



Standards Committee Minutes Meeting 105: November 23, 24 and 25, 2022 Teleconference

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 in half of the meeting on November 24 and gave her proxy to Stijn Decoene

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
DRC	The Democratic Republic of the Congo
EC	Exceptions Committee
FET	Fairtrade Executive Team
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on Board
FP	Fairtrade Premium
FPC	Fairtrade Premium Committee
FSI	Fairtrade Sourcing Ingredient
FT	Fairtrade
FBW	Fairtrade Base Wage

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>

GPM	Global Product Manager
GPPP	Global Products, Programs & Policy
HL	Hired Labour
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
WRAC	Workers Rights Advisory Committee

Item 1 – Opening

The Chair officially opened the meeting.

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

Declaration of conflict of interests: A conflict of interest was identified in the topic Flowers Standard Review.

Item 2 – News session

News from FI and the Fairtrade System:

The Executive Director talked about 5 points:

- Brand architecture - solution architecture
- COP27 and the climate standard
- HREDD discussions happening across the system
- High demand on pricing expertise from the Members
- There is a need to have a certification solution in DRC

News from the OC

The latest OC meeting took place on November 22, it was an informative session where the OC members were updated about the following topics:

- Progress update and plans in the Smart Assurance Workstream, presented by FLOCERT.
- FLOCERT's Impartiality Committee and the annual report; FLOCERT explained the reasons why this committee was established and its main functions.
- Experience with recognition and combined certification by FLOCERT and FI.
- FI's independent evaluation result against the ISEAL's Assurance Code was presented. Last year the FI self-assessment was submitted to the auditor along with evidence. This year non-conformities and corrective actions were agreed, a detail report was presented to the OC.

News from SC

The SC Chair highlighted the good experience for the SC of having had an onsite meeting last September.

News from S&P

New colleagues will join S&P unit:

- Project Manager – Standards; as of December 2022
- Pilot Development Facilitator – S&P; as of February 2023

Item 3 – Director's Decisions

The following decisions were made since the last update in the 104 SC.

- Change in the Fairtrade Premium for young plant material from 10% of the commercial price to 0.01 Euros per unit as of November 1st, 2022.

Item 4 - Exchange rate and inflation on price setting

The objective of this session was to inform the SC about changes in exchange rates and consumer prices index and their impacts on Fairtrade price setting and to explore solutions to mitigate these impacts.

The Head of Pricing gave a presentation on the impact of inflation and exchange rates changes on Fairtrade price setting. He mentioned that there is a multi-impact effect of inflation on the system; some key elements in an inflation scenario are lower demand and increasing costs & income/wages, meaning a lower demand for FT products. Moreover, importers/retailers' purchase of FT products might decrease in reaction to the fall in demand, this would be a sign to not increase FT prices. On the other hand, increasing costs of production and cost of living for producers would be a sign to increase FT prices. Further, in origins where prices were set in local currency, the impact of inflation and exchange rates changes have a higher impact.

Discussion:

The SC discussed the findings presented and their implications for future price settings. The SC endorsed the consultation of adapting the FMP for Rice in Sri Lanka to ensure that its relevance in a context of very high inflation.

Next Steps

- Publication of a consultation paper for rice stakeholders from Sri Lanka to adopt a Commercial price + 15% FP.
- As this is a minor project the decision can be taken by the S&P Director. S&P director will propose it for endorsement to the SC via Email in due time.

Item 5- Cocoa Fairtrade Minimum Price Differential

The Fairtrade Standard for Cocoa requires traders to pay a price differential for Fairtrade cocoa beans if the reference price in Ivory Coast or in Ghana falls below the Fairtrade Minimum Price (FMP) at FOB. In this session, the Cocoa Manger explained that in October 2022, Fairtrade announced the highest ever Fairtrade Minimum Price (FMP) differential in a main cocoa season for Cote d'Ivoire, the high differential is mainly driven by the strong USD. The high differential is a challenge for NFOs and their commercial partners. The Cocoa team is analyzing options to face these challenges and presented them for information to the SC.

For more information on the discussion of this topic, contact standards-pricing@fairtrade.net

Item 6. Cocoa Pricing Model Study

The Pricing and GPPP units presented the results of the research project on the Impact of the Pricing Model in Cocoa by SEO Amsterdam Economics & KIT Royal Tropical Institute. The purpose of the study was to obtain an independent assessment of the current pricing tools in cocoa and new ideas to prepare for the upcoming FT cocoa price review in 2023/2024. The outcomes of the 2020-2021 Cocoa Household Income Survey in Ivory Coast and the disruption of supply chains due to the pandemic were also motivations to initiate the project. The project team followed a mixed-method approach and conducted several research activities, such as a literature review, stakeholder interviews, focus group discussions, workshops, and weekly internal discussions. To assess the current pricing tools and compare them with alternative income-enhancing tools being tested widely in the cocoa sector, the researchers developed two concepts: depth and scale of impact. For each pricing tool, they analysed the advantages and risks of depth and scale, respectively. They also proposed potential future adaptations to the current pricing tools and gave general and concrete short- and long-term recommendations.

For more information on the discussion of this topic, contact standards-pricing@fairtrade.net

Item 7 - Terms of Reference - ToR

During this session, the S&P Director informed about the rationale for the changes proposed to the TOR. One part of the rationale was that the FI Board has changed the former Nominations Committee into the People Committee and has amended the Terms of Reference. This situation has triggered a need to adapt the Terms of Reference of the Standards Committee. Moreover, the inclusion of a representative of the WRAC should be formalized in the SC TOR.

The proposed changes are the following:

- Every mentioning of the Nomination Committee is amended into People Committee
- In “2.1 Appointment and Terms” the appointment process of the People Committee outlined in its TOR is mirrored in the SC appointment process
- In “2.4 Composition” the role of PN and NFO representatives is clarified, based on the outcome of the evaluation of the SC in meeting 104 and the WRAC representative is included
- In “3.1 Language” the possibility of appointments of non-English speaking members by PNs and WRAC is included

Discussion

The SC unanimously endorsed the proposed changes to the SC ToR

Next steps:

- ToR will be put to the FI Governance Committee for their assessment.
- The FI Governance Committee will review the changes and make sure they align to ToR of other FI Board Committees.
- The FI Governance Committee to propose the amended ToR to the FI Board for approval.

Item 8 - S&P Workplan 2023

The S&P Director presented the workplan of the unit for the year 2023.

Next steps:

- S&P to share workplan and consultation calendar 2023 ([published here](#))

Item 9 - Flower Standard Review

The Project Manager and the consultant gave an overview of the project and the outcomes of the consultation carried out in September. In total 193 stakeholders participated in the consultation filling in the survey, or participating in workshops that were conducted in Kenya, Ethiopia, Uganda and Ecuador and via a webinar for commercial partners. The feedback to the 35 proposals was favorable in nearly all cases. Six proposals were moved to the HL review and the other proposals were amended as appropriate based on feedback received.

The decisions were divided into 4 groups according to the topic.

Group A: Social development

Topic 1: Flower Standard: 2.1.1 Self-assessment of Fairtrade Premium Committee

The standard requires certain training and awareness raising of Fairtrade Standards much of which is offered by Producer Networks (PNs); however, many farms hire external consultants to do the training and there is a danger of misinformation and misspending. Whilst Fairtrade may not have capacity to deliver trainings to all Fairtrade Premium Committees (FPCs), Fairtrade recommends that the availability of the training provided by PNs is raised. The Proposed change to requirement 2.1.1 is to include guidance that training is available from the PNs, and external trainers must be carefully reviewed prior to engagement.

Topic 2: Flower Standard: 2.1.2 Premium reporting

The adjustment to the requirement is that Premium reporting is only reported via the online platform and that all data is covered by the Data Protection laws in Germany.

Topic 3: Fairtrade Premium Committee membership

This is a new requirement for companies indicating that the roles of management and any union representatives are clearly defined within the FPC (written and communicated to all members).

Topic 4: Financial audit on Fairtrade Premium

This new requirement for companies indicates that if the Fairtrade Premium spent per annum is above 50,000 USD, the FPC contracts an audit company to audit the Fairtrade Premium accounts.

At least 3 external audit companies are proposed by the management of the producer organisation, and one is formally appointed by the FPC and General Assembly. The audit is paid from the Premium funds (or may be paid by the Producer)

Topic 5: Provisions in case of decertification or dissolution of FPC

This is a new requirement that applies to companies; it indicates that if the producer is decertified or ceases to operate FPC shall engage the PN to ensure fair and equitable sharing of the premium and any assets amongst the workers (where permitted by local legislation) within a 6-month timeframe.

Topic 6: Use of Fairtrade Premium

The new requirement that applies to companies indicates that if investing in community projects over \$5,000 the FPC investigates jointly/collaboratively with other certified producers or relevant entities within the same region. Before investing in food subsidies, the FPC plans and implements at least one project with long term benefits (more than a year).

Discussion

An SC member mentioned that financial audits are not only relevant for flowers but for all HL setups, he asked if this topic will be considered during the HL Standard Review. It was answered that financial audits were included in this review since the context happens mainly in flowers and it might be included in the review of other products.

Regarding the engagement with local organizations on premium projects, it was clarified that there is no fixed percentage that workers would have to achieve but just proof that some engagement took place.

SC members questioned whether it is viable for PNs to support workers in the case of decertification and dissolution of companies with any outstanding payments of the FP. Some PNs had already been involved in such cases, they could share their process to deal with this kind of cases with other PNs. From a PN perspective the new requirement was found helpful to support their actions with companies in case of decertification.

An SC member suggested to include accredited auditors in addition to external audit companies as it might be difficult to find companies in some regions.

There was a comment regarding the alignment of the Use of Premium requirement with the HL standard as this a generic topic. All agree that ultimately such a requirement is best placed in the HL standard. For now, it is proposed for flowers because of high premium income and the need to control.

Decisions

Decision 1: Do you agree to include the following additional guidance to requirement 2.1.1:

- Frequency of self-assessment is company specific and should not be less than every 3 years
- training is available from PNs
- External trainers should be carefully reviewed to ensure that it meets the needs of FPC

Decision 2: Do you agree that premium reporting is only reported via the online platform?

Decision 3: Do you agree that the roles of management and any union representatives are clearly defined within the FPC (written and communicated to all members).

The SC unanimously voted in favour of decisions 1, 2 and 3

Decision 4: Do you agree to introduce a new requirement that requires external financial audits on Fairtrade Premium exceeding 50,000 USD?

Decision 5: Do you agree that the audit should be paid from the Fairtrade Premium funds?

The SC unanimously voted in favour of decisions 4 and 5

Decision 6: Do you agree to introduce a new requirement for PN involvement in equitable sharing of FP/ assets in case of dissolution/ decertification?

The SC approved the decision 6 (6 in favour, 1 abstention)

Decision 7: Do you agree that if investing in community projects of over \$5,000, the FPC investigates jointly with other certified producers or relevant entities within the same region to collaborate where possible in community projects?

Decision 8: Do you agree that before investing in food subsidies, the FPC plans and implements at least one project with long term benefits?

The SC unanimously voted in favour of decisions 7 and 8

Group B: Labour conditions

Topic 8: Flower Standard 3.1.2 Policy, Procedures and Training against sexual misconduct and gender-based violence

This requirement was strengthened, and additional guidance was provided.

Topic 9: New requirement for Year 1- Focal point for sexual harassment cases.

The new requirement indicates that companies have responsible focal points and have a fully operating case documentation and management system for the reporting and processing of these allegations. Confidentiality and the right to privacy is respected. Confidentiality in this context means only those persons involved in processing and deciding on allegations will be informed.

Topic 10: New requirement - Mandatory Wage Reporting

The new requirement applies to companies indicating that they report data to the Standards and Pricing Unit at Fairtrade International every year. The data is presented using the template available in the Fairtrade webpage.

Topic 9: Providing workers with appropriate tools

The guidance section of requirement 3.3.8 in the flower standard states that to safeguard the workers' health, the employer should provide two sets of uniforms to all workers. There is however no implication for compliance since this is not part of the requirement. To ensure that workers are provided with the appropriate tools, there is this proposal on the provision of personal protective equipment (PPE).

Discussion

An SC member asked about the validation of the reported data on wages and wondered about the capacity of some PNs to conduct such a process. The PM clarified that validation might be taken into account during the second round of consultation. The SC member highlighted that validation should be in place.

Decisions

Decision 9: Do you agree to strengthen requirement 3.1.2 to include procedures, allegation reporting, case management system & remediation.

Decision 10: Do you agree to include a new requirement on having a focal point for sexual harassment cases?

The SC unanimously voted in favour of decisions 9 and 10.

Decision 11: Do you agree to introduce a new requirement on mandatory wage reporting?

Decision 12: Do you agree to strengthen requirement 3.3.8 to ensure that workers are provided with the appropriate tools (personal protective equipment)?

The SC unanimously voted in favour of decisions 11 and 12.

Group C: Environment

Topic 10: New requirement - Carbon footprint estimation (One year transition period in 2023, and year 0 requirement from 2024)

The new requirement applies to Companies, Conveyors & Traders and indicates that they estimate their carbon footprint (CO₂e) per stem/ plant/ cutting and identify opportunities for improvement on an annual basis. Conveyors and Packers estimate their carbon footprint (CO₂e) (including the inbound transport phase) per stem/ plant/ cutting and identify opportunities for improvement on an annual basis.

Topic 11: New requirement - Climate Resilience

The new requirement applies to Companies that should identify and record the environmental risks to your business and identify steps towards addressing them, in particular (but not only) as regards climate resilience, within your business, its workers, and the landscape where it operates.

You develop and implement a climate adaptation plan and update this plan every year. You monitor progress and impact and document it annually.

Topic 12: New requirement - Water Management

The new requirement applies to Companies that should develop a Water Management Plan to ensure responsible use of a precious resource. This includes sourcing of water and efficient use, whilst minimising impact on the environment including any management of wastewater.

- water use efficiency is completed and recorded annually identifying ways to improve efficiency e.g., agronomic or technical practices.
 - the plan includes consideration of increasing the proportion of water that can be re-used or collected from periods of excess e.g., water needs are met by harvesting and storing from the greenhouse rooftops
- All producers have on site storage of rainwater where plentiful supply is not available. The extraction of water does not harm the environment or communities in the region. Appropriate staff are trained in the management plan.

Topic 13: New requirement: Collection of environmental data

The new requirement applies to Companies and indicates that they should collect information on plant protection products and fertilisers on a daily basis and water and energy on a monthly basis as detailed in the requirement. Producers report this information to Fairtrade.

Topic 14: Integrated Pest Management plan

The new requirement applies to Companies and states that they develop an integrated pest management plan which is reviewed at least annually.

Topic 15: Consulting surrounding communities

The requirement 4.3.1 states that 'You consult with surrounding communities regarding real and perceived risks of water pollution because of the presence of the flower farm in the area, and then work to mitigate the risks. This is a Year 3 development requirement, and the proposal is to change it to core Year 0.

Discussion

SC members advised that the option to "partially agree" should be removed from consultation questionnaires as it is never clear what is meant with the reply. It was explained that comments received with this vote were also used to modify proposals.

An SC member mentioned that the tools and training to estimate carbon footprint should be in place and aligned before making it a requirement in the standard as developing such tools represents a big burden to producers. It was indicated that guidance will be provided.

On the tool to collect environmental data, SC members asked that the CoE would be involved and that PNs and producers would have adequate time to be trained and to train. It was confirmed that the CoE had given input to the proposals, and that producers had confirmed they were already collecting data.

The importance to make available a clear guidance on the tools to guarantee good implementation was highlighted.

An SC member asked about the costs for collecting this data and asked if supply chain actors such as traders will support with the costs. It was answered that costs were not discussed during the consultation.

Regarding the applicability of topic 10; it was clarified that it is applicable as of 2024; SC members asked to give 2 years transition period; the proposal for decision was amended accordingly.

Decisions

Decision 13: Do you agree to include a new requirement on estimating carbon footprint per stem with a 2-years transition period?

Decision 14: Do you agree to include a new requirement that addresses environmental risks, including climate resilience within the company's business, its workers, and the landscape where it operates?

Decision 15: Do you agree to include a new requirement on water management that includes sourcing of water and efficient use, whilst minimizing impact on the environment?

The SC unanimously voted in favour of decisions 13, 14 and 15.

Decision 16: Do you agree to include a new requirement on collection of environmental data (fertilizers on a daily basis and water and energy on a monthly basis)?

Decision 17: Do you agree to include a new requirement on flower farms developing an integrated pest management plan which is reviewed at least annually?

Decision 18: Do you agree to change requirement 4.3.1 in the flower standard from development Y3 to core Y0 and the additional guidance on the example of what can be consulted on?

The SC unanimously voted in favour of decisions 16, 17 and 18.

Group D: Trade

Topic 16: New requirement - Sourcing plans

This new requirement applies to Price and Premium payers and indicates that they buy most of their volume from producers (growers) which they identify as their 'core producers' on a consistent basis.

The traders purchase at least 60% of the annual Fairtrade volume from this group of core producers.

Core producers are identified as those which the price and premium payer buys from on regular a weekly basis.

The sourcing plan covers a 12-month period (when there is year-round supply). The sourcing plan describes a maximum additional volume on top of the total that can be retro-certified.

Topic 17: Flower Standard: 5.2.1 Contracts between the company and the Fairtrade payer

The proposed change to requirement 5.2.1 applies to Traders and states that for Flowers and Plants, sourcing plans can be considered as contracts between company and buyer. They need to as a minimum clearly indicate the quality, price, estimated volumes, payment terms that are transparent, terms of delivery using international commercial terms and agreement on applicable jurisdiction.

Topic 18: New Requirement - Auction sales

This new requirement applies to companies and regional auctions and states that in the case that producers sell Fairtrade flowers through a regional auction directly to the auction buyers and without an importer in between, the auction becomes the Fairtrade price and premium payer. The premium shall be paid at 6% of the gross sales (clock) value. The premium is paid by the buyer of the Fairtrade flowers in addition to the gross sales price.

All flowers are sold in packaging with the Fairtrade Mark Certification Mark and producer FLO ID packed at the producer to permit clear traceability.

Topic 19: Glossary- Definition of regional auction

To ensure that the scope is limited to regional auctions, a definition of a regional auction is proposed.

Topic 20: Flower Standard: 5.2.2 Confirmation of final purchase order

The proposed change to requirement 5.2.2 applies to companies and states that companies confirm the final purchase order in writing. (For auctions, companies confirm the final sale in writing to the producer)

Topic 21: Flower Standard: 5.4.1 Agreement on market price

The proposed change to requirement 5.4.1 applies to companies (except for auctions) and indicates that they should negotiate with the company the paid price.

Topic 22: New Requirement - Retro-certification

This new requirement applies to Price and premium payer and states that Flowers/ Plants/ Cuttings purchased as non-Fairtrade may be converted into Fairtrade under the following criteria:

1. They come from a Fairtrade producer
2. Only the Fairtrade Price and Premium payer can convert any flowers (other traders cannot retro-certify non-Fairtrade flowers).
3. Only flowers for mixed bouquets (excluding roses) and plants can be retro-certified. No straight line (single ingredient) products can be retro-certified. No roses can be retro-certified.
4. Flowers/ Plants/ Cuttings cannot be converted from Fairtrade to non-Fairtrade
5. If a product is retro-certified the correct price should be paid (if the Fairtrade price is different to the non-Fairtrade price) in addition to the FP.
6. Only non-Fairtrade labelled product can be retro-certified.

Topic 23: New Requirement - Retro-certification reporting

This new requirement applies to price and premium payer and states that:

1. The Fairtrade price and premium payer notifies the certified producer weekly in the case of flowers, and monthly in the case of plants/ cuttings of any retro-certification so that an invoice can be raised for additional price/ premium
2. The Fairtrade price and premium payer keeps a 4-weekly overview of retro-certification sales for inspection by the certification body

Topic 24: New requirement - Retro-certification limits

This new requirement applies to price and premium payer and indicates that

Prior to commencing initial Retro-Certification, price and premium payer inform the Certification Body of the intent to do so and demonstrate the producer is willing to have their flowers retro-certified. An additional 25% volume on top of the Fairtrade purchased value can be retro-certified based on the quarterly volume. Flowers for bouquets (excluding roses) can be retrospectively declared as Fairtrade up to 7 days after delivery, plants and cuttings can be retrospectively declared as Fairtrade up to 12 weeks after delivery. Clear records are required monthly summarising information indicated in the requirement.

Topic 25: Fairtrade Flower Standard: 1.2.1 Flower bouquet composition

This requirement applies to Companies and Traders and states that they ensure that all the flowers and plants to be sold as Fairtrade are Fairtrade certified. If not all flowers/ plants are Fairtrade certified the Fairtrade Single Ingredient rules are followed.

Topic 26: Fairtrade Premium beneficiary definition

Fairtrade Flower Standard/s: Guidance page 5- Supervisors to be included as beneficiaries of the Fairtrade Premium

Topic 27: Additional request by FLOCERT

Proposed addition to requirement 5.4.4; indicates that the Fairtrade Premium monies can be paid less frequently in case of low sales and if requested by the FPC e.g., to avoid high bank charges.

Discussion:

Regarding topic 22; it was clarified that retro-certification excludes roses both in the straight line and in bouquets.

An SC member asked about the sourcing plan regarding the 60% of the annual volume in purchases from core producers and its relationship with the percentage of retro certification purchases; it was clarified that at the end of the year purchases under retro certification can be part of the 60% of annual purchases according to the sourcing plan, S&P to find better wording and clarification for this.

In the discussion, it was suggested to change the word supervisors in the definition of workers to personnel that can be unionized. An SC member suggested having this definition only in Kenya as the context in other countries and regions is different.

Decisions

Decision 19: Do you agree to introduce a new requirement to replace requirements 5.1.1, 5.1.2 and 5.1.3 in the flower standard. The new requirement has the following elements:

- The price and premium payer buys most of their volume from producers (growers) which they identify as their 'core producers' on a consistent basis.
- The traders purchase at least 60% of the annual Fairtrade volume from this group of core producers.
- Core producers are identified as those which the price and premium payer buys from on regular a weekly basis.
- The sourcing plan covers a 12-month period (when there is year-round supply).

Decision 20: Do you agree to strengthen requirement 5.2.1 in the flower standard to include international commercial terms and agreement on applicable jurisdiction?

The SC unanimously voted in favour of decisions 19 and 20.

Decision 21: Do you agree to introduce regional auctions in the standard with the following elements:

- In case the producers sell Fairtrade flowers through a regional auction directly without an importer in between, the auction becomes the Fairtrade price and premium payer.
- The premium shall be paid at 6% of the gross sales (clock) value.
- The premium is paid by the buyer of the Fairtrade flowers in addition to the gross sales price.
- All flowers with the Fairtrade Certification Mark and producer FLO ID packed at origin to permit clear traceability.

Decision 22: Do you agree with the proposed definition of regional auctions?

The SC unanimously voted in favour of decisions 21 and 22.

Decision 23: Do you agree to add a sentence in requirement 5.2.2 of the flower standard that mentions that auctions confirm the final sale in writing to the producer?

Decision 24: Do you agree that auctions are exempted from requirement 5.4.1 of the flower standard and that additional guidance to confirm that the price on the auction is not negotiated and is determined by the clock price on the day is included?

Decision 25: Do you agree that retro-certification is introduced to the flower standard and is only restricted to plants and flowers for bouquets?

The SC unanimously voted in favour of decisions 23, 24 and 25.

Decision 26: Do you agree that for retro- certification, a weekly reporting is kept for flowers for mixed bouquets and a monthly reporting for plants and cuttings?

Decision 27: Do you agree to introduce the following limits for retro- certification?

- Inform the Certification Body of the intent to do so and demonstrate that the producer is willing to have their flowers retro-certified
- An additional 25% volume on top of the Fairtrade purchased value can be retro-certified based on the quarterly volume
- Flower bouquets can be retrospectively declared as Fairtrade up to 7 days after delivery and plants up to 12 weeks after delivery.

The SC unanimously voted in favour of decisions 26 and 27.

Decision 28: Do you agree to replace the existing flower bouquet requirement 1.2.1 with the Fairtrade Sourcing Ingredient rule?

Decision 29: Do you agree to include personnel that can be unionized to the definition of workers?

Decision 30: Do you agree to add a sentence to requirement 5.4.4 of the flower standard that mentions that Fairtrade Premium can be paid less frequently in case of low sales and if requested by the FPC to avoid high bank charges?

The SC unanimously voted in favour of decisions 28 and 30. Decision 29 will be taken in the second round of consultation.

Decision 31: Do you agree to the delegation of approval of non-substantive changes and final wording of the standard to the director of S&P?

The SC unanimously voted in favour of decision 31.

Next Steps

- S&P to work on the amendment and wording based on the discussion
- Second phase of consultation to start in Q1 2023
- SC decision June 2023
- Publication and implementation of Standard Q3 2023

Item 10 - Limited review of the definition and scope of significant number of workers- SPO Standard

The Fairtrade International Senior Advisor on Workers Rights put to the attention of the SC the high relevance of improving the protection of workers employed in the context of Fairtrade certified SPOs by organizations and by their members. All agree that this topic is very important for Fairtrade. S&P presents the project and its purpose which is to review the definition and scope of significant number of workers and to ensure that the requirements touching on fundamental human and labour rights are applicable to all workers regardless to the number employed. Overall, the consultation feedback received shows a strong divide between the expectations of market facing parties, including consumers and civil society, and the perspective of POs and their members, who are asked to implement better protection of workers.

S&P take out of the feedback received is that overall, there is agreement between all parties that workers should be better protected. SPO representatives at the same time strongly insist that there are multiple challenges with implementation of what is consulted, specifically on member level. Especially SPOs consulted in Latin America strongly indicated that in the current situation too much effort from their end is required and that is not realistic to apply all requirements to all workers on SPO and on member level. Also, the feedback received from Africa indicates a preference for applicability on SPO level.

Taking into account this mixed picture of feedback, together with research recommendations and requests received consistently from market partners during the last years, S&P is proposing a middle way to the SC for decision: Less requirements and slower implementation as compared to what has been consulted, and at the same time a stepwise strengthening of the rights of workers employed by SPOs and their members.

Changes proposed:

- A workers register should be introduced for farms bigger than 5ha and the responsibility should lie with the SPO.
- The definition of “Significant number of workers” should remain as it is, as the proposal to introduce changes was not supported and FLOCERT indicated that they are able to audit it, if supported by the information from the workers register.
- With regards to the applicability of Condition of employment requirements independently of the number of workers employed, out of 5 requirements consulted on, S&P recommends that 2.5 should only be applicable on SPO level but not on member level and the rest should apply as proposed in the consultation.
- With regards to the applicability of Health and safety requirements, following the consultation feedback received, S&P suggests that out of 6 requirements, 1.5 should only be applicable on SPO level, but not on member level, the rest should apply as proposed in the consultation. In all cases, a long transition time is offered.

Topic 1: Significant number of workers

Mandatory record keeping

Mandatory record keeping regarding name, gender, age, nationality, days worked, wage paid for all workers employed is proposed to improve auditability. As the need for contracting workers is proportionate to the land size, different options are discussed, from which size on record keeping should be compulsory:

- Option 1: Mandatory keeping for members owning more than 2 hectares in Africa & Asia and 5 ha in LAC.
- Option 2: Mandatory record keeping for members owning more than 5 ha in all regions (Africa, Asia & LAC)
- Option 3: Mandatory record keeping for members owning more than 10 ha in all regions (Africa, Asia & LAC)

S&P recommended to take option 2.

The SC discussed the Options presented and the implications for farmers, SPOs and workers.

Discussion

SC members indicated that the requirement represents a big challenge for SPOs which will need to hire additional staff to keep records updated. The Head of standards highlighted that the record keeping is important for assurance and for implementing the definition that is defined in the standard.

Based on the discussion, the SC is voting on a fourth option.

Decisions

Decision 1

- The requirement on record keeping will be mandatory for SPOs and members owning more than 10 hectares in all regions (Africa, Asia, and LAC) and will be applicable to all workers. This requirement will be applicable 1 year after the publication of the revised standard.
- Record keeping will be mandatory for SPOs and members employing permanent workers, regardless to the number of hectares owned, starting 2 years after the publication of the revised standard.
- As best practice, SPOs and members owning less than 10 hectares employing all types of workers (temporary, seasonal, permanent, migrant etc) should also keep records

The SC unanimously voted in favour of decision 1.

Topic 2: Conditions of employment

The conditions and employment section of the SPO Standard is currently only applicable if SPOs or their members employ a significant number of workers. Requirements that touch on basic human and labour

rights should be applicable to all workers regardless to the number the SPO or the small holder employs. In many countries some requirements are already applicable to all workers by national law and hence also for the members of SPOs.

2.1 Making requirement 3.3.18 in the SPO standard applicable to all workers regardless of the number the SPO or members employ

3.3.18 Wages: Applicable one year after publication of the standard

The requirement states that SPOs and their members set salaries for workers according to CBA regulations where they exist or at regional average wages or at official minimum wages for similar occupations whichever is the highest. They specify wages for all employee functions and employment terms, such as piecework.

Decisions

Decision 2.1: Do you agree that requirement 3.3.18 should be applicable to all workers regardless to the number employed. This should be checked on SPO level.

The SC unanimously voted in favour of decision 2.1

2.2 making requirement 3.3.19 in the SPO Standard applicable to all workers regardless to the number of workers that the SPO or its members employ

3.3.19 Production, quotas, and piecework: Applicable 2 years after publication of the standard

The requirement states that 'For work based on production, quotas, and piecework, during normal working hours, you and your members pay the proportionate minimum wage or the relevant industry average, whichever is higher. Information about this pay rate is available for all workers and worker organizations. For pay based on piecework, you and your members make the method of calculation transparent and accessible to the worker. You and your members do not use production, quotas, and piecework employment as a means to avoid time-bound contracts.'

Decisions

Decision 2.2: Do you agree that requirement 3.3.19 should be applicable to all workers regardless to the number employed. This should be checked on an SPO level and not member level.

The SC unanimously voted in favour of decision 2.2

2.3 making requirement 3.3.20 in the SPO Standard applicable to all workers regardless to the number of workers that the SPO or its members employ

3.3.20 Regular payments in legal tender: Applicable 2 years after publication of the standard

The requirement states that 'You and your members make payments to workers at regularly scheduled intervals and document the payments with a pay slip containing all necessary information. Payments are made in legal tender. Only if the worker explicitly agrees may you make the payment in kind.'

Decisions

Decision 2.3: Do you agree that requirement S&P's recommendation to requirement 3.3.20?

The SC unanimously voted in favour of decision 2.3

2.4 making requirement 3.3.21 in the SPO Standard applicable to all workers regardless to the number of workers that the SPO or its members employ

3.3.21 Subcontracted workers: Applicable one year after publication of the standard

The requirement states that 'If you or your members employ migrant or seasonal workers through a contracting agency or person, you put effective measures in place to ensure that their hiring and working conditions also comply with this Standard.'

Discussion

SC members commented that they agree with the principle and strongly questioned the practical feasibility of controlling every hiring process at farm level, especially for short term, ad-hoc hiring. .

Based on the discussion the applicability was modified and summarized in the decision as follows:

Decisions

Decision 2.4: Do you agree that requirement 3.3.21 should be applicable to all workers regardless to the number employed. This should be checked on SPO level after 2 years and on member level after 3 years after publication. The guidance of the requirement needs to make sure that there are capacity building and awareness raising.

The SC voted in favour of decision 2.4 (7 in favour, 1 abstention)

Next Step: S&P to include into the monitoring log: Check on compliance and potential improvements of this requirement in the next SPO Standard review.

2.5 making requirement 3.3.22 in the SPO Standard applicable to all workers regardless to the number of workers that the SPO or its members employ

3.3.22 Employment contracts: Applicable 2 years after publication of the standard

You and your members ensure that all permanent workers have a legally binding contract and are aware of their rights and duties, responsibilities, salaries, and work schedules as part of the legal labour contract. You ensure that workers have a signed copy of their employment contract and that they understand the content by providing it in a format and language they understand

Decisions

Decision 2.5: Do you agree that requirement 3.3.22 should be applicable to all workers regardless to the number employed.

The SC unanimously voted in favour of decision 2.5

Topic 3: Occupational Health and Safety

Significant occupational health and safety (OHS) risks exist across the agricultural industry. Many risks are common across crops and countries, for example risks associated with use of agrochemicals, carrying heavy loads, use of sharp tools, and repetitive strenuous tasks.

Most of the requirements in the OHS section of the SPO standard are currently only applicable if the SPO or its members employ a significant number of workers posing a huge risk to many workers. For 6 requirements a general applicability is proposed.

3.1 Making requirement 3.3.28 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.28 Workplace safety: Applicable 2 years after publication of the standard

The requirement states 'You and your members make work processes, workplaces, machinery, and equipment on your production site safe.'

3.2 Making requirement 3.3.29 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.29 Restrictions on engaging in hazardous work: Applicable one year after publication of the

The requirement states 'Children under the age of 18 years, pregnant or nursing women, mentally disabled people, people with chronic, hepatic, or renal diseases and people with respiratory diseases do not carry out any potentially hazardous work. Alternative work is provided for them.'

3.3 Making requirement 3.3.31 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.31 Access to toilets, hand washing facilities and clean showers: Applicable 2 years after publication of the standard

The requirement indicates 'You and your members provide clean toilets with hand washing facilities close by for workers, and clean showers for workers who handle pesticides. These facilities are separate for women and men and the number of facilities is in proportion to the number of workers.'

3.4 Making requirement 3.3.32 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.32 Training on hazardous work: Applicable 2 years after publication of the standard

The requirement indicates 'You and your members provide training to workers who carry out hazardous work on the risks from this work to their health, to the environment, and on what to do in case of an accident.'

3.5 Making requirement 3.3.33 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.33 Visibility of safety instructions: Applicable 2 years after publication of the standard

The requirement states 'When you carry out hazardous work, you and your members display all information, safety instructions, re-entry intervals and hygiene recommendations clearly and visibly in the workplace in the local language(s) and with pictograms.'

3.6 Making requirement 3.3.34 in the SPO standard applicable to all workers regardless of the number the SPO or members employed

3.3.34 Provision of personal protective equipment: Applicable 2 years after publication of the standard

The requirement states 'You and your members provide and pay for personal protective equipment (PPE) for all workers who perform hazardous work. You make sure that the PPE is used, and that replacement equipment is ordered and distributed when the existing equipment wears out.'

Discussion

SC member suggested to revise the word 'showers' in requirement 3.3.31 as this word could be understood differently; it was mentioned to use the word 'washing facilitation' instead. S&P agreed on revising the word.

Regarding requirement 3.3.32, it was indicated that, for SPOs, providing training to members is feasible, however providing it to workers is very challenging due to the high rotation among workers. It was suggested to request guidance to PNs to train not only SPOs but also members. S&P agreed to consider this point in the guidance.

About requirement 3.3.34; it was suggested to include the list of risks regarding hazardous work in the standard as it is in the paper.

Decisions – Block decisions

All decision with 3 years transition period.

Decision 3.1: Do you agree that requirement 3.3.28 should be applicable to all workers regardless to the number employed. This should be checked on an SPO and member level.

Decision 3.2: Do you agree that requirement 3.3.29 should be applicable to all workers regardless to the number employed. This should be checked on an SPO and member level.

Decision 3.3: Do you agree with the recommendations stated above for requirement 3.3.1?

Decision 3.4: Do you agree that requirement 3.3.32 should be applicable to all workers regardless to the number employed. This should be checked on an SPO and member level.

Decision 3.5: Do you agree that requirement 3.3.33 should be applicable to all workers regardless to the number employed. This should be checked on an SPO level.

Decision 3.6: Do you agree that requirement 3.3.33 should be applicable to all workers regardless to the number employed. This should be checked on an SPO I and member level

The SC unanimously voted in favour of decision 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6.

Decision 4.1: Do you agree to the delegation of approval of non-substantive changes and final wording of the standard to the director of S&P?

The SC unanimously voted in favour of decision 4.1.

Next steps

- Publish the revised standard in Q1 2023
- Follow up on transition time of the topic: Mandatory record keeping and propose a meaningful process how the transition time can be used to ensure implementation of the change
- Follow up on transition time in general and propose a meaningful process how the transition time can be used to ensure implementation of the change
- Revise guidance in the requirements based on the discussion

Item11 – Project Updates

No comments on the document

Item 12 – AOB

AOB

- S&P shared the timelines for the cocoa Fairtrade Minimum Price Differential topic. An SC meeting might be needed in mid-February 2023.
- An SC member asked about the role of the FET regarding its mandate to approve strategies such as the Living Income Strategy and wondered if such decisions were rather the mandate of the Board. The S&P Director agreed on following up and inform in the next SC meeting what the sign off process for the LI strategy is and which role the FET plays with regards to the endorsement of Fairtrade Strategies.
- An SC member requested to clarify the link between Fairtrade Standards and ILO conventions and to share this information with the SC. S&P will follow up and inform.

Next meeting date:

The meetings dates for 2023 were agreed:

- March 22-23-24
- June 28-29-30
- September 20-21-22
- November 29-30

In addition, extraordinary meetings in February and April might be needed and dates will be shared with the SC.

The meeting was formally closed.