Standards Committee
Minutes
Meeting 86: 25-26 September 2019
Physical meeting

Present:
SC members: Martin Boon, Doreen Chanje, Miguel Mateo Sebastian, Emilie Sarrazin, Martin Schüller (Chair)
Remote participation: Martin de la Harpe, Iresha Sanjeewanie.


Contributing observers: Susanne Boetekees (MH NL), Ronald van den Breevaart (Trader Manager Flowers and plants, FI), Lannette Chitti (Senior Advisor GPPP, FI), Samantha Dormer (GPM Cocoa, FI), Jos Harmsen (Senior Supply & Development manager, MH NL), Nicole Michelbach (Global Planning, FI), Thomas Meyer (Business Development MH, CH), Marike de Peña (CLAC), Aaron Petri (Program Coordinator LW & LI, FI), Dario Soto-Abril (CEO FI), Fabian Waldmeier (Int Cooperation, MH CH).

Observers: Monika Berresheim (Manager GPPP, FI), Theresa Gliammert-Kuhr (Scheme Management, FLOCERT), Andreas Kratz (Director GPPP, FI), Richard Kwarteng (Certifications Officer, Africa Giovanna Michelotto (MH France), Silvia Campos (Manager GPPP, FI), Stephany Tamhouo (Certifications FLOCERT), Carla Veldhuyzen (Senior Advisor GPPP, FI), Marcela Moreno (Scheme Management, FLOCERT), Monika Berresheim-Kleinke (Manager GPPP, FI)

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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. It was reiterated that the agenda point number 8 - SPO implementation (requirement 1.2.3) was for discussion and not for decision.

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. It was acknowledged that some of the SC members may be members in projects to be discussed and decided by the SC. It was clarified that this is not consider as conflict of interest as long as the SC member does not derive personal benefit from their decisions made at the SC. The SC members attending remotely indicated to whom would they give their proxy vote in case the communication failed.

Review actions from last SC:
- Regarding the extension of the certification’s scope of the Fairtrade Standard for Sports balls to include secondary products and their derivatives, FLOCERT will ensure that the materials used for secondary products are the same materials used in the production of sport balls.
- The revised Fairtrade Textile Standard including the requirement on chemical testing was uploaded. An overall reference to any governmental scheme was not included as it is not possible to know in advance what could be in the scope of interest of such initiatives. Therefore, the way forward is to analyse each specific case.
• Fairtrade International website has been revamped.
• Not included in this agenda and planned for upcoming meetings are: update on Offer to Business and on the organizational risk matrix.
• The final report of the living wages and income proxies is now available and discussion on how to communicate the findings is going forward.
• Following the presentation in early June on minor products, an initial exchange of ideas on price setting alternatives for minor products between a SC member and the Head of Pricing has started. The topic will be brought to the SC in 2020.

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 Progress to define the Fairtrade Strategy 2021-2025 onwards started on March 2019. The strategic discussion right now consists firstly on consultations with many stakeholders regarding how the world perceives Fairtrade and secondly on forecasting the possible trends and scenarios for 2030 regarding sustainable consumption and trading. In October will kick off the phase of defining the strategy in detail with a members’ meeting in Washington DC. CEO expressed the need to reflect on how can the SC proactively communicate with the Board, PNs, NFOs and general stakeholders. One of the SC members put forward the possibility of having a member of the Board observing the SC meetings to facilitate the exchange of information between the two bodies.

News from SC:
• The two new SC members as of 1st November 2019 and 1st December 2019 respectively were introduced to the SC.
• During the GA in June a SC member was asked to present the work of the SC. Members expressed interest in the work of the SC and S&P and the update was positively received.

News from OC:
• The SC was updated on the topics discussed during the Oversight Committee meeting.
• Topics for decision included the Assurance Risk Management Plan and the revised version of the Requirements for Licensing Bodies (RLBs). Also, FLOCERT’s and Fairtrade Label Japan’s completed self-assessment against the Requirements for Assurance Providers (v2.0) results with proposed corrective action plans were presented and decision on the on-site assessments were made.

News from S&P:
• A new colleague will join the Standards Team as of 1st October 2019, covering a maternity leave.
• The Pricing Team is engaging with consultants to support their work.
• S&P is requesting increased human resources for 2020’ budget.

Item 3 - Director’s decisions

The S&P Director and the Head of Pricing team presented the standards and pricing decisions made since the last SC meeting in June:
• Regarding the Cocoa Standard, it was clarified how the accounting system for price differentials should look like for producers and –in the context of the revised FMP—on what is considered unfair trading practices for traders.
Item 4 – Living Wages (Banana)

To inform the proposal for the consultation on living wages in banana plantations, a survey on the experience workers have had with the distribution of Fairtrade Premium in cash was commissioned. The survey was conducted in 5 countries with a sample of 465 workers to understand what drives workers to (or not to) opt for cash distribution and any challenges associated to this option. The results showed that most of the workers interviewed were aware of the 20% Premium cash distribution and mentioned that they had received this payment. The distribution varied from country to country; some received it monthly while others received it in bulk as an annual payment at the end of the year and is therefore viewed as a holiday or Christmas bonus. The survey showed that Premium distributed in in-kind benefits are also important to workers and examples that were mentioned include housing or housing improvement, education and scholarships, microfinance and medical subsidies. The most common uses mentioned during the survey on how workers used the cash bonus included: to help resolve family needs, pay for household items, rent, investment in the family business and to send money to their families for those living in foreign countries. While in most countries the respondents did not see any challenges faced when receiving the 20% premium cash distribution, one country in particular mentioned the legal and tax restrictions imposed on Premium that is distributed as cash. A suggestion was also made regarding the distribution of Premium: to ensure it is well organized and done in a fairly way. The results of this survey have been considered in the development of the consultation proposal.

The presenter explained the structure of the upcoming consultation will focus on the following topics:

a) Introduction of a Fairtrade base wage
b) Increased percentage of Fairtrade Premium that can be distributed as cash
c) Reporting of data to monitor progress

The SC recommended to consider also the results of recent studies on the use of Fairtrade Premium and to look into the concerns that were raised during the last review when the decision on use of Fairtrade Premium as cash was done. The SC raised concerns and highlighted the challenges on the use of Premium to supplement wages, amongst others given its dependency on the volume of Fairtrade sales but also because wages are the responsibility of the companies.

Regarding the consultation document, the SC recommended to clarify the different concepts regarding wages existing in the different standards and in particular to define the terms used in this consultation. The SC made suggestions to improve the consultation document and to liaise with the Global Living Wage Coalition as relevant. Finally, the SC requested to have the opportunity to provide feedback before it is made public.

Item 5 – Banana Price Review

The methodology used to determine the suggested revised 17 Ex Works FMPs and 17 FOB-EWX differentials as well as the suggested prices was presented.

The SC members acknowledge that the way of working in the 2019 price review differs from previous years and recommended to take this into account when reviewing the procedure next year. Furthermore,
the SC considers that prices shouldn’t be reviewed every year but instead simply adjusting very small price variations if applicable (e.g. 5%). Lastly, SC members stated that if costs of production are not taken into account during prices reviews, the analysis could appear to be distorted.

**Decisions**

**Decision 1**

To approve the recommended 17 Ex Works FMPs for banana

The SC unanimously voted in favour of the proposal.

**Decision 2**

To approve the recommended 17 FOB EXW price differentials for banana

The SC unanimously voted in favour of the proposal.

Director of S&P informed that the announcement regarding the prices decided during this session was going to be send immediately after the session. Consequently, the communication will be made before the minutes of the SC meeting are published.

### Item 6 – Government Cocoa Pricing: Living Income Differential (LID) in Ghana and Côte d'Ivoire

GPM Cocoa introduced the background and the concept of Living Income Differential. In July, the Ghanaian and Ivorian governments announced the implementation of the Living Income Differential (LID). From 1st October 2020, the LID will be an additional amount (400$/MT) charged on top of the market price for every tonne of cocoa sold from these countries regardless of the market price. The LID is an additional income to improve farmers’ income as a progress towards living income. The ambition of both governments is to fix the price at the farm gate level so that farmers are guaranteed to receive at least 70% of achieved $2,600 FOB (average FOB of all presold cocoa volumes for a season), that is $1,820. The stabilisation fund in both origins will support the guarantee of $1,820 at the farm gate when prices are low.

Furthermore, GPM presented scenarios to illustrate the inclusion/exclusion of the LID in the market price reference, against which the FMP is measured with. Through the examples, the SC was made aware of the implications in each scenario. The reasons why FI need to clarify how the FMP interacts with the LID as soon as possible were also presented to the SC.

The pricing PM concluded that due to the introduction of the new government pricing intervention, it is unclear whether the market price reference stipulated in the Cocoa standard requirement 4.2.1, and 4.2.2 includes the LID or not. Therefore, the proposal to the SC was to clarify the “market price reference”. The proposal is based on the concept of FMP, which is to cover cost of sustainable production and it was also shared with NFOs in August for feedback.

**Decisions**

**Decision 1**

To approve the proposed text to be added in requirement 4.2.1 as follows: If legislation requires payment of a differential/premium to government to pass onto farmers or SPOs, this value will be included in the market reference price for regulated markets.

The Pricing PM clarified that the proposal refers to the concept presented, irrespective to the amount of the price or the tool implemented by the governments. The change is to be applicable as of 1 Nov 2019.

The SC unanimously voted in favour of the proposal.
Decision 2

To approve the delegation of non-substantive changes, requirement text, and date of applicability to the Director of Standard & Pricing.

The SC unanimously voted in favour of the proposal.

The SC members suggested to monitor the impact of the LID in context of the Fairtrade’s living income project. Additionally, as the change of Fairtrade’s pricing model may influence the global cocoa trading practices, the SC suggested that the Monitoring Evaluation and Learning Unit should incorporate this topic for future research and assess the impact.

Next steps:
October 2019:
- Amendment of the Fairtrade Standard for Cocoa according to SC decision
- Send communication to key stakeholders (NFOs and FTA) detailing the changes
November 2019:
- Publication of amended Fairtrade Standards for Cocoa
Up to Oct 2020:
- Update SC about the reaction from stakeholders to the decision and flag any challenge to be addressed

Item 7 – Gold Standard review

MHCH presented the market trend, supply chain and history as well as an update of the current status of gold as a category. Fairtrade gold has experienced a lot of changes in the last 2 years and key conditions are in place to enable the “re launch” of the category, such as: increased market interest, and supply as well as public interest on gold. Looking back at the history of Fairtrade gold category, it is observed periods with a lot of market demand and no supply and periods of no market demand and lot of supply. Currently, this dynamic has changed and there is a better match between supply and demand. It is expected that FP volumes, supply from existing certified miners and number of miners and workers increase. On the demand side, it is expected that a mix of clients will engage with Fairtrade such as small jewelleries that do not operate with big volumes; big buyers such as banks and brands jewelleries with broader geographical distribution of clients. There is a big potential for gold as there are new tools for access to (blended) finance for ESG investments and producer support, wider collaboration in the ASM sector through MOU between the Swiss Better Gold Association and the Voluntary Standard Systems, business partners are investing into mine development in a pre-certification and pre-trade environment (currently in East Africa, anticipated for Latin America) and increased access to new sectors such as the financial services or electronics sector.

Regarding artisanal mining for other products besides gold, it was clarified that the current standard also covers associated precious metals as by-products. However, it is unclear if the by-products are economically viable given the small volumes.

It was acknowledged that while Fairtrade expertise is on agricultural products and not mining, the recognition of its mark and its empowerment model brings an added value to the sector. Finally, it was highlighted that Fairtrade gives the incentives for already established miners to improve their practices and get a better deal and does not incentivize opening of new mines.

The Standards PM updated the SC on the current status of the project. The first round of consultation was held from 15 August – 20 September 2019 and focussed on conceptual questions regarding set-up of ASMOs. The consultation included an online survey and workshops in Latin America and Africa. S&P has received so far 36 responses for the consultation. Next steps include the analysis of feedback followed by
the preparation of proposals for second round of consultation. It was also agreed to have a follow up session to better understand the supply chains and social and environmental risks on mining.

**Item 8 – SPO implementation**

CLAC requested to review the SPO standard requirement 1.2.3. when applying it to fresh fruit and banana producers in Latin America. The rationale is that for technical reasons it is problematic to require fresh fruit and banana small-scale producer organizations to have 66% of produced volume to come from small producers. It was mentioned that with previous percentage (50%) it was already challenging as volume coming from 50% of farms produced by small-scale producers is always much less than volume coming from the other 50% of larger farms. This makes it even more challenging when 66% of produced volume is expected from small-scale producers.

The revised requirement limits the amount of sales of SPOs, because part of the volumes would not be possible to sell as Fairtrade even when they are available. The composition of large farms certified under the HL standard has no limit on size or volumes in comparison to smaller farmers that have limitations on size and volumes. When it comes to competition, this leads to discriminated position of different farmers within the same supply chain (SPO vs HL organizations). Another challenge is caused by climate change that has stronger impact on small holders. The third challenge is that limitation on sales limits the premium to the SPO which could be used to improve the livelihoods and increases the costs of SPOs while income is reduced.

The suggestion is to revise this requirement before it becomes valid. A more detailed analysis on land size needs to be done comparing banana producers in different countries of Latin America. At this point it is understood that in banana there is a clear definition of what is small farmer and what is medium size farmer. The issue is rather technical, when 66% of members cannot provide 66% of volume, therefore the proposal is to go back to 50%.

The aim of the presentation was to make SC aware of the issue, and for CLAC to come up with a technical proposal in the next months. The scope of consultation would be limited to banana and fresh fruit producers. The technical proposal will be presented to the SC for approval.

The SC members made following remarks:

- In Africa region this is also an issue and suggested to align communications on this topic between Producer Networks in Africa, Asia and Latin America regions.
- To keep in mind, the original intent of the concept, to provide market access to small-scale farmers
- To run this as a project, making sure that there is a process of engagement with relevant stakeholders.

**Item 9 – Rice price model**

Previous work around rice price model simplification started in 2015. There are currently two ways of setting prices for rice, either fix FMP and FP in nominal values (for those varieties already in the system and are well-known) or new origins and/or varieties could apply for Quick Entrance (QE). This project also addresses unfair competition, as it is also not clear if the prices that are set in nominal values can compete with the ones set using the QE procedure. Therefore, the proposal is to have a single way of setting the prices. The main questions brought for consultation addressed two options:

a) To simplify by keeping QE scheme for all rice varieties. The majority of stakeholders disagreed because it reduces producer security and the ability of producers to plan Premium investments. It is also important to highlight that in cases of high prices there would be a high FP as well, for that reason a 15% QE scheme is seen as very lucrative for SPOs, compared to current 6% - 10%.
b) A fix premium model (FMP as commercial prices and premium values fix at the current levels) for all rice varieties. The majority of the stakeholders were not in agreement.

In general, the overall message was to leave the current price model (with FMP and FP) as it is.

The SC questioned if the two options presented solve the problems because at the end the complexities will remain. There were concerns about the fact that the producers that participated in consultation did not fully understand the implications of the proposals.

The SC discussed the importance to bring to the attention of decision makers and strategy seters the challenges around minor products where there is a real limitation to work with these products due to capacity issues but also as part of safeguarding the integrity of the system. The concern is that if there is a FMP we should be able to back it up with COSP studies which is not happening with rice.

Decisions

Decision 1

To keep the nominal values of the existing FMPs and FPs for rice to have a single price setting model for Fairtrade rice. There would not be a further COSP research to update the existing values. Most of stakeholders’ support keeping the nominal values for FMPs for rice. More than 90% of the existing FMPs for rice, representing more than 90% of the total traded volume of Fairtrade rice in the last 3 years, are set in nominal values.

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

Decision 2

Stop setting prices for rice under the QE scheme.

This implement a single price setting model for rice. Responses from the consultation show that stakeholders are clearly against using QE in the rice category. This measure will prevent competition issues between different origins and in varieties as occurred in the past.

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

Decision 3

FMP and FP for new rice varieties and / or for new origins will be only set using Price Extension. There would not be used full price research for setting these prices. It was clarified that for new origins, the requester will always need to refer to one of the existing FMP and FP for rice as reference price to apply a price extension procedure. No COSP will be collected. Limitations remain in the cases where there will be new varieties requested to enter the scope.

S&P does not have resources to undertake full price research for setting prices for specific varieties and geographies. Price Extension has been tested in other products with satisfactory results.

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

Decision 4

Eliminate Brazilian long grain prices from the price table, to have a single price setting model for Fairtrade rice. As there are no Fairtrade certified rice producers in Brazil, this will bring clarity to the Price table and has no implications on producers.

The SC unanimously voted in favour of the proposal.

Decision 5

Set FMP and FP in nominal values for non-Basmati and non-Sarbati from India and Pakistan as proposed in Table 4 of SC paper. It was explained that this decision’s rationale is basically to align all rice prices to a single price model. Therefore, the transactions information was used to derived FMP and FP, and the
consultation responses to question 10 (3 out of 4) also confirmed 27 EUIR/MT being a suitable FP. The Pricing Team also clarified that the date of validity for January 2020 comes from the need to have time to communicate the changes before they are implemented.

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

**Decision 6**

To change the name of “Jasmine” rice from Thailand to “Thai Hom Mali”.

The Thai government has recently clarified the names of some rice varieties. The name “Thai Hom Mali” is for Khao Dawk Mali 105 and DR15 varieties. The current Fairtrade rice classification uses the name “Jasmine” for these two rice varieties. Producers request to change the name from Jasmine to Thai Hom Mali in order that the correct name appears in their certification.

This proposal is not directly related to the simplification model, but has come as a specific request from producers from Thailand during this project. The SC voiced concern of a change in the name of the Jasmine (which is well-known in consumer countries) into Thai Hom Mali (new), in particular for others outside of Thailand. It was clarified that there are issues while declaring the product in customs for export if the new name is not applied, reason why the producers request this change. It was mentioned that the commercial name does not need to be changed. In standards and auditing related work the name can be used as requested by the producers and that it could be combined with formerly called Jasmine. It was recommended that Jasmine should be used, therefore to leave the name in the price table to have continuity, and avoid frictions to the trademark and problems in the processing of the licensees and the use of label.

The SC unanimously voted in favour of the proposal.

**Next Steps**

- Communication to stakeholders the final decision on price setting model for rice
- Announcement of the FMP & FP for non-Basmati and non-Sarbati rice
- Change the name from “Jasmine” rice to “Thai Hom Mali (incl. Jasmine)” rice from Thailand
- Eliminate prices for Brazilian long grain

**Item 10 – Fairtrade Climate Standard**

The intent of the session was to present an update of the status of the Climate Standard and how it has been taken up, the current projects, the challenges in the market, as well as the surveys taken place and the way forward.

The Fairtrade climate change strategy encompasses four pillars: adaptation, mitigation, advocacy and internal carbon reduction. The mitigation component of the climate change strategy is delivered through the Fairtrade Climate Standard and is the focus of the SC session. Under the auspices of the Climate Standard, Fairtrade’s objective is to support producers to develop emission reduction projects in energy efficiency, renewable energy and forestry which generate carbon credits. Through such projects, producers can earn Fairtrade carbon credits (FCC) for sale to businesses and other buyers interested in offsetting or compensating for carbon emissions in their supply chains. For each carbon credit (FCC) sold, producers would receive a FMP plus a FP to support them and their communities. After the launch of the Standard there was quite some interest and many projects were launched. A handful of NFO’s have subsequently continued to promote the Climate Standard although not in a significant way. Currently the Fairtrade Carbon Credits are more expensive than the average price in the market, there is a flooding of carbon credits and market instability, and this has halted the progress and uptake of the FCCs.
FCCs market survey highlighted the following issues: limited marketing of FCCs due to the limited capacity and organizational structures of NFOs to promote this work, limited portfolio and delays in implementation, lack of knowledge about the existence of the FCCs, FCCs higher prices, barriers in regards to contractual arrangement that apply in cases where there is a purchase of more than a 1000 FCCs.

Overall there is a need for more concerted efforts in marketing and in development of projects as well as improvements in the way the engagement with partners is done.

Based on the information from the members’ survey in December 2018, the conclusion on FCCs is that it is a missed opportunity if this is not implemented more proactively given that there is an increase in the demand for carbon credits.

In terms of engaging with other non – Fairtrade certified producers, it was noted that there are benefits to producers from the project implementation and those might become at the end Fairtrade certified organizations, although the experience working with the non-Fairtrade certified organizations has been challenging.

Currently the Standards’ intention may be seen as potentially an additional source of income to do adaptation projects, it was recognized that adaptation has also potential for mitigation. The importance of the topic of adaptation is increasing and there is quite some interest from the companies that have understood it as the most important action to mitigate climate change. Changes to the Climate Standard to have further alignment with adaptation would need to be discussed with S&P. The SC recommended that for further presentations on this topic, it would be beneficial to present concrete examples.

**Item 11- Mango price review**

The project started at the end of August 2018 and the objectives are to simplify the price model for Mango and to update the FMP and FP values for mango products based on this simplification and on updated COSP results. The COSP research was presented to the SC, including number of organizations engaged and their representativeness compared to the total producer organizations certified for mango and in terms of FP received. The COSP analysis method was then detailed including the results per region for each type of the mango products within the scope of the project.

The topics consulted included: elimination of specific varieties Southern Asia and Thailand, elimination mango dried and for drying, elimination of mango pulp, geographical simplification- regional/ worldwide, FOB prices elimination, organic differential and FMP/FP for fresh and processing mangoes.

The advantages and disadvantages of simplification of the pricing model were discussed, such as how to assess the costs differences per type of mango products, diversification of farmer income vs. simplified price model, or the availability of relevant market prices, etc. The SC suggested the presentation of the results as number of stakeholders involved instead of stating “majority” when there is a limited amount of respondents.

**Decisions**

**Decision 1**

New EXW prices (FMP and FP) for Mango Fresh.

It was clarified that the values presented to consultation were based on the COSP research. The recommendations had been shared with the project team members, and most of them had been able to validate or provide extra feedback before the final recommendation were brought to the SC. The SC also
raised several concerns; namely the intent of simplifying pricing methodology might not encourage producers to diversify products or that the set-up of the questionnaire/review process and the format of the analysis presented in the paper are not satisfactory.

The SC voted in favour of the proposal – 14 FMP at EXW and 14 FP (6 in favor and 1 abstention).

**Decision 2**

FOB prices for fresh mangoes.

a) To maintain the FOB price level for fresh mangoes for South America, Central America, Mexico and the Caribbean, and Western Africa.

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

b) To delegate the decision on final FOB values for fresh mangoes to the S&P Director / Head of Pricing. During the consultation process, stakeholders expressed their preference of having FOB prices, but they did not express clear preferences on the values. Therefore, a further research and consultation is needed in order to define the value. The outcome of this research and the final FOB values would be then shared with the SC in November.

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

**Decision 3**

New EXW prices (FMP and FP) for Mango for processing.

The PM explained the maintenance of some specific varieties for Southern Asia which is set based on producers' request. The SC discussed on the difference of the FP values for Alphonso and Kesar and made the decision following producers’ recommendation. One of the SC members requested further analysis/market research on the implication of differentiating FP between Alphonso and Kesar.

The SC voted in favour of the proposal - 16 FMP at EXW and 16 FP (6 in favor and 1 abstention).

**Decision 4**

New FOB prices (FMP and FP) for mango pulp.

The SC discussed on the FP for processing and pulp and advised that they both should be harmonized following stakeholders’ response that organic and conventional premiums should not be different. The SC emitted their vote with the condition that the table will be revised (harmonisation of FP values for Alphonso and Kesar and other error corrections).

The SC voted in favour of the proposal - 8 FMP at FOB and 8 FP (6 in favor and 1 abstention) subject to the correction of the errors highlighted during the presentation.

**Decision 5**

Elimination of prices for dried mango and mango for drying.

The Pricing Team explained that for those SPOs who are already using the prices, which are proposed to be eliminated by this decision, they will instead use the prices for processing and apply the conversion ratios and then add the processing costs.
a) To eliminate dried mango and mango for drying prices from the Fairtrade price table.

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

b) To delegate to the S&P Director the approval of eventual minor changes in standards and definition plus communication of which Fairtrade prices will be used by producers and traders of dried mango and mango for drying.

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

Decision 6

To maintain the currency for all regional prices (USD) except for Western Africa (EUR).

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

Decision 7

To implement the new prices and changes proposed as of beginning of next year, 1st of January 2020.

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

Next steps:

- Consultations with key stakeholders and with the project team to set FOB prices for fresh mangoes. Based on this a recommendation for the FOB prices for fresh mangoes will be brought to the S&P Director / Head of pricing for decision.
- All prices will be announced simultaneously in November 2019

Item 12 – Orange Juice standards changes

The results on the limited review for the Orange Juice standards were presented. This project focused on strengthening the current standards to enable more transparency and a level playing field in the implementation of the Orange Juice minimum prices. The price review project highlighted the need to include in the fruits standard the requirement 4.1.9 on tripartite contracts in the Fairtrade Trade Standards that is currently voluntary best practice (VBP) as a core requirement. In addition, the standards review considered implementing stronger requirements to avoid unfair trading practices. As such, the Trader Standard requirement 4.8.1 on unfair trading practices generally checked reactively (e.g. based on allegations), is proposed to be checked proactively.

The project consultation response rate was very low, although the consultation results from the orange juice price review were also considered in this limited standards review.

The feedback received from the consultation showed that the majority of stakeholders had no objections in implementing tripartite contract and processing yields as core requirement for year 0. There were two concerns with the proposal: 1) cooperatives usually process the fresh oranges and sell the finished product
and, therefore, there is no need of tripartite contracts; 2) FMP/FP payers cannot be held responsible since this is an obligation from the conveyor / exporter willingness to sign the tripartite contract.

SC recommends to include in the wording that in cases the product is final this decision does not apply. The SC was also in favour of checking proactively the payment of FMP along the Orange Juice supply chain up to the orange juice manufacturer / processor and/or bottler in country of consumption. Some stakeholders pointed the limitations of this measure to reduce unfair practice in cases where there exists a combination of Fairtrade and non-Fairtrade contracts (bonded contract). SC members expressed concerns if vertically integrated multinationals refuse to apply it.

Decisions

Decision 1
To approve as core requirement year 0, the signature of tripartite contracts between the producers, the FMP and FP payer and conveyor.

The SC unanimously voted in favour of the proposal, including in the guidance of the standards the cases when it applies.

Decision 2
The proactive audit of the payment of FMP along the OJ supply chain up to the level of the manufacturer / processor or bottler in country of consumption. This requirement will be checked proactively following the Trade Standards requirement 4.1.8.

The SC unanimously voted in favour of the proposal.

Decision 3
To delegate any minor changes to the standards to the Director of S&P.

The SC voted in favour of the proposal.

Action points:
- S&P to update and approve the final text of the relevant standards with the changes approved by SC
- FLOCERT to include the changes in the compliance criteria
- S&P to bring to the SC an evaluation of the decision taken (after the next harvest season or when the decision is implemented and can be evaluated)

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**Item 13 - Strategy beyond 2021**

The objective of this session was to inform the SC members about the progress of the development of the Fairtrade Strategy beyond 2021, to share preliminary findings and gather input from the SC on possible changes in the standards and certification sector moving forward.

The strategy beyond 2021 will be aligned to the SDGs and will cover an implementation scope of three to five years.

The first phase of the process to develop this strategy consisted in gathering information from external stakeholders to foresee future possible scenarios of the world related to sustainability and the role of Fairtrade in each of them. The opinion of the SC members was asked regarding how they foresee the role of Fairtrade in each of these possible scenarios. The first phase will conclude during a Stop and Think workshop in Washington D.C. on October 2019.
The second phase of the process will move the focus of the consultation from external to internal, involving the operational teams across the system. It is expected that by June 2020, the final strategy will be approved.

Item 14 – Migrant labour in Dominican Republic
The S&P Director gave a recap of this project’s background and the latest SC decisions made in September 2018.

In response to the lack of an insufficient legal framework to regulate migrant workers in the Dominican Republic, Fairtrade International/FLOCERT offered some flexibility to Fairtrade certified organizations and did not require all workers to have a valid work permit. This approach was revised in 2018 and due to the changes in the national legal framework and to the reputational, legal and commercial risks associated with this flexibility, the approach was phased-out with a defined set of conditions and full compliance was required.

Since early 2019 the CLAC has convened a multi-stakeholder roundtable including various local actors and has led the development of a roadmap that has as an objective the regularization of the migrant workers in the banana sector in the mid-term while at the same time aims at providing access to health and protection against deportation to the workers involved. The FI CEO travelled in June to the region to engage in conversations with stakeholders.

The CLAC is requesting a standards suspension to the relevant Fairtrade Standards and while Standards decisions are of the remit of the Standards Committee, FI is bringing this topic to the Board. The reason being that the Terms of Reference of the SC state that decisions on strategic issues are of the remit of the Board. Consequently, before making steps towards standard suspension, CLAC was requested to develop the roadmap with a step-by-step plan on ensuring the same access to benefits for migrant and national workers while ensuring the prolonged safety of migrant workers. This roadmap is to be developed in collaboration with local actors.

The proposal will be brought for discussion at the next board meeting in October, 2019.

The SC noted the extensive discussion on this topic and while making the decision and required S&P to share the draft roadmap and to keep the SC updated on the topic.

Item – 15 Project updates

Trader Standard Monitoring review:
The objective of this monitoring review is to find our if there are any adjustments needed or unintended consequences as result of the changes from the last Trader Standard Review in 2015. Therefore, the review will focus on the requirements introduced in that year.

The scope of the project includes: contracts, pre-finance and sourcing plan requirements, trading with integrity (except for coffee), voluntary Best Practices, labour rights and environmental protection. It was clarified that this is not a full review of the Trader Standard, so new topics will be out of the scope for this review.

Coffee standard review update:
The coffee standard review project is ongoing and the consultation has been launched (from October until end of November 2019). The goals of this review 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 SC noted that the proposed timelines are tight. The Standards Team will revise the timelines after the results of the first round of consultation are available as needed.

**SPO review implementation:**
SC was updated on the status of the implementation of the Standard for SPO, that became applicable as of 1st July 2019. After the launch, close to 390 people have participated in information sessions. The video prepared for the launch was shared with the SC. Follow up work as part of the implementation includes:

- Monitoring of implementation: with FLOCERT auditors in English and Spanish
- Review of indicators for existing organizations
- Revision of the explanatory document
- Refinement of compliance criteria together with FLOCERT
- ISEAL evaluation will start at the end of the year

**Rogue Trading:**
S&P has put a plan to improve the tools Fairtrade has to detect, sanction and reduce dishonest practices. Regular updates are provided to the FI Board and the Oversight Committee.

FLOCERT is also working on a stronger sanction policy, in particular for organizations that are decertified should they wish to re-enter the system. Also, a higher scrutiny for organizations wishing to join the system is being developed.

S&P commented the concerns PNs have about the low number of sales under Fairtrade terms and how dishonest practices are amplified under this environment. S&P also mentioned that there is increased interest from members to regulate the entrance of new applicants. This topic will be further discussed during the next CEO forum and Board meeting.

**Cocoa semi-processed products (sold by SPOs) price review:**
The Pricing PM explained the results of the research through stakeholders’ interviews, which took place between May and July 2019. Stakeholders supported a more flexible price model for these products. For the FMP they agree to have flexibility, but for the FP and for the organic differential they prefer to fix the values to have greater transparency/price security in the supply chain.

The consultation timeline is 3rd September to 3rd October 2019. Workshops are planned for each region as well as further stakeholders’ engagement. The decision for the SC is scheduled for November 2019.

**Item 16 - Tea Standard and Prices review**
The Standards PM introduced the project background and presented the overall number of tea SPOs/HL in Fairtrade and in the regions/countries. The consultation methods, overall participation breakdown per producer set-up (SPO vs HL) and supply chain function as well as the details on the workshops carried out were given. Lastly the topics per standard and pricing section were shortlisted.

The PM briefly introduced the intent of each topic and presented the quantitative results of the online survey and highlighted with the input received through workshop sessions. The overall inputs from the workshop sessions as well as the views from CSOs, workers and management were analysed individually. The topics presented were as follows: anti-modern slavery (no forced labour, remediation in case forced labour is identified, no worst form, temporary workers), workers labour conditions: no tolerance of GBV and gender
policy, floor wages, housing and sanitation, development potential (self-assessment) and general requirement & compliance committee.

The SC suggested:

- To quantify the workshop inputs (number of participants) in order to unify the format of the analysis.
- To separate responses from workers’ and management.
- To consider the simplification of the Tea standard as part of the objectives of the project.

The SC also highlighted the importance of using translated version of the key documents in local language (e.g. the Tea standard/ training materials in Hindu/Tamil and Nepali) to increase stakeholders understanding of Fairtrade as well as the standard itself.

The SC asked about the next steps on the topic of floor wages given the diverse stakeholders’ view in the supply chain. The S&P envisaged further discussions with internal and external experts prior to the second round of the consultation.

The Pricing PM presented the objectives of the 1st consultation and explained the results of the consultation and progress of the COSP research. The final price model proposals with specific FMP/FP values would be included in the 2nd consultation. The current price model was then presented to the SC. The overview of the topics in the 1st and their intent were presented as well as the results of each topic (product classification geographical scope, price levels and organic differentials).

The SC raised that producers might get more benefits when prices are set at a level closer to the buyer. The SC and S&P also discussed on the transparency of Fairtrade sales in the supply chain and how Fairtrade can guarantee that SPOs benefit from the Fairtrade sales; sourcing plan and the relation between HL and SPOs in a supply chain were also mentioned during the discussion and the SC recognized these as important elements to look into when setting prices for green leaves. The Pricing PM will include an analysis in the 1st consultation results to highlight the preference per stakeholder type.

**Item 17 – List of Hazardous materials (HML)**

The Standards PM gave a recap on the background and rationale of the HML monitoring review project. As per SC decision in July 2016, the revised HML was applicable for producers and traders as of January 2018. The revised HML was divided into three lists – prohibited (Red List), restricted (Orange List) and flagged (Yellow List), which was based on the new classification approach and aligned with the approaches of the Pesticide Action Network (PAN). As a result, the new HML list replaced the derogation process and includes materials that can be used under certain conditions and covers a larger number of materials that are prohibited. The chemicals listed in the Orange List were further categorized into four groups to specify under which conditions materials could be used, where group ‘d’ indicates the chemical materials that have to be phased out by 31st December 2019.

The HML monitoring review project was launched in July 2019 to monitor the implementation of HML, with a specific focus to monitor chemicals in the orange list. Several stakeholders have also brought to attention the need to have a closer look of some substances that are currently also listed the Yellow List. The Standards PM explained that postponing the timeline to phase out the agrochemical materials in the orange list, group ‘d’ will allow a sufficient period for research and analysis of current status and challenges, to receive scientific research support.

The SC suggested to revisit the criterion Hazard to ecosystem services for classification of agrochemicals, potentially expanding its scope moving from ‘toxicity for bees’ to whole ecosystem, to look into the risks related with the use of Glyphosate in Fairtrade products and to consider implications of the review from the market side.
Decisions

Decision 1
To extend the phase out timeline for the orange list, group ‘d’ in the HML.
The SC unanimously voted in favour of the proposal.

Decision 2
To delegate the definition of the new phase out timeline to the S&P Director and in alignment with the SC chair.
The SC unanimously voted in favour of the proposal.

Next Steps
- Follow the decision made by the SC meeting and inform the project team and stakeholders about updated phase out timeline
- Announce the extension of the timeline to phase out the active ingredients listed in the Orange list, group ‘d’
- Communicate decision to FLOCERT so it can be shared with auditors and included in revised compliance criteria list
- Include new date in the relevant Standards and HML

Item 18 – Young Plant Material
The SC was updated on progress of this project and progress of conversations with relevant authorities. The purpose of the session is to put forward a proposal of an extension of the timelines that have been approved by the SC on March 2019.
The presenter updated the SC on the outcomes.

Decisions

Decision 1
In case there is a positive concept on competition law by end November 2019:
Do you approve to “freeze” the decision to implement the revised the Fairtrade Premium for young plant materials for the duration of the pilot, for participants of the pilot?
The SC unanimously voted in favour of the proposal.

Decision 2
In case there no positive concept or no concept on competition law by end November 2019:
Do you approve to implement the revised Fairtrade Premium for young plant materials as of 1st December 2019?
The SC unanimously voted in favour of the proposal.

Decision 3
Do you approved to delegate the implementation 1 and 2 and the announcement to the young plant sector to Director of S&P?

The SC unanimously voted in favour of the proposal.

**Item 19 – SC chair/vice chair election**

Emilie Sarrazin was elected as the new SC Chair

Iresha Sanjeewanie was elected as vice Chair

This decision is valid for one year with the option of renewal and starting from next meeting in November 2019.

**Item 20 – AOB**

AOB:

- The scope of the accreditation scope will be brought for information at an upcoming meeting
- The topic of sharecroppers in small-scale set ups was brought to attention of the SC. S&P Director explained that the revised definition of individual small-farmers considers as farmer to the person who is present in the land and manage its production activity mainly with family workforce. It is not relevant if this person rent, lease, or owns the land. A SC suggested to put this explanation in writing for future references. S&P will add this to the monitoring log.
- An SC member point out an issue regarding Fairtrade orders around sourcing plants in the flower standard during peak periods. S&P will follow up and report in the next meeting.
- It was suggested by a SC to revised the criteria for defining minor products. The Head of Pricing suggested to bring this topic for revision during 2020.
- SC members recognized the need to create awareness about the Fairtrade product portfolio, the challenges it presents for S&P and the SC and how its connection with the Fairtrade Strategy beyond 2021. Proposals will be collected amongst SC members and send to the FI Board.

**Next meeting date:**

27th – 28th November 2019: Physical meeting (tbc)

Iresha Sanjeewanie will attend remotely

**SC dates 2020:** dates were approved as it follows

- 25/26 March 2020
- 08/09 July 2020
- 23/24 Sept 2020
- 25/26 Nov 2020

The meeting was formally closed.