

**Standards Committee  
Minutes  
Meeting 99: November 24 and 25, 2021  
Teleconference meeting**

SC members: Martin Boon, Jos Harmsen, Richard Kwarteng, Gustavo Lopez, Marike de Peña, Iresha Sanjeevanie (Chair), Emilie Sarrazin

Excused: Martin de la Harpe was excused on November 24 and 25, he gave his proxy vote to Jos Harmsen

Observers: Fairtrade International and FLOCERT staff members have permanent observer status

Other Observers: We do not display the full names of observers and contributing observers to comply with 'The General Data Protection Regulation (GDPR)<sup>1</sup>'. If you need additional information about the observers or contributing observers of this meeting, please contact [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net)

**Disclaimer:**

The Fairtrade International Standards Committee (SC) aims to reach consensus, but decisions may not always reflect the opinions of all people.

The section to introduce the topic (background information) has been written by the Standards & Pricing and may not have been discussed by the SC in full. Sections listing action points are an outcome of discussions of the SC but are not part of the decisions made.

**Abbreviations**

CEO	Chief Executive Officer
CoE	Centre of Excellence
COSP	Cost of Sustainable Production
EC	Exceptions Committee
FET	Fairtrade Executive Team
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on Board
FP	Fairtrade Premium
FSI	Fairtrade Sourcing Ingredient
FT	Fairtrade
FBW	Fairtrade Base Wage
GPM	Global Product Manager
GPPP	Global Products, Programs & Policy
HL	Hired Labour

<sup>1</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). <https://eur-lex.europa.eu/eli/reg/2016/679/oj>



HML	Hazardous Materials List
HREDD	Human Rights and Environmental Due Diligence
IDH	The Sustainable Trade Initiative
LI	Living Income
LIRP	Living Income Reference Price
LW	Living Wage
OC	Oversight Committee
O2B	Offer to Business
PM	Project Manager
PN	Producer Networks
RAP	Requirements for Assurance Providers
S&P	Standards and Pricing Unit
SC	Standards Committee
SM	Salary Matrix
SPM	Senior Project Manager
SPO	Small-scale Producer Organizations
ToR	Terms of Reference

### **Item 1 – Opening**

The Chair officially opened the meeting.

**Agenda:** The Agenda was approved by the SC members and ground rules were read.

**Declaration of conflict of interests:** No conflict of interest was identified.

#### **Review of actions items:**

Actions items were reviewed and addressed, two important issues were discussed at this meeting; IDH salary matrix and cocoa standard review.

### **Item 2 – News session**

#### **News from FI and the Fairtrade System:**

The Global CEO informed the SC on topics related to the agenda items on this SC meeting, such as the cocoa standard review and the HREDD roadmap.

#### **News from SC:**

- No news reported

#### **News from OC:**

The SC was informed about the most relevant points discussed in the last OC meeting that took place on November 22.

**News from S&P:**

- Fairtrade International will implement a Project Management Tool in 2022
- A Project Manager in Standards was promoted to Senior Project Manager.

**Item 3 – Principles and roadmap HREDD in Fairtrade Standards**

The session on Principles and roadmap HREDD in Fairtrade Standards was presented by the Business and Human Rights Lead, leading the Centre of Excellence on HREDD.

The document that was presented to the SC for endorsement is the result of a joint effort from the members of the HREDD Standards Task Force, composed of members from the HREDD working group with over 70 members, including Standards & Pricing. The initial impulse was coming from the workshop on HREDD hosted by the FET in October. The detailed principles and the roadmap were then refined and agreed by the task force HREDD in Fairtrade Standards, with coordination of our CoE. The presentation covered the main topics of the document, namely the three principles, the roadmap and an outline of the points that still have to be clarified. One of the SC members shared a few words of motivation and confirmed that the document responds to the joint aspirations in the Fairtrade system around HREDD.

**The SC endorsed the principles and roadmap HREDD in Fairtrade Standards unanimously.**

The principles can now be shared more widely. CoE will prepare a one-pager for stakeholders.

The SC shared comments and questions regarding the feasibility of HREDD implementation for POs. SC members asked questions about the costs of HREDD implementation and how they are going to be covered. The SC also discussed about the right level of ambition re HREDD in the upcoming Trader Standard review. The SC recognizes the high relevance of HREDD and that importance that the responsibility and the costs for human rights related efforts are always shared along the value chain and not put on producers only as a burden.

**Decision:**

The paper Principles and Roadmap HREDD in Fairtrade Standards was unimously endorsed.

**Item 4 – Cocoa consultation**

The PM and the Cocoa project team presented a first overview on the results of the first phase of the cocoa consultation. The PM fist gave an overview of the consultation, decribed the timelines and provided details of the participation.

The first phase consultation was open from end of August until the end of October; 119 SPOs from 11 countries participated in workshops and 56 actors along the value chain contributed via a questionnaire.

In this session two topics of the consultation were presented, HREDD and Deforestation Risk.

On HREDD, a member of the Project Team explained the 6 proposals on this topic and recapitulated the objectives.

On the topic of deforestation; the Cocoa Product Manager provided an update of the European Union legislation proposal on deforestation on agricultural commodities. The Fairtrade system is positioning itself well according to the legislation proposal.

The legislation proposal recognizes that voluntary certification on sustainability is a tool that supports the prevention of deforestation. There are still elements of the introduction of the legislation that are not yet clear and the Fairtrade advocacy is seeking to obtain clarification, especially regarding its introduction date.

### **Item 5 – Minor Products Definition**

#### **Background**

The Pricing unit manages more than 500 products and currently 1,483 Fairtrade prices. The large number of products requires system knowledge about production and market dynamics of each specific product, support for producers and other stakeholders in order to address questions and needs from certified producers and traders. Most of all certifiable products listed in the Fairtrade basket are minor products. They represent the vast majority of Fairtrade products. According to Fairtrade terminology, with the exception of banana, cocoa, coffee, flowers, sugar and tea, all other products are considered “minor”, which includes products ranging from Orange Juice to all Herbs & Spices and secondary products. For most of these products Fairtrade International sets a Minimum price – the Fairtrade Minimum Price (FMP). The continuing increase of new products and prices is combined with limited resources – budget as well as time wise. As minor products make up the vast majority of prices but are only accountable for around 5% of the Fairtrade Premium that workers and farmers earn, a balance and workable definition has to be found. This review of the minor products definition was therefore set to aim at finding criteria and a working definition to find a balanced new strategy for the minor products.

Existing Standard Operating Procedures so far comprise the following options and exceptions to the rule of always setting a FMP:

- 1) The “Quick Entrance” approach allowing a small range of products entering the Fairtrade system without setting a FMP immediately
- 2) The use of a list of Herbs and Spices and secondary products for which a FP only approach is applied
- 3) A “price extension” approach where prices set for one origin can be extended to other origins under specific circumstances
- 4) The rare conversion of some product categories to a FP only approach (like fresh fruit, fresh vegetables) providing that a certain threshold is met.

The PM further pointed out that a qualitative as well as quantitative evaluation of proposed indicators from previous SC meetings for minor products so far suggests the indicators currently in use are the best fit in terms of both feasibility and goodness of fit. The PM proposes to use a three years average to exclude seasonal and life cycle effects. These are: The Fairtrade Premium generated, number of certified producer organizations per product and a veto decision by the head of pricing. For the amount of Fairtrade Premium and the number of certified producer organizations, the following thresholds are introduced:

- Over 100,000 USD Fairtrade Premium per three years average  
More than 5 certified producer organizations

PM further proposes to classify the minor products into 3 strategic categories:

- The 8 biggest minors: This should be the priority list for price reviews
- The minor products above both thresholds (the middle minors): This would be potential candidates for pilots and new pricing mechanisms
- And the “smaller” minors under the threshold: No price revision, potential change from FMP to a commercial price + 15 % FP

In addition, a review and update of the list is proposed for every 3 years and opening the standard scope of the SOP for quick entrance and price extension for cereal, fresh fruits & vegetables, honey, nuts, oilseeds & oleaginous fruits, prepared & preserved fruits and vegetables are suggested.

### **Decisions:**

#### **Block decision for 1- 5**

**Decision 1** Do you approve to keep using the 3 indicators – the Fairtrade Premium, the number of the certified producer organizations and the final judgment by the head of the unit – in the SOP to differentiate among the minor products?

**Decision 2** Do you approve to keep indicator 1 – the Fairtrade Premium – with a threshold of 100,000 USD per year?

**Decision 3** Do you approve to keep the indicator 2 – the number of certified producer organizations – with a threshold of more than 5 POs per year?

**Decision 4** Do you approve to classify the minor products into 3 segments – the “top” 8, the middle minors and the “smallest” minors?

**Decision 5** Do you approve to have a review cycle of the minor products list every 3 years?

#### **The SC unanimously voted in favour of decision 1-5**

**Decision 6** Do you endorse to open the scope in the SOP for Quick Entrance and Price Extension so it includes all of the following minor product standards: Cereals, Fresh Fruits, Fresh Vegetables, Honey, Nuts, Oilseeds & Oleaginous fruits, Prepared & Preserved Fruits and Vegetables?

#### **The SC approved the proposal (7 in favour and 1 abstention)**

### **Item 6 – Outcome Based Standards Status and Roadmap**

The Head of Standards informed the SC of the status of the project Outcome Based Standards (OBS).

The objective of the project is to integrate outcome based elements into the Fairtrade standards as key interventions to deliver impact and to define the framework for sound assurance, reporting and monitoring.

Basic principles behind the project and agreed already by participants are:

1. **Focus on key topics** – Living Income/wages/Human Rights and Environment
2. **Hybrid approach** (combine compliance and progress)
  - Compliance is a must with a certification mark on-pack
  - Continuous improvement
3. Engagement of **all supply chain actors**

4. **Flexible** / based on POs' priorities – Producer centric
5. **Transparent** reporting system and self-assessment
6. **Leverage** what we have, e.g. standard structure core / development / voluntary best practices, and ranking of audit results (SCORE)
7. Indicators linked to the **Theory of Change** (SDGs linkages too)
8. **Simple and targeted** set of criteria
9. **Learn** from others (voluntary sustainability and private schemes)
10. **Easy to market and communicate**

The project team will map as a next step the elements in our current standards and identify which outcomes defined in our TOC link to which standards' requirements, how they can be rephrased, measured, and validated as well as reported and verified and propose then outcomebased requirements in the framework of upcoming standard consultations.

#### Item 7 – Project updates

The Project Updates were shared with the SC members in a document sent out days before the meeting.

In the period of time until the meeting, the SC members asked questions about the projects, and these were answered in written form and summarised in a final document.

The Project Updates document included the following projects:

- Pricing for Impact
- Cocoa Pricing Model and Future Outlook study
- Banana Prices and Review implementation.
- Coffee Pricing updates
  - Coffee COSP Study
  - Generic Guideline Coffee FOB deductions
  - Guidelines FOB deduction values for Peru and Colombia
- Living Income Work Alignment
- Pilot Fairtrade Organic Cotton premium India
- Contract Production

During the session, the pending questions were discussed.

On the project 'Living Income Work Alignment' the SC members suggested receiving an update on this topic in 2022. Moreover, the SC members would like to monitor the impact of changes in banana prices on the market in 2022.

#### **Next steps**

- S&P to update the SC on Living Income Work alignment in one of the next SC meetings.

### **Item 8 – Living Wage Assessment**

Information on the latest steps re Living Wage assessment and cooperation with IDH were presented to the SC by MHNH and the directors of GPPP and S&P. Fairtrade sees a clear need to keep acting on wage assessment and the partnership with IDH will provide an additional basis for this, combined with the other Fairtrade LW work. Once the IDH matrix is introduced as a tool that enables wage reporting of POs to Fairtrade, the Standard requirements can reflect this. Therefore the SC is invited to give guidance on next steps regarding the HL standard. The following three topics were presented and discussed in detail:

1. Overview wage assessment need and FET recommendation
2. Next steps with IDH
3. Next steps for Pricing and Standards work
  - a. Piloting with IDH in several commodities
  - b. Support O2B development for Bananas

Development of proposals for HL standard review and consultation

#### **Discussion**

The SC discussed and raised questions on the approach of IDH regarding different products, the Anker methodology and the pilots that are being conducted. There were also questions and comments on O2B for bananas and O2B services in general.

### **Item 9 - Director's decisions**

One decision has been made since the last update in the 98 SC.

The S&P Director approved the publication of a revised version of the Coffee Standard ([version 2.1](#)). The version includes improvements in the text wording.

### **Item 10 – AOB, next meeting date and closing**

AOB

- The SC meetings days for 2022 will be shared in December
- SC members highlighted that the next meeting is the 100th meeting of the Standards Committee
- The next meeting will take place in February 2022, date to be confirmed

**The meeting was formally closed.**