

Standards Committee
Minutes
Meeting 104: September 28, 29 and 30, 2022
Hybrid meeting

SC members: Martin Boon, Martin de la Harpe, Stijn Decoene, Richard Kwarteng, Gustavo Lopez, Marike de Peña, Iresha Sanjeevanie (Chair), Emilie Sarrazin

Excused: Emilie Sarrazin was excused on September 30

Observers: Fairtrade International and FLOCERT staff members have permanent observer status

Other Observers: We do not display the full names of observers and contributing observers to comply with 'The General Data Protection Regulation (GDPR)¹'. If you need additional information about the observers or contributing observers of this meeting, please contact standards-pricing@fairtrade.net

Disclaimer:

The Fairtrade International Standards Committee (SC) aims to reach consensus, but decisions may not always reflect the opinions of all people.

The section to introduce the topic (background information) has been written by the Standards & Pricing and may not have been discussed by the SC in full. Sections listing action points are an outcome of discussions of the SC but are not part of the decisions made.

Abbreviations

CEO	Chief Executive Officer
CLAC	The Latin American and Caribbean Network of Fairtrade Small Producers and Workers
CoE	Centre of Excellence
COSP	Cost of Sustainable Production
EC	Exceptions Committee
FET	Fairtrade Executive Team
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on Board
FP	Fairtrade Premium
FSI	Fairtrade Sourcing Ingredient
FT	Fairtrade
FBW	Fairtrade Base Wage
GPM	Global Product Manager
GPPP	Global Products, Programs & Policy
HL	Hired Labour

¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). <https://eur-lex.europa.eu/eli/reg/2016/679/oj>



HML	Hazardous Materials List
HREDD	Human Rights and Environmental Due Diligence
IDH	The Sustainable Trade Initiative
LAC	Latin America and the Caribbean
LI	Living Income
LIRP	Living Income Reference Price
LW	Living Wage
NAPP	Network of Asia & Pacific Producers
OC	Oversight Committee
O2B	Offer to Business
PM	Project Manager
PN	Producer Networks
PT	Project Team
SA	Senior Advisor
S&P	Standards and Pricing Unit
SC	Standards Committee
SM	Salary Matrix
SOP	Standards Operating Procedure
SPO	Small-scale Producer Organizations
ToR	Terms of Reference

Item 1 – Opening

The Chair officially opened the meeting.

The Chair and S&P Director welcomed everyone to the first onsite meeting after more than 3 years. The SC Chair introduced the new SC member representing NFOs, Stijn Decoene from Fairtrade Belgium.

Agenda: The Agenda was approved, and ground rules were read.

Declaration of conflict of interests: A conflict of interest was identified.

Item 2 – News session

News from FI and the Fairtrade System:

The global CEO shared strategic priorities of the system and a markets report that were discussed lately by the Fairtrade Executive Team (FET). The FET has set priorities for the rest of the year 2022 and has assessed the status and next steps with regards to the 2023-25 Global Priority Areas briefing the status of the 5 pillars.

Afterwards, she said that the FET has approved two thematic strategies: Living Income and Climate & Environment strategy.

She briefly explained the roadmap of producer driven services from 2022 to 2025 and the North-to-North initiative.

Further, the SC members learned how the Strategy is planned to be financed.

The Global CEO shared that FI will participate in The 27th UN Climate Conference of the Parties (COP 27) in November in Egypt. The aim is to provide a wide range of perspectives and voices from producers and workers.

At the end, she shared Fairtrade's position on the 2022 global inflationary crisis.

News from SC:

- FI Nominations Committee was renamed Peoples Committee and the ToR of the SC will be adapted accordingly.
- Stijn Decoene from Fairtrade Belgium was appointed by the FI Board as the new NFO representative in the Standards Committee
- Richad Kwarteng's first term as PN representative ended in September, he was recommended by the SC chair for a second term to the Peoples Committee.
- Martin Boon's third term as a trader representative to the SC ends in May 2023, so that he is not eligible for a further term.

News from S&P

- A Project Manager will leave the Standards Team as of 15/11/2022, the hiring process for replacement is ongoing.

Item 3 – Director's Decisions

The following decisions were made since the last update in the 103 SC.

- Publication of a revised version (1.4) of the Fairtrade Standard for Cane Sugar. The decision was taken on September 15; the new version includes clarification of the guidance of req. 2.1.1 on mass balance: like for like rule in sugar.

Item 4 – Flowers Standard Review

The PM presented the status of the ongoing Standard for Flowers and Plants review. The objective of the session was to introduce the topics in preparation for the SC decision in November. The PM presented the timelines, topics consulted on as well as feedback from the workshops. The key areas are environment, social development, labour conditions, sourcing plans, regional auctions, and retro-certification.

Workshops were already conducted in Kenya, Uganda, and Ethiopia and a webinar will be conducted on the 29th of September in Ecuador. A webinar for commercial partners was also carried out. Very good feedback from the workshops and it was especially useful to separate the management from workers.

Discussion

An SC member requested to have workshops in NAPP region, and the PM mentioned that a workshop in this region will be organised.

An SC member suggested to have an update in November's session, presenting numerical analysis and outputs to assess the market reality, as well as the number of NFOs and POs involved in the review. Sharing some numerical outputs will be useful for the decision-making.

Regarding Packhouse workers, a committee member commented on the inflation effect on production. Regarding auditing premium and premium use, it was proposed to work with auditors and oversight. A proposal was building a strong list of external auditors together with the PNs. It is key to consider the cost of auditing since the audit fee might have high variation among auditors.

Another committee member asked about dates or timelines on IDH implementation. It was shared that the SC will be informed once the information is available.

A proposal was to promote women committees to empower and reduce gender-based violence.

On the topic of youth employment, it was mentioned that we have to be cautious especially when it comes to hazardous work and youth. Youth under the age of 18 should not engage in any potentially hazardous work

Item 5 – Living Income Strategy

The Senior Advisor presented the Living Income Strategy 2022 to 2025 that was recently endorsed by the Fairtrade Executive Committee. The strategy is based on the fact that all actors have a shared responsibility to achieve sustainable livelihoods, organizational strengthening, farm management and capacity building, sustainable pricing, market development and advocacy action have to work together in order to achieve Living Incomes.

The role of Fairtrade within this framework is to create a pathway with performance indicators which stakeholders can use to track and measure progress against sustainability objectives, including LI for producers; to define sustainability production practices. Sustainable pricing and market development go hand in hand with sustainability yield and empowering producer organizations within the framework of an enabling environmental and evidence of success.

Discussion

As this strategy has not been communicated publicly, the discussion is recorded as internal notes; if you are interested in details of the discussion, please contact standards-pricing@fairtrade.net

Item 6 – Product Strategy – Bananas

The Global Product Manager (GPM) Bananas presented the Banana Strategy 2021 – 2025 and markets' update. She explained the 4 pillars of the Banana Strategy which are: Decent work for all, sustainable banana farming, producers and workers empowerment and fair and transparent supply chains. She highlighted the most important aspects of the pillars.

Further, she gave an overview of the investment needs on main interventions.

Afterwards, she went through the main activities, such as offering Living Wage services to retailers, that enable them to implement their Living Wage commitments. other supply chain services, cooperation with the World Banana Forum, improvement of the situation of migrant workers in Dominican Republic. At the end, she gave an overview of the market situation, including information about Fairtrade banana sales at producer level, premium generated, and retail sales.

Then, the PM explained the implications of the banana strategy for the next Fresh Fruit Standards review. The topics relevant for the review are:

- Human Rights and Environmental Due Diligence (HREDD)
- Decent work for all the workers, including updating the occupational health and safety section
- Producer and worker empowerment
- Premium use to improve efficiency and to contribute to the SDGs and better monitor its use
- Collection of cost of production
- Fairness and transparency along the supply chain and tackle the unfair trade practices
- Sustainable farming and explore ways to move towards agroecological practices

Discussion

There were comments and questions about the challenges and the consequences of the LW commitments made by retailers for smallholder banana producers as the LI implementations is not as far.

An SC member asked S&P to inform the SC about the consequences of inflation in markets to take this information into consideration when discussing and deciding on standards and prices.

Next steps:

- S&P to present an overview of the consequences of inflation on prices and standards

Item 7 - Banana Price Review

The PM explained the background of the review, mentioning first, the current events that have had an impact on banana costs, such as the Russian-Ukrainian war, the crisis of the energy and oil sectors, the global inflation crisis, the consequences of the COVID pandemic, and the adverse weather conditions.

For dealing with the new behaviour of cost increases, the Standards and Pricing Unit implemented a new methodology to collect cost data for bananas, which includes the partial data collection of costs of production (from a defined sample of producers and exporters) and substitutes the use of the exchange rate and consumer price index methodology.

S&P collected cost data for eight inputs and services with a weight percentage equal to or greater than 80% of the total operating cost. The Ex Works Fairtrade Minimum Prices increased on average by 4.5% (0.35 USD/box) and the FOB-Ex Works differential by 15.2% (0.49 USD/box), compared to September 2021. The PM explained then the details of the data collection process, consultation, and findings of the cost analysis.

Discussion

There were questions and comments regarding the volume's losses risk due to higher prices, the PM explained the risks and the point of view of the stakeholders. An SC member asked about the methodology to validate the data; the PM explained that there was a technical table formed with banana experts from all regions to validate the data. Details on the methodology and costs were presented as an Annex in the paper.

Decisions:

Five decisions were requested:

1. Adding a country-specific FMP for organic banana for Colombia
2. Approval of the Ex Works FMP and the FOB-Ex Works differential for organic banana for Colombia
3. Approval of the Ex Works FMPs for organic (for DomRep, Ghana, ACP, Colombia, Ecuador, Peru and non-ACP) and conventional (for Cameroon, DomRep, Ghana, St. Lucia, ACP, Colombia, Ecuador, Nicaragua, Panama non-ACP) banana
4. Approval of the FOB - Ex Works differentials for organic (for DomRep, Ghana, ACP, Colombia, Ecuador, Peru and non-ACP) and conventional (for Cameroon, DomRep, Ghana, St. Lucia, ACP, Colombia, Ecuador, Nicaragua, Panama non-ACP) banana
5. Approval of FOB-Ex Works differentials and FOB FMPs for secondary ports for organic (in DomRep (Caucedo) and Ecuador (Guayaquil)) and conventional (in DomRep (Caucedo), Ecuador (Guayaquil), Nicaragua (Moin (CR)) and Panama (Colón (PA))) banana

The SC unanimously voted in favour of the five proposals

Next steps:

- Update prorate tool (packing materials/secondary ports)
- Price announcement letter with new FMPs and prorate tool
- Update price table on the webpage
- Communication with Comms

Item 8 – Climate and Environment Strategy and Implications

The Senior Advisor for Climate and Environment presented the Climate and Environment (C&E) Strategy and reminded that the global Strategy 2021-2025 highlights the importance to improve climate resilience. The Climate and Environment Strategy is based on three scientific frameworks for change which are nature-based solutions, environmental planetary boundaries, and doughnut economic model.

He indicated that the goal of Fairtrade Climate and Environmental Strategy is for producers and workers to increase their capacities to cope with environmental risks whilst strengthening their climate resilience. Moreover, he explained the three strategic dimension which are: Climate actions, external positioning, and internal empowerment Climate actions is a dimension particularly related to S&P work.

Afterwards, the Centre of Excellence (CoE) for Climate & Environment was presented by its director as a bottom-up knowledge hub to generate, disseminate and reposition the knowledge within the FT system to improve its efficiency. He also explained how the CoE operates and its workstreams and the PNs Common Strategic Framework.

Regarding the considerations for S&P, he focused on the attention needed to the context-specific environment while developing requirements to have updated standards that meet the top-down and bottom-up needs, considering the true cost (including externalities) when defining costs of sustainable production.

At the end, the SA briefly presented the climate standard indicating that it was launched in 2015. It is recommended to start a revision as there are new developments in the carbon market.

Discussion

The discussion is recorded as internal notes; if you are interested in details of the discussion, please contact standards-pricing@fairtrade.net

Item 9 - Coffee COSP update / Coffee Price Review

The PM briefed the SC about the status of the project, where the agreed timelines for collection and validation of COSP data for coffee as endorsed by the SC were meant to take until December 2022. Upon urgent request for Fairtrade coffee experts the project timelines have been tightened as much as possible, with the aspiration to finish COSP collection and validation in October 2022. This will ideally enable Fairtrade to finalize the review of the global Fairtrade Minimum Price for Coffee in April 2022.

The SC discussed the pros and cons of such a change in the timelines and endorsed the project plan presented.

Discussion

The discussion is recorded as internal notes; if you are interested in details of the discussion, please contact standards-pricing@fairtrade.net

Next steps

- Inform the status of the project in the next SC in November
- Coffee COSP report to be shared in November
- Consultation Document for the Price Review ready in mind December

Item 10 - Cocoa Standard Review

In this presentation, the SC was given a summary of recommendations for decision on requirements related to the topics “Human and Environmental Rights and Due Diligence”, “Addressing Deforestation Risk”, and “Traceability and Transparency”, as well as background and implementation information. The SU proposed 32 requirements based on the outcomes of the consultation phase one from August to October 2021 within the review of the Fairtrade Standard for Cocoa. It is important to note that some requirements were consulted in all regions, and others for Africa and Asia, and some for Côte d’Ivoire and Ghana, hence the applicability is recommended accordingly.

During the session, the PM introduced the team and presented the status of the project. The SC already took decisions on trading practices, sharecroppers and caretaker farmers as well as Living Income during the meeting that took place in March 2022. In the second phase of the consultation, the topic of Internal Management Systems is being consulted, as well as HREDD and some deforestation requirements are consulted in LAC. A new project that will take place in 2023 will address the topics on agronomy, agro-ecology, climate change and biodiversity as well as workers in SPOs.

The project had very good participation rates through online survey and workshops despite the pandemic.

Topic 1: Human Rights and Environmental Due Diligence (HREDD)

The first topic for decision was on HREDD with 14 requirements in total. The new legislation makes it mandatory for supply chains to report on HREDD and this is very critical for Fairtrade cocoa. The main focus will be on risk-based child labour and forced labour interventions.

The HREDD Centre of Excellence recommends requirements on each of the 5 steps of due diligence because child labour, forced labour and deforestation risks are very high in cocoa in Ghana and Côte d'Ivoire and cocoa companies who are frontrunners on this topic, expect due diligence from their suppliers.

A representative from FTA stated that cocoa SPOs recognise the importance of HREDD and that governments of Ghana and Côte d'Ivoire are setting minimum requirements for cocoa sustainability in their jurisdictions with ARS. He also presented the roll out plans for HREDD implementation for 2023 which include sensitization, training and supporting SPOs to roll out HREDD using the guide prepared by FI and supporting POs to monitor and communicate their successes.

Trainings have already taken place in Asia and the Pacific region. The NAPP team has advanced on this country per country. They have also had risk validation workshops per commodity.

The proposals aim to:

- Implement HREDD processes and procedures with a focus on salient issues in cocoa such as child labour, especially in West Africa.
- Empower SPOs and their members to avoid causing or contributing to adverse human rights and environmental impacts.
- Drive continuous improvements by encouraging due diligence instead of applying a solely prohibitive approach.
- Formalise requirements for contributions from all supply chain actors to monitoring and remediation.

Discussion

An SC member asked the PT to consider the regional differences when talking about HREDD since every region has a different reality; for some regions, for example, compliance with HREDD is a must since it is in their national laws, which is not the case for others. She also asked if there are additional resources in Africa for training and support for SPOs; a PT member answered that there are not additional resources for HREDD and currently PN are making use of existing resources and programmes to support HREDD work. SC members stressed the need to try and find new resources given the importance of the topic.

Another SC member asked about the plan for implementation of the HREDD guide and if there is not going to be much burden for the SPOs to also implement and comply with the ARS in Africa and Asia. The PT indicated that trainings, material, manuals are prepared to support implementation.

An SC member asked if the level of participation in the consultation is high enough on producer side to be sure that POs are willing to adopt the proposed requirements in Africa. A project team member indicated that the level of participation is a proxy, but it is not equal to the level of awareness of the producers in the region, which is high since HREDD is a very important topic.

Requirements:

The first 2 proposals on HREDD were presented:

- Requirement 1: Commitment to Respecting Human Rights and the Environment – for Africa and Asia from 1st July 2023.
SPOs produce a written signed commitment to respect Human Rights and Environmental Sustainability
- Requirement 2: Awareness raising – for Africa and Asia from July 2023
SPOs inform and educate their key stakeholders to raise awareness of human rights, environmental sustainability and their organization's commitment.

The SC was asked to vote on these requirements.

Discussion

It was requested to review the wording of requirement 2.

An SC asked if July 2023 is too early if there is going to be enough time for SPOs to comply, it was indicated that as of July 2023 SPOs should show that they have started the process.

Another SC member asked why Traders are not included; it was indicated that the feedback from Traders was not conclusive in this topic and that it will be discussed more in depth in the ongoing Trader Standard Review. SC members stressed the importance to involve Traders in sharing the responsibility to comply with HREDD and they expect to follow this discussion into the Trader Review.

SC members also requested to make the compliance criteria available as soon as possible.

Decision

The SC unanimously voted in favour of requirements 1 and 2

Afterwards, requirements 3 and 4 were presented, and SC members were asked to vote on them:

- Requirement 3: Risk assessment – for Africa and Asia from July 2023

SPOs conduct a human rights and environmental risk assessment at least every 3 years.

- Requirement 4: Grievance Mechanism – for Africa and Asia from July 2023
SPOs have a gender sensitive grievance procedure in place that allows individuals and groups, including third parties, to anonymously raise complaints of injustice, harm or fraud linked to the organization.

A PT member also presented and explained the FI Risk Assessment Tool for SPOs.

Discussion

An SC member asked if the concept ‘gender sensitive’ is clearly explained in the guide; A PT member answered that not yet but that it will be included in the next update of the guidance. The SC member asked to review the wording of the requirement.

An SC member asked for templates and more training material for PN to support SPOs, it was indicated that more material will be available soon. It was also pointed out to check the wording to ensure the functionality of the mechanism.

Decisions

The SC unanimously voted in favour of the requirements 3 and 4

After the decision, requirements 5 and 6 were introduced and SC members were asked to vote on them.

- Requirement 5: Human Rights Policy and Procedures – for Africa and Asia from January 2024

SPOs develop and implement policies and procedures to mitigate, prevent and remediate the most serious human rights and environmental risks or challenges identified through risk assessment. SPOs communicate the policies and procedures to their management, staff, members, farm operators and workers, buyers, suppliers and any job brokers and contractors. SPOs revise the policies and procedures as often as required, but at a minimum every six years.

- Requirement 6: Action Plans – in Africa and Asia from January 2024

SPOs develop and implement an action plan to prevent, mitigate, cease, and remediate the most serious risks identified by risk assessment and enacted by their policies. SPOs keep the plan up to date by revising it annually.

- Requirement 7: Supporting Producers with Action Plans from January 2024

Traders support the action plans of producer organizations by collaborating on at least one activity that supports the prevention and mitigation of the most serious risks identified. Your support is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways.

Discussion

Some concerns about paragraph 2 of requirement 5 were raised, pointing out that it would be very challenging for SPOs to communicate policies and procedures to all stakeholders. It was suggested to cut off indirect stakeholders and suggest the communication to them as best practice. Also, it was stressed out that the mechanism on how to communicate should be available.

Decisions:

The SC unanimously voted in favour of the requirements 5, 6 and 7

Requirements 8, 9 and 10 were explained, the SC members were asked to vote on the following requirements:

- Requirement 8: Monitoring and Remediation (updated req. 1) – in Côte d'Ivoire and Ghana from January 2024

SPOs in Côte d'Ivoire and Ghana implement a monitoring and remediation system to regularly check for and respond to cases of child labour and forced labour. SPOs facilitate and support the remediation of any case found. SPOs may establish and operate this system by yourself or in partnership with others, including relevant government agencies, expert human rights NGOs, traders or others. SPOs' Monitoring and Remediation system contains the elements and procedures detailed in Annex "Monitoring and Remediation System Protocols". SPOs Monitoring and Remediation system documents, stores, and assesses the type and number of cases identified and responded to on an annual basis. SPOs handle the data in a manner that ensures no further harm comes to impacted and involved persons.

- Requirement 9: Monitoring and Remediation (updated req. 2) – in Africa and Asia from January 2024

SPOs implement a monitoring and remediation system to regularly check for and respond to cases of child labour and forced labour if Fairtrade or your risk assessment has indicated these as a high risk in your country and area of production. They facilitate and support the remediation of any case found. SPOs may establish and operate this system by themselves or in partnership with others, including relevant government agencies, expert human rights NGOs, traders or others.

SPOs' Monitoring and Remediation system contains the elements and procedures detailed in Annex 5 "Monitoring and Remediation System Protocols". SPOs Monitoring and Remediation system documents, stores, and assesses the type and number of cases identified and responded to on an annual basis. SPOs handle the data in a manner that ensures no further harm comes to impacted and involved persons.

Requirement 10: Supporting Producers to Address and Remediate Child Labour and Forced Labour – from July 2023

Traders provide resource and support to producer organizations who have identified they are operating in areas of high risk of child labour and/or forced labour. This contribution is in addition to the Fairtrade Premium paid to the producers. Trader's support is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways.

Discussion

A PT pointed out that these requirements are expected to be the more challenging for SPOs.

SC members comment on requirement 10 asking for clarification about what support means and to clarify the extent of the support, it was suggested to even propose percentage or clear amounts or measures. The PM explained that the requirement is to capture the existing support from traders and that since the support could be direct or indirect, it would be difficult to define a specific measure, moreover, in the consultation it was seen that the level of clarity is not enough yet. It is a start point and improvements on clarity will be made in the future.

SU pointed out that at amounts, or any kind of measurement cannot be added since they were not consulted, but that the wording of the requirement could be reviewed for more clarity.

Decisions:

The SC unanimously voted in favour of the requirements 8, 9 and 10

Requirements 11-14 were explained and voted on:

- Requirement 11: Vulnerable Groups - for SPOs in Ghana and Côte d'Ivoire from January 2024

SPOs put activities in place to improve the social and economic position of the vulnerable groups that they have identified.

- Requirement 12: Equal Opportunities - for SPOs in Ghana and Côte d'Ivoire from January 2024

SPOs ensure that women and men receive equal opportunities and treatment.

- Requirement 13: Children's School Attendance/Education - for SPOs in Ghana and Côte d'Ivoire from January 2024.

SPOs actively promote the school attendance of all children, including the children of staff, members, farm operators and workers. SPOs assess the root causes of lack of school attendance amongst these children and select at least one activity annually to mitigate these obstacles.

- Requirement 14: Youth Vocational Training and Employment - for SPOs in Ghana and Côte d'Ivoire from January 2024

SPOs actively promote the decent employment of youth (male, female, and differently gendered) above the legal or Fairtrade working age (whichever is higher) within your organization. SPOs

implement at least one activity annually to encourage the participation and development of young people.

Discussion

It was suggested to review the wording and make clear that promoting school attendance and decent employment of youth could be done with own resources as well as in partnerships.

Decisions:

The SC unanimously voted in favour of the requirements 11,12,13 and 14.

TOPIC 2: Addressing deforestation risk

Senior Advisor Cocoa presented the topic of addressing deforestation risk to the SC with background information on FT sales volumes sold in or bordering the EU, new EU regulation lobbying the European Parliament, piloting in West Africa and Latin America and OECD/FAO handbook.

The pilot project with Earthworm Foundation is ongoing, where 8 SPOs in Ghana and Ivory Coast were selected. The results were presented to the SC in regard to farming in protected areas, number of incidences of on farm deforestation, number of hectares of forest lost in the area that the SPO operates, etc. Example of monitoring of farm geo location and protected areas/deforestation alerts were also shown.

The proposals aim to:

- Protect forests and vegetation against any deforestation and degradation, by introducing a cut-off date and mandatory risk assessment procedures such as the use of deforestation monitoring data.
- Make geolocation data available for 100% of farms, and gradually introduce farm polygons.
- Introduce prevention and mitigation plans based on the results of risk assessment and monitoring.
- Engage support from traders to enable SPOs to implement prevention activities
- Introduce reporting indicators which are to be shared with Fairtrade International annually, to enable aggregated and anonymized reporting to the public or to stakeholders upon request

The requirements were presented and discussed.

- Requirement 15: Strengthening SPO requirement 3.2.31 Protection of forests and ecosystems – *globally applicable from January 2024*
SPOs' members did not cause deforestation or degradation in primary or secondary forests, protected areas and areas of High Conservation Value or High Carbon Storage to convert land into agricultural production area since 31st December 2018. Production does not occur in officially designated buffer zones, except where it complies with applicable law.

- Requirement 16: Assessing and Monitoring Deforestation Risk – applicable globally from January 2024

SPOs assess and monitor the risk of deforestation, and degradation in primary or secondary forests, protected areas and areas of High Conservation Value or High Carbon Storage, when conducting human rights and environmental risk assessment.

Discussion:

SC members and Senior Advisor Cocoa discussed on the functionalities of the monitoring tool, such as how many years in the past the system is able to trace back and the ability of the tool to identify cocoa trees versus other type of plantations.

There were questions about what would happen with certified members that cannot prove that they did not cause deforestation since 2018 as stated in the requirement 15 and how the requirement would affect to new applicants.

Moreover, an SC member pointed that this requirement demands clear land property which can be a problem in some region where land property is not clearly defined.

An SC member observed that the guide offered by FI should be clearer, especially focusing on the tools. It was clarified that the guide is focused on the methodology, and it can be a point for follow up.

Decisions:

The SC unanimously voted in favour of the requirements 15 and 16.

SC members were asked to vote on the following requirements:

- Requirement 17: Deforestation Prevention and Mitigation Plan – globally applicable from January 2024

SPOs use the results of their human rights/environmental risk assessment and their risk monitoring of deforestation, to create a plan to prevent and mitigate any deforestation and degradation of forest, in order to conserve and restore forest and vegetation. The plan entails:

Raising awareness amongst members on identified risk areas and activities or production practices that have negative impacts;

Promoting the implementation of production practices that have a positive impact.

- Requirement 18: Supporting producers to prevent and mitigate deforestation – applicable globally from January 2024

Traders support SPOs they are sourcing from with their plan to prevent and mitigate any deforestation and degradation of forest, in order to conserve and restore forest and vegetation.

Decisions:

The SC unanimously voted in favour of the requirements 17 and 18.

PM presented proposals 19 and 20.

- Requirement 19: Geolocation data of farms – applicable in Africa and Asia from January 2024
Geolocation data is available for 100% of SPOs' members and farm operator units. SPOs identify and prioritize for which farms units this should be in the form of GPS polygons based upon area risk of deforestation and adopt a phased approach. For all other farms, geolocation data can be in the form of location points. SPOs use the data to further inform their procedures to prevent deforestation.
- Requirement 20: Sharing geolocation data – applicable in Africa and Asia from January 2024
Geolocation data is available for 100% of the farms units Fairtrade payers and conveyors are sourcing from. This can be in the form of GPS polygons and location points.
Fairtrade payers and conveyors share this data with SPOs so that they can use it to inform their procedures to further prevent deforestation.

Discussion:

An SC member asked if multiproduct SPO should geolocate only cocoa farms or all farms. It was answered that only cocoa farms have to be geolocated to comply with the requirement. It was mentioned that Asia does not have cocoa Fairtrade sales at the moment and that it is quite some work doing the geolocation despite of that. A PM highlighted that if the cocoa farmers are selling to the EU, geolocation will be a must to sell to EU markets.

Decisions:

The SC unanimously voted in favour of the requirements 19 and 20.

PT presented requirements 21 and 22

- Requirement 21: SPO reporting – applicable in Africa and Asia from January 2024
SPOs report data to Fairtrade International every year. The data is presented using the available templates. (Geolocation Data Deforestation Prevention and Mitigation Data)
- Requirement 22: Trader reporting – applicable in Africa and Asia from January 2024
Traders report data to Fairtrade International every year. The data is presented using the available template. (Geolocation Data Indicators, Supporting Producers to Prevent and Mitigate Deforestation)

Discussion:

It was clarified that requirement 21 takes effect from January 2024 for high risk and from January 2025 for lower risk.

Decisions:

The SC unanimously voted in favour of the requirements 21 and 22.

Topic 3: Traceability and Transparency

The PT explained the background of this topic indicating that EU deforestation regulation requires first-mile product traceability, and the African Regional Standard will require full segregation of ARS cocoa up until the point of export. The key focus is on “First Mile Traceability” (identity preserved) from the cocoa farm and the farmer to the SPO. The PT pointed out that traders are currently dominating this space and that SPOs are not deriving value from product traceability tracking.

The objectives of the proposals are:

- Improve first mile product traceability and reporting from SPO to derive more value from commercial relationships – this ensures compliance with EU deforestation regulation and supports the next stage of the DDI strategy
- Align with the traceability working group for an efficient way to report product traceability in Fairtrade. E.g., an online portal, such as the proposed FairMarket application
- Ensure Fairtrade payment transparency with SPOs communicating and tracking price differential and premium payments

The PT presented the requirements and their rationale.

- Requirement 23: Member and Organization Production – globally applicable from July 2023
Once a year SPOs record individual member production and the total production of their organization. This includes both estimated and actual production. When estimating member yield SPOs use a consistent and credible methodology that uses farm level data. SPOs compare estimated production with actual production and/or sales at both member and organisational level to check there are no significant differences. If significant differences are recorded at either the individual member or organizational level, SPOs investigate why and take measures to prevent recurrence as applicable.
- Requirement 24: Weighing equipment – globally applicable from July 2023
SPOs calibrate the equipment used to define the weight of cocoa beans purchased from their members at least once a year.
- Requirement 25: Documenting traceability procedure – globally applicable from July 2023
SPOs document a product flow map and the associated traceability procedure from farmer members to the first buyer including collection points, transport, storage locations, warehouses and processing units. SPOs document the locations of all storage units and identify where there could be risk of mixing member and non-member cocoa.
- Requirement 26: Product Tracking Technology – in Africa and Asia from January 2024
SPOs deploy solutions that support their organization to track the cocoa beans sold by their organization back to their individual members’ farms or fields.

Discussion:

On requirement 26, an SC member pointed out to review the word track as it could be change by trace. There were comments sating that there is a need for a system to be in pace and to provide technical solutions to comply with the requirements. The wording was revised and adjusted according to the comments; guidance still needs to be reworded.

Decisions:

The SC unanimously voted in favour of the requirements 23,24,25, and 26.

The SC members were asked to decide on requirements 27 and 28:

- Requirement 27: Physical Segregation to Export – to apply globally from January 2025
Payers & Conveyors physically segregate Fairtrade products from non-Fairtrade products, at all stages (e.g., transport, storage, processing, packaging, labelling, and handling) to the point of export.
- Requirement 28: Origin Matching of Mass Balance Bean Volumes – applicable globally for traders from January 2025
Origin matching is required on 100% of Fairtrade certified bean purchases and sales between certified traders. Sales documentation for beans sold as Fairtrade certified includes origin information to country level. The corresponding equivalent volume of Fairtrade cocoa beans is purchased from the same country as demonstrated in purchase documentation.

Decisions:

The SC unanimously voted in favour of the requirements 27 and 28.

The final requirements were explained, they apply only to SPOs in Côte d'Ivoire and Ghana.

- Requirement 29: Strengthening Cocoa standard 4.2.4: Distribution of the price differential in Ghana and Côte d'Ivoire by SPOs – applicable from January 2023
When the Fairtrade Minimum Price is above the market price SPOs transfer 100% of the price differential to their members. SPOs transfer any FMP differential payments to their members within 30 days of receipt by their organization.
- Requirement 30: Strengthening Cocoa standard 4.6.3: Accounting systems for the price differential and premium – applicable from January 2023

SPOs in Côte d'Ivoire and Ghana have an accounting system that tracks and identifies price differential payments transparently. The organization:

- communicates publicly and raises awareness amongst members prior to payment, the amount to be paid in Fairtrade Minimum Price differentials and any Fairtrade Premium paid in cash.

This will be expressed either per kilo if their organisation chooses quota system or as a common amount per member if their organisation chooses the allocation system. If the SPOs have concerns about security during the distribution process, only inform members about the events where the distribution will take place.

- provides receipts to individual members' for FMP differential paid, and any Fairtrade Premium paid in cash. Receipts to all members, must clearly separate the following information for FMP differentials paid and Fairtrade Premium cash payments paid including date of payment, value per kilo or common amount for all members depending on the distribution system their organisation choose and cocoa season the payment is relevant for.
- after distribution SPOs publish information, to their members and more widely, about distribution events to members, the total value distributed in FMP differential and the total amount of Fairtrade Premium distributed in cash, the total Fairtrade Premium the SPO received and the proportion that was distributed in cash, dates of distribution and the value per kilo per member distributed or if SPOs chose the common amount per member distributed, with pictures of distribution. These records are available to FLOCERT on request.
- demonstrates each cocoa season that the amount of FMP differential distributed to the members reconciles with the FMP differential received by the organisation.
- demonstrate in documentation separately the amounts received of Fairtrade Premium and Fairtrade Minimum Price differential.
- reports to the members collectively (at General Assembly) on total amounts of FMP differential, and Fairtrade Premium distributed as cash, if applicable.

- Requirement 31: Payment Tracking Technology – applicable from January 2024

SPOs in Côte d'Ivoire and Ghana deploy technical solutions that support their organization to deliver, record and report Fairtrade Premium and Fairtrade Minimum Price Differential payments made by their organization to individual members.

- Requirement 32: Digital Payments to Members – applicable in Côte d'Ivoire and Ghana from January 2024

When feasible, SPOs deploy technical solutions that support their organization to make e-payments to their individual members when transferring Fairtrade Premium and Fairtrade Minimum Price payments.

Discussion:

There were comments about the technical solutions and if SPOs were going to be supported to set up a system. Clarification will be given in the guide and the wording will be reviewed to be sure the requirements can be translated into compliance criteria.

Decisions:

The SC unanimously voted in favour of the requirements 29, 30, 31 and 32.

The final decision was proposed:

Decision 33: Do you approve the delegation of non-substantive changes and date of applicability to the Director of Standards and Pricing?

The SC unanimously voted in favour of the proposal 33

Next Steps:

- Finalize requirements applicable for January 2023
- Finalize rewording of the requirements
- Amend HREDD reporting requirements
- Publish partly revised standard towards end of 2023
- Analyse outcomes of second consultation (from end of Oct.)
- Make the compliance criteria available as soon as possible.
- PM to present an overview of the compliance criteria of requirement 10 in a next SC meeting
- Senior Advisor of Climate and Environment to share information regarding advocacy in terms of EU regulation

Item11 – Project Updates

An SC member asked about the reason of the extension of the consultation period of the Trader Standard Review. It was answered that more time was needed to engage with as many partners as possible and also to organize workshops in all regions.

Another SC member asked about the role of the SC in the 'COSP Guidelines' project; the PM said that it is expected that the SC endorses the guideline once it is ready.

Item 12 – SC Evaluation

Following a request from the SC and as established in the SC ToR, an evaluation of SC performance was carried out in two steps:

An online survey that touched on the different aspects of the ToR and areas of responsibility as well as on ways of working of the committee with the S&P Unit. The SC members were asked to indicate their level of agreement with statements concerning the different topics. The results were shared with SC members prior to the meeting to enable the second step of the evaluation: An in-depth discussion of the SC of those areas that came out as the most relevant once from the survey. Overall, the finding was positive and SC members agreed some changes and areas of attention on which the Committee will follow up. Small changes to the ToR will be proposed in the next SC meeting.

Item 13 – AOB

SC chair and vice chair election.

The SC elected Iresha Sanjeevanie as Chair and Martin de la Harpe is vice Chair of the Standards Committee, the next election will be in September 2023.

AOB

- An SC member asked for information and update sessions on the following topics: Climate Standard Review, DDI topic, and measures to support producers to face the current economic crisis.
- One member suggested considering reducing the number of standards in the long-term planning.
- A member requested an overview of the conventions, treaties, and guidelines (for example, ILO, OECD, Global Compact) on which our standards are based.

Next meeting date

- November 23 and 24 and 25 at 14:00 CET, teleconference meeting

The meeting was formally closed.