

Making due diligence work for smallholder farmers and workers – in Fairtrade and beyond

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If conducted fairly, [corporate sustainability due diligence](#) can be groundbreaking in advancing human rights and environmental sustainability in global supply chains.

Fairtrade calls for fair due diligence, based on dialogue with rightsholders, fair cost sharing, collaboration and continuous improvement.

Dialogue with rightsholders

It's a fundamental principle in due diligence – and Fairtrade – that people shape the decisions that influence their lives. The [OECD Due Diligence Guidance](#) clarifies that every step of human rights due diligence needs to be informed by potentially affected stakeholders, or “rightsholders”.

This is not only right, it's also practical: Where human rights or environmental problems are serious, local stakeholders are usually already mitigating and remediating them. It is most effective for companies to **join existing efforts**.

Fair cost sharing

It is crucial that the costs of implementing due diligence are shared fairly among value chain partners. In many global supply chains, very little value accrues to primary producers. Millions of farmers live in poverty and have limited or no means to invest in more sustainable production practices.

If due diligence obligations and costs are pushed on farmers through contractual cascading, due diligence can deepen poverty and actually aggravate risks in global supply chains. Farmers need **better prices**, longer-lasting business relationships, and co-investment to be able to invest in stronger due diligence measures.

Collaboration among supply chain actors

To tackle poverty and inequality, **the root causes** of many human rights and environmental problems in supply chains, we need collaboration between suppliers, buyers, governments and civil society actors.

Everybody must play their part. Companies need to assess and reform their **purchasing and pricing practices** where these aggravate risks in supply chains. Multistakeholder initiatives like Fairtrade can support but not substitute corporate due diligence.

Continuous improvement

We need ambitious regulation and continuous improvement in business practices, not just a search for low-hanging fruit. First steps must be taken by supply chain **actors who hold the most power** and resources. Smallholder cooperatives need time to develop their due diligence measures.

If the costs of due diligence are pushed on smallholder farmers and workers, HREDD can deepen poverty and actually aggravate risks in global supply chains.

Companies need to provide adequate resources and training for suppliers ... to implement due diligence.

OECD, 2018, Due Diligence Guidance, page 23

Fairtrade will revamp its due diligence expectations and support for companies in Fairtrade certified supply chains.

Bringing due diligence to the core of Fairtrade

Fairtrade has for long supported and expected certified organisations to take some due diligence measures, including risk assessments, policies, and remediation work. See our [Standards](#) to learn about existing requirements.

Now we are bringing fair due diligence to the core of our work.

Standards. We will strengthen our due diligence expectations of all Fairtrade certified organisations – traders and processors, plantations, farmer cooperatives and contract production settings – by the end of 2024. Consultations on the planned changes start in June 2023.

Interconnected requirements in our different standards for producers and traders will call for and encourage dialogue, information sharing and collaboration between them across Fairtrade supply chains.

Support. The impact of new Standard requirements is determined by how they are implemented. Fairtrade supports implementation through ongoing capacity building, training and programme-based work with farmers, workers, miners and management at plantations and factories. Recent fruits of this work include ready-to-use tools such as the [Fairtrade Risk Map](#) and [HREDD guides](#) tailored to different supply chain actors.

Funding. We channel funds to farmers and other producers through a mixture of measures, so that they can invest in stronger due diligence. Non-negotiable Fairtrade Minimum Prices and the Fairtrade Premium strengthen the position of producers – and help retailers and brands to avoid insufficient prices that HREDD experts could interpret as a contribution to human rights or environmental violations in supply chains.

Fairtrade seeks public and private funding and partnerships to step up our programme-based support to producers.

Legitimacy and effectiveness. To ensure that new requirements are realistic and effective, the Standard reviews will entail informed consultation of more than 6000 Fairtrade certified organisations and other stakeholders.

Unrealistic requirements would not serve anyone. Ineffective requirements do not help retailers or brands to fulfil their due diligence responsibilities: Due diligence measures must also have tangible effects on human rights and environmental harms in production areas.

Continuous improvement. We call on all supply chain actors to start risk-based due diligence work soon and simple and focus on improvement over time. Large companies will need to make greater efforts than small companies and farmer cooperatives. Fairtrade's approach is strongly informed by relevant UN principles, guidance from the OECD and the FAO and, at the same time, the perspectives of Fairtrade farmers and workers.

Together we can make human rights and environmental due diligence fair and impactful.

Low producer prices must be recognised as a contribution to human rights and environmental violations.

Fairtrade standards, assurance and measures beyond certification will support and verify continuous improvement in respecting human rights and environmental sustainability.