

Standards Committee Minutes Meeting 112: June 26, 27 and 28, 2024 Teleconference

SC members:, Arun Ambatipudi, Martin de la Harpe (Chair), Ben Huyghe, Stijn Decoene, Richard Odurose Kwarteng, Gustavo Lopez, Marike de Peña, Emilie Sarrazin.

Stijn Decoene was excused.

Emilie Sarrazin was excused on June 27 and 28.

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
FTO	Fairtrade Organizations
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on Board
FP	Fairtrade Premium
FPC	Fairtrade Premium Committee
FSI	Fairtrade Sourcing Ingredient

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>



FBW	Fairtrade Base Wage
GA	General Assembly
GOTS	Global Organic Textile Standard
GPM	Global Product Manager
GPPP	Global Products, Programs & Policy
HL	Hired Labour
HML	Hazardous Materials List
HOC	Head of Oversight and Compliance
HREDD	Human Rights and Environmental Due Diligence
IDH	The Sustainable Trade Initiative
LAC	Latin America and the Caribbean
LB	Licensing Bodies
LI	Living Income
LIRP	Living Income Reference Price
LW	Living Wage
MEL	Monitoring, Evaluation, and Learning
NAPP	Network of Asia & Pacific Producers
NEM	New Economic Mechanism
OC	Oversight Committee
O2B	Offer to Business
PC	People's Committee
PB	Producer Body
PEB	Producer Executive Body
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. Item 6 'Cocoa Price Model Review' was moved to the next day and presented on June 27 instead of 26.

Declaration of conflict of interests: There was no conflict of interest identified.

Action items: The SC was informed about the status in certification in conflicted areas; the next steps will be analysed based on FLOCERTs' report on the results of remote audits in conflicted areas that were carried out mostly in 2023.

The SOP recognition will be published shortly with additional clarification. The SC was also informed about the steps FI is taken regarding the EU Organic regulation, besides webinars for PNs and NFOs; technical documents to guide producers to comply are published on the website.

Item 2 – News session

News from FI and the Fairtrade System

The Executive Director (ED) briefed the SC about the General Assembly touching the following points:

- The Chair delivered the SC Report during the GA. The GA asked the SC about the steps and work on simplifying standards.
- The GA was informed about the FI financial situation and took 3 financial resolutions.
- The GA approved the proposed Global Complaints and Allegations Policy as part of the next Fairtrade Code Implementation Phase and approved the Act to Protect Policy 2024.
- The GA approved Project Simple and agreed that further work is done to develop and consult about FI governance.
- New Board members were elected.

The ED shared the reflection that growth (in terms of volume and premium) is important and needed in the system and that growth should be inclusive and distributed among all members.

News from the OC

The OC had 2 days meeting where they discussed the following topics:

- FLOCERT presented their annual report on complaints & allegations and KPI report.
- The OC was updated on the progress of the Smart Assurance approach.
- The OC was informed about the status of the Requirements for Licensing Bodies (self-assessments, the audit plan for 2024 and the plan for regular assessments of the Licensing Bodies).
- The OC was briefed about the Innovation Landscape and about the new ISEAL Code of Good Practice for Sustainability Systems.
- The OC was updated on the progress made in the LI/LW add-on requirements (formally called Fairtrade+) and asked to give input on the draft versions.
- The OC decided to phase out the Young Plant pilot (pilot 1.0)
- The OC approved the Young Plant pilot 2.0 which will start in January 2025, the pilot is planned to run for 2 years.
- The OC reflected that the Pilots are now a large part of the OC agenda.

News from SC

- Arun Ambatipudi has been appointed as new Producer Representative for the NAPP region as of April, 2024.

- Gustavo Lopez has been appointed for a second term as Trade Union Representative.
- Emilie Sarrazin has been appointed for a third term as NFO representative.
- Martin de la Harpe third and final term ends on 30 June.

News from S&P

- Blanca Loaiza assumes a new role in FI and her position is currently vacant.

Item 3 – Director’s Decisions

12 decisions were taken since the last update in the 111 SC.

- The implementation period of few requirements in the Flowers and Plants, Cocoa and Coffee Standards were postponed.
- Coconut fibres and shea nut shells were added to the secondary product list.
- All grades of whole, broken and chipped Brazil nuts were introduced to the Nuts Standard. Their FMP is the commercial price plus 15% Fairtrade Premium.
- An individual Fairtrade Minimum Price update for the New Economic Mechanism pilot for coconuts for processing from the Ivory Coast was approved

Item 4 - Flowers and Plants Standard Review

The second phase of the flowers and plants standards review focusing on wage improvement towards living wages started in April 2023. The consultation started on 17 June, with a month duration, and the results will be presented to the SC in September 2024.

Two tools were identified to reduce the LW gap:

- Fairtrade Premium (FP) contribution of 30%
- Living Wage differential (LWD) paid per Fairtrade flower stem bought

The consultation includes other proposals around collective bargaining and Trade Union (TU) rights, to ensure that TU are not undermined by our proposals, and the clarification between the floor wage and basic wage.

There has been extensive engagement with the industry, both retailers and workers. For example, the proposal was presented in the International Floriculture Trade Fair (IFTF), 2023 and a pre-consultation workshop with workers in Naivasha was carried out in May 2024. TU representatives have been invited to participate in the consultation workshops that will be carried out in July (2 July in Kenya, 23 July in Ethiopia and Uganda).

The LW proposal is overall aligned with the Floriculture Sustainability Initiative’s (FSI), with the main difference that FSI will continue to use the IDH salary matrix and Fairtrade will work with an own simpler collection tool.

Discussion

An SC member requested confirmation on whether the LWD will be mandatory for traders and if the intention was to channel the bonus through the payslip and not the Fairtrade Premium Committee (FPC). In Latin America a legal analysis showed that any (frequent) bonus paid by the company could bind them to continue to provide it, regardless of the trader paying it or not. The SC member also asked for the feedback from producers with regard to using an internal wage collection tools vs the IDH- Salary Matrix.

The project team confirmed that a mandatory LWD payment for traders was proposed in the consultation, that the possibility of legal implications for companies had already been foreseen and the question had been included in the consultation document, and that no feedback from producers regarding the wage collection tools was yet available, as the pilot to test the internal tool was about to start.

Another SC member found the gaps per country useful and suggested to learn from companies that are closer to the LWB.

An SC member asked about the LW gaps in non-African flower origins. The presenter explained that although no LW gap was available for Sri Lanka, it was expected that it was similar to the one in Kenya. Although no workshop was planned in Sri Lanka, the presenter mentioned that they will engage with the GPMs to gather feedback from them. As for Ecuador, no LW gap was expected, and if, then very small. Also, the presenter clarified that the LWD proposed was only applicable for cut flower and foliage, not for young plants.

An SC member complimented the proposal as to the mechanism, to be a discretionary bonus based on sales. Some producers could try to capitalise and increase sales to support wages in their companies.

Another SC member wanted to learn about the feedback from the industry in terms of making the differential mandatory and not voluntary, as in bananas. It was asked if that could impact sales volume.

The presenter explained that NFOs had been reaching out to retailers to understand their positions, the range of reactions was wide, some understood and supported the proposal, while others had openly disagreed. The presenter will wait for the consultation feedback to know more.

Another SC member expressed that it was necessary to consider the realities of each country to have clarity which option is better for workers, if cash or vouchers. The presenter added that the consultation document included a question for workers so they can express their preference on how the bonus should be paid.

An SC member expressed that 30 days was a very short consultation period to receive all the feedback, particularly given that it is during summer holidays.

Another SC member asked how many organisations will be consulted in each country and whether LW benchmarks were available for all flower origins.

The presenter explained that all Fairtrade producers and traders, as well as retailers, will be invited to provide feedback, in addition to the workshops organised by FTA to reach out to most producers. It was clarified that there were LWB available for all flower producing countries, and these were published by the Global Living Wage Coalition (GLWC).

It was added that in a recent discussion with banana plantations from Latin America, they conveyed their concern about the effect on the pension scheme in the long term, if the bonus was incorporated to the wages.

An SC member recommended to carry out a legal check of the implications for companies if the bonus is paid through the company instead of the FPC, as well as the pros and cons of paying it out as voucher or distributed as cash to workers. Finally, the member also encouraged to provide training to the FPC to ensure an equitable distribution of the bonus.

Next steps

- Consultation period from 17 June to 24 July.

Item 5 - Standards Architecture

The objective of the project is to reduce standards development and implementation costs; the project seeks:

- Streamlining and modernisation of standards setting, pricing and certification
- Simplify standards architecture (consistent, integrated, user-friendly)
- Understanding unit cost economics and extract more margin from the core offer (standards, certification and labelling)

A webinar was carried out to inform members (CEOs from PNs and NFOs) about the project and to collect their feedback and opinions; the feedback was diverse and further exchange to come to agreements on way forward will be required. The feedback of the webinar was shared with the SC.

Moving forward, the current landscape was mentioned as it influences overall the standards development process and maintenance, the following points were explained:

- New merged ISEAL Code – FI compliant on all areas (standard setting, impact, assurance and claims)
- Legislative landscape changes
- Higher expectations on reporting, impact, and claims
- PN capacities regarding consultations and support for implementation
- Benchmarking increasingly relevant

It was highlighted that FI Standards unit has responded to all increasing requests and updated standards based on needs where otherwise Fairtrade would lose positioning.

The short term workstream on this project is about cleansing and consolidating standards and revising the SOP. For the medium term, an external consultant will be hired to support this work.

The next steps include continuing with short term and long term workstreams such as:

- Review of Fresh Fruits, Vegetables, Prepared and Preserved Fruits Standards
- Mapping of product specific standards and mapping of duplications and redundancies in where feasible to be included in the Trader Standard (currently under review)

- Consultant engagement, map and plan for resources in 2024 and 2025, system wide agreement on way forward and core principles, agree on a workplan to implement an improved standard architecture

Discussion

An SC member suggested to include in the project an analysis and mapping of non- competitive standards currently followed by producers to recognise them in order to simplify work for producers and to avoid overlapping.

Item 6 - Cocoa Price Model Review

The Cocoa Team gave an update about the market situation:

- Unprecedented price spike in global cocoa price
- Limited supply of cocoa beans, mainly from West Africa (Côte d'Ivoire and Ghana)
- Worldwide, demand is higher than supply, buyers are adopting different strategies to secure beans
- In April 2024 there was a critical suspension of trading Fairtrade cocoa beans from Côte d'Ivoire, lifted by Ivorian Conseil Café Cacao after ~3 weeks
- Significant production & supply challenges continue to exist in both Ghana & Côte d'Ivoire. Buyers are trying to compensate supply shortages in West Africa with cocoa from LAC
- Some clients are reporting scarce or no availability of Fairtrade & organic cocoa

The Cocoa team also provided a recap about the information session of the last SC meeting in March 2024 including the results of the stakeholders' interview, the COSP study and preliminary proposals.

Regarding Living Income updates, publication of prices is expected in December 2024, new LIRP entering into force in October 2025. It was highlighted also that the expectation from stakeholders is to see FMP moving closer to LIRP and to have a clear and transparent process in place for future LIRP reviews and review cycle. It was mentioned the importance and need to harmonize LIRP with FMP procedures and review cycles.

About the PNs feedback, CLAC asked to resume the price review as soon as possible while FTA proposed the consultation for Q1 2025.

Discussion

The SC discussed the different scenarios and consequences of an eventual price review in the different cocoa producing regions.

Next steps

It was decided that further conversations between PNs and the Cocoa Project Team need to be in place to get to a final decision about the next price cocoa consultation.

Item 7 – Project Updates

The pricing team presented an update on the Coffee COSP Data Collection.

The project started at the end 2023 with the update of the COSP template aiming to include HREDD, organic, sustainable practices and LI elements.

For the development of a new coffee COSP template, a wide consultation to coffee stakeholders was conducted in 2023. The outcome of this consultation will be used in the coffee COSP data collection in 2024.

The priorities and challenges in the project for 2024 were presented by the project team.

Discussion

One SC member asked if compliance with EU-DR will be part of the HREDD costs. The project team mentioned that this is already included in the coffee costs template. The Project team made the effort to explicitly show cost related to deforestation and other related activities for sustainable practices such as organic and that were not hidden inside other generic costs such as consultants, or trainings.

An SC member noted that the effort is worthy, highlighting that most producers have not yet implemented many of the requirements related to HREDD or deforestation regulations. However, they are already practicing sustainable methods, including organic production. The member expressed that it would be beneficial to have greater transparency to distinguish between the costs associated with sustainable and conventional production methods, and how these differences are reflected in the FMP. They pointed out that many of the additional costs stem from increased labour expenses and questioned whether there will be a reference point for sustainable practices and the extent to which these factors will influence the FMP.

It was answered that the definition of COSP is a result of the compliance of Fairtrade Standards that requires implementation of a number of sustainable practices, and the price resulting of a COSP collection covers the cost of sustainability but also considers the market reception.

Item 8 – Textiles – potential partnership with GOTS

The PM presented the background on the partnership between Fairtrade and GOTS (the Global Organic Textile Standard) and asked SC for guidance.

For the moment, the topic remains confidential. For more information, reach our satndards-pricing@fairtrade.net

Item 9 – Cocoa Standard

The new Cocoa Standard Requirement 2.1.10 “Origin matching of bean volumes” was planned to be applicable for Traders as of January 1, 2025. In the last months, the cocoa team concluded that it would not be advisable for Fairtrade to proceed with the implementation of this requirement as planned for several reasons:

- EUDR is driving more focus on enhanced cocoa traceability solutions for segregated and identity preserved cocoa, Vs improved transparency of mass balance.
- Origin matching of beans will add additional complexity and reporting burden to traders and Fairtrade (at a time when the focus of reporting is on EUDR).

- To achieve the desired impact of improved transparency, origin matching must be applied to all cocoa products (liquor, butter, powder) and this is currently unviable in Fairtrade Cocoa.
- Due to historical price highs and supply shortages, the cocoa sector is currently struggling to meet demand for the current 2023-2024 and next 2024-2025 season, so the introduction of additional sourcing restrictions should be avoided.

Introducing origin matching on Fairtrade beans during a time of extreme supply shortage would put additional stress on Fairtrade sourcing and increase complexity further, when many operators are focused on EUDR compliance. Therefore, the Standards Unit recommend the SC to remove 2.1.10 “Origin matching of bean volumes” from the Fairtrade Cocoa Standard with immediate effect to take account of the challenging sourcing situation for Fairtrade Cocoa.

Discussion

SC members supported the Cocoa team recommendations and recommended the team to do this analysis before presenting proposals for decision to the SC and not after approval as it is not a good practice to approve requirements and then remove them.

Another member highlighted the importance of being proactive and said that it is better to give a step back before implementation. It was also mentioned that flexibility and practicality is very important.

Decision

Do you agree to remove requirement 2.1.10 Mass balance: origin matching of bean volumes from the Fairtrade Cocoa Standard?

The SC unanimously approved the decision (6 votes)

Next Steps

- Remove requirement 2.1.10 from the Cocoa Standard
- Publish and announce the changed Standard to stakeholders

Item 10 – Gold and Precious Metals Standard Review

The PM presented an overview of the answers of the consultation document. It was commented that most inputs came from Artisanal Small-scale Mining Organizations (ASMOs) from Peru. For the consultation, in the section related to anti-money laundering, the stakeholders requested more clarity on the details of what is needed to comply with this requirement. For the section on integration of vulnerable groups, some ASMOs stated that compliance with this requirement generates additional administrative work. Other ASMOs stated that they are already implementing the activities for compliance.

The section trade on the consultation document received comments after consultation, which state that financial and physical traceability ensures credibility and limits potential money laundering. This point was strongly agreed by 74% of the participants. On trade, regarding preventive measures and remediation, the Standards Unit commented that additional guidance will be provided for this point.

The consultation included a requirement on the report of transactions to miners, when direct commercial relationships with individual mining operators happen. This requirement allows compliance with other regulations, and it would be applicable to payers only.

Chapter three in the consultation included a section for the whole production cycle, including HREDD and social responsibility elements. The PM mentioned that content on those requirements aligns with OECD due diligence guidance.

There were important social components included in the consultation, such as indirect rights on HREDD being allowed to ASMOs, decent work policies which were agreed to be included by 66% of the participants and workers' social security.

Discussion

There was a question on the accreditation as artisanal miner and the rights to extract the metal. It was confirmed that in the case of Peru, the ASMOs have the direct right. One SC member mentioned that in this case, the collective structure should empower the organization, beyond specific reasons as being allowed to extract the metal in different areas.

Regarding environmental production, it was commented that there might be difficulties keeping assurance on this requirement, since it might overlap with national legislation in some cases.

There were active comments on the requirement which refers to mercury. The project manager confirmed that most countries ban the use of mercury, but some still allow it. It was mentioned that other chemicals or gravimetry methods allow for extraction free of mercury. The comments indicated the need to carefully refer to mercury, to avoid being externally seen as promoting the use of it. One SC member recommended to remove the mention of mercury, and if needed, to make explicit the phasing out of mercury use during the next 2-3 years. Other SC member requested to reword the requirement which refers to mercury, so the organizations who currently use mercury prove the official license for mercury use.

Regarding decent work policies, it was agreed to provide additional clarification as amendment of the Standard.

One SC member commented on the relevance to improve environmental and HREDD criteria. The comment was related to the need to benchmark the impact on the criteria.

Next Steps

Since the gold standard is expected to have more than 170 requirements to be decided on, it was proposed to take the next two SC meetings in 2024 for decision making. The decisions could be made in blocks to allow for a swifter decision making process.

Item 11 – HREDD requirements and Deforestation in Cocoa Standard

The SPM informed the SC about the learnings from the implementation of the Cocoa standard after its last review and publication in 2023, specifically on the support that Fairtrade has provided to SPOs to comply with the standard, update on deforestation monitoring with Satelligence and on recent learnings from audit results in 2024.

- Following the last review, there were in total 54 new and revised requirements. The implementation of demanding requirements is done in a gradual approach, requiring compliance with some parts of activities and measures by July 2023, July 2024, July 2025 or July 2026. In addition to the set of guidance documents and video sessions, Producer Networks in Latin America and Africa provided over 50 workshops including one-on-one coaching to small producer organizations.
- The Cocoa GPM informed about the process around data collection and reporting deforestation monitoring with Satelligence. The procedure includes the step where following provided data on polygons and other data, each SPO to receive the report that can be shared with any stakeholder upon SPO's decision. Deforestation data is important and useful to understand the deforestation risks and how to monitor those risks. The main challenge is data quality that demand considerable efforts to cleanse and validate. More guidance and short videos on how to collect and report data by SPO will be developed.
- Out of 403 currently certified organizations, the analysis of audit results was carried out only on those where audit took place between January to mid of June 2024. The conclusion of this analysis indicates the need for more support and monitoring. The Head of Standards highlighted that there is an overall concern around non-compliances and high number of decertification with ambitious requirements, the need for further thorough evaluation and monitoring.
- The next step is to work on compliance criteria review together with FLOCERT, updating the Cocoa standard with recent SC decision and starting the limited cocoa standard review focused on agroecology in Q4 2024.

Discussion

The SC expressed the need to look at how processes could be improved around deforestation monitoring to better support stakeholders with their EUDR compliance, flagging that due to recent changes with regulations out of all discussed areas, more resources need to be allocated to speed up the Fairtrade supply chain readiness for the EU market.

It was also suggested to work on implementation of existing requirements before further reviewing the Standard.

Item 12 – Standard Operating Procedure for Wage Floors Calculation

The Standard Operating Procedure for Wage Floors Calculation in the Hired Labour Organisations (hereafter Wage floors SOP) defines Fairtrade International's approach to calculate and revise wages values defined in the Fairtrade Product Standards. The current Fairtrade wage floors methodologies are defined in the Flowers and Plants Standard and in the Fresh Fruit Standard for hired labour organisations. The purpose of the Wage Floors SOP is to describe the procedures by which wage floors (currently the Floor Wage and the Base Wage) are developed, revised, and implemented by Fairtrade, by providing a level of formal accountability for team members, manage compliance obligations, roles and responsibilities for all steps, and timelines; ensure operational efficiency to implement standardized processes with space to revise and optimize them; reduce the learning curve of new personnel involved in this SOP; ensure service continuity in the event of staff turnover or unavailability and ensure quality & control by reducing errors or variations.

Discussion

An SC member requested to add an internal technical document and have an external, more user-friendly version.

A SC member raised a concern about whether approvals should require consensus, suggesting that since the outcomes are derived from technical calculations, decisions should not necessarily be made by consensus. The PM clarified that while the values are indeed based on technical calculations, other factors must also be considered, such as national laws, sector agreements, and changes in country-specific indicators that may or may not be included in the calculations. The PM emphasized that reaching a consensus is important after thorough deliberation among team members. In special cases, these matters could be escalated to the SC for a final decision.

An SC member mentioned that the paper does not clearly reflect the role of PNs in the different stages. The PM offered a closer revision in the document to better reflect PNs role but explained that PNs can be involved from the beginning and participate during the calculation, rather than just validate, and this will depend on the capacity of each PN.

There were suggestions to have a regular discussion regarding the implementation and impact of Wages at the SC level. The PM proposed that this could be linked to the proposed Impact assessment in the SOP as it is a very important and necessary step in the process. That assessment would be the basis for the determination of new methodologies or new criteria to define floor wages (e.g. increase the % of the FBW).

Decision

Do you approve the Standard Operating Procedure for Wage Floors Calculation in the Hired Labour Organisations?

The SC unanimously approved the decision (6 votes)

Next steps

Taking into account in the final SOP text the following points before publication:

- Propose two explanatory documents: one for internal use and one for the public (simple and clear for producers and auditors)
- PNs role in the process should be clearly stated in the documents

Item 13 – Trader Standard Review

The SC members were informed about the third consultation round of the Trader Standard review and were invited to reflect on the proposed direction and changes. A recap on consulted areas and overview of inputs and concerns were presented as well as key learnings for the 3rd round of proposals.

The focus were the following three topics:

1. Traceability models: Refine of existing and new models

- Add Identity Preservation (enhanced model of physical segregation as one of the voluntary traceability model)
- Add Batch mass balance
- Redefine existing models (Single Site Mass Balance (SSMC) with an option for multiple processing or manufacturing; scope of GMB – geographical location of units/ sites belonging to the same group; Balance on document; replace physical traceability with Product segregation; Alignment of info/ new models in claims)
- Envisioned outcome: Improve audit checks, align with realities of mass balance (MB) products, optional SSMB for all MB products, identity preservation optional for all products
- 2. Scope of the standard – licensees
 - Companies can be certified or verified, or both.
 - License contract defines this, the Trader Standard (TS) is not specific on this; many licensees have asked for specification.
 - An open question: Should the scope of the TS be extended to require due diligence from licensees (those who currently only verify) – consultation outcomes:
 - Over 60% were in favour but comments were not clear, people might have understood it differently.
 - It could be resource demanding for NFOs to verify licensees.
 - Suggestions were to balance distribution of shared responsibilities across the supply chain, keep it simple and practical.
 - Recommendation to come up with a form of self-declaration.
- 3. Voluntary best practices (VBP) requirements and transparency on performance
 - Want to incentivise VBP but it is unclear how to audit.
 - Important not to mix up transparency and traceability.
 - In general, endorsement of the idea
 - Questions of confidentiality
 - Requirements were consulted against importance and feasibility.
 - VBP could be integrated into a rating system or only some should be incorporated into core
 - Suggestion: Transparency on performance: Not mandatory, no VBP - incorporate VBPs, could be used for business opportunities, does not disclose sensitive audit data/ NCs, 'verified' by Flocert.

Discussion

About Traceability models, an SC member commented that the feedback from traders will be interesting and that a balance between traceability and additional burden on producers and traders has to be found. It was commented that the additional options will make it easier instead of more complicated because traders know these options and will then be able to choose the most suitable. The SC commented that having a summary table would be helpful. It was also commented that there are different demands for traceability and the additional models can help decrease risks and offer companies more traceability options.

Regarding the scope of the standard, an SC member asked about the claims on living income and living wages and how these claims will be verified. It was also mentioned that a differentiation of what will be core requirement will be needed. It was also highlighted by the SC to be careful with a conflict of interest as NFOs depend on their licensees. It was answered that a required reporting might help to avoid situations with a conflict of interest and overburdening.

On Voluntary Best Practice requirements, an SC member commented that these audits would be very complicated, especially on what reporting will be accepted and what not. Another SC member commented that Fairtrade should be careful with validating claims on good practices for companies while they might only do this for a small part, the Fairtrade part, of their business.

Next steps

- The project team will continue working on these ideas.
- The consultation will start in August.

Item 14 – Fresh Fruit, Fresh Vegetables, and Prepared and Preserved Fruit and Vegetables Standard Review

The PM gave an update on the project: the composition of the project team, the number of POs, and the timelines. The project started in April 2024 and is expected to be finalized in the first quarter of 2025 with the publication of the new standard. At the moment, the project team is requesting guidance from the SC on the proposal for the consultation document. The consultation will be launched by the end of August and will run for one month. The project team expects the decision-making process in December 2024. The current work involves merging the fresh fruit standard with the fresh vegetable standard, as well as prepared and preserved. Topics planned for consultation include environmental and biodiversity management, agroforestry, unfair trading practices, living wage, and the merging of standards (simplification and streamlining).

The PM requested guidance on the following aspects: 1) Base Wage on bananas; 2) Size of plantations in HLO; and 3) Retro-certification for vegetables.

Discussion

Merging general requirements for fruits and vegetables, such as quality claims, pre-finance, and traceability. Benefits include increasing the scope for both fruits and vegetables, reducing the number of compliance criteria and specific requirements for each individual product, updating requirements for vegetables, and enhancing traceability and reporting. The question is if the merge of general requirements should be consulted with stakeholders. While option 1 would be merging as many requirements as possible for fruits and vegetables, option 2 would be keeping general requirements separated by products.

An SC member indicated that merging is complicated despite the commonalities, as there are also significant differences among the products. They suggested mapping as it would be helpful to identify similarities and differences. Another member suggested a third option where general requirements separately for fruits and vegetables are identified, rather than merging them into a single category. It was indicated that, before merging the criteria, it is essential to see how big the differences are and what is possible to cluster. The idea is to standardise, but the question is how well things are combined. The PM indicated that a quick mapping was carried out and said that quality claims, pre-finance and traceability are the main differences between the two standards.

Another proposal is to strengthen environmental requirements, such as implementing environmental plans, calculating environmental footprints, enhancing biodiversity management, and improving water and waste management. The question is if environmental requirements for producer organizations should be strengthened. Option 1 supports strengthening them by complementing the general HREDD requirements in the generic standards to increase environmental protection topics. Option 2, on the other hand, suggests keeping the current environmental requirements unchanged and managing the HREDD topic solely within the generic standards.

About Living Wage Strategy in bananas: CLAC and the technical banana team reported issues with incorrect auditing and complications in implementation. The question is if changes in requirement 3.1.2 should be consulted. Option 1 would be to maintain the current approach, with its unique methodology for calculating the Fairtrade Base Wage. Option 2 would involve changing the approach to gross salary and aligning the calculation methodology with the one proposed by the Anker Research Institute, the Living Wage Coalition, and used in the Flowers standards.

Regarding the size of plantations for bananas, a proposed action by CAN during the closure of the Banana Registry was strengthening and improving the HLO standard, including the establishment of a restriction on size and type of HLOs. The question is if a maximum size for banana plantations should be consulted.

It was indicated that while a maximum of 30 hectares for banana SPOs was considered acceptable, the additional criterion that the average farm size must be less than 10 hectares has led to the proliferation of too many small banana growers. This, in turn, has made these SPOs inefficient and less competitive compared to the larger HLO banana farms. For HLO banana farms, a maximum size of 500 hectares was suggested. More importantly, concerns were raised about the risk of multi-estate farm certification, which could potentially bypass the current restrictions on banana registration. There was also a call for specific attention to farms owned by vertically integrated operators, as these could distort Fairtrade pricing.

On the topic of retro certification for vegetables, the question brought to the SC is if systemic retro-certification for vegetables should be consulted. It was mentioned that there are requests from NFOs to allow systematic retro-certification for vegetables, similar to the existing process for fresh fruit. The risk is possible reduction of traceability.

Item 15 – AOB

AOB

- The SC and S&P Unit thanked and gave a farewell message to Martin de la Harpe as he concluded his third and last term representing Traders in the SC for 9 years.

Next meeting date:

- September 18, 19 and 20, onsite meeting in Bonn

The meeting was formally closed