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Consultation Results Synopsis Information to Stakeholders on the Outcome of the 2nd Round of Consultation Review of the Fairtrade Standard for Small Producer Organizations	
To	Stakeholders
Consultation Period	3 May 2018 – 3 July 2018
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PART 1 Introduction

1.1. General Introduction

Fairtrade International’s Standards & Pricing (S&P) would like to thank all stakeholders for the time and effort they have put into participating in the second round of consultation on the Review of the Fairtrade Standard for Small Producer Organizations. The consultation concluded on the 3 July 2018 with a total of 373 participating stakeholders via the online survey and 1,025 participating stakeholders via workshops who gave Fairtrade International’s (FI) S&P their views and perspectives. Thanks to these replies, S&P has gained a good understanding of critical issues and concerns including potential solutions. Together with the results of the research carried out by S&P, this information provides the basis for the final proposal to be presented to the Standards Committee (SC). The SC decision on the final standard will be taken in full knowledge of stakeholders’ comments.

This document aims to present the outcome of the consultation in the most transparent way possible without disclosing confidential stakeholder information.

Should you have any queries or remarks concerning this report, please contact the Project Manager Maria Steenpass at: standards-pricing@fairtrade.net or call: +49-228-949230

1.2. Executive Summary

The purpose of this project is to review the globally-applied Small Producer Organizations (SPO) Standard, as part of the regular standard monitoring and review cycle. The overall objective is to ensure that the standard continues contributing to the Fairtrade 2016-20 strategy and is in line with the Fairtrade Theory of Change, which aims to enable resilient and viable producer business, strong and inclusive SPOs, improved farming performance, protection of environment, adaptation to climate change and enhanced benefits for small producers and their communities.

Compared with other reviews, the first round of consultation followed a different approach to engaging with stakeholders, where instead of already putting forward concrete technical proposals, the consultation shared with stakeholders the description of a topic statement plus open questions for discussion on a diverse but interrelated set of topics.

Based on the input received during the first round of consultation, the second round of consultation presented for each topic a description, followed by the aim of the proposal. Then the proposed changes were presented with reference to the relevant requirements in the standard. Stakeholders were invited to provide their views on the different proposals as well as to provide additional input. Where possible, the order of topics and proposals was structured to follow the current structure of the SPO Standard. At the end of the document, there was the possibility to provide input/comments on other sections of the standard or other topics that are not considered in any of the proposals. The full standard presenting all existing, revised and new requirements was also **available** for stakeholders who would have liked to have an overview of all the requirements.

Below a summary of the consultation topics and an overview of the responses per topic:

Topic and Explanation	Consultation responses – main outcomes
<u>1. SPO definition</u> The current requirements in the SPO Standard	There were 4 proposed changes in this section and one additional question regarding the



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Topic and Explanation	Consultation responses – main outcomes
<p>allow larger members or even plantations to be members of Fairtrade certified SPOs, as long as a majority of members still fall under the small producer definition. Therefore plantation-size farms can enter and benefit from Fairtrade, even in products that are only open to small producers (like sugar), increasing inequality among and within SPOs and leading to an uneven level playing field. However, large members can also play an important role as they enable SPOs to offer greater supply and quality of products. Also workers employed at SPOs appear to receive less economic and social benefits than workers in hired labour settings. Both elements present reputational risks for Fairtrade.</p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> •Emphasizing that the scope of the standard is for small-scale and family farming by increasing the percentage of small-scale members that fall under Fairtrade’s definition of a small-scale producers’ organization and by reiterating that an individual small-scale farmer is one that does not rely on permanent hired workers. •Excluding large farms within small producer organizations but allowing for medium sized farms. •Adapting the definition of small-scale producers to existing realities while leaving space for product-specific rules as needed 	<p>applicable transition period.</p> <p>1.1 Increase the number of members that need to be small-scale farmers for an organization to be a small-scale producer organization from 50% to 75%</p> <p>The majority of participants agree with increasing the share of small members, as small farmers should be the focus of Fairtrade. Stakeholders are also of the opinion that bigger members bring benefits to small farmer organizations, e.g. by playing an important role in keeping the necessary quality, quantity, providing know how and keeping operational costs low.</p> <p>1.2 Introduce the following maximum (cultivated) land size of a farmer in a small-scale producer organization: up to a maximum of 3 times the average land size of all the members</p> <p>The feedback of stakeholders shows that there should be some way to limit the land size of bigger farmers, however that the way suggested in the consultation might be challenging to implement.</p> <p>Suggested alternative solutions are introducing an absolute number as a maximum land size, having a higher number of the average, e.g. 5 or 10 times the average or having a product specific solution, a country or regional average or a reference to local laws.</p> <p>1.3 Rephrase guidance in requirement 1.2.1 to clarify what Fairtrade understands as a small-scale farmer and under what cases there may be variations</p> <p>Most of the respondents support the emphasis on family farming. It is also mentioned that it is important for some products to hire workers, especially seasonal workers. An aging generation of farmers, tenant systems and economic constraints are some of the reasons that make permanent labour necessary in some cases. It is also argued on the other side that absentee farming should be discouraged and that members of SPOs should actively engage in farming.</p> <p>1.4 Increase from 50% to 75% the number of volume sold that needs to come from small-scale farmers</p> <p>There is general agreement with the proposal, however respondents that disagree mainly put</p>



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Topic and Explanation	Consultation responses – main outcomes
	<p>forward that if already only 25% of the organization can be bigger members; these ones are likely to be more productive and produce more than 25% of the total volume.</p> <p>This requirement should be in line with the decision in 1.1.</p> <p>1.5 The proposed transition period for the changes in requirements 1.2.1 and 1.2.2 is 2 years</p> <p>Again the agreement with the proposed transition period is rather high. Those that partially agree or disagree justify this response by saying either that they would like to have a shorter transition or by requesting a longer period.</p>
<p><u>2. Management of production practices</u></p> <p>The lack of effective management tools affects the efficiency and effectiveness of SPOs, which in turn limits the benefits for producers and reduces the impact of Fairtrade. An Internal Management System (IMS) enables SPOs not only to manage compliance of their members but also to deliver effective services to their members.</p> <p>The proposal aims at changing the focus of the section from only compliance to management/monitoring of compliance. Highlighting that sustainable practice also includes management practices and that a management system not only enables better compliance of members but also is a tool to support the mission of the organization to deliver economic and social benefits to the farmers; providing additional guidance for risks assessments and promotion of simple, good and robust data collection; a stepwise approach towards a management system, recognizing and building on existing practices</p>	<p>There were three proposals on this topic: 1) to change focus from compliance to management in the intent to the production chapter, 2) adding clarifications on guidance to the following requirements: 3.1.1. on use of members list, to 3.1.2 on adding a farm assessment tool and to 4.2.2.on connecting the requirement with IMS and 3) extension of applicability scope of requirement on ICS to 1st grade SPO and from Dev/Y3 to Core/Y0 as well introduction of shift from ICS to IMS.</p> <p>The introduction of IMS overall was taken positively with suggestions on improvement of wording but some also expressed concerns on the scope and timeline applicability as it might lead to additional burden and costs for SPOs. Changes in the intent to be aligned in terms of scope and wording with requirement on IMS was also suggested. Overall it was agreed that there is a need to develop an explanatory document or clearer guidance on IMS considering 1st grade SPOs.</p>
<p><u>3. Environmental development</u></p> <p>a) Climate change</p> <p>Climate change is one of the main challenges producers face. Although the standard promotes the use of sustainable agricultural practices, the question is how the standard can be used as an additional tool for producers to increase their resilience to climate change.</p> <p>The proposal aims at enabling producers to be more resilient to environmental risks caused by</p>	<p>a) There were three proposals on this topic introducing the requirements that address: 1) identification of climate change as a risk, 2) trainings on climate change adaptation practices and 3) implementation of climate change adaptation activities.</p> <p>There is a general agreement with all proposed changes under this topic. However there were many concerns about costs of implementation and auditability. It was</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>climate change while recognizing the limits to human and financial capacities of small producer organizations; and a step-wise approach moving gradually from developing knowledge through capacity building and the identification of risks towards suitable and feasible implementation.</p> <p>b) Natural resources use</p> <p>Together with climate change, water issues are the top environmental risk factors producers face. Although the standard promotes practices that address water-related challenges (scarcity and stress), most of them are development requirements with a 3 or 6 year timeline. Despite long timelines, the water requirements are challenging for producers to comply with and involve important financial investments. Also, the standard is silent on land and water use rights and land tenure.</p> <p>The proposal aims at strengthening some of the requirements on natural resources in the standard, emphasizing the importance of considering not only the amount of resources used but also the quality of these resources; Following a step-by-step approach moving gradually from developing knowledge through capacity building towards suitable and feasible implementation; Recognizing the varying situations in different regions on land tenure/water use rights.</p> <p>c) Approach to environmental requirements</p> <p>Fairtrade’s environmental approach to the environment puts producers at the centre and focuses on protecting the health of farmers and workers, then on improving production practices and use of natural resources and lastly on protecting the planet. In line with this approach and recognizing the financial and human constraints SPOs face, several environmental requirements focus on training and awareness as a tool for improved environmental practices.</p> <p>The proposal aims at continuing Fairtrade’s environmental approach to environmental practices; strengthening the protection of members and workers from hazards and risks of pesticide use and handling of hazardous materials (including labelling and storage); addressing deforestation in the standard.</p>	<p>suggested to keep the balance between empowering the organizations and requiring compulsory activities to carry out.</p> <p>b) There were four proposals on this topic: 1) changing the applicability of requirements on identification of land at risk of soil erosion and listing of sources of water, from Development to Core, 2) add water quality assessment as a topic for trainings in existing requirement, 3) introduce a new requirement on efficient water management practices and 4) introducing a new reactive requirement on land and water use and land tenure.</p> <p>Not all of the proposals were supported at the same level. On the first proposal there was agreement from stakeholders with suggestion to re-consider the timeline of applicability. On the following two proposals the suggestion was to consider the different capacities of organizations and hence ensure a strong and continuous support from PNs on these topics. The proposal on land and water use and tenure rights was not fully understood and hence not fully supported. Stakeholders were concerned about applicability and difficulties of this implementing this requirement in different regions.</p> <p>c) there were two proposals on this topic that involved changes in several requirements: 1) change the requirements on pesticides from development to core and applicability from Year 3 to Year 1 and introduction of new requirement on the centralized purchase of pesticides and chemical materials and 2) introduction of a requirement to prevent deforestation activities.</p> <p>The change of requirements applicability was overall supported by all stakeholders and few more changes for adding clarity in the wording of requirements were suggested. However the proposal to introduce a requirement on centralised purchase of pesticides was taken differently and there was no full agreement because of differences due to geographical</p>



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Topic and Explanation	Consultation responses – main outcomes
	location and layouts of organizations. The proposal on prevention of deforestation activities overall was very well supported however the approach was suggested to be revised. The High Carbon Stock approach was found to be difficult to understand and not clear enough in terms of practicality.
<p><u>4. Gender equality and women's empowerment</u></p> <p>The vast majority of Fairtrade production is male dominated and even though women are frequently heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized or rewarded. In the case of smallholder production, women and girls often work as unpaid labourers on family farms, they rarely occupy leadership positions, and their needs and voices are often not heard. Also, as in some countries women frequently do not own land titles, they may be unable to join producer organizations and access the services they provide.</p> <p>The proposal aims at Increasing women's active and equal participation in Fairtrade and empowering more women and girls with opportunities to access equitable benefits of Fairtrade, in line with the gender strategy 2016-20 and the theory of change.</p>	<p>There was only one proposal on this topic to introduce a new development requirement for year 3, on SPOs having a gender policy. The majority of the respondents agree with the proposal and there is an aligned agreement that this is an important step towards correcting the gender disparities identified in Fairtrade's Gender Strategy. They welcomed the idea that it would not be prescriptive. It was highlighted that it will be important to work with the PNs to ensure that SPOs receive adequate training on this topic in order to increase awareness.</p>
<p><u>5. Development potential</u></p> <p>The current requirements allow SPOs to enter certification at a very early stage of development. These requirements aim to keep the balance between market access to disadvantaged producers and the potential to benefit from Fairtrade for the organizations that join the system. The system has limited resources to provide support to the SPOs at their early development stage. This may cause false expectations and frustrations for producers who invest to comply with Fairtrade Standards and yet do not benefit as expected.</p> <p>The proposal aims at: i) including a step before certification for organizations to better understand what Fairtrade certification means and assess if they are ready to join the system and ii) discouraging organizations with limited development potential to join the system.</p>	<p>This topic presented three proposals: 1) addition of self-assessment tool, 2) two additional entry criteria for organizations and 3) a new requirement to involve the members in the decision to join Fairtrade.</p> <p>The self-assessment and the new requirement to involve members had large support from stakeholders. On the former it was highlighted that the outcome of the self-assessment should be for free and should not prevent organizations from joining Fairtrade and that this instrument should closely link to the work of the PNs.</p> <p>The proposal on entry criteria was also endorsed by a majority of stakeholders but many raised concerns as these measures could discriminate against producers who are the "raison d'être of Fairtrade".</p>



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<p><u>6. SPO governance</u></p> <p>The democracy, participation and transparency requirements in the SPO Standard do not fully deliver the intended impact in the areas of good governance practices, true member ownership, adequate accountability and internal control.</p> <p>Issues can be linked to imbalanced power structures, a lack of clarity regarding roles and responsibilities between the board and management, insufficient room for decision making, inefficient internal communication between leadership or delegates and members, a lack of opportunities for wide participation in governance, especially for women and younger generations, and a lack of accountability requirements covering mechanisms such as a supervisory board or surveillance committee.</p> <p>The proposal aims at improving good governance practices, true member ownership, adequate accountability and internal control in SPOs</p>	<p>This topic presented 6 proposals: 1) Additional guidelines separating the role of board members from that of management, 2) A more explicit definition of the frequency of updates and information to be kept, a link to an IMS, and not allowing double membership, 3) Additional guidance on defining Board term limits, 4) Limitation on non-members in the Board to reduce external actors' (e.g. traders) influence over organizations, 5) Changing requirement 4.2.13 (on sharing audit results with members) from Dev to Core and 6) New requirement on having a surveillance committee to oversee the overall administration of the organization.</p> <p>There is a general agreement from the stakeholders on all the 6 topics with a common consensus to improve the wording. On separating the role of the board from that of management and introducing a surveillance committee it is emphasised that this is suitable and necessary for larger organisations. On limitation of non –members in boards the question is whether to completely prohibit it or only limit participation. On the latter it was highlighted that having independent actors is important for SPOs.</p>
<p><u>7. Fairtrade Development Plan and Premium use</u></p> <p>SPOs have many and diverse needs and, with limited resources, it is hard to decide where to invest first in order to make the best use of the Fairtrade Premium and maximize its impact. A relatively large share of the Premium is currently spent to cover operational costs, certification fees, etc. Therefore it is important to follow a proper planning process, in which the longer term effects of an investment are thought through. However, conducting a needs analysis only comes into effect as a development requirement in year 6 of certification. In practice, comprehensive planning and prioritization processes rarely take place before deciding on the use of the Premium.</p> <p>The impact generated by the Premium is in many cases below market expectation. Tangible impact is the main driver for commercial partners and civil society to engage with Fairtrade.</p> <p>The proposal aims at:</p>	<p>This topic presented 4 proposals: 1) Fairtrade Development Plan and Premium use planning, 2) Requirement on needs identification proposed to be changed from Development Year 6 to Core, Year 1, 3) New requirement on Premium reporting on an annual basis and 4) New requirement to sanction mismanagement of Fairtrade Premium.</p> <p>There is a general agreement on all the topics but less on the proposal on premium committees. Stakeholders have diverging opinions regarding establishing a premium committee. Some would like to have it as a requirement and not in the guidance section especially for larger organisations and others are against having it in the guidance section as it will create conflicts with the board. On premium reporting, clarity is requested on whom to send the reports to and who can access them. There is also a general feedback to improve wording especially on the requirement on sanctioning mismanagement of the Fairtrade Premium.</p>



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Topic and Explanation	Consultation responses – main outcomes
<ul style="list-style-type: none"> •Providing additional guidance on Premium use in line with the Fairtrade International Board approved strategy on living income. The purpose is to help organizations to invest more strategically in a way that it contributes to achieving its long-term development goals and sustainable livelihoods for their members. •Facilitating the communication on Premium use to commercial partners, civil society and other relevant stakeholders. •Strengthening the requirements on misuse of Premium 	
<p><u>8. Workers in SPO</u></p> <p><i>New topic for the second round of consultation.</i></p> <p>This topic was not included during the first round of consultation as stakeholders felt the complexity of the topic requires deeper analysis before concrete interventions are consulted upon. Therefore a mapping contextual analysis will be carried out during 2018-2019, aiming to understand the different arrangements between farmers and workers that currently exist within SPOs as well as the implications that any standard related changes or other measures may have. The contextual analysis will help to understand on-the-ground labour realities, in order to be able to:</p> <ul style="list-style-type: none"> • Identify and define challenges • make concrete proposals to improve labour conditions and workers' wellbeing <p>The results of this contextual analysis will inform Fairtrade's intervention in the area of workers in SPOs, including a broader review of the standard's chapter on labour conditions of workers in SPOs but also the implementation of actions beyond the standard. Depending on the duration of the contextual analysis and other factors, the review of the particular labour chapter might be done after the overall standard review, requiring an additional update of the standard.</p> <p>While the contextual analysis is looking at the situation in its complexity, there are some aspects that don't require the results of the contextual analysis and can already be consulted upon in the second round of consultation. It is worth noting that other proposals in this consultation (e.g. SPO definition) would also have an impact on the</p>	<p>The topic presented 4 proposals : 1) A new requirement on compliance with national legislation that is checked reactively as a means to act in case there are known violations (see next topic) 2) Reduce the significant number of workers from 20 workers to 10 permanent workers or equivalent worker days (days worked multiplied by the number of workers working 40 hours/week all year round, 3) Change the requirement on written contracts for permanent workers (applicable only if the organization or members employ a significant number of workers) from Development Year 3 to Core Year 1, and 4) New requirement to ensure that field workers have access to clean drinking water. This requirement would be applicable to all producers regardless of the significant number of workers</p> <p>Despite the fact that there is a general agreement on all the proposals presented, stakeholders felt that more needs to be done to address the topic of workers in SPO. There are diverging opinions on the proposal to reduce the significant number of workers. On the extreme end some want the number reduced to 5 so that seasonal and temporary workers are also represented. It was also suggested that all the requirements should be applicable to all workers.</p> <p>Longer transition periods were suggested for the proposal on ensuring that workers have access to clean drinking water and significant number of workers. There is also a general feedback to improve wording.</p> <p>The WRAC also gave a joint opinion and expressed their concerns that the review was quite limited and did not in their view capture the range of issues they felt should have been addressed.</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>number of workers in SPOs.</p> <p>The proposal aims at strengthening the assurance framework in the chapter on labour conditions of the SPO standard and taking a first step in improving the working conditions of workers in SPOs</p>	
<p><u>9 National Legislation</u></p> <p><i>New topic for the second round of consultation.</i></p> <p>Currently, in the section “Reference” of the SPO Standard (page 3) it reads:</p> <p>Fairtrade International requires that producer organizations always abide by national legislation on the topics covered by this Standard, unless that legislation conflicts with internationally recognized standards and conventions, in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more favourable conditions for workers on an issue than Fairtrade International, then it prevails. The same applies to regional and sector-specific practices.</p> <p>However, as it is not written as a requirement the certification body does not have a link to the standard to raise a non-conformity should a non-compliance on national legislation arise.</p> <p>The proposal aims at:</p> <p>Enabling Fairtrade to react in case violations to national law take place. The purpose is not that auditors check proactively compliance of organizations against all labour or environmental laws, but to have a tool to react in case of risk or indications of non-compliance. Also, it aims at providing clarity to organizations on how to act in case of contradiction of the standard with national law.</p>	<p>There was only one proposal on this topic to introduce a new core requirement on compliance with national law. The majority of the respondents agree with the proposal saying that this this would go further towards protecting human rights of those working on Fairtrade certified farms. One common suggestion was to not check the requirement reactively but proactively and randomly. Concerns were raised on whether auditors had sufficient knowledge of the national legislations and a suggestion was put forth to provide an inventory of what needs to be complied with and to ensure that auditors are fully aware. Improvement of wording was also suggested.</p>
<p><u>10. Fostering continuous improvement</u></p> <p>This topic is included to find out how the standard can best encourage SPOs and foster their continuous improvement.</p> <p>The proposal aims at making clear the role that development requirements have, giving more choice to producers on how to reach the objective of each of the development requirements and promoting continuous improvement after year 6 of certification.</p>	<p>There were two proposals:</p> <p>10.1 Separate core from development requirements and redraft development requirements to focus on outcomes and leaving freedom to the organization on how to achieve the outcome.</p> <p>There was general agreement on the proposal, however stakeholders noted that to measure outcomes it is necessary to define deadlines and often the verification means are expensive as they may involve technical know-how.</p>



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Topic and Explanation	Consultation responses – main outcomes
	<p>10.2 Introducing a new requirement for organizations that have been in the system for more than 6 years to foster continuous improvement</p> <p>There was general agreement in the consultation, however it was highlighted that the standards already follow a continuous improvement model and that each review of standards raises de bar producers need to comply with. It was also highlighted that organizations do not follow a linear path of development and are vulnerable to internal or external changes.</p>
<p><u>11. Role of traders</u></p> <p><i>New topic for the second round of consultation.</i></p> <p>During the first round stakeholders signalled the need to have more transparency regarding the services traders offer to organizations, and how they are charged. While recognizing the important role traders play in SPO capacity building, the SPO Standard does not provide a clear framework on how SPOs must engage with traders in fairer trade relationships.</p> <p>The proposal aims at increasing transparency and ensuring that SPOs can decide for themselves on the services provided by traders to their members and on the use of the Fairtrade Premium.</p>	<p>The proposal was endorsed by a large majority of stakeholders. Challenges on identifying undue pressure from traders without putting producers at risk was signalled as a key factor for this proposal to work in practice.</p> <p>An in-depth discussion on the role of traders in Fairtrade should be included in the next revision of the Trader Standard.</p>
<p><u>12. Trading with integrity</u></p> <p><i>New topic for the second round of consultation.</i></p> <p>Unfair trading practices mostly occur in cases of imbalance between trading partners, which can happen anywhere in the chain but most frequently at the expense of producers. In the last revision of the Trader Standard a new requirement on trading with integrity was added to tackle unfair trading practices (TS requirement 4.1.8). The question is now if and how unfair trading practices should be captured in the SPO standard.</p> <p>The proposal aims at preventing unfair trading practices at producer level and aligning the standard with the compliance criteria.</p>	<p>Two requirements were proposed on this topic. One on a new requirement to prevent bad faith practices and a second one on honouring contracts that was already a compliance criterion for producers. Both additions were supported by a large majority of stakeholders. On the former in particular, various stakeholders questioned how it would be auditable and suggested to improve the wording to avoid misinterpretations.</p>



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1.3. Way Forward

Based on the results of this consultation, S&P will develop proposals to be presented to the SC in November for decision making. While most of the topics have a clear direction on how the requirements will look like, some proposals need refinement in terms of improving wording and making the requirements clearer.

The table below describes the progress to date and next steps:

Activity	Timeline
Scoping	May - June 2017
Research	April – June 2017
Consultation 1 st round	July – November 2017
Analysis of consultation responses	December 2017 – January 2018
Publication consultation results synopsis	March 2018
Drafting proposal 2 nd round	January – March 2018
Consultation 2 nd round	3 May 2018 – 3 July 2018
Analysis of consultation responses	July-September 2018
Drafting final proposal	September- October 2018
SC decision	November 2018
Publication	Q1 2019

1.4. Abbreviations

ACP	African, Caribbean and Pacific Group of States
COSP	Cost of Sustainable Production
EU	European Union
FI	Fairtrade International
GA	General Assembly
GPM	Global Product Manager
Ha	Hectares
HL	Hired Labour
ILO	International Labour Organization
ICS	Internal Control System
IMS	Internal Management System
MEL	Monitoring, Evaluation and Learning
NFO	National Fairtrade Organization
NGO	Non-Governmental Organizations
PN	Producer Network
PO	Producer Organization
SPO	Small Producer Organization
S&P	Standards & Pricing
WRAC	Workers Rights Advisory Committee
YICBMR	Youth Inclusive Community Based Monitoring and Remediation



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1.5. Annexes

Annex 1 – Feedback from Latin America and the Caribbean in [Spanish](#) and [English](#).

PART 2 Draft Standards Consultation - Outcome

2.1. Consultation process

The consultation in survey format was published online in Survey Monkey and was also available in word format on the Standards section of the Fairtrade website. Both links were sent to all certified small producer organizations, traders and other relevant stakeholders. In addition, an introductory [video](#) in different languages and a recorded [webinar](#) were uploaded to facilitate the participation in the consultation. Lastly, a [document](#) that compared the current requirements in relation to all the proposed changes was made available. The survey was open for 61 days. In addition to the possibility to give written feedback, workshops also took place for stakeholders in Latin America and Asia/Pacific regions that enabled verbal feedback and group discussions of topics. S&P particularly thanks the PNs who organized these workshops and enabled high participation in the consultation.

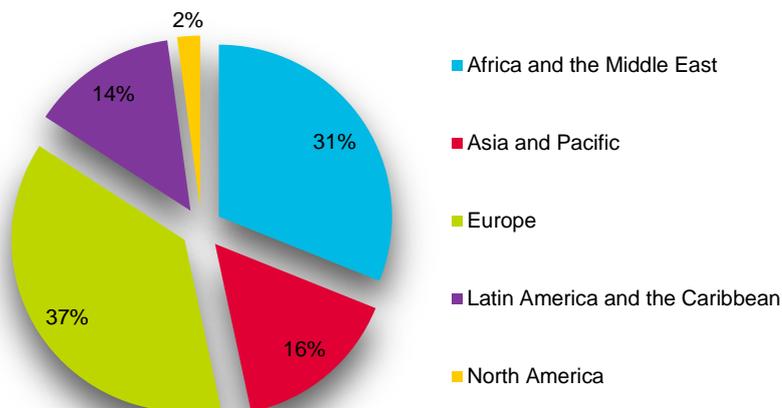
For each of the topics consulted this report considers the responses provided via the online survey and the responses provided in workshops in a summarized way in order to protect anonymity.

2.2. Participants

Online participants

In total 373 stakeholders participated via the online tool or provided written responses to the questionnaires. Per region the highest participation came from Europe 37% (140 participants), followed by 31% (116 participants) from Africa and the Middle East, 16% (58 participants) from Asia¹ and the Pacific, 14% (51 participants) from Latin America and the Caribbean, and 2% (8 participants) from North America.

Total responses per region



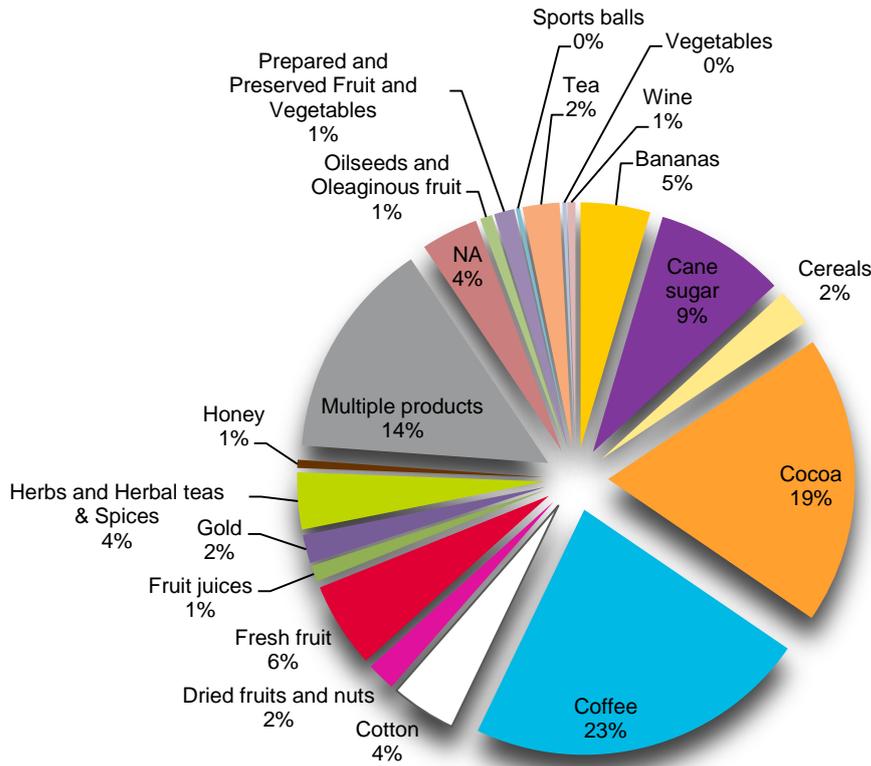
¹ For Asia the information includes aggregated responses from countries in the region that held workshops.



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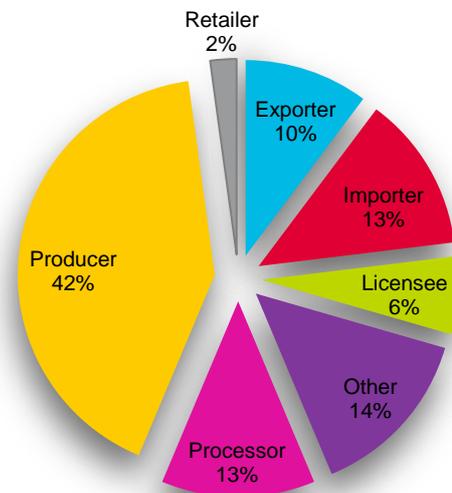
The chart below shows the proportions of participants by product groups, with the largest groups representing coffee (23% - 84 participants) and cocoa (19% - 71 participants):

Total responses per product



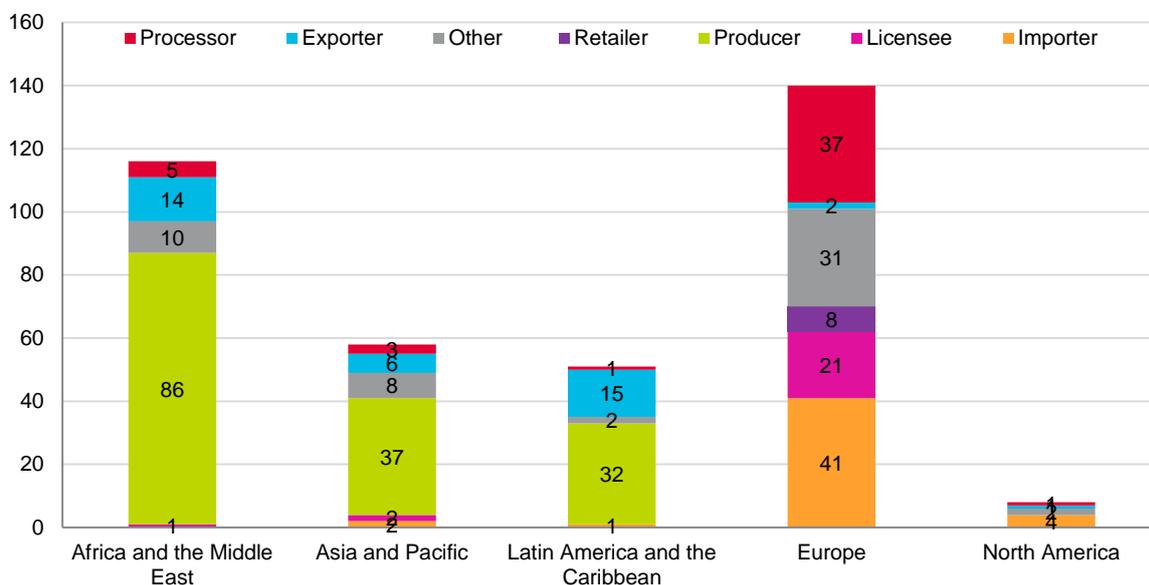
Looking at the distribution per responsibility in the supply chain, in the following chart below, almost half of the respondents are producer organizations (42%, 155 participants), followed by 'other' (FI and NFO staff for example), importers and exporters (14%, 13% and 10% respectively). 13% of the response came from processors, while 6% were licensees and 2% retailers.

Total responses per supply chain actor



Having a closer look at distribution per responsibility in the supply chain and the region it can be seen that in the producing regions the majority of the responses are from producers followed by exporters. In Europe, the largest participation is from importers, followed by processors and 'others'.

Responses per region and supply chain



Note: Exporters from Europe and North America are traders who buy from producers and then sell to other Fairtrade consumer countries.

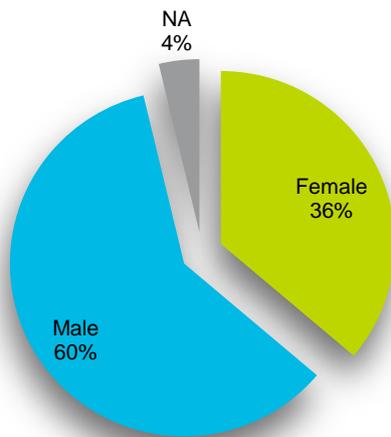
Comparing the participation of 1st round consultation with 2nd round, in general the participation rate between both consultation rounds did not differ much in terms of the number of participation per region, product category and the role in the supply chain, indicating a rather consistent contribution from all stakeholders representing different regions and supply chain roles.



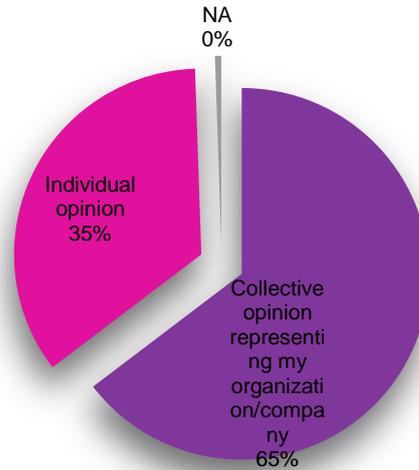
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In the second round of consultation two other variables were introduced in the survey to understand participation of respondents by gender and if their inputs were representing individual or collective opinion. The results presented in charts below show that 60% of total respondents were male and 36% female. The majority (65%) of total responses came as a collective opinion representing respondent's organization while 35% indicated their input as individual opinion.

Total responses per gender



Total responses per type of response



Workshop participants

Besides the opportunity to provide feedback through online consultation, CLAC and NAPP organized a number of workshops for participants to discuss their feedback.

For the Latin America region 20 workshops took place in 16 countries. Over 600 participants from 333 small producer organizations participated in the consultation workshops. These organizations represent 48% of total SPOs in the region.

The table below gives more information on each specific workshop in Latin America region:

Workshop / Country	Number of SPOs represented	Number of participants per workshop		
		Male	Female	Total
Argentina & Uruguay	7	6	1	7
Brazil	16	26	1	27
Bolivia	19	29	5	34
Chile	9	8	4	12
Colombia	50	60	24	84
Costa Rica & Panama	14	22	9	31
Cuba	4	17	14	31
Dominican Republic	28	23	10	32
Ecuador	21	26	10	36
El Salvador	4	15		15



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Guatemala	16	31		31
Mexico	23	43	6	49
Nicaragua	12	17	7	24
Paraguay	9	17	4	21
Peru	101	152	42	194
Total	333	492	137	628

Please note that we have not combined the participation numbers in the written survey with the participation in the workshops as it is possible that some workshop participants also participated via the online questionnaire.

Three workshops took place in three countries of Asia and Pacific region. There were 80 participants from 56 SPOs who participated in the consultation workshops.

The table below gives more information on each specific workshop in Asia and Pacific region.

Workshop / Country	Number of SPOs represented	Number of participants per workshop		
		Male	Female	Total
Sri Lanka	13	19	7	26
India	25	36	0	36
Indonesia	18	10	8	18
Total	56	65	15	80

These responses were submitted in the written survey format representing collective opinion (i.e. one written survey response per workshop). Please note that the total number of participants and their gender as well as number of SPOs per workshop were not counted in the total online participation.

2.3. Consultation Outcome

The first round of consultation followed a different approach to engaging with stakeholders, where instead of already putting forward concrete technical proposals, the consultation shared with stakeholders the description of a topic statement plus open questions for discussion on a diverse but interrelated set of topics. In total 12 topics were presented and the order of topics followed, as much as possible the current structure of the SPO Standard. The intention of this exercise was to engage in a more participatory approach focusing on understanding different views on a topic and encouraging an open discussion about the potential ways to address challenges.

Based on the input received during the first round of consultation, the second round of consultation presented for each topic a description, followed by the aim of the proposal. Then the proposed changes were presented with reference to the relevant requirements in the standard. Deletions to requirements were presented in strikethrough and additions were presented in red. For each proposed change the rationale and the implications were outlined. Stakeholders were invited to provide their views on the different proposals as well as to provide additional input. Where possible, the order of topics and proposals was structured to follow the current structure of the SPO Standard. At the end of the document, there was the possibility to provide input/comments on other sections of the standard or other topics that are not considered in any of the proposals. The full standard presenting all existing, revised and new requirements was also [available](#) for stakeholders to have an overview of all the requirements.



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This section presents the aggregated and high level outcomes of the consultation. For each question, after the topic description, the consultation outcomes are presented in two steps: input received through written responses followed by the input received through the workshops. Due to the different dynamics of the two main methods of providing feedback, it is more transparent to keep the results of the workshops separate to the written feedback.

For the analysis of the written responses, blank responses were not counted so the number of respondents per question may change. For the analysis of the information received through workshops, the responses are aggregated as much as possible although given the qualitative nature of the discussions this was not always feasible. Also, it is important to point out that since not all respondents responded to all questions and not all topics were discussed in all workshops; this is reflected in the analysis.

In the analysis of the responses the Standards Team tried to identify aggregated trends per topics. In addition, the team strived to capture areas of common agreements or divergence of views to summarize main opportunities/concerns.

Topic 1: SPO definition

Introduction of topic and overall aim of the proposal:

The current requirements in the SPO Standard allow larger members or even plantations to be members of Fairtrade certified SPOs, as long as a majority of members still fall under the small producer definition. Therefore plantation-size farms can enter and benefit from Fairtrade, even in products that are only open to small producers (like sugar), increasing inequality among and within SPOs and leading to an uneven level playing field. However, large members can also play an important role as they enable SPOs to offer greater supply and quality of products. Also workers employed at SPOs appear to receive less economic and social benefits than workers in hired labour settings. Both elements present reputational risks for Fairtrade.

The proposal aims at:

- Emphasizing that the scope of the standard is for small-scale and family farming by increasing the percentage of small-scale members that fall under Fairtrade's definition of a small-scale producers' organization and by reiterating that an individual small-scale farmer is one that does not rely on permanent hired workers.
- Excluding large farms within small producer organizations but allowing for medium sized farms.
- Adapting the definition of small-scale producers to existing realities while leaving space for product-specific rules as needed.

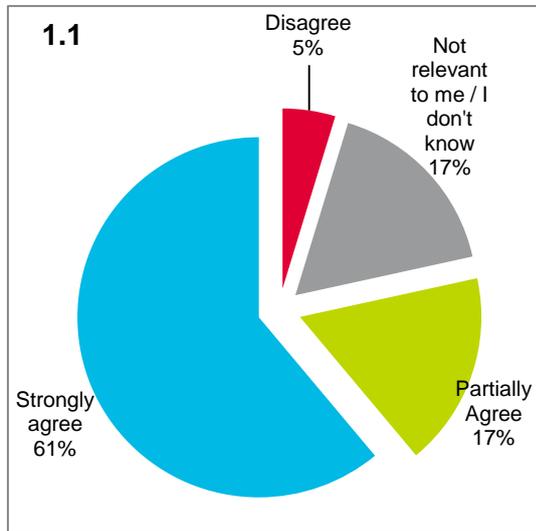
There are 4 proposed changes in this section and one additional question regarding the applicable transition period.

1.1 Increase the number of members that need to be small-scale farmers for an organization to be a small-scale producer organization from 50% to 75%

Year 0	Core	1.2.1 (<i>First part</i>) You are a small-scale producer organization. and at least Fairtrade defines a small-scale producer organization as an organization where at least half of 75% of its your members are must be small-scale producers.
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Written feedback:



The majority of respondents agree with the proposal (61% out of 362 respondents to the question). The relative agreement is higher in producing continents (Asia, Africa, and Latin America). Overall, only 5% disagree strongly, most of them in Europe and Latin America. Most participants of the survey that replied “Not relevant to me / I don’t know” (17%) come from Europe (45 out of 62 respondents) and they argue that this should be decided by producers. The ones that replied “Partially agree” (17%) come again mostly from Europe.

Stakeholders that strongly agree with the proposal mainly put forward that the focus of Fairtrade should be on small farmers and that the influence of bigger members should be limited. Several also state that the emphasis on small farmers is expected from the

market side. Some even propose higher percentages than 75%.

The participants that partially agree mainly put forward that bigger members bring benefits to small farmer organizations, e.g. by playing an important role in keeping the necessary quality, quantity, providing know how and keeping operational costs low. Some agree with raising the percentage, but propose a lower figure (e.g. 60%), while another share of answers suggest a higher number (85-100%). It is also put forward that clear criteria for the remaining 25% need to be considered, so that control by a few large members is avoided. Naturally, the implications of a change of the small farmer share are directly linked to the definition of a small farmer. As the definition still lacks clarity for a number of stakeholders, they only partially agree with the proposal.

Stakeholders who disagree with the proposal make the comment that the current 50/50 share should be kept as often small farmers alone cannot keep up with market requirements, and the limit inhibits the development of farmers.

In general, stakeholders make the comment that a deeper analysis is needed to understand the implications of this change.

Feedback from workshops in Latin America:

In the workshops in Latin America, there was general interest in increasing the percentage of small-scale producers within the SPOs. 144 organizations strongly agree with the suggested increase (43%). However, the number of stakeholders that disagreed (26%) and partially agreed (23%) was also high. Those that disagree or only partially agree put forward that medium and large farmers secure the necessary volume and support small farmers. Producers also consider it unfair to take out members just because of their size. It was also argued that the particularities of some products need to be taken into account. Orange producers express concern because there are no producers that have less than 12 Ha, unlike products such as coffee. In wine grapes, producers face problems due to the migration of young people and low productivity. If bigger producers are taken out due to this increase, there is the risk that organizations collapse. It was mentioned that in Argentina and Uruguay it is illegal to exclude producers for these reasons.

In general, participants of the workshops said that the definition of a small farmer should be clear, and there should be a definition for small, medium and large producers based on productivity.



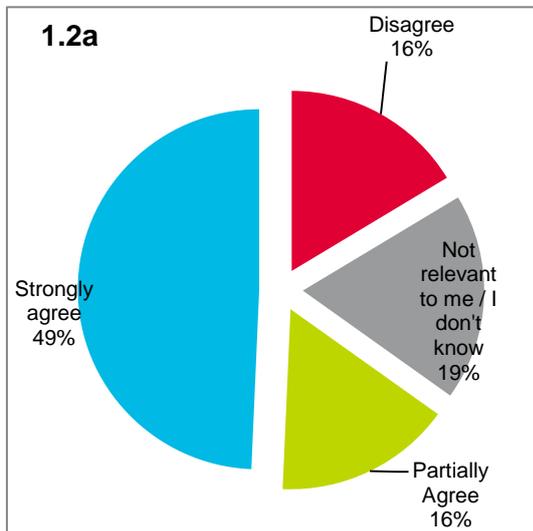
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The proposal of 60-40 was a proposal highly valued in almost all countries together with indicators addressing the specific cases of some products. Some producers also argued that it should stay as is with the minimum 50-50 share.

1.2 Introduce the following maximum (cultivated) land size of a farmer in a small-scale producer organization: up to a maximum of 3 times the average land size of all the members

Year 0	Core	1.2.1 (Second part) The maximum size of the cultivated land where a member grows a Fairtrade crop is no more than 3 times the average land size of all the members of the organization.
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Written feedback:



In general, stakeholders are not against introducing a maximum land size, however many question the way it is suggested in the consultation. The proposal to introduce a maximum land size of 3 times the average land size of an organization gets some degree of agreement, but only roughly about half of the participants (49%) strongly agree with this suggestion. 16% of stakeholders in the survey only partially agree while 16% disagree. Almost a fifth (19%) is undecided.

Stakeholders that disagree or only partially agree give as a reason that this system might end up leading to unfair differences between SPOs with small members and those with large members. It leaves members with no opportunity for growth and can be unfair if the land belongs to a whole family that needs to be sustained.

Some participants also put forward that the number might be too tight and that they would have to exclude members. The important role of bigger members in SPOs should be considered rather than excluding them. If the average is very low, it shouldn't exclude those members that have less than 10 Ha of land as those should be considered as small farmers in any case. Others question how this requirement can be audited. Finally, there is the idea to regulate this in the product standards although it is acknowledged that this can be hard to develop and maintain. It was also not clear to some respondents if this requirement applied to the 75% small members only and if it should apply to the Fairtrade land only, or the total land size of a farm.

A rather big number of participants (21%) indicate that they have an alternative suggestion.

The biggest number of comments suggest an absolute number for a maximum land size, although the actual value varies greatly (from 2.5 Ha to 100 Ha, with the highest number of inputs of 30 Ha). Secondly, respondents propose to have certain times the average, ranging from 5 times to 10 times the average. A large number of responses indicates that a product specific solution would be preferred, as well as a country or regional average or a reference to local laws. Fewer people suggest that there should be no limitation of the land size, only the percentage of members that are actually small farmers should be complied with. Other alternative solutions include that:

- The restriction should be only for newcomers



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- The GA should define the maximum land size
- Only 25% of the total land of an SPO should be owned by bigger members,
- Land size should not be the criterion (rather the productivity of the land or that the farm is family-owned)
- The median instead of the average should be used

Feedback from workshops in Latin America:

The majority of participants in Latin America disagrees with this proposal (49%, 151 out of 311 total respondents), 37% strongly agree (117 respondents), and 13% partially agree (39). As in the online survey, there is generally interest in establishing a limit, the disagreement is about how to do it.

Those respondents in workshops that disagree or partially agree give similar explanations to the ones mentioned in the online survey, namely:

- The value should be product specific
- The average size is very low for some products and for some SPOs, where the producers are very small. It would promote inequality between two SPOs of the same category, favoring organizations that have higher averages
- The proposal is not in accordance with reality, it is discriminatory
- It is going against the entrepreneurial spirit and does not allow growth of small producers
- Land size should not be the criterion
- Take into account the national legal definition for small producers established in some countries by the state
- That 25% of the members can have an area above the average of 75% of the other members

It was pointed out that in Argentina and Uruguay it is illegal to exclude members from cooperative for these reasons. In wine grapes, this requirement is stricter than the current requirement in fresh fruit that already affects the SPO, socially, economically and financially. In their view, if approved, the achievements made with certification would be lost.

Also the alternative solutions mentioned in workshops are similar to the ones already listed in the online survey.

In the joint meeting of producers in Latin America, the recommendation was that the maximum land size for SPO members should be established by product and thus the large producers of the SPOs are excluded.

Other suggestions include:

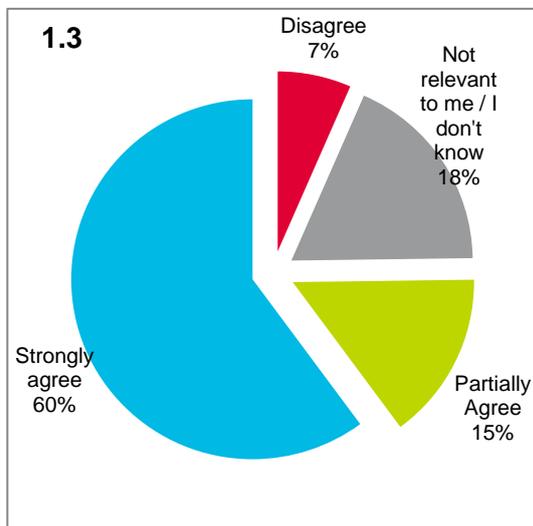
- Productivity of crops or the family income should be taken into account, not land size
- Participation of bigger members should be limited by volume
- The threshold should be lower, e.g. 15 Ha
- It should be 5 times the average
- Consider that the area of the farm does not always coincide with the production area of the Fairtrade certified product



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1.3 Rephrase guidance in requirement 1.2.1 to clarify what Fairtrade understands as a small-scale farmer and under what cases there may be variations

Year 0	Core	<p>1.2.1 (Third part)</p> <p>Guidance:</p> <p>Your members If your members produce less labour intensive products (cocoa, coffee, herbs and herbal teas and spices, honey, nuts, oilseeds, cereals, seed cotton), they are small-scale producers if they comply with the following criteria:</p> <ul style="list-style-type: none"> • The farm is operated /managed by members and their families. • Farm work is mostly done by members and their families. • They do not hire workers all year round. <p>Family and small-scale farming is a means of organizing agricultural production which is managed and operated by a family and predominantly reliant on family labour, both women's and men's.</p> <p>In particular circumstances when the farmer is not able to carry out work on the farm (due to age, incapacity) and the work of the family members is not sufficient, hiring permanent labour is allowed.</p> <p>Special rules may exist for different products. Please see the product- specific standards.</p> <p>If your members produce highly labour intensive products (cane sugar, prepared and preserved fruit & vegetables, fresh fruit, fresh vegetables, tea), they are small producers if they comply with either the above or the below criteria:</p> <ul style="list-style-type: none"> • They hire less than a maximum number of permanent workers, as defined and published by Fairtrade International. • The size of the land they cultivate is equal to or below the average of the region, as defined and published by Fairtrade International. • They spend most of their working time doing agricultural work on their farm. • Most of their income comes from their farm. <p>For specific country and product indicators please see the "Definition of small producer for small producer organizations" published by Fairtrade International.</p>
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Written feedback:

60% strongly agree with the proposal, while 15% partially agree. 18% say that they do not know or it is not relevant for them while only 7% disagree. It is noteworthy that especially producers agree with the suggested changes (79% strongly agree, 7.5% partially agree).

Those that disagree or only partially agree, say that it is important for some products to hire workers, especially seasonal workers. It should be ensured that seasonal workers also receive the benefits of the



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standard. It was also mentioned that the emphasis on permanent labour generates the risk of underreporting of workers and avoiding issuing permanent contracts. In some regions and products, an aging generation of farmers cannot take care of the land anymore and they need workers to support them (e.g. in cocoa in West Africa). It is also argued that the proposed wording could allow the exclusion of women-headed households as these are more likely to employ workers. Other stakeholders put forward economic constraints and say that farmers cannot live of farming if they only work on their own fields. Therefore workers are hired and farmers keep the management of the farm but they also have additional employment elsewhere to generate more income (e.g. in sugar in Belize and Mauritius). This is in contradiction to the voices that claim that absentee farming should be discouraged and that members of SPOs should actively engage in farming, so to avoid that e.g. traders can become members of certified SPOs. Stakeholders argue that in order to define small producers, the land size should be taken into account and not the number of (permanent) workers (e.g. coffee in Honduras) as the contracting of permanent labourers might be necessary where the production is high, even on small plots. In other cases, the rural set up is characterized by a system of tenants (e.g. Ghana and Cote d'Ivoire) and the proposed definition does not take into account these special circumstances. Others say that the requirement of who is a small farmer needs to be seen on a product-specific level and that the national legislation should be taken into account. Some state that the differentiation between highly labour intensive and less labour intensive should remain, and in some cases be reconsidered (e.g. for coffee, cocoa and herbs).

Feedback from workshops in Latin America:

The majority in the workshops in Latin America agrees strongly (72%), 17% partially agree and 11% disagrees.

The indicators proposed by stakeholders are: The farm is managed by the members and their families, the agricultural work is carried out mainly by the members and their families and they do not hire permanent workers all year round (there would be exceptions for age or disability).

Participants in the workshops that disagree or partially agree mention the following explanations:

- In the explanations provided, there is some confusion that a small producer could not hire labour, however the indicator says not to hire permanent labour.
- A small banana producer cannot manage his/her farm without hiring permanent workers.
- There are also other cases in which it is necessary to hire permanent labour, e.g. the cultivation of grapes is intensive and with a land size of 7 has already requires a worker. In Argentina the grapes and olives are grown together. There is only an indicator for grapes. If the requirement is approved, small producers of grapes would not be small for olive trees because they hire labour.
- There is a great difference of situations by product and by country that make the indicators cannot be applied in a unique way, it is essential to create specific criteria by product and country.

Proposals mentioned in the workshops in Latin America:

- Allow 1 permanent worker
- The definition of a small producer should be given by product and by region / country and with the participation of local actors
- The conditions in which a member requires hiring a permanent worker for reasons of age, illness or disability should be clearly defined, and leave no room for interpretation
- Review the maximum number of workers, usually small producers do not count permanent workers



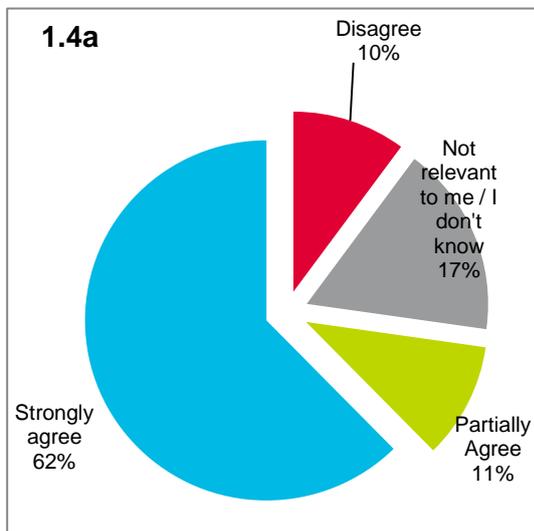
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- Create a basic indicator taking into account the annual income of the property. Respect the indicators that the credit institutions of the country have as a reference to make credit available for producers and relatives.

1.4 Increase from 50% to 75% the number of volume sold that needs to come from small-scale farmers

Year 0	Core	1.2.2 At least half 75% of the volume of a Fairtrade product that you sell as Fairtrade per year must be produced by small-scale producers.
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Written feedback:



There is general agreement with the proposal with 62% strongly agreeing and 11% partially agreeing. 10% disagree while 17% are undecided. Respondents that disagree or partially agree mainly put forward that if already only 25% of the organization can be bigger members, these ones are likely to be more productive and they produce more than 25% of the total volume. The rule should not limit the potential Fairtrade volume. Some stakeholders say that everybody should be able to sell while there might be rules on how to distribute the Premium so that smaller producers benefit as much as bigger members.

The majority of respondents in the online survey (64%) confirm that they think this change is necessary given the proposed changes to requirement 1.2.1.

Feedback from workshops in Latin America:

The opinion of stakeholders in workshops in Latin America is split, 41% disagree while 40% strongly agree. 17% partially agree.

The reasons given for the partial agreement or disagreement are the following:

- The rule should be that at least 80% of the Fairtrade volume must be produced by small producers
- There should be rules for each product
- There are reservations about whether the existing contracts can be fulfilled if the volume from bigger members is restricted. This could affect small producers in cooperatives of very small producers and eventually also resulting in less Premium for all members.
- This limitation affects the production capacity of producers

Participants in the joint workshop are of the opinion that increasing the share of small members to 75% is quite high. For the sustainability of the sales in the SPOs, it is recommended to increase from 50% to 60%. In addition, it should be defined for all products who is small and medium producer in order to be able to exclude large producers from the SPOs. Others are of the opinion that the current 50-50 volume share should be maintained. It could be added that "if the demand for the Fairtrade

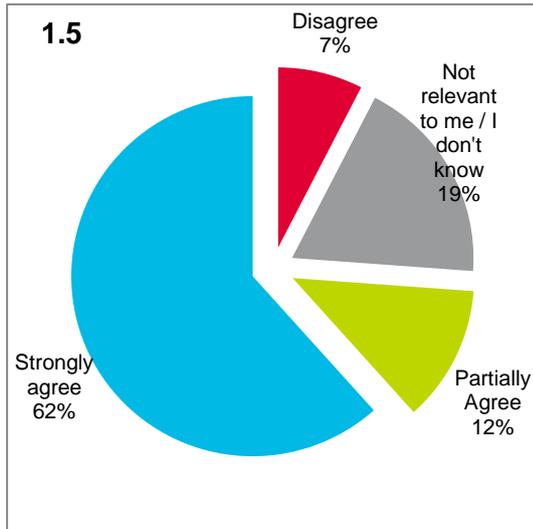


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product is higher than what the small-scale producers provide, it would be necessary to provide this product from larger producers".

1.5 The proposed transition period for the changes in requirements 1.2.1 and 1.2.2 is 2 years

Written feedback:



Again the agreement with the proposed transition period is rather high with 62% strongly agreeing and 12% partially agreeing. Only 7% disagree while 19% do not express their opinion. Interestingly, those that partially agree or disagree justify this response by saying either that they would like to have a shorter transition or by requesting a longer period.

Feedback from workshops in Latin America:

A large majority (65%) strongly agree with the transition period of two years, 26% disagree, and 7% partially agree.

Some of the disagreement and partial agreement stems from the fact that participants in the workshops did not agree with the requirements e.g. because of the legal conflict and the technical limitation to comply and they say it is impossible to adapt to the suggested requirements. A proposal mentioned by stakeholders is a transition period of at least 3 years.

Topic 2: Management of production practices

Introduction of topic and overall aim of the proposal:

The lack of effective management tools affects the efficiency and effectiveness of SPOs, which in turn limits the benefits for producers and reduces the impact of Fairtrade. An Internal Management System (IMS) enables SPOs not only to manage compliance of their members but also to deliver effective services to their members.

The proposal aims at changing the focus of the section from only compliance to management/monitoring of compliance. Highlighting that sustainable practice also includes management practices and that a management system not only enables better compliance of members but also is a tool to support the mission of the organization to deliver economic and social benefits to the farmers; Providing additional guidance for risks assessments and promotion of simple, good and robust data collection; A stepwise approach towards a management system, recognizing and building on existing practices.

In this section there were three proposals consulted:

2.1 Change the focus from compliance to management in the relevant parts of the production chapter of the standard

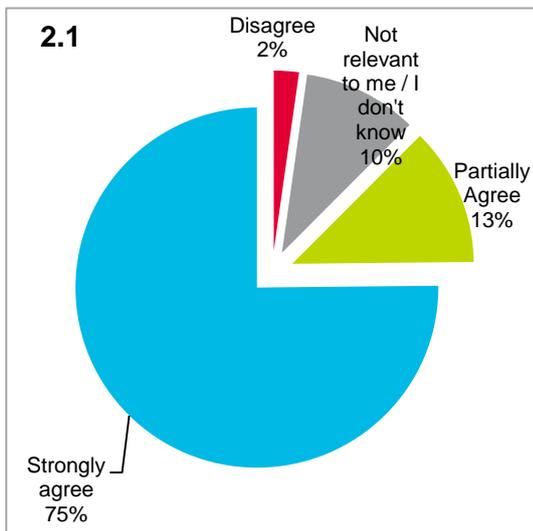
	Intent and scope production chapter (chapter 3):
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	This chapter outlines the ethical and sustainable production practices, including management practices that are behind every Fairtrade certified product.
	<p>Intent and scope management production practices (Section 3.1):</p> <p>The requirements in this Standard recognize that small producers are part of organizations with formalized structures of management. The requirements acknowledge these internal structures and expect you to find the best means to guarantee your members' continuous compliance and improved practices. For this reason, unless you are a 2nd or 3rd grade organization, this Standard does not require an formal internal quality management system (IMS). However, the requirements support you in enhancing monitoring your members' compliance and performance with this chapter (chapter 3 – Production).</p>

Written feedback:



314 respondents answered the question. The majority strongly agreed with the proposed requirement (236 respondents, 75%). Those who agreed supported this proposal adding the benefits of having a system in place that guarantees continuous improvement through good self-management of producer organizations.

On the other hand, those who partially agreed (39 respondents, 13%) expressed their concerns regarding the success of IMS introduction, which is questionable in SPOs where large proportions of members are not really participating in decisions and are not monitored. Also, there was a concern regarding the auditability and IMS implementation due to lack of resources, because it requires development of tools and trainings. Hence, as an option it was

suggested to get financial support from buyers. Also, because for small size producer organizations, the IMS would be a huge task and not proportional in terms of inputs made and outputs received.

One other suggestion was to introduce quality management system because ensuring products quality is sometimes more important together with workers' well-being and health. It was also mentioned to align wording in the proposed text for the "Intent" with the applicability (scope) of IMS requirement, i.e. its applicability to 1st grade SPOs with 100 members.

Overall there was a suggestion to develop guidance (in standard) or an explanatory document on IMS in particular to support organizations at their Year 0 of certification.

Those who disagreed (7 participants, 2%) mentioned it would be an additional burden on management in terms of resources and time, e.g. for the SPOs with 10,000 members. Hence instead of having IMS in place, having the management team in place should suffice. Other respondents in this group did not agree on the scope of IMS applicability, as in order to promote SPOs independence and self-reliance as a business, they need to have data on their members and production. Thus the suggestion is that IMS is mandatory for 1st-3rd grade SPOs. Also this proposal on "Intent" is then not aligned with changes in 4.2.2, where IMS is needed in order to comply with it. The overall message is that the standard should move towards "compliance" and "management". For some SPOs, capacity building and training would be needed to develop a management framework and team, and therefore this



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should be considered when timelines for applicability are set. Otherwise the bar is too high if this is taking place as the initial step.

There were also respondents for whom this topic was not relevant (32 respondents, 10%) but there were no comments.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 311 responses, 234 respondents (75%) strongly agreed, 55 respondents (18%) partially agreed and 22 respondents (7%) disagreed. Those who partially agreed or disagreed were aligned on the point that it is a good tool for organizational improvement. However their concern was about the too early timelines for the implementation of IMS. In particular for honey producers who have low accessibility area, the risks of non-compliance are high. Thus a suggestion is to keep the requirement as a voluntary best practices and in case SPOs already have a system in place that is required by organic certification, the IMS should not be required.

2.2 Additional guidance in requirements 3.1.1 (clarifying how to use the list of members to inform and explain the standard to members), 3.1.2 (addition of a farm assessment tool as best practice to identify risks of compliance of members against the standard) and 4.2.2 (connection of requirement with the IMS)

Year 0	Core	<p>3.1.1 You must inform and explain to your members the environmental and labour requirements in the Production chapter.</p> <p>Guidance: You could use the list of members (see req. 4.2.2) keep track a list of members that grow Fairtrade products, and identify the activities that have been implemented to raise awareness about the intention and the meaning of the requirements in this chapter.</p>
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Year 1	Core	<p>3.1.2 You must identify which requirements in the Production chapter you and your members may be at risk of not complying with.</p> <p>Guidance: Risks refer to the probability of members not being able to comply with the requirements. The information needed to determine risks would most probably come from knowledge within the community, from your and your members' experiences or from discussions at the General Assembly.</p> <p>A best practice is to gather this information through farms assessments. The first step of a farm assessment is to collect additional household and farm data. Your organization can determine which additional farm data you would like to collect.</p> <p>Suggestions for additional data are:</p> <ul style="list-style-type: none"> • Household information: number of household members, their date of birth, gender, and occupation; • Farm production area: number of farms, GPS coordinates, total farm size, total area cultivated, land tenure (owner or sharecropper), number of workers (permanent and seasonal), and location in relation to protected and high conservation value areas; • Farm observations: planting density, tree age, presence/risk of any debilitating disease, access to/use of planting material, shade management, soil condition/fertility, levels of pruning and weeding practiced, integrated pest management adopted (including safety measures), access to/effective use of fertilizer, sustainable use of organic waste, adoption of agroforestry;
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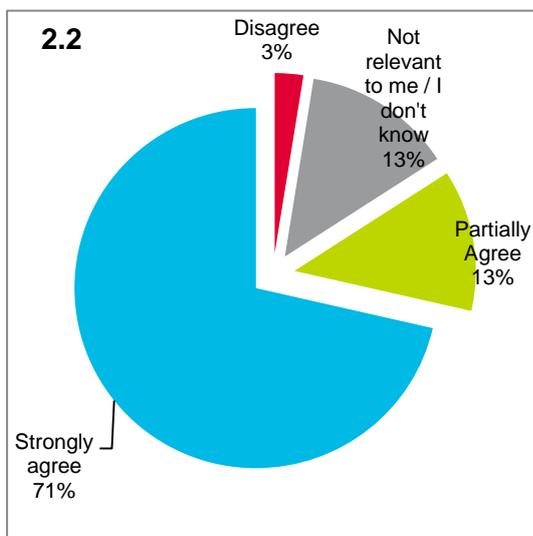


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		<ul style="list-style-type: none"> • Cost of production and income: Expenses for farm inputs (seedlings, pesticides, fertilizers, equipment), labour, and any other production related costs. Income from sales, Premium received, income from other farming activities.
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Year 0	Core	<p>4.2.2</p> <p>Guidance: You can use this information to improve your management practices (see req. 3.1.1 and 3.1.2) and overview of your organization, and gain understanding of members' situation.</p>
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Written feedback:



315 respondents answered the question. The majority strongly agreed with the proposed requirement (225 respondents, 71%). Overall the proposal was taken positively with some suggestions for clarification on details (e.g. in the guidance of requirement 3.1.1. to clarify the ways how members' list could be used to support required activity). The other point was to develop the IMS and farm assessment templates as guidance tools. While cost of production tool is suggested to be made mandatory, there were still some suggestions for its improvement (e.g. to include the element of other costs in particular those that are incurred to maintain environmentally friendly production. These costs should include: climate change adaptation measures, harvest losses (due to pests/diseases), lost ecosystem services (less available

water), soil erosion / erosion control measures).

Those who partially agreed (40 respondents, 13%) were concerned about the implementation of this proposal, addressing such challenges as accurate data collection, farm assessment, risks identification. A clear guidance and a well-established and functioning producer support are needed and this should be addressed by the Fairtrade system (through templates and tools). Similar support for calculation of production costs was highlighted as important. Regarding the risks – more examples are needed on how to assess risks and only knowing the risks criteria might not be enough as SPOs need to know what to categorize as higher risk and what not. Another point is on personal data protection, as it is not clear how all collected data will be connected with risk assessment and overall reliability of data was questioned in terms of its further use. One suggestion given is that collection of personal data is done through membership forms. Some other mentioned that the text in guidance is rather long and thus it is recommended to provide support instead of keeping everything listed in requirement (3.1.2). It was found to be discouraging for SPOs to develop an effective IMS considering the unrealistic timelines for implementation. The SPO should evaluate and prioritize the data collection based on their needs. The inventory of plantations might be expensive to carry out hence it is better to keep the scope to social metrics being collected. The suggestion is to move applicability of requirement 3.1.6 to year 6.

It was highlighted that there should also be a procedure in place in case members refuse to collect COSP data or collects wrong data (e.g. would it mean that this member should leave the SPO?). The last suggestion given is to have more emphasis on aspects related to environmental protection and



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the preservation of biodiversity. The use of pesticides or chemical fertilizers should not be seen as bad environmental practice, it should be discouraged in this chapter.

It was suggested to link requirement 3.1.2. to IMS and to keep it up to SPO to decide what data is more relevant for them to measure the compliance risk, while guidance section should be removed as it is not clearly linked to the requirement text.

Those who disagreed (8 participants, 3%) mentioned it would be too much of a burden to implement these proposed changes, mainly due to the requested amount of information for collection. For SPOs that are producing organic products it will be additional work without any added value. Such data collection should be done at the time of application for certification and serve as a baseline information that is then updated every year/per significant changes.

There were also respondents for whom this topic was not relevant (42 respondents, 13%) but there were no comments.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 312 responses, 117 respondents (37%) strongly agreed, 137 respondents (44%) partially agreed and 53 respondents (17%) disagreed and for 5 respondents (2%) the proposal was considered not relevant. Those who partially agreed or disagreed expressed their concern regarding implication of requirements as it will be too challenging to obtain the requested data, especially in regions with agrarian conflicts. In general not all SPO are capable to do this and big investments will be needed on training of field personnel. Suggestion here is to change the applicability of requirement 3.1.2 to year 3. Leave the decision on minimum amount of information for collection up to the SPOs.

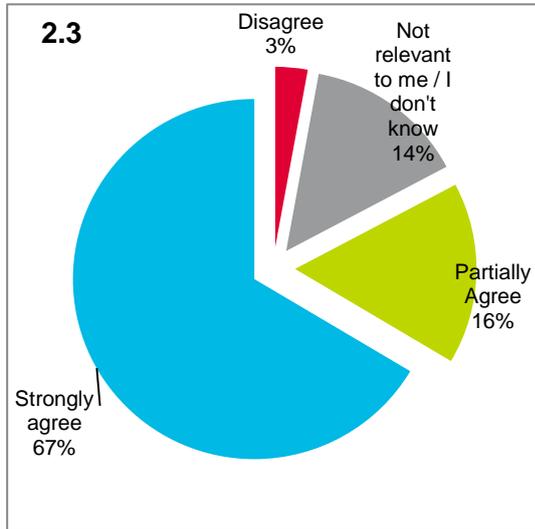
2.3 Extension of requirement 3.1.5 to 1st grade organizations with more than 100 members. Shift from ICS to IMS and from Dev/Y3 to Core/Year 0

Year 3 0	Dev Core	<p>3.1.5 If you are a 1st grade organization with more than 100 members, or a 2nd or 3rd grade organization, you must implement an Internal Management Control System (IMS ICS) on the 2nd/3rd grade level which enables you to monitor and assess control compliance with Fairtrade requirements on all levels of the organization.</p> <p>Guidance: General principles for a functioning IMS ICS are:</p> <ul style="list-style-type: none"> •A documented description of the IMS ICS •A documented management structure, which includes plans and policies •One person responsible for the IMS ICS •An internal regulation to ensure compliance •Identified internal inspectors •Training of the person responsible and the internal inspectors •Annual inspections and reports, including key production indicators •Use of internal sanctions •Regularly updated Growers List •Use of risk assessment to address risks and threats to the integrity of the ICS <p>The certification body will define and publish the necessary elements that an IMS ICS will require.</p>
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Written feedback:



313 respondents answered the question. The majority strongly agreed with the proposed requirement (208 respondents, 67%). This proposal overall was very well taken. However some suggestions for improvement were made as well, such as: change the applicability from Year 0 to Year 1 / 3, define if costs for this implementation are to be covered by SPOs or passed on to traders (reflect in Trader Standard) or through premium; add an element ensuring the efficient use of IMS and not only IMS implementation; various requirements for assessments documentation, trainings and planning to be addressed in IMS; introduction of IMS to be suitable for any organization, regardless of its number of member (i.e. even when there are less than 100 members). On the last point, it was also mentioned to provide IMS templates for the

organizations with more than 100 members. In terms of overall support, it was suggested that Fairtrade system provides trainings on IMS and an explanatory document on the IMS. In general it was suggested to combine the IMS with a more flexible standard to enable SPOs to be more autonomous on their internal decisions and balance it with minimum of compulsory requirements to meet and external checks (monitoring the use of the premium, external financial audits). The main message from this group of stakeholders is that SPOs consider IMS as the key focus area.

Those who partially agreed (51 respondents, 16%) were concerned about this proposal for some similar points as stated above, in particular that it will take long time to modernize the system and a lot of resources have to be allocated to monitor and follow up on records/actions at all stages. It may become a barrier for some organizations to enter the system and thus is seen as counterintuitive and not progressive. In terms of auditability, there are concerns that efforts and costs related to implementation of IMS might lead to number of non-conformities at Year 0. Some SPOs may have different ways to assess compliance and it is better to frame it as system to assess success in complying with Fairtrade standards and promote good practices. One other point was made regarding the inspection, which should be carried out preferably by a competent third party to ensure impartiality and no conflict of interest. In any case, a strong support on capacity building will be needed. Also there was no clear understanding on the difference between ICS and IMS. And if the condition with 100 members stays in the requirement, then what to do in case when organizations start with less members number and reach later 100 members while still being certified. In this regard it was suggested to move the threshold to 250 or 500 members. The opposite suggestion on this was to bring the threshold down to 50 members instead of 100, which would also allow alignment with the FLOCERT fee system. The suggestion on applicability is to extend the timeline to year 1 or year 2/3, what would allow the organization to sell their product to start having some financial means to start a proper functioned IMS; or, move up the threshold for applicability to the 1st grade organizations. Another suggestion is to add clarity as a recommendation that a digital system is not mandatory but that it has highly recommended as member numbers increased.

Those who disagreed (9 participants, 3%) mentioned for those organizations that already have systems in place, it would be a waste of time to upgrade it to IMS. Hence suggestion is that the requirement should remain as it is. Another concern is that the applicability of requirement should depend on products, countries and size of the organization. Similar to the respondents from other



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groups above, the suggestion is to move the timeline to year 3. In general it is believed that this should not be a system that is imposed on SPOs by external parties or standards.

There were also respondents for whom this topic was not relevant (45 respondents, 14%) but there were no comments.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 310 responses, 115 respondents (37%) strongly agreed, 141 respondents (45%) partially agreed and 52 respondents (17%) disagreed and for 2 respondents (1%) the proposal was considered not relevant. Those who partially agreed or disagreed were concerned about many challenges related with implementation of IMS. Firstly because of additional costs involved, including monitoring and evaluation of information that will be required by IMS. Overall respondents were not against the idea of IMS but against the approach. For example for SPOs that have thousands members, compliance will be very complicated and requiring human and financial resources invested.

Thus the suggestions are to have a mechanism (not system) in place that allows adequate internal control in the organization, before implementation of IMS and to keep the requirement applicable as of Year 3, development. To the assurance body it is suggested to recognize the IMS of the SPO as an instrument of compliance of producers with the organization and hence non-conformity should be referred to the IMS with a “sanction” to the producers not the whole organization. Also, the assurance body should not impose the elements for IMS. Another point is not to link IMS implementation to number of members, it should apply to all SPOs.

Topic 3: Environmental development

a) Climate change adaptation/ Introduction of topic and overall aim of the proposal:

Climate change is one of the main challenges producers face. Although the standard promotes the use of sustainable agricultural practices, the question is how the standard can be used as an additional tool for producers to increase their resilience to climate change.

The proposal aims at enabling producers to be more resilient to environmental risks caused by climate change while recognizing the limits to human and financial capacities of small producer organizations; and a step-wise approach moving gradually from developing knowledge through capacity building and the identification of risks towards suitable and feasible implementation.

In this section there were three proposals consulted:

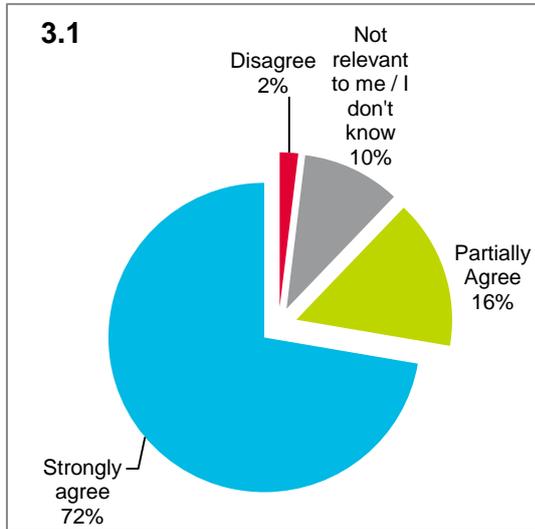
3.1 Introduce a new requirement on identification of climate change as a risk

Year 0	Core	<p>NEW You identify the risks caused by climate change in your region or production area.</p> <p>Guidance: If you need support to identify the risks please engage in a dialogue with local authorities or local experts or contact the producer network in your region for assistance. Examples of risks are: increased periods of drought, higher growing season temperatures, new crop pests/diseases, untypical heavy rainfall patterns, longer dry seasons followed by heavier rains, longer /shorter cropping seasons, and dried out water sources.</p>
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Written feedback:



314 respondents answered the question. The majority strongly agreed with the proposed requirement (227 respondents, 72%). Among those who agreed it was mentioned that it is important that climate change risk evaluation should be more visible and institutionalized and that identifying the risks will guide producer organizations to reach out for technical assistance or government/NGO programs. From a scientific point of view, it was suggested to expand this scope to regional experts as local authorities may not be fully competent. From the assurance point of view there was a need to clarify who (member or management decision) would carry out the evaluation on whether there is actual risk of climate change. Also, it was suggested to consider introducing an additional hallmark or seal when an organization or a production

process incorporates the approach on reduction or prevention of climate change consequences.

On the other hand, those who partially agreed (49 respondents, 16%) expressed their concerns regarding the auditability of this requirement and feasibility of risk assessment carried out by farmers who often do not know how to do it. To avoid creating additional costs for small-scale farmers, it was suggested that risk assessments and training sessions should be linked to the IMS components. Respondents from this group suggested to make this requirement applicable as of year 1 or 3, however leaving it at entry level may be a barrier for an organization to get certified. The importance of ensuring the competence of PNs to support on this issue was also highlighted as well as the need for Fairtrade international to collaborate in the implementation. It's was also mentioned that it is important to identify the costs and consider that sometimes climate change as an issue is not very well addressed at a country level. A suggestion was made to keep some key and simple indicators to make the implementation easier. Those who disagreed (6 participants, 2%) mentioned that it would be extremely difficult for an SPO to carry out such work, and in particular, to keep track and collect relevant information from each farmer. Thus, the suggestion is to keep the standard simple.

Feedback from workshops in Latin America:

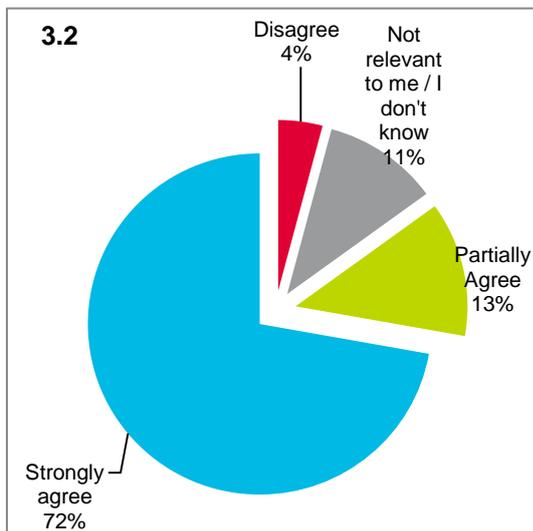
In the workshops carried out by the CLAC out of 315 responses, 131 (42%) strongly agreed, 98 (31%) respondents partially agreed and 81 (26%) respondents disagreed with the proposal, and 5 (1%) responded that this was not relevant. Those who partially agreed were mostly concerned about the feasibility of complying with this requirement in terms of timelines and costs. Thus the emphasis was made to involve other supply chain actors. Regarding the timelines it was proposed to have this requirement applicable as of year 3 or year 4 and ensure that there are commitments from every supply chain actor in the Fairtrade system to address this issue.



3.2 Introduce a new requirement on trainings on climate change adaptation practices

Year 1	Core	<p>NEW You provide training to your members on climate change adaptation practices that are applicable to your production area and crops.</p> <p>Guidance: Based on the identification of risks (see previous requirement) the training sessions should aim to identify practical solutions with examples of new or improved existing practices.</p> <p>Examples of practices that could be included in trainings are: adaptation of crop planting to seasonal changes in temperatures, installation of facilities for rain water collection, agricultural soil and water conservation methods, such as soil plant cover/mulch to reduce water evaporation.</p>
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Written feedback:



313 respondents answered the question. The majority who strongly agreed with the proposed requirement (226 respondents, 72%) highlighted the importance of clarifying the wording and providing more regionally specific guidance on sources where to look for trainers and to ensure proper content is included in the adaptation trainings. Another point raised was regarding the possible interpretation of this requirement by assurance body, e.g. in case an organization is compliant with the previous requirement - 3.1. and have identified that there is no climate change risks and therefore no trainings on adaptation practices needed. Such situation would lead to non-conformity with the current proposal. Another concern was on unavailability of trainers which would then affect the SPO's certification, as well as

quality of training material/content in case this has to be organized internally by an SPO. Lastly, a suggestion was given to consider that in some cases prices would not compensate the efforts on climate change mitigation. Those who partially agreed (40 respondents, 13%) overall agreed that it is not easy to implement, and very costly, hence it is necessary to keep the balance between empowerment and mandatory requirements. The role of PNs as a most crucial element was mentioned very often. In comparison to the previous requirement where the main activity would be carried out by experts, the current proposal adds a big burden on producers as offering training for adaptation strategies - is a much bigger task and not clear how often the training sessions should be organized and how to find resources to carry this out. Overall, the idea to have trainings on this topic was taken positively, under assumption that adequate system for its implementation will be established. For example, it was suggested that support to community based facilities for climate change adaptation should be done through premium. Also, instead of addressing this by external experts, Fairtrade should enhance the internal inspectors' capacity. Alternatively, it was suggested that Fairtrade identifies certain groups/NGOs in each country that could offer such service. One other suggestion given was to have this requirement as guidance. Otherwise, in case a decision is made to have it as a requirement, it should be a development requirement applicable as of year 3 or maximum at a year 5 and should not be strictly audited, instead it should encourage SPOs to grow and improve. This would provide flexibility for producers towards addressing certain problems, because overall they are very experienced in adapting their practices to cope with changes within given circumstance while



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training from experts might not always be that specific. Overall it was agreed that this requirement will have costs implications for the Fairtrade system.

Those who disagreed (13 participants, 4%) also expressed concerns that such a requirement should not be put in place at all, because it would not be possible to implement, especially under core requirement, year 1. It was agreed that this only sounds great on paper but does not take into account the realities of isolated, low levels of management and literacy skills and poor SPO infrastructure.

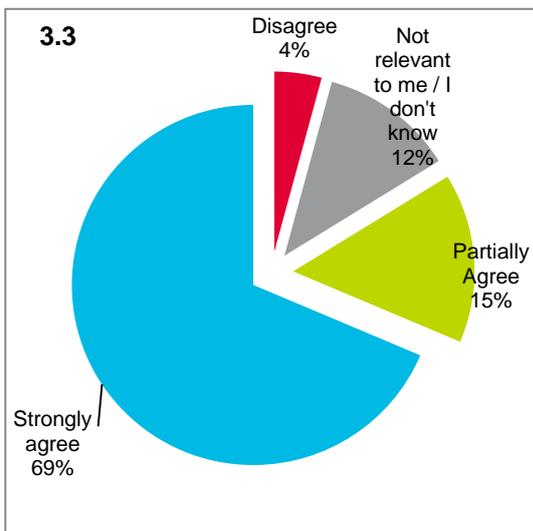
Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 131 (42%) strongly agreed, 96 (30%) respondents partially agreed and 87 (28%) respondents disagreed with the proposal and one organization reported that this was not relevant. Those who partially agreed or disagreed stated that SPOs do not have resources to implement trainings. It was suggested to remove the guidance, change the year of this requirement’s applicability to allow more time between previous requirement and current, and as a preliminary step - require defining and evaluating the educational program.

3.3 Introduce a new requirement on the implementation of climate change adaptation activities

Year 3	Dev	<p>NEW You and your members engage in climate change adaptation activities.</p> <p>Guidance: The adaptation activities depend on the identified risks and existing practices in your region/product and are in line with the human and financial capacity of your organization and members.</p> <p>Examples of adaptation practices include: adjustments in crop planting dates to avoid periods with high temperature stress, installation of facilities for rain water collection and use, soil cover/mulch application, use of drought resistant crop varieties, crops diversification, and improved pruning practices.</p>
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Written feedback:



309 respondents answered the question. There were many respondents who strongly agreed with the proposed requirement (212 respondents, 69%) however there was a concern on the implementation from assurance point of view, i.e. if previous requirements were successfully followed but no risks were identified, then this requirement would not apply to them. It was suggested to provide additional guidance on structuring adaptation activities and how these adaptation activities would be monitored or assessed. Similar to the previous two proposals, it was mentioned that this will imply a higher cost in sustainable production as there will be investments in developing solutions and adaptations.

Those who partially agreed (47 respondents, 15%) expressed that lack of resources to implement this will reduce the success of taken measures. Another concern on this regard is that it may require structural changes within SPO and thus,



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Fairtrade's support would be crucial. Also, it was suggested that Fairtrade premium could be used for this or the PN could support these activities. Respondents highlighted that the quality of the interventions is critical, thus there should be feedback from the audit process that helps producer organisations to assess the suitability of adaptation activities before investments are made. It was added that it would be important to ensure that auditors give reasonable evaluations based on advances that each organization has. It is understood that in some cases members' properties would need to undergo the restructuring in order to implement identified adaptation measures. This could lead to the situation where a member may be asked to leave the organization. The following suggestions were provided to improve the guidance section since it lacked some aspects of ecosystem maintenance: buffer zones; water retention areas in terms of flooding; habitat structures such as beneficial insects or birds attacking plagues; shade trees; agroforestry measures such as afforestation/reforestation activities and establishment of agroforestry systems; intercropping and seeds coating to resist moisture stress. While the requirement should be applicable as of year 6 and as a development requirement it should be linked to the implications from the previous requirements on climate change.

Those who disagreed (13 participants, 4%) were against this proposal indicating mainly lack of resources to implement it. This would only be feasible if Fairtrade is willing to provide additional resources to SPOs on implementation of identified measures. In this regard there is a suggestion for Fairtrade and FLOCERT to ensure buyers' active participation in the supply chain, e.g. in support on pre-financing, disclose the social impact that is generated. The main message is that the least equipped in the supply chain should not be burdened with the implementation.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 173 (55%) strongly agreed, 33 (10%) respondents partially agreed and 109 (35%) respondents disagreed with the proposal. Those who partially agreed or disagreed were overall in agreement that SPOs do not have resources to implement this and comply with such requirements. They were also concerned how the assurance body would evaluate all the requirements. Implementation of climate change requirements should not be a burden for an SPO but for several supply chain actors. Thus the suggestions here were to allow each organization to determine the most appropriate way to comply with this requirement and it should be linked to the financial status of the SPOs. One other suggestion is to make this requirement applicable as of year 6.

b) Natural resources use / Introduction of topic and overall aim of the proposal:

Together with climate change, water issues are the top environmental risk factors producers face. Although the standard promotes practices that address water-related challenges (scarcity and stress), most of them are development requirements with a 3 or 6 year timeline. Despite long timelines, the water requirements are challenging for producers to comply with and involve important financial investments. Also, the standard is silent on land and water use rights and land tenure.

The proposal aims at strengthening some of the requirements on natural resources in the standard, emphasizing the importance of considering not only the amount of resources used but also the quality of these resources; Following a step-by-step approach moving gradually from developing knowledge through capacity building towards suitable and feasible implementation; Recognizing the varying situations in different regions on land tenure/water use rights.

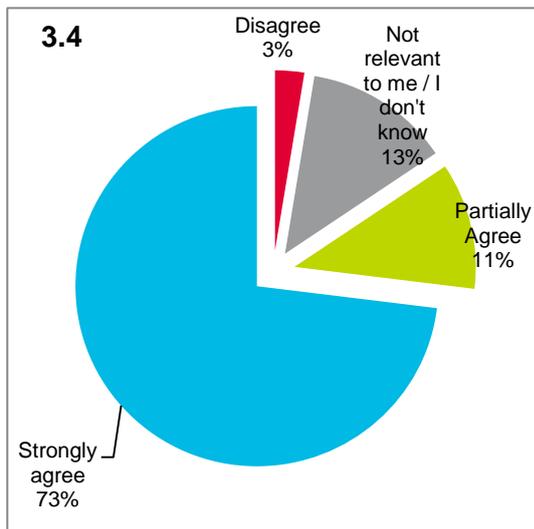
In this section the following four proposals were consulted:



3.4 Changing the requirements on identification of land at risk of soil erosion and listing of sources of water, from Development to Core

Year 3	Dev Core	<p>3.2.20 You must identify land at risk of soil erosion and land that is already eroded in fields where your members plant Fairtrade crops.</p> <p>Guidance: A best practice, as a follow-up to this activity, is to develop practical preventive measures that reduce soil erosion.</p>
Year 3 New 2011	Dev Core	<p>3.2.24 You must list sources of water used for irrigating and processing Fairtrade crops.</p> <p>Guidance: Maps or schemes that show the location of the water sources are acceptable.</p>

Written feedback:



308 respondents answered the question. The majority strongly agreed with the proposed requirement (225 respondents, 73%). Suggestions from those in support included: making these requirements applicable as of year 0 or year 1 and including it in the general risk assessment which is a key component of the IMS.

Those who partially agreed (35 respondents, 11%) suggested that this should remain a 'development' requirement as it may lead to higher costs for SPOs while another suggestion was to make this applicable as of year 1. There was also a concern regarding the farmers' skills in developing and reading the maps. On the other hand, there were also suggestions on expanding the scope of requirement to cover "land restoration" measures to encourage the conversion of

degraded land to arable land, i.e. to mention in the requirement a need for developing a restorative measure for eroded soils, not only preventive measures. Also, it was stated that introducing the baseline for soil preventive measures will be helpful. In this regard another stakeholder suggested to add in the requirement that soils must be covered as long as possible at least during the periods prone to nutrient leaching.

There were suggestions on introduction of "soil test" in the requirement. Some stakeholders found it too costly for farmers while others would like to have this stated in the requirement. On water sources it was suggested to add a request for collection of more quantitative information, such as number of days of irrigation events per year, number of days/times in a year when water reservoirs are filled or emptied and introduce what indicators would define a water management technique as good (water amount used, crop yield etc.). Another stakeholder suggested improving wording in 3.2.24, i.e. there is a need to either define what is the "acceptable water source location" or to reword this as it is not clear based on what criteria activities it is decided what is acceptable and what is not.

Those who disagreed (8 respondents, 3%) also expressed their wish for requirement to remain "development", as in their view this will encourage producers to show progress on this issue over time, not only for new but also for currently certified organizations.



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There were also respondents for whom this topic was not relevant (40 respondents, 13%) but there were no comments.

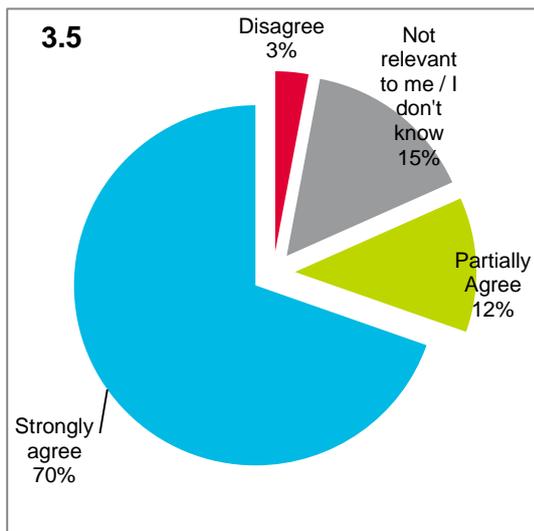
Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 324 responses, 188 respondents (58%) strongly agreed, 61 respondents (19%) partially agreed and 66 respondents (20%) disagreed and for 9 respondents (3%) the proposal was considered not relevant. There suggestion for this requirement was to leave it as a “development” requirement and applicable as of year 3. This suggestion was supported by explanation that current proposal is too demanding and that there are too many challenges in implementation of mentioned activities.

3.5 Addition of water quality assessment as a topic for trainings

Year 3 New 2011	Dev	<p>3.2.26 You must provide training to the members of your organization on measures to use water efficiently. This training must include:</p> <ul style="list-style-type: none"> • estimating how much water is needed to irrigate and/or process Fairtrade crops • measuring (or estimating) how much water is extracted from the source • assessment of water quality for irrigation or in processing • measuring how much water is used for irrigation and/or processing • providing maintenance to the water distribution system • adopting as applicable, methods to recirculate, reuse and/or recycle water.
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Written feedback:



306 respondents answered the question. The majority strongly agreed with the proposed requirement (213 respondents, 70%). The proposed change was supported with comments highlighting the importance of stronger linkage to the topic of food safety. It was also suggested to change the applicability to year 0/year 1 and add in the following statement in the requirement “...on measures to use and protect water efficiently”, adding following bullet points: “ensuring buffer zones around springs and wells” and “(re)afforestation of cleared land in water catchment area”. A few other stakeholders, although strongly supported the proposal, were still concerned about the costs of implementation and about the capacity and expertise at producer networks to provide continuous support on these topics to producer organizations.

Among those who partially agreed (37 respondents, 12%), out of which 40% were producers expressing their concerns mainly on the costs of implementation of these activities; hence, suggestion was not to have it applicable in the first years. Also there should be an evaluation of each organization’s capacity to implement this and when it comes to audit, it should be clear what exactly



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an organization is being evaluated against, e.g. if it is about tools to use, then these should be mentioned. It was also mentioned that in many cases facilities for water testing are not available, hence organizations should enable practice and knowledge exchange between those members who don't have any facilities with those who have irrigation systems implemented and then the organization should keep such records in their central management system. Other respondents were aligned on the above points and mentioned that the focus of requirement should be rather on water resources protection and waste water treatment and to consider that the costs for the means of remediation (if the problem is not microbiological) are usually beyond the reach of organizations. It was also mentioned that capacity of PNs for some products is very limited and some producers may not receive sufficient support and will not manage to build those tools.

Those who disagreed (9 respondents, 3%) said that introducing this kind of requirements would complicate the standard and that there is very little value added for smallholders from the obligatory trainings on water quality assessment.

The rest (47 respondents, 15%) were from stakeholders who did not consider this subject relevant for them.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 314 responses, 119 respondents (38%) strongly agreed, 34 respondents (11%) partially agreed and 143 respondents (45%) disagreed and for 18 respondents (6%) the proposal was considered not relevant. These responses were supported by the feedback that in Latin America region there are pending problems with water supply which are often not resolved by local government (at all levels). Hence suggestion is not to include additional costs demanding water quality assessment in this requirement.

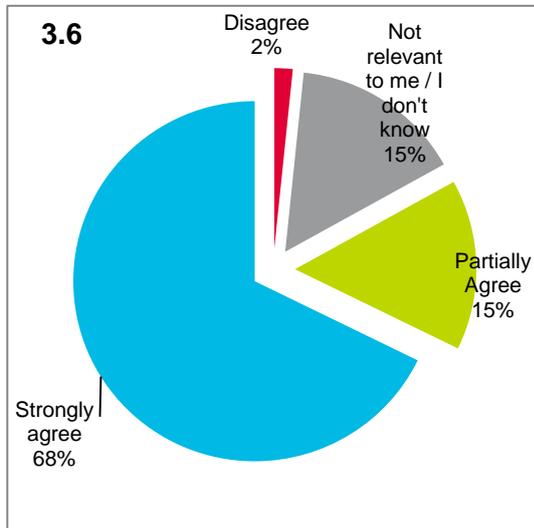
3.6 Introducing a new requirement on efficient water management practices

Year 3	Dev	<p>NEW Your members manage water resources efficiently</p> <p>Guidance:</p> <p>The organization can consider the following activities to address efficiency of water use:</p> <ul style="list-style-type: none"> • A regular estimation of the amount of water used for irrigation to avoid over- or under-irrigation, or for processing, to avoid water waste • Improved irrigation scheduling, to supply water when crops need it • Different irrigation methods (e.g. drip irrigation, intermittent irrigation, furrow irrigation) • Measures to improve soil properties (soil cover to prevent water evaporation, or planting cover crops) • Water sources (to ensure water is of good quality) • Improved design of water channels to prevent water loss through percolation or evaporation and allow more efficient water management • Use of water storage facilities for regions with seasonal water availability • Implementation of a water-recycling system • Any other measures applicable to the specific conditions of your region/ production area, topography, micro-climate, or crop
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Written feedback:



307 respondents answered the question. The majority strongly agreed with the proposed requirement (208 respondents, 68%). From those who strongly agreed, there was also the feedback with concerns regarding the examples in the guidance that may be too expensive to implement (e.g. water recycle system), however it was agreed that other examples give ideas on how to eventually reduce the costs (e.g. efficient water use). On assurance it was mentioned that in order to avoid individual judgement it is suggested to reword the requirement into “apply methods to ensure efficient water use”. A similar suggestion provided was to mention “water protection” (e.g. “Your members manage and protect water resources efficiently”). On guidance, the suggestion was to fine tune the next point “Improved irrigation scheduling, to supply water

when crops need it”, in particular to make “supply water when its needed” more clearer; to add more examples ensuring water contamination topic is covered as well, e.g. measures on protecting water bodies or groundwater from contamination (pesticides; fertilizers; dumping of waste into surface water bodies or catchment areas) or physical destruction of wells; rivulets; river margins; siltation and erosion. It was also stated that measures and guidance should be based on risk analysis.

Among those who partially agreed (47 respondents, 15%), there were also comments from producers (17 responses, 36%) who stated that efficient water use is regulated by irrigation authority on behalf of farmers, or that it would be difficult to implement in the case of coffee producers in mountainous area who use water springs to process coffee beans. There are currently no facilities to regulate the amount of discharged water, as water supply is arranged through tubes that are directly connected to each house. More guidance on the implementation of this requirement in a given circumstances is needed. There were many suggestions to make this requirement applicable as of year 6, considering this could be a long-term project as it's very challenging to implement at earlier stages and small-scale farmers will probably need external support. Also, it should be mentioned that it does not apply to drinking water. From this group of respondents it was suggested to add in the guidance a point on “treatment, storage and recirculation of water from manufacturing processes”. In order to ensure implementation of at least one of the listed activities, it is suggested to state “the organisation must consider...”. Other concerns were more on the assurance point, e.g. based on what reasoning compliance will be assessed (e.g. implementation of 1 or 2 or more activities?) and what if implementation eventually was not successful. In this regard, the following rewording was suggested: “Your members implement measures to manage water resources efficiently; and actively monitor the efficacy of these measures to ensure they are succeeding”. Overall, it was suggested to keep the implementation of this requirement rather flexible and depending on the situation in the organization.

Those who disagreed (5 respondents, 2%) expressed their concerns on the term “efficiency”, which may be used / understood subjectively and on too many details and may lead to a lot of bureaucratic work, and that some farmers simply can't afford irrigation facilities.

The rest (47 respondents, 15%) were from stakeholders who did not consider this subject relevant for them.



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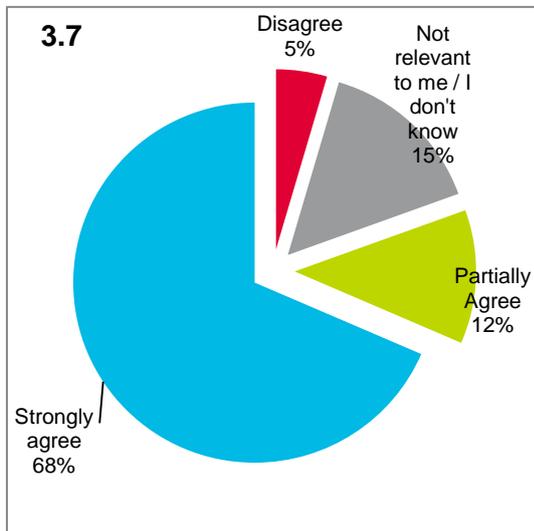
Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 124 respondents (39%) strongly agreed, 40 respondents (13%) partially agreed and 118 respondents (37%) disagreed and for 33 respondents (11%) the proposal was considered not relevant. Those who disagreed and partially agreed stated that if such requirement is going to be added to the standard, then it should apply to buyers as well (amount of water spent on processing, activities on climate change mitigation). Similarly to previous statements it was agreed that implementation will be costly. Suggestions were made to either keep it applicable as of year 3, development requirement but then make it applicable to the SPO, not all members, or change the applicability to year 6. Each organization should determine the most efficient way to manage water resources.

3.7 Introducing a new reactive requirement on land and water use and land tenure. This requirement would not be proactively checked but would enable Fairtrade to act in case there are indications of conflict

Year 0	Core	<p>NEW There are no indications of conflict of your members' legal and legitimate right to land and water use and land tenure.</p> <p>Guidance: Disputes on land are resolved responsibly and transparently before certification can be granted. In cases where land claims and disputes are on-going, there is evidence that a legal resolution process is active.</p>
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Written feedback:



308 respondents answered the question. The majority strongly agreed with the proposed requirement (211 respondents, 68%). Those who strongly agreed added that introducing this requirement will help to close the gap in the standard and help minimizing a reputational risk from a market and civil society perspective. One concern raised is that this could be challenging to implement in Africa. On the other hand, one respondent suggested making this a “pro-active” requirement for new entrants and keeping it as a ‘reactive’ for currently certified organizations.

Among those who partially agreed (37 respondents, 12%), 14 comments with clarifications came from producers. Their concerns were on the fact that this requirement may lead to greater conflicting issues

among members. Another stakeholder from Latin America mentioned that it would depend on the water use legislations of each country. For example, in Colombia the law does not restrict water usage if the farmer does not have the legal right. Another stakeholder mentioned an example that water disputes are a common issue and often not easy to resolve without external support and that Fairtrade should be rather providing resources for mediation of water and land rights rather than abrogating responsibility. Also there were concerns about countries where there are no legal statues around land tenure. In this case it is not clear what would be an appropriate legal resolution process. Although many agreed that this requirement is relevant, but due to variations of cases and specific circumstance the suggestion here was not to have this as a core requirement. Also, it is important to have some variability in terms of definitions of the land ownership as in some countries the indication



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of ownership is not stated in a paper but is based on a number of years of residency. Those who disagreed (14 respondents, 5%) were aligned with above statements by other stakeholder groups, stating that this requirement could lead to many new conflicts on an organizational level. Also it is not clear what the procedure would be in place in case of land grabbing. This requirement / information should rather be checked in advance.

The rest (46 respondents, 15%) were from stakeholders who did not consider this subject relevant for them.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 110 respondents (35%) strongly agreed, 23 respondents (7%) partially agreed and 146 respondents (46%) disagreed and for 36 respondents (7%) the proposal was considered not relevant. The majority disagreed with this proposal. Those who disagreed or partially agreed stated that such issues are only resolved by legal authorities in the country and that standard should not interfere in this matter. Also it is not very clear from the requirement text what would be the intervention of Fairtrade if conflict will be in place. Suggestion here is to delete this requirement as it is not in the responsibility of SPOs not of the standard.

c) Approach to environmental requirements/ Introduction of topic and overall aim of the proposal:

Fairtrade’s environmental approach to the environment puts producers at the centre and focuses on protecting the health of farmers and workers, then on improving production practices and use of natural resources and lastly on protecting the planet. In line with this approach and recognizing the financial and human constraints SPOs face, several environmental requirements focus on training and awareness as a tool for improved environmental practices. The proposal aims at continuing Fairtrade’s environmental approach to environmental practices; strengthening the protection of members and workers from hazards and risks of pesticide use and handling of hazardous materials (including labelling and storage); addressing deforestation in the standard

In this section the following two proposals were consulted:

3.8 Change in the requirements below from development to core and applicability from Year 3 to Year 1 and a new requirement on the centralized purchase of pesticides and chemical materials

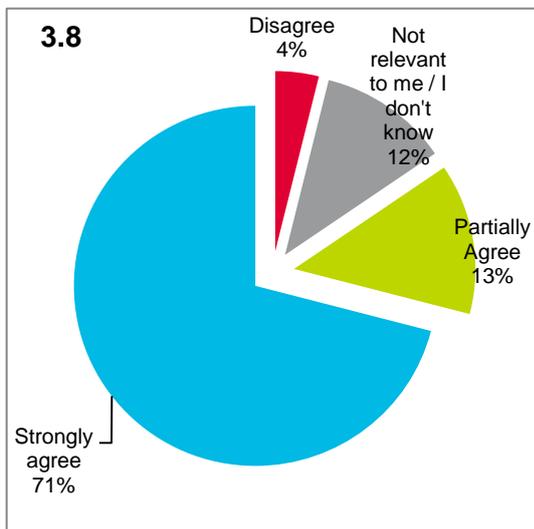
Year 3	Dev Core	3.2.6 You must raise awareness amongst all members and workers of the hazards and risks related to pesticides and other hazardous chemicals, even if they are not directly handling these materials.
Year 3 Year 1	Core	3.2.10 Your members must store pesticides and other hazardous chemicals in a way that minimizes risks, especially so they cannot be reached by children.



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Year 3	Dev Core	<p>3.2.11 Your members must have all pesticides and hazardous chemicals clearly labelled.</p> <p>Guidance: Containers should be labelled indicating contents, warnings, and intended uses (preferably in the original container when possible).</p>
Year 3	Dev Core	<p>3.2.14 You and the members of your organization must triple rinse, puncture and store empty containers properly. All equipment that has been in contact with hazardous materials must be cleaned and stored properly.</p> <p>Guidance: Store properly means to reduce risk of hazards by keeping away from people, animals and water sources. Equipment refers to other material that has been in contact with pesticides, such as personal protection equipment (PPE), filters, measuring and application equipment. You are encouraged to contact chemical suppliers and/or local authorities for disposing of these materials.</p> <p>Pesticide and other hazardous material remnants are covered under requirements related to storage (see 3.2.9 and 3.2.10).</p>
Year 6	Dev	<p>NEW You centralize the purchase of pesticides and chemical materials. You only use authorized pesticides.</p> <p>Guidance: Centralized disposal of materials is encouraged to reduce hazards of pesticides use.</p>

Written feedback:



310 respondents answered the question. The majority strongly agreed with the proposed requirement (220 respondents, 71%). Those who supported this proposal stated it would ensure the safety of working place and that not only families of farmers but also temporary workers are protected. However implementation may lead to an increase of costs. To the requirement 3.2.14 it was suggested to add in the guidance “Store in a way that does not negatively affect the environment; in particular water bodies” and “centralized storage and disposal sites of fertilizers and pesticides must be in a location that is safe from flooding or inundation”. Also, the meaning of “centralized purchase” should be clarified.

Another suggestion from a stakeholder in Europe was on the whole section for pesticides - to expand the application of requirements to the “whole farm”. Further on it was suggested to encourage producers to reduce and replace synthetic pesticides use.

Among those who partially agreed (42 respondents, 13%) were against the idea to “centralize the purchase” and suggested to rather encourage authorized pesticides use and correct disposal of containers. Centralised purchase for regions where members are dispersed over long distances was stressed as impractical. Also, buying and storing large quantities of chemicals may cause danger. Organization will be taking a risk to buy pesticides that may or may not be used / bought by producers. Hence this should be individual and according to producers’ needs (e.g. volume, time, type of



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pesticide). It should be applicable as of year 6 and be a development requirement. Similar to the other stakeholder group, there was a suggestion to expand the applicability of pesticides requirement to the whole farm and not to Fairtrade crops only.

Another option on the requirement on “centralized purchases”, is to require centralized purchase but leave the disposal up to individual responsibility. This could be reflected in members’ farm management. Otherwise it may be too challenging to collect and dispose of empty containers from each member of the organization. Also in some countries government organizes transport, distribution and in some cases even the application of agro-chemicals so this requirement would not be fully applicable to such cases. On disposal of container and waste from use of pesticides it is mentioned to add a statement that “the rinsing must not be done in a watercourse, the rinsing water must not be poured into the banks or the bed of a stream” and if possible, labelling of containers in one of the international languages”. Lastly, it was suggested to add in the guidance “how should SPO monitor the use of pesticides and hazardous materials of their members”.

Suggestions for applicability per requirement:

- 3.2.6 to be applicable as of year 1 and core
- 3.2.11 to be applicable as of year 0 or year 1
- 3.2.2 (on trainings) to be applicable as of year 1 and core
- 3.2.10 to be applicable as of year 0 or year 3
- 3.2.14 to be applicable as of year 0 or year 1

Overall the message from this group is to have a more holistic approach to environmental issues. e.g. developing a clear Fairtrade policy/vision.

Those who disagreed (12 respondents, 4%) mentioned that these changes are not necessary. Similarly to statements of other stakeholders above, it was strongly suggested not to go for centralized purchase as to store agro chemicals for all members requires big storage/warehouse and staff to manage it, what will generate extra costs. If this could be implemented, then it should not be in year 1. From a traders’ perspective there is a concern for the cases when they work with producers and help them to supply organic pest control methods and then this would mean that under “centralized purchase” they will have to go through the SPO. This requirement might create a wrong incentive, e.g. the SPO will have a monopoly on providing pesticides to their members which will not benefit producers.

There were also respondents for whom this topic was not relevant (36 respondents, 12%)

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 121 respondents (38%) strongly agreed, 46 respondents (15%) partially agreed and 105 respondents (33%) disagreed and for 43 respondents (14%) the proposal was considered not relevant. This result was supported by several comments stating the overall there were too many changes for one proposal with most challenging on “centralized purchases”. The latter suggestion is not considered an effective measure to control use of prohibited materials and this was already tested in the past and proved not to be working out. Similar to statements above, it is agreed that this will be too costly to implement. Hence suggestion is not to include it. While for other requirements in the proposal the suggestion is to continue applicability as of year 3 and development.

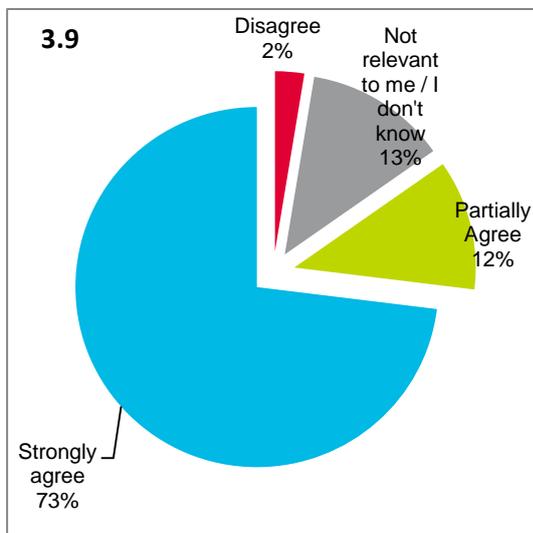


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3.9 Introduce a requirement to prevent deforestation activities

Year 0	Core	<p>NEW Your members' activities on production areas do not cause deforestation and do not destroy vegetation on protected areas or on <u>High Carbon Stock</u> forests areas.</p> <p>Guidance: Your members may identify protected areas with the help of local, regional or national authorities. For definition of High Carbon Stock areas please refer to http://highcarbonstock.org.</p>
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Written feedback:



308 respondents answered the question. The majority strongly agreed with the proposed requirement (225 respondents, 73%). Those who strongly agreed with the proposed changed also added that from market perspective it would minimize the reputational risks. However there were concerns on how this would be audited, i.e. against what criteria and who defines the HCS forests. Additionally, there were some points made that need to be clarified. For example, in some countries farmers get legal permission to clear the forest. Additionally, a question was raised on what would be the procedure in place if there is a risk of deforestation, i.e. would the whole organization get decertified or only those members would be asked to leave the SPO. For such cases auditors need clear guidance on how to respond to this. A strong

collaboration with the PNs was highlighted as indispensable on this subject. Suggestion on wording is as follows: “Your members' activities in the production area do not cause deforestation and do not damage vegetation in protected areas or in High Carbon Stock forest areas”, with applicability starting from 2005”

Among those who partially agreed (36 respondents, 12%) suggestions were to provide further guidance and resources for SPOs to allow them to identify areas that were/have been HCS areas, contrary to those areas which are protected (generally publicly available information). In terms of clarification, the term “deforestation” should be clearly defined as well as how far back in time the assessment should be done, and the requirement should also be linked to traceability. It was also suggested to include groves and village forests in the scope

It was mentioned that the HCS concept is not familiar to producers and may confuse producer organizations and the implementation requires a strong legal and national support. The requirement should allow consideration of long-term plans for the maintenance and development of biodiversity and agroforestry crops as highlighted in other certification schemes. For example, in case deforestation has already taken place, as a remediation measure a reforestation could be proposed. There was a suggestion to add in the requirement a statement on protection of trees in the rural domain: “your activities must preserve in the plots a minimum number of trees, whose number and species is accountable with the concerned crop”. However there were open questions on auditability: how will this apply to the POs that are currently Fairtrade certified; should there be requirement for SPOs that are located in protected areas? Also, how to address/consider illegal deforestation by non-



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members of the cooperative? There were some suggestions to change the applicability to year 1, 3 or 6.

Those who disagreed (8 respondents, 2%) stated this requirement is impractical, creates a too high bar for producers and that this is in general not a useful requirement for SPO standard but should rather apply to the HL standard. The focus should be more on prevention of deforestation activities and not to study the landscapes. There was a suggestion to align with other sustainability standards where time frames for deforestation are defined (e.g. the farm was not cleared from primary forest in the last 5 or 7 years). It is preferred to have a clear definition of protected areas or high conservation value areas, rather than having to do an assessment of landscapes.

There were also respondents for whom this topic was not relevant (39 respondents, 13%)

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 315 responses, 166 respondents (53%) strongly agreed, 58 respondents (18%) partially agreed and 85 respondents (27%) disagreed and for 6 respondents (2%) the proposal was considered not relevant. Those who disagreed or partially agreed stated that neither the HCS concept nor implications and difficulties were understood by producers. It is seen as a complex and expensive activity to carry out. Suggestion for wording: “The organization trains and supervises that its members do not carry out activities that generate deforestation and do not destroy the vegetation of the protected areas”. The subject of carbon conservation should be covered in trainings. On applicability timelines, it was suggested to keep it from year 3 or year 6.

Topic 4: Gender equality and women’s empowerment

Introduction of topic and overall aim of the proposal:

The vast majority of Fairtrade production is male dominated and even though women are frequently heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized or rewarded. In the case of smallholder production, women and girls often work as unpaid labourers on family farms, they rarely occupy leadership positions, and their needs and voices are often not heard. Also, as in some countries women frequently do not own land titles, they may be unable to join producer organizations and access the services they provide.

The proposal aims at Increasing women's active and equal participation in Fairtrade and empowering more women and girls with opportunities to access equitable benefits of Fairtrade, in line with the [gender strategy 2016-20](#) and [the theory of change](#).

In this section one change was proposed:

4.1 Introduce a new development requirement for year 3, on SPOs having a gender policy

Year 3	Dev	<p>NEW 4.3.5 You develop and implement a gender policy. Your members are aware of this policy and its contents.</p> <p>Guidance: The aim of the policy is to increase women's active and equal participation in Fairtrade and to empower more women and girls with opportunities to access equitable benefits of Fairtrade. The policy should include the purpose, scope, actions to make it known, awareness raising, training, implementation and monitoring. Example of elements that can be included in the policy are: promoting participation of women in SPOs, Boards, leadership positions and other structures within the community, having a policy against sexual harassment, reinvesting in projects and programs focusing</p>
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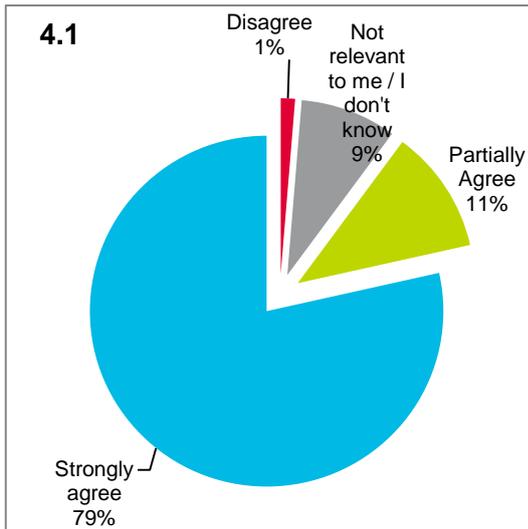


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exclusively on women's needs but also that reduces the burden of care and work on women as this enables women to have time to participate in cooperative meetings.

The gender policy can be part of a more overarching policy covering other relevant groups (e.g. youth, workers, family).

Written feedback:



Majority (241 out of 307 respondents, 79%) strongly agreed with the proposed requirement. Those in support said that having a gender policy would be an important step towards correcting the gender disparities identified in Fairtrade's Gender Strategy. It was mentioned that this would be coherent with the PN gender approach and programs and would improve fundraising situation for those SPOs that develop a gender policy. A suggestion was made to have the requirement as a core criteria and to make some of the elements proposed in the guidance section e.g. on having a policy against sexual harassment mandatory. Other additional elements e.g. women's land rights, including quotas were also suggested. Finally, it was mentioned that SPOs that also incorporate gender policies should be encouraged to collect disaggregated

data; which can be used to inform future gender policies that encourage participation from women workers.

From those who partially agreed (35 respondents, 11%) it was mentioned that the standard needs to be careful that it does not become another box ticking exercise. Additionally, it was mentioned that some organisations are already doing a great job when it comes to women empowerment and that there might not be any added value to have a gender policy.

A very small percentage that did not agree with the proposal, 4 respondents (1%) said that the standard is sufficient as it is.

Feedback from workshops in Latin America:

72% (227 out of 314) of the stakeholders who participated in the CLAC workshop agreed with the proposal. 18% (57 participants) partially agreed and 10% (30 participants) disagreed. Those who agreed stressed the importance of supporting women. Those who partially agreed said that the policy needs to be developed according to the capabilities of the SPOs and added that prior training would be required before having a policy. Those who did not agree said that the policy would violate the democracy of SPOs.

Topic 5: Development potential

Introduction of topic and overall aim of the proposal:

The current requirements allow SPOs to enter certification at a very early stage of development. These requirements aim to keep the balance between market access to disadvantaged producers and the potential to benefit from Fairtrade for the organizations that join the system. The system has limited resources to provide support to the SPOs at their early development stage. This may cause



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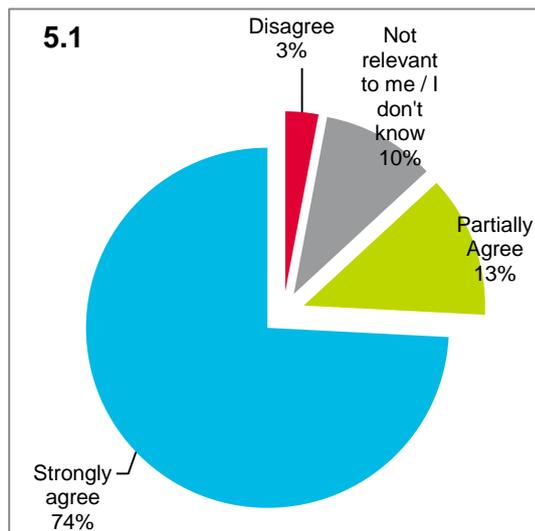
false expectations and frustrations for producers who invest to comply with Fairtrade Standards and yet do not benefit as expected.

The proposal aimed at: i) including a step before certification for organizations to better understand what Fairtrade certification means and assess if they are ready to join the system and ii) discouraging organizations with limited development potential to join the system.

5.1 Adding a self-assessment tool before applying to Fairtrade for organizations to have a better understanding of what Fairtrade requires

The results of the self-assessment can give an organization a good indication of their readiness to apply and/or the potential benefits of being certified in Fairtrade. Even if the results are not positive, they can still apply if they wish. However, negative advice may lead to limited or no support from PNs. The online tool is to be defined and would be developed based on the standard and the compliance criteria.

Written feedback:



299 respondents answered the question. The majority strongly agreed with the adding a self-assessment tool (227 respondents, 74%).

Amongst the few comments from the respondents from this group it was highlighted that this tool could also help identify capacity building measures. It was also mentioned that organizations wishing to join Fairtrade should count with the advice and support of PNs to define their readiness to join the system. Partnering with other organizations to develop the tool (like ITC or SCOPE) was suggested. Another respondent suggested that organizations with lower scores should be put on a watch list.

Amongst those who partially agreed (39 respondents, 13%), it was mentioned various times that the self-

assessment should not become an additional requirement (i.e. remain optional), should not be the basis for accepting or not the application and should not affect the results of the audit.

Regarding the feasibility of the self-assessment it was highlighted that the success of the tool would depend on how practical it would be its administration and its costs. It was suggested that it should be free of costs and available in several languages.

Amongst the concerns raised by stakeholders who partially agreed with the proposal it was mentioned that achieving certification was already a challenging process and that any additional step would add to existing complexity. Various respondents disagreed with discouraging applicants with limited potential with access to the system, as this in their opinion this is precisely the aim of Fairtrade and suggested that instead it should be assessed how those applicants could be supported so as to be able find their development potential.

It was questioned if the self-assessment would be conducted with authenticity and the technical difficulties that producers without access to internet may have to access the tool. A critical voice questioned the added value of this requirement as the results of the self-assessment would not have a consequence but the organization may not have access to capacity building afterwards which perhaps



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is needed. A couple of stakeholders disagreed that the results of the tool should be linked to the access of producer support as this should be available to all.

The tool was seen also within the remit of the PNs activities, facilitated by the PNs and that should help to prepare the groups achieving certification. Other suggestions along the same lines were an on-line module to support organizations in their development process, or a peer mentoring program amongst organizations.

9 respondents disagreed (3%). Those who offered comments within this group signalled that this proposal is contrary to what Fairtrade wants to achieve, which is actually encouraging producers with limited potential to join the system so they can develop. As one respondent put it: "The self-assessment tool could be a good starting point but should not become a tool for discrimination particularly against the vulnerable and marginal".

28 participants (10%) reported that the proposal was not relevant to them or did not know.

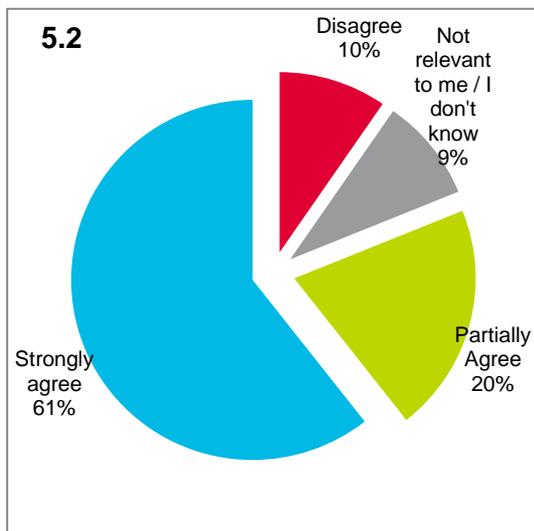
Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 314 responses, 265 respondents (84%) strongly agreed, 46 respondents (15%) partially agreed and for 3 respondents (1%) the proposal was considered not relevant for them. Among the reasons given were that it is important to define if Fairtrade wants to certify or not and protect the existing organizations and that it should be more demanding to join the system. It was also mentioned that the tool alone is not sufficient: it could be that the applicant does not know how to use the tool and how to assess itself and that external support is needed. It was recommended to include the support of qualified staff like the CLAC operational.

5.2 Introduction of a requirement that during the application process an organization wishing to join Fairtrade demonstrates that:

- i. It has a potential market for its product (either letter of intent from a buyer, recommendation from an NFO, or records of trading history, etc.)
- ii. It was established and has been operational at least 2 years prior to Fairtrade certification

Written feedback:



302 respondents answered the question. The majority strongly agreed with the adding a self-assessment tool (183 respondents, 61%). Amongst the comments from the respondents from this group, it was highlighted that "potential market" and "being operational" needs to be well defined. Also there was slightly more support for the need to demonstrate market potential than for the measure that requires that the SPO needs to be established at least 2 years prior to Fairtrade certification.

62 respondents partially agreed (20%). In general terms, stakeholders that commented expressed concerns on this requirement and signalled that it would discriminate against Fairtrade's target group and that new organizations should have access to the



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system, should they wish to do so. Along the same lines it was mentioned that this was only favorable to existing SPOs.

Various stakeholders raised concerns about the two years period. They felt that it was too long or that it was not necessary given the other measures proposed (e.g. self-assessment tool and market potential as a pre-requisite), in particular considering all the existing year 0 requirements that the organization needs to comply with at the beginning of certification

Some good examples of SPOs that became formal due to Fairtrade were mentioned as a counter argument for this proposal. Other stakeholders believed these provisions do not go far enough as it does not address the issue of organizations that are functional but depend on larger entities or traders.

Along the same lines, it was mentioned that it does not address the issue of limited companies that are part of SPOs. Also, it was mentioned that organizations should not only exist for two years, but should really show that they have operated as a group (operational, financially and as a democratic structure).

A stakeholder questioned whether this requirement was feasible according to ISO rules and openness of the system. This stakeholder also mentioned that the prevention of ghost/fake POs cannot be viewed in isolation and that a discussion on the further development of the Contract Production Standard is necessary. In addition, it suggested discussing the option of defining and introducing a fair CP-approach.

Some stakeholders suggested stronger entrance requirements in particular for coffee and cocoa. A suggestion was given to include requirements on economic viability.

10% of the respondents (29 respondents) disagreed. The main argument expressed was that this was seen as a discriminatory measure against new entrants, not in line with the Fairtrade mission. As above it was mentioned that buyers will not give a letter of intent unless the producers are certified. It was also mentioned that the market does not wait for two years and that market opportunities would disappear.

Stakeholders were also asked other indicators that should be included during the application process (i.e. before they join Fairtrade), the following ideas were shared:

- Pre-assessment audit to be done before they join Fairtrade, so farms understand what is required from Fairtrade
- Open up Fairtrade even more. If an organization is not eligible it will be known during the first audit
- Follow a continuous improvement system
- Fairtrade to support organizations to have increased access to markets for SPOs to sell
- Stop new entrants (in particular HL) if the supply exceeds demand in more than 50%. Ensure that market capacity, costs of joining the system and growers' expectations are aligned.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 313 responses, 242 respondents (77%) strongly agreed, 65 respondents (20%) partially agreed and for 6 respondents (2%) disagreed with the proposal. Among the reasons that were offered by respondents it was mentioned that there should be a filter for organizations to entry Fairtrade. Also that when the organization is in the process of being set up it is important this kind of support, getting into the system it would be discriminatory. It was also suggested that organizations should be operational at least 3 years before joining Fairtrade. A reason offered in disagreement with the proposals is that it limits the space of action and independence in the certification decision.



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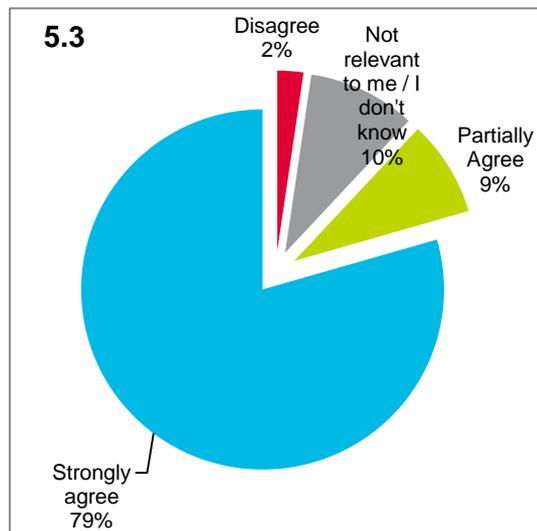
Amongst the other ideas/indicators to be fulfilled by organizations before joining Fairtrade the following was mentioned:

- Consider the reputation of the organization and the market potential of its product
- To involve the national platform in each country as a filter and to have the support/advice of the CLAC operational team
- A letter of intention was not considered sufficient, instead a contract or another more binding document should be required
- New organizations joining Fairtrade should not affect existing contracts
- Organizations should demonstrate commercial activity, steady financial indicators, transparent, accountable and their activities as an organization and democratic structure should be verifiable
- Previous consultation with local Fairtrade organizations should take place beforehand

5.3 A new core requirement for organizations to involve all members in the decision to join Fairtrade

Year 0	Core	<p>NEW 1.1.3 You ensure that the decision to join Fairtrade is a collective decision of all members of the organization and is approved by the GA.</p> <p>Guidance: The rationale to join Fairtrade and the commitment from the members that it requires should be clear for the organization.</p>
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Written feedback:



302 respondents answered the question. The majority strongly agreed with the adding this requirement (240 respondents, 79%). Amongst those who partially agreed (39 respondents, 13%), it was mentioned that while for some products it was easy to gather members (e.g. bananas) for others is not, for example for organizations with thousands of members.

It was suggested to clarify that a majority decision was sufficient and that a unanimous decision was not required. Another suggestion was that it should follow the democratic decision process of the organization and could be taken also at the Board level. It was also highlighted that for this to be an informed decision an awareness workshop with all relevant information should be given and that the PNs were well placed to provide this information.

7 respondents disagreed (2%). Those who offered comments within this group signalled that a decision at the Board of Directors should be sufficient as they represent their members and take strategic decisions on their behalf. Another respondent disagreed because in members will be against it. A stakeholder saw this requirement as an added burden and unnecessary as it was already difficult to get the support of the members to complete the process as it is. A comment along the similar lines expressed that this would make the process of application longer considered a letter of intention as sufficient.

29 participants (10%) reported that the proposal was not relevant to them or did not know.



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Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 313 responses, 288 respondents (92%) strongly agreed, 23 respondents (7%) partially agreed and 2 respondents (1%) disagreed with the proposal. Among the reasons that were offered by the participants in the workshop it was mentioned that the term “collectively” should be clear and better explained. It was also mentioned that this requirement does not guaranteed that the members know the system and the implications of joining. It was suggested to improve the wording (e.g. “you ensure that the decision to join Fairtrade was a democratic decision taken by the GA”). It was also proposed that the requirement should be on previous training.

Topic 6: SPO governance

Introduction of topic and overall aim of the proposal:

The democracy, participation and transparency requirements in the SPO Standard do not fully deliver the intended impact in the areas of good governance practices, true member ownership, adequate accountability and internal control.

Issues can be linked to imbalanced power structures, a lack of clarity regarding roles and responsibilities between the board and management, insufficient room for decision making, inefficient internal communication between leadership or delegates and members, a lack of opportunities for wide participation in governance, especially for women and younger generations, and a lack of accountability requirements covering mechanisms such as a supervisory board or surveillance committee.

The proposal aims at improving good governance practices, true member ownership, adequate accountability and internal control in SPOs.

The following changes were proposed:

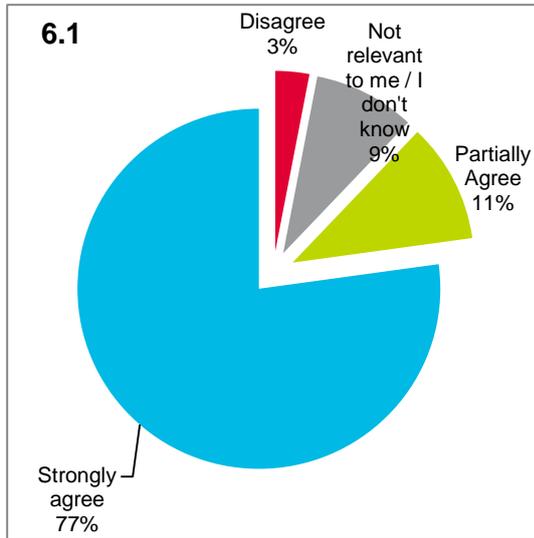
6.1 Additional guidelines separating the role of Board members from that of management

Year 0	Core	<p>4.2.1 The structure of your organization must have:</p> <ul style="list-style-type: none"> • a General Assembly as the highest decision making body where all major decisions are discussed and taken • equal voting rights for all members in the General Assembly • a Board chosen in free, fair and transparent elections <p>Guidance: Staff hired by your organization will be controlled by the Board which is in turn controlled by the General Assembly. In the General Assembly members can either vote directly or through a system of elected delegates if you choose so. The system is based on the principle that each member or member organization has the equal or proportional number of delegates.</p> <p>2nd or 3rd grade organizations are democratically controlled by their direct members, which are legally constituted and legally affiliated 1st grade/2nd grade organizations. There is a democratically elected board on the 2nd/3rd grade level.</p> <p>It is best practice to separate the roles and responsibilities between the Board and management. The Board's role and responsibilities differ from those of management: the Board's role is to govern, provide strategic direction and make decisions while the role of management is to ensure that the decisions are</p>
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implemented. Lack of clarity between the roles and responsibilities can lead to extreme situations of either power concentration or insufficient room for decision making.

Written feedback:



A total of 298 participants responded to this question and the majority 230 (77%) welcomed the proposal saying that this would strengthen SPOs. A suggestion was given to add in the guidance section that this would be increasingly important for larger membership. It was also suggested to include a requirement on the qualification of the management especially for larger organisations in this section. Another suggestion was made to also have a clearer guidance on the distinction between the roles of the Board and GA.

32 (11%) of the respondents who partially agreed said that this should be a mandatory requirement especially for large SPOs e.g. for organizations with more than 100 members. Others felt that it would not make sense for smaller organisations to separate these roles. A

stakeholder said that it made sense for some parts in the guidance section to be moved to the requirement. Training on the different roles was also suggested to be required.

9 Participants (3%) who disagreed said that this is a decision for the GA to make.

Feedback from workshops in Latin America:

279 out of the 314 (89%) participants from the workshop in CLAC strongly agreed with the proposal while 22 (7%) partially agreed, 8 (3%) disagreed and 5 (1%) said that it was not relevant to them. They said that this should take into account the by-laws of each country and they also felt that it should be a mandatory requirement and not in the guidance section.

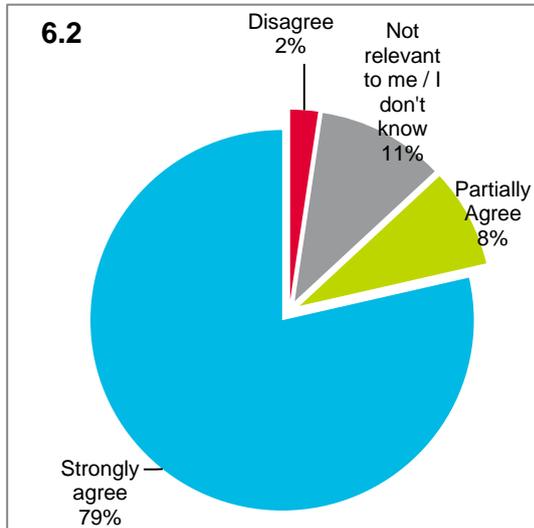
6.2 A more explicit definition of the frequency of updates and information to be kept, a link to an IMS, and not allowing double membership

Year 0	Core	<p>4.2.2 It needs to be clear who is a member of your organization. Therefore, you must have written rules to determine who can become a member and you must keep a record of your members on an annual basis. At a minimum member records should include: member name, contact information, gender, date of birth, registration date with SPO, farm location and farm size.</p> <p>Double membership is not allowed unless the member grows different products.</p> <p>Guidance: Double membership occurs when farmers are members of more than one Fairtrade certified SPO.</p> <p>You can use this information to improve your management practices (see req. 3.1.1 and 3.1.2) and overview of your organization, and gain understanding of members' situation.</p>
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Written feedback:



A total of 299 participants responded and the majority (235, 79%) strongly agreed with the proposal. Those in support mentioned that it is important to prevent double membership because it may have a negative impact on traceability. A suggestion was given to ensure that the requirement is inclusive to members who don't own land e.g women in coffee project who only own coffee bushes, or those with minimum land size. These members should be able to apply for election to the GA or board of the SPO. It was also mentioned that auditing double membership would be difficult, but would be useful when such things are identified or if allegations arise.

25 (8%) of the participants who partially agreed said that double membership is a common occurrence among producers and would be difficult to prevent. It

was added that belonging to different organisations is common and realistic for some products like sugar. In addition, it was mentioned that there is a lack of justification on the rationale to prohibit members to have double membership and that more evidence would be needed.

7 participants (2 %) who disagreed said that double membership could occur due to the merging of 2 cooperatives and that this should not be forbidden. In addition, SPOs should have the choice and freedom to choose which organisation they want to belong to. 32 participants (11%) said that this was not relevant to them.

Feedback from workshops in Latin America:

Out of the 312 of participants from the workshops in CLAC 169 (54%) strongly agreed, 104 (33%) partially agreed, 35 (11%) disagreed and 4 (1%) said that it was not relevant to them. It was said that the prohibition of double affiliation should be extended to the associate or member of the family who are in the same area e.g. a wife/husband with a production area in the same area and that is associated with another Fairtrade cooperative. It was also mentioned that double membership does not pose a problem to the cooperative if the cooperative allows this.

6.3 Additional guidance on defining Board term limits

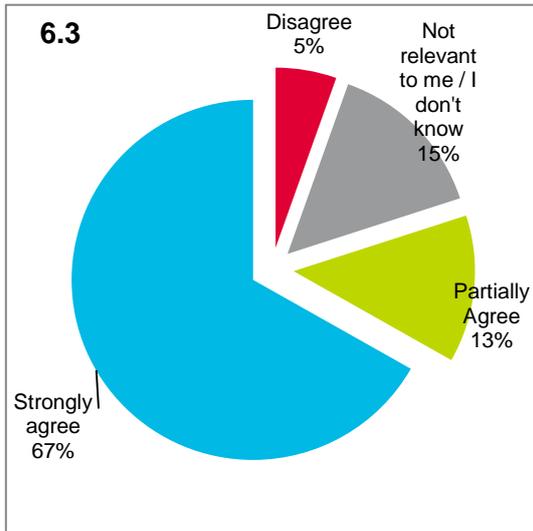
Year 0	Core	<p>4.2.3 You must follow your own rules and regulations such as a constitution, by-laws and internal policies, including those for election, membership processes and board term limit which needs to be agreed by the organization, and a delegate system (if applicable).</p> <p>Guidance: Best practice is a Board term limit of 9 years (3 x 3-year terms, and re-election for 2 additional terms).</p>
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Written feedback:

A total of 295 participants responded to this question. 197 (67%) participants who welcomed the proposal said that this would improve democracy within SPOs. It was also suggested to improve the wording of the guidance section because the best practice proposed could easily lead to a misunderstanding.



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The 39 participants (13%) who partially agreed were concerned that a Board term limit of 9 years is too long and suggested reducing it to 4-6 years. It was also said that instead of limiting the Board limit, rotation of roles should be suggested so as to retain knowledge. The requirement should also be in line with the different national by- laws of each country. In addition it was mentioned that it should be left to the GA to decide on the term limits

The 16 (5%) respondents who disagreed said that SPOs should be left to decide how long the Board limits should be. Proposing this would interfere with the autonomy of organizations. 43 (15%) of the participants said that this was not relevant to them.

Feedback from workshops in Latin America:

A large majority (208 out of 313 participants, 67%) from the CLAC workshop agreed with the proposal. 39 (12%) partially agreed 62 (20%) disagreed and 4 (1%) said that it was not relevant. It was said that the requirement should mention that in countries where this is regulated by the law, the SPO should comply with the law and should only be effective for those countries that don't have the legislation. It was additionally mentioned to delete the best practice mentioned in the guidance section.

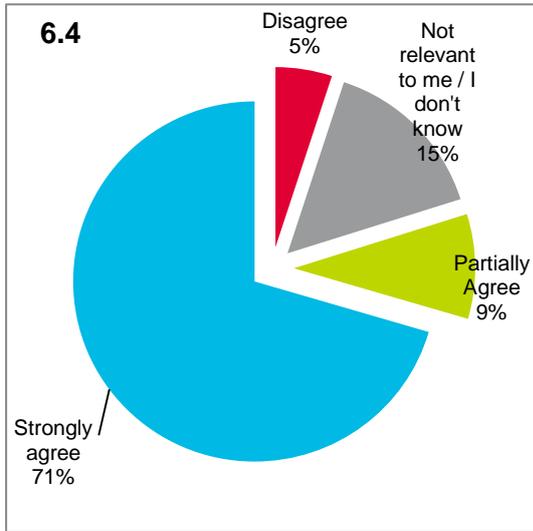
6.4 Limitation on non-members in the Board to reduce external actors' (e.g. traders) influence over organizations

Year 0		4.2.12 If there are non-members on your board, it must be approved by your
New 2014	Core	General Assembly, in accordance with your constitution/statutes and national legislation, and it must be specified whether they have a voting or advisory role.

Written feedback:

Out of the 298 participants who responded, 210 (71%) strongly agreed with the proposal. Some of the reasons given for agreeing included: the independent Board member role tends to be misused, trader influence should especially not be allowed and that some country legislation does not allow external influence.

28 (9%) of those who partially agreed said that external influence sometimes brings added value to the SPO especially for those organisations with low literacy levels. It was also mentioned that this should not be defined by the standards, but left for each organisation to decide. In addition, it was suggested that if the requirement is deleted, there needs to be a new requirement stating that non-members are not allowed in Boards. Finally, it was also mentioned that If external advisors can remain board members; description of role and responsibilities would be crucial.



10 (5%) participants who disagreed with the proposal said that Boards will always require external expertise to run a Board; not allowing this could affect the strategic functioning of SPOs and power could be controlled by a few strong members. It was also mentioned that traders sometimes invest in SPOs and while some of them are very professional in their operations other don't have the technical capacity or have little experience and need support from external actor's e.g. traders to provide strategic support. Finally having external actors in Boards increases scrutiny and can provide specialist knowledge. 45 (15%) of the participants said that this proposal was not relevant for them.

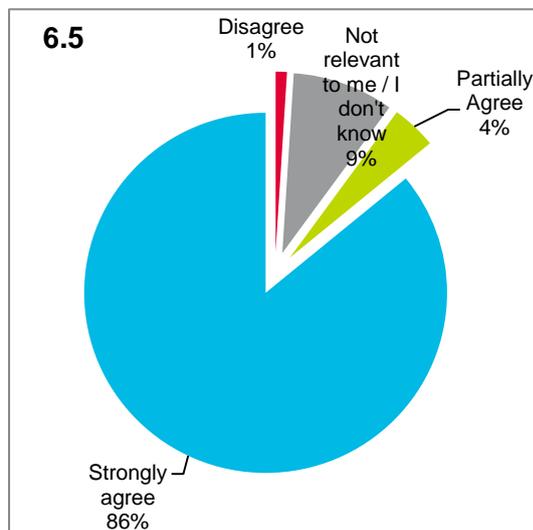
Feedback from workshops in Latin America:

A majority of the participants in the CLAC workshops (295 out of 313, 94%) strongly agreed with the proposal. Two organizations (1%) partially agreed and 16 (5%) disagreed. It was suggested to reword it to "prohibit non- members in the Board" and not use the word limit.

6.5 Changing requirement 4.2.13 (on sharing audit results with members) from Dev to Core

Year 3	Dev	4.2.13 You must share audit results with your members, in a format and language accessible to them.
	Core	Guidance: The results of the audit mean an explanation or a summary of non-compliances and corrective measures. The results can be shared in the General Assembly, in other meetings or in other ways. This is an opportunity for members to have more awareness of and involvement in the process.

Written feedback:



The majority 257 (86%) of the 299 participants who responded strongly agreed with the proposal saying that members in most cases are not aware of the audits and that this would be useful. It was also suggested that organizations must also involve its members in putting in place corrective measures.

12 (4%) of the participants who partially agreed said that the requirement should be year 1 and not year 3. It was also mentioned that it would be important to clarify which mechanism would be used because disagreements could arise if this is left to the auditors to decide. In addition, it was mentioned that it should be left as a development requirement because this would be difficult depending on the size of the organisation to comply with. 3 participants (1%)



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disagreed with the proposal and 27 (9%) said that this was not relevant to them.

Feedback from workshops in Latin America:

A large majority (290 out of 311, 93%) participants in the workshops in CLAC strongly agreed with the proposal while 19 (6%) partially agreed and 2(1%) disagreed. It was highlighted that the mechanisms on how to communicate the results of the audits should be clarified.

6.6 New requirement on having a surveillance committee to oversee the overall administration of the organization (including the use of Premium) on behalf of the members in order to enhance members' control over the organization.

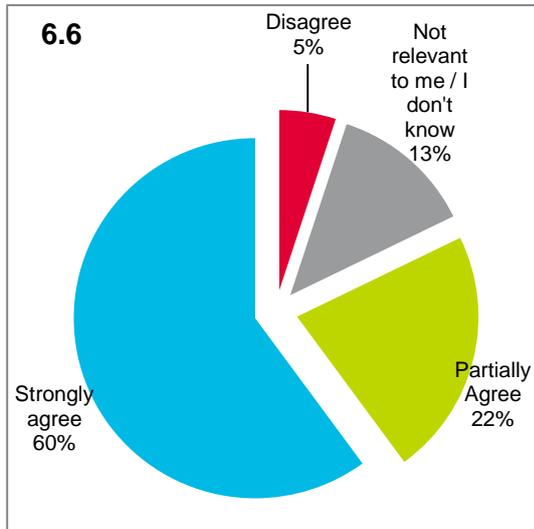
Year 1	Core	<p>NEW 4.2.14 You have a surveillance committee to oversee the overall administration of the organization (including the use of Premium) on behalf of the members.</p> <p>A surveillance committee enhances transparent administration and the effectiveness of members' control. This body acts on behalf of the members and exercises an effective and continuous control over the board of directors and the management</p> <p>The surveillance committee:</p> <ul style="list-style-type: none"> • is elected by the General Assembly and reports back to it; • oversees the administration of the organization to ensure accordance with internal and external rules, mission and values, as well as the pursuit of approved strategies and plans; • flags detected irregularities to the board or competent bodies and follows up on corrective measures. • serves as a sounding board for members or staff to voice complaints. • may be involved in other control activities, such as the internal control system for certification requirements and financial audits. <p>Guidance: For the surveillance committee to fulfil its function, its members need to have a good understanding of their roles and responsibilities. All relevant information, such as meeting records, reports, accounts and contracts, should be provided to them in a timely manner for examination.</p> <p>It is crucial to elect members of a supervisory body that have adequate skills and knowledge of the organization</p> <p>If your organization already has a committee that fulfils this function you do not need to create one.</p>
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Written feedback:

Out of the 298 participants who responded, 179 (60%) strongly agreed with the proposal. Some of the points given in support included: This would find the balance between operations and strategy, need



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to accept other names for this role (e.g. control committee) because this is the term used in some countries and making the requirement only mandatory for organisations with more than 100 members.

66 (22%) participants who partially agreed said that this would not be different from the role that the Board plays and that it would be an extra burden in terms of costs and resources for smaller SPOs. It was mentioned that some cooperative laws in some countries do not allow this kind of committee. It was also suggested to have this requirement as year 3. In addition, a suggestion was given to make the requirement less prescriptive and align it with similar requirements (e.g. on boards)

Lastly some stakeholders felt that inventing another committee will only create more paperwork. They said that the GA and the board should already have insight in the management and premium use.

15 (5%) of those who disagreed mentioned that this would be too prescriptive. It was also mentioned that each organization has its functions of cooperative governance criteria and those functions should not be interfered with. In addition, this would be a duplication for those organisations with independent external auditors who evaluate the performance of the organisation. 38 (13%) of the participants said that this was not relevant to them.

Feedback from workshops in Latin America:

A large majority (247 out of 313, 78%) of participants from the workshops in CLAC strongly agreed with the proposal while 29(9%) partially agreed, 38 (12%) disagreed, and 4 (1%) said that it was not relevant to them.

Additional feedback:

One additional feedback provided by stakeholders in this section was on having a requirement defining a minimum quorum to take a decision because there have been situations where less than 10% of the members took decisions.

Topic 7: Fairtrade Development Plan and Premium use

Introduction of topic and overall aim of the proposal:

SPOs have many and diverse needs and, with limited resources, it is hard to decide where to invest first in order to make the best use of the Fairtrade Premium and maximize its impact. A relatively large share of the Premium is currently spent to cover operational costs, certification fees, etc. Therefore it is important to follow a proper planning process, in which the longer term effects of an investment are thought through. However, conducting a needs analysis only comes into effect as a development requirement in year 6 of certification. In practice, comprehensive planning and prioritization processes rarely take place before deciding on the use of the Premium.

The impact generated by the Premium is in many cases below market expectation. Tangible impact is the main driver for commercial partners and civil society to engage with Fairtrade.

The proposal aims at:



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- Providing additional guidance on Premium use in line with the Fairtrade International Board approved strategy on living income. The purpose is to help organizations to invest more strategically in a way that it contributes to achieving its long-term development goals and sustainable livelihoods for their members.
- Facilitating the communication on Premium use to commercial partners, civil society and other relevant stakeholders.
- Strengthening the requirements on misuse of Premium

The following changes were proposed:

7.1 On Fairtrade Development Plan and Premium use planning:

- To change the current requirement so that it only kicks in once the organization has sold under Fairtrade conditions and has received Fairtrade Premium.
- Additional guidance on Premium use in order to follow a strategic planning process. In addition it is recommended to have a Premium committee which will help to improve member participation in the development planning and decision making process

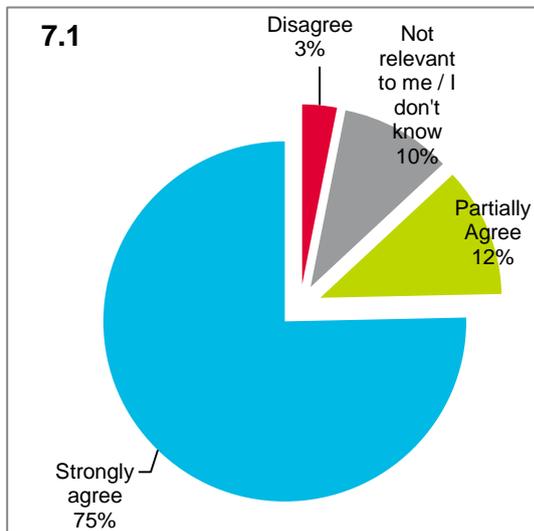
Year 1	Core	<p>4.1.1</p> <p>You must plan and document at least one activity with the intention to promote the progress of your business, organization, members, workers, community and/or environment. The plan is called the Fairtrade Development Plan. In the plan you must include:</p> <ul style="list-style-type: none"> • the description of the activity (what you plan to do) • the objective of the activity (why you plan to do it) • the timeline of the activity (by when you plan to do it) • the responsibilities (who will be in charge of doing it) • and in case you need to spend funds (such as the Fairtrade Premium as described in requirement 4.1.2 or other sources of funds), the budget of the activity (how much you plan to spend) <p>If you are a 2nd or 3rd grade organization, you must have a Fairtrade Development Plan, which benefits all Fairtrade member organizations, and includes the total Fairtrade Premium income, the allocation system to the member organizations (if applicable), and the Fairtrade Premium decisions taken. If Fairtrade Premium is channelled to the member organizations directly, the member organizations must develop their Fairtrade Development Plans and provide them to you.</p> <p>Guidance: This requirement is only applicable once your organization has sold under Fairtrade terms and received Fairtrade Premium. Planning, implementing and evaluating the plan will stimulate and increase the participation of members in their own organization and community. It is a good practice to plan activities that respond to the needs of your organization, members, workers and communities. Your organization has the right to choose any activities that your members agree on and are important for your particular situation, aspirations and priorities. Upon your request, Fairtrade International or Producer Networks can provide the List of Ideas for the Fairtrade Development Plan that includes activities that have been useful in other organizations. The list is only for guidance. You are encouraged to think of your own activities.</p>
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		<p>In terms of allocation of Premium, the recommendation is to prioritize resources to strengthen an organization so it can effectively serve its members. Investing in the organizational sustainability can then be followed by investments to improve members' livelihoods and finally investments at community level. Please refer to the Fairtrade Premium guide for more information.</p> <p>It is also recommended (best practice) to have a Fairtrade Premium Committee especially for organizations with more than 500 members and/or very disperse membership. This will help to improve member participation in the development planning and decision making process</p> <p>The role of a Premium committee should include:</p> <ul style="list-style-type: none"> - Managing the Fairtrade Premium - Supporting or organizing member consultations and needs assessments - Developing proposals and budgets for Premium use based on these and presenting them to the GA - Monitoring the implementing of the approved Premium plans - Reporting back to the GA on the results of the Premium plans
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Written feedback:



220 (75%) out of the 292 participants who responded strongly agreed with the proposal. Those in support said that the premium committee should be mandatory for large organisations. In addition, having external financial auditors for projects exceeding 15, 000 EUR was also suggested.

34 (12%) participants who partially agreed mentioned the importance of ensuring that the workers voices are heard during the needs assessment. The cost of establishing a premium committee was also mentioned as a bottleneck. It was also mentioned that the role of the premium committee would be in conflict with that of the board. A suggestion to improve the wording in the guidance section was also mentioned in regards to having a premium committee: if it is expected that audits cover details on a voluntarily set up FPC, this should be addressed in a requirement and not in guidance.

9 (3%) participants who disagreed said that the development plan needs to be done before receiving the premium. It was also mentioned that there is no needs for SPOs to have premium committees. 29 (10%) of the participants said that this was not relevant to them.

Feedback from Workshop in Latin America:

Out of the 308 participants from the workshops in CLAC, 139 (45 %) strongly agreed, 83 (27%) partially disagreed 82 (26%) and 4 (2%) said that this was not relevant. It was mentioned that a legal structure to handle the use of premium already exist and having a premium committee would create



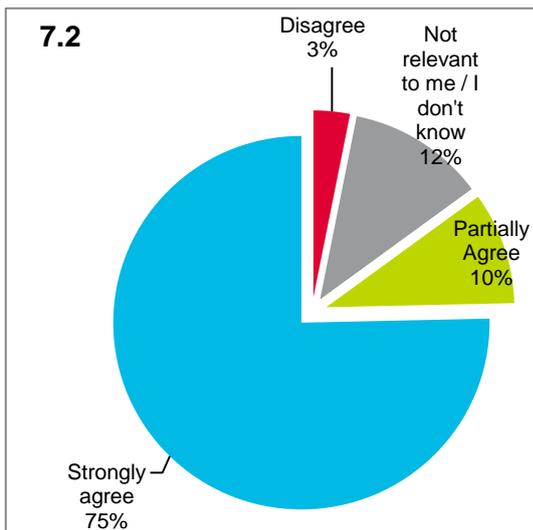
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conflicts with the board. In addition, creating new committees would be costly. A suggestion was given that organisations with more than 500 members could have a premium committee.

7.2 Requirement on needs identification proposed to be changed from Development Year 6 to Core, Year 1

Year 6 Year 1	Dev Core	<p>4.1.10 You must design and start implementing a process that collects and analyzes the development needs in your organization.</p> <p>Guidance: The intention is to ensure there is a process in place that informs your organization of the needs included in the Fairtrade Development Plan. In time you are encouraged to use this information to measure the success or shortcomings of your plan and to guide your organization’s planning in the future.</p>
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Written feedback:



The majority 217 (75%) of the 288 participants who responded welcomed the proposal. In support, it was mentioned that doing a needs analysis at an early stage would be crucial to promote strategic premium use. This would however need strong support from the PNs.

The 28 (10%) participants who partially agreed said that year 1 would be too soon and suggested having it in year 3 in order to allow for adaptations. It was also mentioned that the applicability should be after the SPO receives a premium. In addition, the needs of workers also need to be included.

The 9(3%) participants who disagreed said that the requirement should remain as it is (development, Year 6) to enable SPOs to gradually grow. 34 (12%)

participants said that this was not relevant.

Feedback from workshops in Latin America:

Out of the 311 participants from the workshops in CLAC, 237 (76 %) strongly agreed, 68 (21%) partially agreed, 5 (2%) disagree and one said it was not relevant. Participants who partially agreed said that it should be a development requirement year 3.

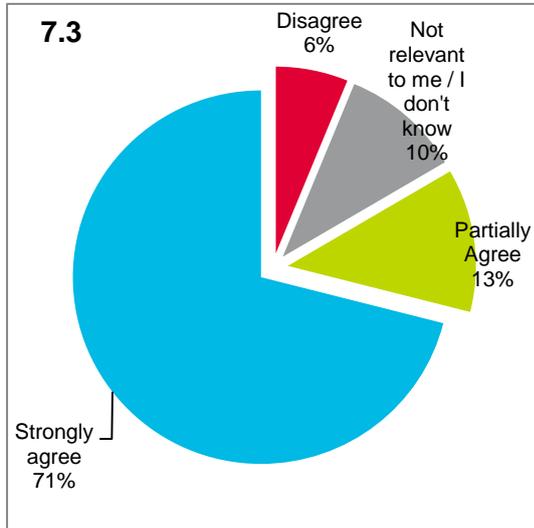
7.3 New requirement on Premium reporting on an annual basis

Year 1	Core	<p>NEW 4.1.12 At least once a year and at latest one month after the General Assembly, you send a complete report on Fairtrade Premium use for all projects to Fairtrade International.</p> <p>Guidance: Only applicable once the organization has sold under Fairtrade terms and has received Fairtrade Premium.</p>
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Written feedback:



The majority 206 (71%) of the 290 participants who responded welcomed the proposal. Those in support said that this would help fill the gap customers currently perceive. It was however mentioned that the standard needs to be specific to who in FI this reports will be sent to and who can have access to the reports (e.g. NFOs). In addition, how this would comply with the data governance should also be clarified.

36 (13%) participants who partially agreed suggested sending the reports to the PNs, instead of FI because they work closely with them and can help monitor and support them. Another suggestion given was that the SPO should also send the reports to their buyers. A comment the constantly came up was that sending the reports one month after the GA would be too soon and

it was suggested to increase the time.

Another concern mentioned was that the requirement should be very clear what exactly is required e.g. whether it would be sufficient to send the report as presented to the GA or the minutes. In addition it was also mentioned whether local languages would also be considered.

The 18 (6%) participants who disagreed said that this should not be made mandatory for SPOs but optional. In addition, FI should be able to extract this information from audit reports and not burden the SPOs. It was also mentioned that some organisations do not receive premium on a regular basis; this needs to be taken into consideration. 30 participants (10%) said that this was not relevant to them.

Feedback from workshops in Latin America:

Out of the 311 participants from the workshops in CLAC, 230 (74 %) strongly agreed, 41 (13%) partially agreed and 40 (13%) disagreed. Those who partially agreed said that this is the work of FLOCERT during audits. A suggestion was made to send the reports 3 months after the GA so as to give SPOs time and that the information should also be shared with the CLAC.

7.4 New requirement to sanction mismanagement of Fairtrade Premium

Year 0	Core	<p>NEW 4.1.13 You and the members of your organization administer Premium funds responsibly and do not mismanage the Fairtrade Premium. There is no evidence of favoritism or fraud in the management of the Fairtrade Premium or any activity that could jeopardize the business or certification of the company or have a demonstrable negative, structural, financial or social impact on the organization.</p> <p>Guidance : Examples of favoritism and fraud (deception intended for personal gain) include: special rewards for particular members, project bids that are prearranged, wasteful or not cost-effective, projects that benefit one group over others, and favoritism for project selection.</p>
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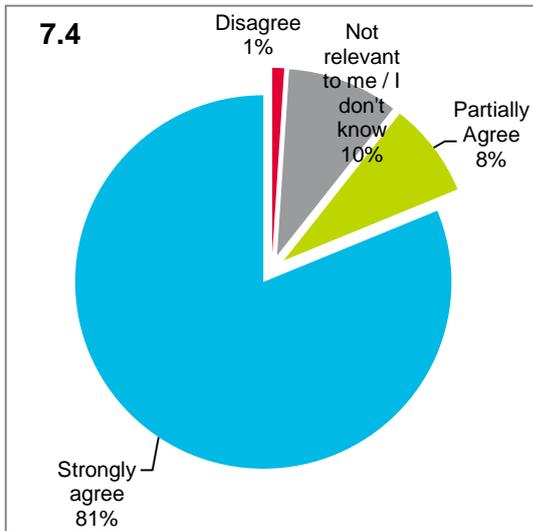
Written feedback:

The majority 238 (81% of 293) participants strongly agreed with the proposal. Those who supported the proposal said premium mismanagement cases are jeopardizing trust of Fairtrade as a system. It was also mentioned that the requirement should mention what is exactly meant by sanctions. In



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addition, it was also suggested that sanctions should include creating a list of those who have been found misusing funds and should be barred from holding office e.g. in management or in boards in other SPOs.



24 (8%) who partially agreed wanted to know how this would be audited. It was also mentioned that requirement should not be year 0 and should be audited once the SPO receives premium hence as of year 1.

The 3 (1%) participants who disagreed mentioned that this is not necessary because there is already an audit on the premium. In addition, it was also mentioned that the section in the guidance mentioning that the projects do not benefit one group over others should be deleted because premium can sometimes be used to benefit the most disadvantaged in the society. 28 (10%) of the

participants said that this was not relevant to them.

Feedback from workshops in Latin America:

Out of the 311 participants from the workshops in CLAC, 209 (67 %) strongly agreed, 61 (20%) partially agreed and 41 (13%) disagreed. Those who partially agreed said that it would be important to treat the information confidentially. The following wording was proposed: You and the members of your organization administer the Premium funds transparently, responsibly, democratically and manage it appropriately because the wording proposed sounds improper.

Topic 8: Workers in SPOs

Introduction of topic and overall aim of the proposal:

This topic was not included during the first round of consultation as stakeholders felt the complexity of the topic requires deeper analysis before concrete interventions are consulted upon. Therefore a thorough contextual analysis will be carried out during 2018, aiming to understand the different arrangements between farmers and workers that currently exist within SPOs as well as the implications that any standard related changes or other measures may have. The contextual analysis will help to understand on-the-ground labour realities, in order to be able to:

- identify and define challenges
- make concrete proposals to improve labour conditions and workers' wellbeing

The results of this contextual analysis will inform Fairtrade's intervention in the area of workers in SPOs, including a broader review of the standard's chapter on labour conditions of workers in SPOs but also the implementation of actions beyond the standard. Depending on the duration of the contextual analysis and other factors, the review of the particular labour chapter might be done after the overall standard review, requiring an additional update of the standard.

While the contextual analysis is looking at the situation in its complexity, there are some aspects that don't require the results of the contextual analysis and can already be consulted upon in the second round of consultation. It is worth noting that other proposals in this consultation (e.g. SPO definition) would also have an impact on the number of workers in SPOs.



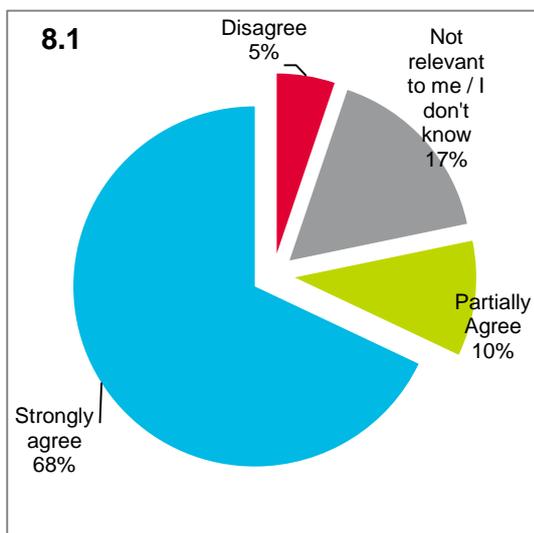
The proposal aims at strengthening the assurance framework in the chapter on labour conditions of the SPO standard and taking a first step in improving the working conditions of workers in SPOs

The following changes were proposed:

8.1 A new requirement on compliance with national legislation that is checked reactively as a means to act in case there are known violations (see topic 9).

8.2 Reduce the significant number of workers from 20 workers to 10 permanent workers or equivalent worker days (days worked multiplied by the number of workers working 40 hours/week all year round).

Written feedback:



291 participants responded to this question. While 197 (68%) agreed to the proposal, 30(10%) partially agreed, 15 (5%) disagreed and 48 (17%) said that it was not relevant to them.

Stakeholders who agreed with the proposal to said that the definition in the standard should be consistent with that of the ILO and that it should not be defined by the certification body. It was also mentioned that more guidance would be needed to understand what is meant by equivalent.

Those who partially agreed suggested lowering the threshold to 5 workers so that casual and seasonal workers are also protected. It was added that ILO mentions all workers and not only permanent workers. Additionally a suggestion was made that all the

proposed criteria should apply to all workers and not only to a significant number of workers.

Respondents who did not agree shared comments that highlighted a misunderstanding with the proposal (e.g. SPOs should be left to decide the number of workers to hire, reducing the number of workers would lead to unemployment). In addition, respondent said that different products required different labour and that the requirement should be product specific.

Feedback from workshops in Latin America:

89 (28%) out of 313 participants from the workshop in CLAC agreed with the proposal, 69 (22%) partially agreed, 150 (47%) disagreed and 5 (2%) said that it was not relevant to them. They agree that the number of workers should be reduced but that it should not be included in the standard because it is very country and product specific. They recommended the Standards Team should first conduct a deeper analysis before making these changes in the standard. They added that the wording especially on the equivalent worker days needs to be improved if the requirement is to be introduced. Finally, they recommended having a longer transition period to avoid non-compliances.

8.3 Change the requirement on written contracts for permanent workers (applicable only if the organization or members employ a significant number of workers) from Development Year 3 to Core Year 1.



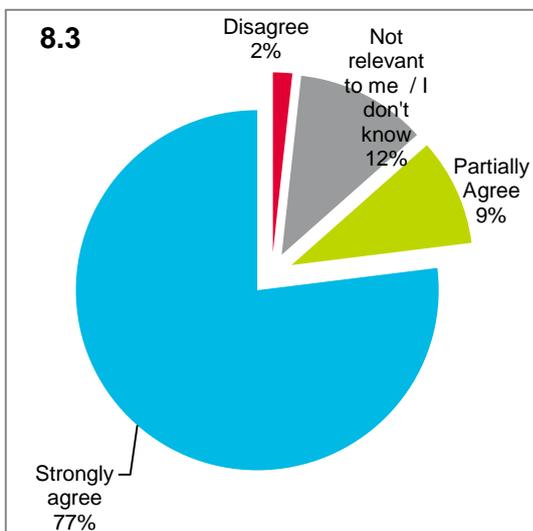
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Year 3	Dev	<i>Applicable only if the organization or members employ a significant number of workers</i> 3.3.21 You and the members of your organization must have a legally binding written contract of employment for all permanent workers that includes at least the following: the job duties related to the position; protection of the worker from loss of pay in the case of illness, disability or accident; and a notice period for termination that is the same as to the notice period of the employer.
Year 1	Core	

Change the requirement that requires that copies of contracts are given to permanent workers from Development Year 3 to Core Year 1. The requirement is applicable only if the organization or members employ a significant number of workers.

Year 3	Dev	<i>Applicable only if the organization or members employ a significant number of workers</i> 3.3.22 You and the members of your organization must provide a copy of the signed contract to the worker.
Year 1	Core	

Written feedback:



A majority of the 291 respondents (224, 77%) strongly agreed with the proposals saying that it will not only be beneficial to the workers but also the SPOs.

Those who partially agreed (28, 9%) were concerned about illiterate workers who could neither read nor write. A suggestion was given to also consider local laws because oral contracts are also accepted in some countries like Colombia. Another concern raised was why this should only be applicable if a significant number of workers are hired; if an SPO can hire a permanent worker, then they should be in a position to also provide a contract. A suggestion was given for PNs to support POs with templates for contracts which they can adjust if needed. Additionally, the requirement should be extended for workers employed for more than 3 months.

5 (2%) of the participants who disagreed expressed that all permanent workers need to have contracts. It was also suggested to improve the wording on the last sentence of requirement 3.3.21. 34 (12%) of the participants said that this was not relevant to them.

Feedback from workshops in Latin America:

A large majority (234 out of 312, 75 %) participants of the workshops in CLAC agreed to the proposal. 43 (14%) participants partially agreed, 31(10%) disagreed and 4(1%) said that it was not relevant to them. Those who partially agreed mentioned that the wording should consider the realities of each country.

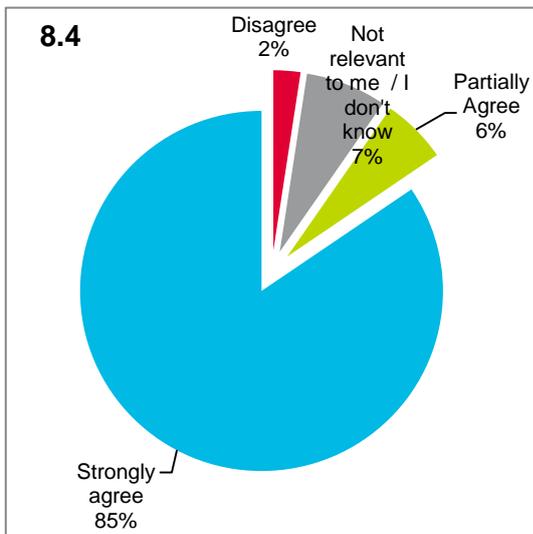


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8.4 New requirement to ensure that field workers have access to clean drinking water. This requirement would be applicable to all producers regardless of the significant number of workers

Year 0	Core	<p>NEW 3.3.37 You and the members of your organization ensure that all field workers have access to clean drinking water</p> <p>Guidance: This is applicable to all producers regardless of the significant number of workers.</p>
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Written feedback:



A majority of the respondents (246 out of 291, 85%) strongly agreed with the proposals saying that this would be a fundamental benefit for workers. A suggestion was made to clarify on whether the requirement meant to ensure access to water or provide water because it could also mean that workers are asked to bring drinking water to the fields. It was also mentioned that the requirement should also include appropriate sanitation and hygiene facilities to promote workers' health.

17 respondents (6%) who partially agreed were concerned that this may not be feasible or maybe very costly in remote rural areas and suggested a more realistic approach of asking workers to bring their own water. Another suggestion was given to have it as a

development requirement.

Amongst the 7 (2%) participants who disagreed it was mentioned that the standard should take into account that drinking water in some rural areas is not 100% safe and that most drinking water come from natural springs. In addition the responsibility of guaranteeing access to drinking water to each citizen is the responsibility of the state. This would be very costly to leave it to the SPOs.

Feedback from workshops in Latin America:

Out of the 312 of the participants in the CLAC workshops, 145 (46%) strongly agreed, 46 (15%) partially agreed and 121 (39%) disagreed. Those who agreed said that the water provided should be suitable for human consumption. They however said that the wording needs to improved and gave suggestions on how to do this .Those who partially agreed said that this should be the role of the state and that the SPO should work with the state to ensure that access to clean drinking water is available. A suggestion was given to instead have the requirement as a development criterion given the costs associated with it. Those in disagreement said that it will be impossible for some farms to comply with the requirement because of the distance of the farms.

Feedback from the WRAC:

The WRAC expressed their concerns that the review was quite limited and did not in their view capture the range of issues they felt should have been addressed. They therefore provided their views on the entire labour condition section of SPO Standard. They said that there shouldn't be any difference between the SPO and the HL standards when it comes to addressing fundamental rights.



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The WRAC’s views and recommendations are welcomed and will be taken into consideration during the complete review of the labour condition section of the SPO standard and once the results of the mapping and contextual analysis of workers in SPOs are finalised.

Additional comments:

Concern that the proposal was not strong enough was raised. It was mentioned that FI should provide clear timelines when the complete review of the labour conditions section will take place. It was also mentioned that the occupational health and safety of workers in the SPO Standards needs to be improved. In addition, migratory status should be listed as a prohibited ground for discrimination in requirement 3.3.1. Additionally, all the changes proposed should be applied for all workers regardless of the number of workers employed. Finally, it was suggested to move requirement 3.3.25 on giving same benefits to migrant/seasonal workers from Dev 6 to Core 1 in order to avoid discrimination.

Topic 9: National legislation

Introduction of topic and overall aim of the proposal:

This topic was not included during the first round of consultation but is relevant to some of the proposals for the second round (for example workers in SPOs and environment). Currently, in the section “Reference” of the SPO Standard (page 3) it reads:

Fairtrade International requires that producer organizations always abide by national legislation on the topics covered by this Standard, unless that legislation conflicts with internationally recognized standards and conventions, in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more favorable conditions for workers on an issue than Fairtrade International, then it prevails. The same applies to regional and sector-specific practices.

However, as it is not written as a requirement the certification body does not have a link to the standard to raise a non-conformity should a non compliance on national legislation arise.

The proposal aims at:

Enabling Fairtrade to act in case violations to national law take place. The purpose is not that auditors check proactively compliance of organizations against all labour or environmental laws, but to have a tool to react in case of risk or indications of non-compliance. Also, it aims at providing clarity to organizations on how to act in case of contradiction of the standard with national law.

In this section one change was proposed:

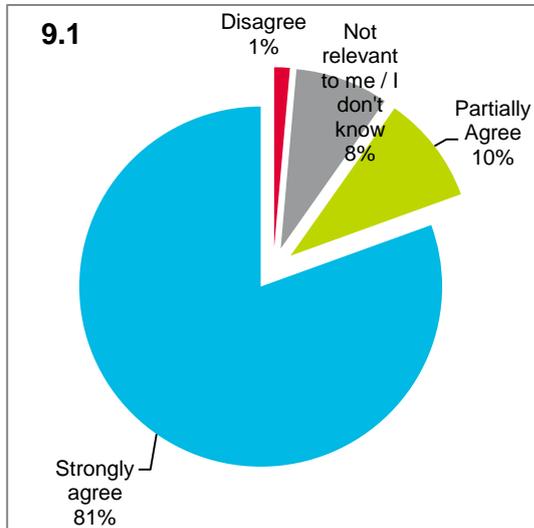
9.1 A new core requirement on compliance with national law

Year 0	Core	<p>NEW 1.1.4 You are aware of the applicable national legislation on the topics covered by this standard in your country and there are no indications that you violate any of them.</p> <p>Guidance: Fairtrade International requires that organizations and its members always abide by national legislation on topics covered by this standard. If a requirement contradicts national laws or regulations, the law is always to be complied with and it prevails, unless that legislation conflicts with internationally recognized standards and conventions (for example the fundamental ILO Conventions), in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more favourable conditions for workers or higher standards for natural resources management on an issue than Fairtrade International, then that prevails. The same applies to regional and sector-specific practices.</p>
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Written feedback:



Out of 288 participants who responded, 232 (81 %) strongly agreed, 28 (10 %) partially agreed, 4(1 %) disagreed and 24 (9%) said that the proposal was not relevant to them. Those who welcomed the proposal said that this would go further towards protecting human rights of those working on Fairtrade certified farms. It was mentioned that no certified organizations should not overlook or violate any local legislation. This would fix cases where the standard conflict with local legislation while making sure that higher benefit for workers and standard for the environment prevails. A suggestion was given that the standards team needs to provide an inventory of what needs to be complied with and to ensure that auditors are fully aware of all the local environmental and labour legislation and receive training where possible. It was further

suggested not to check the requirement reactively but proactively and randomly.

This would help to minimise any reputational risks. Finally, It was also mentioned that all SPOs employing staff should comply with all applicable national and international labour laws.

Those who partially agreed expressed concerns in cases where the local laws contradict with the standards (e.g. in cases where certified organisations dissolve, under the national law all the assets - including Fairtrade Premium funds- will be distributed among the largest investors). It was also mentioned that knowledge of the national legislation must be ensured and that none of the laws be violated and not based on own interpretations. A suggestion to improve the wording was mentioned because the clause “you are aware” might lead to an unnecessary number of NCs. Additionally, it was mentioned that the legal reference on the labour policy of the country must prevail.

Points mentioned by those who disagreed with the proposal were that national law must be controlled by national authorities and not by the standards. In addition, this would lead to discrimination because each country has its own different legislations. Additionally, it was mentioned that it is difficult to act reactively if there is no one who provokes the reaction of the certifier, it was felt that this would put workers in a more disadvantaged position and suggested having it as a proactive requirement.

Feedback from workshops in Latin America:

162 (52%) participants from the 312 that participated in the CLAC workshops strongly agreed, while 104 (33%) partially agreed while 46 (15%) disagreed. It was mentioned that each country has its own control mechanisms and that it is not a role of FLOCERT as a certifier to check this. Moreover, auditors would need to have a broad knowledge of the national legislation. It was suggested to delete the part saying “there are no indications that you violate any of them”.

Topic 10: Fostering continuous improvement

Introduction of topic and overall aim of the proposal:

This topic is included to find out how the standard can best encourage SPOs and foster their continuous improvement.



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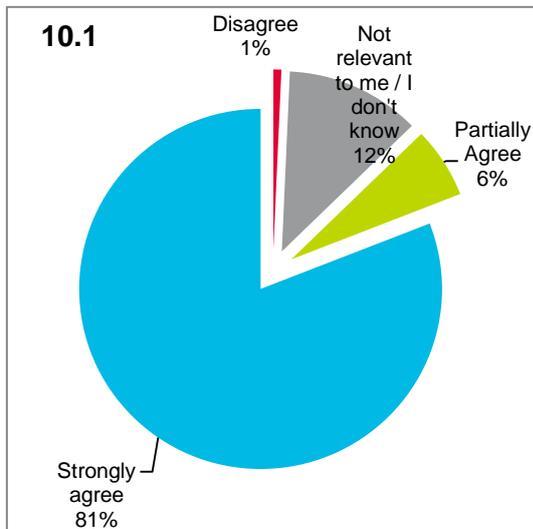
The proposal aims at making the role that development requirements have clearer, giving more choice to producers on how to reach the objective of the requirement and promoting continuous improvement after year 6 of certification.

In this section two changes were proposed:

10.1 For the final version of the standard, to show separately the core requirements from the development requirements so the options the standards offer are clearer to producers. Also, to redraft development requirements highlighting the intended outcome and leaving the decision to the organization on how to reach this outcome.

Year 3	Dev	<p>You as an organization and your members improve soil fertility. must report on measures that you as an organization and your members have implemented to improve soil fertility.</p> <p>Guidance: You are free to choose the measures to improve soil fertility. how you report the activities. Measures can include practices such as crop rotation, intercropping, agroforestry, the use of ground covers, or incorporating compost or green manures into the soil or any other method of conservation agriculture.</p>
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Written feedback:



Out of 283 participants who responded, 229 (81 %) strongly agreed, 18 (6 %) partially agreed, 2 (1 %) disagreed and 34 (12%) said that the proposal was not relevant to them. Amongst those who welcomed the proposal it was mentioned that this should be a core criterion and some raised questions about the auditability of this requirement. Along the same lines, it was commented that reporting on the measures should be kept for auditors to check, inform members, etc. one of the respondents who disagreed expressed that while in agreement with the proposal, the report should be kept but in addition it should be reported how the organization is monitoring the outcomes of the measures and if they are achieving the expected results; it was noted that this would ease the auditing of the requirement. It is important to note that some of

the comments received were more on the actual example than on the model proposed.

Feedback from workshops in Latin America:

253 (81%) participants from the 312 that participated in the CLAC workshops strongly agreed, while 31 (10%) partially agreed while 28 (9%) disagreed. It was mentioned that although the intention of the requirement is good it is very difficult to implement. For the particular example in the proposal, it was mentioned that soil fertility can be demonstrated with improvements in the soil cover and amount of microorganisms. There are soils that need fertilizer and this is costly as well as soil studies. There was a proposal to improve the wording of the requirement: “you have a plan to improve the soil fertility of your members”. There were concerns to approve the changes in requirement that was put forward as example as to be able to show improvement, a baseline needs to exist. It was also suggested that rather the members refresh their knowledge with trainings.

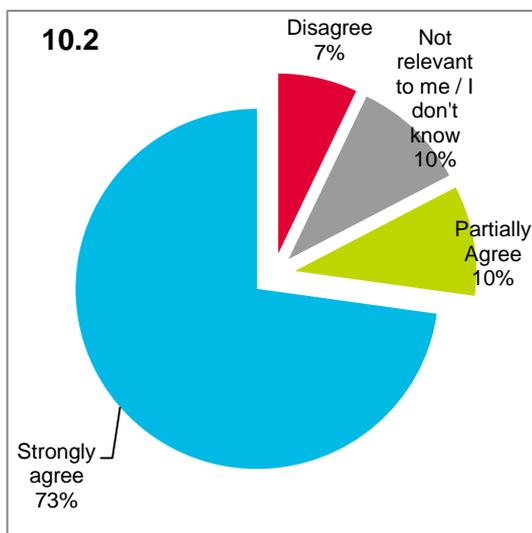


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10.2 Introducing a new requirement for organizations that have been in the system for more than 6 years to foster continuous improvement

Year 6	Core	<p>NEW 4.1.14 Your overall certification score on certification requirements increases over time.</p> <p>If exceptional and unforeseen circumstances prevent you from increasing your overall certification score, you inform the certification body.</p> <p>Guidance: Includes core and development requirements. Only applicable to organizations which have been in the system for more than 6 years.</p>
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Written feedback:



Out of 283 participants who responded, 206 (73 %) strongly agreed, 28 (10 %) partially agreed, 20 (7 %) disagreed and 29 (10%) said that the proposal was not relevant to them. Amongst those who strongly agreed it was mentioned that the requirement should be linked to sales and/or to the access to capacity building. It was noted that in terms on development requirements there were not enough requirement to choose from and it was suggested that alternatively the link to continuous improvement should be done through the IMS. Various respondents amongst those who partially agreed also remarked the importance of producer support. It was also noted in this group that high performing organizations may struggle to comply with this requirement and that the requirement may create the wrong incentives.

Some stakeholders also wanted a stronger sanction and suggested exit strategies for those organizations that are not able to improve continuously or with repeated non-conformities. Others suggested that it should be considered not only increasing the overall score but also maintain the current score, as this is often a challenge.

It was also mentioned that the implementation of the requirement may not be feasible as every revision brings additional and more demanding requirements. A stakeholder also highlighted the challenges of checking this requirement during audits as an additional tool would need to be created and also that standards modifications change the overall number of compliance criteria and this is not related to continuous improvement. Proposal alternatives of creating innovation awards or continued good practices awards to be celebrated regionally but also communicated on websites were suggested

Amongst those who disagreed it was highlighted that this requirement is not necessary as the standards already follow a continuous improvement model. Although the good intention of the requirement was acknowledge stakeholders were in disagreement with this proposal due to: standards changes over time that are already a challenge to implement, importance of capacity building that all organizations do not have access to, creation of wrong incentives- in particular to high performing organizations-, changes in auditors may lead to different results.



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Feedback from workshops in Latin America:

It was noted collectively that organizations go through different cycles, high-performing and low-performing periods. In consequences, organizations should not be forced to increase their score. There are circumstances that make it difficult for the organization to keep a lineal growth. The evaluation of continuous improvement is more a task for Monitoring and Evaluation Teams that for the standard.

132 (42%) participants from the 312 that participated in the CLAC workshops strongly agreed, while 99 (31%) disagreed and 81 (26%) partially agreed. It was mentioned that meeting this requirement would be a very big challenge. Organizations face changes due to external variables that they do not control but that affect their performance, both at an organizational and productive level. From year to year organizations can ensure that the requirements are met but not necessarily increase. Also, the organization would not strive to have a high score, for fear of not being able to maintain and increase over time. Evaluate with a mark is not appropriate, that does not measure the real progress of an organization. Audits are often subjective and depend highly on the auditor's point of view. It was shared that the fact that the organization remains in the system is already a continuous improvement. The argument of the link of continuous improvement with prices and sales (if the latter are low the requirement can't be met). Finally, there were concerns raised about the interpretation of auditors/FLOCERT on this requirement.

Topic 11: Role of traders

Introduction of topic and overall aim of the proposal:

There is no requirement on the role of traders in the SPO Standard. Although the Trader standard already recognized that traders play an important role in SPO capacity building, the SPO Standard does not provide a clear framework on how SPOs must engage with traders in fairer trade relationships.

In some cases traders invest resources to get farmers organized, apply for Fairtrade certification and provide market access to the SPOs. On one hand it may help SPOs to start Fairtrade businesses but on the other it can also cause SPOs to rely on traders' support and it poses challenges to the organization to grow as a self-reliance organization. Elected SPO leaders may be bound to follow the trader's interest as they may fear losing market access and if the situation persists, preventing the empowerment of producers in the long run.

A larger discussion on the role of traders will be included in the next revision of the Trader Standard review. However, from the 1st round of consultation there is a proposal to increase transparency on the services the traders provide to organizations.

The proposal aims at increasing transparency and ensuring that SPOs can decide for themselves on the services provided by traders to their members and on the use of the Fairtrade Premium.

In this section one change was proposed:

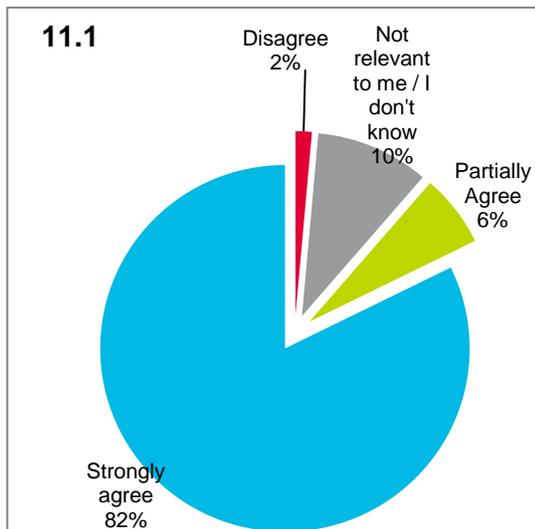


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11.1 Add a new requirement in the Trader Standard on transparency should the trader provide services

Trader Standard – applicable to traders	
Year 0	Core
<p>NEW If you provide any services such as training or other support activities to SPOs, you agree in advance and in writing with the SPO, on all terms and conditions, including fees. You do not put pressure on producers to accept the services and the fee, nor do you make it a condition of purchase.</p> <p>Guidance: The intention of this requirement is to ensure that SPOs can decide for themselves on the services provided to their members and on the use of the Fairtrade Premium.</p>	

Written feedback:



281 respondents answered the question. The majority strongly agreed with the proposed requirement (235 respondents, 82%). The few respondents from this group that offered additional comments welcomed the proposal as a means to bring more balance into the producer/trader relations and to make it more equitable. Along the same lines, more scrutiny to the reporting of traders and exploring limits for service fees were suggested. Amongst those who partially agreed (20 respondents, 6%) said that the good intention of the change put forward was noted, but also need to be cautious that the difficulty to be able to audit that traders do not put pressure on SPOs. Also, it was expressed that trainings are offered to compensate the lack of improvement on production methods and suggested that this change is only put in practice if the

SPOs focus on achieving best practices. It was also noted that this requirement could be counterproductive as producers may now reject trainings that are well-meant by traders.

Finally, it was stated that there are cases when traders create other organizations to cater the services related to organizational development (e.g. Foundations) and Fairtrade needs to make sure that producers are not bonded by the services of other or newly created entities. Four respondents disagreed (2%) -3 of them traders- who said that the proposal is out of the scope of Fairtrade certification and it should be left to the individual relationship between the producer and the trader. One producer was in disagreement with this proposal and reasoned that trainings should be for free. For 28 respondents (10%) from all actors in the supply chain, the question was seen as not relevant or the respondent had no opinion on it. No further explanation was provided on why this was the case.

Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 308 responses, 235 respondents (76%) strongly agreed, 32 respondents (10%) partially agreed and 41 respondents (13%) disagreed with the proposal. Among the reasons that were offered by respondents is that the proposal implies payments of services that should be free and transparent and that support the improvement of the system and



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that transparency should be required not only on the services but also in the transactions. Tripartite contracts, a more complete wording of the requirement and that the services from traders should not be charged were proposals put forward from the region.

Topic 12: Trading with integrity

Introduction of topic and overall aim of the proposal:

This topic was a new topic in the second round of consultation:

Unfair trading practices mostly occur in cases of imbalance between trading partners, which can happen anywhere in the chain but most frequently at the expense of producers. In the last revision of the Trader Standard a new requirement on trading with integrity was added to tackle unfair trading practices (TS requirement 4.1.8). The question is now if and how unfair trading practices should be captured in the SPO standard.

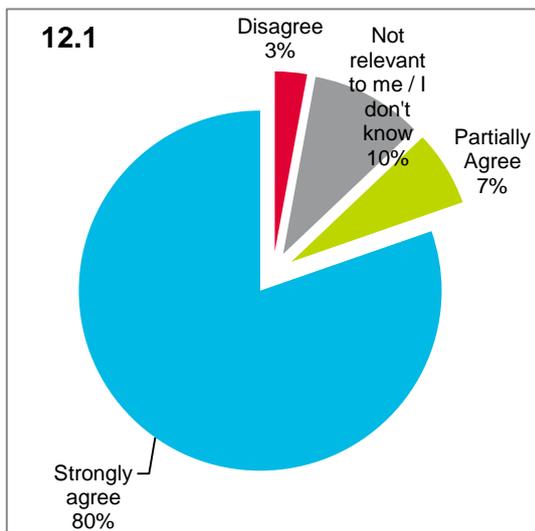
The proposal aims at preventing unfair trading practices at producer level and aligning the standard with the compliance criteria.

In this section two changes were proposed:

12.1 New requirement to prevent bad faith practices

Year 0	Core	<p>NEW 1.1.5 There are no indications that you or your members deliberately circumvent the standard.</p> <p>Guidance: This refers to manipulative behaviour to prevent mandatory provisions in the standard from applying to members or organizations.</p>
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Written feedback:



280 respondents answered the question. The majority strongly agreed with the proposed requirement (225 respondents, 80%). Amongst the comments from the few respondents from this group, concerns were raised about the auditability of the requirement and the use of the word “faith” in the title of the requirement. One respondent said that it was expected that behaviour like the one described in the requirement should already be penalized.

Amongst those who partially agreed (19 respondents, 7%) it was noted the good intention of the change put forward but concerns about the clarity on the wording and its auditability were mentioned (e.g. deliberately, manipulative behaviour). It was highlighted that the requirement should be very clear and improved, so

that it does not lead to misinterpretations and the certification body can objectively audit this requirement. It was suggested that adding examples could help to understand the requirement. It was also suggested that this requirement should be linked to stronger sanctions (e.g. direct decertification). A couple of respondents mentioned that they did not understand the proposal and one respondent said that clearly definition of roles of actors within the supply chain could ease the control on the commercial practices.



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8 respondents disagreed with the proposal (3%) raising concerns about the lack of clarity of the requirement and its auditability. For 28 respondents (10%) from all actors in the supply chain and products, the question was seen as not relevant or the respondent had no opinion on it.

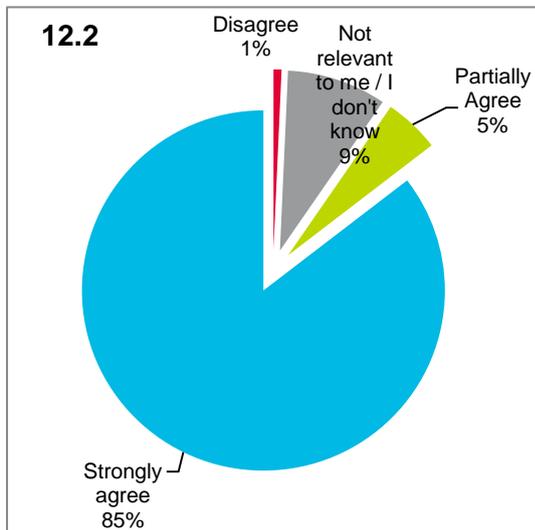
Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 312 responses, 154 respondents (49%) strongly agreed, 98 respondents (31%) partially agreed and 45 respondents (14%) disagreed and for 15 respondents (5%) the proposal was considered not relevant for them. Among the reasons that were offered by respondents is that the wording should be clearer (i.e. definition of indication) as well as concerns that it is misinterpreted. A clearer and very specific requirements and a guidance including examples were proposed to improve the requirement.

12.2 New Core, year 0 requirement on honouring contracts

Year 0	Core	<p>NEW 2.3.5 You honour all elements of the transactions fixed in the contract, unless you and the other party agree to a change.</p> <p>If you become aware that exceptional and/or unforeseen circumstances prevent you from supplying the volume stated in the contract, you promptly notify the buyer and actively seek a solution.</p> <p>Guidance: In case one party is not able to fulfil the contract due to exceptional and/or unforeseen circumstances the producer and buyer need to both demonstrate to the certification body that they are actively seeking to reach contract resolution.</p>
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Written feedback:



282 respondents answered the question. The majority strongly agreed with the proposed requirement (241 respondents, 80%). The comments from this group of respondents expressed the importance of this requirement.

Amongst those who partially agreed (14 respondents, 5%) it was noted the perhaps this requirement was not needed here as it is already covered in commercial contracts and the Trader Standard). Also, there were doubts on how this was applicable to small producers. It was also suggested that the SPO (and the trader) should notify any lender that has provided finance for the contracts and that the lender is made aware of the agreed solution. This respondent raised concerns about Fairtrade certified businesses that are in default with their lenders continue to trade and pass audits as

well as defaulting businesses that have been presented as “flag bearing” Fairtrade organisations at public events, which is a reputational risk for Fairtrade and for other SPOs.

2 respondents disagreed (1%). For 24 respondents (9%) mainly non-producers, the question was seen as not relevant or the respondent had no opinion on it. A comment that was offered is that it is not always easy to determine volumes in advance.



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Feedback from workshops in Latin America:

In the workshops carried out by the CLAC out of 312 responses, 219 respondents (70%) strongly agreed, 72 respondents (23%) partially agreed and 21 respondents (6%) disagreed with the proposal. Among the reasons that were offered by respondents is that during the discussions several cases of non-compliance by the traders could affect the audits of producers without this not being their fault.

General comments:

Comments that were related to the topics covered in this consultation were included in the respective sections. Topics that were not related to standards (e.g. pricing issues, use of Fairtrade Marks) were forwarded to the relevant colleagues.

Additional comments were made regarding modern slavery, acknowledging the results of the first round of consultation but highlighting that nevertheless due changes in the due diligence frameworks it should be added in the standard but without making reference to a particular methodology.