



# Developing Common Due diligence tools Working Group

The Food Network for Ethical Trade – 2nd May 2024 – 14.00 -16.00 hrs



# Competition Law Statement

*“Today we are meeting to discuss the Food Network for Ethical Trade.*

*We take competition compliance seriously. Whilst discussions can cover matters of interest to our industry, we cannot discuss or exchange sensitive commercial information.*

*If at any time during this meeting, you think our discussions may be in breach of competition rules, please inform the Chair. The Chair may close the meeting at any time if she believes that discussions are in breach of competition law”*

**This meeting will be recorded so we can capture all the comments and share with those WG members not present today**



# Agenda

Estimated time	Item
14.00 – 14.10	<ol style="list-style-type: none"> <li>Welcome and introduction</li> <li>Review of the workshop - SLIDO</li> </ol>
14.10 – 14.30	Review and Feedback on the Draft <b>Guidance Document</b> <b>Definitions Agreement/changes -Don't let perfection get in the way of progress</b>
14.30 – 14.45	<b>Mutual Recognition</b> – How can we use other tools, what else is out there – Subgroup Team (Harriet Cole, Helle Lipper, Susan Seller Q & A , then agree how to incorporate into Guidance
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# Workshop Deliverables - Recap

## What do we want to deliver?

- ✓ Clear scope and definition of Low Leverage and Complex Supply Chains
- ✓ What is best practice and how are others approaching?
- ✓ Tools to help increase leverage
- ✓ A Guidance Document
  - ✓ Policy, communication, risk assessment, mitigation, remediation
- ✓ A roadmap for the guidance development
- ✓ An opportunity for shared learning and collaboration across different organisations and supply chains

slido



## Low leverage and complex supply chains

ⓘ Start presenting to display the poll results on this slide.

# Draft Guidance Document - Feedback

## Purpose and Scope

- Is the scope of the document clearly defined?

## Audience

- Does the document address the needs and knowledge level of its intended audience?

## Clarity and Consistency

- Is the language clear and understandable?
- Are there any ambiguous terms or concepts that need clarification?
- Are there any inconsistencies within the document?

## Relevance and Timeliness

- Is the guidance document current and up-to-date?
- Does it reflect the latest standards?

## Practicality and Feasibility

- Are the recommendations and instructions practical to implement?

## Completeness

- Are there any critical areas or topics that are missing?
- Are there any barriers (language, technical jargon) that could hinder understanding?

## Feedback and Improvement

- Any suggested improvements?



Version 1 20 April 2024



## FNET GUIDANCE ON LOW LEVERAGE AND COMPLEX SUPPLY CHAINS

### 1. DEFINITIONS

**Low Leverage:** "typically refers to a situation where a company or entity has limited influence or control over its suppliers, or other key components of its supply chain."

Low leverage in the supply chain can hinder a company's ability to manage risks and adapt to changing business environments effectively.

See Appendix A for examples

**Complex Supply Chain:** "A complex supply chain refers to a network of interconnected entities, processes, and activities involved in the production, distribution, and delivery of goods or services. Several factors contribute to the complexity of a supply chain."

Managing a complex supply chain effectively requires coordination, collaboration, and transparency among all stakeholders, as well as the use of sophisticated tools and methodologies to optimize processes, mitigate risks, and ensure responsiveness to changing market conditions.

See Appendix B for examples

### 2. BACKGROUND AND ASSESSING RISK

#### a. GETTING STARTED

The Food Network for Ethical Trade (FNET) was established by retailers and food manufacturers to **improve livelihoods and working conditions of people within, and communities affected by, our operations and supply chains**. Our network is seeking to accelerate improvements in human rights and labour standards for workers by improving supply chain due diligence through the **adoption of responsible business practices** and **facilitating collective action on systemic issues**. rights and labour standards are also a priority for the FNET and its member companies.



Conducting a human rights risk assessment should help your company understand how their activities and business relationships impact upon the human rights of people-affected impacted? by your operations and supply chains. **Risk assessment is** embedded in the UNSDG, FNET Theory of Change and member commitment and could be covered by legislation depending on where your business is based and where it

Page | 1

Draft Guidance on Engaging Complex and Low Leverage Supply Chains\_20.04\_DA

# Mutual Recognition – Harriet, Hella, Susan, Emma

## ➤ **What did we consider at the meeting and afterwards?**

- Smeta - Base line
- Fairtrade International - agriculture
- Fair for life
- SA8000
- Grasp
- Rainforest Alliance
- Amfori BSCI
- SAFA

## ➤ **Anything else?**

## ➤ **Smallholder checklist – in development**



# Mutual Recognition – Smallholders

## IFC – International Finance Corporation



Creating Markets, Creating Opportunities

### Useful Links

[Annual Report 2023:  
Building a Better Future  
\(ifc.org\)](#)



IFC 2023  
ANNUAL REPORT

**LEADERSHIP PERSPECTIVES**

- Letter from the IFC Board
- Letter from Ajay Banga, World Bank Group President
- Letter from Makhtar Diop, IFC Managing Director
- Our Management Team
- FY23 Financing and Impact Highlights

**RESULTS**

**STRATEGY IN ACTION**

**CRITICAL FUNCTIONS**

# ABOUT IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets and developing economies. We work in more than 100 countries, using our capital, mobilization capacity, expertise, and influence to create jobs and raise living standards, especially for the poor and vulnerable.

In fiscal year 2023, IFC committed a record \$43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to improve people's lives as economies grapple with the impacts of global compounding crises. For more information, visit [www.ifc.org](http://www.ifc.org).

IFC ANNUAL REPORT 2023 1

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# FNET Specialist Directory – Lydia Tunnard

Area of Experience	Programme area of experience						Product area of experience	Country area of experience	Supply chain area of experience							
	Member Name	Engaging the Business	Risk Assessment	Implementation of actions	Remedy & grievance	Monitoring			Communicating	Tier 1	Tier 2 & below	Small suppliers <30 workers	Labour providers	Farmers	Packaging	Transport & Logistics
Example 1		Y					Salads	Spain, Netherlands, UK			Y		Y		Y	
Example 2				Y	Y		Meat and fish	UK, Thailand, China		Y			Y	Y		Gender specific

**What is the expectation?** To be able to offer guidance or support to another member on the topic.

You may be able to guide a fellow FNET member information or contacts for a new region or raw material to them, you may have experience of NGO's, Audit Companies or Trainers on the ground you have used; you may be able to share knowledge of specific risks and how you have worked through them.



# Comfort Break – 5mins



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# Case Studies on Collaboration

1. What was the Issue?
2. Who Collaborated?
3. Getting started?
4. What was the Objective?
5. What was the outcome?
6. What would you do different?

MEXICO PRODUCE  
SECTOR WORKING  
THROUGH AUDIT  
N/C'S



**Call out for other examples to include in the Guidance**

**What would members like to see?**



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Human Rights Risk  
Assessment and Monitoring  
which also supports suppliers



# Who is &Wider

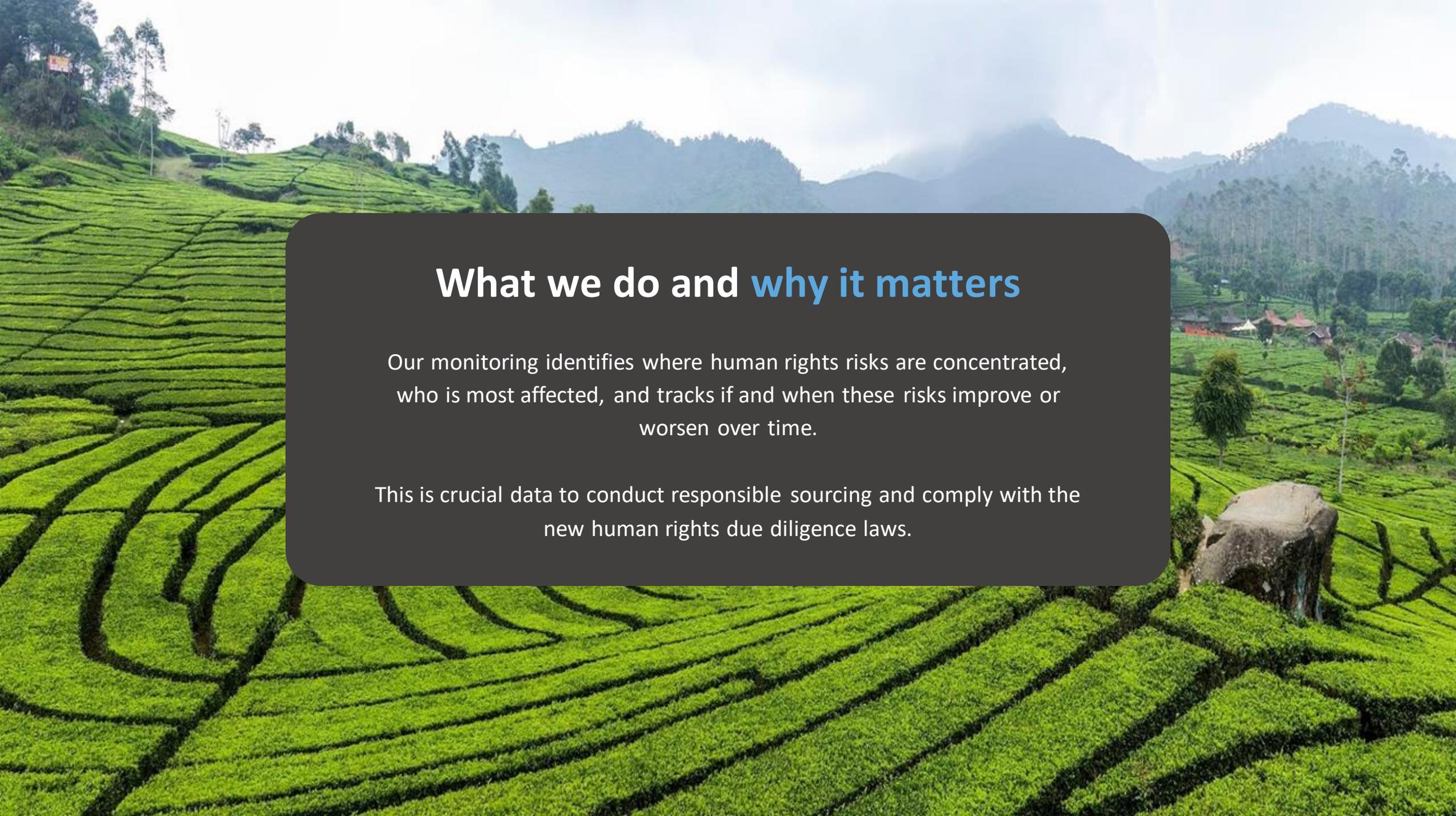
## Human rights data provider

- Primary data
- Gathered directly from rights-holders (workers, smallholders, communities)
- Via inclusive mobile phone channels
- No limit on languages or sector
- Results shared on traffic light dashboards
- And via Landscape Assessments
- Light on deployment



Anonymous insight direct from workers about working conditions and wellbeing, in any sector or geography



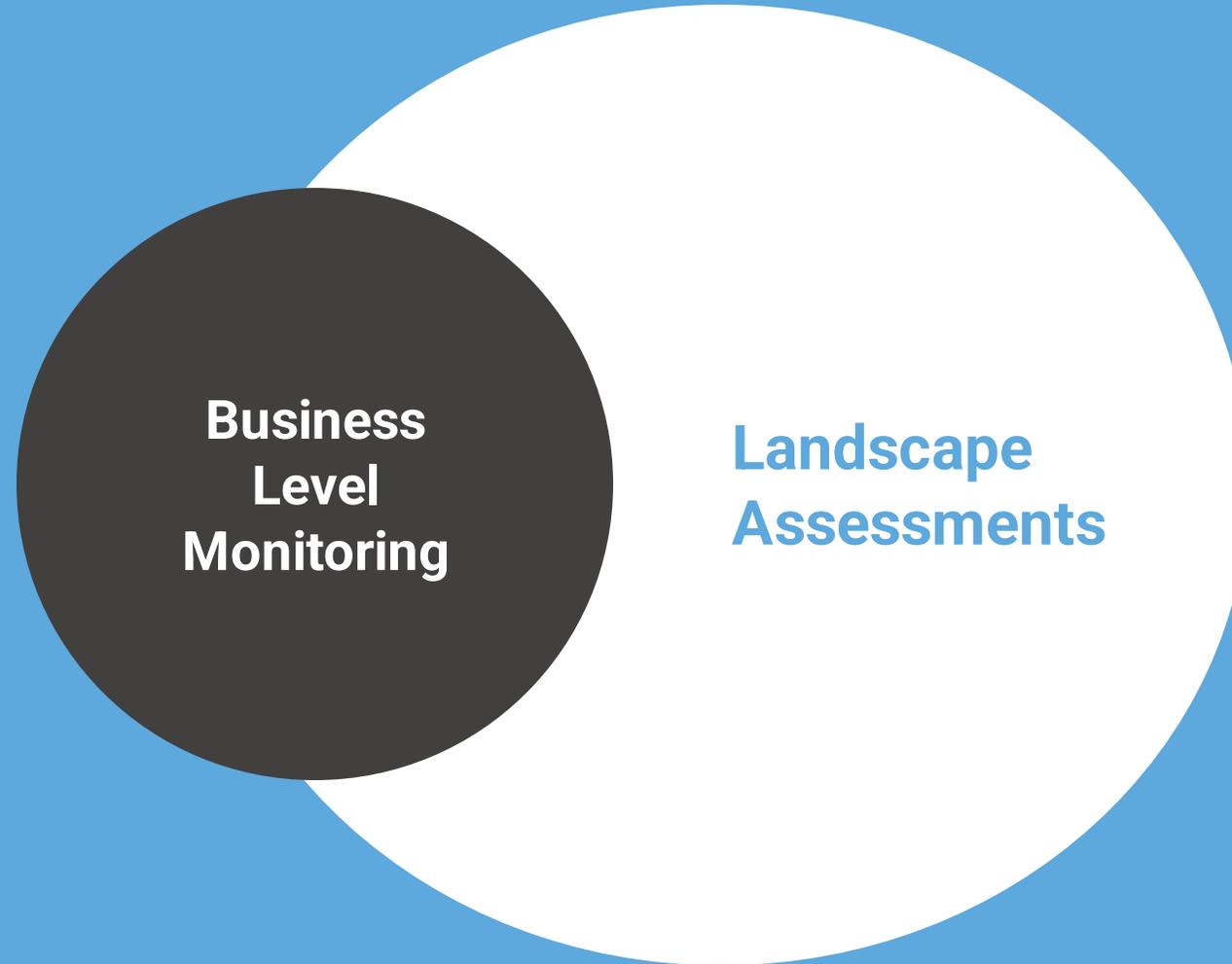


## What we do and **why it matters**

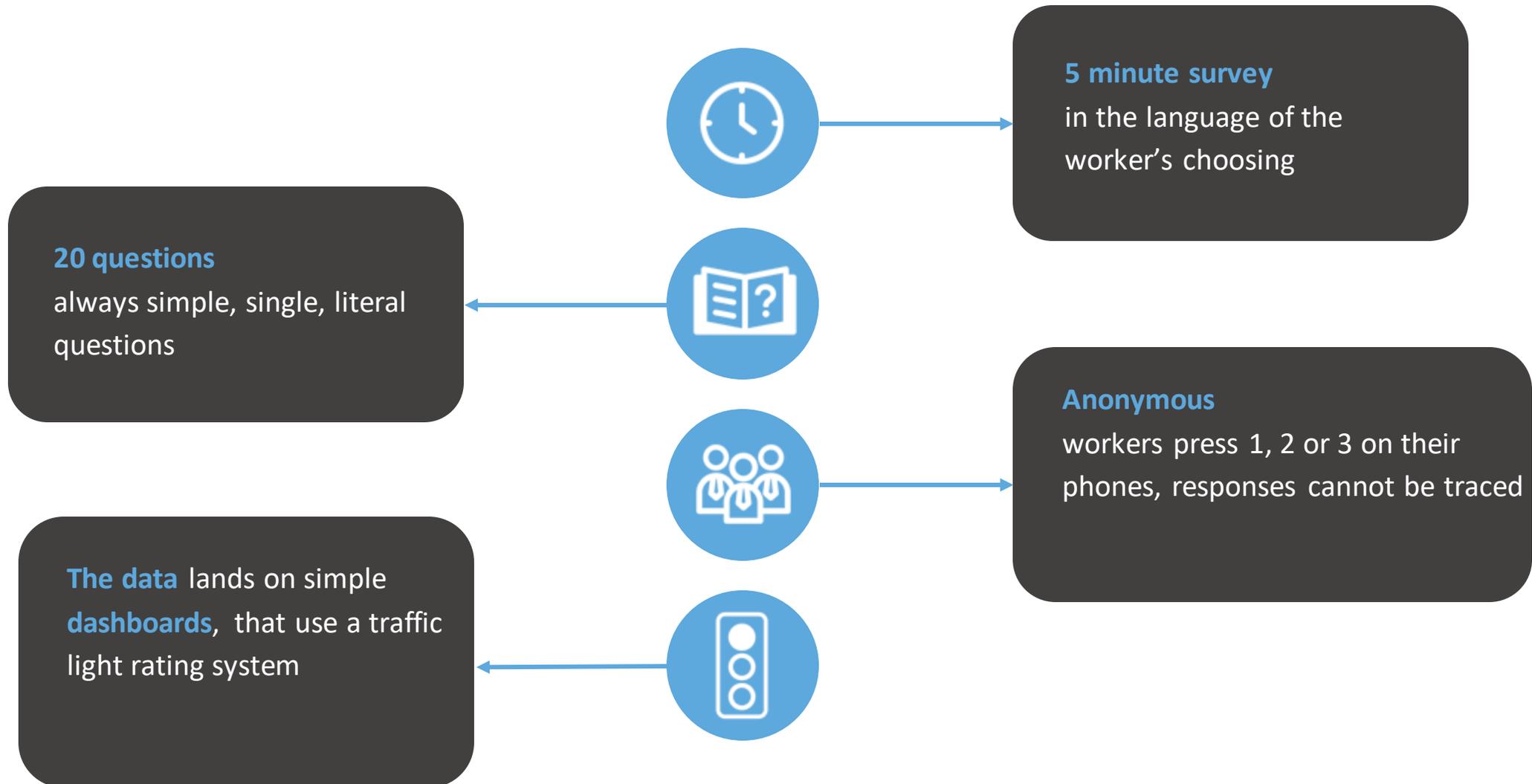
Our monitoring identifies where human rights risks are concentrated, who is most affected, and tracks if and when these risks improve or worsen over time.

This is crucial data to conduct responsible sourcing and comply with the new human rights due diligence laws.

# Generate human rights data on two levels



# How worker data is gathered





Wider

Select position or enter supplier site

Map Satellite

wider.com

### 3.1 Example site 1

- 1 Priorities
- 2 Progress
- 3 Results by Theme
- 4 Participants

### 3.2 Example site 2

- 1 Priorities
- 2 Progress
- 3 Results by Theme
- 4 Participants

### 3.3 Example site 3

- 1 Priorities
- 2 Progress
- 3 Results by Theme
- 4 Participants

#### What to look for

The Supplier site shows all participating sites and the overall status of each site when you click on it. Each site is then a click away from the Supplier site showing all the overall status from all completed sites. This site shows the key questions and highlights sites which are being regularly used, and which need support.

The supplier gets a status badge when a certain level of improvement has been reported by workers.

The screenshot displays the &Wider interface. At the top, a navigation bar includes the &Wider logo and tabs for '< Back To Map', 'Improvements', 'Priorities', 'Progress', 'Results by Theme', 'Participants', and 'De'. Below this, a teal banner reads 'CONGRATULATIONS'. A message follows: 'Well done! You are now **A LISTENING EMPLOYER** on the &Wider platform! Regardless of what your results show, we want to congratulate you already, because these show that you are committed to hearing directly from workers.'

On the left, a sidebar shows a 'Status Badges' section with an information icon and the text: 'We use your &Wider status badges to measure your progress on our platform, and you can use it to check how you are doing against your previous results or in relation to your peers. Plus, it's a great way for you to see where you can improve.'

Three status badges are shown in a row. The first is a teal badge with a yellow star, labeled 'Listening Employer' for 'May 2021'. The second is a grey badge with two white stars, labeled 'Responding Employer'. The third is a grey badge with three white stars, labeled 'Improving Employer'. All badges feature the &Wider logo at the bottom.

Working Conditions

- There are no survey cycles -



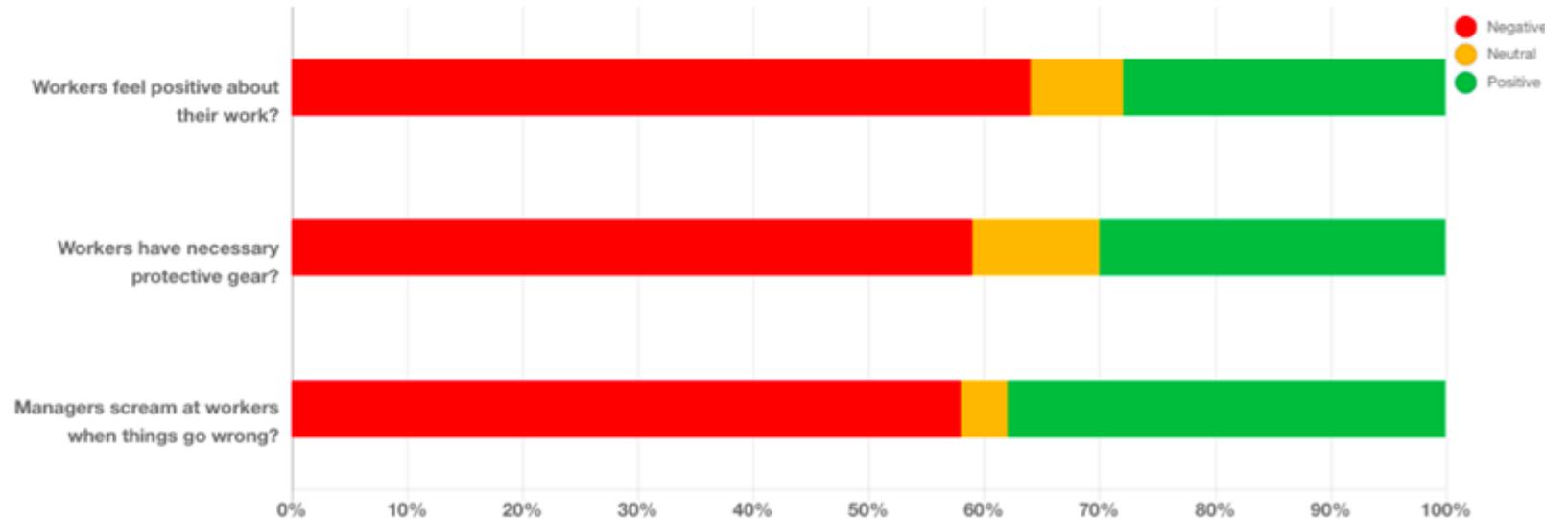
6.0

Filters

What to look for

The higher the reds, the more urgent the issue, according to the workers who participated. Red = poor and needs improvement, green = good, amber = don't know, grey = not a priority. Use this chart to see which changes the workers would like prioritised.

### Priorities



Then review the priorities using the Priorities Chart. These show the priorities - issues flagged as red by 50% or more of those who participated.

Working Conditions

6.2

Filters

What to look for

Download all results

# Priorities

- There are no survey cycles -

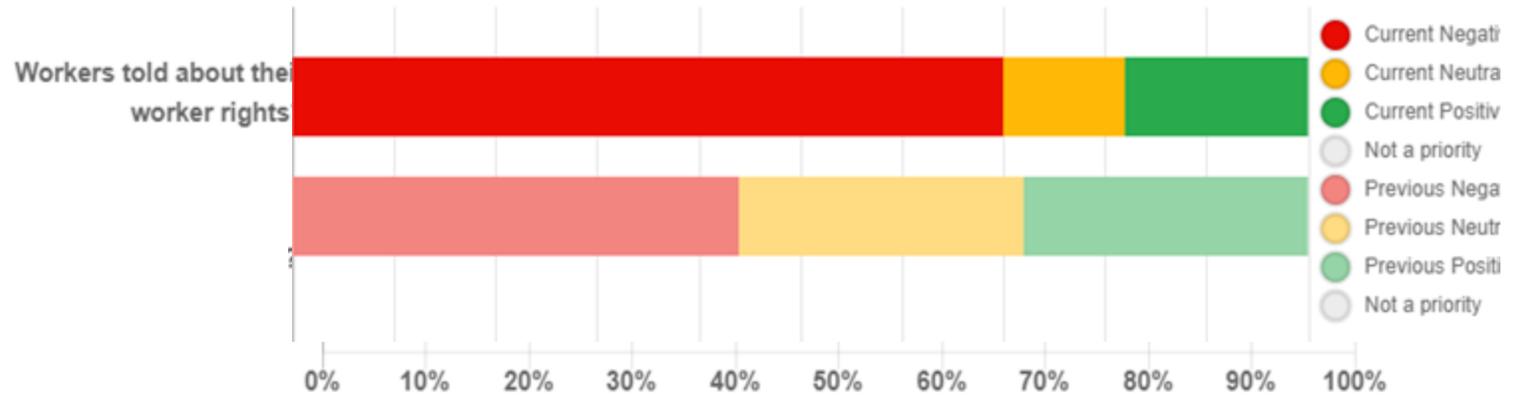
- Choose Survey Cycles to compare -

APP CC 1

Refresh icon

Download icon

6.9



Compare with previous survey cycle in priorities chart

7.6

Filters

Gender

Female

Male

Age

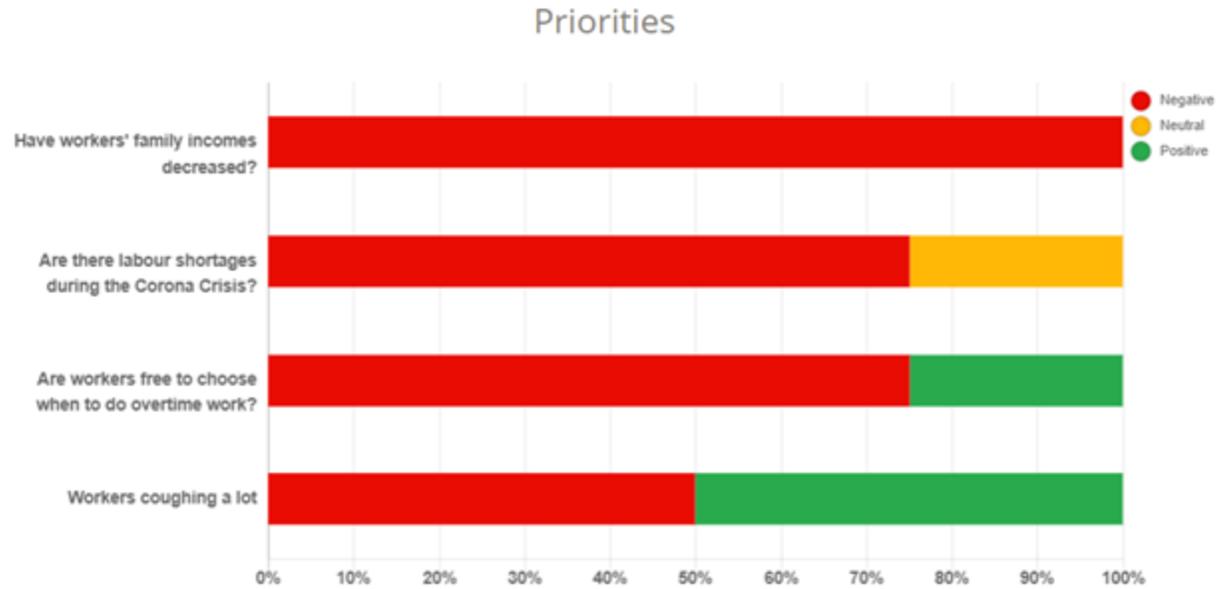
Lower Age Band

Middle Age Band

Upper Age Band

Permanent or Seasonal

Seasonal



Filters spot differences between subgroups of workers

7.6

Filters

Gender

Female

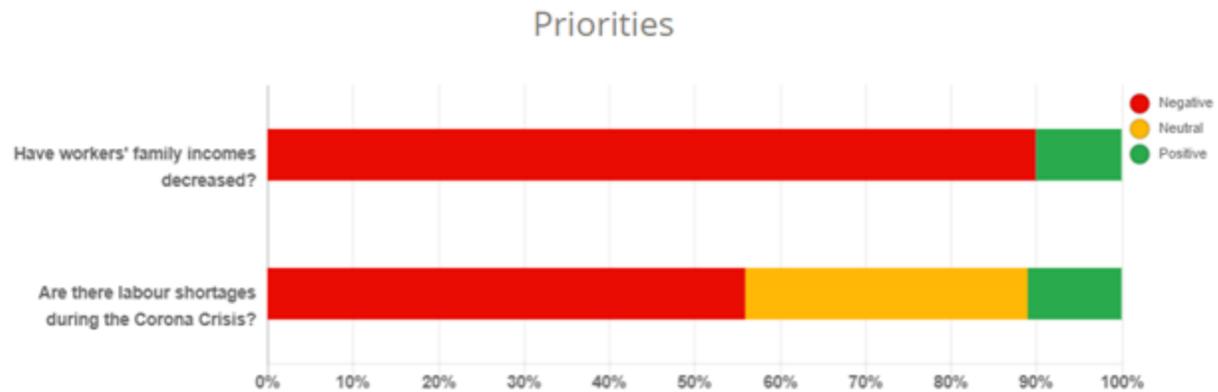
Male

Age

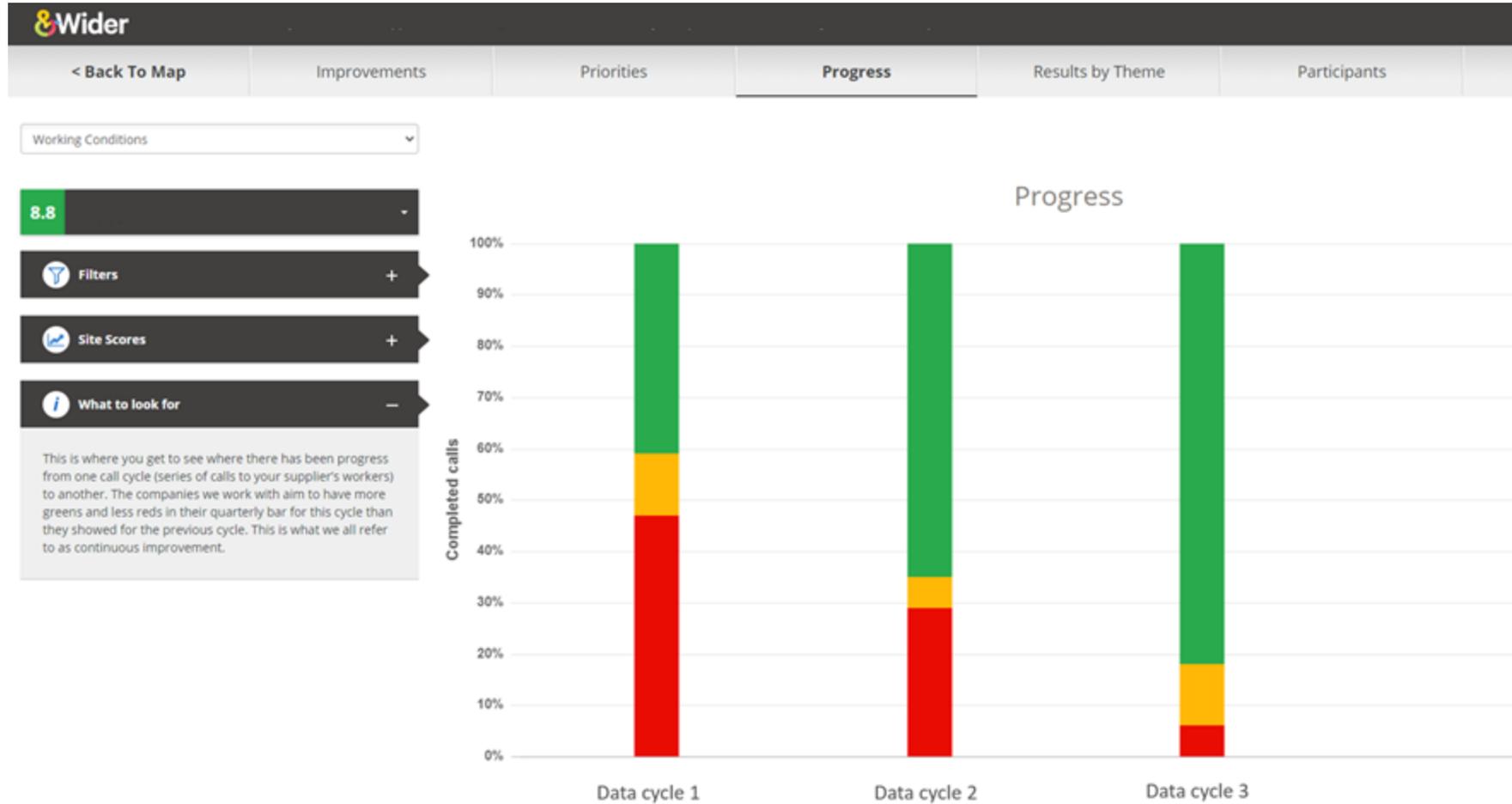
Lower Age Band

Middle Age Band

Upper Age Band



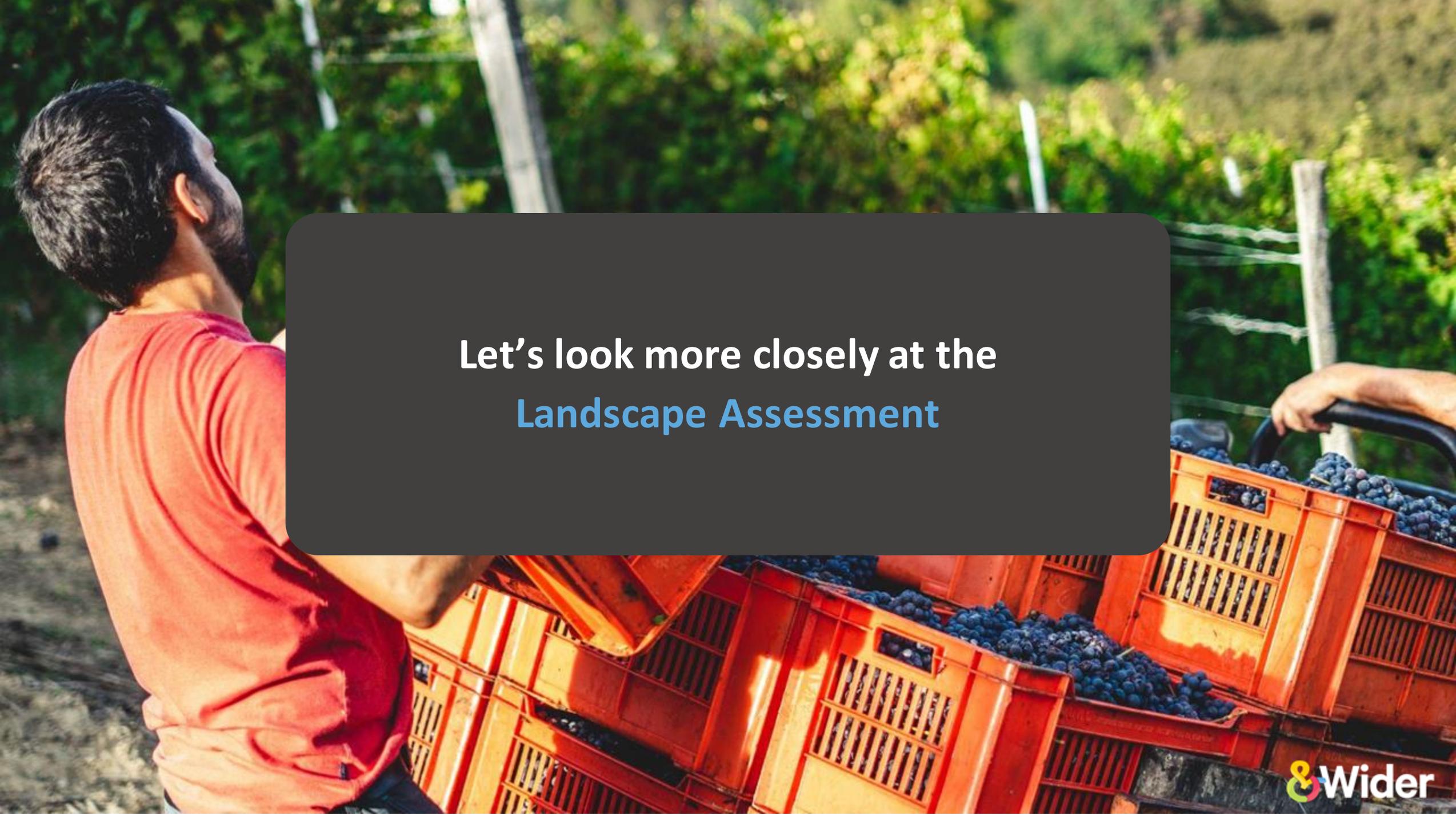
Progress Chart measures improvement over time.



# Where are we doing Landscape Assessments?

32 Brands involved in wine, fruit, logistics,  
tomatoes, sugar, cocoa coconut, tea and  
apparel



A man with a beard, wearing a red long-sleeved shirt, is seen from the side, looking towards a vineyard. In the foreground, several orange plastic crates are filled with dark grapes. A hand is visible holding a black handle, likely from a wheelbarrow or similar transport device, positioned over one of the crates. The background shows rows of grapevines under bright, natural light.

Let's look more closely at the  
**Landscape Assessment**

# Why our Landscape Assessments are unique

- Based on near-to live, [primary data directly from the rights holders](#) working for your suppliers
- They track change over time
- Different from risk analytics companies which are snapshots based on last year's secondary data
- Empower sustainability and procurement professionals to know the broad nature and extent of human rights risks and improvements in particular geography



They are dynamic, live and include [human rights strengths, risks and improvements](#).

# OECD Guidelines on Human Rights Due Diligence, and our Landscape Assessments

Provides an annual report with statistics for all your stakeholders

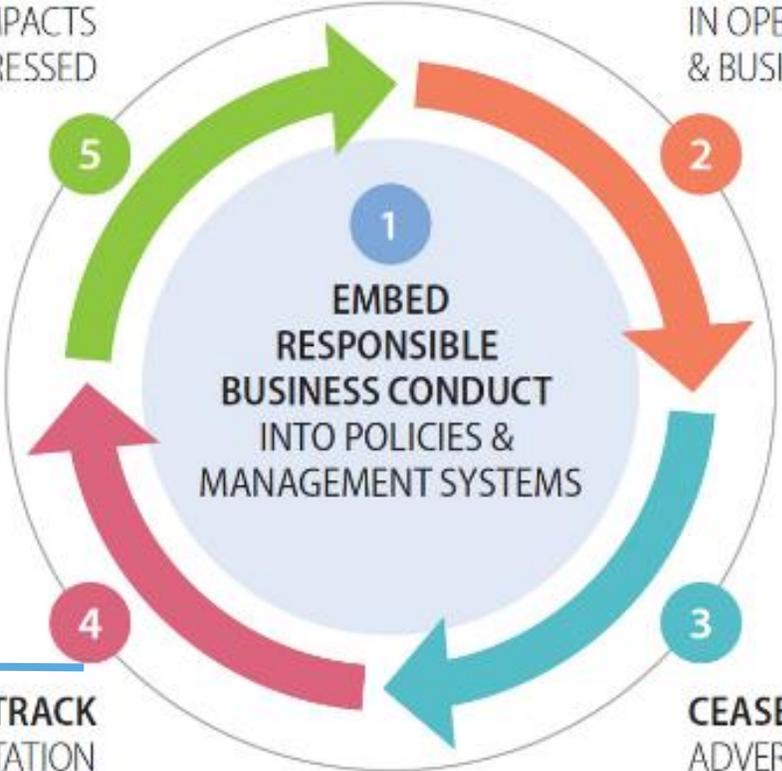


**COMMUNICATE**  
HOW IMPACTS  
ARE ADDRESSED

Track human rights risks and progress in highest risk areas or sites



**TRACK**  
IMPLEMENTATION  
AND RESULTS



**IDENTIFY & ASSESS**  
**ADVERSE IMPACTS**  
IN OPERATIONS, SUPPLY CHAINS  
& BUSINESS RELATIONSHIPS

Landscape Assessments national-level human rights risk assessment using data direct from workers



**6** **PROVIDE FOR OR**  
**COOPERATE**  
IN REMEDIATION  
WHEN APPROPRIATE

# The Due Diligence Funnel



# How **Landscape Assessments** support data-driven decision making

Assess specific human rights risks  
profile where these are concentrated and who are most affected

Track  
and measure improvements (over 1 year)

Distinguish  
between local and systemic human rights issues

Showcase  
specific businesses that achieved material improvements

# What are the benefits?

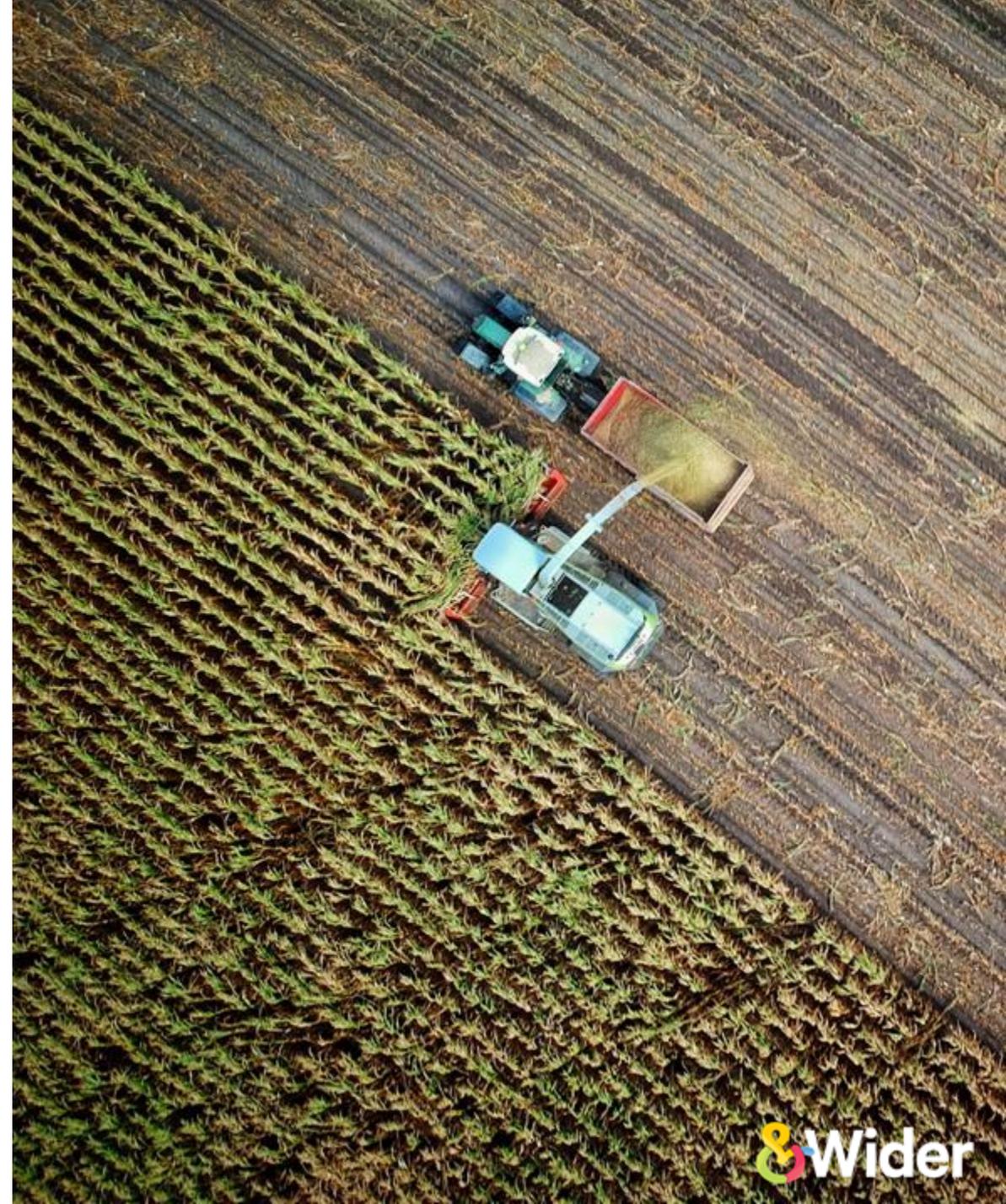
- Meet requirements for human rights risk assessment and tracking.
- Addresses invisibility challenge in higher risk geographies - specific risks, strengths and improvement areas
- Enables collaborative working between brands
- Participating producers can benchmark their performance against the average performance
- Shows where deeper due diligence is needed



Get a **broad view of human rights** across key sourcing geographies

# What you get from a Landscape Assessment

- **Baseline Report**
  - human rights risks and profiling of these risks, strengths
- **Final Report**
  - human rights risks and profiling, strengths, improvements, systemic challenges and case studies
- **Benchmarking Report**
  - spots where your own supplier base falls under the average performance figures associated with the broader sample of producers included)
- **Free HRDD monitoring for your suppliers**

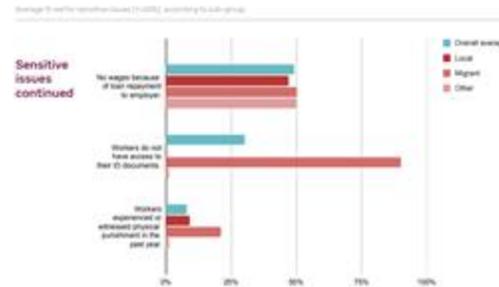


# Landscape Assessments - format and insights

**&Wider**

Human Rights, Risks, Improvements, Systemic Issues & Cases in the Berry Sector

## Landscape Assessment Country X



The most significant issues, according to sub-region

Indicator	Sub-region / % met			
	Buchanan	Guthrie	Kilnmeakin	Overall average
No wages because of non-payment to employees	49%	42%	34%	44%
Workers do not have access to their ID documents	32%	37%	27%	30%
Workers experienced or witnessed physical punishment in the past year	7%	10%	9%	8%



### Key Strengths

From the monitoring of human rights impacts, it was clear that in certain areas producers in Country X are doing well, according to the workers surveyed. Five particular strengths warrant special attention here, where large numbers of workers (70% or more of those that participated) reported that:

- Workers have access to drinking water
- Workers are not routinely exposed to unclean air or toxic chemicals
- Dangerous chemicals are stored safely and securely
- Money is not deducted from wages without explanation
- Workers did not experience or witness physical punishment in the past year



Workers on farms are also more vulnerable to human rights risks than those working in packing facilities



## Headline findings

Human rights risks reported can be clustered into three thematic areas namely:

- 1 Wages and working hours (3 of the 6 priority areas)
- 2 Disrespectful communication and unsupportive conduct from supervisors and managers (2 of the 6 priority areas)
- 3 Lack of freedom of association (1 of the 6 priority areas)



Migrant workers are reporting more severe working conditions, and a number of indicators associated with the risk of forced labour. The treatment of migrant labour in Country X, according to the data gathered over 2023, can be described as a systemic challenge in Country X.

Circumstances on sites in Craiburg are also clearly more challenging for many workers than in the other provinces covered by this Landscape Assessment.

**Persistent challenges** - indicators flagged by workers as risk indicators, showing no significant improvement across the year - were evident when it comes to:

- physical exhaustion on the back of excessive working hours
- wages running out
- good work going unrecognised.

Here businesses, despite efforts, were unable to address the challenges on their own. This suggests a more systemic context requiring collaboration across the sector and across stakeholder groups, to begin to address these issues.



## Improvements

It is exciting to note that when many businesses participating in the assessment were able to make significant improvements in three of these areas:

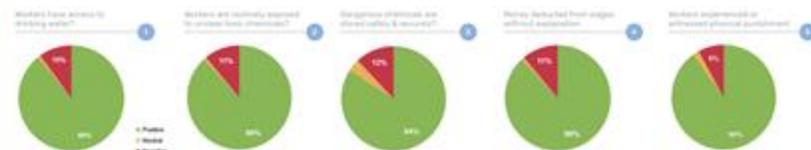
- 1 by returning workers IDs,
- 2 by ensuring workers' contracts better matched wages and working hours,
- 3 by improving sanitation on site.



## Key Strengths

From the monitoring of human rights impacts, it was clear that in certain areas producers in Country X are doing well, according to the workers surveyed. Five particular strengths warrant special attention here, where large numbers of workers (70% or more of those that participated) reported that:

- 1 Workers have access to drinking water
- 2 Dangerous chemicals are stored safely and securely
- 3 Money is not routinely deducted from wages without explanation
- 4 Workers did not experience or witness physical punishment in the past year
- 5 Workers are not routinely exposed to unclean air or toxic chemicals



The specific results of each of these indicators showing strength, are visible in the charts below. Please note: differences between different provinces, business categories and business sizes do apply.

## Where workers are calling for improvement

The most urgent human rights priorities - according to participating workers included in this Landscape Assessment, were those that attracted an average percentage of reds of 50% or higher.

What a priority means in practice is that more than half of those workers answering a particular question relating to a particular indicator, across the three survey cycles, considered this issue or indicator to be poor or problematic. In other words, for workers in Country X, these **6 issues need our attention** the most urgently.

	Indicator	Grower	Packing facility	Overall average
1	Workers feel physically exhausted on most days	76%	49%	62%
2	Managers do not treat workers with respect	72%	48%	60%
3	Wages ran out before month end	75%	42%	58%
4	Worker-only meetings not allowed	72%	45%	58%
5	Workers' hrs & wages do not match contract	67%	48%	57%
6	Good work is not recognised & rewarded	63%	48%	55%



# Next steps

If you would like to learn more about any of our products or our business, please get in touch.

Contact us at: [jen@andwider.com](mailto:jen@andwider.com)

Our website and socials



Desc  
Lorem  
iam eg

Join other brands in **engaging directly with workers to drive change**

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# PREVIOUS SURVEY WG Objectives prioritised by members

2. Please rank the following topics in order of preference that the WG should focus at the next meeting, where the highest priority is listed at the top, an the least at the bottom.

[More Details](#)



3. Are there any other priorities not mentioned in question 2 that you believe should be developed in this group in 2023-24, if so state here and that the output would be.

[More Details](#) [Insights](#)

11  
Responses

Latest Responses

"no"  
"N/A"  
"No"

5 respondents (45%) answered **No** for this question.

stakeholders  
Sedex  
**No**  
Mitigation alternatives  
Stronger

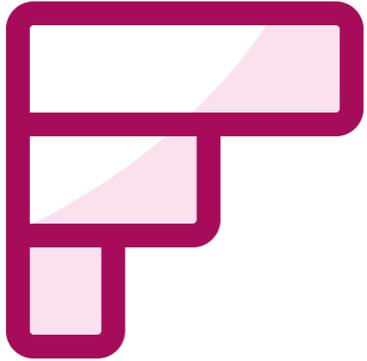
Summary

1. To develop Guidance on how to engage complex parts of our supply chains where there is little or low leverage (55% of second choice) ✓
2. Understand best practice for Supply Chain Mapping and prioritising risks with output to develop a Guidance Document (27% of second choice)
3. To identify cost effective enhanced due diligence options to address salient issues and identify how members can collaborate to address these.

I will set up a call for discussing how we might engage in delivering a workshop to tackle these preferences and whether we can provide the speakers at the meeting in January.

FNET

slido



**What activity should the working group focus on at the next meeting?**

ⓘ Start presenting to display the poll results on this slide.

# Date of Next Meeting

Thursday 25<sup>th</sup> July 2-4pm

- Review of the HRDD tool – 6months in
- Scope out the next project agreed today

Thursday 24<sup>th</sup> October – All Day Workshop

Develop the task in person