

## Project Assignment

### Human Rights and Environmental Due Diligence in Fairtrade Standards for Hired Labour, Trader and Small Producer Organizations (15.05.23)

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details below).

The project will be carried out according to the Standard Operating Procedures for the Development of Fairtrade Standards/Minimum Prices and Premiums. More information on these procedures can be found on the [website](#).

#### Rationale for and justification of need for the project:

Respect for Human Rights is one of the most important principles for Fairtrade. The Vision of Fairtrade for human rights and environmental due diligence (HREDD) is explained in detail [here](#). To render business fairer, all actors in supply chains are nowadays expected to perform human rights and environmental due diligence (HREDD) and cooperate with one another. Essentially, HREDD is a process of reducing human rights and environmental problems linked to the particular supply chain.

Fairtrade's commitment to human rights is reflected in the producer and trader standards with references to multiple International Labour Organization (ILO) conventions. Fairtrade also recognizes the rising expectations for all supply chain actors to prevent and mitigate human rights and environmental risks and harms. This review therefore proposes introducing these relevant changes in the Fairtrade generic standards starting with the Hired Labour Standard (HLS) and Trader Standard (TS) and will be followed by the Fairtrade Standard for Small-scale Producer Organizations (SPO). The SPO consultation process will commence in Q1 2024.

#### Risk assessment:

The following risks could affect the success of the project:

- Low participation during the consultation process

*Mitigation:* Work hand in hand with Producer Networks(PNs) and National Fairtrade Organizations (NFOs) to motivate participation of all the relevant stakeholder through the online surveys, workshops and webinars.

- Lack of stakeholder acceptance given that this is a relatively new topic.

*Mitigation:* Ensure that stakeholders clearly understand that the paradigm of corporate responsibility is shifting and that there is therefore a need to strengthen the due diligence requirements in Fairtrade standards. The consultation will clarify to stakeholders about their roles in collaboration among all supply chain actors. Fairtrade is also strengthening its due diligence content in its ongoing producer support, programme work and services for

licensees. This includes publication of the guidelines on HREDD implementation for [Trader organizations](#), Hired Labour [set-ups](#) and Small-scale [producer organizations](#).

- Stakeholders might find the compliance costs for HREDD to be too high.

*Mitigation:* Ensure that stakeholders clearly understand that there will be fair sharing of compliance costs. Fairtrade will offer various options to support certified producers with investments, for example through application for external grants and programs, training programs for producer organizations as a more cost efficient alternative to services from external agencies and inclusion of HREDD costs in calculation of cost of sustainable production.

- Lead companies may transfer the primary duty for due diligence to producers/suppliers without adjustment to other terms and conditions. This could undermine producers' ability to maintain or improve human rights and environmental standards

*Mitigation:* There is a tendency that big companies add stricter requirements to their sourcing codes and leave it to suppliers to ensure implementation. The communication on HREDD will be based on the principle of proportionality established by the UNGP which aims to address the ineffectiveness of top-down approach highlighting the challenging reality of suppliers who often have no financial means for strengthening their human rights and environmental practices.

**Project Start Event:**

Publication of the project assignment

**Project Start Date:**

15 May 2023

**Project End Event:**

Publication of standards

**Project End Date:**

Q4 2024

## Project Goal and Objectives

**Goal:** To strengthen HREDD requirements in the Fairtrade generic standards in order to reinforce the ability of Fairtrade certified Producer Organizations and Traders to protect Human Rights and Environmental practices and to comply with mandatory due diligence regulations and to build a path of continuous improvement and collaboration among supply chain actors.

### Objectives:

1. Strengthen the Fairtrade system in regards to HREDD.
2. Strengthen due diligence requirements in all Fairtrade generic standards (starting with HLs and TS).
3. Require all certified organizations (starting with HLOs and Traders) to undertake the five key steps of due diligence (commit, identify, address & remediate, track and communicate).
4. Align Fairtrade's assurance approach with due diligence.
5. Propose HREDD requirements and an assurance approach that call for and support continuous improvement in due diligence measures.
6. Support all supply chain actors – from smallholder farmers to retailers – to undertake increasing due diligence measures and dialogue.
7. Ensure collaboration among all supply chain actors (suppliers, buyers, governments and civil society actors).
8. Empower Producer Organizations through supporting them to gain knowledge and agency in how due diligence is undertaken in their own supply chains.
9. Maintaining markets through supporting Fairtrade licensees and traders to conduct fair due diligence – and turn it into a competitive advantage.

### Connection with Theory of Change (ToC):

This project is connected with the Fairtrade Impact Goals (Sustainable, resilient and fairer supply chains). Beyond Fairtrade supply chains, global trade should deliver more equitable benefits for producers, ensure workers' rights, respect human and environmental rights, fairly share the responsibility to respond to climate change, and provide the framework for producers to build thriving businesses and communities.

For more information on Fairtrade's ToC see this [link](#).

### Project scope:

- This project covers all regions and products where the Fairtrade Standard for Traders and Fairtrade Standard for Hired Labour and the Fairtrade Standard for Small-scale Producer Organisations apply
- The project only covers requirements related to HREDD
- For more information on Fairtrade Standards click this [link](#).

### Out of scope:

- Full review of the TS and HL and SPO standards
- Fairtrade Minimum Price and Fairtrade Premium reviews

<p><b>Project timelines and information on opportunities to contribute:</b></p> <p><b>Scoping: Nov 2022 - March 2023</b>  <b>Research: Nov 2022 – May 2023</b>  <b>Consultation TS and HLS*: June- Aug 2023</b>  <b>Drafting proposal to SC: Sep-Oct 2023</b>  <b>SC decision : Nov 2023</b>  <b>Standard publication and implementation (TS/HLS) : Q1 2024</b>  <b>Consultation SPO*: Q1 2024</b>  <b>Drafting proposal to SC: Q3 2024</b>  <b>SC decision : Q4 2024</b></p> <p>* More information will be provided closer to the consultation period on our <a href="#">website</a>. If you are identified as key stakeholders, you will receive an invitation to participate.</p>	<p><b>Decision making process:</b></p> <p>The final decision will be taken by the Standards Committee (SC), a body made up of stakeholder representatives. The SC will aim at making a decision based on consensus. They may reword the final proposal if needed to reach consensus. If consensus cannot be reached, the SC will resort to voting.</p>										
<p><b>Project Owner (Unit):</b></p> <p>Gudrun Schloepker, Director of Standards  <a href="mailto:g.schloepker@fairtrade.net">g.schloepker@fairtrade.net</a></p>	<p><b>Project Manager (contact point for the project):</b></p> <p>Eleonora Gutwein, Standards &amp; Pricing  <a href="mailto:e.gutwein@fairtrade.net">e.gutwein@fairtrade.net</a></p>										
<p><b>Project Team (Unit):</b></p> <table border="1" data-bbox="247 1276 837 1859"> <tr> <td><b>Standards Team</b></td> <td>Jebet Yegon Oksana Forkutsa</td> </tr> <tr> <td><b>FLOCERT</b></td> <td>Ute Baoum</td> </tr> <tr> <td><b>PNs</b></td> <td>FTA: Michael Kitetu CLAC: Aida Portillo /Marike de Peña NAPP: Sonia Dominica</td> </tr> <tr> <td><b>FI and Center of Excellence (CoE)</b></td> <td>CoE HREDD Tytti Nahi CoE CC&amp;E Martin Schüller GI: Harveen Kour GPPP Andreas Kratz</td> </tr> <tr> <td><b>NFO</b></td> <td>FTG: Maria Steenpass MHCH: Simone Hutter FTF: Subindu Garkhel</td> </tr> </table>	<b>Standards Team</b>	Jebet Yegon Oksana Forkutsa	<b>FLOCERT</b>	Ute Baoum	<b>PNs</b>	FTA: Michael Kitetu CLAC: Aida Portillo /Marike de Peña NAPP: Sonia Dominica	<b>FI and Center of Excellence (CoE)</b>	CoE HREDD Tytti Nahi CoE CC&E Martin Schüller GI: Harveen Kour GPPP Andreas Kratz	<b>NFO</b>	FTG: Maria Steenpass MHCH: Simone Hutter FTF: Subindu Garkhel	<p><b>Project Environment (stakeholder groups not part of the project team):</b></p> <ul style="list-style-type: none"> <li>• Certified Traders under the Trade Standard</li> <li>• Certified Producer organizations under SPO, HL and CP standards</li> <li>• Workers’ Rights advisory Committee (WRAC)</li> <li>• Centre of Excellence - HREDD</li> <li>• Centre of Excellence - Climate change &amp; Environment</li> <li>• NFOs</li> <li>• Global Product Managers</li> <li>• Trader Standard review Project Team</li> </ul>
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