

Standards Committee

Minutes

Meeting 83: 20-21 March 2019

Teleconference meeting

Present:

SC members: Martin Boon, Doreen Chanje (partly), Martin de la Harpe, Miguel Mateo, Iresha Sanjeevanie, Martin Schüller (Chair).

Proxy votes in case of connectivity issues were given.

Apologies: Emilie Sarrazin (proxy vote given to Martin Schüller).

Fairtrade International Standards and Pricing (S&P): Alina Amador, Gelkha Buitrago, Yun-Chu Chiu, Kerstin Cron, Oksana Forkutsa, Ricardo Guimaraes, Eleonora Gutwein, José Paredes, Ana Jordan Rosas, Ester Freixa Serra, Maria Steenpass, Jebet Yegon.

Contributing observers: Susanne Boetekees (Policy, Campaigns & Communication, Max Havelaar NL), Melanie Dürr (Senior Business Development Manager Flowers, Max Havelaar-Foundation), Wilbert Flinterman (Senior Advisor, Workers Rights and Trade Unions Relations, FI) and Harveen Kour (Monitoring Evaluation & Learning Manager).

Observers: Miguel Alva (FI), Lannette Chiti (Senior Advisor Climate Change, FI), Conny Engel (Certification Scheme Officer, FLOCERT), Theresa Glammert (Senior Certification Scheme Officer, FLOCERT), Sarah Keogh (Certification Analyst Europe, FLOCERT), Peter Kletter (Senior Manager Coffee, FI), Christine Knickelbein (Global Products Coordinator, FI), Andreas Kratz (Director GPPP, FI), Rossitza Kruger (Textiles Manager, FI), Andrea Paris (Certification Analyst Europe, FLOCERT), Veronica Perez (GPPP, FI), Chris Schmeling (Regional coordinator East Africa, FLOCERT), Sandra Yanez (TA GPPP, FI).

Disclaimer:

The Fairtrade International Standards Committee (SC) aims to reach consensus, but decisions may not always reflect the opinions of all people.

The section to introduce the topic (background information) has been written by the Standards & Pricing and may not have been discussed by the SC in full. Sections listing action points are an outcome of discussions of the SC but are not part of the decisions made.

Item 1 – Opening

Approval of agenda:

The agenda was approved.

Declaration of conflict of interest:

A member of the SC declared a conflict of interest on the topic of young plant materials pilot on living wages. This member will abstain from the voting on this agenda point.

Review actions from last SC:

- Updates on living wages, coffee pricing dialogue, young plants material pilot, cocoa price review

and SPO review, will be given during this SC meeting.

- For the meeting in June an update will be given on living wages/living incomes proxies' project and on the Fairtrade product portfolio/minor products.
- Updates on living wages, coffee pricing dialogue, young plants material pilot, cocoa price review and SPO review, will be given during this SC meeting.

Ground rules: It was suggested to introduce ground rules at the beginning of the SC, as it was previously done during the OC.

Item 2 – News session

News from Fairtrade International and the Board: The SC was informed about changes in the Senior Management of FI and plans for their replacement.

News from SC: Two SC members end their term in 2019. A call for both positions has been issued. The shortlist of candidates will be put forward to the Nominations Committee and it is planned that the Board appoints the two new members in June 2019.

News from OC: One trader representative withdrew from the OC and the replacement is in process. Topics for decision were on the final draft of the Oversight Procedure and a recommendation to the SC on the revised OC Terms of Reference (ToR). A decision was also made on the guidance for exceptional circumstances in travel risk areas. The new Certification Mark regulation was presented and tools were identified to ensure legal compliance with the regulations. The OC was informed on the Licensing, Operation and Assurance (LOA) working group ToR. It was suggested to have an update on the risk assessment of the assurance system and a Fairtrade system wide risk assessment at the June SC.

News from S&P: The Director S&P introduced the new Technical Assistant. The SC was also informed about the changes in the Pricing Team, namely the upgrade of one project manager's position to senior project manager in the Pricing Team early in 2019 and the recruitment of a project manager as one colleague moved internally to another position in FI in March 2019.

Item 3 – S&P Director's Decisions

The Standards and Pricing Director presented the standards decisions, namely the formula to calculate floor wages was updated and Fairtrade certified farms are now able to report their premium use and projects online. Also an Interpretation note was added to the Trader standard to clarify that the trader are the actors responsible to offer pre-finance in different products and a new fiber was added to the list of responsible fibres.

The Head of Pricing presented the pricing decisions and announced changes to minor products since last SC meeting: lemons for processing were added, the H&S list was updated with the change of scope for Henna. For the implementation of the new FMP/FP in cocoa, the delivery period for non-regulated markets was added.

Item 4 – Framework Living wages

The Sr. Advisor Workers' Rights and Trade Unions relations presented the framework on Fairtrade's living wage strategy. Fairtrade promotes a collectively negotiated Living Wages (LW) for workers that are sustained by market conditions. The current environment is generally favorable to make progress towards achieving LW. It is a key topic in the sustainability and human rights due diligence agenda.

The work of Fairtrade in the Global Living Wage Coalition was explained as well as the work completed so far and the upcoming plans for benchmarks. For origins where no benchmarks are planned, the Pricing

Team is leading a project for the development of LW proxies.

The role of Trade Unions (TU) in achieving LW was discussed also vis a vis other workers' organizations. A key feature of TUs is that they are recognized by law as bargaining agents for workers on wages.

Finally, the work of the Human Rights Due Diligence working group, linked with the Global advocacy group, was explained. This working group is looking at the human rights angle from a policy/political perspective. The outcomes of this working group could bring additional input to upcoming Fairtrade Standards revisions, in particular to the Trader Standard review.

In regards to the work on LW for bananas, it was clarified that the Fairtrade Premium is an important value pot to explore but the hope is that that this additional value will ultimately be captured in collective bargaining agreements underpinned by structural changes in value distribution along supply chains.

Item 5 – Young Plant materials initiative on Living Wages

Introduction: The presenter gave a background of the current Fairtrade cents pilot project (i.e. the existing collaboration between Fairtrade – Wagagai farm and Selecta One) and presented a proposal to look at possibilities of extending its scope to all young plants and as such advance the LW agenda. The SC is being asked to decide on the standards and premium related elements of the suggested extension.

During the meeting that took place in September 2018, the SC approved the Fairtrade Premium of €0.010 on young plant material. However during the SC meeting that took place in November 2018, the SC was informed of the withdrawal of the announcement and agreed to continue holding the announcement and the implementation of the new Fairtrade Premium for young plant material to allow for sufficient time to work out a proposed initiative to scale the Fairtrade Cents Pilot from its current pilot form to include the entire young plant sector.

The idea would be to focus on young plants with an objective of developing a pathway towards a Living Wage for workers in the production of young plant cuttings in Uganda, Ethiopia and Kenya starting with poinsettia cuttings and ultimately broadened to other cuttings.

Success criteria for the pilot (KPIs) and risks and mitigation of the pilot were also discussed.

Discussion: The SC asked for an update on potential constraints to move forward with this proposal from an EU competition law point of view. The presenter explained that prior to initiating the pilot we are engaging with competition law specialists, who believe that there are good arguments to conclude that a Poinsettia Living Wage initiative could be implemented without European competition authorities to object. Before introducing and executing the initiative, Fairtrade representatives and the competition law specialists involved, will liaise with the European Commission/ competition authorities in order to receive more certainty that the cartel prohibition will not be violated.

On remote assurance, it was asked what would the possible consequences from a certification point of view would be in case of any complain. It was mentioned that onsite audits could be triggered in case allegations would arise. The SC made two suggestions to complement the proposal on remote assurance and manage better the risks: to request growers to share what other 3rd party certifications they have (to check whether and to what extent those can be recognized as equivalent e.g. regarding environmental criteria or serve as basis for making a judgement on the risk of non-compliance in the related area) and to make announced audits in order to maintain a credible threat & assurance. The challenge for the proposed initiative would be to manage the stakeholder expectations with a less costly assurance model.

The initiative should be evaluated after 2 years as this is the proposed length of the initiative, once initiated / executed.

Decisions

One SC member abstained from voting due to conflict of interest

Decision 1

Do you approve the remote assurance of the following elements of the Trader Standard and Flowers and Plants Standard for growers in Europe participating in the initiative?

SC members amend the question to: Should the initiative take off, do you approve considering the issues brought up in the discussion, the remote assurance of the following elements of the Trader Standard and Flowers and Plants Standard for growers in Europe participating in the initiative?

- Physical traceability
- Production chapter (labour and environmental requirements)
- Hazardous Materials Lists
- Voluntary Best Practices
- Flower Standard requirement regarding use of peat

The SC unanimously voted in favour of the proposal.

Decision 2

In case there is a positive ruling that the proposed initiative will not violate competition law by end August 2019:

Do you approve to “freeze” the decision to implement the revised the Fairtrade Premium for young plant materials for the proposed duration of the pilot (i.e. 2 years from its date of execution)?

The SC unanimously voted in favour of the proposal.

Decision 3

In case there is no positive ruling that the proposed initiative will not violate competition law by end August 2019: Do you approve to implement the revised Fairtrade Premium for young plant materials as of 1st September 2019?

SC members amend the question to: In case there is no positive concept or no decision on competition law by end August 2019: Do you approve to implement the revised Fairtrade Premium for young plant materials as of 1st September 2019?

The SC unanimously voted in favour of the proposal.

Decision 4

Do you approve to delegate the implementation of decision 1 and 2 together with the announcement to the young plant sector to the Director of S&P?

The SC unanimously voted in favour of the proposal.

Next steps

- Inform the industry actors about the next steps for the implementation of the revised Fairtrade Premium for young plants.
- Work with GPM flowers and trade manager to work on a communication
- Coordination with NFOs to develop the proposed initiative and keep the SC informed

Item 6 – Q&A on project updates

SC members were asked to put forward their questions about the S&P projects (all information previously sent to SC members). The only three topics that came up to discussion where the following:

- Banana: Living wages in Hired Labour (focus on bananas)

The Living Wage in Hired Labour project with focus on banana started in January with the publication of

the project assignment on our website. The goal of the project is to implement the Fairtrade's Board decision to adopt a strategic framework for Living Wages in banana in order to achieve the board's objective stated in its 2016- 2020 strategy "to reach a Living Wage for workers at certified plantations".

The project end will be in Q4 2019. The [project assignment](#) provides more information on the project. The project is now in the research phase and planning stakeholder engagement. The research phase involves collecting data from different sources and basically replicating the model that Pricing developed for the Dominican Republic to other countries so we can identify the gaps and impacts of the different value pots. At this point, a technical aspect of data quality was brought up as a potential issue that may affect the results of the model when preparing the analysis. On stakeholder engagement, we are looking into how we can inform the relevant parties so stakeholders can be better informed for the consultation. This includes bringing the topic to farms, businesses, SC, amongst others.

- Cocoa: Implementation of price review

Following the decisions made at the last SC meeting in November 2018, the communications team sent out the press release to stakeholders informing about the decisions taken by the SC. Later the GPM cocoa brought to attention of Pricing Team that implementation of the new Fairtrade minimum price/premium could put producers under the pressure to sign long term contracts at current minimum price and traders to potentially profit from the differences between the current and new Fairtrade minimum price/Premium.

Thus as a preventive action, a decision was made by the S&P Director on inclusion of the delivery period for non-regulated markets for the implementation of the new FMP/FP.

The announcement on the revised price was launched at the end of February together with the revised Cocoa Standard. The explanatory note was updated to provide technical details and common questions and answers. The announcement reached out to all Fairtrade certified cocoa operators, Fairtrade international, NFOs, FLOCERT and other relevant stakeholders. Together with GPM cocoa, Pricing is preparing training materials focusing on Fairtrade minimum price differential and distribution of the differential from organizations to farmers, which will support the Producer Networks during the implementation. Training sessions are offered to the regional staff.

- FLOCERT Dominican Republic policy:

The transition period of the phase out of the policy was February 2019 for plantations and July 2019 for SPOs. FLOCERT received a written clarification on the concept of "prolonged safety" and this was considered sufficient to inform their auditors on this topic. FLOCERT also confirmed that until February only two plantations have been audited this year and both did not have non-conformities related to the employment of migrant workers.

CLAC sent a letter to different stakeholders in Fairtrade, explaining the implications that the phase out of the policy may have on the farmers, the migrant workers and the supply chains and requested a suspension. S&P and GPP are following up this request.

The SC requested to continue to be updated in the upcoming meetings.

Item 7 – Coffee pricing dialogue

The PM presented the final report of the coffee pricing model dialogue project started in April 2018 for information. The SC is asked for guidance to some specific questions in preparation for the Coffee

Standard review.

The PM recapped the goal, the process, participants and the topics included, such as decision making in the different trading scenarios, trading with integrity, contracts, risk management strategies, payment of FMP/FP and general questions on the Fairtrade price model and its perception. The inputs were collected through Fairtrade coffee stakeholders with different supply chain functions cross different continents. In total 110 stakeholders contributed to the project. To ensure the quality of the feedback, the SPOs engaged in the process were selected by the NFOs and PNs based on the relevance of the stakeholders' functions and the degree of the engagement in Fairtrade.

The findings and recommendations were summarized in two scenarios: when market prices are above or below FMP. The PM emphasized on the scenario when FMP is below the market price. The PM clarified the price review is not scheduled; instead a standards review will commence this year to address the issues related to FMP payment, which is connected to the rogue trading project.

The SC discussed on the verification and engagement of Fairtrade with other certification schemes especially in the US and asked for further feedback in the next SC meeting. The SC also exchanged views regarding price risk strategies and quality deductions in relation to how Fairtrade sets the FMP and its methodology. The S&P was asked to look into the [Unfair Trading Practices](#) issued by the EU in Dec 2018 and adapt it in the guidance of the Standard.

The PM asked for guidance to the SC on whether Fairtrade should maintain the current approach of guaranteeing the FMP is an absolute minimum or shall Fairtrade consider to revise the current approach under specific conditions for Fairtrade coffee transactions. The intent of the guidance is to address practices such as deductions due to quality claims (based on quality items such as defects and cupping score) and the costs of price risk management strategies which increase complexity when complying with the FMP payment requirements. The SC expressed that Fairtrade should maintain FMP as an absolute minimum price. SC members are also in favor of frequent updates of the guidance documents and to provide a clear definition of quality, including intrinsic qualities such as „free from child labour“ „free from social & environmental dumping“.

The PM shared the next steps of the coffee pricing model dialogue project and the schedule of Coffee Standard review which is planned to start after the publication of the SPO Standard.

Item 8 – Implementation SPO review

The Director of S&P shared information about the launch of the revised SPO Standard.

Between November 2018 and April 2019 the following activities have taken place: drafting and approval of minutes, development of the final standard document, final-checks of the Standard and supporting documents with the Project Team and GPPP, preparing the publication in collaboration with the Comms Unit. Additional communications materials include a media announcement, a two-pager summarizing the key changes in the Standard and an internal Q&A.

The revised Standard will be published on the 3rd of April 2019. All organizations and traders will receive a communication including the revised standard, the main changes document and an overview of requirements. The Standards Team has carried out a set of webinars and information sessions to inform members about the changes.

During the final check the following concerns were raised by stakeholders:

- Need of indicators that define small-scale producers in highly labour intensive products (e.g. sugar)

- Need to revise maximum land sizes for less labour intensive products (e.g. cocoa and coffee)
- 66% volume required to come from individual small-scale farmers. This change may also go against the intention of the Standard and create unfair competition if small-scale farmers are not able to keep their volumes and plantations don't have restrictions on volume. S&P has requested further details on this change to better assess the implications and way forward.
- Requirements on national legislation and land tenure and land and water rights
- Double membership
- Number of years an organization has to be established before joining Fairtrade

The Director of S&P commented that concerns related to the SPO definition will be addressed in the project on sharpening the SPO definition that starts after the publication of the Standard.

Regarding the concerns on the requirements on national legislation and land tenure it was clarified that these are requirements to be checked reactively. In particular, regarding land tenure, organizations will not be asked to demonstrate tenure. The intention is to be able to protect small-scale farmers in case of land grabbing and to ensure a resolution process is in place in case of conflict.

On double membership, it became clear that the requirement as it was proposed cannot be audited because the certification body does not have the information on who is a member in which organization. Also organizations are not able to ensure the activities of their members with other organizations. As this seems to be non-auditable, the reference to double membership is now moved to the guidance as best practice.

On the number of years an organization has to be established before joining Fairtrade, some stakeholders expressed a wish to have 2 years. However, it was also acknowledged that it could slow down the opening of markets in particular in Asia. S&P is of the opinion that the requirement addressed the need to raise the bar for new organizations who would like to join Fairtrade while having some flexibility to adjust to market demands. Additionally, it is possible to explore this in product specific reviews (e.g. coffee).

The implementation of new requirements takes place in three waves to allocate sufficient time for the necessary adjustments by producers. However, all new requirements are marked as "New 2019" to make sure that new requirements are taken seriously and stakeholders start making the necessary changes to remain compliant.

The following success factors for the implementation of the standard were mentioned: producer networks supporting organizations to meet the revised Standard, auditors informed and aligned on interpretation of the new and existing requirements, development of premium reporting tool and management of supply chains that may be affected by changes in the SPO definition.

It was challenged by the SC that explanatory documents will only be ready in the 2nd half of 2019. S&P clarified that the Team is now focused on publishing the standards. In Q2 the focus will be on the development of compliance criteria and training. The explanatory documents will follow in the second half of the year. In the past also explanatory documents have been developed after the publication of the Standard. Even if this is not ideal, there was no capacity in the Team to do it differently.

Sharpening elements of SPO definition (April-June)

S&P will work on developing indicators for highly labour intensive products where this is deemed necessary. The Team will also address the concern by PNs that the maximum land size might be too high for cocoa, coffee and tea and will reassess if a lower limit is needed in these products.

The SC stressed the fact as this work complements the Standard that will already be published, it needs to be made clear that the indicators will come at a later point of time and that the maximum land size is still for discussion for cocoa, coffee (and sugar) in the publication documents of the standard. The Standards Team committed to make this clear in the announcement.

Item 9 – Carbon credit methodology

The presenter explained the background of procedure for carbon credit methodology approval and background information.

The purpose of the Fairtrade Carbon Credit Standard (FCS) is to enable producers to access the carbon market. The Standard was developed in collaboration with the Gold Standard Foundation and is an add-on to their standard. The scope of the projects under the FCS projects is in the energy sector, aiming to reduce the use of energy for domestic and/or agricultural purposes and in the land use sector, aiming to promote sustainable development practices in afforestation and reforestation projects.

The Fairtrade Carbon Methodologies Technical Committee (TC) was established in May 2015 as a body to provide recommendations to the Director of S&P on carbon methodologies to be approved and used for Fairtrade Carbon Credits (FCC) projects. Once the carbon methodology is approved by the S&P Director, it is then published on the Fairtrade International website.

The approval procedure includes:

- TC to carry out the assessment against list of criteria and indicators that are weighted in three categories: core, additional or standards level. The selection criteria are also divided into three groups: GHG reductions, environmental co-benefits and promotion of organizational co-benefits;
- Based on the results of assessment, TC to classify methodologies into either group for full inclusion, or group for inclusion with safeguards or into group for exclusion (and/or review needed);
- Repeat the assessment and review on a biannual basis taking into account monitoring data and other relevant information

The last TC meeting took place on 18th May 2015 and all recommended methodologies were approved by S&P Director. Since then the committee is dormant/non-existent.

From December 2018 until March 2019, the S&P received three requests to add one new methodology to the approved [Fairtrade Carbon calculation methodologies list](#). The methodology is called the Gold Standard Simplified Methodology for Efficient Cookstoves (SMEC). This methodology is applicable to micro scale programs and micro scale activities that introduce new wood burning cookstoves to reduce the use of non-renewable firewood or switch from non-renewable to renewable firewood to meet thermal requirements for household cooking.

The proposal to the SC is to enable a quick process to include new methodologies for the Fairtrade Carbon Credit projects under the FCS with a minimum investment in the absence of the Technical Committee. The proposed procedure implies:

1. FI checks internally ensuring new methodology is aligned with the scope of FCS and Fairtrade's mission/vision
2. FI recognizes the carbon calculation methodologies that have been approved by the Gold Standard
3. On a case by case basis, the Director of S&P can approve new methodologies based if they have been recognized by the Gold Standard, are aligned with the scope of FCS, and have passed an internal check.

The presenter emphasized that the requested methodology already passed the evaluation by the Gold standard, so it is in line with the previous reasoning.

The SC stressed the fact that most current members lack the background of the carbon credit project and requested an information session in the next SC meeting. It was also acknowledged that the Fairtrade Carbon Credit Standard received very little attention in the past and only very few projects were certified. Thus if there is interest now for other methodologies to be implemented in new projects, the SC welcomes this and wants to support this development, although there was also a view that the Team is already stretched and it was not consistent to not attend minor products and at the same time to devote time to



this project.

Decision 1

Do you approve to delegate to the S&P Director the approval of addition of new carbon calculation methodologies?

Any new methodologies approved would be reported to the SC as part of the overall S&P Director's decisions reporting.

Approved: 6 in favor and 1 against

Action points:

- Next SC meeting to include an information session with background of the Fairtrade carbon credit project together with an evaluation if objectives of the FCS have been achieved so far.
- S&P to inform stakeholders who expressed their interest and requested to add the new methodology to the approved carbon calculation list under FCS and update the document on the website.

Item 10 – Study of Flowers and Environment

Introduction: The presenter gave a brief background of the the study that was conducted in 2018 by Treeze, a life cycle assessment consulting company from Switzerland and they used energy data for transport and packaging from airport to retailer provided by a Swiss retailer (Migros). The study was an update of a study that was already conducted in 2017 because Fairtrade growers wanted to have the most current life cycle and good data basis. The aim of the study was to determine the environmental impacts of cut roses from Netherlands (NL), Kenya and Ecuador. The most important country of production is Kenya, and therefore Kenya was chosen as the main country of growing and was compared to roses from optimised production in NL. The data comes from conventional and Fairtrade farms.

The outcomes show that greenhouse gas of Fairtrade roses from Kenya are 5.5 times lower that roses grown in the NL. The reason for the considerable difference lies in the high combustion of natural gas for heating the greenhouses in the NL. Roses grown in Kenya show highest emissions through their air transport which is weighted especially high here due to its direct distribution in the atmosphere. In terms of cumulative energy demand, Fairtrade roses are 6.5 times lower as compared to conventional roses from NL. For Dutch growers, a significant increase in the energy efficiency must be reached in order to reduce energy demand to a similar level as the roses from Kenya. Another option is to switch to renewable energy sources for greenhouse heating. If Dutch production were to be converted to renewable energy sources, it could possibly do better than the roses flown in.

In terms of water use Fairtrade farms in Kenya is 10% lower in terms of use compared to water use on conventional Kenyan flower farms with the main reason being the use of recycled waste and rain water for irrigation. The water scarcity footprint of the roses from the NL is about half as high as that from Kenya due to high water scarcity in the country

The outcomes show that the highest energy use from Kenya came from transport. In Netherlands the main energy comes from heating the green houses. The cumulative energy demand is higher in the NL as compared to Kenya. In terms of other improvements that can be made to further minimize the environmental impacts of cut roses is a suggestion to optimize packaging in terms of material weight or the use of recycled carton/paper.

In general, the study shows that the carbon footprint of Fairtrade roses is significantly lower than the carbon footprint of roses grown in the NL. However, if farms in NL start to work significantly more efficiently and switch to renewable energy sources for greenhouse heating, then the result will change in favour of Dutch growers. Due to the relatively high water scarcity in Kenya, the Flower Standard should

look into stricter rules regarding water saving techniques which might have to be mandatory from the start (closed-loop water system). The Standard should also include requirements to further minimize the environmental impacts of cut roses by optimizing the packaging in terms of material weight or the use of recycled carton/paper. The presenter suggested looking into these topics during the Hired Labour Standard review.

Discussion: The low energy use in Kenya is due to the favourable climatic conditions and high level of renewable energy use. There was a question on the low cumulative energy in Kenya especially because of fertiliser production in Kenya which is very energy consuming. On water scarcity, it was mentioned that studies have shown that Kenya is getting wetter. Minimising the use of carton and flower sleeves were also suggested by the SC.

Item 11 – Deforestation Risk Analysis

The Monitoring Evaluation and Learning unit presented their recent work on deforestation risk analysis:

Rainforest Alliance and Fairtrade joined forces to better understand the risk of deforestation with the aim to visualize and assess the deforestation risk in locations where certified producer organizations are located and how the deforestation evolves over time. Also the intention was to help developing strategies to combat deforestation and support sustainable livelihoods for farmers and workers as well as to support the audit process to verify criteria related to deforestation.

The exercise is done with existing location data available of Producer Organizations (without any additional global data collection) of both certification schemes and secondary data to estimate a measure of deforestation rate in the area and use these rates to identify patterns and trends of deforestation for identified commodities. The Global Forest Change data was used to measure deforestation, this data set uses Landsat satellite observations with a precision of 30 mt². In this exercise Producer Organizations located in large urban areas and with poor location information were excluded from the analysis.

Given that for each Producer Organization only one point of coordinates is available; the estimation of deforestation is done in a buffer of 20 km radius. As a result, this exercise provides an analysis that shows co-location of estimated farming areas alongside deforested areas, thus, no conclusion or causality can be drawn from the presence of certified organization and deforestation rates.

The following key products and countries were selected by both certification schemes:

- Coffee: Brazil, Colombia, Honduras, Nicaragua and Peru.
- Bananas: Colombia, Costa Rica, Dominican Republic and Ecuador.
- Cocoa: Ghana and Côte d'Ivoire.
- Tea: India, Kenya and Sri Lanka.

The data analysis and the outcome aim to support the assurance provider with information on detection of areas with risk of deforestation prior to the audit.

The key findings representing data from 2001 to 2017 were as follows:

1. Tea production causes the lowest tree cover loss, i.e. average loss rates are below 1% with low variance in Sri Lanka.
2. Cocoa production results in the highest tree cover loss rates, which confirms well known industry fact that there is a high level of deforestation
3. In coffee production tree loss was increasing over time in the areas, almost all analyzed countries.
4. Banana production – has mixed results. With a significant increase of cover loss in Costa Rica and in Colombia, in all other cases mean average deforestation is below 1%

Key learning from this analysis is that both certification schemes gained valuable knowledge in using geographical data and analysis highlighted the importance to have better geo location data for Producer

Organizations, especially in the high risk of deforestation

It was mentioned that data type and quality were among challenges, for example overlapping buffers resulted in possible double counting of deforestation and the impossibility to account for Producer Organizations that are certified by both Rainforest Alliance and Fairtrade.

The identified next steps include checking how to further develop and use this type of methodology going forward and to continue improving the tool as well as eliminating the issue of double counting. One of the possible paths for improving the analysis is to collect data of the polygons where the production actually occurs.

The SC commented that in addition to the well-known fact of high deforestation rate on cocoa production, the crop management, i.e. removal of older crop tree and replacement with the young one, may also potentially influence the analysis. It was also raised that now deforestation is not looked at only from a particular location point of view but how it travels in the supply chain. As Fairtrade does not have the means to cover the implications of deforestation along the whole supply chain, it was highlighted that it's very important how the communication on deforestation is made, clarifying that Fairtrade does not look at the full supply chain but focus at the implication of deforestation at producer level.

There was also a call to take the results of the study with caution due to double counting and the 20 km assumption, which may not reflect the reality of many organizations. This is not to state that deforestation is not an issue, but only to bring attention the importance of not to overestimate. It was recognized by FLOCERT that the input from this study would be brought further to the team and is potentially useful for the risk-based approaches.

Item 12 – AOB

Next meeting day:

Next SC meeting is scheduled for 5TH and 6th June 2019 as a physical meeting in Bonn.

Regarding the days for the next OC meeting, depending on the amount of topics to address, SC members will be informed shortly whether it's going to take place on 3rd and 4th of June.

Concerning SC members' participation to the next SC meeting, the SC was informed that one member won't be able to join and another one will join remotely.

Closing:

SC meeting was officially closed.