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

### Interpretation Notes

<table>
<thead>
<tr>
<th>Date</th>
<th>March 27th, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference</td>
<td>Hired Labour Standard</td>
</tr>
</tbody>
</table>

**Affected standard requirement**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>2.1.20</th>
<th>NEW 2014 Optional distribution of Fairtrade Premium to workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td></td>
<td>If workers so choose, up to 20%, and in exceptional circumstances up to 50%, of Fairtrade Premium money per year can be distributed equivalently amongst all workers in cash as a Fairtrade bonus.</td>
</tr>
<tr>
<td>Year 0</td>
<td></td>
<td>In the case that workers choose the option to distribute some Fairtrade Premium money in cash to workers, the Fairtrade Premium Committee consults with trade union/workers' representatives to ensure that the collective bargaining process is not undermined.</td>
</tr>
</tbody>
</table>

**Guidance:**  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).

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 under exceptional circumstances only, such as where there is a majority of migrant workers in the workforce that cannot benefit from Fairtrade Premium projects or in case of an emergency situation or other exceptional situation. In these exceptional requests are submitted to and approved by the certification body before any additional cash distribution can take place.

The FPC may already include trade union/selected workers' representatives involved in the bargaining process and therefore may not need to consult outside the Fairtrade Premium Committee.

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.

### Interpretation

*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?*

Yes. To minimize the spread of the disease and to mitigate any negative economic impact on workers and their families, until 30th September 2020 it will be possible:

- 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.

- 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.

- Once a General Assembly (GA) of workers is possible, the GA needs to ratify the Premium use retroactively.

- The company needs to inform FLOCERT before the disbursements are made by filling this template 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.

**Affected standard requirements**

**2.1.16 Annual general assembly held by the Fairtrade Premium Committee**

<table>
<thead>
<tr>
<th>Core</th>
<th>Your company ensures 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 (see 2.1.18) and democratically approve the Fairtrade Premium plan (2.1.15).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td></td>
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</table>

**Guidance:** 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.

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 (see 2.1.4).

**Interpretation**

*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?*

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.

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:
- 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 World Health Organization.

- 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.

- 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.

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**Date**: December 20th, 2019  
**Reference**: HL-INT

### Affected standard requirements

**Definition of workers and purpose of the Fairtrade Premium**

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.

### 2.1.19 Purpose of the Fairtrade Premium

<table>
<thead>
<tr>
<th>Core Property</th>
<th>Description</th>
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<tbody>
<tr>
<td>Year 0</td>
<td>The Fairtrade Premium <strong>benefits</strong> workers, their families and their communities through Fairtrade Premium projects that address their needs and preferences as decided and adequately justified by workers. The Fairtrade Premium is <strong>not used</strong>: To meet any expenditure for which the company is legally responsible (e.g. health and safety requirements); To replace existing social and environmental expenditures of the company; To cover the running costs of the company;</td>
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<tr>
<td>Interpretation</td>
<td></td>
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<tr>
<td><strong>If the local law allows the unionization of middle, senior and other professionals, could they benefit from the Fairtrade Premium?</strong></td>
<td></td>
</tr>
</tbody>
</table>

No. Fairtrade aims to bring benefits to disadvantaged farmers and workers. Even if the national law allows middle, senior and other professionals to unionize, these employees are more likely to a secure and sustainable livelihood than other workers.

Examples of **workers that can be beneficiaries** from the Fairtrade Premium are:

- field workers (planting, harvesting, weeding, spraying etc.);
- supervisor/ foreman/forewoman (coordinating, not sanctioning power);
- pack house and processing plant workers;
- maintenance workers (Plumber, electrician, builder, mechanic etc.),
- clerical workers (secretary etc.);
- other workers (driver, storekeeper, cleaner, cook, gardener, nurse, guards or security personnel etc.).

Senior and middle professionals / management (jobs with the right to take decisions including the right to hire, fire, formally discipline, promote and determine wages) **cannot be beneficiaries** from the Fairtrade Premium, examples of these jobs are:

- senior and middle professionals (engineers, company doctor, accounting trained personnel, senior supervisor, occupational health & safety practitioner);
- managers (HR manager, finance manager, admin manager, packhouse manager, quality control manager, production/field workers’ manager).