



**Standards Committee**  
**Minutes**  
**Meeting 110: November 29, 30, December 1, 2023**  
**On site meeting in Bonn**

SC members: Martin de la Harpe (Chair), Ben Huyghe, Stijn Dicone, Richard Kwarteng, Gustavo Lopez, Marike de Peña, Iresha Sanjeevanie, Emilie Sarrazin.

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)<sup>1</sup>'. If you need additional information about the observers or contributing observers of this meeting, please contact [standards-pricing@fairtrade.net](mailto: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**

AM	Assurance Manager
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
CP	Contract Production
DRC	The Democratic Republic of the Congo
EC	Exceptions Committee
EUDR	EU Regulation on Deforestation-free Products
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
FBW	Fairtrade Base Wage
GA	General Assembly

<sup>1</sup> 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
LkSG	German Supply Chain & Due Diligence Act
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.

The Chair and S&P Unit welcomed SC members to the onsite meeting in Bonn.

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

**Declaration of conflict of interests:** 2 SC members, Marike de Peña and Ben Huyghe declared a conflict of interest for the session on the banana registry.

**Action items:** The incorporation of new LIRP procedures into the Pricing SOP is included in the S&P workplan 2024.

### **Item 2 – News session**

#### **News from FI and the Fairtrade System:**

The Executive Director briefed the SC about the following topics:

The GA welcomed NAPP Singapore as a new member.

Global Strategy Midterm Review: it was mentioned that many things have changed in the global context since the strategy was drafted in 2019; top 5 issues were identified:

- Worsening economic conditions for businesses and consumers put pressure on Fairtrade's model's costs and on producers.
- Rise of ESG demands.
- Need to keep pace with the regulatory landscape.
- Importance of managing risk as there is growing scrutiny and litigation.
- Having solutions and ways to address climate crisis to have continued credibility.

It was also highlighted that competition among other certification schemes remains fierce.

It was explained that during the review of the strategy, nearly 50 activities were inventoried and assessed across the 5 pillars and few milestones and goals were identified.

4 priorities were identified and supported by the Board:

1. Growth with impact
2. Digital Solutions
3. Standards Innovation
4. Advocacy

Another priority is maintaining business as usual. The topics that are deprioritised were also mentioned.

### **News from the OC**

During its last meeting, the OC discussed the following topics:

- The OC was updated on the progress and plans in the Smart Assurance approach and Brand Architecture project.
- FLOCERT presented their annual report on complaints and allegations.
- There were 2 topics for decision; one on the HML exceptions, where the OC decided on how to proceed with the exceptions for the chemicals on the Hazardous Material Red List. The OC approved to extend the deadlines to continue granting the exceptions for 10 materials and to extend the possibility to apply for exceptions following some conditions.
- The second topic for decision was on a pilot to test blending Fairtrade cotton with 'Cotton Australia' certified cotton which was not approved by the OC.
- A third topic for decision was on an application from Fairtrade Label Japan for a variation request to extend the validity of the Permission to Trade where there were no Fairtrade transactions, which was approved by the OC.
- The OC also approved the Assurance and Licensing Risk management plan.
- The OC elected Marike de Pena as the new Chair and Iresha Sanjeevanie as the Viche Chair.
- John Young term ends in December, and the SC will decide on the appointment of a new OC member in the upcoming weeks.

There was a question about certification in conflict-affected areas; it was answered that there is no progress on this topic as the PN's resources are limited to tackle this issue and that more clarity on the purpose, definitions, and other details of the project are needed. SC members expressed their concern about producers who will risk their certification in these areas as there are no clear solutions for them yet. It was agreed by the AM to follow up on this topic and report back to the SC.

#### **News from S&P**

- Alina Amador returns from parental leave and resumes her role as Head of Standards from December 2023.
- Ernesto Gonzalez takes the role of Project Manager – Standards.

#### **News from the SC**

- Iresha Sanjeevanie second term ends in February 2024.
- Gustavo Lopez first term ends in March 2024.

#### **Item 3 – Director's Decisions**

There was one decision, a suspension of the requirement 3.5.4 of the Hired Labour Standard for operators in Sri Lanka following the challenging economic situation in the country.

An SC member commented that the suspension should not be indefinite, and that Trade Unions should always be involved in the discussions and agreements on this kind of decisions.

The SC discussed about the logic and justification of this decision and the steps moving forward; an internal project is being carried out to explore actions on the implementation of the requirement in a context of high inflation.

#### **Item 4 – Contract Production**

The PM brought to SC attention the key points on the content of the Contract Production Review. The timeline and objectives of the project were presented; the consultation phase is expected to be in Q1 2024, and the SC decision would be in June 2024.

The consultant explained the points addressed during the research phase of the project and the topics that will be consulted. The topics are:

- Labour Conditions
- Business and Development
- Environment and Development
- Human Rights and Environmental Due Diligence

It was indicated, that in summary, the consultation proposals serve as building blocks for transitioning to SPO.

### **Discussion**

It was clarified that the pricing model for CP was not in the scope of the review and that prices valid for CP set ups are the same as the prices for SPOs.

An SC member observed that the written contract to permanent labourers should be not only in the local language but also the official language.

It was asked if the limitations of the land size would be applicable in CP as they are in the SPO set ups, it was answered that the topic is not addressed in the current review but that this point could be discussed with the project team.

There was a question about the transition timelines for CP to convert into SPO; it was answered that the propositions are working towards having core year 6 of an CP set up as core year 0 as SPO, meaning that a CP set up should become an SPO set up in 6 years at the latest; however, more discussions are needed to draft specific proposals for consultation or explore other mechanisms.

SC members expressed their interest of reading the proposals before the consultation phase or have an update about the consultation document in the next SC meeting. It was answered that this could be coordinated with the team after reviewing the timelines of the project.

### **Next steps**

- Finalising the consultation document
- Information session about the consultation document in March

### **Item 5 – EU legislation on HREDD and Environment**

A member of the CoE of Climate and Environment presented a comprehensive review of the EU legislation on HREDD and environment.

Several points were explained during the presentation, such as:

- How legislation is overtaking responsible sourcing and voluntary sustainability standards (VSS)
- EUDR and the Green Deal as a roadmap to transform European economies and to achieve the commitments of the parties set in Paris Agreement.
- Various legislations were briefly explained such as: Corporate Sustainability Reporting Directive CSRD, German Supply Chain & Due Diligence Act, in German – LkSG, EU Deforestation Regulation EUDR, among others.
- It was mentioned that the EUDR does not consider compliance costs, living incomes and living wages, but the EU Corporate Sustainability Due Diligence Directive CSDDD does.
- It was highlighted that the LkSG entails full traceability.

### **Discussion**

Concerns were raised about the impact of legislation on producers, with emphasis on the need for Fairtrade to adapt to evolving regulations to remain a relevant market player. Suggestions were made to support

producers in complying with legislation through partnerships and other approaches, while acknowledging the potential variability of legislation based on elections and political shifts.

#### **Item 6 – HREDD CoE -Task Force Update**

The CoE HREDD informed the SC about how Fairtrade is supporting producers and traders on implementing HREDD.

First, the activities carried out to support producers were mentioned; they include Consultation workshops, including training for cocoa and coffee for SPOs, HREDD pilots conducted in Latin America & the Caribbean and Africa (soon happening in Asia & the Pacific), orientation for producer networks (PNs) and the roll out of the Fairtrade Risk Map.

Afterwards, it was explained how the requirements proposed in the Trader Standard will strengthen HREDD and require more from Traders. Based on that, Fairtrade is facilitating guidance for Traders to understand how to implement those requirements; one example is the published guidance for first buyers, Fairtrade is also committed to develop a risk assessment tool for small traders and plans to develop a E-learning course on HREDD as well as look for partnership opportunities.

The current guides and risk assessment tools were explained and the commitment to support S&P to develop Interpretation Notes and Compliance Criteria for the new requirements was mentioned.

Regarding on who pays for HREDD at POs; 4 ways were explained:

- Strengthening producer support to reduce need for other external expertise.
- Consideration of HREDD costs in COSP calculations and FMP reviews
- Buyers have the responsibility to co-invest in POs HREDD work. Current guides show how to negotiate this support.
- POs can apply for public funding.

#### **Item 7. HREDD – Reporting and Digitalization**

The Global Impact Unit informed the SC about the status of the HREDD Data Reporting.

The Background of this project was explained, including the timelines. It was mentioned that FET and HREDD CoE signed off on 6 prioritized indicators to HREDD reporting early in the year. GI proposed key actions to be taken along with pilots like legal checks, other requirements mapping, evaluation of risk map, etc. GI also developed survey on all indicators. Currently GI is collecting feedback from PNs, feedback on the pilots carried out in Ghana and the Trader pilot from MHCH and feedback from the legal department.

Afterwards, the method, details and challenges of the pilots were explained. 12 indicators were explored rather than the 6 initially proposed. One major challenge for other regions to take part of the pilots was the need for more clarity on the legal obligations.

Then the learnings of the pilots and GI recommendations were explained, the next steps for 2024 were mentioned.

GI recommended the SC to replicate the same process for any future data reporting topics and embed this in the Standards SOP.

### **Discussion**

Members inquired about the rationale behind the exclusion of certain indicators; it was mentioned that data and confidentiality aspects were considered to prioritize some indicators above others. It was highlighted to carefully assess the legal implications of having access to information from Fairtrade members.

### **Item 8 - Coffee Standard – Limited review**

The limited review of the Fairtrade Standard for Coffee started in July 2023; the review aimed to ensure that Fairtrade certified Coffee is deforestation free; bringing the requirements in the coffee standard to align with international benchmarks as well as ensuring compliance with the new EU deforestation regulation and with possible future legislation regarding deforestation in other countries.

The objectives of the project were introduced as follows:

- Make geolocation data available for 100% of farms, and gradually introduce farm polygons.
- Introduce reporting indicators which are to be shared with Fairtrade International annually, to enable aggregated and anonymized reporting to the public or to stakeholders upon request.

An overview of the project was presented including the timelines, the highlights of the research phase, and the main outcomes from the public consultation that took place from August to October 2023.

Information on the EUDR deforestation monitoring approach was provided as well as the needs for deforestation free commodities. Afterwards, information about the service provider selected to support monitoring and reporting of deforestation was explained in detail.

The proposed requirements were presented as follows,

### **Addressing Deforestation Risks – Requirements:**

- Protection of forest and ecosystems (Core/Year 0) - Transition time 1 year.
- No deforestation on farms (Core/Year 0) - Transition time 1 year.
- Assessing and monitoring deforestation risk (Core/ Year 1) - Transition time 1 year.
- Deforestation prevention and mitigation plan (Core/Year 1) - Transition time 1 year.
- Supporting producers to prevent and mitigate deforestation (Core) – Implementation 1year after publication.
- Geolocation data (Core/Year 0) - Transition time 1 year.
- Sharing geolocation data (Core) - Implementation 1 year after publication.
- SPO reporting (Core/Year 1) - Transition time 1 year.
- Trader reporting (Core) - Implementation 1 year after publication.
- Biodiversity management (Dev/Year 3) - Transition time 1 year.

### **1. Protection of forest and ecosystems and No deforestation on farms**

The rationale of the requirement is to align the Fairtrade coffee standard with the needs of the market, help producers keep and growth coffee sold as Fairtrade. It was proposed to split the requirement 3.1.1 in two, allowing for a reactive approach in the first 2 years and from 2018 onwards a proactive approach would be implemented.

#### **Discussion**

An SC member commented on the implication of implementing the EUDR in coffee. They stated that there is a risk of having some farm members excluded from the SPOs, since they have to prove that all farms are deforestation free.

SC members pointed out the relevance of setting the distance in meters from protected areas, which will be included in the guidance document for standards implementations.

**Decision 1:** For Fairtrade producer organizations: Protection of forest and ecosystems and No deforestation on farms (core, year 0) – Transition time 1 year.

The SC unanimously voted in favour of the proposal.

### **2. Assessing and monitoring deforestation risk**

The requirement seeks to strengthen procedures to prevent deforestation, making preventative measures mandatory for risk assessment and management such as the use of geolocation data and deforestation monitoring data.

**Decision 2: Assessing and monitoring deforestation risk -** For Fairtrade producer organizations (core, year 1) – Transition time 1 year.

The SC unanimously voted in favour of the proposal.

### **3. Deforestation prevention and mitigation plan**

With this requirement, Fairtrade seeks to link the requirements focused on deforestation and degradation into the overall/global HREDD approach. SPOs are asked to create a plan which will enable them to use the results of their risk assessment and monitoring, to develop prevention and mitigation activities.

#### **Discussion**

It was discussed to align the wording for this requirement with the HREDD requirements.

**Decision 3:** Deforestation prevention and mitigation plan: For Fairtrade producer organizations (core, year 1) - Transition time 1 year.

The SC unanimously voted in favour of the proposal.

### **4. Supporting producers to prevent and mitigate deforestation**

This requirement aims to support the SPO's plan and the related necessary investments, traders should partner with SPOs for these activities.

### **Discussion**

SC members discussed on how to implement the support payers should provide to Fairtrade coffee producers following the proposed requirement; some SC members indicated that the support should be a financial contribution, while other SC members agreed more on founding plus partnerships with producers. One challenge mentioned during the session was that, trying to overregulate the financial contributions might limit the implementation of this requirement, given the different trade and regional realities. Initiatives as green founding and deforestation funds were pointed out during the session.

One SC member proposed to make a yearly assessment on trader compliance for this requirement, as a tool to assess the implementation. Further, it was mentioned that the learnings from the implementation of the cocoa standard will guide the coffee implementation as well. In addition, some SC members required to have a guidance to implement this requirement.

It was agreed that the forms of support to producers will be clearly explained in guidance documents to be publicly available by the end of 2024.

Fairtrade will assess this requirement and also take into account the learnings from the implementation of the cocoa standard; the applicability of this requirement might change depending on the results of the assessment.

**Decision 4:** Supporting producers to prevent and mitigate deforestation: For Fairtrade Payers (core) – Transition time 1 year.

The SC voted in favour of the proposal (6 in favour and 2 abstentions)

### **5. Geolocation data**

Geolocation data has to be provided for all farm units, so that forest cover loss monitoring can be carried out, and also to enable traceability of the coffee delivered by each farmer to the SPO. Overall, this will allow for better deforestation risk management. It will allow SPOs to have the information required by their buyers to complete their due diligence in the European market, as well as for buyers that use the GCP Equivalence Mechanism to select their sourcing partners.

### **Discussion**

The discussion on the geolocation data requirement included topics such as differences on deforestation risk depending on the farm size, i.e. smaller farms have lower deforestation risk. It was suggested for smaller farms to only report the geolocation points, instead of reporting the complete polygon information. The relevance of obtaining geolocation data from all coffee producers at the same time was presented, given that it helps to unify the cut-off date and to align with the Global Coffee Platform deforestation commitment which applies as well to the North American market. It was mentioned that digitalization and no deforestation are part of Fairtrade's. During the session, it was commented that obtaining all geolocation data is a precondition to fully monitor deforestation and to verify forest changes.

Another point brought by an SC member was the implication for farmers who do not trade coffee with EU markets, since it can limit access to markets with no deforestation regulations. On the other hand, it is too challenging to have traceability and to track the sales to different markets, which might lead to audit problems. Despite of having EUDR as a European regulation, some SC members stated that other markets and some States in USA are developing deforestation laws already.

SC members mentioned the relevance of providing enough support to coffee farmers, from financial as well as technical support, particularly on ground data collection.

The implementation time for this proposal was delayed 1 year, making it a 2-year implementation time after publication, delaying the implementation time of all the dependent requirements; decisions 2, 3 and 4 and requirement 2 (No deforestation on farms) of decision 1 to 2 years transition time.

**Decision 5:** Geolocation data: For Fairtrade producer organizations (core, year 0) - Transition time 2 years

The SC voted unanimously in favour of the proposal.

#### **6. Sharing geolocation data**

With this requirement, Fairtrade seeks to ensure that traders share the data which they have available, to support SPOs. This is mostly applicable in cases where the trader has arranged with their sourcing SPO to gather the geolocation data for them.

**Decision 6:** Sharing geolocation data: Applies to Payer and conveyors (core, year 0) – Transition time 2 years.

The SC voted unanimously in favour of the proposal.

#### **7. SPO reporting**

The reporting indicators are planned to be shared with FI annually, in order to inform Fairtrade interventions and enable aggregated and anonymized reporting to the public or to stakeholders upon request. This will help to fulfil regulatory demands as well as demands by customers; this will also help to show the impact of the requirement at farmer level.

#### **Discussion**

An SC member mentioned the importance to align the reporting indicator with the one in cocoa. It was mentioned that the requirement should indicate directly that the reporting must be done in FairInsight.

**Decision 7:** SPO reporting: For Fairtrade producer organizations (core, year 1) – Transition time 2 years.

The SC voted unanimously in favour of the proposal.

#### **8. Trader reporting**

The reporting indicators will be shared with Fairtrade International annually, in order to track Fairtrade's objective of promoting cost sharing of deforestation prevention interventions across the supply chain.

### **Discussion**

SC members highlighted to align this requirement with the changes done for the requirement on Supporting producers to prevent and mitigate deforestation.

**Decision 8:** Trader reporting: For Traders (core, year 0) – Transition time 2 years.

The SC voted unanimously in favour of the proposal.

### **9. Biodiversity management**

This requirement complements the alignment with the European Union Deforestation Free Commodities regulation and allows tracking impact of the environmental plans in the SPOs. As many of the due diligence regulations on environmental management now have a strong biodiversity component, it is important for producer organizations to be aware of them and be as responsible as possible.

**Decision 9:** Biodiversity management: For Fairtrade producer organizations (development, year 3) – Transition time 1 year.

The SC voted in favour of the proposal (7 in favour and 1 abstention)

**Decision 10:** Do you approve the delegation of approval of non-substantive changes and date of applicability to the director of the Standard and Pricing Unit.

The SC voted unanimously in favour of the proposal.

### **Next steps**

- Publication of the Standard.

### **Item 9 – HREDD - Hired Labour and Trader Standard Review**

The purpose of the review was to strengthen HREDD requirements in the Fairtrade Standard for Hired Labour in order to reinforce the ability of Fairtrade certified Hired Labour Organisations (HLOs) to protect Human Rights and Environmental practices, to comply with mandatory due diligence regulations and to build a path of continuous improvement and collaboration among supply chain actors.

Also, the review of the Trader Standard was to strengthen HREDD requirements in the Fairtrade Trader Standard to emphasize responsibility of trader organizations to carry out the due diligence procedure on Human Rights and Environmental issues, in alignment with similar practices required from producer organizations, to comply with mandatory due diligence regulations and to build a path of continuous improvement and collaboration among supply chain actors.

The Standards team presented an update of the project and the consultation phase that took place from June to August 2023. There was a high participation and engagement from stakeholders who expressed their views via the online survey and onsite workshops in many countries.

Results and main highlights of the consultation were explained in detail. Based on the outcome of consultation, the standards team presented the recommended changes to Trader and Hired Labour standards, including the transition period for currently certified organizations.

The presentation was set into 5 parts based on the 5 steps of the HREDD cycle.

### **Step 1: Commit**

#### **Hired Labour Standard**

The following changes were presented to the SC for approval:

- 1.1 Introducing new Core Year 0 requirement on HLOs committing to respecting Human Rights and the Environment, with one year transition period and a Core Year 3 requirement on aligning operational policies and procedures with the commitment, with a 2-year transition period.
- 1.2 Introducing new Core Year 1 requirement on raising awareness about HLOs' commitment to respecting human rights and the environment, with a 2 year transition period.
- 1.3 Introducing new Core Year 0 requirement on compliance with national law, with 1 year transition period.
- 1.4 Strengthening the current 1.1.2 HLS requirement on sharing audit results with workers, with a 2 year transition period.
- 1.5 Not introducing a new Core Year 1 requirement on having a Fairtrade Compliance Committee.
- 1.6 Not introducing a new Core Year 3 requirement detailing the task of the Fairtrade Compliance Committee.

#### **Discussion**

Regarding the proposed requirements, it was mentioned that the transition period for the requirement on compliance with national law was not logical and therefore was taken out. It was suggested to write 'fundamental rights according to FI' in the guidance.

About the changes in item 1.4, it was pointed out that the activity of sharing audit outcomes with workers adds to the long list of tasks in the GA.

It was suggested to have a reference to the requirement on the GA of the premium committee.

On point 1.5, it was recommended to move the functions of compliance committee to premium committee, and that there should be clear guidance on the documents that are to be checked by auditors to avoid NCs.

It was mentioned that challenges related to climate change is increasing costs for producers and to comply with all the new HREDD requirements will generate more costs, making it very expensive for producers to remain Fairtrade certified. An SC member said that the cost should be passed to the consumers and producers should be able to retain their markets.

The proposals on "Step 1: Commit" were modified according to the discussion and presented for decision:

### **Decisions**

Decision block:

**Decision 1.1:** Do you agree to introduce a new Core Year 0 requirement on HLOs committing to respect Human Rights with a one year transition period, and a core Year 3 requirement on aligning operational policies and procedures with the commitment, with a two-year transition period?

**Decision 1.2:** Do you agree to introduce a new Core Year 1 requirement on raising awareness about HLOs' commitment to respecting human rights and the environment with a two-year transition period?

**Decision 1.3:** Do you agree to introduce a new Core Year 0 requirement on compliance with no transition period?

**Decision 1.4:** Do you agree to strengthen requirement 1.1.2 in the HLS on sharing audit results with workers with a two-year transition period?

**Decision 1.5:** Do you agree not to introduce a new core Year 1 requirement on having a Fairtrade Compliance Committee?

**Decision 1.6:** Do you agree not to introduce a new core Year 3 requirement on FCC tasks?

The SC unanimously approved decisions 1.1 to 1.6 for the Hired Labour Standard.

### **Trader Standard**

The following changes were presented to the SC for approval:

1.1 Introducing a new Core / Year 0 requirement on written commitment to respecting Human Rights and the Environment and a new Core / Year 3 requirement to embed the commitment into the company's operations, with a transition period of 1 and 2 years respectively.

1.2 Introducing a new Core / Year 1 requirement for trader companies to raise awareness about their commitment, with a 2 year transition period?

1.3 Introducing a new Core / Year 0 requirement on Compliance with national law, with 1 year transition period.

### **Discussion**

The SC agreed with the proposed changes in the consulted requirement on Written Commitment, and to separate out the required actions on embedding the written commitment to operations as a stand alone Core Year 3 requirement.

The SC members suggested to make the requirements awareness raising applicable for all traders. On requirement 3; it was also suggested to remove transition phase for compliance with national law.

It was highlighted to align all guidance sections when drafting the final version of the requirements.

The SC voted on the following decisions in blocks with the changes discussed.

### **Decisions**

#### **Decision 1.1**

Do you agree to introduce:

a new Core / Year 0 requirement on trader companies committing to respecting Human Rights and the Environment (with 1 year transition time period), and

a new Core / Year 3 requirement on trader companies to embed commitment into operations (with 2 years transition time period)?

**Decision 1.2**

Do you agree to introduce a new Core / Year 1 requirement for trader companies to raise awareness about their commitment with a 2 year transition period? This requirement to be applicable to all traders.

**Decision 1.3**

Do you agree to introduce a new Core / Year 0 requirement on compliance with national law with no transition time?

The SC unanimously approved decisions 1.1 to 1.3 for the Trader Standard.

**Step 2: Identify**

The Standards team explained details of the proposed changes to the SC on two key tools for identifying and tracking human rights and environmental risks and problems: risk assessment and a grievance mechanism.

**Hired Labour**

The following changes were presented to the SC for approval:

2.1 Introducing a new Core Year 1 requirement on conducting a human rights and environmental risk assessment. Two transition periods are proposed for this requirement: One year transition period to map the risks and a 2 year transition period to engage with the stakeholders, assess the 3 most salient issues and to identify the vulnerable groups that can be impacted.

2.2 Strengthening Core/Year 0 requirement 3.5.27 in the HLS on having a grievance procedure to ensure that it is human rights based, with a 1 year transition period.

2.3 Introducing a new Core Year 1 requirement that ensures that workers are informed about the grievance mechanism, with a 2 year transition period.

**Discussion**

Regarding Risk Assessment, an SC member proposed to include ‘all workers’ in the “Identify vulnerable groups that could be affected more than others” sentence. Another SC member added that it is important to include gender as well. It was decided to mention ‘vulnerable groups’.

For the Human rights-based grievance mechanism., it was outlined that it needs to be clear that confidentiality is included when saying “all parties are informed about the progress”, and it was proposed to include “respecting confidentiality”. It was also agreed to add more guidance and examples on environmental harms, how to reach the community as well as how the grievance mechanism should be communicated.

One SC member mentioned that there should be a clearer guidance on the meaning of awareness creation in the community, and that what will be audited should be also very clear.

There was a discussion on which language is most accessible for grievance mechanisms; the outcome of the consultation showed it's best to use the "most spoken language". It will be added that raising awareness should be in a language accessible to the workers.

An SC member was worried about the participation in 2.3. Raising awareness about the grievance mechanism. It was discussed that grievance mechanisms should not only be either or, but all options should be open to turn to. Hence "or join" will be removed from the requirement and elaborated in the guidance how this would work in practice with a possible emphasis on gender-based violence. Individualised risks vs. sector wide can be a way to differentiate them. It was requested to also mention sexual harassment against men.

### **Decisions**

The SC decided to vote on the following decisions in blocks with the changes suggested during the discussion.

**Decision 2.1:** Do you agree to introduce a new Core Year 1 requirement on conducting a human rights and environmental risk assessment?

Two transition periods are proposed for this requirement: One year transition period to map the risks and a two-year transition period to engage with the stakeholders, assess the 3 most salient issues and to identify the vulnerable groups that can be impacted.

**Decision 2.2:** Do you agree to strengthen the requirement on grievance procedure to ensure that it is human rights based with a one-year transition period?

**Decision 2.3:** Do you agree to introduce a new Core Year 1 requirement that ensures that workers, community members and other individuals and groups are informed about the grievance mechanism with a two-year transition period?

The SC unanimously approved decisions 2.1 to 2.3 for the Hired Labour Standard.

### **Trader Standard**

The following changes were presented to the SC for approval:

2.1 Introducing a new Core / Year 1 requirement on conducting a human rights and environmental risk assessment with 2 transition timelines for first and second half of the requirement and strengthening 3.2.4 requirement on "Management of environmental impacts" as Core / Year 1.

2.2 Introducing new Core / Year 0 requirement on grievance procedure for medium and large traders, with a transition time of 1 year.

2.3 Introducing new Core / Year 0 requirement on grievance procedure for small traders, with a transition period of 1 year.

2.4 Introducing new Core / Year 1 requirement on raising awareness about the grievance mechanism, with a 2 year transition period.

### **Discussion**

On Risk assessment, there was a discussion on a possible differentiation for small, medium and large traders as mapping the risks of all supply chains especially for small traders was seen as potentially too

costly and time intensive. It was mentioned that there will be an opportunity to have a risk assessment tool created for small traders and a definition from the OECD can be added to the guidance on the appropriateness of size explicitly referring to small traders. It was also mentioned that, as people will be working with mixed supply chains, the risk assessment has to be for everything. Fairtrade supply chains can only be prioritized in a second step. It was agreed that the requirement will be left as it is, but the guidance will be used more extensively. It will be explicit that size and activity need to be appropriate, there will be support from the CoE, a mention of Fairtrade supply chains being the focus and that Fairtrade supply chains will be audited. More additional guidance material will also be prepared.

The SC were in agreement with revised proposal of Standards Team to not delete the current VBP requirement on Management of environmental impact, and instead to modify its applicability to Core requirement Year 1. The rationale for this change is that it would contribute to the implementation of the Risk Assessment requirement.

An SC member mentioned that in 2.1 Risk assessment the wording of “have the highest risk” should be changed into ‘may have the highest risk’. A member requested that subcontracted workers should be added to the TS as well. It was discussed if this is necessary, as the Trader Standard is applicable for subcontractors as well in general and decided that workers always mean subcontracted workers in the Trader Standard as well per definition.

It was debated for 2.2 on grievance mechanism if the possibility for an appeal should be part of the process and concluded with SC recommendation to include it in the requirement.

### **Decisions**

The SC voted on the following decisions in blocks with the changes suggested during the discussion.

#### **Decision 2.1**

Do you agree to introduce a new Core / Year 1 requirement on conducting a human rights and environmental risk assessment with 2 transition timelines for first and second half of the requirement and to strengthen 3.2.4 requirement on “Management of environmental impacts” as Core / Year 1 with a transition of 1 year?

#### **Decision 2.2**

Do you agree to introduce a new Core / Year 0 requirement on grievance procedure for medium and large traders with a transition time of 1 year.?

#### **Decision 2.3**

Do you agree to introduce a new Core / Year 0 requirement on grievance procedure for small traders with a transition time of 1 year.?

#### **Decision 2.4**

Do you agree to introduce a new Core / Year 1 requirement on raising awareness about the grievance mechanism, with a 2 year transition period?

The SC unanimously approved decisions 2.1 to 2.4 for the Trader Standard.

### **Step 3: Address and remediate.**

On the 3rd HREDD step to Address and Remediate, operators are required to take actions to address the most salient human rights and environmental risks and problems through having policies, systems and

procedures in place. SU presented the consultation outcome, statistics of agreement, feedback, conclusions, and recommendations for the related requirements for this step.

### **Hired Labour**

The following changes were presented to the SC for approval:

- 3.1. Introducing a new Core Year 3 requirement on having and implementing human rights and environmental policies, with a 2 year transition period.
- 3.2 Introducing a new Core Year 3 requirement to develop and implement an action plan to mitigate, prevent and remediate salient issues, with a 2 year transition period.
- 3.3 Not Introducing a new Development Year 3 requirement on participatory and inclusive planning when preparing an action plan.
- 3.4 Introducing a new Core Year 1 requirement on having a procedure for remediation if human rights or environmental violations are identified, with a 2 year transition period.
- 3.5 Introducing a new Development Year 3 requirement on implementing a Monitoring and Remediation System, with a 2 year transition period
- 3.6 Introducing a new Core Year 3 requirement on dialogue between supply chain actors, with a 3 year transition period.

### **Discussion**

A member of the SC suggested all templates and guidance for different policies related to HREDD to be compiled in one document to facilitate the access and understanding for producers.

Two members of the SC asked to change the risk assessment and the policy timelines, as they consider that the risk assessment should feed the HREDD policy.

The requirement on Human Rights and Environmental Policy was modified to specify that the policy should be revised at least every 3 years instead of 6, and its applicability to change from Year 1 to Year 3.

A member of the SC suggested that the Action Plan should be consulted with workers instead of presented to workers committees, and suggested also that vulnerable groups should be better defined in a guidance.

An SC member suggested that the Dialogue requirement should specify that the information is shared with Fairtrade buyers, at least with one, in case there are multiple buyers. It was decided that the guidance will add a definition for larger buyers, and that if the HLO does not have a Fairtrade buyer the requirement should not be applicable.

### **Decisions:**

The SC voted on the following decisions in blocks with the changes discussed.

#### **Decision 3.1**

Do you agree to introduce a new Core Year 3 requirement on having and implementing human rights and environmental policies with a two year transition period?

**Decision 3.2**

Do you agree to introduce a new Core Year 3 requirement to develop and implement an action plan to mitigate, prevent and remediate salient issues with a two year transition period?

**Decision 3.3**

Do you agree not to introduce a new Development Year 3 requirement on participatory and inclusive planning when preparing an action plan?

**Decision 3.4**

Do you agree to introduce a new Core Year 1 requirement on having a procedure for remediation if human rights or environmental violations are identified with a two year transition period?

**Decision 3.5**

Do you agree to introduce a new Development Year 3 requirement on implementing a Monitoring and Remediation System with a two year transition period?

**Decision 3.6**

Do you agree to introduce a new Core Year 3 requirement on dialogue between supply chain actors with a two year transition period?

The SC unanimously approved decisions 3.1 to 3.6 for the Hired Labour Standard.

**Trader Standard**

The following changes were presented to the SC for approval:

- 3.1 Introducing a new Core / Year 3 requirement on having and implementing human rights and environmental policies, with a 2 year transition period.
- 3.2 Introducing two new Core / Year 3 requirements to develop and implement an action plan that applies separately to Large & Medium traders and to Small traders, with a 2 year transition period.
- 3.3 To NOT introduce a Core / Year 3 requirement on participatory planning
- 3.4 Introducing a new Core / Year 1 requirement on having a procedure for remediation if human rights or environmental violations are identified, with a 2 years transition period.
- 3.5 Introducing a new Core / Year 3 requirement for dialogue between supply chain actors, with a 3 years transition period.
- 3.6 Introducing a new Core / Year 3 requirement on support to producer, with a 3 years transition period.

**Discussion**

Two members of the SC suggested to change the applicability year to be coherent with the change in the HL Standard. "Human Rights and environmental policies" should be changed from the proposed applicable year 3 to year 1, and the revision of the policy to at least every 3 years, instead of every 6 years. There was a recommendation to highlight that "at least" three of the most salient issues identified in the risk assessment should be part of the policy.

A member proposed to improve the wording of Action Plan requirement to make it more enforceable. In line with this suggestion, SC were in agreement with proposal to not introduce the requirement on Participatory planning, and instead - to incorporate the elements of this requirement into 'Action Plan', and to have two stand alone Action Plan requirements: one applicable to medium and large traders and second - to small traders.

Related to the requirement to "Address and remediate", a member proposed to move to the guidance section that reports should also be reported to authorities and should be in the best interest of the impacted parties and under their consent.

There was a suggestion to include in the general HREDD guidance for traders more examples of remediation plans for small traders.

A member of the SC suggested to change, for the HL and the Trader requirements, the applicability of the requirement related to "Dialogue with supply chain actors". In the Trader standard this requirement to apply to medium and large traders that are first buyers, instead of the generic reference of sourcing, and for requirement to stipulate on the scope of dialogue related activities to involve 'at least one Fairtrade producer', instead of 'producers' It was also proposed to address the possibility of a "cut and run" situation and about the confidentiality agreements between parties while sharing information in the guidance.

On the proposal 'Support for producers' the suggestion was to align the scope of activities with the requirement on 'Dialogue', and to refer to 'at least one Fairtrade producer', instead of 'producers'. The SC voted on the following decisions in blocks with the changes discussed.

### **Decisions**

The SC voted on the following decisions on block:

#### **Decision 3.1**

Do you agree to introduce a new Core / Year 3 requirement on having and implementing human rights and environmental policies, with a 2 year transition period?

#### **Decision 3.2**

Do you agree to introduce two new Core / Year 3 requirements to develop and implement an action plan that applies separately to Large & Medium traders and to Small traders, with a 2 year transition period?

#### **Decision 3.3**

Do you agree to NOT introduce a Core / Year 3 requirement on participatory planning?

#### **Decision 3.4**

Do you agree to introduce a new Core / Year 1 requirement on having a procedure for remediation if human rights or environmental violations are identified, with a 2 year transition period?

#### **Decision 3.5**

Do you agree to introduce a new Core / Year 3 requirement for dialogue between supply chain actors, with a 2 year transition period? With a follow-up to sense check in one year on progress on the support for the implementation (by the Fairtrade system).

The SC unanimously approved decisions 3.1 to 3.5 for the Trader Standard.

### **Decision 3.6**

Do you agree to introduce a new Core / Year 3 requirement on support to producer , with a two year transition period? With a follow-up to sense check in one year on progress on the support for the implementation (by the Fairtrade system).

The SC approved decision 3.6 for the Trader Standard (7 votes in favour, 1 against)

### **Step 4: Track**

This step is to track the success & implementation of due diligence activities.

### **Hired Labour**

The following change was presented to the SC for approval:

- 4.1 Introducing a new A new Core Year 3 requirement on tracking due diligence activities, with a 3 year transition period

### **Discussion**

To the proposed transition period of 3 years, an SC member suggested to have a 1-year transition period; The Standard Team clarified that the logic behind the 3 years transition period was that the first three HREDD steps need to take place before the Step 4 'Tracking'. Following the discussion, it was agreed to have a 2-year transition period.

### **Decisions:**

#### **Decision 4.1**

Do you agree to introduce a new Core Year 3 requirement on tracking due diligence activities with a two-year transition period?

The SC unanimously approved decisions 4.1 for the Hired Labour Standard.

### **Trader Standard**

The following changes were presented to the SC for approval:

- 4.1 Introducing a new Core / Year 3 requirement for tracking due diligence activities, with a 3 years transition period?

The SC recommended to align the proposed transition period with similar requirement proposed for HL standard and change it from 3 years to 2 years.

### **Decisions:**

#### **Decision 4.1**

Do you agree to introduce a new Core Year 3 requirement on tracking due diligence activities with a two-year transition period?

The SC approved decision 4.1 for the Trader Standard (7 votes in favour, 1 abstention)

### **Final Decision**

#### **Decision 5.1**

Do you agree to the delegation of approval of non-substantive changes and final wording of the Hired Labour and Trader standards to the director of S&P?

#### **Next Steps**

- Publication of the standards in February 2024 (tbc)

### **Item 10 – Banana Registry**

In June 2023 the Fairtrade Board approved the temporary closure of the Fairtrade certification scheme for banana producer organization (SPO and HLO) on a global basis for a period of 24 months. The SC was informed of this decision during the 109 SC meeting in September 2023.

The Banana GPM presented the steps for the implementation of the closure of the banana register and shared the measures to be introduced.

On 1 January 2024 the banana register will be closed for an initial period of 24 months. The closure will affect fresh banana producers (both SPOs and HLOs) from the three regions applying for Fairtrade certification with FLOCERT. The GPM explained the complaint mechanism, the roles and responsibilities of parties involved (Fairtrade International, FLOCERT, CAN and NFOs), the foreseen assessment and monitoring based of Key Performance Indicators (KPIs).

#### **Discussion**

The Banana GPM explained that the measure has to be communicated with precision; FI has to inform about it through several channels: (1) on Fairtrade’s webpage for the public, (2) an announcement to certified operators sent by SU, (3) through members both PNs and NFOs, (4) on FLOCERT’s webpage and in addition with a standardised response for applicants.

An SC member wondered if it would be possible for organisations to bypass the measure, and what is the long-term objective after the two-year period is up. It was explained that the type of product is specified, from both the certification point of view and the sale-transactions, and therefore identifiable. The SU Head added that the measure will affect the already certified POs in case they want to extend their scope to sell also fresh banana.

SC members supported the measure and recommended to have a review of the measure after 12 months.

#### **Decision**

**Decision 1:** Do you approve the implementation of the Banana registry as described in the paper, i.e. process, complaint mechanism, KPIs, monitoring mechanism and rules?

The SC approved the decision with six (6) votes, two SC members did not vote due to potential conflict of interest.

**Next steps**

- Finalise communication materials for producers and new applicants
- Inform members so they can provide information to commercial partners
- Publish a press release on Fairtrade's webpage
- Standards unit will send an announcement to certified operators
- Webinar for members organised by NFOs
- Announcement on 8 December of the implementation starting 1 January 2024

**Item 11 – Project Updates**

The document with the projects updates was shared with the SC in advance.

There was a question about the Cocoa Price Review; it was asked what the next steps for the SC are. It was indicated that currently the data collection is being carried out, the consultation phase is expected for April/May and the SC decision would be in September. Members asked to see the consultation document before the consultation phase starts.

There was a question about the timelines of the Coffee COSP Template; it was clarified that next year data will be collected in the fields and that a price review is expected for 2025. It was highlighted that the plan for next year is to have a global agreement on having regular price reviews, for example, every 2 years, and a general understanding of the reviews that will take place in the next 10 years to ensure certainty for the stakeholders and the markets.

An SC member asked about the status of the Outcome Based Standard Project, it was answered that the project is not a priority at the moment and that the next step is to carry out a pilot to test the proposals. It was also mentioned that working together with GI and the other members is crucial to advance the project, member expressed their view as considering this project important and that it should be taken up again.

An SC member asked if a project on including climate cost or climate insurance into the review of prices was contemplated; it was answered that climate is considered and that the CoE are giving more extended proposals about it. It was also clarified that the principle is to include all costs that come from standards compliance such as HREDD. Regarding the insurance, it needs to be explored.

**Next Steps**

- Pricing Unit to share the cocoa price review consultation document with the SC and to have the topic as information session in the next SC meeting.
- Continue with the Outcome Based Standards project.

### **Item 12 – S&P Workplan 2024**

S&P presented the workplan 2024, explaining in detail every project and activity planned for next year.

### **Item 13 – Standards Architecture**

It was indicated that the goal of this workstream is to reduce costs to develop standards and for users to apply standards. In general, the objectives are:

- Streamlining and modernization of standards setting, and certification
- Simplify standards architecture (consistent, integrated, user-friendly)
- Understand unit cost economics and extract more margin from the core offer (standards, certification, and labeling)

It was mentioned that there is a lot of engagement with members to get feedback and move forward with this workstream. It was mentioned that it is not realistic to reduce the number of requirements.

The Head of Standards mentioned the challenges to come up with clarity on the meaning and implication of the standards simplification taking into consideration the different priorities and opinions from the members.

Then, a general review of the standards was presented in the terms of the number of standards, size, showing how the standards have changed over the time. There are 4 Generic Standards (Contract Production, Small Producer Organization, Hired Labour Organizations and Trader Standard) 20 Standards for Products and 3 Stand-alone Standards (Textile, Gold and Climates) making it 27 Fairtrade Standards in total. The same was presented for prices indicating the number of products that have a FMP and when the last reviews of prices were, this information was presented to have a general overview and understand better the implications of maintaining and updating such number of prices and standards.

#### **Discussion**

The SC agreed with the recommendation on simplifying the standards. An SC member commented that the standards are a supporting tool to achieve Fairtrade's goals but that they are not an objective on itself.

It was also recommended to include as much as possible in the generic standards and leave the product standards simpler to focus only on the details of the specific product.

Regarding the question on how this project should look; it was recommended to be producer centric and consider mainly the stakeholders involved in audits.

An SC member mentioned that requirements that are in the standards should be there because they are important for Fairtrade goals rather than for following legislation and/or fulfilling customer's needs.

It was also mentioned that standards that were relevant 25 years ago might not be as relevant today as they are the current habitat already; moreover, it was proposed to take producer into consideration when

developing this project and ask them to evaluate the requirements indicating which ones, they consider the most important to follow Fairtrade goals, and which ones bring more impact.

A member said that standards are technical documents and that they should be clear enough even if that means more words or length and, therefore, it is important to find a balance, so requirements remain clear.

### **Item 15 – AOB**

#### **AOB**

- SC members thanked Nora Gutwein for her work as Head of Standards and wished her all the best in her future endeavours.

#### **Next meeting dates:**

The meetings dates for 2024 were agreed:

- 20-21 March
- 26-27- (28) June
- 18-19-(20) September
- 4-5-(6) December

**The meeting was formally closed**