

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

### Interpretation Notes

<b>Date</b>	<b>March 05, 2021</b>		
<b>Reference</b>	<b>Flower and Plant Standard</b>		
<b>Affected standard requirement</b>	<p><b>3.2.1 NEW APRIL 2017 Floor wages</b></p> <p>Applies to: Companies</p> <table border="1"> <tr> <td><b>Core Year 0</b></td> <td> <p>Your company ensures that <b>base wages</b> paid to <b>all</b> workers do not fall below the global poverty line of <b>\$1.90/day Purchasing Power Parity (PPP)</b> set by the World Bank noting that this amount could increase depending on the world bank adjustments.</p> <p>The floor wage relates <b>only</b> to the <b>base wage</b> received by the worker, therefore in-kind benefits cannot be counted. Cash allowances issued regularly to all workers as an entitlement and allowing workers full discretion on how to spend the money without a link to the attendance or performance of workers, count towards the base wage.</p> <p>You ensure that no benefits have been worsened /reduced after the introduction of this requirement except when formally agreed with a trade union.</p> </td> </tr> </table> <p><b>Guidance:</b> This requirement is related to the minimum amount needed by the worker and their family for daily expenses, therefore it is a net cash wage after taxes and deductions The PPP rates reflect the real wages that have been adjusted for inflation. To calculate the wages using the (\$1.90/day PPP) in real terms use the formula: <b>[PPP rate private consumption for the given year x 1.90 x 30.4(days/month) x typical number of family members]/ workers per family.</b> The PPP rate for private consumption are updated by the world bank on a regular basis and can be found here: (<a href="http://data.worldbank.org/indicator/PA.NUS.PRVT.PP">http://data.worldbank.org/indicator/PA.NUS.PRVT.PP</a>) Companies currently in the system will be given the following transition period to comply with this requirement: April 2018: Comply with 85 of the 1.90\$ PPP / day April 2019: Comply with 100% of the 1.90 \$ PPP / day All new companies joining Fairtrade on or after the publication of this standard will need to comply with the requirement by year 0 without any transition period. Examples of cash allowance issued regularly to all workers include monthly housing or transport allowance. What is not included in the base wage are those monetary benefits or payments that are not for all (e.g. bonuses related to performance), not monthly or not for discretionary use. Please refer to the <a href="#">explanatory document</a> on how to calculate floor wages for more information.</p>	<b>Core Year 0</b>	<p>Your company ensures that <b>base wages</b> paid to <b>all</b> workers do not fall below the global poverty line of <b>\$1.90/day Purchasing Power Parity (PPP)</b> set by the World Bank noting that this amount could increase depending on the world bank adjustments.</p> <p>The floor wage relates <b>only</b> to the <b>base wage</b> received by the worker, therefore in-kind benefits cannot be counted. Cash allowances issued regularly to all workers as an entitlement and allowing workers full discretion on how to spend the money without a link to the attendance or performance of workers, count towards the base wage.</p> <p>You ensure that no benefits have been worsened /reduced after the introduction of this requirement except when formally agreed with a trade union.</p>
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<b>Interpretation</b>	<p><b>Given the current Coronavirus disease (COVID-19) pandemic, and considering this is an exceptional circumstance, are flower farms permitted to reduce wages below the floor wage and rates in the collective bargaining agreement?</b></p> <p>We understand that this has unfortunately been a practise since the start of the pandemic. To minimise the risk of workers losing their jobs and therefore not benefiting from Fairtrade as well finding a solution for flower farms to cope with economic hardship due to the pandemic, Fairtrade will allow reduced payment of workers under the following conditions:</p>		

	<ul style="list-style-type: none"> <li>• Evidence of decrease of flower volume sales at the Fairtrade flower farm requesting an exception of more than 20% in relation to the previous year (data will be validated in detail by FLOCERT during the next audit).</li> <li>• <b>Level of wages:</b> Exceptions may be granted to flower farms paying workers at least 50 % of their contractual agreed wage between <b>1<sup>st</sup> March – 31<sup>st</sup> May</b> and will be phased out as follows:             <ul style="list-style-type: none"> <li>○ <b>April 1, 2021:</b> All workers will earn at least 75% of the Fairtrade floor wage</li> <li>○ <b>May 1, 2021:</b> All workers will earn at least 85% of the floor wage and by June</li> <li>○ <b>June 1, 2021:</b> All workers will earn at least 100% of the floor wage or their contractual salary whichever is higher.</li> </ul> </li> <li>• The exceptions cannot be applied retrospectively.</li> <li>• Flower farms decreasing wages unilaterally without a previously signed written agreement with a union, owe workers that amount and shall pay it back to them in full by December 31, 2021.</li> <li>• Flower farms that have reduced wages below floor wages and CBA rates are required to negotiate with a trade union representing workers or, in their absence, elected worker representatives, a schedule for retroactive payment of unpaid wages since the pandemic.</li> <li>• Any agreements between employers and unions offering rights more favourable to workers supersede these requirements.</li> <li>• During the next audit all the data and information related to this topic should be prepared and ready for the auditor.</li> <li>• This exceptional approach is strictly limited to the COVID pandemic.</li> </ul> <p>Flower farms need to apply for the exception between <b>1<sup>st</sup> March – 31<sup>st</sup> May</b> using a special form available at FLOCERT. Only if this is accepted, farms are able to pay lower wages than required in this standard without certification consequences.</p>
<b>Date</b>	<i>March 05, 2021</i>
<b>Reference</b>	<i>Hired Labour Standard</i>
<b>Affected standard requirement</b>	<p><b>3.5.1 Wages and conditions of employment</b></p> <p><b>Core</b> Your company <b>sets</b> wages for workers and other conditions of employment according to legal or CBA regulations where they exist, or at regional average wages or at official minimum wages for similar occupations; whichever is the highest, with the intention of continually increasing salaries (<a href="#">see 3.5.4</a>).</p> <p><b>Year 0</b></p>

	<p>Your company <b>specifies</b> wages for all employee functions and employment terms, such as piecework.</p> <p><b>Guidance:</b> National laws and applicable CBA terms need to be complied with especially if they exceed this Standard. However, this Standard applies if it goes beyond those laws and terms.</p>
<p><b>Interpretation</b></p>	<p><b>Given the current Coronavirus disease (COVID-19) pandemic, and considering this is an exceptional circumstance, is it possible that workers in flower farms can receive reduced wages?</b></p> <p>Yes. To minimise the risk of workers losing their jobs and therefore not benefiting from Fairtrade as well finding a solution for flower farms to cope with the current economic hardship due to the pandemic, Fairtrade will allow reduced payment of workers under the following conditions:</p> <ul style="list-style-type: none"> <li>• Workers maintain their existing employment contract and associated entitlement – no termination of contracts and rehiring against less favourable terms.</li> <li>• A previously signed wage agreement between the company and the union that represents the workers of the company. In the case that the company is not unionized but follows the wage rates of a sectoral agreement, that sectoral agreement is also valid.</li> <li>• Farms that have decreased wages without an agreement with a union, are indebted to the worker for that amount and shall pay it back to the worker and in full by December 31, 2021.</li> <li>• During the next audit all the data and information related to this topic should be prepared and ready for the auditor.</li> <li>• This exceptional approach is strictly limited to the COVID pandemic.</li> </ul> <p>Flower farms need to apply for the exception between <b>1<sup>st</sup> March – 31<sup>st</sup> May</b> using a special form available at FLOCERT. Only if this is accepted, farms are able to pay less wages without certification consequences</p>

<b>Date</b>	<i>March 27<sup>th</sup>, 2020</i>				
<b>Reference</b>	<i>Hired Labour Standard</i>				
<b>Affected standard requirement</b>	<p><b>2.1.20</b> <span style="background-color: #00AEEF; color: white; padding: 2px;">NEW 2014</span> <b>Optional distribution of Fairtrade Premium to workers</b></p> <table border="1" data-bbox="456 489 1398 684"> <tr> <td data-bbox="456 489 540 541"><b>Core</b></td> <td data-bbox="540 489 1398 541">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 Fairtrade bonus.</td> </tr> <tr> <td data-bbox="456 541 540 684"><b>Year 0</b></td> <td data-bbox="540 541 1398 684">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.</td> </tr> </table> <p><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>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 <del>cases</del> exception requests are submitted to and approved by the certification body before any additional cash distribution can take place.</p> <p>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>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 Fairtrade bonus.	<b>Year 0</b>	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.
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<b>Interpretation</b>	<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 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.</li> <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> </ul>				

	<ul style="list-style-type: none"> <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="472 617 1390 894"> <tr> <td data-bbox="472 617 558 674"><b>Core</b></td> <td data-bbox="558 617 1390 674">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>)</td> </tr> <tr> <td data-bbox="472 674 558 716"><b>Year 1</b></td> <td data-bbox="558 674 1390 716">and democratically approve the Fairtrade Premium plan (2.1.15).</td> </tr> <tr> <td colspan="2" data-bbox="472 716 1390 894"> <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 or 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> </td> </tr> </table>	<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> )	<b>Year 1</b>	and democratically approve the Fairtrade Premium plan (2.1.15).	<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 or 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>	
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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 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>.</li> <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> </ul>						

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<b>Date</b>	<i>December 20<sup>th</sup>, 2019</i>				
<b>Reference</b>	<i>HL-INT</i>				
<b>Affected standard requirements</b>	<p><b>Definition of workers and purpose of the Fairtrade Premium</b></p> <p>Workers are defined as all workers including migrant, temporary, seasonal, sub-contracted and permanent workers. Workers are waged employees, whether they are permanent or seasonal/temporary, migrant or local, subcontracted or directly employed. Workers include all hired personnel whether they work in the field, in processing sites, or in administration. The term is restricted to personnel that can be unionised and therefore middle and senior and other professionals are generally not considered workers.</p> <p><b>2.1.19 Purpose of the Fairtrade Premium</b></p> <table border="1"> <tr> <td><b>Core Year 0</b></td> <td> <p>The Fairtrade Premium <b>benefits</b> workers, their families and their communities through Fairtrade Premium projects that address their needs and preferences as decided and adequately justified by workers.</p> <p>The Fairtrade Premium <b>is not used:</b></p> <ul style="list-style-type: none"> <li>To meet any expenditure for which the company is legally responsible (e.g. health and safety requirements);</li> <li>To replace existing social and environmental expenditures of the company</li> <li>To cover the running costs of the company;</li> <li>For costs of compliance with the requirements of this Standard or associated Fairtrade product Standards unless stated differently;</li> <li>To be involved in any activity which is illegal, fraudulent, could jeopardize the business or certification of the company or have a demonstrable negative structural, financial or social impact on the company;</li> <li>As salary supplements to individual workers.</li> </ul> </td> </tr> <tr> <td colspan="2"> <p><b>Guidance:</b> Projects that involve individual disbursements of non-consumable goods are allowable when these are accessible to all workers equally. These are not payments to workers that can be seen as salary supplements.</p> </td> </tr> </table>	<b>Core Year 0</b>	<p>The Fairtrade Premium <b>benefits</b> workers, their families and their communities through Fairtrade Premium projects that address their needs and preferences as decided and adequately justified by workers.</p> <p>The Fairtrade Premium <b>is not used:</b></p> <ul style="list-style-type: none"> <li>To meet any expenditure for which the company is legally responsible (e.g. health and safety requirements);</li> <li>To replace existing social and environmental expenditures of the company</li> <li>To cover the running costs of the company;</li> <li>For costs of compliance with the requirements of this Standard or associated Fairtrade product Standards unless stated differently;</li> <li>To be involved in any activity which is illegal, fraudulent, could jeopardize the business or certification of the company or have a demonstrable negative structural, financial or social impact on the company;</li> <li>As salary supplements to individual workers.</li> </ul>	<p><b>Guidance:</b> Projects that involve individual disbursements of non-consumable goods are allowable when these are accessible to all workers equally. These are not payments to workers that can be seen as salary supplements.</p>	
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<b>Interpretation</b>	<p><b><i>If the local law allows the unionization of middle, senior and other professionals, could they benefit from the Fairtrade Premium?</i></b></p> <p>No. Fairtrade aims to bring benefits to disadvantaged farmers and workers. Even if the national law allows middle, senior and other professionals to</p>				

	<p>unionize, these employees are more likely to a secure and sustainable livelihood than other workers.</p> <p>Examples of <b>workers that can be beneficiaries</b> from the Fairtrade Premium are:</p> <ul style="list-style-type: none"> <li>- field workers (planting, harvesting, weeding, spraying etc.);</li> <li>- supervisor/ foreman/forewoman (coordinating, not sanctioning power);</li> <li>- pack house and processing plant workers;</li> <li>- maintenance workers (Plumber, electrician, builder, mechanic etc.),</li> <li>- clerical workers (secretary etc.);</li> <li>- other workers (driver, storekeeper, cleaner, cook, gardener, nurse, guards or security personnel etc.).</li> </ul> <p>Senior and middle professionals (jobs that require a high level of education) as well as management (jobs with the right to take decisions including the right to hire, fire, formally discipline, promote and determine wages) <b>cannot be beneficiaries</b> from the Fairtrade Premium, examples of these jobs are:</p> <ul style="list-style-type: none"> <li>- senior and middle professionals: engineers, company doctor, accounting trained personnel, senior supervisor, occupational health &amp; safety practitioner;</li> <li>- managers: HR manager, finance manager, admin manager, packhouse manager, quality control manager, production/field workers' manager.</li> </ul>
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