



# **Standards Committee**

## **Minutes**

### **Meeting 84: 5-6 June 2019**

#### **Physical meeting**

**Present:**

SC members: Martin Boon, Doreen Chanje, Miguel Mateo Sebastián, Martin Schüller (Chair)

Remote participation: Iresha Sanjeevanie, Emilie Sarrazin

Apologies: Martin de la Harpe

Fairtrade International 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: Wilbert Flinterman (Senior Advisor Workers' Rights and Trade Union Relations, GPPP, FI), Harveen Kour (MEL Manager, FI), Rossitza Krueger (Textiles Manager, GPPP, FI), Julia Malquin (INGOT group), Emma Mullins (Tea Supply Chain Manager, Fairtrade Foundation), Dario Soto (CEO, FI), Carla Veldhuyzen (Senior Advisor Sustainable Livelihoods, GPPP, FI)

Observers: Ute Baoum (Scheme Management, FLOCERT), Monika Berresheim (GPPP manager, FI), Theresa Glammert-Kuhr (Scheme Management, FLOCERT), Andreas Kratz (Director GPPP, FI), M.S.Lokesh (FLOCERT Asia & Pacific), Naiga Malilo (Certification analyst, FLOCERT), Marcela Moreno (Certification Analyst, FLOCERT), Chris Schmeling (FLOCERT Africa)

**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**

**Agenda:** The agenda was approved and ground rules read

**Declaration of conflict of interest:** No conflicts of interest were declared

**Proxy vote:** The SC was informed that Martin de la Harpe gave his proxy to Martin Schüller

**Review actions from last SC:**

- Acknowledgement of changes in November 2018 and March 2019 minutes.
- Ground rules are now introduced as part of the opening.
- The communication on the young plant materials pilot was sent to stakeholders. A more comprehensive update will be given during the meeting (Item 12).
- The FI's CEO travelled to the Dominican Republic to better understand the situation of migrant workers and to meet with different stakeholders. This information will be used as input to respond to the CLAC's suspension request.
- The information session on the work on climate and an assessment on whether the objectives of the Fairtrade Climate Standard have been achieved so far, is planned for September.

- An update on the risk assessment of the assurance system and the Fairtrade system wide risk assessment is planned for the OC September meeting. Members of the SC that are not part of the OC will be invited to the session.
- All other remaining action points have either a stand-alone session or are part of project updates in this meeting.

## **Item 2 - News session**

### **News from Fairtrade International's CEO:**

- The CEO gave an update on the governance meetings that took place March. Topics discussed included Human Rights Due Diligence, North to North and. South to South trade as well as how to enhance the workers' representation throughout the system. The CEO updated the SC on status of strategy process and the series of governance meetings that will take place in early July.
- The Board has prioritized this year cocoa in West Africa, compliance and label integrity/rogue trading.
- The SC requested an update on Fairtrade programs from GRM in the next SC meeting in September.

### **News from SC:**

- Two SC members end their term in 2019. A call for both positions was issued. The shortlist of candidates has been put forward to the Nominations Committee and it is expected that the Board appoints the two new members in July 2019. The aim is that for the next SC meeting in September, both the SC members who end their period and their substitutes will be present in the meeting to enable a smooth transition.
- Iresha Sanjeevanie will be joining remotely the upcoming SC meeting in September.

### **News from OC:**

- The final version of oversight procedures V2.0 were approved. Input from the consultation on the RLBs was shared for guidance.
- The results of the self-assessment of Fairtrade Japan against the RAPs 2.0 were presented. The OC will request Japan to revise their corrective actions before a decision on when to do the on-site audit is made. Decision on on-site audit for September once corrective actions have been corrected.
- The OC recommended FLOCERT to update the OC on a yearly basis regarding their work on travel risk areas, as well as on sharing learnings from remote assurance.
- John Young from Fairtrade Canada was elected as new OC Chair and Miguel Mateo Sebastian as Vice-Chair.

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

- 85th SC teleconference meeting on the 27th June 2019.
- On-going recruiting process to cover one of S&P members who will be on maternity leave as of September 2019. First physical meeting of new S&P Technical Assistant.
- Some difficulties were experienced to find someone to cover one temporary pricing position. Therefore, as a provisional measure, consultants will support the work the PMs are doing in pricing, until resources for a longer term can be secured.

## **Item 3 - Director's decisions**

The S&P Director presented the standards decision since the last SC meeting in March.

- Change of name of Swaziland to Eswatini: Following the official change of name of Swaziland to Eswatini, the Fairtrade Geographical Scope Policy of Producer Certification has been updated at the end of April.
- Addition of co-products as secondary products in the Sport Balls Standard: Extension of scope of certification of the Fairtrade Standard for Sports balls to include secondary products and their derivatives. Co-products of sport ball production are for example gloves or other items made in the same place with same materials/workers. This decision is valid as of July 2019. The SC requested to check whether the gloves involve the use of leather, as this material includes high environmental risks. S&P to liaise FLOCERT to confirm this material is not included in the production of co-products for sport balls.

#### **Item 4 - Fairtrade Tea: background and context**

The Tea Standards and Pricing Review is taking place in 2019. The following topics were covered during the session:

- Overview of Fairtrade tea producers and tea markets.
- Main objectives of the tea strategy and how these objectives are they linked to the Tea Standards and Pricing Review.
- Fairtrade data and evidence.
- Contextual external data and evidence.

#### **Fairtrade tea producers and tea markets:**

In terms of Fairtrade tea volume produced, the major origins are Kenya and India, followed by China, Malawi, Sri Lanka. In terms of Fairtrade tea sales, the largest tea market is the UK.

#### **Fairtrade tea strategy aims and links to standards and pricing review:**

A workstream to develop a global Fairtrade Tea strategy has taken place in the last 18 months. The aims of this strategy are:

- To drive progress towards Living Wage and protect workers' rights.
- To ensure workers on Fairtrade certified estates receive a 'Fairtrade Floor Wage'.
- To ensure working and living conditions as outlined in the Fairtrade standards are met and plantations are supported to do so.
- To improve working and living conditions and collective agency for workers on Fairtrade estates in Assam and Darjeeling.

#### **Fairtrade data and evidence:**

The data collected from the Fairtrade system shows that main issues to tackle are related to labour conditions and social development.

#### **External data and evidence:**

The results of an external (commissioned by MEL) tea impact study were presented. Detail findings, possible causes and recommendations were discussed with the SC.

There SC acknowledged that are issues that go beyond the standards and pricing review, other solutions are needed. For instance, Fairtrade tea sales are on average 5 % of the tea producers. Having and improved business model is essential to create impact, together with supply chain solutions.

#### **Item 5 - Orange Juice review**

S&P presented the preliminary results of the consultation for information and to receive guidance for the final proposals to be brought to the 85<sup>th</sup> SC teleconference meeting in 27<sup>th</sup> June 2019.

#### **Background:**

The last orange juice price review took place in 2013 in which a new price model was introduced. Since then there have been several requests to review the prices, one of the concerns that has been expressed is that there exists undue unfair competition between bulk processors/exporters and all the others processor/exporter set ups. This was already a concern raised in the 2013 price review. In 2015 S&P ran a monitoring project in which there were no major problems identified with the new price model and the prices were still valid. At this time, it was some producers flagged dissatisfaction with the current model because the FMP was not guaranteed for them as oranges for juice producers. In the last couple of years S&P has received several requests to review the prices. The current review aims to update the current costs of production and revise accordingly the FMP and FP, it also aims at reviewing the current price model to ensure it is appropriate and ensures increased benefits to producers.

**Preliminary consultation results:**

The preliminary results of the consultation were shared with the SC members. Overall the rate of response was high, and respondents include operators which trade most of orange juice volumes.

**Requested guidance:**

S&P team requested guidance from the SC members on the Premium level and distribution, on how to address competition in the supply chain and the lack of transparency. The SC noted that that the next review of the Trader Standard should incentivize more transparency in the supply chain, in particular in terms of costs and value distribution, which is key to move forward on living wages and living income. The SC recommended that producers should have information about the market trends and suggested to have a closer look at secondary products and their conversion factors for the final proposal.

**Next steps:**

S&P will engage further with producer organizations with the aim to find more alignment for the final proposal. The final recommendations for decision will be brought to the SC members on June 27<sup>th</sup> 2019.

**Item 6 - Sharpening the SPO definition for sugar, fruits, vegetables, tea, coffee and cocoa**

The Project Manager (PM) presented the key elements and purpose of the project while also clarifying the next steps for decision. The intention of the session is to prepare SC members for the upcoming session end of June and collect input from the SC on their expectations.

The project intends to develop indicators for highly labour intensive products (fruits, vegetables, sugar, tea) and assess maximum land size and review maximum land size for cocoa/coffee/tea.

The project manager reminded the SC of the changes to the SPO definition that were introduced with the SPO review:

- Increase of share of members of an SPO that need to be small-scale farmers from 50% to 66% (2/3).
- Introduction of maximum land size where each member cultivates a Fairtrade product to or below 30 hectares.
- Exceptions possible on application to FLOCERT in the case of oranges for juice and wine grapes possible as of January 2019.
- Sharpening of individual small-scale farmer (focus on family farming and no reliance on permanent workers).
- Increase of volumes sold from small-scale producers from 50% to 66% (2/3).

During the session questions and input from the SC were collected.

The PM explained that there is an overall concern related to effectively providing a level playing field for the organizations considering the members' land size. The PNs had requested a revision of the maximum land size for the main products (coffee, cocoa and tea), because the maximum land size of 30 hectares is considered too large in some countries. With those kinds of disparities in between regions the producer organizations would not be competing in the Fairtrade market with evenly similar size producer

organizations. For the other products the intention is to leave it as it is (30 hectares), but the project includes a check on this point in this project.

The SC raised that there should not be so large differences in the definition of indicators in different regions and that competition may also come with products that are open to hired labour. It was also noted that honey does not fall under the definition and this should be clarified in the standard. The question if productivity of the land should be considered for the indicators was raised, similar to how it is done in German/European law. The PM clarified that within this project, the focus is on the land size as a first step. Other factors such as productivity could be considered for exceptions.

In general, existing indicators remain, except for Brazil, where the current indicator is 4 fiscal units. This can be well above the current maximum land size of 30 hectares and this needs to be aligned.

The PM explained that information on land size is normally gathered from the SPOs membership list and this information is triangulated during the audits. There is no geolocation approach for mapping the farms, although is something that can be considered for the future, considering there are costs related to using such technologies. The indicators put forward are based on research studies carried out by consultants. The consultants are not actively in contact with the PNs. The next step is to have the PNs validating the results.

The SC mentioned that the analysis on farmers' land size that was presented in CODImpact 2015 was important and suggests that this information continues to be collected and communicated. On the question whether the indicators should be as much as possible aligned globally, and / or at regional level or reflecting the actual reality of the SPOs, it was agreed that the proposal to be put forward by S&P is based on the data analysis and the SC can then decide how to go about the challenges, including a clear rationale for regional/global or country approach. It was also mentioned that the possibilities of exceptions should be explored.

Finally, in preparation for the upcoming 85<sup>th</sup> SC meeting, the SC is requested to review the information that will be circulated prior to the meeting to make sure the SC makes fully informed decisions. PNs requested that the recommendations will be shared with PNs prior to sending the paper. The SC requests to have the information available one week in advance to check internally before the meeting to make a decision.

#### **Item 7 - Living Income update**

The Senior Advisor in Sustainable Livelihoods presented the progress on the work to establish the Living Income Reference Price.

The SC asked clarification questions on the methodology and approach, for instance what is considered adequate productivity and sustainable yields. The SC was informed of the work carried out in Cocoa in West Africa and the work on vanilla in Madagascar and Uganda. Some of the challenges mentioned include the limitations in data available, for instance in self – reporting, compared to the geo information available.

The context of the project in cocoa is very important, because the industry focus has shifted, before it was more focused on productivity, and currently the discussions are considering that this is not the only option for farmers and encourage the diversification in the farm. There were also questions on the incentives to not diversify if the strategies included the increase in the price, coupled with increases in productivity. The SC also posed questions on the proxy benchmarks and their usability, which is addressed in the next session.

#### **Item 8 - Living Wages and Income proxies estimate**

The presentation covered the seven points outlined in the SC paper with an emphasis on the uses of the results, and challenges, and next steps. The intention of the project commissioned was to adopt an

approach that enables the calculation of proxy benchmarks without conducting full fledged field studies, but instead using secondary data with a more time efficient and less cost-intensive approach. The proxies calculated are to be used by the living wage and living income action programs and to fully implement Fairtrade Standard for Hired Labour, requirement 3.5.4. In order to Fairtrade to implement the section 3.5.4, it is necessary that i) LWBs (Living Wages Benchmark) so far calculated are updated, and ii) living wage proxies for origins that Fairtrade still do not have LWBs are developed. The methodology and calculations were carried out by the consultants Martha and Richard Anker. The calculations are still time and resources demanding and the methodology is difficult to explain for non-technical audiences. The results obtained are average for countries (urban and rural). The proxy benchmarks do not provide values for specific regions in a country, only a full benchmark study can do that. The use of the values calculated are therefore restricted to countries where a full LW benchmark does not exist. Proxy benchmarks are revisionary values to be used until a full benchmark is available. The final report is still to be finalized and the Pricing Team is in contact with the consultants to deliver the final paper with all the calculations done and the relevant data used. Once this is available the Pricing Team will then share with the Fairtrade Senior advisors and with the Global LW coalition.

The SC inquired about the risks and margin of error of the proxies and how they are going to be revised. The strategy is that the proxy / full study values are updated every year using a price index like exchange rate and inflation. A full review of the proxies and specially of the benchmarks should follow a cycle of years – like the standards review – when a new full study need to take place and values revised.

**Next steps:** Final report to be concluded and shared with Senior Advisors and with the Global LW coalition. There are couple of questions on how this is going to be implemented and approved by the SC or with the GLWC and whether the values are going to be for internal or public use. SC has requested that these questions are clarified and a time line is shared with SC.

### **Item 9 - OC ToR**

The OC Terms of Reference (ToR) were revised for the purpose of amending the oversight system documents to be more concise and fit for purpose. The draft of the OC ToR was presented to the OC and changes have been made based on their guidance. The main changes in the OC ToR were explained, including clarification on the accountability of the OC to the SC, reference to the impartiality policy, composition of the OC, clarification in case of resignation of a member.

It was clarified that a proxy vote is possible but not mandatory. However, it was noted that the quorum should be ensured.

### **Decisions**

#### **Decision 1**

Do you agree with the suggested changes to the Oversight Committee Terms of Reference version 2.0?

The SC suggested to add that the OC chair reports him/herself or delegates the reporting to the SC to another person.

The SC unanimously voted in favour of the proposal, including the proposed amendment.

### **Item 10 - Fairtrade products portfolio/ minor products**

In the past, the Pricing Team received many requests to add new products to existing Standards, but the capacity to allow more products into the system was limited as it required to develop a FMP/FP with a full price review. Since 2008 new procedures and methodologies were introduced to ease this process. Thereafter, the number of products increased sharply (e.g. introduction of H&S list and varieties of fruits),



the percentage of products without FMP has also increased and due to the focus on major products (i.e. Cocoa, coffee and banana) most of the prices in minor products have not been revised. Although, Fairtrade has increased sharply the basket of minor products, we have a very few number of products concentrating all the FP generated by the minor products category which raised questions about the impact of adding and working with more and more products in Fairtrade. In consequence the Pricing Team faces the challenges of how to keep the reputation and integrity of Fairtrade pricing system and address the expectation from stakeholders (PNs and NFOs) with very limited human and financial resources.

In order to mitigate some of the challenges identified, the Pricing Team asked SC guidance to the following preliminary proposals:

Proposal	what	Advantages	Challenges – Risks
1. Simplify consultation with stakeholders	Fairtrade consults only PNs and NFOs about changes in Prices for Minor products	The number of people to be consulted is limited to a small number of key stakeholders which would decrease substantially the amount of work and resources required in our projects	NFOs and PNs would have to be accountable for their recommendation and manage their constituencies expectations and costs that this proposal implies.  Many stakeholders might not be consulted and not have their opinion taken into account in the decision process.  This proposal has to be discussed and agreed with NFOs and, specially, PNs. Without their acceptance, we cannot go ahead with the proposal.
2. Suspension of FMP for products without transactions or certified producers	For minor products that did not register any transaction in the last 3 years or do not have producers certified, Fairtrade suspends the existing FMP and adopts a FP only	Allows that Pricing unit invest its resources in a smaller set of products that are really relevant for the system in terms of impact they create on producers and trade	Producers and stakeholders might not accept to move away from a FMP / FP model. It might be perceived as a step back from Fairtrade from its USP.
3. Create a minor products list – similar to H&S and Secondary products – where all T3 products with a FP only are listed	Adopt the same approach as adopted to H&S and secondary products, with a separate table for all minor products with a	The experience with the management of H&S and secondary product categories proved to be less work intensive	If this approach is adopted some adaptation in product definition might be necessary to simplify

	FP only. Minor products with a FP only would not appear in the Pricing Table.		<p>how they are currently defined.</p> <p>It might create confusion having different pricing table. Having different tables might not be a user-friendly option and brings more complexity for communications of prices.</p> <p>It might be challenging to explain why some products have differentiated approach for price setting.</p>
4. Stop (temporarily) the addition of new products in the existent product categories	S&P would not approve any price request for new products in existing categories for a defined period of time	<p>The basket of products to be administrated by Fairtrade would not increase until we have a clear strategy for these products.</p> <p>Pricing Team would not have any additional work for a period of time to set new prices for minor product categories.</p>	<p>It might be perceived as going against the principle of having a "open system" and restricting the scope of the Standards.</p> <p>Fairtrade members might push to create exceptions for attending their specific needs.</p> <p>Stakeholders have to be properly communicated and managed which in the end might increase the work to be done by S&amp;P and PNs.</p>
5. Adopt a more rigorous criteria for the acceptance of new products	S&P set more restricted criteria for including new products in the current product standards. These new criteria would assess the cost of maintaining the product in the system and revenue generate by the new product.	Fairtrade becomes more judicious / rigorous in its policy to allow the introduction of new products	The new polity has to involve other units in FI and NFOs/PNs and have also to be discussed with Fairtrade members from a strategic view point



**Discussion and feedback:**

The SC discussed the proposals presented, analysing the advantages and challenges/risks they see in each of them and suggesting additional proposals. Fairtrade needs to be mindful with its own messaging: Fairtrade prices refers to FMP+FP or only the FP. The SC is of the opinion that also minor products should be considered and Fairtrade should not give up its commitment with minor products.

Overall, the SC is in favour of the general proposal of not setting FMP for some minor products (T2 and T3) and other proposals to streamline the work in the Pricing Team. However, the SC suggested that measures to guarantee economic benefits or price protection for producers certified to products without a FMP should be taken. The SC suggested to request producers to monitor their own COSP and to check this during audits and highlighted that it is a risk that costs of production are not covered for Fairtrade producers. Other feedback includes: 1) consultation with producers should be done for the implementation of any change as they are the ones affected; 2) to introduce a target for revision of minor products per year and the Pricing Team to determine which products should be revised which are within the limits of resources; 3) partial agreement that prices that are not used for the last 3 years can be deactivated and re-activated if there is a request; 4) partial agreement for developing more precise criteria for adding new products to Fairtrade existing standards categories. This topic should be brought to the development of the new strategy, to explore which new tools can guarantee economic benefits.

**Next steps:**

Head of Pricing will bring these discussion points to FI's Chief Value Officer who will liaise with the Board, together with MH NL and CLAC, for a discussion at a strategic level. The Pricing Team to work in specific proposals related to items 1 to 5 above and bring to SC decision.

**Item 11 - Textiles**

Fairtrade's Textile Manager (TM) provided an overview about the emerging governmental label "the green button" and the implications it will bring upon the textile industry in the German market. The TM explained the changes that would need to be included in the Fairtrade Textile Standard to be in line with this initiative. In particular, a new requirement on residues testing to the ready-made products would need to be included. It was noted that almost all the substances mentioned in "the green button" are regulated in the section 4.1 of the Textile Standard. The TM shared with the SC the feedback of the different stakeholders on the inclusion of the requirement and how the proposal was adapted to meet their needs.

**Decision 1:**

Do you approve to add a chemical residues testing requirement to the Textile Standard?

**Discussion:**

SC members expressed their concern on how will the new requirement be checked by FLOCERT. The TM explained that a guidance on how to check the requirement would be available for FLOCERT and companies applying for certification.

The SC unanimously voted in favor of the proposal.

**Decision 2:**

Do you approve the delegation of non-substantive changes and timelines for publication to the Director of Standards & Pricing?

**Discussion:**

TM explained that the possibility of another government developing a similar approach in their own country is not in the horizon and therefore there won't be a need to amend the Fairtrade Textile Standard again in the near future. Nevertheless, SC members recommended to ensure that the final wording includes a

reference to equivalent official labels. By doing this, S&P should not blindly endorse other governmental initiatives but have a closer look at it beforehand.

The SC unanimously voted in favor of the proposal.

### **Item 12 - Workplan and project updates**

#### **Implementation of revised SPO standard:**

- The sharpening of the SPO definition is on-going April/June.
- Information sessions and webinars were organized for Fairtrade International, FLOCERT and members (e.g. CLAC, NAPP, Fairtrade Ireland).
- Actions still ongoing: raising awareness on changes that could impact supply chains, this topic is included in webinars and information sessions.
- Development of explanatory documents and other supporting documents planned for Q3-Q4 2019.

#### **Implementation of cocoa price model review:**

FI developed an interpretation note together with the PNs and FLOCERT to support SPOs in managing additional requirements in the standards on the Cocoa Price Model and ensure they can comply with the requirements and clarifying what are considered unfair trading practices. Development of training materials are on-going, with a support of a consultant. Final version is expected in July. Draft interpretation note to be shared with SC members and FTA to consult, highlight the implications or support needed.

#### **Cocoa semi processed product price review:**

Semi processed cocoa sold by SPOs include cocoa powder and liquid butter. The objective of the project is to assess and improve the current price model, explore the process of yields and collect costs and update the standard requirements as the outcome of this project. Processing yields and the conversion ratios apply to traders who do mass balance – the aim is to harmonize these values. Stakeholder interviews are being carried out, public consultation is planned between July-Sept 2019, draft to be presented to the SC in November for decision.

#### **Living wages in Hired Labour (focus on bananas):**

Objectives are: to implement the board decision to adopt strategic framework for LW in banana; to achieve the board's objective stated in its 2016-2020 strategy; to reach a LW for workers at certified banana plantations; to develop guidance for the implementation of Hired Labour Standard requirement 3.5.4 on wage level increase. In the planning phase there were challenges in data collection, therefore the project is delayed to ensure a better preparation for the consultation with workshops and webinars. Consultation is now planned between August and September 2019. Guidance and input will be collected from the SC in September and draft will be presented to the SC for decision in November. Implementation is planned to start in Q1 2020.

#### **Banana prices update using economic indicators:**

The main challenge of the banana pricing team is to provide recommendations on the price proposal for consultation, which will be valid for 2020, without knowing:

- a) the timelines and transition periods for the implementation of value pots (living wage project) and
- b) the involved cost, as it is expected that the implementation of value pots will have an effect in prices.

For this reason, the banana pricing team has not agreed yet on considering or not the 100% of the exchange rate variation at the time of developing the price proposal for consultation. Timelines for starting the consultation are very tight, consultation has to start soon and the price needs to be defined.

The banana pricing team recommended the review of the Exchange Rate and Consumer Price Index methodology and on the need of including more elements in the price analysis when this methodology is being used, such as the crude oil price.

**Price payment compliance for coffee:**

- FOB deductions guidance documents are being developed as follows:
  - Peru: is operational for over a year with very good feedback, from FLOCERT and the field as well.
  - Brazil: S&P prepared the document early 2019, however in a meeting in Brazil 2 exporters objected. Objections were mainly about the numbers, CLAC is now revising the document.
  - Colombia: scheduled for Q4
  - Honduras: CLAC's presence in Honduras is limited, therefore the work in this origin is still pending
- General pricing guidelines are available online and will be aligned with the Coffee Standard Review
- Coffee Pricing Model Dialogue: an external communication document was released to all stakeholders who provided input. Final editing to the full report is scheduled for July 2019 and work continues in context of Coffee Standard Review.

**Coffee standard review:**

The goal of the revision is to improve the Fairtrade Standard for coffee, so that it contributes to a greater sustainability of coffee production and trade, fairer trade practices and sustainable livelihoods for coffee producers and their families.

The objectives of the review are:

- Align the Coffee Standard with the current Trader Standard (TS); and adapt TS rules to the specific context of coffee, if necessary.
- Align the Coffee Standard with the Fairtrade Standard for SPO
- Define clearer rules on pricing and contract issues so that commercial actors and their activities lead to transparent and fair trade relations with producer organizations while recognizing their crucial role all along the value chain.
- Ensure consistency with international trade rules while promoting good trading practices in coffee.
- Apply the new standard design, including the changes that have been applied to Fairtrade Standards on simplification of wording, reorganization of requirements, deletion of redundancies, added or improved guidance and adapting the new standard layout.

Consultation is planned for September/October 2019 and approval for March 2020.

**Mango price review:**

Mango is a tier 3 product, a minor product with many different pricing models.

The objectives of the project are:

- To simplify the current model as much as possible (e.g. regional and worldwide prices instead of country-specific; using "for processing" prices for all types of processing; etc.). Simplifying the models involves simplifying the product categories. Specific varieties also add complexity to the model.
- To review the FMP and FP with reliable information on Costs of Sustainable Production (COSP) from Fairtrade Mango producers

The proposal for decision will be presented to the SC in September 2019 and afterwards the new FMP and FP will be published for implementation.

**Rice price review:**

Objectives of the project are to simplify the current pricing model and structure and to consult stakeholders (producers and traders) on the possibility to change the pricing model for rice.

It is expected that decision and implementation will take place in September 2019.

**One-Cent Pilot:**

FLOCERT variation request to the Requirements for Assurance Providers on initial and renewal physical audits was approved by the OC and the development of the 'Grower' scheme has started. A consumer test to assess the willingness to pay more for the young plants covered under the 'Grower' scheme was carried out and the results are promising. Living Wage coordinator driving the process at FI.

**HML monitoring review:**

The review is planned to start in Q3 2019 as some of the substances need to be phased out by the end of 2019. SC decision planned for November.

**Item 13 - Fairtrade Gold: background and context**

The objective of presenting to the SC was to give a background and context to the gold standard review.

2016 represented a turning point of reinventing Fairtrade on the ground with a new market segment emerging in Switzerland. MHCH together with the CLAC started working directly on the ground to support ASMOs (Artisanal and Small-scale Mining Organizations). MHCH continues to finance this work and a field person has been hired in the CLAC to support the work in gold. In Africa, comic relief in 2012 funded a pilot project to support gold mining in East Africa and in 2017 the first Fairtrade certified gold from Uganda reached the market. There are currently no Fairtrade certified mines in Africa however, there is a short term focus on providing mine sites with access to finance and support to formalise, through a range of donor funds.

The project team that has been involved in the global strategy for gold known as the INGOT (International Gold Team) is also part of the project team supporting the gold standard review.

As the SC would like to have a broader understanding of the concept of the gold standard it was agreed that a tailor made session will be presented to them during the SC meeting in September.

**Item 14 - Gold Standard review**

The presenter started by giving a brief structure of the gold standard for the committee members to have a better overview. The standard was published in 2013 and a limited review took place in 2015.

The gold standard review started in November last year with the scoping and will be finalised in Q1 2020 with the publication of the standard. The SC will take the decision during the meeting in November this year.

This review will be the first full review since the standard was published in 2013 and the main goal is to align the standard with the market needs and producer realities. A decision to split the consultation into 2 rounds was taken given the complexity of the topic. The first round will be dedicated to sharpening the scope of certification while the second round will use the input from the first round to suggest amendments to the requirements and will tackle all the other topics that will not be addressed during the first round.

The presenter introduced a couple of questions that will be consulted on during the first round and due to time limitation, the presenter could not go through all the questions. On the definition of the organization it was noted that since land size does not apply, it will be difficult to determine the limit in percentages.

On the question on operators with direct rights, it was mentioned that it will be important to know FLOCERT's opinion. This is currently allowed in the standard but is not happening in reality. On the question investors and family business it was mentioned that the focus should be clear who we want to support since it is not very clear in the current standard.

A question was raised by the SC why there is no COSP in the gold standard and it was mentioned that due to the nature of gold production this would not be possible.

The SC will receive the consultation proposal for information but they are not obliged to give feedback.

### **Item 15 - Tea pricing and standards review**

The project started September 2018 and currently is entering in the consultation period. S&P has planned a second round of consultation in September leading to a final proposal for SC decision in November 2019. The current consultation address general aspects related to standards and pricing.

The consultation for the Tea Standard for HL covers the following topics: anti-modern slavery, workers' labour conditions, women's empowerment and gender equality, premium management, trade and general requirements and commitment to Fairtrade.

On anti-modern slavery, it includes requirements on remediation, improvement of protection of children, improvement on protection from worst forms of child labour and hazardous work and strengthening requirements for contracts for temporary workers, regardless of time period of which they are employed. These proposed changes are also aligned with the recent changes in the SPO Standard. SC members raised questions on this point as the borderline for temporary workers to have contract is very uncertain and a reasonable period of time is required for temporary workers to be considered as permanent. On the topic woman's employment and gender quality, the no-tolerance of gender based violence or any forms of harassment is more visible in the proposal, which also includes that companies develop and implement a gender policy.

On labour conditions, it is consulted the implement of a Fairtrade floor wage. This is new requirement to guarantee that wages paid to workers do not fall below the poverty line. The consultation also addresses a couple of issues related to housing and sanitation. On occupational health and safety, it is proposed to strength the section and timelines for implementation. A new requirement to be included on access to human rights' organizations is proposed. The consultation is also proposing changes in the Premium management use, harmonizing the existing rule for all regions. The current structure of the sustainability margin is also part of the consultation with some amendments. On development potential, it is consulted on the introduction of a self-assessment. The creation of a compliance committee to support the implementation of the standard and the empowerment of workers is presented. Other proposals include, strengthening of requirement on training for trade union / elected workers and retro-certification. The SC suggested to separate the inputs from management and premium / workers' committee.

The consultation on pricing topics aims to have a deeper understanding of stakeholder's preferences on the price model to be adopted in tea. The Pricing Team has collected COSP from 32 producers, but the proposal does not put forward options in terms of values for FMP and FP. The main objective is to explore possible changes to the tea pricing model such as geographical scope (i.e. price set at worldwide, continental or country specific), product classification (i.e. Orthodox/CTC, Fanning/dust/broken/whole leaves) and price levels (i.e. FOB/Auction/ExW) for setting FMP and FP. With the feedback obtained from the 1st round of consultation and with the COSP collected, the Pricing Team will be better placed to propose improvements in the current price model as well as present values for FMP and FP to be consulted with stakeholders in the second round of consultation.

### **Item 16 - AOB**

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

27th June 2019: 85th SC meeting (teleconference). Emily Sarrazin won't be able to participate and gives her proxy vote to Martin Schüller.

25th – 26th September 2019: Physical meeting (tbc). Iresha Sanjeevanie will attend remotely.