, of course.



AS YOUR HREDD WORK DEVELOPS, CONSIDER DISCUSSIONS WITH YOUR SUPPLIERS AND AFFECTED STAKEHOLDERS AS A CORE ELEMENT IN THIS WORK.

How to Start in Practice: Communication

- You should communicate about your human rights and environmental work annually, similar to how you report your financial accounts. One person should be responsible for this.
- Using the same format every year can help with collecting the information and comparing it from one year to another.
- Try to communicate every year around the same time of year, so members and partners can expect your communication.

Key terms, Abbreviations and Acronyms

CSOs	Civil Society Organisations
CSDDD	Corporate sustainability due diligence directive (European Union)
CSRD	Corporate sustainability reporting directive (European Union)
DIHR	Danish Institute for Human Rights
ESG	Environmental, Social and Governance
EU	European Union
EUDR	European Union Deforestation Regulation
FAO	Food and Agriculture Organization of the United Nations
First-buyer (trader company)	A company that makes direct purchases from farmer or miner cooperatives, plantations or other primary producers
FLR	Forced Labour Regulation (European Union)
HREDD	Human rights and environmental due diligence: process of identifying and addressing risks and harm to people and to environment.
ILO	International Labour Organisation
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
Rightsholders	The people whose rights business may impact.
Small, medium-sized and large companies	<ul style="list-style-type: none"> • A large company employs 250 or more staff or has an annual turnover of €50 million or more (including Fairtrade and non-Fairtrade sales). • A medium-sized company employs between 50 and 249 staff and/or has an annual turnover between €10 million and €50 million (including Fairtrade and non-Fairtrade sales). • A small company employs fewer than 50 staff and has an annual turnover of €10 million or less (including Fairtrade and non-Fairtrade sales).²
UN	United Nations
UNGPs	United Nations Guiding Principles on Business and Human Rights

² Definition by EU Commission Recommendation 2003/361
<https://eur-lex.europa.eu/EN/legal-content/glossary/small-and-medium-sized-enterprises.html>.

Annex 1

Human Rights and Environmental Risk Areas

In human rights and environmental due diligence (HREDD) work, organizations need to consider all internationally recognized human rights and environmental issues, understood, at a minimum, as those expressed in the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

In sectors where Fairtrade operates, we propose that human rights can be grouped into the following 13 areas:

1. Living income, living wage
2. Working conditions (for farmers and workers)
3. Health
4. Freedom of association and collective bargaining

5. Forced labour
6. Child protection and child rights
7. Gender rights
8. Non-discrimination
9. Self-determination
10. Climate resilience
11. Water and biodiversity
12. Freedom of speech, thought and public participation
13. Privacy

Please see the table below for further information about how these 13 areas cover all internationally recognized human rights.

Human rights and environmental area	The covered human rights	Related requirements in Fairtrade Standards	Risk (potential violation of right)
<p>1. Living income, living wage</p> <p>Every person has a right to a decent standard of living, including adequate food, safe drinking water, sanitation and decent housing. The income/wage that allows for decent living is called a living income/wage.</p>	<p>Right to enjoy just and favourable conditions of work (ICESCR 7) includes rights to income/wage that provides a decent living for the person and her/his family, and equal remuneration for work of equal value. Right to an adequate standard of living, including adequate food, safe drinking water, sanitation, housing and prohibition of forced evictions (ICESCR 11). Right to a decent income and the right to choose and maintain one's livelihood (UNDROP, 16).</p>	<ul style="list-style-type: none"> • Wage levels and increases • Pay for production, quote or piece-based work. • In-kind payments • Housing provided to workers • Pension schemes 	<p>Inadequate standard of living, discrimination in wages</p>
<p>2. Working conditions (for farmers and workers)</p> <p>Every person has a right to just conditions of work and social security.</p>	<p>Right to work, just conditions of work, social security, including social insurance and a family life (ICESCR 6, 7, 9 and 10). Right to marry (ICCPR 23).</p>	<ul style="list-style-type: none"> • Working hours • Availability of drinking water and toilets during work days • Written contracts • Benefits including lunch breaks and days of rest • Sick leave • Payment schedules 	<p>Unsafe or unjust working conditions</p>

Human rights and environmental area	The covered human rights	Related requirements in Fairtrade Standards	Risk (potential violation of right)
<p>3. Health</p> <p>Every person has a right to health, security of the person and life.</p>	<p>Right to health and life (ICESCR 12, ICCPR 6) include right to have control over one's health and body. Rights to security of the person, liberty, and not being subjected to torture or to cruel, inhuman or degrading treatment or punishment, even when detained (ICCPR 9, 7, 10) Right to the highest attainable standard of physical and mental health (UNDROP 22, 23).</p>	<ul style="list-style-type: none"> • Safe work processes • Hazardous work and chemicals • Hazardous waste • Harassment and bullying • First aid • Health and safety representative, officer, committee, Medical officer • Medical check-ups 	<p>Work-related injuries and illness, degrading treatment</p>
<p>4. Freedom of association and collective bargaining</p> <p>Every person has a right to freedom of association and assembly, to form and join trade unions and to bargain collectively.</p>	<p>Freedom of association and assembly, right to form and join trade unions (ICESCR 8; ICCPR 21, 22; ILO 87 and 98) includes rights to bargain collectively, hold peaceful demonstrations and strike.</p>	<ul style="list-style-type: none"> • Freedom to join workers' organisations • Encouragement of workers' organisation • Respecting CBAs • Meetings between worker representatives and senior management • Records of terminated work contracts • Workers' rights training • FoA protocol and Right to Unionise Guarantee 	<p>Restrictions on freedom of association and collective bargaining</p>
<p>5. Forced labour</p> <p>Every person has a right not to be subjected to slavery, forced labour or trafficking.</p>	<p>Right not to be subjected to slavery, servitude or forced labour (ICCPR 8, ILO 29 and 105) Includes freedom from trafficking and debt bondage.</p>	<ul style="list-style-type: none"> • Use, prevention and remediation of forced labour • Dependence spouses' employment • Recruitment fees and travel costs • Disciplinary deductions from salaries 	<p>Forced labour, human trafficking</p>
<p>6. Child protection and child rights</p> <p>Every child has a right to education, protection and freedom from child labour.</p>	<p>Freedom from child labour, Rights of education and protection for the child (ILO 138, 182; ICESCR 13, 14; ICCPR 24; UN Convention on the Rights of the Child, CRC; Children's Rights and Business Principles (childrenandbusiness.org))</p>	<ul style="list-style-type: none"> • Employing children under the age of 15, or children under 18 for hazardous work. • Preventing worse forms of labour • Policy and procedures to prevent child labour • Remediation policy and program • School attendance 	<p>Child labour, child trafficking, health hazards, lacking access to education</p>

Human rights and environmental area	The covered human rights	Related requirements in Fairtrade Standards	Risk (potential violation of right)
<p>7. Gender rights</p> <p>Every person has a right to equality between men and women.</p>	<p>Right to equality between men and women (ICESCR 3; ICCPR 3; ILO 100; Convention on the Elimination of All Forms of Discrimination Against Women, CEDAW)</p>	<ul style="list-style-type: none"> • Intimidating or abusive behaviour at workplace • Sexual exploitation etc • Maternity leave • Breaks and shorter days for nursing mothers • Policies on gender and sexual harassment • Grievances on sexual harassment 	<p>Discrimination based on gender, gender-based violence or harassment at work</p>
<p>8. Non-discrimination</p> <p>Every person has a right to equal dignity, respect and protection, including non-discrimination of minorities, migrants, indigenous people and persons with disabilities.</p>	<p>Right to equal protection, including non-discrimination in employment, and freedom from racial discrimination (ICESCR 2; ICCPR 2, 26; ILO 111; Convention on the Elimination of All Forms of Racial Discrimination, ICERD). Non-discrimination of Migrants (ICRMW), Indigenous people (UNDRIP), Minorities (Declaration on Minorities) and Persons with Disabilities (CRPD). Rights to a fair trial, equality before the law, and due process when facing expulsion (ICCPR 11, 16, 13).</p>	<ul style="list-style-type: none"> • Equal pay and opportunities • Non-discriminatory membership rules • Vulnerable groups and Hazardous work • Identification of minority and disadvantaged groups • Policy and programmes on equal treatment • Vulnerable groups in FPC • Unfair distribution of Premium 	<p>Discrimination based on race, origin, ethnicity, disability, etc.</p>
<p>9. Self-determination</p> <p>All peoples have a right to self-determination – a freedom to choose one’s own acts without external compulsion – and freedom to pursue development. Indigenous people have a right to preserve and develop their culture, lands etc.</p>	<p>Right to self-determination, freedom to pursue development, movement, not being imprisoned for inability to fulfil a contract, and freedom from retroactive criminal law (ICESCR 1; ICCPR 1, 12, 15, 14). Indigenous people’s rights to preserve, protect and develop their culture, lands, distinct institutions, etc. (UNDRIP).</p>	<ul style="list-style-type: none"> • Land and water conflicts • Freedom to choose one’s housing 	<p>Repression, land grabbing, neglect of indigenous people’s rights such as free, prior and informed consent (FPIC)</p>
<p>10. Climate resilience</p> <p>Every person has a right to a safe and predictable environment that is not destroyed by climate change or deforestation.</p>	<p>Right to a safe and predictable environment (Human Rights Council resolution 48/13).</p>	<ul style="list-style-type: none"> • Soil erosion and soil fertility • Deforestation and protected areas • Energy use • Emissions • Adaptation to climate change • Environmental awareness 	<p>Inadequate standard of living, unstable natural environment</p>

Human rights and environmental area	The covered human rights	Related requirements in Fairtrade Standards	Risk (potential violation of right)
<p>11. Water and biodiversity</p> <p>Every person has a right to sufficient biodiversity and safe water for personal and domestic use.</p>	<p>Right to sufficient, safe and affordable water for personal and domestic use; Right to a clean, healthy and sustainable environment (Human Rights Council resolution 48/13; UNDROP 20, 21).</p>	<ul style="list-style-type: none"> • Hazardous chemicals, fertiliser use and buffer zones • Pest management • Water use • Waste and waste water management • GMOs • Biodiversity plan and agro-forestry • Wild harvesting and sustainability of plant and animal species • Threatened and alien invasive species 	<p>Poor health, lack of water, unstable natural environment</p>
<p>12. Freedom of speech, thought and public participation</p> <p>Every person has a right to freedom of speech, thought and religion, and to take part in public affairs and cultural life.</p>	<p>Rights to freedom of thought, conscience and religion; Rights to freedom of opinion and expression; Rights of minorities (ICCPR 27); Freedom from war propaganda, and incitement to racial, religious or national hatred; (ICCPR 18, 19, 20), Right to take part in public affairs, cultural life and benefit from scientific progress and of the material and moral rights of authors and inventors (ICPR 25; ICESCR 15).</p>	<ul style="list-style-type: none"> • Workers participation in General Assembly 	<p>Suppression of free speech, thought or association</p>
<p>13. Privacy</p> <p>Every person has a right to privacy, which means a right to keep one's personal matters and relationships secret.</p>	<p>Right to privacy (ICCPR 17)</p>	<ul style="list-style-type: none"> • Use of pregnancy or health tests during recruitment • Confidentiality of health records 	<p>Invasion/ denial of privacy</p>

CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CRPD	Convention of the Rights of Persons with Disabilities
ICCPR	International Covenant on Civil and Political Rights
ICERD	International Convention on the Elimination of All Forms of Racial Discrimination
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICRMW	International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
ILO	International Labour Organization
UDHR	Universal Declaration of Human Rights
UNCRC	United Nations Convention on the Rights of the Child
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNDROP	United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas
UNGP	UN Guiding Principles on Business and Human Rights
WFCL	Worst Forms of Child Labour

Annex 2

Example of Action Plan

The below action plan template contains ideas and is not meant to be used as such.

To assess your progress, include clear indicators for each activity. Best practice is to have indicators both for how well the activity has been completed (output) and how well its aim has been reached (outcome).

Problem: Goal	Activities	Person(s) responsible	Time frame	Resources needed	Indicators
Ask: What is the problem and the solution sought?	Ask: What measures can reduce the problem?	Ask: Who is responsible for carrying out the activities?	Ask: When is the activity to start and end?	Ask: What resources are needed to undertake the activity?	Ask: What indicates that the activity is completed or has its intended impact?
Examples	Examples	Examples	Examples	Examples	Examples
Discrimination at workplace: Reduce the risk of gender discrimination at workplace	<ul style="list-style-type: none"> • Training for people responsible for recruitment • Awareness raising for all employees • Trainings for women to raise capacity and confidence • Disaggregate wage records by gender 	Human resources manager Gender Committee Senior management	Q2 2023–Q4 2023	Staff time Budget Expertise Other	<ul style="list-style-type: none"> • Number of people trained on gender equity • Ratio of basic salary, women to men • Share of women in permanent, supervisory, managerial and leadership positions.
Excessive overtime among suppliers' workers: Ensure that our practices do not require or encourage overtime	<ul style="list-style-type: none"> • Draft or strengthen a mutual code of conduct • Draft or strengthen your purchasing policy to ensure sufficient lead times, reasonable production targets for suppliers, and fair price negotiations • Train own staff on fair purchasing practices • Regular meetings with largest suppliers' to monitor the implementation of the mutual code of conduct 	HR team Senior management Supplier management team			<ul style="list-style-type: none"> • Updated code of conduct • Updated purchasing policy • Number of staff members trained • Number of meetings with suppliers • Reduction of overtime
Poor workplace safety: Prevent safety hazards among own employees	<ul style="list-style-type: none"> • Implement safety training for staff • Perform maintenance operations (add how often) • Update safety policy and procedures • Develop/strengthen a system for workers to report safety hazards and hazardous situations 	Safety committee Senior management	Ongoing		<ul style="list-style-type: none"> • Number of employees trained • % of employees consulted when drafting the safety policy • % of employees informed about the safety policy • Reduction in accidents reported and investigated

Additional Guidance on Implementing HREDD

Step 1 – Commit:

- OECD-FAO, 2016. Model Enterprise Policy for Responsible Agriculture Supply Chains (see p.25–29). [here](#).
- Fairtrade's own Human Rights Commitment, 2020. [here](#).
- Global Compact, 2015. How to Develop a Human Rights Policy Guide. [here](#)
- Global Business Initiative, (n.d.). Making a Policy Commitment. [here](#)
- UNDP, 2022. Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts: A Guide. [here](#)
- Fairtrade Organisation Code, 2019. Includes e.g.a principle that Fairtrade respects, protects and champions human rights. [here](#)

Step 2 – Identify:

- OECD Due Diligence Guidance, 2018. Outlines the key steps of HR risk and impact assessment, p.25–28 and 61–73. [here](#)
- Shift, Oxfam and Global Compact Network Netherlands, n.d. Human rights impact assessment guidance and toolbox. [here](#)
- Shift, 2014. Business and Human Rights Impacts: Identifying and Prioritising Human Rights Risks. Workshop Report. [here](#)
- SME Compass, n.d. Criteria of commonness and seriousness – scope, scale and irremediability. [here](#)

Step 3 – Address & Remediate:

- Responsible Contracting Project, n.d. The Buyer Code. [here](#)
- SAI, n.d. Buyer-Supplier Mutual Code of Conduct. [here](#)

Step 4 – Track:

- Shift, n.d. Indicator Design Tool. [here](#)

Step 5 – Communicate

- Oxfam, 2023. Inclusive Language Guide. [here](#)
- Fairtrade International, n.d. Five steps to better sustainability communications. [here](#)

All HREDD steps

- German government's Helpdesk on Business & Human Rights, 2021: Due Diligence Compass for small and medium-scale companies. [here](#)
- Shift, Oxfam and Global Compact Network Netherlands, 2016. Doing business with Respect for Human Rights: A Guidance Tool for Companies (2016). [here](#)
- Swiss Confederation and Global Compact Network Switzerland, 2019, Making success sustainable through Responsible Business Conduct. [here](#)
- Belgian Federal Institute for Sustainable Development, 2023, Due Diligence for SMEs. [here](#)

Stakeholder engagement

- twentyfifty and Global Compact Germany, 2014. Stakeholder engagement in human rights due diligence: A business guide. [here](#)
- Global Compact Network Germany, 2022. What makes stakeholder engagement meaningful? [here](#)

The foundational documents

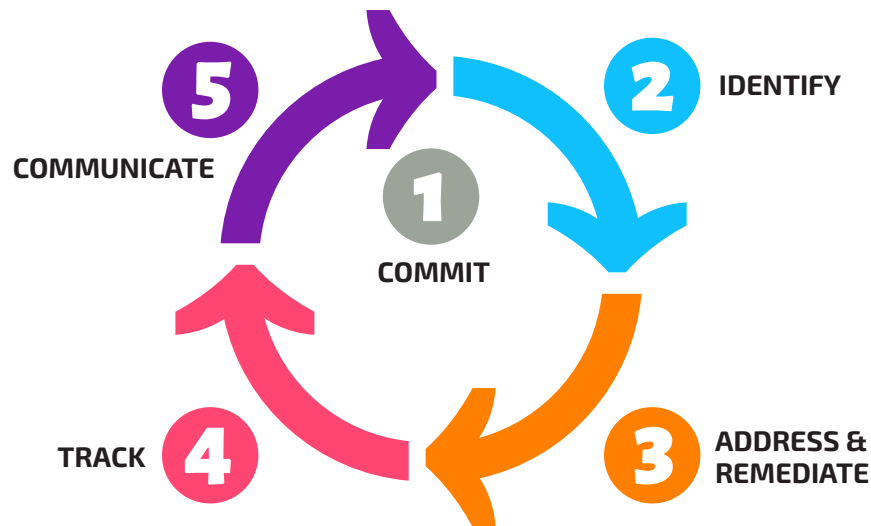
- The UN Guiding Principles on Business and Human Rights (UNGPs), 2011. [here](#)
- OECD Due Diligence Guidance for Responsible Business Conduct, 2018. [here](#)
- OECD-FAO Guidance for Responsible Agricultural Supply Chains, 2016. [here](#)
- OECD-FAO Business Handbook on deforestation and due diligence in agricultural supply chains 2023. [here](#)
- OECD Handbook on due diligence for enabling living incomes and living wages in agriculture, garment and footwear supply chains, 2024. [here](#)
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 6th edition, 2022. [here](#)

Videos

- Econsense, 2017. Why should your company care about human rights (by Econsense). [here](#)
- Shift, 2015. Introduction to UNGPs (by Shift). [here](#)
- Danish Institute on Human Rights, 2018. Due diligence. [here](#)

NOTE: If you have received this Guide on paper, please find the Guide online at www.fairtrade.net/standard/trader so that you can click on the above links.

Summary: Steps of the HREDD process



Step 1: Commit

Commit to human rights and environmental sustainability

- Sensitise management and staff.
- Draft and sign a commitment; Assign responsibilities.
- Raise awareness about the commitment; Align other policies and processes.

Step 2: Identify

Identify the most serious and common human rights and environmental problems



- Conduct a risk assessment every three years
- Map the human rights and environmental risks that are common in your country and field of production;
- Assess the risks related to your specific operations and supply chains;
- Identify and further assess at least three issues that are most salient;
- Identify the most vulnerable groups of people.

Set up a grievance mechanism

- Assign an expert or committee to develop and coordinate the grievance procedure.
- Develop, implement and keep improving a grievance procedure.
- Raise awareness about your grievance procedure among all stakeholders.



Step 3: Address and Remediate

Take action to prevent, mitigate, cease and remediate the salient problems

- Develop and implement policies and procedures on at least three problems that are most salient for your organization, consulting groups of people affected by and knowledgeable of those problems.
- Develop, implement and keep updating an annual action plan.
- Take measures to remediate serious human rights harms.



Step 4: Track progress

Set up a tracking system

- Track progress in your HREDD activities, including adherence to policies and implementation of action plans.
- Track changes in the biggest human rights and environmental problems.



Step 5: Communicate

Communicate your findings and efforts to stakeholders

- Share the salient problems identified and progress made in addressing them.

IMPLEMENTING HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE (HREDD) AT A SMALL OR MEDIUM-SCALE "FIRST BUYER" ORGANISATION

Essentially, HREDD is a process where an organisation reduces the human rights and environmental problems linked to its operations and value chains. All actors in supply chains are nowadays expected to perform HREDD.

Trader, processor, brand and retail companies have a responsibility to support their suppliers' human rights and environmental work.

