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| **Consultation document for Fairtrade Stakeholders:**Review of the Fairtrade Standard for Cocoa First phase of consultation |
| Consultation Period | 24 August 2021 – 17 October 2021 |
| Project Manager | Kerstin Cron, Standards |

# PART 1 Introduction

## 1. General Introduction

Fairtrade Standards establish fairer terms of trade and support the sustainable development of small-scale producers and workers in regions historically disadvantaged in global trade by setting out social, economic and environmental requirements. Producers and traders must meet applicable Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, the Standards Committee and the Standards & Pricing team (S&P) are responsible for developing and regularly reviewing Fairtrade Standards, while the multi-stakeholder Standards Committee makes all final decisions. The procedure followed, as outlined in the [Standard Operating Procedure for the Development of Fairtrade Standards](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/SOP_Development_Fairtrade_Standards.pdf), is designed in compliance with all requirements of the [ISEAL Code of Good Practice for Setting Social and Environmental Standards](https://www.isealalliance.org/sites/default/files/resource/2017-11/ISEAL_Standard_Setting_Code_v6_Dec_2014.pdf). This involves wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives, are based on producers’ and traders’ realities, and meet consumers’ expectations.

We invite you to participate in the first phase of consultation to review the [Fairtrade Standard for Cocoa](https://files.fairtrade.net/Cocoa_SPO_EN.pdf). For this purpose, we kindly ask you to provide your input on the topics suggested in this document and encourage you to give explanations, analysis, and examples underlying your statements. All information we receive from respondents will be treated with care and kept confidential.

**Please submit your comments to** **standards-pricing@fairtrade.net** **by 17 October 2021.** If you have any questions regarding the draft standard or the consultation process, please contact standards-pricing@fairtrade.net

Following the consultation phase, S&P will prepare a paper compiling the comments made, which will be emailed to all participants and also be available on the Fairtrade International website. The next steps of the project are presented in section four.

## 2. Background

The review of the Fairtrade Standard for Cocoa started in February 2020. The research phase of the project commenced in May 2020 and ended in June 2021. In this project, the research phase was longer than usual as external factors such as the COVID-19 pandemic, evolving Human Rights Environmental Due Diligence (HREDD) regulations in consuming regions, elections in several West African countries, and the evolving African Regional Standard, among others, have hindered an earlier public consultation.

During October and November 2020, Fairtrade interviewed key cocoa stakeholders to gather expert input during the research phase of the project. The findings of these interviews have been analysed by S&P and used to sharpen the proposals for public consultation of the Fairtrade Standard for Cocoa in Q3 2021.

Changes in the cocoa regulatory landscape, especially new and/or upcoming HREDD regulations in the European Union as well as in individual consuming countries such as France, Netherlands, Germany, Switzerland or Belgium, new legislation in West Africa, including the development of an African Regional Standard for Sustainable Cocoa (ARS), the introduction of the respective governments’ Living Income Differential in Ghana and Côte d’Ivoire, along with a critical need to address human rights abuses and deforestation, made clear the need for a review of the Fairtrade Standard for Cocoa. The goal of this review is to improve the Fairtrade Standard for Cocoa based on the implementation experience and feedback received during the last years. The second goal is to enable Fairtrade certified SPOs to comply at the same time with the Fairtrade Cocoa and SPO standard, with the new/upcoming HREDD regulation and with the new African Regional Standard (ARS), for SPOs in Ghana and Côte d’Ivoire. Responding to the assurance needs of the consuming markets will be essential for further Fairtrade cocoa market retention and growth. The revision of the Fairtrade Standard for Cocoa is a key instrument to align the standard with the market regulatory needs, producer realities and environmental challenges worldwide.

Throughout the document, references are made to the African Regional Standard (ARS) against which Fairtrade Standards are required to align based on communication from the government regulatory bodies of Côte d’Ivoire and Ghana. Whenever Fairtrade proposed requirements are presented as becoming mandatory in Côte d’Ivoire and Ghana to align with ARS requirements, these proposed Fairtrade requirements are also put forward to stakeholders from other regions to understand if the same requirements should be implemented in their region and within which timeframe. Frequently the ARS requirements are also reflecting upcoming or existing regulations from EU countries, which will be relevant for all producing contexts. From stakeholders from Côte d’Ivoire and Ghana, we would like to learn how the Fairtrade requirements that will become compulsory could still be improved.

The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) has identified where proposals are not relevant to their region based on their socio economic context, consequently some of proposals are indicated as not relevant for Latin America and the Caribbean.

## 3. Objectives of the review

* Review requirements on Human Rights and Environmental Due Diligence – in particular, explore solutions for the implementation of risk based child labour and forced labour monitoring and remediation, review requirements on gender based violence
* Explore mechanisms to identify and further address deforestation risk and how these could be included in the standard; enable cocoa SPOs worldwide to respond to the assurance needs in different consuming countries and regions (EU) with regards to deforestation-free supply chains
* Align the standard to the specific reality of regulated markets in West Africa, as implementation of the African Regional Standard from the Ghanaian and Cote d’Ivoire governments will be mandatory;
* Review and amend the current practice in the standard to regulate the entry of new small-scale producer organizations (SPOs), leading to higher sales and more impact for Fairtrade certified producers; also explore regulations to manage growth of existing certified producer organizations
* Explore mechanisms to improve trading practices along Fairtrade certified supply chains
* Review requirements on Internal Management Systems
* Consider additional environmental requirements to further mitigate climate change and promote biodiversity
* Reduce the cost escalation of the Fairtrade Minimum Price differential, Fairtrade Premium, and Fairtrade organic differential, or at least expose the level of cost escalation along the supply chain
* Consider additional requirements in the production chapter to further promote living income goals for cocoa farmers
* Reconsider the distribution and uses of the Fairtrade Premium to ensure all producers benefit from it
* Map relevant farming requirements for Fairtrade stakeholders and asses if feasible to integrate into the standards
* Strengthen traceability/transparency requirements for Fairtrade cocoa and Fairtrade Minimum Price and Premium payments to farmers
* Incorporate the sharecropper model into Fairtrade and strengthen the position of workers in SPOs
* Collect additional topics, issues and concerns on the Fairtrade standard for cocoa from relevant stakeholder groups
* Ensure consistency in standards by aligning to changes in all related standards
* Improve standard language for better clarity and simplicity

Due to the number of topics and their complex nature, the cocoa standard review will consult on just over half of the topics listed above during this phase. The remaining topics will be consulted during the next phase of consultation planned for early 2022.

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|  | **1st Consultation – this Phase**  | **2nd Consultation – Early 2022** |
| **1** | Human Rights and Environmental Due Diligence  | Internal Management Systems |
| **2** | Addressing Deforestation | Climate Change and Biodiversity |
| **3** | Traceability and Transparency | Cost Escalation  |
| **4** | Living Income | Fairtrade Premium Use |
| **5** | Sharecroppers | Farming/Agronomy Requirements |
| **6** | Trading Practices incl. Entry of New Operators | Strengthening the Position of Workers in SPOs |

## 4. Project and Process Information

The project started in Q1 2020 and the [project assignment](https://www.fairtrade.net/standard/cocoa-standard-review-2020-) is available on the Fairtrade International website.

The current Fairtrade [Standard for Cocoa](https://www.fairtrade.net/standard/spo-cocoa) is also available on the Fairtrade International website.

The progress to date and next steps are described below:

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| **Activity** | **Timeline** |
| Scoping | February – April 2020 |
| Research | May 2020 – June 2021 |
| 1st Public Consultation  | August - October 2021 |
| Drafting final proposals | October 2021 |
| SC decisions | November 2021 |
| Publication | January 2022 |
| 2nd Public Consultation | January 2022 – March 2022 |
| Drafting final proposals | April – May 2022 |
| SC decisions | June 2022 |
| Publication | Q3 2022 |

## 5. Confidentiality

All information we receive from respondents will be treated with care and kept confidential. Results of this consultation will only be communicated in aggregated form. All feedback will be analyzed and used to draw up the final proposal. However, when analyzing the data, we need to know which responses are from producers, traders, licensees, etc., so we kindly ask you to provide us with information about your organization.

## 6. Acronyms and definitions

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| ARSCLMRSFIFMP | African Regional StandardChild Labour Monitoring and Remediation SystemFairtrade InternationalFairtrade Minimum Price |
| GAGPM | General AssemblyGlobal Product Manager |
| HRDDHREDDICSIMS | Human Rights Due DiligenceHuman Rights and Environmental Due DiligenceInternal Control SystemInternal Management System |
| ILO | International Labour Organization |
| NGO | Non-Governmental Organization |
| NFO | National Fairtrade Organization |
| PNPO | Producer NetworkProducer Organization |
| SPOYICBMR | Small Producer OrganizationYouth Inclusive Community Based Monitoring and Remediation |

**7. Target groups and consultation structure**

**The target groups of this consultation are:**

* Cocoa producers already certified under the Fairtrade Standard for Small Producer Organizations.
* Licensees and retailers as well as traders certified under the Fairtrade Standard for Small Producer Organizations.
* Producer Networks, National Fairtrade Organizations, Fairtrade International, FLOCERT, governmental bodies, industry bodies, NGOs, researchers and subject matter experts etc.
* Sharecroppers, Tenant Farmers, Workers and Worker Representatives

**Structure of the questionnaire:**

For each topic a description is presented followed by the aim of the proposal. The proposed changes are presented with reference to the relevant requirements in the standard. Deletions to requirements are presented in strikethrough and additions are presented in red. For each proposed change, the rationale and the implications are outlined. Stakeholders are invited to provide their views on the different proposals as well as to provide additional input. The Internal Management System data linked to the proposed requirements is summarized in the annex. In addition, some topics include proposals for reporting indicators and SPOs will be asked to report to Fairtrade in the future. Please note that in cases where a requirement is proposed to be mandatory for the West African region this has been indicated. The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) has identified where proposals are not relevant to their region based on their socio economic context, consequently some of proposals are indicated as not relevant for Latin America and the Caribbean.

At the end of the document, there is the possibility to provide input/comments on other sections of the standard or other topics that are not considered in any of the proposals.

If you are an SPO, we encourage you to involve your members as well as sharecroppers, tenant farmers and workers related to your members in this consultation. Over the period of consultation, the producer networks (PNs) may be carrying out workshops to have collective discussions on the topics of this questionnaire, for more information please contact your respective PN:

Fairtrade Africa: <https://fairtradeafrica.net/contact-us/>

CLAC: comunicacion@claconline.com

NAPP: Ashok Krishna ashok.krishna@fairtradenapp.org

Your input is very important; therefore, please take your time. The online version saves itself automatically, so you do not need to answer all in one go and can return to the questionnaire at a later point. You can also select the topics you want to provide an answer to.

**Please take as much space as you need to respond to the questions.**

# PART 2 Draft Standard Consultations

This consultation is divided into the following sections:

[0. Information about you and your organization 6](#_Toc77955699)

[1. Human Rights and Environmental Due Diligence 8](#_Toc77955700)

[2. Identify and further address deforestation risk 27](#_Toc77955701)

[3. Strengthening traceability and transparency requirements for Fairtrade cocoa and Fairtrade Minimum Price and Fairtrade premium payments to farmers 36](#_Toc77955702)

[4. Promote living income goals for cocoa farmers 47](#_Toc77955703)

[5. Sharecroppers and tenant farmers in SPOs 54](#_Toc77955704)

[6. Trading Practices 58](#_Toc77955705)

[7. General comments/ feedback 64](#_Toc77955706)

[Annex 1, Internal Mangement System data 66](#_Toc77955707)

[Annex 2, List of requirements of the African Regional Standard 69](#_Toc77955708)

# Information about you and your organization

Please complete the information below:

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| **Q0.1** **Please provide us with information about you and your organization so that we can analyse the data precisely and contact you for clarifications if needed. The results of the survey will only be presented in an aggregated form and all respondents’ information will be kept confidential.**Name of your organization Your name Your email Country FLO ID **Q0.2** **Are your responses based on your own personal opinion or is it a collective opinion representing your organization?**[ ] Individual opinion[ ] Collective opinion representing my organization/company**Q0.3** **What is your gender? (Note: this is for data analysis purposes only)**We want to be aware of how many non-binary, women and men do participate in the consultation and we find it important to hear the views from all.[ ] Non-binary[ ] Female[ ] Male**Q0.4 What is your main responsibility in the supply chain?** [ ] Producer[ ] Producer representative[ ] Farm operator (Sharecropper, tenant farmer, caretaker farmer)[ ] Worker[ ] Worker representative[ ] Exporter[ ] Importer[ ] Processor[ ] Retailer[ ] Licensee[ ] Other (e.g. PN, NFO, FLOCERT, FI)**Q0.5 Is cocoa your main product?** **Please select one product.****If you produce/trade multiple products, please select the last option and provide more information in the comment box.**[ ] yes[ ] no[ ] Other or multiple products (please specify below) |

# Human Rights and Environmental Due Diligence

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| This section is not relevant for SPOs in Latin America and the Caribbean. A proposal for SPOs in that region will be published during the second phase of consultation of this standard review. National legislation, such as the French Duty of Vigilance and Dutch Child Labour Due Diligence laws, makes HRDD mandatory for some companies operating in France and the Netherlands. The same in Germany where the “German Supply Chain Act” (Lieferkettengesetz) passed on 11 June 2021. Modern Slavery Acts in the UK and Australia have introduced a reporting requirement for large companies. Related regulations are also being considered in other areas including the EU, Switzerland, Finland and Canada. So, Fairtrade is fully aware of the HRDD regulation supply chain partners worldwide need to abide by and aims to suggest the respective standard requirements to respond to the (expected) assurance needs evolving from this new/upcoming regulation. Moreover, the evolving African Regional Standard is making the implementation of HRDD clauses mandatory for SPOs in Ghana and Côte d’IvoireRespect for Human Rights is one of the most relevant principles for Fairtrade. The Vision of Fairtrade for HREDD is explained in detail [here](https://files.fairtrade.net/Fairtrade-Human-Rights-Due-Diligence-Vision-September2020.pdf). The SPO standard calls for abiding by national law and references relevant international conventions with regards to prohibitions of child labour and forced labour (ILO and UNCRC). From specific projects that relate to Human rights protection, like the implementation of Monitoring and Remediation systems such as the Youth Inclusive Community Based Monitoring and Remediation (YICBMR) we know that when monitoring is implemented, potential cases of rights violations are identified in relevant numbers. Whenever potential cases are identified, remediation can be triggered and children are supported. Therefore, Fairtrade intends to implement monitoring for all cocoa SPOs.Producer organizations have responded to the identified cases to varying degrees of effectiveness in partnerships with national government and human rights protection agencies. However, YICBMR has only been implemented in a handful of producer organizations in West Africa and other regions. The International Cocoa Initiative (ICI) reports that its direct actions have led to a 20-35% reduction in child labour dependent on intervention. ICI also estimate that by the end of 2021 30% of the cocoa supply chain in Ghana and Côte d’Ivoire will be covered by some form of monitoring and remediation system. We have found that approximately half of Fairtrade certified Ivorian and Ghanaian producer organizations have some form of system that monitors and responds to child labour risks. However, with regards to those producer organizations which already work with monitoring and remediation systems Fairtrade needs to formalize reporting via our standard. With regards to those producer organizations that do not have monitoring and remediation systems yet there is a concern that identification of cases is not happening in sufficient numbers. Therefore, a key objective of the Cocoa Standard Review is to address the barriers that are hindering Fairtrade producer organizations from addressing child and forced labour in all their production areas and formalize reporting. Producer Networks and producer organizations have identified these barriers as being primarily related to lack of funding, capacity and governmental support, which impacts the producer organizations’ ability to set up a monitoring system and remediate cases found. Additionally, Fairtrade producer organizations may be concerned that they will face sanctions, even negative impact on their sales, for not having the necessary resources available to remedy the occurrences of child or forced labour they identify. Fairtrade is committed to finding solutions during this Cocoa Review to tackle these issues head on.We are conscious that the funding of the implementation of monitoring and remediation systems must not be left solely to the producer organizations and successful implementation of any new standard requirements will only be possible with financial contributions from all supply chain actors.Furthermore, in the key stakeholder interviews, the majority of respondents agreed that the Fairtrade Standard for Cocoa should require that Fairtrade producers undertake a dedicated and prescribed risk assessment for child and forced labour. If risk is identified during this process, the implementation of a Monitoring and Remediation system will become mandatory.The steps of the HREDD process, first laid out in the UN Guiding Principles on Business and Human Rights (UNGP, 2011), are clearly outlined in international guidelines. Please see below an example of how the process has been depicted in the OECD Due Diligence Guidance for Responsible Business Conduct, p.21.The table below indicates how the proposed requirements in this section correspond to the illustrated HREDD process steps.

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| **HREDD Process Step** | **Fairtrade Proposed Requirement**  |
| 1. *EMBED RESPONSIBLE BUSINESS CONDUCT*
 | * Commitment to Respecting Human and Environmental Rights
* Human Rights Policy and Procedures
* Awareness Raising
 |
| 1. *IDENTIFY & ASSESS ADVERSE IMPACTS*
 | * Risk Assessment
 |
| 1. *CEASE, PREVENT OR MITIGATE*
 | * Prevention and Mitigation Plan
* Vulnerable Groups and Equal Opportunities
* Children’s School Attendance
* Youth Vocational Training and Employment
 |
| 1. *PROVIDE FOR OR COOPERATE IN REMEDIATION*
 | * Monitoring and Remediation
* Supporting Producers with Monitoring and Remediation Systems
* Grievance Mechanism
 |

**The proposals aim to:*** Implement HREDD processes and procedures with a focus on salient issues in cocoa such as child labour, especially in West Africa.
* Empower SPOs and their members to avoid causing or contributing to adverse human rights and environmental impacts.
* Drive continuous improvements by encouraging due diligence instead of applying a solely prohibitive approach.
* Formalise requirements for contributions from all supply chain actors to monitoring and remediation.
* Introduce reporting indicators which are to be shared with Fairtrade International annually, in order to enable aggregated and anonymized reporting to the public or to stakeholders upon request

**1.1 Commitment to Respecting Human Rights and the Environment***Addresses ARS Bronze requirement 12.2.c[[1]](#footnote-1) – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions except for Latin America and Caribbean.*

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| **Applies to:** SPOs and Traders |
| **Year 0** | **Core** | You produce a written signed commitment to upholding Human and Environmental Rights which: * Stipulates that your organization avoids causing or contributing to adverse human rights and environmental impacts, whilst also ensuring that if any such impacts occur, they will be addressed
* References the ILO conventions as mentioned in the SPO standard chapter 3.3 and UNGP for Business and Human Rights.
 |
| **Guidance:** Please see Annex “Guidance on Human and Environmental Rights Commitment” |

**Rationale**: In line with the HREDD step “Embed responsible business conduct”, the requirement will set the basis for an entire HRDD process to be embedded into the SPO and trader; it stipulates the intention of what is to come.**Implications**: This is the starting point and implies relatively few efforts.**1.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.1.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.2 Human Rights Policy and Procedures***Addresses ARS Bronze requirements 12.5.a, 12.6.a and Silver requirements 12.2.d, and 12.7.b – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 1** | **Core** | You develop and implement a human rights policy with:* reiterated clear commitments to respecting human rights and environmental sustainability and,
* due diligence procedures to identify, prevent, mitigate, remediate and monitor negative human rights impacts.

The due diligence procedures ensure:* Regular assessment of the most severe human rights and environmental problems the organizations’ operations are related to.
* Action to cease, prevent and mitigate the identified problems
* Actions to facilitate remediation to persons whose human rights have been abused or neglected.
* Complaints are dealt with in a timely and rights-based manner
* The senior management and board of your organization has approved and is accountable for the policy
* There is a skilled focal point in your organization who is responsible for implementing and periodically assessing the policy

Due to salient issues in cocoa, your organization develops and implements, at a minimum, objectives and processes for:* Child Rights and Child Labour
* Labour Rights and Forced Labour
* Equal Rights and Discrimination
* Workplace Violence, and Harassment
* Gender (including Gender Based Violence) and Youth
* Deforestation and Degradation of Forest

Your organization’s human rights policies and procedures are publicly available and communicated to your management, staff, members, farm operators[[2]](#footnote-2), workers, suppliers and any job brokers and contractors you use. You review and revise your human rights policies and procedures as often as required, but at a minimum every five years. |
| **Guidance:** Please see Annex “Guidance on Human Rights Policies” |

**Rationale:** After setting the intention with the HR Commitment, this requirement outlines clearly and with detail all parts of the SPO’s or trader’s HREDD policy and procedures. It will help define how HREDD is embedded within the organization in the long term.**Implication:** By the time the organization can set up its HREDD policy and procedures, considerable effort will have gone into this work.**1.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.2.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.3 Awareness raising***Addresses ARS Bronze requirements 12.2.b, 12.3.b, 12.5.c and g, 12.6.b and Silver requirements 12.4.d, e, f and g this requirement will be mandatory in Côte d’Ivoire and Ghana., it is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 0** | **Core** | You train members, farm operators, workers, employees, management, and job brokers to raise awareness of human rights. You ensure the following topics are covered:- Children’s Rights and Child Labour- Workers’ Rights and Forced Labour- Equal Rights and Discrimination- Persons with Disabilities- Workplace Violence, and Harassment- Gender (including Gender Based Violence) and Youth- Deforestation and Degradation of ForestProducer organizations include the children of members, farm operators and workers in children’s rights training and awareness raising activities.When training courses are offered you seek to ensure equal access for women, men, youth and the spouses of members and workers. You encourage the participation of women, youth, and migrants. |

**Rationale:** With this requirement, the organization is bound to inform all impacted stakeholders of Human Rights; at the same time, it seeks to make these trainings accessible to all.**Implications:** This is additional effort for the SPO and trader.**1.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.3.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.4 Risk assessment***Addresses ARS Bronze requirement 12.2.a, 12.5.b, 12.6.d, and Silver requirements 12.4.a, 12.8.a – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 0** | **Core** | You conduct a human rights and environmental impact assessment at least every 3 years using Fairtrade’s Human Rights Impact Assessment Tool. Identifying vulnerable groups within your organization, communities, and supply chains, according to, for example, gender, age, land area or ownership, income or migrant status, is a critical part of a human rights risk assessment.If producer organizations identify that members, farm operators or workers are operating in countries and areas where cocoa production is at risk of child and/or forced labour, including human trafficking a Monitoring and Remediation system is implemented to regularly check and respond to these risks. Equally, if traders identify that the producer organizations supplying them are at risk of child and/or forced labour, they must support the implementation of Monitoring and Remediation Systems. |
| **Guidance:** Please note that acknowledging your risks enables your leadership to address them and builds your credibility among consumers, business partners’, civil society and human rights organizations and/or other stakeholders.Please also see Annex “Guidance on Risk Assessments” |

**Rationale:** The SPO and trader will learn about the salient human and environmental rights issues for their organization by conducting regular risk assessments. The results will inform the HREDD policy and procedures as well as all other steps of the HREDD process.The Fairtrade Human Rights Impact Assessment Tool is currently being created and not yet accessible. Specifically, for child and forced labour, it will reference and include:* Previously identified cases;
* Previous audit results and Fairtrade suspensions for non-conformities;
* National Action Plans to Eliminate Child Labour and/or Forced Labour, which apply to the cocoa sector;
* List of Goods Produced by Child Labour and Forced Labour by the US Department of Labor;
* US Trafficking in Persons List by the US government;
* Global Slavery Index by the Walk Free Foundation, Verisk Maplecroft child labour index or UNICEF data;
* Information from traders, the government, research or academic institutions, civil society organisations and media.

**Implications:** Depending on the size and structure of the organization and the business and its supply chain, this may require significant effort. Fairtrade is currently assessing the level of detail and contextual information that should be provided in the Standard requirement versus how much is accessible as additional documents. Note that stakeholders benefit from more information and guidance when performing initial risks assessments.**1.4.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.4.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.4.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.4.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.5 Prevention and Mitigation Plan***Addresses ARS Bronze requirement 12.3.c and Silver requirements 12.2.d, 12.4.b and c, 12.8.b and c – this requirement will be mandatory in Côte d’Ivoire and Ghana., it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 1** | **Core** | You develop and implement a plan to prevent and mitigate the most serious risks identified by your risk assessment. The plan includes at least three activities related to these risks.Traders include at least one activity that supports their suppliers’ prevention and mitigation activities.You keep the plan up to date by revising it annually. |
| **Guidance:** Activities can include providing training, forming partnerships with local organisation, negotiations with local authorities, targeted provision of social services, for producer organizations projects funded by Fairtrade Premium, etc.Please see Annex “Guidance on Prevention and Mitigation Plans” |

**Rationale:** Alongside the requirements below, this requirement asks SPOs and traders to take action on their salient human rights issues and will help to address any adverse impacts of their business.**Implications:** This new requirement will have cost implications.**1.5.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.5.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.5.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.5.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.6 Vulnerable Groups and Equal Opportunities***Addresses ARS Bronze requirement 12.3.e and Silver requirement 12.4.h – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 1** | **Core** | You put activities in place to improve the social and economic position of the vulnerable groups that you have identified.You ensure that women and men receive equal opportunities and equal remuneration for equal work and producer organizations reward women and youth for owning farm land. |
| **Guidance:** In any organisation or society, some groups of people are disadvantaged. This is typically based on differences in observable characteristics or practices, such as: ethnicity, race, religion, disability, sexual orientation. The groups that are especially vulnerable to abuse of human rights and are structurally discriminated against are: women and girls; children; youth; migrant workers and /or internally displaced persons; stateless persons (without identification papers); national minorities; indigenous peoples; lesbian; gay and transgender people; persons with disabilities, and so forth.Activities can include providing training, forming committees and self-help groups, offering income generating opportunities and targeted provision of health and other social services, etc. You are expected to show direct support for vulnerable groups to participate actively in your organization. Producer Organizations are encouraged to include these activities within the framework of their Fairtrade Development Plan. |

**Rationale:** This is one part of the HREDD step “prevent, cease and mitigate” and will help to address adverse impacts of businesses. It will help to improve the situation of vulnerable groups and to make them more visible.**Implications:** Putting this requirement into practice may lead to conflict if existing resources would be shared more widely.**1.6.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.6.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.6.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.6.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.7 Children’s School Attendance/Education***Addresses ARS Bronze requirement 12.5.f – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | You actively promote the school attendance of all children, including the children of staff, members, farm operators and workers. You assess the root causes of lack of school attendance amongst these children and select at least one activity annually to mitigate these obstacles. |
| **Guidance:** Such root causes can include a lack of schools, school places, teachers and transportation, unsafe school premises, families unable to pay school fees and children without birth certificates hindering school registration. You are encouraged to include these activities within the framework of your Fairtrade Development Plan. One such activity could be to check and ensure that schools are safe. |

**Rationale:** Putting this requirement into practice will contribute to the protection of children and their rights.**Implications:** This may present considerable effort for the SPO.**1.7.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.7.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.7.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.8 Youth Vocational Training and Employment***Addresses ARS Bronze requirement 12.5.h – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | You actively promote the decent employment of youth (male, female, and differently gendered) above the legal or Fairtrade working age (whichever is higher). You encourage vocational training, apprenticeships, employment and business opportunities for and with young people, so they have access to decent livelihoods whether this is at farm level or within your organization. |
| **Guidance:** You are encouraged to include these activities within the framework of your Fairtrade Development Plan. Decent employment means young people are not exploited, abused, discriminated against or involved in dangerous work; they are paid the wage equivalents of adults. |

**Rationale:** The requirement is also part of the prevent, cease and mitigate – step of HREDD. It will help to secure a viable future with decent livelihoods for youth in rural communities.**Implications:** Young people will be better integrated into the SPO.**1.8.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.8.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.8.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.9 Monitoring and Remediation***Addresses ARS Bronze requirement 12.5.d, 12.6.e, – this requirement will be mandatory in Côte d’Ivoire and Ghana,* *it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs  |
| **Year 3** | **Core** | You implement a monitoring and remediation system to regularly check for and respond to cases of child labour, forced labour and human trafficking.You facilitate and support the remediation of any case found. You may establish and operate this system by yourself or in partnership with others, including relevant government agencies, expert human rights NGOs, traders or others.Your Monitoring and Remediation system contains the elements and procedures detailed in Annex “Monitoring and Remediation System Protocols”Your Monitoring and Remediation system documents, stores and assesses the type and number of cases identified and responded to on an annual basis. To demonstrate operationalization and effectiveness, the number of cases identified and responded to increase year upon year. Your handle the data in a manner that ensures no further harm comes to impacted and involved persons. |
| **Guidance:** When forming partnerships with governments, companies, civil society organisations and others, you help to eliminate child labour, forced labour and human trafficking from your country and supply chains. You may also access funds and other resources for this work. |

**Rationale:** If an organization identifies child labour, forced labour and human trafficking during their risk assessment, they will have to implement such system. This is part of the “provide for or cooperate in remediation” – step of the HREDD process. SPOs will have to participate in or provide for remediation of identified cases.**Implications:** Running such systems can be costly and SPOs cannot be expected to fund these costs alone. Hence, please see requirement “Supporting Producers with Monitoring and Remediation Systems” below.**1.9.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.9.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.9.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.10 Supporting Producers with Monitoring and Remediation Systems***This requirement is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** Traders |
| **Core** | You provide resource and support to producer organizations who have identified they are operating in areas at risk of child labour and/or forced labour. |
| **Guidance:** This contribution is in addition to the Fairtrade Premium paid to the producers. Your support is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways. |

**Rationale:** This requirement asks traders to support SPOs with the costs or resource needed in order to run Monitoring and Remediation Systems. SPOs should not be left alone with such continuous extra investment. *This requirement is suggested for implementation in all regions except for Latin America and Caribbean.***Implications:** This will require investment of resources by the trader and may be beneficial for the partnership between trader and SPO.**1.10.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.10.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.10.3 f you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.10.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.11 Grievance Mechanism***Addresses ARS Bronze requirement 12.3.c – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs and Traders |
| **Year 0** | **Core** | Your organization has a gender sensitive grievance procedure in place that allows individuals and groups, including third parties, to anonymously raise complaints of injustice, harm or fraud linked to the organization. The procedure:- Is accessible in local languages and also for those who cannot read or have no access to internet;- Ensures decisions within ninety days and timely follow up actions; - Respects confidentiality and protects people who file complaints from retaliation and threats;- Facilitates dialogue between parties with the goal of addressing and resolving the grievance, where the complainant wishes to engage in such dialogue, waiving anonymity;- Documents grievances and agreed follow up actions, and shares them with all involved parties; - Abides by national laws and, when relevant, reports human rights violations to relevant national agencies.Decisions are taken by an impartial and competent grievance committee and female and male members from the organization’s management or staff. SPOs also include members and workers.You seek to raise awareness about your grievance procedure among suppliers, buyers, relevant civil society actors. SPOs will also orient their members, farm operators, workers and communities. You will draw lessons from the reported grievances, to reduce the risk that similar harms are repeated and to further improve your grievance procedure and organisation. |
| **Guidance:** The grievance mechanism is meant to help your organisation to hear about and address grievances early, before they grow bigger. Claims that a certified entity has not complied with Fairtrade Standards can also be submitted to Fairtrade’s global grievance mechanism via WhatsApp on +49 (0)228 2493230 or an online form.If you already have a Protection Policy for Children and Vulnerable Adults, you still would need to set up the Grievance Mechanism.See guidance document for additional information. |

**Rationale:** Putting a grievance mechanism in place is also part of providing or cooperating in remediation and will serve as an anonymous channel for complaints which will be dealt with by a designated committee.**Implications:** Procedures will have to be put in place by SPOs and traders in order to implement this requirement.**1.11.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.11.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.11.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.11.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.12 SPO Reporting***This requirement is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | You report data to Fairtrade International every year. The data is presented using the available template and includes - **Risk Assessment:*** What are the most notable human rights and environmental risks your organisation faces?
* Who are the most vulnerable groups of people in your organisation and communities?

**Prevention & Mitigation Plan:*** What types of activities do you currently have in your prevention and mitigation plan?

**Awareness Raising:*** What were the main environmental or human rights topics covered in your awareness raising activities during the past year?
* No. of attendees per activity
* No. of attendees by women, youth, SPO members, farm operators, workers and family member attendees per activity

**Vulnerable Groups and Equal Opportunities*** Which disadvantaged groups’ position have you sought to improve during the past year?
* What types of activities did you undertake during the past year?
* No. and type of activities to support vulnerable groups included in Fairtrade Development Plans
* No. of members that are young persons (under 35 years)
* No. of members that are women
* No. of members trained (any training) that are young persons (under 35 years)
* No. of members trained (any training) that are women
* No. of young farmers with access to land (under 35 years)
* No. of women members with access to land
* No. of young persons (under 35 years) in management positions
* No. of women in management positions

**Children’s School Attendance:*** What are the main causes of a lack of school attendance in your community?
* What type of activities did you undertake to mitigate these obstacles during the past year?
* No. and type of activities in Fairtrade Development Plans of SPOs dedicated to promoting children’s school attendance/education
* No. and % of children not identified in child labour who received support for school attendance
* No. and % of SPO members’ children attending school
* No. and % of SPO farm operators’ children attending school
* No. and % of SPO workers’ children attending school

**Youth Vocational Training and Employment*** What type of activities did you undertake to promote decent youth employment during the past year?
* No. and type of activities in Fairtrade Development Plans of SPOs dedicated to promoting decent youth employment

**Monitoring and Remediation*** No. and % of households reached by awareness raising at household level
* No. of households and No. of children monitored by CLMRS
* No. and % of children identified in child labour
* No. and % of children identified in child labour who received support
* No. and % of children identified in child labour who received at least one follow-up visit
* No. and % of children identified who reported not engaging in child labour at last follow-up visit

**Supporting Producers with Monitoring & Remediation Systems*** What type of support have you received to implement monitoring and remediation systems during the past year?
* What is the estimated monetary value of the support you have received during the past year?

**Grievance Mechanism** * No. and type of grievances reported
* No. and % of reported grievances responded to/followed up within ninety days
* Type and gender of grievant: e.g. member, farm operator, worker, family member, community member, supplier, buyer, trade union, civil society organisation, other, etc.
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**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to inform Fairtrade interventions and enable aggregated and anonymized reporting to the public or to stakeholders upon request. This will help to fulfil regulatory demands as well as demands by customers; this will also help to show the impact of the requirement at farmer level.**Implications:** This presents additional administrative burden for the SPO.**1.12.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.12.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.12.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.13 Trader Reporting***This requirement is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** Traders |
| **Core** | You report data to Fairtrade International every year. The data is presented using the available template and includes - **Supporting Producers with Monitoring & Remediation Systems*** What type of support have you provided to SPOs to implement monitoring and remediation systems during the past year?
* What is the monetary value of the support you have provided during the past year?
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**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to track Fairtrade’s objective of promoting cost sharing of Monitoring and Remediation systems across the supply chain. This information will be kept confidential. **Implications:** This presents minimal administrative burden for traders.**1.13.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **1.13.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**1.13.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **1.13.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**1.13.5 Do you have other general feedback on Human Rights Due Diligence that you would like to share?**      |

#  Identify and further address deforestation risk

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| Current Fairtrade requirements forbid deforestation and the destruction of vegetation in carbon storage ecosystems or protected areas. Producer organizations must also have a procedure in place to ensure that members do not cause deforestation or degradation of vegetation. Mapping of protected areas in the region and cross-checking this information with a member’s farm location to identify areas at risk is also recommended, and the use of geo-mapping and polygon maps (including boundaries of the farms) is suggested. However, the use of geo-data is not currently mandatory for producer organizations in Ghana and Côte d’Ivoire. Fairtrade is therefore exploring if Fairtrade requirements can be strengthened in the cocoa standard to further reduce the risk of deforestation and vegetation degradation whilst also considering the important link to Internal Management Systems (IMS) requirements.During the research phase of this project, the interviews with key stakeholders showed strong support for the use of geo data and cut off dates and there were no concerns regarding the collection of and access to geo location points. In the future, Fairtrade certified cocoa SPOs will need to respond to the assurance needs in different consuming countries and regions. In the EU this relates to deforestation-free supply chains, with cocoa already named as a forest risk commodity. In Ghana and Côte d’Ivoire cocoa SPOs will have to comply with ARS regarding geolocation data in particular.This topic cannot be dealt with in isolation. In the second phase of consultation for the cocoa standard review, more topics will be discussed which relate to deforestation, namely climate change mitigation and promotion of biodiversity as well as agronomic requirements. Also, the topic is linked with traceability (chapter 3) and IMS, to be consulted later.**The proposals aim to:*** Protect forests and vegetation against any deforestation and degradation, by introducing a cut-off date and mandatory risk assessment procedures such as the use of deforestation monitoring data.
* Make geolocation data available for 100% of farms, and gradually introduce farm polygons.
* Introduce prevention and mitigation plans based on the results of risk assessment and monitoring.
* Engage support from traders to enable SPOs to implement prevention activities
* Introduce reporting indicators which are to be shared with Fairtrade International annually, in order to enable aggregated and anonymized reporting to the public or to stakeholders upon request

**2.1 Strengthening SPO requirement 3.2.31 Protection of forests and vegetation***Addresses ARS Gold requirement 13.4.d, 13.4.e[[3]](#footnote-3) – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | Your members did not cause deforestation or degradation in primary or secondary forests[[4]](#footnote-4), protected areas and officially designated buffer zones, areas of High Conservation Value or High Carbon Storage to convert land into agricultural production area since January 2018.You do not source cocoa from farms in buffer zones (areas immediately surrounding forests) unless a legal land title, landowner permission and/or customary land rights (whichever are applicable), and government permits are available. |
| **Guidance:** Deforestation is the conversion of forest to other land use or the permanent reduction of the tree canopy cover below the minimum 10 percent threshold (The Global Forest Resources Assessment, FAO, 2015). The following activities are not considered ‘deforestation':• When a tree crop is replaced by another (for example cocoa, coffee or fruit tree); • Tree management on agro-forestry or home-garden production systems.Your members may identify protected areas with the help of local, regional or national authorities. |

**Rationale:** The above draft requirement seeks to strengthen forest cover loss aspects of Fairtrade certification, specifically by including a cut-off date of January 2018 in line with commitments made for Ghana and Côte d’Ivoire as part of the Cocoa & Forests Initiative[[5]](#footnote-5).**Implications:** The creation of the implementation framework for “Protection of forests and vegetation” is taking place parallel to the consultation.**2.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.1.4 If you are not from Côte d’Ivoire or Ghana, how soon should this requirement be implemented in your region and globally?**[ ] Starting 2023[ ] Starting 2024[ ] Starting 2025 or later[ ] I don’t know**2.1.5 Should this requirement apply to members who joined Fairtrade certified SPOs before publication of the new cocoa standard?[[6]](#footnote-6)** [ ] It should apply to all SPO members irrespective of when they joined the SPO[ ] It should only apply to members who join the SPO after publication of the new cocoa standard [ ] I don’t know**2.1.6 If members who joined SPOs before the publication of the new standard are found to have caused deforestation, i.e. non-complaint with the requirement , should there be compensation measures?** [ ] Yes[ ] No[ ] I don’t know**2.1.7 If yes, what compensation measures would you recommend for members who joined SPOs before publication of the new cocoa standard?**      **2.2 Strengthening SPO requirement 3.2.32 Procedures to prevent deforestation** *Addresses ARS Gold requirement 13.4.c – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | You assess and monitor the risk of deforestation, and degradation in forests, protected areas and officially designated buffer zones, areas of High Conservation Value or High Carbon Storage.  |
| **Guidance:** These risk management procedures may include: * Mapping of relevant areas in the region and cross-checking this information with member farm locations to identify areas at risk:
	+ Geo location data and polygon maps (including boundaries of the farms) are used as tools to map risk areas accurately;
	+ Deforestation monitoring data is used to assess risk in relation to your members’ farms.
* Identifying if and how your member’s activities have negative impacts on at-risk areas;
* Monitoring members’ production practices and other activities in at-risk areas.
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**Rationale:** The requirement seeks to strengthen procedures to prevent ***deforestation***, making preventative measures mandatory for risk assessment and management such as the use of geo location data and deforestation monitoring data.**Implications:** This requirement creates additional work for members and SPOs, potentially also additional costs.**2.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.2.4 If you are not from Côte d’Ivoire or Ghana, how soon should this requirement be implemented in your region and globally?**[ ] Starting 2023[ ] Starting 2024[ ] Starting 2025 or later[ ] I don’t know**2.3 Deforestation Prevention and Mitigation Plan***This requirement is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | You use the results from your human rights/environmental risk assessment and your risk monitoring of deforestation, to create a plan to prevent and mitigate any deforestation and degradation of forest, in order to conserve and restore forest and vegetation. The plan entails:• Raising awareness amongst members on identified risk areas and activities or production practices that have negative impacts;• Promoting the implementation of production practices that have a positive impact (i.e. agro-ecological practices, exchange of good practices, demonstration plots, trainings). |

**Rationale:** With the sequence of these new requirements, Fairtrade seeks to link the requirements focussed on deforestation and degradation into the overall/global HREDD approach. With this specific requirement, SPOs are asked to create a plan which will enable them to use the results of their risk assessment and monitoring to develop prevention and mitigation activities.**Implications:** This new requirement creates additional work for members and SPOs, potentially also additional costs.**2.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.4 Geolocation data of farms***This addresses ARS Bronze, farm diagnostics, and will be a mandatory requirement for Côte d’Ivoire and Ghana, it is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | Geolocation data is available for 100% of your member and farm operator units. You identify and prioritize for which farms units this should be in the form of GPS polygons based upon area risk of deforestation and adopt a phased approach. For all other farms, geolocation data can be in the form of location points. You use the data to further inform your procedures to prevent deforestation. |

**Rationale:** Geolocation data has to be provided for all farm units, so that forest cover loss monitoring can be carried out, and also to enable traceability.**Implications:** SPOs will have to invest to collect the data unless it is already provided.**2.4.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.4.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.4.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.5 Sharing geolocation data***This requirement is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** Fairtrade payers and conveyors |
| **Core** | Geolocation data is available for 100% of the farms units you are sourcing from. This can be in the form of GPS polygons and location points. You share this data with Fairtrade International and grant Fairtrade International permission to share this data with the producers you are sourcing from, so that they can use it to inform their procedures to further prevent deforestation. |

**Rationale:** With this requirement, Fairtrade seeks to ensure that traders share the data which they have available, which is meant to support SPOs.**Implications:** This avoids duplication of effort and resources.**2.5.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.5.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.5.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.6 Support for the SPO deforestation prevention and mitigation plan***This requirement is suggested for global implementation*

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| **Applies to:** Fairtrade traders |
| **Core** | You support the SPOs you are sourcing from with their plan to prevent and mitigate any deforestation and degradation of forest, in order to conserve and restore forest and vegetation. |

**Rationale:** In order to support the SPO’s plan and the related necessary investments, traders should partner with SPOs for these activities.**Implications:** This requires additional investment by the traders.**2.6.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.6.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.6.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.6.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**2.7 SPO reporting***This requirement is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | You report data to Fairtrade International every year. The data is presented using the available templates and includes - **Procedures to prevent deforestation/deforestation prevention and mitigation plan:*** What type of activities did you undertake to promote the implementation of production practices that have a positive impact during the past year?
* No. of attendees trained on practices to avoid deforestation and forest degradation
* No. of women, youth, SPO members, farm operators, workers and family member attendees per training
* No. and % of farm units checked against forest cover loss monitoring data

**Geolocation data of farms:*** No. and % of farm units for which polygons are available

**Support for the SPO deforestation prevention and mitigation plan:*** What type of support have you received to implement your plan during the past year?
* What is the estimated monetary value of the support you have received during the past year?
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**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to inform Fairtrade interventions and enable aggregated and anonymized reporting to the public or to stakeholders upon request. This will help to fulfil regulatory demands as well as demands by customers; this will also help to show the impact of the requirement at farmer level.**Implications:** This presents and additional administrative burden to the SPO.**2.7.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.7.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.7.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.8 Trader Reporting***This requirement is suggested for global implementation*

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| **Applies to:** Traders |
| **Core** | You report data to Fairtrade International every year. The data is presented using the available template and includes - **Support for the SPO deforestation prevention and mitigation plan:*** What type of support have you provided to SPOs to implement their plan during the past year?
* What is the monetary value of the support you have provided during the past year?
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**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to track Fairtrade’s objective of promoting cost sharing across the supply chain. This information will be kept confidential. **Implications:** This presents minimal administrative burden for traders.**2.8.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **2.8.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**2.8.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **2.8.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**2.8.5 Do you have other general feedback on deforestation risk that you would like to share?**      |

# Strengthening traceability and transparency requirements for Fairtrade cocoa and Fairtrade Minimum Price and Fairtrade premium payments to farmers

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| Fairtrade offers stakeholders the option to operate traceable and or mass balanced cocoa in their supply chains, once the Fairtrade cocoa has left the SPO[[7]](#footnote-7) However, very few commercial partners choose to be audited for physical traceability in cocoa opting typically for mass balance. Sector developments indicate that this may change, especially the upcoming EU regulatory requirements on deforestation and human rights which will require commercial stakeholders to be much better informed regarding their supply chain sourcing and practices. National Cocoa Platforms in Europe[[8]](#footnote-8) are driving dialogue to improve traceability and transparency in cocoa supply chains to increase accountability and sustainability. Full traceability from farm level to first purchase point is one of the commitments of the Cocoa & Forests Initiative and the African Regional Standard will require the segregation of ARS cocoa up until the point of export. Traders have developed ‘direct’ supply chains with farmer groups or cooperatives characterized by longer term relationships and commitments for cocoa sourcing.**Traceability from Farmers to SPO (First Mile Traceability) & from SPO to Traders****The proposals aim to:*** Improve the accuracy of member production and sales data recorded by SPOs via credible yield estimation, detection and management of production versus sales irregularities and the regular calibration of weighing equipment.
* Improve the due diligence of SPO traceability procedures
* Promote the deployment of technical solutions to track cocoa beans sold by SPOs back to farms.
* Require the physical segregation of Fairtrade products to the point of export.

**3.1 Member and Organization Production***This requirement is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 1** | **Core** | Once a year you record individual member production and the total production of your organization. This includes both estimated and actual production. When estimating member yield you use a consistent and credible methodology that uses farm level data. See guidance document “Estimating Member Production”. You compare estimated production with actual production and sales at both member and organisational level to check there are no significant differences. If significant differences are recorded at either the individual member or organizational level, you explain why and take measures to prevent recurrence. Members’ production and sales information are embedded in the SPOs’ internal regulations, therefore there are measures in place in case a member is detected selling more than its estimated production volumes |
| **Guidance:** Having accurate information on member production is essential for an organization to operate as a successful farmer business with clear oversight of its cocoa supply and the ability to deliver effective services to members. Accurate member production records enable organizations to: forecast their total available supply of Fairtrade certified volumes for the next cocoa trading season, target training and support needs to members for cocoa productivity improvement and provide confidence to buyers of Fairtrade cocoa supply and legitimacy. |

**Rationale:** In order to assist SPOs in managing their membership and providing assurance to commercial partners required for long term transparent relationships, it is necessary to have clear oversight over actual production and sales Vs estimated production per member. **Implications:** This process will have to be embedded at SPO level as a function of the Internal Management System (IMS)**3.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.2 Weighing equipment***This requirement is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | You calibrate the equipment used to define the weight of cocoa beans purchased from your members at least once a year. |

**Rationale:** To ensure accuracy of member sales reporting hereby ensuring members receive correct payment for their cocoa.**Implications:** Regular calibration of equipment will have to take place at SPO level.**3.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.3 Documenting traceability procedure***This requirement is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | You document a product flow map and the associated traceability procedure from members to the first buyer including collection points, transport, storage locations, warehouses and processing units. You document the locations of all storage units and identify where there could be risk of mixing member and non-member cocoa. You include this information for all intermediaries when applicable. |

**Rationale:** In order to assist SPOs in managing the risk of non-member and member cocoa being mixed, more detailed oversight is required of the traceability procedure.**Implications:** This process will have to be embedded at SPO level as a function of the Internal Management System (IMS)**3.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.4 Product Tracking Technology***This requirement is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 3** | **Core** | You deploy technical solutions that support your organization to track the cocoa beans sold by your organization back to your individual members’ farms or fields. |
| **Guidance:** Technical solutions can include third party software applications or national traceability systems when available. |

**Rationale:** To achieve first mile physical traceability (identify preserved) from the cocoa farm and the farmer to the SPO, first mile traceability tools are increasingly available directly to SPOs. Fairtrade International and Fairtrade Africa are in the process of facilitating access to such third party tools as part of IMS software. In Latin America and the Caribbean, the majority of Fairtrade cocoa is also organic certified and consequently has advanced segregation.**Implications:** This will require investment by the SPO.**3.4.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.4.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.4.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.5 Physical Segregation to Export** *Addresses ARS Bronze, requirement 14 (part 2)[[9]](#footnote-9) – this will be mandatory in Côte d’Ivoire and Ghana, it is suggested for global implementation*

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| **Applies to:** Payers & Conveyors |
| **Core** | You physically segregate Fairtrade products from non-Fairtrade products, at all stages (e.g. transport, storage, processing, packaging, labelling and handling) to the point of export. |

**Rationale:** The African Regional Standard will make it mandatory for certified actors to physically segregate products to point of export. **Implications:** This change will bring about a higher credibility for Fairtrade, e.g. in terms of HREDD claims. **3.5.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.5.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.5.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.5.4 If you are not from Côte d’Ivoire or Ghana, how soon should this requirement be implemented in your region and globally?**[ ] Starting 2023[ ] Starting 2024[ ] Starting 2025 or later[ ] I don’t know**Origin Matching in Mass Balance****The proposals aim to:**Allow greater transparency of the origin of mass balanced cocoa. Origin matching requires companies to implement Fairtrade’s “like for like” rule in relation to identifying cocoa origins. For example, when a company sells Fairtrade cocoa beans, it claims the country of origin in the sales documentation. The corresponding equivalent volume of Fairtrade cocoa beans is purchased from the same country and this is demonstrated in the purchase documentation.**3.6 Origin Matching of Mass Balance Bean Volumes***This requirement is suggested for global implementation*

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| **Applies to:** Traders |
| **Core** | Origin matching is required on 100% of Fairtrade certified bean purchases and sales between certified traders. Sales documentation for beans sold as Fairtrade certified includes origin information to country level. The corresponding equivalent volume of Fairtrade cocoa beans is purchased from the same country as demonstrated in purchase documentation. |

**Rationale:** Enabling transparency on the origin of mass balanced cocoa beans will increase transparency for HREDD.**Implications:** This may require traders to implement additional reporting procedures for mass balance in Fairtrade. **3.6.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.6.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.6.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.6.4 Is it feasible to require origin matching on 100% of cocoa beans (all purchases and sales)?**[ ] Agree[ ] Disagree[ ] Not relevant to me / I don’t know**3.6.5 If you selected disagree what alternative % or proposal would you suggest?**     **3.6.6 What is a reasonable timeframe for commercial actors to implement this change?**     **3.7 Origin Matching of Mass Balance Liquor Volumes***This requirement is suggested for global implementation*

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| **Applies to:** Traders |
| **Core** | Origin matching is required on 100% of the first sale of Fairtrade certified liquor from one certified trader to another. Sales documentation for liquor sold as Fairtrade certified includes origin information to country level. The corresponding equivalent volume of Fairtrade liquor is purchased from the same country as demonstrated in purchase documentation. |

**Rationale:** Enabling transparency on the origin of mass balanced cocoa beans will increase transparency for HREDD.**Implications:** This may require traders to implement additional reporting procedures for mass balance in Fairtrade **3.7.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.7.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.7.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.7.4 Is it feasible to require origin matching on 100% of cocoa liquor for the first sale?**[ ] Agree[ ] Disagree[ ] Not relevant to me / I don’t know**3.7.5 If you selected disagree what alternative % or proposal would you suggest?**     **3.7.6 What is a reasonable timeframe for commercial actors to implement this change?**     **Payment Tracking****The proposals aim to:*** Ensure SPOs implement an accounting system that communicates, tracks and identifies price differential and premium payments;
* Ensure farmers received their FMP differential payments sooner
* Promote the deployment of technical solutions to track payments made by SPOs to their members.
* Promote the deployment of technical solutions that support SPOs to make e-payments to their members.
* These requirements apply to SPOs in Ghana and Côte d’Ivoire only.

**3.8** **Strengthening Cocoa standard 4.2.4: Distribution of the price differential in Ghana and Côte d’Ivoire by SPOs**

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| **Applies to:** SPOs in Ghana and Côte d’Ivoire |
| **Year 0** | **Core** | When the Fairtrade Minimum Price is above the market price you transfer 100% of the price differential to your members.You transfer any FMP differential payments to your members within 30 days of receipt by your organization. |
| **Guidance:** The price differential is defined as the difference between the Fairtrade Minimum Price and the market reference price. Requirement 4.2.1 outlines the relevant market reference prices in Ghana and Côte d’Ivoire. |

**Rationale:** The requirement that SPOs in Ghana and Côte d’Ivoire must transfer 100% of the Fairtrade Minimum Price differential to their members is already in the Cocoa Standard. This adds a 30-day payment window to ensure an efficient transfer of FMP differential payment to famers once received by the SPO. This is connected with the amendments to requirement 4.6.3 below, so that members of certified SPOs do not only receive the payment swiftly but also know what kind of payment they have received.**Implications:** SPOs will need to make farmer payments more regularly for the FMP differential. **3.8.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.8.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.8.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.9 Strengthening Cocoa standard 4.6.3: Accounting systems for the price differential and premium**

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| **Applies to:** SPOs in Ghana or Côte d’Ivoire |
| **Year 1** | **Core** | You have an accounting system that tracks and identifies price differential payments transparently. The organization:* communicates publicly and raises awareness amongst members of payment dates and amounts to be paid as FMP differential and as cash distribution of Fairtrade Premium.
* provides receipts to individual members’ detailing the value of the FMP differential paid, including date, volume and cocoa season and any Fairtrade Premium paid in cash, including date, volume and cocoa season.
* demonstrates each cocoa season that the amount of FMP differential distributed to the members reconciles with the FMP differential received by the organisation.
* demonstrate in documentation separately the amounts received of Fairtrade Premium and Fairtrade Minimum Price differential.
* reports to the members collectively (at General Assembly) on total amounts of FMP differential, and Fairtrade Premium distributed as cash, if applicable.
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| **Guidance:** The price differential is defined as the difference between the Fairtrade Minimum Price and the market reference price. This requirement complements the SPO Standard requirement 4.1.4 on having an accounting system that accurately tracks the Fairtrade Development Plan expenses, and in particular identifies the Fairtrade Premium. |

**Rationale:** Currently the rules proposed for this requirement are the key parts of an [interpretation note](https://files.fairtrade.net/standards/20190724_Cocoa-Interpretation-note_EN.pdf) to the cocoa standard. This means that they are already audited for Côte d’Ivoire and Ghana. The requirement is proposed to supersede the interpretation note and to ensure the accounting system is also for premium in order to guarantee transparency regarding the recipients of different payments.**Implications:** None, as the content of this requirement is already audited due to the existing interpretation note. **3.9.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.9.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.9.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.10 Payment Tracking Technology***This requirement is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 3** | **Core** | You deploy technical solutions that support your organization to deliver, record and report Fairtrade Premium and Fairtrade Minimum Price Differential payments made by your organization to individual members. |
| **Guidance:** Technical solutions include software applications.This requirement compliments 4.6.3 “Accounting Systems for the price differential”. |

**Rationale:** Introducing payment tracking via technology will create a system that is accountable and transparent for members of the SPO. Fairtrade International and Fairtrade Africa are in the process of facilitating access to such third party tools as part of IMS software.**Implications:** This will require investment by the SPOs.**3.10.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.10.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.10.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.11 Digital Payments to Members***This requirement is suggested for implementation in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 3** | **Development** | When feasible, you deploy technical solutions that support your organization to make e-payments to your individual members when transferring Fairtrade Premium and Fairtrade Minimum Price payments. |

**Rationale:** Introducing e-payment tracking will create a system that is accountable and transparent for members of the SPO, and which is future-proof. E-payment technology creates a more efficient and safer payment system for SPO vs cash payments to members in the field. **Implications:** This will require investment by the SPOs and farmers need to be technically enabled to accept digital payments. **3.11.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **3.11.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**3.11.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **3.11.4 Do you have other general feedback on strengthening traceability and transparency that you would like to share?**      |

# Promote living income goals for cocoa farmers

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| Fairtrade raised both the Fairtrade Minimum Price and Fairtrade Premium for cocoa by 20% to $2400/$240 per MT (at FOB level) in 2019. This was the outcome of an extensive Minimum Price and Premium review during 2017/2018 which included a cocoa farmer household income study revealing that over 50% of cocoa farmers in Ivory Coast were living below the extreme poverty line. As part of the Price and Premium review the majority of stakeholders were not in favour of Fairtrade increasing the Fairtrade Minimum Price to the level of the Fairtrade Living Income Reference Price. Indeed, Fairtrade saw cocoa sales fall by 11% in 2019 as a result of the 20% minimum price and premium increase. Therefore, any further steps in terms of raising the mandatory Fairtrade Minimum Price will be based on careful evaluation. It is Fairtrade’s strategic ambition to achieve living income goals for cocoa farmers globally. In West Africa, Fairtrade works with committed commercial partners on Living Income pilots. In addition, with this review Fairtrade is exploring how elements of the living income strategy can be further incorporated into the Fairtrade Cocoa Standard. In Latin America and the Caribbean, first steps towards living incomes for cocoa farmers will be taken in the coming years e.g.by calculating Living Income Reference Prices for priority countries. The proposed requirements reflect progress and learning from the various pilots with commercial partners currently underway in West Africa. Respective tools and training manuals that have been developed and tested as part of the pilot projects can be used more widely and incorporated into producer support programs.During the key stakeholder interviews, respondents expressed strong support to progress towards living income also through the standards; and highlighted specifically the importance of income diversification within this topic.**The proposals aim to:*** Enable SPO members to calculate their net income, whist also building their financial history
* Assess the net income of SPO members against Living Income benchmarks
* Support smallholders to make informed decisions on income resilience strategies including income diversification
* Analyse farmers’ production costs and net income and provide them with training on finance and business management;
* Encourage SPOs to understand and seek financing for their members.
* Introduce reporting indicators which are to be shared with Fairtrade International annually, in order to enable aggregated and anonymized reporting to the public or to stakeholders upon request

**4.1 Farm record keeping***Addresses ARS Gold recommendation 11.2.b[[10]](#footnote-10) – this requirement will be mandatory in Côte d’Ivoire and Ghana, it is suggested for implementation in all regions except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 6** | **Core** | You implement a farm book system that supports your members to document their total income and total production costs, enabling members to calculate their net income, whist also building their financial history. |
| **Guidance:** See Guidance Doc “Farm Record Keeping”. |

**Rationale:** This requirement addresses important parts in the Living Income strategy of Fairtrade such as managing farming business, increasing farm efficiencies and building entrepreneurial skills. By increasing awareness, it is meant to enable increased income of farmer households via improved practices.**Implications:** SPOs will need to implement a farm book system and support/coach their members to use the farm book system. A corresponding tool and producer training methodology has been developed by Fairtrade International.**4.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.2 Living income benchmark comparison***This requirement is suggested for implementation* *in all regions, except for Latin America and Caribbean*

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| **Applies to:** SPOs |
| **Year 6** | **Core** | You collect and record member farm book data to assess the net income of your members against the Living Income benchmark for your country. You assess the progress of your members against Living Income targets at farm level including: cocoa yields per hectare and % of household food produced on the farm. |
| **Guidance:** See Guidance Doc “Comparing Member Income and Progress towards the Living Income Benchmark”  |

**Rationale:** An assessment of the data against Living Income benchmarks will make progress towards Living Income visible and measurable. Relevant living income benchmarks will be made available.**Implications:** SPOs should have a functional IMS system in place to be able to capture and manage member data including their cocoa yields, income from cocoa and other sources and their production costs.**4.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.3 Income Resilience***Addresses ARS Silver requirement 11.3.11.a, this will be mandatory in Côte d’Ivoire and Ghana, it is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 6** | **Core** | You support your members to make informed decisions on income resilience strategies including income diversification. You give special attention to the participation of women and youth. |
| Guidance: Support can include facilitating access to expert knowledge, inputs, services, and markets to enable the implementation of the income diversification strategies. |

**Rationale:** Developing income resilience strategies is an integral part of Fairtrade’s Living Income Strategy to make cocoa producers less dependent on cocoa and cocoa price fluctuations.**Implications:** SPOs will need to have processes and systems in place to be able to support members who choose to implement income diversification initiatives.**4.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.3.4 If you are not from Côte d’Ivoire or Ghana, how soon should this requirement be implemented in your region and globally?**[ ] Starting 2023[ ] Starting 2024[ ] Starting 2025 or later[ ] I don’t know**4.4 Farmer business training***Addresses ARS Gold, recommendations 11.2.a and b, it is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 3** | **Development** | You support your members to analyse their production costs and net income and provide training on finance and business management. |

**Rationale:** This requirement relates to Fairtrade’s strategic approach on Living Income which also involves strategies to improve farm efficiency and build entrepreneurial skills. **Implications:** SPOs will need to implement support/coach their members to use the farm book system (to understand their production costs and net income) and resource financial management training.**4.4.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.4.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.4.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.4.4 If you are not from Côte d’Ivoire or Ghana, how soon should this requirement be implemented in your region and globally?**[ ] Starting 2023[ ] Starting 2024[ ] Starting 2025 or later[ ] I don’t know**4.5 Farmer Financing Needs***Addresses ARS Gold, recommendation 11.2.c, it is suggested for implementation in all regions except for Latin America and Caribbean*

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| --- |
| **Applies to:** SPOs |
| **Year 6** | **Development** | You determine the financing needs of your members and make efforts to meet their needs. You document your interaction with input suppliers and/or financial organizations when seeking finance for your members. |

**Rationale:** “Access to finance/credit” is an important element of Fairtrade. The Trader Standard requests traders to facilitate SPOs with pre-financing.**Implications:** SPOs need a process in needs to understand member financing as per 4.1.1. SPO and capacity to interact with potential financing partners.**4.5.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.5.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.5.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.6 SPO reporting***This requirement is suggested for implementation in all regions, except for Latin America and Caribbean*

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| --- |
| **Applies to:** SPOs |
| **Year 1** | **Core** | You report data to Fairtrade International every year. The data is presented using the available templates and includes – **Farm record keeping:*** No. of member farming households for which farm record keeping is implemented
* No. of members who receive coaching from the SPO to support record keeping and farm development planning

**Living Income Benchmark Comparison:*** No. of member farming households for whom a living income gap is calculated
* Average household income in USD of member households
* Average living income gap in USD of member households
* No. of member farming households who are reaching or exceeding the Fairtrade living income targets of:

-cocoa yields of 800 kg per hectare-50% of household food produced on the farm**Income Resilience:*** No. of household members by gender who generate income via alternative activity (specified by type of activity)

**Farmer Business Training:*** No. of members by gender who have attended training on finance and business management
* No. of members by gender that have access to financial services (e.g. loans for farm investment, digital payments, bank accounts, etc.)
 |

**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to inform Fairtrade interventions and enable aggregated and anonymized reporting to the public or to stakeholders upon request. This will help to fulfil regulatory demands as well as demands by customers; this will also help to show the impact of the requirement at farmer level.**Implications:** This presents additional administrative burden for the SPO.**4.6.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **4.6.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**4.6.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **4.6.4 Do you have other general feedback on Living Income that you would like to share?**      |

#  Sharecroppers and tenant farmers in SPOs

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| In Ivory Coast and Ghana sharecropping/ tenant farming are common models of cocoa farming but it is primarily land owners who are recognized by SPOs as their members. In Latin America and the Caribbean, the situation is different and sharecropping and tenant farming are uncommon according to CLAC, the relevant Fairtrade Producer Network. In Ivory Coast and Ghana sharecroppers/tenant farmers contribute to Fairtrade cocoa production but their inclusion in and benefits from Fairtrade certification are informal and at the discretion of the land owner. Most land owners live in poverty themselves. Sharecroppers/tenant farmers are usually not listed in SPO member registries, so are not included in internal management systems. In some cases, SPOs list these farmers as workers. Based on anecdotal reports we believe that sharecropping/tenant farming in Ivory Coast, could represent up to 30-40% of farmers. The figure could be higher for Ghana, up to 60%, but this also incorporates the additional model of caretaker farming. For purposes of this consultation, Fairtrade is referring to sharecroppers, tenant farmers and caretaker farmers as *“farm operators”.* [In our recent study](https://www.fairtrade.net/library/analysis-workers-in-fairtrade-certified-spos) to examine the working and living conditions of workers, including hired labourers, in smallholder settings for cocoa production in West Africa, half were sharecroppers.As Fairtrade wishes to protect children, prevent deforestation, and improve the income situation of farmers substantially, we must ensure these farmers are included under Fairtrade certification whilst also receiving Fairtrade benefits. However, this is a very sensitive subject especially for SPOs and farmers due to the potential linkage to land rights as well as the possible wider distribution and/or dilution of Fairtrade benefits, including benefits from Fairtrade premium. Fairtrade premiums are often already spread thinly due to more supply of Fairtrade cocoa than demand.During the key stakeholder interviews, stakeholders welcomed that Fairtrade is tackling this topic, as farm operators should gain visibility. They should be registered, also the terms of their contracts with landowners should be formalised; and members of SPOs should be encouraged to share benefits of Fairtrade certification with the *farm operators*.Based on the feedback received, Fairtrade will communicate via guidance text in the cocoa standard that along with small-scale farm owners, Fairtrade considers farm operators (sharecroppers, tenant and caretaker farmers) to be small scale farmers who can join producer organizations and become members, hereby recommending SPO membership but not requiring it at this point in time. Fairtrade is presenting proposals below to ensure that all farm operators are at least registered at the SPO and have formal contracts with the landowner. This approach has been designed to allow SPOs time to adapt so they can incorporate these farmers into their memberships and hereby their constitutions.The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) has identified that all proposals in this chapter are not relevant to Latin America and the Caribbean, consequently stakeholders from this region are not expected to give input to this chapter.**The proposals aim to:*** Creating visibility for all persons that operate farms registered with Fairtrade certified SPOs
* Register farm operators (sharecroppers, tenant farmers, caretaker farmers) and their families so that they can be brought under the remit of Fairtrade standards, especially for HREDD requirements
* Enabling a more equitable division of Fairtrade benefits between farm owners and farm operators
* Introduce reporting indicators which are to be shared with Fairtrade International annually, in order to enable aggregated and anonymized reporting to the public or to stakeholders upon request

**5.1 Records of farm operators***Addresses ARS Bronze, farm diagnostics and Bronze requirement 4.2.3.2[[11]](#footnote-11), this will be mandatory regionally, in Côte d’Ivoire and Ghana*

|  |
| --- |
| **Applies to:** SPOs in Côte d’Ivoire and Ghana |
| **Year 0** | **Core** | When farm operators (sharecroppers, tenant and caretaker farmers) manage your members’ farms, you keep records of these farmers and their association with your members.You update these records on an annual basis. Please see annex 1 for the information to be recorded for farm operators. Your members are expected to sensitize all farm operators on the Fairtrade Standard (Production) requirements. |
| **Guidance:** Along with small scale farm owners, Fairtrade Standards consider farm operators (sharecroppers, tenant and caretaker farmers) to be small-scale farmers who are entitled to join producer organizations. Your organization may consider using different member categories when registering different types of farmers.  |

**Rationale:** This requirement will make farm operators who are not members visible in the SPO’s IMS system and will ensure that their data can be used for purposes of HREDD analysis.**Implications:** This requires a process of coordination and additional effort and work for the SPO.**5.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **5.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**5.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **5.1.4 Are farm operators also relevant in other regions outside of West Africa?** [ ] Yes[ ] No[ ] I don’t know**5.1.5 If you replied yes above, please indicate the region and country:**     **5.1.6 Do you have any additional comments?**     **5.2 Formal agreements between farm owners and farm operators (sharecroppers, tenant farmers, caretaker farmers)***This requirement is suggested for implementation in Côte d’Ivoire and Ghana*

|  |
| --- |
| **Applies to:** SPOs in Côte d’Ivoire and Ghana |
| **Year 0** | **Core** | When your members provide or rent their land to a farm operator such as a sharecropper, tenant and/or caretaker farmer to produce cocoa on their farms, or when your members are farm operators and not land owners, you ensure legally binding contracts are in place which detail the arrangement between the farm operator and the farm owner. This includes the share of the farm’s production and Fairtrade benefits (FMP differential and premium payments, training and support) between the farm owner and the farm manager, and the contributions of each party towards the arrangement such as land, housing, operating capital, management, labour, rents or other. You ensure farm operators are aware of their rights and responsibilities, have a signed copy of the contract and that they understand the content by providing it in a format and language they understand. |

**Rationale:** The contract between farm operator and land owner will bring security, and stability to the farm operator and clarify how Fairtrade benefits will be shared.**Implications:** This requires a process of coordination and additional effort and work for the SPO. **5.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **5.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**5.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **5.2.4 Should Fairtrade accept oral contracts for the formal agreement between the landowner and the farm operator if the national legislation/context permits this?** [ ] Yes[ ] No[ ]  I don’t know**5.3 SPO reporting***This requirement is suggested for implementation in Côte d’Ivoire and Ghana*

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| --- |
| **Applies to:** SPOs in Côte d’Ivoire and Ghana |
| **Year 0** | **Core** | You report data to Fairtrade International every year. The data is presented using the available templates and includes – **Records of farm operators:*** No. of registered farm operator by type (sharecropper, tenant or caretaker farmer)
* No. of farm operators by type (sharecropper, tenant or caretaker farmer) who are members
* Percentage of farms covered by SPO’s certification that are operated by: sharecroppers, tenant farmers, caretaker farmers, owners
* No. of farm operators by type (sharecropper, tenant or caretaker farmer) for whom the arrangement has been in place with the landowner for: 0-5 years, 5-10 years, 10-20 years, more than 20 years

**Formal agreements between farm owners and farm operators:*** No. of farm operators by type who have a legally binding contract in place with the farm owner
 |

**Rationale:** The reporting indicators will be shared with Fairtrade International annually, in order to inform Fairtrade interventions and enable aggregated and anonymized reporting to the public or to stakeholders upon request. This will help to fulfil regulatory demands as well as demands by customers; this will also help to show the impact of the requirement at farmer level.**Implications:** This presents and additional administrative burden for the SPO.**5.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **5.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**5.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **5.3.4 Do you have other general feedback on farm operators in SPOs that you would like to share?**      |

# Trading Practices

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| It is very important for Fairtrade that Fairtrade certified SPOs have relevant sales under Fairtrade terms. To achieve this supply of Fairtrade certified cocoa should grow at the same pace or slower than demand for Fairtrade certified cocoa, so that there is a balance. Since June 2020 cocoa SPOs and traders that want to become Fairtrade certified have to demonstrate that they already have a buyer for their produce or that their trading activity relates to additional volumes traded under Fairtrade terms.More detail about this change can be found here: “[New certification requirements for cocoa and coffee June 2020](https://www.fairtrade.net/news/new-certification-requirement-for-cocoa-and-coffee-to-boost-farmer-incomes)”. As the balance between supply and demand and the stability of supply chains is so relevant to achieve Fairtrade’s overall objective to support Living Incomes for farmers, we seek to explore how Fairtrade can strengthen the current requirement further. Under the current SPO standard producer and trader applicants are required to demonstrate that there is Fairtrade market potential for their product for at least two years. Market potential or demand can be demonstrated through a letter of intent or a similar document of a (prospect) trade partner that indicates a two-year commitment and estimated volumes to be bought under Fairtrade terms. FLOCERT checks this requirement during the initial audit.Fairtrade continues to be concerned about the supply/demand balance of Fairtrade cocoa, considering Fairtrade’s key objective of increasing the proportion of cocoa sold, which is produced under Fairtrade certification.Additionally, the growth of the membership of existing Fairtrade certified cooperatives should also be addressed.**The proposals aim to:*** Include a permanent solution into the Fairtrade standard for cocoa to limit the entry of new SPOs and exporters into the Fairtrade system,
* Define a limit for the growth of membership of existing Fairtrade certified SPOs within one year.
* Create transparency and reliability for Fairtrade certified producers regarding the allocation of purchase volumes by traders
* Encourage long-term partnerships based on mutual commitments

**6.1 Entry requirement for producer organisations***This requirement is suggested for global implementation*

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| **Applies to:** SPOs |
| **Year 0** | **Core** | You demonstrate that you are an established organisation for at least two years prior to requesting certification, with administrative, technical, commercial and financial capacity by providing the following documents: • legal registration, • financial statements,• records of commercialization, • business development plan, • General Assembly recordsYou demonstrate that there is Fairtrade market potential for your product for at least two years. Market potential or demand can be demonstrated through a letter of intent or a similar document of a (prospect) end buyer that indicates a two years’ commitment and estimated volumes to be bought under Fairtrade terms.The certification body will check this requirement only during the initial audit. |
| **Guidance:** This requirement replaces requirements 1.1.3 and 1.1.4 in the SPO standard. |

**Rationale:** In order toimplement the new requirement into the cocoa standard permanently, it was amended to fully suit the context of cocoa production etc. **Implications:** Less SPOs will have access to Fairtrade certification.**6.1.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **6.1.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**6.1.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **6.2 Limiting growth in existing certified SPOs***This requirement is suggested for Côte d’Ivoire and Ghana*

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| **Applies to:** SPOs in Côte d’Ivoire and Ghana |
| **Year 0** | **Core** | The total number of members in your organization cannot grow by more than 10% over an entire certification year. |

**Rationale:** Fairtrade’s standard integrity is at risk when memberships increases greatly; this could possibly dilute the positive impact of the requirement to limit entry of new producers. This requirement should serve to better balance supply and demand of Fairtrade.**Implications:** Producer organizations need to add new members successively/in a phased approach[[12]](#footnote-12).**6.2.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **6.2.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**6.2.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **6.2.4 Should the percentage suggested above be different? E.g:**[ ] 8%[ ] 5%[ ] Other percentage**6.2.5 In case you selected “other percentage”, please explain:**     **6.3 Entry requirement for exporters***This requirement is suggested for global implementation*

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| **Applies to:** Exporters |
| **Year 0** | **Core** | You demonstrate that your assistance as an export service provider is required by a producer organisation to undertake Fairtrade exports. You demonstrate this with a record of prior transactions and/or a commitment for 2 years including indicative volumes to be sourced from the identified Fairtrade certified producer organisation. Also, you provide the following documents:• legal registration, • financial statements,• records of commercialization, • business development plan.There is no indication that you have assisted or done business with organizations involved with the violation of human rights, land claims, violation of indigenous peoples’ rights and land, all forms of fraud, formal complaints, previous business malpractices with farmers, violation of animal rights or harm of biodiversity.This requirement is effective for all exporters. |
| **Guidance:** The certification body will confirm the documentation provided by the exporter with the SPO during the application process or the initial audit. |

**Rationale:** Fairtrade wishes to avoid a situation of traders applying speculatively for Fairtrade certification and to be sure that any trader that does apply brings Fairtrade demand with them.**Implications:** Exporters interested in Fairtrade certification will have to prove that their assistance to a certified producer organization is necessary going forward.**6.3.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **6.3.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**6.3.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **6.4 Transparent processes for Fairtrade volume allocation***This requirement is suggested for global implementation*

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| --- |
| **Applies to:** Fairtrade payers and conveyors |
| **Year 0** | **Core** | You have a publicly available, documented process in place to allocate the purchase of Fairtrade cocoa volume to producers supplying you. The document includes the principles and/or conditions relevant for your purchase decisions. You share the document with producers at the beginning of the cocoa buying season. |
| **Guidance:** Principles and/or conditions relevant for your purchase decisions could for example include volume of Fairtrade cocoa available, previous delivery records or specific customer needs. |

**Rationale:** To create more transparency for producers on the purchase decisions by traders.**Implications:** Traders will be asked to share such documentation on request.**6.4.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **6.4.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**6.4.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **6.5 Long-term partnerships based on mutual commitments***This requirement is suggested for global implementation*

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| --- |
| **Applies to:** All traders |
| **~~VBP~~ Core** | You engage in long-term partnerships with producers based on commitments of cocoa volume purchases over multiple years and you communicate your sustainability priorities to allow producers to make informed decisions on premium investments. |
| **Guidance:** The intention of this requirement is to provide producers with secured sustainable income streams, which will enable them to invest in areas of strategic priority for the economic, social and environmental sustainability of cocoa farmers. In this context “long-term” means at least 3 years. |

**Rationale:** This requirement is currently a Voluntary Best Practice for traders in the Cocoa Standard (4.5.2). In order to make it mandatory, it will now be a core requirement in the cocoa standard.**Implications:** Traders will be required to make longer term commitments and producers will have more stability. **6.5.1 Do you agree with this requirement?**[ ] Strongly agree[ ] Partially agree[ ] Disagree[ ] Not relevant to me / I don’t know**Please explain your rationale in case you partially agree or don’t agree**     **6.5.2 How do you rank the efforts necessary to comply with this requirement on a scale from 1-5 (1 = lowest; 5 = highest effort)?**[ ] 1[ ] 2[ ] 3[ ] 4[ ] 5**6.5.3 If you selected 3-5, to be concrete, which major challenge/ difficulty do you expect?**     **6.5.4 Should this requirement apply to all Fairtrade certified traders, licensees and retailers along the supply chain or only to those organizations with a specific function?**[ ] All [ ] Exporters [ ] Importers [ ] Processors [ ] Manufacturers[ ] Licensees[ ] Retailers[ ]  I don’t know**6.6 Additional question on trading practices:**The Trader Standard requirement 4.8.1 specifies that Fairtrade does not accept unfair practices that clearly damage producers’ or other traders’ capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade Standards. The situations considered unfair trading practices under this requirement are as follows:* Traders imposing incomplete, abusive, bonded, or conditional contracting terms or false verbal assurances to the SPOs
* Traders shifting their volumes regularly and/or arbitrarily from one SPO to another and thereby preventing SPOs from obtaining long-term contracts
* Traders over-charging their customers on Fairtrade premium for semi-processed products like cocoa butter or cocoa powder and not transferring any surplus back to the SPOs.
* Traders involved in the set-up of so-called fake cooperatives
* SPOs and/or traders utilizing manipulated weighing equipment
* SPOs engaged in side-selling, accepting cocoa from non-members
* SPOs making unjustified payment deductions to their members

In this consultation stakeholders are invited to share examples that are considered unfair trading practices as per the definition provided above.**6.6.1 Do you have any input on the preliminary list of unfair trading practices indicated above?** [ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**     **6.6.2 Are there other practices that you would consider to be unfair and that should be included in this list:**     **6.6.3 Do you have other general feedback on trading practices that you would like to share?**      |

# General comments/ feedback

In this section you are invited to provide additional feedback on any of the requirements in the [Fairtrade Standard for Cocoa](https://files.fairtrade.net/Cocoa_SPO_EN.pdf) or provide general comments. If you are referring to a particular requirement, please include the requirement number where possible and your comments.

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| **Topic/ requirement number** | **Comments/ feedback** |
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If you need some more information before commenting on this document do not hesitate to contact standards-pricing@fairtrade.net

# Annex 1. Internal Management System Data

The table below details the member, farm operator, worker and farm information SPOs will be required to collect via their Internal Management Systems. The information also addresses ARS Bronze requirement 4.2.3.2 (Information for Registered Farmers) and annex C farm diagnostic (Information on Individual Farms). This table will be presented for consultation during the next phase of the cocoa review. The table is presented as information only for this current phase.

**Columns A-H detail the information to be collected for SPO members.**

**Columns A-F detail the information to be collected for farm operators (non-SPO members)**

**Column E details the information to be collected for workers**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A. Farmer** | **B. Household[[13]](#footnote-13)** | **C. Farm size, location, ownership and operation** | **D. Cocoa Production** | **E. Hired Workers** | **F. Training and Inspections** | **G. Costs of Production** | **H. Household Income** |
| **Adult HH Members** | **Child HH Members** |
| name | names | names | total farm size  | previous crop year’s production (kilos) | names | Fairtrade-related inspections performed on the farm and their outcomes | cost of hired labour | member cocoa sales per season (kilos) |
| contact information: address, telephone number | gender | parent/guardian names | number of farm units | previous crop year’s sales to SPO(kilos) | gender | training programs attended by the farmer including dates | total family labour | sales of other crops |
| id document (if available) | date and country of birth | gender | area cultivated with cocoa (with GPS polygons when available) | current crop year’s estimated production(kilos) | date and country of birth |  | cost of agricultural inputs | food crops for home consumption |
| gender | education level | date and country of birth | farm location (per farm unit with GPS coordinates) |  | job function |  | cost of tools and equipment including PPE | sales of food crops |
| date and country of birth | relationship to registered farmer e.g. spouse | school registration and attendance details[[14]](#footnote-14) | distance from protected and HCV areas |  | start and end date of employment |  | other costs | livestock |
| education level |  | kinship with registered farmer | legal ownership rights of the land/farm |  | wages (take home pay) per day |  | total cost of production | other income |
| registration date with SPO |  |  | area cultivated with other crops including food crops |  | permanent, temporary, seasonal or migrant worker |  |  | gross and net income |
| landowner or farm operator[[15]](#footnote-15)  |  |  | fallow land |  | subcontracted or directly employed worker |  |  |  |
| banking arrangements (bank account, mobile money) |  |  | date/year of cocoa farm(s) creation |  | **for children conducting light work (12-14) and young workers (15 – 17 years):** address, name and address of parent(s) or legal guardian(s) school registration (if applicable), type of work or tasks, the number of daily and weekly working hours  |  |  |  |
|  |  |  | who works on the farm? farm owner, farm operator, family labour, hired labour? |  | for workers employed for more than one month consecutively: is a legally binding employment contract in place, yes or no?  |  |  |  |
|  |  |  | for farm operators: number of years the arrangement has been in place with the landowner |  |  |  |  |  |
|  |  |  | for farm operators: is a legally binding contract in place with the landowner, yes or no? |  |  |  |  |  |

# Annex 2. List of requirements of the African Regional Standard

**- *Listed throughout this document (at the time of drafting of this document, the ARS is not yet publically available)***

|  |  |  |
| --- | --- | --- |
| **Chapter in this document** | **African Regional Standard, part I, II Requirements and Recommendations[[16]](#footnote-16)** | **Draft Fairtrade Cocoa Standard Requirements** |
| 1. Human Rights Due Diligence | 12.2.C HR COMMITMENT | 1.1 Commitment to Respecting Human and Environmental Rights |
| 1. Human Rights Due Diligence | 12.2.D HR POLICY12.5.A, 12.6.A CHILD RIGHTS/CHILD LABOUR COMMITMENT AND POLICY12.7.B FORCED LABOUR POLICY | 1.2 Human Rights Policy and Procedures |
| 1. Human Rights Due Diligence | 12.2.B HR AWARENESS RAISING12.3.B DISCRIMINATION, HARASSMENT AND ABUSE AWARENESS RAISING12.4.D-EGENDER ISSUES AWARENESS RAISING12.4.F-G EQUAL ACCESS TO TRAINING FOR WOMEN/YOUTH, PROMOTION OF PARTICIPATION FOR WOMEN/YOUTH12.5.C, G AWARENESS RAISING OF CHILD RIGHTS12.6.B AWARENESS RAISING HAZARDOUS WORK FOR CHILDREN | 1.3 Awareness Raising |
| 1. Human Rights Due Diligence | 12.2.A HUMAN RIGHTS RISK INVENTORY12.4.A GENDER AND YOUTH RISK INVENTORY12.5.B, 12.6.D CHILD RIGHTS/CHILD LABOUR RISK INVENTORY 12.8.A OCCUPATIONAL HEALTH AND SAFETY RISK INVENTORY | 1.4 Risk Assessment |
| 1. Human Rights Due Diligence | 12.2.D HR POLICY12.3.C HARRASEMENT & ABUSE ACTION PLAN12.4.B-C GENDER/YOUTH ACTION PLAN12.8 B-C OCCUPATIONAL HEALTH AND SAFETY ACTION PLAN | 1.5 Prevention and Mitigation Plan |
| 1. Human Rights Due Diligence | 12.3.E PROMOTE INCLUSION OF DISADVANTAGED/ MINORITIES12.4.H EQUAL OPPS/REMUNERATION AND REWARDING WOMEN/YOUTH FOR OWNING LAND | 1.6 Vulnerable Groups and Equal Opportunities |
| 1. Human Rights Due Diligence | 12.5.F PROMOTION OF EDUCATION/SCHOOL ATTENDANCE | 1.7 Children’s School Attendance |
| 1. Human Rights Due Diligence | 12.5.H ENCOURAGE VOCATIONAL TRAINING, APPRENTICESHIP, EMPLOYMENT FOR YOUTH | 1.8 Youth Vocational Training and Employment |
| 1. Human Rights Due Diligence | 12.6.E. UNDERTAKE ACTIONS TO PREVENT, IDENTIFY, MONITOR AND REMEDIATE CHILD LABOUR AND THE WORST FORMS OF CHILD LABOUR | 1.9 Monitoring and Remediation |
| 1. Human Rights Due Diligence | 12.3.C GENDER SENSITIVE GRIEVANCE PROCEDURE WITH EQUAL ACCESS FOR WOMEN AND MEN  | 1.11 Grievance Mechanism |
| 2. Identify and further address deforestation risk | 13.4.C-E ECOSYSTEM PROTECTION | 2.1 Protection of forests and deforestation2.2 Procedures to prevent deforestation |
| 2. Identify and further address deforestation risk | Part I ANNEX C INFORMATION ON INDIVIDUAL FARMS FOR COCOA FARM DIAGNOSTIC  | 2.4 Geolocation data of farms |
| 3. Traceability and Transparency | 14 PHYSICAL TRACEABILITY – COCOA SEGREGATION  | 3.5 Physical segregation to export |
| 4. Living Income | 11.2.A CAPACITY BUILDING ON ACCOUNTING AND ENABLING ACCESS TO FINANCIAL CREDITS  | 4.4 Farmer business training |
| 4. Living Income | 11.2.B SYSTEM FOR DOCUMENTING INFORMATION AND EXPENDITURE TO BUILD FINANCIAL HISTORY | 4.1 Farm record keeping |
| 4. Living Income | 11.2.C DETERMINE FARMER FINANCING NEEDS & SEEK FINANCING | 4.5 Farmer financing  |
| 4. Living Income | 11.3.11.A RAISE AWARENESS OF DIVERSIFIED CROPS  | 4.3 Income resilience |
| 5. Sharecroppers & Tenant Farmers in SPOs | Part I ANNEX C INFORMATION ON INDIVIDUAL FARMS FOR COCOA FARM DIAGNOSTIC4.2.3.2 INFORMATION FOR REGISTERED FARMERS | 5.1 Records of Farm operators |

1. A list of all ARS requirements referenced in this document can be found in annex 2 [↑](#footnote-ref-1)
2. Includes sharecroppers, tenant and caretaker farmers [↑](#footnote-ref-2)
3. A list of all ARS requirements referenced in this document can be found in annex 2 [↑](#footnote-ref-3)
4. <http://www.fao.org/3/am665e/am665e.pdf> [↑](#footnote-ref-4)
5. <http://www.worldcocoafoundation.org/initiative/cocoa-forests-initiative/> [↑](#footnote-ref-5)
6. The requirement would only apply to any new members of certified SPOs from the date of publication of the new standard or the entire membership of any SPOs seeking to joining Fairtrade after the date of publication. [↑](#footnote-ref-6)
7. Fairtrade cocoa beans are physically segregated at SPO level [↑](#footnote-ref-7)
8. https://www.idhsustainabletrade.com/uploaded/2021/04/Cocoa-Traceability-Study\_Highres.pdf [↑](#footnote-ref-8)
9. A list of all ARS requirements referenced in this document can be found in annex 2 [↑](#footnote-ref-9)
10. A list of all ARS requirements referenced in this document can be found in annex 2 [↑](#footnote-ref-10)
11. A list of all ARS requirements referenced in this document can be found in annex 2 [↑](#footnote-ref-11)
12. Fairtrade is fully aware that encouraging the membership of farm operators (see section 5) could have implications for this proposal and this will be taken into consideration when determining implementation, should this requirement be approved. [↑](#footnote-ref-12)
13. Including first, second and third degree relatives who live in or within the grounds of the household. [↑](#footnote-ref-13)
14. Is the child registered at school, school name, location, reason for non-attendance if applicable [↑](#footnote-ref-14)
15. The term farm operators refers to: sharecroppers, tenant and caretaker farmers [↑](#footnote-ref-15)
16. Recommendations shaded in grey [↑](#footnote-ref-16)