



FAIRTRADE



Fairtrade – your partner in implementing the new EU sustainability laws

24 September 2024



Welcome

A few housekeeping rules before we begin...

Good to know for this webinar

- You will hear from four Fairtrade experts and you will have the chance to ask questions.

How?

- Each attendee is on mute. Please use the QA box to ask your questions.
- If you see a question you are very interested in, you can 'vote' for it rather than asking it again. This will allow us to quickly see where the most interest is.
- The QA slot will be at the end of the fourth presentation





FAIRTRADE
INTERNATIONAL

Let's get started

EU sustainability laws

Due diligence regulations

CSRD – Corporate Sustainability Reporting Directive

Public annual
sustainability
report
on due diligence

January 2024 →

EUDR – EU Deforestation Regulation

Prohibition of trade
in raw materials
and products that
cause
deforestation or
forest degradation

January 2025 →

CSDDD – Corporate Sustainability Due Diligence Directive

Obligation to
conduct
due diligence on
human rights and
the environment

Summer 2027 →

FLR – EU Forced Labour Regulation

Prohibition of
trade in raw
materials and
products made
that cause forced
labour

Autumn 2027 →

Green Claims + Empowering Consumers

Contents,
verification and
substantiation of
green claims.
Labels are also
further defined.

Early 2028?

Our experts today



Reporting - CSRD
Lashinda van den Ham, Policy Advisor, Fairtrade Netherlands



Deforestation - EUDR
Juan Pablo Solis, Senior Advisor Climate and Environment



Due Diligence – CSDDD; Forced Labour - FLR
Tytti Nahi, Director Business and Human Rights



Green Claims and Consumer Empowerment
Sophie Aujean, Director Global Advocacy



Some big questions you may have....

**How do due diligence
regulations apply to me as a
business? Do they apply?**

What are my responsibilities as a business? Can Fairtrade support me?

They do.

And we can support.

“ Companies may participate in multi-stakeholder initiatives to consult stakeholders and **support each step of their due diligence work** to the extent that such initiatives are appropriate.

Corporate Sustainability Due Diligence Directive

You can use certification to support (not replace) your own efforts



Due diligence is a corporate process of managing risks and harms to people and the planet throughout company operations and value chains.



Certification can address and monitor risks and harms in selected supply chains.

No certification can eliminate all risks.

Strong certifications tell what they support with and what not – and work to align their policies and processes with the new laws.



“ The most demanding step in due diligence is the **prevention, mitigation, ceasing and remediation** of deforestation/forced labour/adverse impacts - in meaningful engagement with stakeholders.



This is where Fairtrade is at its strongest.

**CSRD –
Corporate
Sustainability
Reporting
Directive**

Public annual
sustainability
report
on due diligence

January 2024 →

Fairtrade and Corporate Sustainability Reporting Directive

CSRD

Contents

Mandatory sustainability report in conjunction with yearly financial report, based on:

- governance and strategy,
- policies, actions and targets on material impacts, risks and opportunities = reporting about HREDD measures

Scope and time frame

Phased-in approach as of 2025

For large undertakings, public interest entities and listed small and medium sized entities, some non-EU undertakings (+/- 50.000 companies)

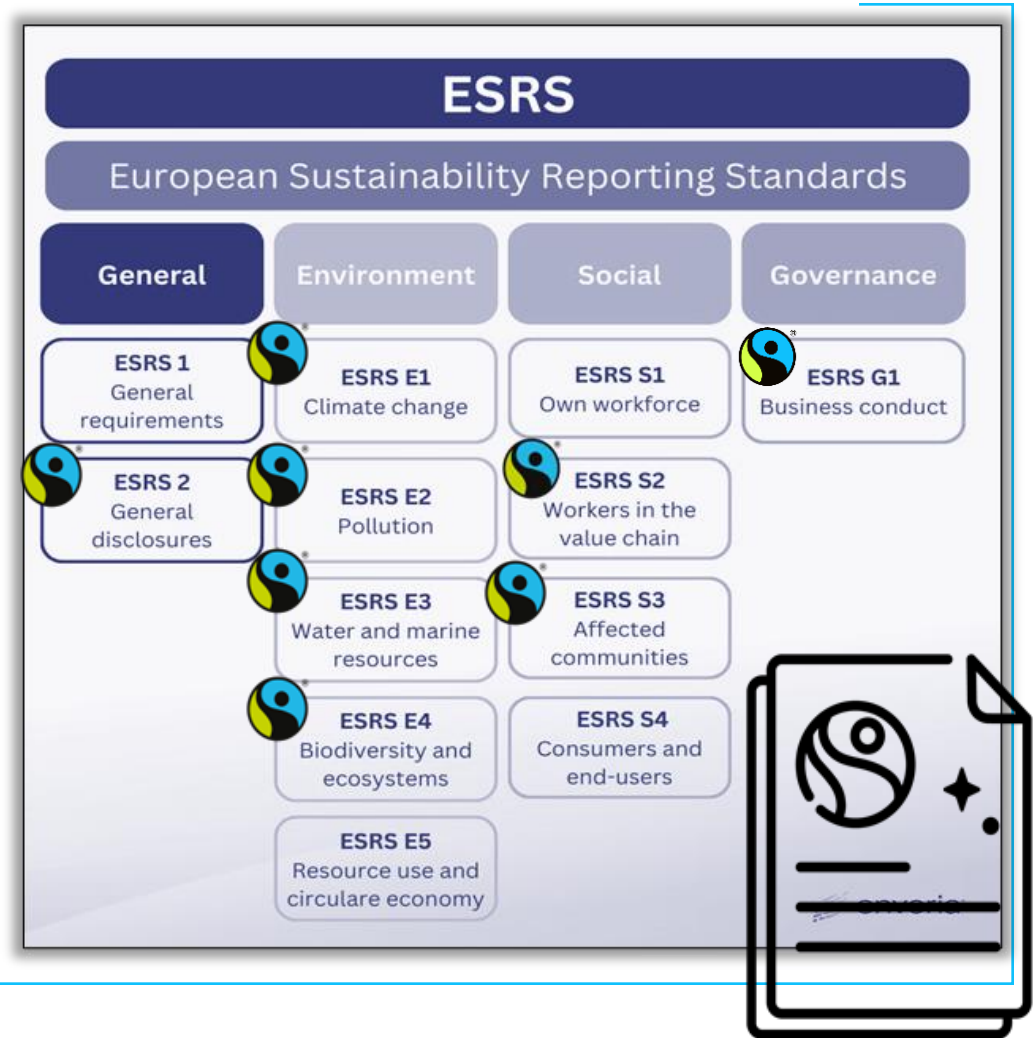
Further information

Aligned with CSDDD

How can Fairtrade support you?

Fairtrade x CSRD

- ▶ The CSRD is about reporting what you do (and don't do yet) based on your double materiality assessment
- ▶ The ESRS'es: general reporting indicators for all sectors
- ▶ Sector-specific indicators for high-risk sectors still in development



An example: biodiversity

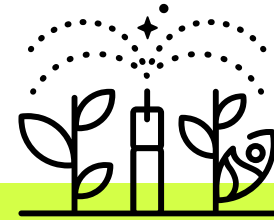
ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	<ul style="list-style-type: none"> - Climate change - Land use change, fresh water-use change, sea use change - Direct exploitation - Invasive alien species - Pollution

Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems

24. The undertaking shall specifically disclose whether it has adopted:

- (a) *biodiversity and ecosystem protection policy* covering operational *sites* owned, leased, or managed in or near a *biodiversity sensitive area*;
- (b) sustainable land / agriculture practices or policies ⁽⁸⁴⁾ ;
- (c) sustainable oceans / seas practices or policies ⁽⁸⁵⁾ ; and
- (d) policies to address *deforestation* ⁽⁸⁶⁾ .

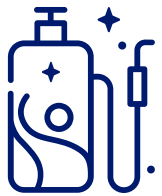
Fairtrade Standards requirements on biodiversity



Protection of forests and ecosystems



Raising farmer and worker awareness of hazardous chemicals



Hazardous agrochemicals: Prohibition of the worst, phase-out plan for others.



Prohibition of generically modified seeds



No agrochemicals around water bodies



Management of hazardous waste



Safe storage of agrochemicals



Sustainability of wild harvesting

In addition

- More detailed requirements for plantations and other producers that rely on hired labour
- Requirements on human rights and environmental due diligence

Fairtrade Minimum Price

Fairtrade Premium

Fairtrade Programmes

**EUDR –
EU Deforestation
Regulation**

Prohibition of trade
in raw materials
and products that
cause
deforestation or
forest degradation

January 2025 →

Fairtrade and Deforestation Regulation

EUDR

Contents

Bans trade in raw materials and products that cause deforestation or forest degradation after December 2020.

Market participants and non-SME traders must set up a due diligence system:

- Risk assessment and mitigation, respecting indigenous & local communities,
- Information obligations, including geolocation data,
- Annual reporting and due diligence declaration for operators and traders.

Scope and time frame

Applies from December 2024, except for SMEs from June 2025.

Coffee, cocoa, cattle, palm oil, rubber, soy, wood and products made from them.

Further information

Monitored by national authorities, sanctioned through fines, trade ban, confiscation etc.

Commission guidelines and country benchmarking upcoming.

How can Fairtrade support you?

How Fairtrade supports the EUDR implementation



Standards requirements align or exceed EUDR

Fairtrade Standards for cocoa and coffee match key EUDR requirements. Some requirements go beyond.

We also offer training and advise for farmers and workers.

Quality data to support reporting

Fairtrade supports farmers to be reliable market partners in the EUDR context, as owners of their data. For example with geolocation data collection.

Tackling the root cause

Fairtrade prices support better incomes, and **Fairtrade Premium** can be invested by producer organisations in forest protection initiatives.

We also implement projects that protect forests.

Advocacy

Fairtrade works to amplify smallholders' views and advocate for their needs in the implementation of EUDR.

Fairtrade Standards: Adjustments for coffee and cocoa



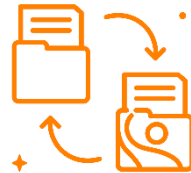
Protection of forests and ecosystems



Supporting producers to prevent and mitigate deforestation



Deforestation prevention and mitigation plan



Collecting geolocation data



Assessing and monitoring deforestation risks



Sharing geolocation data



+++ Biodiversity management (non-mandatory development criteria for coffee farmers)

In addition, Fairtrade Standards for small-scale producer organisations and traders require compliance with national legislation and human rights and environmental due diligence.

Fairtrade Standards on deforestation

Robust Standards and verification

Fairtrade Standard for Small-scale Producer Organisations:

3.2.31 – Protection of forests and vegetation (Core requirement/Year 0)

Your members do not cause deforestation and do not destroy vegetation in carbon storage ecosystems or protected areas.

3.2.32 – Prevention of deforestation (Core requirement/Year 1)

You have a procedure in place to ensure that your members do not cause deforestation or degradation of vegetation.

Fairtrade Standards for Coffee and Cocoa producers, and Traders

Include deforestation monitoring requirements, including a deforestation cut-off date, farm geolocation mapping, prevention and mitigation action plans and reporting.

- **Cocoa – section 3.4**
- **Coffee – 3.1.1-9** (take effect in 2026)

Include requirements for traders / payers to support their suppliers in their efforts to prevent and mitigate deforestation

- **Cocoa 3.4.4 (Core)**
- **Coffee 3.1.5 (Core)**, takes effect in 2026)
- **Trader 3.3.2 and 3.3.3 (Core/Year 3)**, take effect 2025)

Fairer for farmers

The Fairtrade Standards require distribution of the responsibility of tackling deforestation more equitably across all stakeholders in the supply chain.

Legal compliance in countries of production

What are the relevant Fairtrade criteria?



Fairtrade Standard for Small-scale Producer Organisations

1.1.6 – Compliance with national legislation (Core requirement/Year 0)

There are no indications that you or your members violate national legislation on the topics covered by this Standard.

If your country has developed additional regulations for the operation of Fairtrade as a certification scheme, you and your members are also required to comply with them.

1.1.7 – Land and water rights (Core requirement/Year 0)

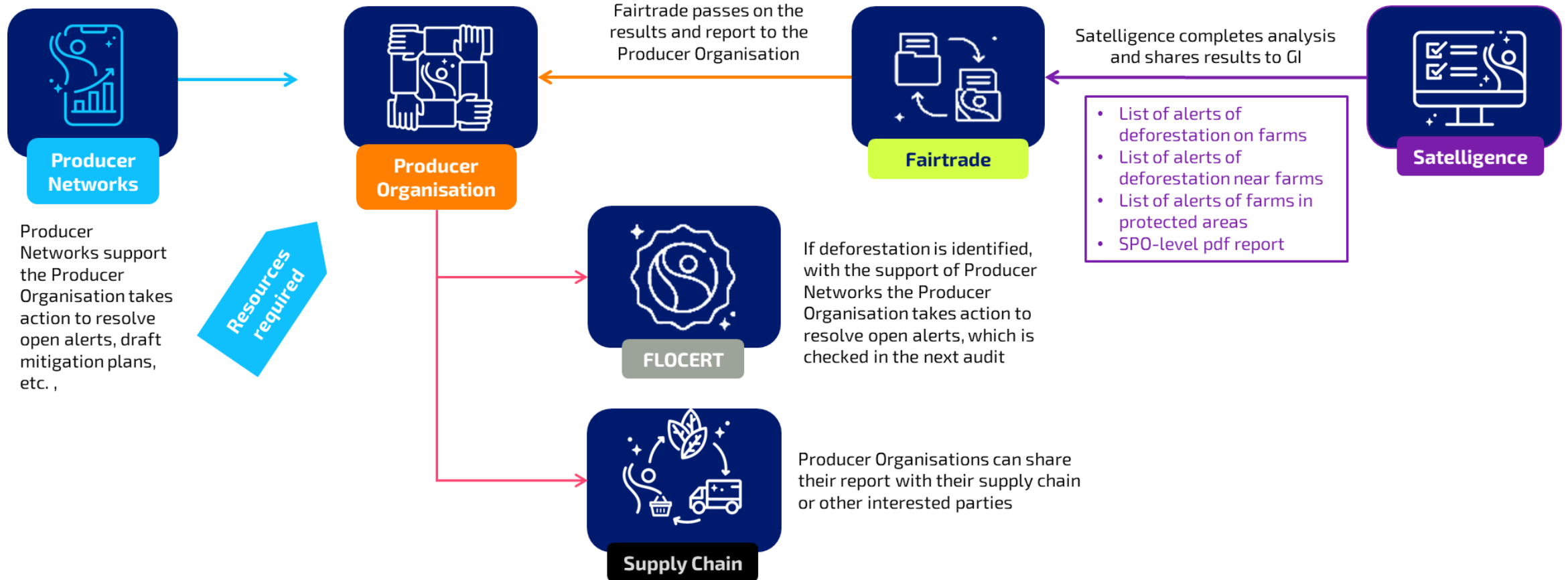
If there are indications of conflicts of your members' legal and legitimate right to land, water use and land tenure, they are resolved responsibly and transparently before certification can be granted. In cases where land claims and disputes are on-going, there is evidence that a legal resolution process is active and is carried out by legal authorities in your country.

Fairtrade Trader Standard

1.1.10 – Compliance with national law (Core requirement)

There are no indications that your company violates the national legislation of countries where your company is legally established and / or operates, and on the topics covered by this Standard.

Deforestation data flows and traceability



How Fairtrade addresses deforestation

Resources to tackle root causes

Fairtrade prices support better incomes, and **Fairtrade Premium** can be invested by producer organisations in forest protection initiatives.

Fairtrade's tools to work toward living incomes (such as reference prices) seek to accelerate progress so farming families have more security.

Projects and programmes funded and/or run by Fairtrade member organisations advance agroforestry, adaptation to climate change, soil health and generation of higher and more diversified income.

- See examples on the [Fairtrade Impact Map](#)
 - Sankofa 1.0 and 2.0 for cocoa in Ghana
 - Climate Academy for coffee in Ethiopia

These interventions contribute to reducing the need to expand the area of cultivation into surrounding forests.

Advocacy

We also advocate for stronger EU and business support for coffee and cocoa smallholders

**CSDDD –
Corporate
Sustainability
Due Diligence
Directive**

Obligation to
conduct
due diligence on
human rights and
the environment

Summer 2027 →

Fairtrade and Corporate Sustainability Due Diligence Directive

Contents

Requires companies to

- Integrate HREDD into policies (art. 7),
- Identify adverse impacts on people and the environment (art. 8),
- Address and remediate, engaging with stakeholders (art. 10-13),
- Establish a complaints procedure (art. 14),
- Monitor and communicate (art. 15-16).

Scope and time frame

Phased implementation. By July 2029, covers companies with at least 1,000 employees + €450m turnover.

Member states must enact national laws by July 2026.

Further information

- Monitored by national authorities, sanctioned through fines and civil liability.
- Support measures in planning, especially for indirectly covered SMEs.

How can Fairtrade support you?

How Fairtrade supports the CSDDD implementation



Standards requirements and training on due diligence

We require due diligence from – and offer training and advice to all Fairtrade certified organisations.

Targeted programmes

We can partner in programmes and projects to address specific impacts in specific sourcing areas

Assessing risks and monitoring

Our Risk Map and supply-chain specific Risk Reports support risk analysis.

Flocert audits monitor compliance and implementation of corrective measures.

Stakeholder engagement

We can support you in establishing meaningful dialogue with farmers, workers and other affected stakeholders in your supply chain.

Fairtrade support with CSDDD – Integrate

Article 7

Your to do's

Integrate risk-based HREDD into corporate policies

Contribution of Fairtrade sourcing



Fairtrade requires and supports and HREDD throughout certified supply chains, aligning with EU regulations

Additional services



Advice on HREDD, salient issues and solutions in supply chain

Fairtrade support with CSDDD – Integrate



HREDD IS ABOUT
WORKING STEP-BY-STEP
TO REDUCE HUMAN
RIGHTS PROBLEMS
AND DAMAGE TO THE
ENVIRONMENT.



YOUR ORGANISATION
PROBABLY ALREADY
PERFORMS SOME HREDD
STEPS, EVEN IF YOU
HAVE NOT CALLED IT
“DUE DILIGENCE”.



Fairtrade support with CSDDD – Identify and assess

Article 8

Your to do's

Identify and assess actual or potential adverse impacts

Contribution of Fairtrade sourcing



Risk Map supports risk analysis by companies and farmer organisations on country, product and topic level

Additional services



Risk reports on specific supply chains/products /sourcing areas

Fairtrade support with CSDDD – Identify and assess



Fairtrade Risk Map

- Show's salient issues in countries and commodities with which Fairtrade works
- Promotes the rightsholder perspective – findings validated by farmers and workers.
- The highlighted risks are not specific to Fairtrade certified supply chains.
- riskmap.fairtrade.net

Fairtrade support with CSDDD – Address & remediate

Articles
10-12

Your to do's

Prevent or mitigate **potential impacts**, minimize and remediate **actual impacts**

Contribution of Fairtrade sourcing



Standard requires prevention, mitigation, minimizing and remediation; Corrective measures; Minimum prices & premium; **Ongoing producer support**, also for remediation; Advocacy work towards public decision-makers.

Additional services



Programmes and projects to address specific impacts in specific sourcing areas.

Fairtrade support with CSDDD – Engage

Article 13

Your to do's

Engage with stakeholders, including affected people in supply chains

Contribution of Fairtrade sourcing



Governance: Producers hold 50% of voting power is General Assembly, Standards decisions etc.

Additional services



Dialogue with farmers, workers, other stakeholders.

Fairtrade support with CSDDD – Complaints

Article 14

Your to do's

Establish or participate in a
complaints procedure

Contribution of Fairtrade sourcing



Fairtrade & Flocert complaints procedures are open to all stakeholders. **Standards:** Grievance mechanisms at plantations and trading companies

Additional services

TBD

Fairtrade support with CSDDD – Monitor and communicate



Article
15-16

Your to do's

Monitor effectiveness and communicate publicly

Contribution of Fairtrade sourcing



Flocert audits monitor compliance and corrective measures. Producer surveys; Impact research; **Comms assets** on Fairtrade's impact.














Additional services



Product **dashboards**; Monitoring & impact reports; Project monitoring

Fairtrade support with CSDDD



Art. Your to do's	Contribution of Fairtrade sourcing	Additional services
7 Integrate risk-based HREDD into corporate policies	 Fairtrade supports and requires HREDD in certified supply chains, aligning with EU regulations	 Advice on HREDD, salient issues and solutions in supply chain
8 Identify and assess actual or potential adverse impacts	 Risk Map supports risk analysis on country, product and topic level	 Risk reports on specific supply chains/products/sourcing areas
10-12 Prevent or mitigate potential impacts , minimize and remediate actual impacts	 Standard requires prevention, mitigation, minimizing and remediation; sets minimum prices & premium. Ongoing producer support , also for remediation. Advocacy work towards public decision-makers.	 Programmes and projects to address specific impacts in specific sourcing areas.
13 Engage with stakeholders	 Governance: Producers hold 50% of voting power is General Assembly, Standards decisions etc.	 Dialogue with farmers, workers, other stakeholders.
14 Establish or participate in a complaints procedure	 Fairtrade & FloCERT complaints procedures are open to all stakeholders. Standard: Plantations and traders must have grievance mechanisms.	TBD
15 Monitor the effectiveness of policies and actions	 FloCERT audits monitor Standard compliance and implementation of corrective measures. Producer surveys and research provide further insights.	 Monitoring and evaluation of programmes and projects
16 Communicate publicly on due diligence (CSRD)	 Data and comms assets on Fairtrade's impact support your reporting.	 Product dashboards , monitoring & impact reports

**FLR –
EU Forced
Labour
Regulation**

Prohibition of
trade in raw
materials and
products made
cause forced
labour

Autumn 2027 →

Fairtrade and Forced Labour Regulation

Forced Labour Regulation

Contents

- The [regulation](#) bans products made with forced labour from EU markets.
- When authorities investigate a product, the company must provide evidence of due diligence in the supply chain within 30-60 days.
- Products can be confiscated at borders, or must be donated, recycled or destroyed.

Time frame

- Applicable in late 2027 (3 years after sign-off and publication).

Scope

- All companies, products and production stages (except transport).
- Commission prepares a database of high-risk products and regions.

Further information

- Individuals and organisations can report allegations to competent authorities.

Forced Labour – the concept

An estimated **27.6 million adults and children** work involuntarily.

No sector, product, or country is immune to the risk of forced labour.

Heightened risks



Cocoa



coffee



cotton



fruits



gold



nuts



rice



sugar



tea



vegetables

ILO indicators of forced labour:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

How can Fairtrade support you?

How Fairtrade supports implementation of the Forced labour regulation



Standards requirements

Fairtrade standards guide and require prevention and remediation of forced labour.

Producer support

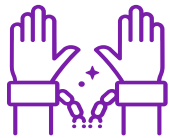
Ongoing training and support from 300 experts at Fairtrade Producer Networks in Africa, Asia, Latin America.

Targeted programmes

Specific programmes across the world in partnership with international organisations.

Fairtrade Standards requirements on mitigation and remediation of forced labour

All producers



Prohibition of forced labour



Prohibition of physical and sexual violence and harassment



Farmer and worker awareness of forced labour prohibition



Regular wage payments with payslips



Remediation of forced labour cases



Written contracts for permanent workers



Spouses are free to work elsewhere

Additional for plantations and other companies that rely on hired labour



Overtime is voluntary and not excessive



Only at-cost deductions from wages



Rent in line with local average



Direct contracting of seasonal workers



Employer pays visa & recruitment fees + for short contracts travel



Forced labour/ Producer support

- Ongoing training and advice by **300 experts** at Fairtrade Producer Networks in Africa, Asia, Latin America.
- Promotes **Standard compliance and remediation** of forced labour cases.
- Fairtrade's continental **protection committees** and policies prioritise the rights and interests of the impacted people.
- Encourage **collaboration** between producer organisations and local protection agencies.

Forced labour/ Fairtrade programmes



Cocoa | Child Protection, Workers' Rights
Child & forced labour MRS

🕒 2022 - 2025

Building functional community-based monitoring systems to decrease the risk of forced and child labour

[Read more →](#)



Cane sugar | Human Rights...
Sugar Programme: Better Labour Practices (Mauritius)

🕒 01/2021 - 06/2024

Sugar Programme: Better Labour Practices (Mauritius)

[Read more →](#)

Visit Fairtrade Impact Map!

Green Claims + Empowering Consumers

Contents,
verification and
substantiation of
green claims.
Labels are also
further defined.

Early 2028?

Fairtrade and Green Claims + Empowering Consumers Directives

Green Claims + Empowering Consumers Directives

Contents

- Aim = addressing green-washing
- ECD: Generic environmental claims are prohibited; Labels need to be based on a certification scheme.
- GCD: Rules on communication, verification and substantiation of claims

Time frame

- ECD: Fully adopted in Q1 2024. Transposition starting. Enters into force in Sept. 2026.
- GCD: Trilogue to start in Q4 2024, final adoption around Q1 2025

Scope

- No restriction on scope: all companies, all sectors. Specific provisions for SMEs though.
- Life-cycle approach and product environment footprint: we're seeking to make sure their use is encouraged only when applicable/relevant

Further information

- Not an access to market tool, no due diligence perspective
- Simplified procedure for companies basing claims on labels (burden is then on labels)

Additional information on Green Claims Directive



Claims (and labels requirements) must be based on widely recognised scientific evidence.

No claims on law imposed compliance (EUDR compliant)

Ex-ante verification by a verifier, certifying the claim or label complies with requirements.

EC will adopt delegated acts to specify methodologies

Fairtrade support with GSD and ECD

The GCD has not been adopted yet. The requirements and the scope may still evolve

!

FAIRTRADE Marks is based on a transparent, recognised and robust certification scheme, with independent verification.

already complies with the rigour required for ex-ante verification

We will review our environmental claims against consistency with the GCD

Standards and environmental criteria

Around 1/3 of the criteria in our Standards are related to environmental aspects:

- Some criteria are clearly backed by scientific evidence : eg. deforestation monitoring (Satelligence)
- Sugar and flowers: Obligation to report on environmental indicators (e.g. water pesticides, fertilisers, etc.)
- Many of our criteria require POs to demonstrate they have implemented a specific measure (e.g. action plan on biodiversity in the Coffee Standard)
- Currently investigating agroecology practices uptake (coffee, cocoa and banana)

Conclusion

- A robust label in terms of governance
- We have/are developing many indicators on which to base environmental claims



Some last questions

Do certification schemes work?

No single actor can end human rights and environmental harms in global supply chains.

ISEAL commissioned systematic review in 2018:

Certified organisations are more likely to adopt and retain more sustainable and responsible practices - audits drive good practice adoption.

Certification supports farmer organisations
-> economies of scale, resilience and social capital.



Does Fairtrade work?

- The Fairtrade Minimum Price and Premium have had notable impacts towards decent standards of living, which are fundamental to achieving other rights
- Fairtrade certified producer organizations tended to be more transparent, and engage more widely with stakeholders, from government to industry.
- New study available as from last week: The Effect of Fairtrade on Forest Protection and Deforestation Prevention



Introduction

Human rights underpin Fairtrade's vision of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. This study seeks to find out the extent to which Fairtrade's interventions reduce human rights harms in global supply chains and can contribute to the Human Rights Due Diligence of companies. These interventions include the Fairtrade Minimum Price, Fairtrade Premium training for producers, standards, development projects and advocacy work.

Fairtrade commissioned the Vrije Universiteit Amsterdam and DIMES Consultancy to undertake the study. The researchers used 'outcome harvesting', a methodology recognized by the UN Development Programme and the World Bank for use in complex environments, in which researchers work backward from evidence of change via six stages of research, interviews and analysis to determine whether and how an intervention contributed to the changes.

Out of 102 initial outcomes identified, 29 outcomes were selected through a participatory process with the researchers, Fairtrade International, the Fairtrade producer networks CLAC (Latin America/Caribbean region) and Fairtrade Africa, and other stakeholders.

Twenty-nine producer organizations representing two products and three countries participated in the study: coffee producer organizations from Ethiopia (7) and Colombia (5), and banana producer organizations from Dominican Republic (1) and Colombia (6). The researchers analysed 70 documents, and conducted 105 individual and group interviews and 9 workshops.

To allow for in-depth analysis, this study focused on outcomes within five human rights domains:

- Living wage / living income
- Working conditions (including grievance policies and seasonal / migrant workers' rights)
- Freedom of association (including the right to form and join trade unions)
- Child labour and forced labour
- Discrimination and women's rights



Main Take-Aways



Certifications can support: Companies can use certifications to support (not replace) due diligence efforts and compliance with the new laws.



Fairtrade is a strong partner: Fairtrade is aligned with the new laws. We are strong in addressing deforestation, low farmer incomes and worker wages, poor working conditions, adaptation to climate change and weaknesses in democratic organising.

**Rightsholders as
decision-makers**

**Support to SMEs
in supply chains**

**Effective set of
interlinked
activities**

**Credible,
legitimate, well-
known**



We welcome further questions!

**Fairtrade guides and supports
all supply chain actors to thrive in
this new business environment.**

Bizhumanrights@fairtrade.fi