

## Fairtrade Standard for Hired Labour (15.01.2014\_v1.5)

### Interpretation Notes

Date	<i>March 27<sup>th</sup>, 2020</i>				
Reference	<i>Hired Labour Standard</i>				
Affected standard requirement	<p><b>2.1.20 NEW 2014</b> Optional distribution of Fairtrade Premium to workers</p> <table border="1" data-bbox="477 793 1533 1010"> <tr> <td data-bbox="477 793 574 856"><b>Core</b></td> <td data-bbox="574 793 1533 856">If workers so choose, up to 20%, and in exceptional circumstances up to 50%, of Fairtrade Premium money per year can be distributed equitably amongst all workers in cash as a</td> </tr> <tr> <td data-bbox="477 856 574 919"><b>Year 0</b></td> <td data-bbox="574 856 1533 919">Fairtrade bonus.</td> </tr> </table> <p data-bbox="574 919 1533 1010">In the case that workers choose the option to distribute some Fairtrade Premium money in cash to workers, the Fairtrade Premium Committee <b>consults</b> with trade union/workers' representatives to ensure that the collective bargaining process is not undermined.</p> <p data-bbox="477 1010 1533 1129"><b>Guidance:</b> As with all Fairtrade Premium expenditures, cash distribution must satisfy requirement 2.1.19, be presented in the Fairtrade Premium plan (2.1.15), be democratically approved in a general assembly of workers (2.1.16), and be allowable under national legislation. Cash distribution is considered a major project and requires a risk assessment to be presented at the GA (2.1.17).</p> <p data-bbox="477 1129 1533 1276">The intention of the 20% limitation is to prevent that Fairtrade Premium is used to supplement regular wages, which can potentially undermine collective bargaining processes. The percentage of cash distribution may be increased to up to 50% of total Fairtrade Premium <u>under exceptional circumstances only</u>, such as where there is a majority of migrant workers in the work force that cannot benefit from Fairtrade Premium projects or in case of an emergency situation or other exceptional situation. In these <u>cases</u> exception requests are submitted to and approved by the certification body before any additional cash distribution can take place.</p> <p data-bbox="477 1276 1533 1329">The FPC may already include trade union/elected workers' representatives involved in the bargaining process and therefore may not need to consult outside the Fairtrade Premium Committee.</p> <p data-bbox="477 1329 1533 1444">Equitable distribution means that any cash distribution made should be done at least in accordance to time worked. It is recommended, but not obligatory to consider distributing cash on a needs basis, supporting those who have less security and higher needs. Cash disbursement of Premium money to temporary and seasonal workers is at least proportionate to the days worked in the year the Premium was received</p>	<b>Core</b>	If workers so choose, up to 20%, and in exceptional circumstances up to 50%, of Fairtrade Premium money per year can be distributed equitably amongst all workers in cash as a	<b>Year 0</b>	Fairtrade bonus.
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Interpretation	<p><b><i>Given the current Coronavirus disease (COVID-19) pandemic, and considering this is an exceptional circumstance, is it possible to have more flexibility in terms of the optional distribution of Fairtrade Premium in cash to workers?</i></b></p> <p>Yes. To minimize the spread of the disease and to mitigate any negative economic impact on workers and their families, until <b>31<sup>st</sup> December 2020</b> it will be possible:</p> <ul style="list-style-type: none"> <li>- For the Fairtrade Premium Committee (FPC) in agreement with the company, to increase the distribution of the Fairtrade Premium in cash distribution to up to 100% of total Fairtrade Premium without making a formal request to the</li> </ul>				

	<p>certification body before the cash distribution takes place. As the food security and access of other essential necessities may be limited with the spread of COVID-19, in-kind disbursements of consumable goods are also possible.</p> <ul style="list-style-type: none"> <li>- The FPC defines the beneficiaries of these disbursements and strives to benefit all workers equally. Trade union/elected worker representatives need to be actively consulted in advance and allowed at least two days to provide comments. If equal distribution amongst workers of these cash and/or in-kind disbursements is not possible, agreement from the trade union/elected worker representatives is required.</li> <li>- Once a General Assembly (GA) of workers is possible, the GA needs to ratify the Premium use retroactively.</li> <li>- The company needs to inform FLOCERT before the disbursements are made by filling <a href="#">this template</a> and sending it to their certification contact. This information will help Fairtrade to have an overview of the distribution of Fairtrade Premium under these exceptional circumstances. The certification body will not charge any fees for processing this information.</li> </ul>				
<p><b>Affected standard requirements</b></p>	<p><b>2.1.16 Annual general assembly held by the Fairtrade Premium Committee</b></p> <table border="1" data-bbox="483 1045 1528 1163"> <tr> <td><b>Core</b></td> <td>Your company <b>ensures</b> that the Fairtrade Premium Committee leads a general assembly (GA) of all workers at least once a year. The purpose of the GA is to report on (<a href="#">see 2.1.18</a>) and democratically approve the Fairtrade Premium plan (2.1.15).</td> </tr> <tr> <td><b>Year 1</b></td> <td></td> </tr> </table> <p><b>Guidance:</b> It is possible that the Fairtrade Premium Plan may need to be changed in between GA meetings. This might be necessary in situations where, for example, more or less Fairtrade Premium money was received than planned, or where members of the community are affected by an unexpected event and workers wish to respond. If this happens, the FPC will need to document the decisions to make the changes, and explain the changes and get ratification from the GA of workers retrospectively. The GA should be held during the time of year when the majority of the workforce is present.</p> <p>A delegate system can be put in place where appropriate to ensure representation of all workers in the case of a large workforce, as defined in the terms of reference of the FPC (<a href="#">see 2.1.4</a>).</p>	<b>Core</b>	Your company <b>ensures</b> that the Fairtrade Premium Committee leads a general assembly (GA) of all workers at least once a year. The purpose of the GA is to report on ( <a href="#">see 2.1.18</a> ) and democratically approve the Fairtrade Premium plan (2.1.15).	<b>Year 1</b>	
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<p><b>Interpretation</b></p>	<p><b><i>Can the current coronavirus disease (COVID-19) pandemic be considered an unexpected event to have more flexibility in terms of decision making on Premium use?</i></b></p> <p>Yes. The guidance in requirement 2.1.16 highlights the circumstances under which the Fairtrade Development Plan may need to be changed in between General Assemblies (GA) of workers.</p> <p>If the Fairtrade Premium Committee (FPC) identifies investments to minimize the spread of the disease and/or to mitigate any potential negative effects on workers and their families, it is possible to make these Premium investments without prior GA of workers' approval, according to the following guidance:</p> <ul style="list-style-type: none"> <li>- For the FPC to invest Fairtrade Premium in goods/projects that help to minimize the spread of the disease and any negative economic impact on workers and their</li> </ul>				

	<p>families (for example hygiene awareness campaigns and purchases of protective requirement like face masks). This flexibility does not exempt the companies from the normal duties to protect the health of the workers and provide a safe environment for their work, nor can the Premium be used for the company to meet their legal obligations. For guidance on basic protective measures against the COVID-19 outbreak please consult the information provided by the <a href="#">World Health Organization</a>.</p> <ul style="list-style-type: none"><li>- The FPC defines the beneficiaries of these goods/projects and strives to benefit all workers equally. The FPC is encouraged to actively consult with trade union/elected worker representatives in advance.</li><li>- The FPC is required to document the changes in the Fairtrade Premium Plan. Once a GA of workers is possible, the GA needs to explain the changes and ratify the Premium use retroactively.</li></ul>
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