

Standards Committee Minutes

Meeting 92: 23-24 September 2020
Teleconference meeting

SC members: Martin Boon, Jos Harmsen, Martin de la Harpe, Richard Kwarteng, Marike de Peña, Iresha Sanjeewanie, Emilie Sarrazin (Chair).

Fairtrade International S&P: Alina Amador, Eduardo Bluhm, Kerstin Cron, Oksana Forkutsa, Ricardo Guimaraes, Eleonora Gutwein, Giovanna Michelotto, Ana Jordan Rosas, Maria Steenpass.

Contributing observers: Mariska Przyklenl, FT Germany

Observers: Conny Engel (FLOCERT, ASM), Andreas Kratz (FI Director GPPP), Estera Tamošaityt (FI Brand), Tytti Nahi (FI, CoE HRDD), Patricia Magaña-Spiegel (FI Brand Integrity Manager), Theresa Glammert-Kuhr (FLOCERT, ASM), Andrea Perez (FLOCERT, Certification Analyst), Denise Zimmermann.

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:

AOB	Any other business
CLAC	Latin American and Caribbean Network of Fair Trade Small Producers and Workers
CoE	Centre of Excellence
CP	Contract Production
EC	Exceptions Committee
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on board
FP	Fairtrade Premium
FT	Fairtrade
FTA	Fairtrade Africa
FTF	Fairtrade Foundation
GA	General Assembly
GDPR	General Data Protection Regulation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HL	High Labour
HRDD	Human Rights Due Diligence
ILO	International Labour Organisation
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
LI	Living Income
LW	Living Wage
MH NL	Max Havelaar Netherlands
NZ	New Zealand
OC	Oversight Committee
PM	Project Manager
PN	Producer Network
PPP	Public Private Partnership
S&P	Standards and Pricing Unit

SC	Standards Committee
SOP	Standards Operating Procedures
SPM	Senior Project Manager
SPO	Small Producer Organization
ToR	Terms of Reference

Item 1 – Opening

Agenda: The agenda was approved and ground rules read. S&P asked to include the topic of Pesticides use in Australia to be discussed during AOB.

One SC member requested that for future SC meetings, the list of observers and minute takers should be shared with the SC in anticipation.

Declaration of conflict of interests:

A conflict of interest was reported for Item 11 by one member. Additionally, the SC Chair also reported a conflict of interest for Item 3 and Item 10. These members will abstain from the voting on these agenda points.

Item 2 – News session

News from SC:

- In order to remain compliant to GDPR, this SC meeting will not be recorded. Therefore, to ensure accurate minute taking, the possibility of having an external consultant specialized in minute taking is being considered. It was agreed to have a trial period to further explore the advantages or disadvantages of this option.
- SC welcome Marike de Pena as the new SC representative from CLAC.
- Withdrawal of the SC Labour representative from the SC. Discussions between FI and the IUF are taking place to explore the possibility of having a new IUF representative in the SC shortly. SC members will be kept informed.

News from OC:

- The September OC meeting was cancelled as there were no major topics for decision.
- The OC approved, via email vote, the extension of the remote audit approach until 31 December 2020. One SC member did not approve the extension of the remote approach for initial audits for applicant producers, only for existing certified organisations. The OC decided to review the remote audit approach at the November 2020 OC meeting.

News from S&P:

- The Head of the Standards gave an update on the team composition, a SPM is leaving the organization at the end of September and another is coming back from maternity leave in November. Moreover, one PM position has been secured for the next year.
- The Head of Pricing gave an update on the team composition, due to team members going on maternity leave, the unit will operate only with two SPM and one PM until the end of the year.

Item 3 – Approval of the Oversight Committee Licensing Body Representative's term

Assurance manager gave a brief presentation about the roles of the OC and proposed to extend the term of the current Licensing Body representative in the OC.

Decision:

SC approves the extension of the membership of Ludwig Tanchot, the Licensing Body representative in the OC.

The SC unanimously voted in favour of the proposal (6 in favour and 1 abstention).

Item 4 – S&P delivering strategy 2021-2025

The SC Chair shared a presentation on a proposed roadmap for implementing the new Fairtrade global strategy 2021-2025 and proposed a series of next steps to support the work of S&P in delivering on the strategy. The GA will make a decision on the new strategy on October 15th.

Action items:

- Chair to check the SC ToRs to make sure the role of SC is kept within its mandate on supporting S&P to deliver on the Strategy.
- Members agreed that for the next SC meeting in November, members would need to read the strategy to be able to finalize the next steps of the implementation of the next Strategy (including ToR of the SC and SOP), and to validate and give guidance on the S&P work plans. If topic specific workshops are needed, it should be flagged during this meeting as well, and plan during Q1 of 2021.

S&P planning 2021 – 2022

The Head of Standards reminded on the process of the 2021-2022 plan development during August-September 2020, where the units drafted results, indicators and activities. The plans with the activities and indicators for each expected result were shared with the Global Leadership Team in the beginning of September.

Standards

Main areas of work at S&P: standard implementation, review standards, new standards development (such as local Fairtrade) and innovation (innovative ways to run consultations).

Work plan 2021-2022:

- Priority to finalize the on-going projects (Coffee, Cocoa, Tea, Gold) that have been delayed due to the COVID-19 pandemic and the resources available in the team.
- New areas of work: HRDD framework at Generic Standards, workers in SPOs (SPO and Fresh Fruit-focus on bananas), environmental gap analysis and subsequent standard requirement review, implementation of outcome based standards (working closely with Global Impact unit), work to reduce the backlog of overdue standards review project (Tier 1 and Tier 2 products and CP Standard).

Activities for achieving each result also depend on how the CoE (HRDD and Environmental) work together with the Standards team.

Trader standard review is listed on the 2021-2022 plan under the generic standards. The label integrity is not listed as a standalone topic, but included in the standards review, such as coffee standard review.

Members suggested that standards should be simpler and more aligned among products, eventually having a core framework that apply for all standards.

Head of Standards mentioned that it is planned to have a cross-cutting plan for generic standard review incorporating transversal topics. More alignment and work plan implementation will depend on resources (budget and human) available.

Pricing

Main areas of work:

Review concepts, methodologies and procedures to be aligned with FT Strategy (Fair price, Living Income reference price, base wage, floor wage, etc.), test new ways of working and improve economic impact on producers and workers, review FT prices and maintenance of the current Fairtrade prices.

A list of planned activities has been showed but implementation of the plan will also depend on the human

resources available for the Unit. Information expected to be known in October.

Coffee deductions work for Colombia and Brazil are done and it is under discussion if this work will be continued and become a permanent work for the Unit.

Action items:

Presentation to be shared with members for their comments. S&P work plan to be shared by each responsible with the SC members before the next meeting.

Label integrity to be added on the Standard plan by the Head of the Standards team.

Suggestion to schedule this topic for the next meeting when there is more information regarding the strategy and resources available.

Item 5 – Rainforest Alliance new Standard

Head of Standards Unit presented an overview of key elements and topics covered in the Rainforest and Fairtrade standards, which touched upon: pricing tools, premium, HRDD, workers, Living Income and Living Wages, approach selected for environment requirements and deforestation, as well as reporting tools (i.e. smart meter indicators that ease the monitoring, evaluation and impact of interventions).

The SC were updated about ongoing work streams for 2020/2021. Smart agriculture was highlighted in the approach of RA and the importance that Fairtrade International takes an official position on agro ecology in Fairtrade. Standards team will seek for an opportunity to organize workshop with the SC on implementation and alignment of finalized Theory of Change under one of the ongoing work streams - impact based standards. One SC member suggested to consider the importance of developing baseline information, when it comes to impact based standards.

Item 6 – Flexible premium use / Covid-19

The Head of Standards recapitulate on the topic and presented the decisions for this session.

Topic for decision: The time frame for the flexible FP use for HL organizations.

Decision 1:

The SC approved to extend the validity of the current date.

The SC unanimously voted in favour of the proposal.

Decision 2:

The SC approves the extension timeline of the validity, decided to extend the validity end of December 2020.

The SC unanimously voted in favour of the proposal.

Decision 3:

The SC agrees to allow requests to be processed by the certification body of up to 100% of the FP to be disbursed as cash to workers after the validity of the flexible FP use expires.

The SC unanimously decided to postpone this decision to the SC November 2020.

Decision 4:

The SC agrees to allow exceptional use requests of FP of up to 100% to be processed by the CB after the agreed validity, the SC is requested to decide on a period during which this can be allowed.

The SC unanimously decided to postpone this decision to the SC November 2020.

In the upcoming SC meeting of November, the SC will reserve time to discuss updates from the Standards Unit on FP use after the implementation of the decisions 1 and 2, and set a decision for the

points 3 and 4, related to the flexibility on processing requests for flexible premium use after the expiration of the validity period.

SC members requested more information to PN representatives to what has been the use of the premiums during the COVID-19 pandemic period. The PN representatives informed that detailed and qualitative information about premium use has been shared through quarterly reports and provided information about most common premium use.

Members requested to reserve time during the next meeting in November 2020 to discuss more about this point and based on the application requests for flexible premium usage.

Some members proposed the extension period to be for March 21st because November is a close date and here is a risk of once again having to decide again on the same issue. Some members claimed that there is a gap of information because FLOCERT is facing limitation to investigate the premium usage at the organisations and therefore, as a precautionary measure, recommend not extending beyond 2020 the period of flexibility.

Some members also reminded the group that the current standards already enable organisations to distribute the premium funds up to 50%, given that they make the regular application to FLOCERT. Therefore, even without an extension of the exception, producer organisations can still access their premium funds for relief.

Next Steps:

- The SC should reserve a time slot to discuss again this subject and decide upon the extension of the increased flexibility in the optional distribution of FP in cash to workers
- The Standards Unit to provide the SC of an update of applications.
- The Standards Unit to communicate to stakeholders of the extension of the increased flexibility in the optional distribution of FP in cash to workers before September 30, 2020.

Item 7 - Consultation formats / Covid-19

S&P presented the members with challenges faced throughout the consultation process and consequences of it for the proposals and decision making.

Some members expressed satisfaction with some of flexible measures brought into consultation process such as for example the introduction of presentation videos and webinars in the Tea standards review consultation process.

After the explanations about the issue of remote audits the session was closed.

Item 8 – Textile Standard Suspension Request

The PM presented the topic, highlighting the challenges of the Textile Standard. PM explained that the requirement *1.4.2 Ensuring subcontractor compliance*, has been identified as one of the main obstacles to the certification of suppliers against the Textile Standard. FT Germany has agreed with licensee partners within the framework of a PPP project with GIZ to certify 2 complete supply chains until project finalization in May 2021. Large subcontractors contracted by the main suppliers of the 2 supply chains for specific manufacturing steps have not been willing to consent to auditing against the Textile Standard due to the size of the business orders in relation to the economically far reaching requirements of the Textile Standard. In the context of the small volumes and medium size of the suppliers directly involved in the implementation of the Textile Standard, it has therefore only been possible to certify one of the suppliers against the Textile Standard and certify their supply chains against the Textile Standard.

A standard suspension request was received in June 2020 by Fairtrade Germany and accepted by S&P. The standards suspension procedure includes 4 steps according to the SOP:

1. Submission and assessment of standard suspension request
2. Definition of project scope and planning
3. Approval
4. Implementation of a standard suspension

While processing the standard suspension, S&P aim to consider as well issuing an interpretation note. The consultation is to be carried out in October 2020.

It has to be taken into account that a standard suspension would trigger a review of the standard review which is at the moment challenging, as there is hardly any experience with implementation of the standard.

FT Germany also questions the full suspension of the requirement, and suggested that only low value subcontractors are exempted of parts of the standard requirements, although must nevertheless demonstrate compliance with social indicators/ILO Core Criteria as similarly in the Fibre Crop Standard where showing efforts to comply is required. All suppliers currently working towards Fairtrade Textile Standard certification are already currently certified according to the Fibre Crop and the Trader Standard. During the two-week consultation period it would be explored if further indicators are needed and feasible. The consultation will be published on the homepage and all stakeholders will be able to comment. This will include licensees, FLOCERT, and others. Experts should also be included and it should be assessed if there is a balance between traders and civil society.

Next steps:

SC will be informed but no decision for SC is planned, as following the SOP.

Item 9 – Exception Committee representative election

1) Licensing Representative:

The EC requested nominations for a licensing representative. Three applications had been received. The applicants all have strong certification background and good understanding of Fairtrade Standards. The Standards Team recommended the SC to accept the nomination to the EC for a three-year term from the licensing network.

Decision 1:

The SC decides on the candidates proposed as licensing representative of the EC for a three-year term from the following applicants: John Young, Laura Ruggeri and Kate Willis.

The SC elected John Young as new licensing representative in the EC.

2) Trader Representative:

During the SC last meeting in July 2020, it was approved to create a new category of membership: the trader representative. Questions have been raised among the EC members during the preparation for the call for trader candidates. After consultation with the chair of the Nominations Committee and expert in governance of FI, Ian Bretman, clarified that the call for candidates had to be an open call to all currently certified operators (exporter, importer and manufacturer). The call for candidates is to be sent by the EC, it is requested from the SC to approve the membership conditions for the trader representative and some further amendments included in the EC ToR.

Decision 2:

The SC approves the proposed changes on the EC ToR

The SC agreed to discuss the ToR again in November 2020. The SC also approved publication of the call

for candidates for trader representative.

It was stated that more amendments were needed to the ToR, more precisely, that no candidates for the same organisation should be part of the EC and indications on how to proceed when the trader representative gets decertified.

Item 10 - CEO updates

- **FI Strategy:** The process leading to the approval of the Fairtrade Strategy 2020-25 is on track. The approval will happen on 15 October during the General Assembly. The final version will go out on Friday, the 2nd October. Fairtrade has received positive feedback through the consultation process with all stakeholders. The cost projection for the implementation of the global strategy is 40 million Euro for the next 5 years. The estimated gap is 10 million Euro. It has been discussed different proposals to cover such a gap.
- **New S&P Director:** FI set as priority hiring a new S&P Director. FI opened the hiring process and have chosen one candidate for the position. The CEO is waiting for confirmation from the candidate, who would tentatively join the team on December 1st. In the meantime, the heads of Standards and Pricing are in charge of the Unit.
- **SC Chair interim compensation:** The Fairtrade CEO brought to the SC members' attention the discussion with the SC chair to be compensated for fulfilling the lack of the S&P Director. The FI CEO explained the rationale for bringing the issue to the SC. The SC members suggested to make a distinction between consultancy and interim compensation of time. The later concept is included within the current framework and corresponds to 200 Euro/day. The SC highlighted that this is the fee that should be paid for extra time.

Item 11 – Bobby beans pricing pilot

The head of Pricing presented the proposal to introduce bobby beans as a single product (separated from the existing other green beans) in a framework of a pilot project in two African countries with several special conditions on FP. The head of Pricing pointed out that this pilot project would be an experiment to see if bobby beans as a single product and a fixed FP address the expectations from producers, works and commercial partners. The pilot sets clear indicators and success criteria that have to be used to evaluate the pilot results. These results will be shared with the SC who will in 2 years' time to evaluate if the pilot should be extended or stopped.

Several questions were raised by the SC members. In response to them, it was explained that bobby beans are coming by ship and truck; big volumes are imported from Morocco and Senegal; indicator to be used (FP per worker) to evaluate impact on workers. The SC members requested that a living wage (LW) indicator has to be part of the pilot project. Pilots are exceptions but the motive and impact must be clear for proper evaluation. Also, FTA does not have the capacity for monitoring and evaluation and this work will be done by MH NL.

Decisions:

Decision 1:

SC approves the terms and conditions of the pilot project for Bobby beans as presented in chapters 5 and 6 of the proposal paper.

The SC approved the proposal. (5 votes in favour and 2 against)

The SC requested to be added a Living wage clause that demonstrates the commitment of the supply chains to move toward a living wage. One SC member argued that it is first necessary a reflection on the quick entrance procedure and about pilot management. A second SC member posed that 75% of the LW should be at least paid to workers and that it is guaranteed that support on training and on Fairtrade Premium use and management is provide to workers.

Decision 2:

The SC approves to delegate to the Head of Pricing the approval of the final terms of the pilot and communications of the pilot.

The SC unanimously voted in favour of the proposal

Next steps: The head of Pricing proposed that final revised version of the Terms and conditions of the bobby beans pilot is sent for information to SC members. In the meantime, the Head of Pricing will reach SC members for questions and clarification.

Item 12 - S&P projects update

The SC members received all the needed information on the S&P project updates prior to the meeting via email. As there was limited time, it was agreed to addressed each of the SC questions regarding this item via email exchange with the Heads of Standards and Pricing accordingly.

Item 13 - SC chair/Vice chair election

Decision:

Emilie Sarrazin was elected as the new SC Chair

Iresha Sanjeevanie was elected as vice Chair

This decision is valid for one year with the option of renewal and starting from next meeting in November 2020.

Item 14 – AOB

- Animal welfare is not considered in the standards at the moment, nevertheless several media outlets have highlighted the urgency to potentially address this in current and future Fairtrade Standards. Media reports about monkeys being used for harvesting coconuts in Thailand.
- EC exception request on use of red material pesticide in flowers (Australia/NZ). The Intention is to give the SC a sense of the issue, so we can plan further steps and SC involvement. The chemical in question is prohibited in many sustainability schemes and countries, however in some circumstances it is permitted for pre-shipment treatment. Effectiveness to kill the pest is about 60%, residues may not be detected after 2-3 days. Prohibition of red materials is also valid for traders. The Fairtrade approach on use of Methyl Bromide is making sales to Australia not possible because Australia has very strict import restrictions with preference to fumigate products (flowers) in the country of origin. Question to SC if this should be considered, even though if it is against the current approach and the current strategy. It is agreed by all SC members to have an additional meeting on that point in October.

Next meeting date

Extraordinary SC October 2020, date to be confirmed

25th and 26th November 2020

The meeting was formally closed.