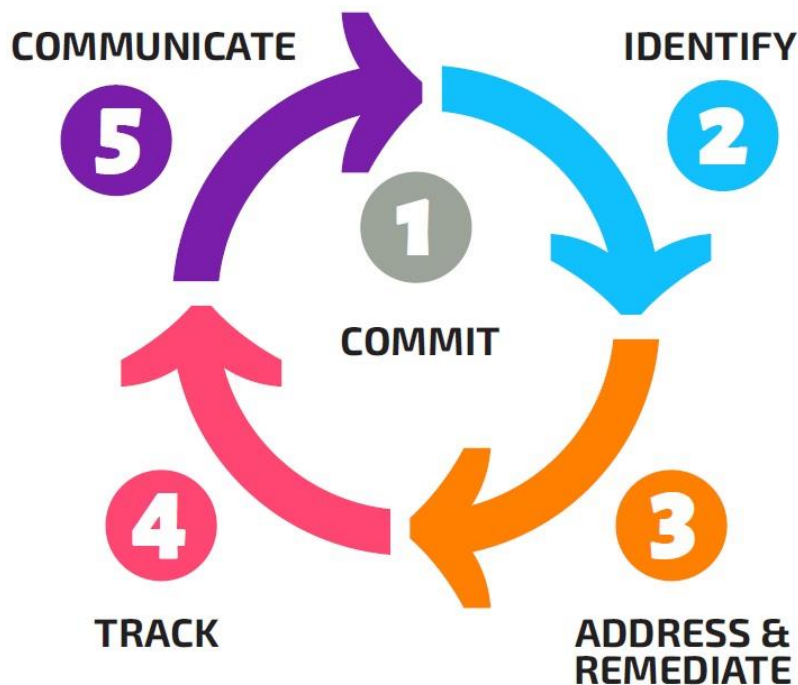


## ANNEXES

### ANNEX 1- Human Rights and Environmental Due Diligence steps



### What is Human Rights and Environmental Due Diligence

#### Step 1 Commit

Commit to human rights and environmental sustainability

- Sensitise management and staff
- Develop a Commitment to respect human rights and environmental sustainability
- Assign responsibilities
- Raise awareness about human rights and environmental sustainability among management, staff and business partners

#### Step 2: Identify

Identify the most serious and common human rights and environmental problems

Conduct a risk assessment every three years

- Map human and environmental risks that are common in your country and sector
- Assess the risks and problems specifically linked to your organization and supply chains
- Identify and further assess at least three problems that are most salient (serious and common)
- Identify the most vulnerable groups of people

Set up a grievance mechanism

- Set up a diverse grievance committee
- Develop and run a grievance procedure
- Raise awareness about your grievance mechanism among all stakeholders

#### Step 3: Address and remediate

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

- Develop policies and procedures on at least three most salient problems, consulting people affected by and knowledgeable of those problems
- Develop, implement and keep updating an annual action plan
- Where the risk of child labour, forced labour or gender-based violence is high, support your suppliers in monitoring and remediating violations

#### Step 4: Track

Set up a tracking system

- Select indicators and means of collecting data, to track your progress in implementing HREDD activities
- Make a quick, annual risk assessment on the three most salient problems, to track changes in them

#### Step 5: Communicate

Communicate your findings and efforts to stakeholders, including your staff, key suppliers and buyers, and Fairtrade

## ANNEX 2 - Voluntary Best Practice requirements, Trader Standard “v1.7”.

### 3.2.4 **NEW 2017** Management of environmental impacts

<b>Applies to:</b> All traders, except cotton FSI traders after ginning stage	
<b>VBP</b>	You <b>understand and act to minimize</b> your direct negative environmental impacts related to Fairtrade products with regard to land use and biodiversity, water use, energy use (including carbon footprint), wastewater effluents, emissions to air, waste, nuisances and incident prevention.

### 3.2.5 **NEW 2017** Recycled or biodegradable packaging material

<b>Applies to:</b> All traders, except cotton FSI traders after ginning stage	
<b>VBP</b>	You maximize the <b>use</b> recycled or easily biodegradable materials for packaging.

### 3.2.6 **NEW 2017** Carbon footprint reduction

<b>Applies to:</b> All traders, except cotton FSI traders after ginning stage	
<b>VBP</b>	You take actions to <b>reduce</b> your carbon footprint within your Fairtrade supply chain(s).

### 4.1.8 **NEW** Long-term commitments

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>have</b> a long term commitment with the producer or with your suppliers, so they can in turn have a long term contract with producers.
<b>Guidance:</b> The intent is to promote long-term relationships and to enable producers to plan. In this context long term means 2 years or more.	

### 4.1.9 **NEW** Tripartite contracts with producers

<b>Applies to:</b> Fairtrade conveyors and Fairtrade payers	
<b>VBP</b>	You <b>sign</b> a tripartite contract between the producer, the price and premium payer, and yourself, or you share with the producer the contract that you have with the Fairtrade payer.
<b>Guidance:</b> The intent is to provide better transparency of Fairtrade operations and allows the producer to know the conditions under which the Fairtrade product is sold.	

#### 4.4.4 **NEW** Interest free pre-finance

<b>Applies to:</b> First buyers	
<b>VBP</b>	You <b>provide or facilitate</b> pre-finance at zero interest rate.

#### 4.4.5 **NEW** Access to other types of finance

<b>Applies to:</b> All traders	
<b>VBP</b>	<p>You <b>provide or facilitate</b> access, directly or through a third party, to credit (seasonal, harvest or in-kind or other types that are not the pre-finance of contracts) or loans for investment in order to respond to the financial needs of the producer, under the following conditions:</p> <ul style="list-style-type: none"> <li>• The financial need must be defined by the producer.</li> <li>• You agree with the producer and document transparently the terms and conditions of the credit or loan (including the amount, duration, repayment instalments and interest charges).</li> </ul>
<p><b>Guidance:</b> "Facilitate" is described in requirement 4.4.3. It is best practice to offer conditions that are more beneficial than local money lenders.</p>	

#### 4.5.2 **NEW** Sourcing plans for other traders

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>provide</b> a sourcing plan to your immediate supplier.
<p><b>Guidance:</b> At minimum, the sourcing plan is a realistic estimation of future purchases. If these are difficult to plan this should be made clear in the sourcing plan but the requirement still applies. You are encouraged to contact your buyers to enable you to have a more realistic estimation. This voluntary best practice applies to traders who do not buy directly from producers, but further down the supply chain. For traders buying directly from producers, the requirement 4.5.1 applies.</p>	

#### 4.5.3 **NEW** Market information for producers

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>provide</b> relevant market information to the producer on a regular basis, to enable the producer to better understand the market context and make informed business decisions.
<p><b>Guidance:</b> Market information can be, for example: market trends, quality specification, supply and demand, customer expectations, information about the final producer and its destination market, or any information requested by the producer. You are encouraged to contact your buyers to enable you to provide better information.</p>	

#### 4.7.1 **NEW** Supporting producers and workers' priorities

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>support</b> producers' or workers' Fairtrade development plan or Premium plan, or provide support for other operational, production or organizational capacity building activities that producers or workers chose.
<p><b>Guidance:</b> This contribution must be in addition to the Fairtrade Premium paid to the producer or to the workers. Areas of support must be chosen by producers/workers. They can include, but are not limited to, production techniques, product quality, productivity, storage techniques, value-addition, income diversification, market diversification, business and financial management, risk management, farming practices, internal management systems, business development, or training for workers or the Premium Committee. It can also be the payment of a higher Fairtrade Premium. Your support can either be direct or through a partnership. It can be in the form of funding, training, facilitation of partnerships or other ways.</p>	

#### 4.7.2 **NEW** Sourcing from vulnerable groups

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>source</b> Fairtrade products from vulnerable producer organizations.
<p><b>Guidance:</b> Vulnerable producer organizations are understood as those with limited market access because, amongst other reasons, they are producers in the early stages of development/organization, belong to an ethnic minority or women's groups, they are very small organizations, or producers in post-conflict/catastrophe affected areas or in least developed countries (LDCs).</p>	

#### 4.7.3 **NEW** Market liaison for producers

<b>Applies to:</b> All traders	
<b>VBP</b>	You <b>act</b> as a market liaison for the producers you source from.
<p><b>Guidance:</b> Being a market liaison could mean, but is not limited to, offering market and commercial development services for the benefit of the producer, facilitating contact between the producer and another trader for the benefit of a new market opportunity for the producer, or facilitating the producer's participation at a trade fair.</p>	