STANDARD OPERATING PROCEDURE FOR THE DEVELOPMENT OF FAIRTRADE STANDARDS

Approved by: Andreas Kratz

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Audience: Fairtrade stakeholders

Contact for comments: standards-pricing@fairtrade.net

For further information: www.fairtrade.net
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1. Introduction

Standards & Pricing (S&P) within Fairtrade International is responsible for developing (i.e. preparing, reviewing, amending, adapting) and revising Fairtrade Standards. The term Fairtrade Standards\(^1\) refers to: (a) Fairtrade Producer and Trader Standards, (b) Fairtrade Product Standards and (c) Fairtrade Minimum Prices (FMP) and Fairtrade Premiums (FP). Producers and traders must meet applicable standards for their products to be certified as Fairtrade.

S&P includes the Pricing Team and the Standards Team. The Director of S&P is responsible for both teams. The Pricing Team is managed by the Head of Pricing. The Pricing Team is responsible for the development of FMP and FP. The Standards Team is managed by the Head of Standards. The Standards Team develops and revises Producer and Trader Standards as well as Product Standards.

The purpose of this document is to describe the procedure by which the Fairtrade Standards are developed and implemented by S&P. A chart illustrating the procedure is found at the end of this document.

This Standard Operating Procedure (SOP) is designed in compliance with all requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards (version 6.0 - December 2014), as applicable to Fairtrade Standards. Any comments concerning this procedure shall be addressed to S&P. Comments can be submitted at any time by sending the appropriately filled in “Standards SOP Complaint Form” to standards-pricing@fairtrade.net. This form can be downloaded from the Fairtrade International website at http://www.fairtrade.net/standards/setting-the-standards.html or requested directly from S&P by writing to standards-pricing@fairtrade.net.

S&P collects and evaluates the comments received. If any critical point is identified, a revision of the current version of the SOP takes place. A regular review is undertaken by S&P at least every 3 years to ensure that the SOP reflects the actual S&P practices. Material changes of the SOP are approved by the Standards Committee (SC), while approval of non-substantive changes (small operational details, edits) is delegated to the Director of Standards & Pricing. The Director of Standards & Pricing consults with the Chair of the SC in case of doubt whether a change is material or not.

In the process description below, the term ‘project’ is used to refer to the development or the revision of standards. A detailed description of the development of Fairtrade Minimum Prices and Fairtrade Premiums is available separately on the Fairtrade International website at www.fairtrade.net.

\(^1\) Hereafter “standards”
1.1. Overview of Fairtrade Standards

Fairtrade International develops Producer Standards for different categories of producers, a Trader Standard and Product Standards. These Fairtrade Standards are the collective requirements that producers and traders must meet, as applicable, to be certified as Fairtrade.

1.2. Decision makers

The Board of Directors of Fairtrade International has delegated decision-making authority over standards to the Standards Committee (SC) and to the Director of Standards & Pricing. However, the Board may be involved in the development of a standard, typically in an advisory capacity on strategies and objectives.

The SC is made up of representatives of the key stakeholders of the Fairtrade system. This includes representatives from producer-facing and market-facing activities and independent experts. The SC provides guidance and makes decisions on standards. Further information on the SC and decision making can be found in section 2.6.

S&P manages the process of developing or revising a standard and undertakes the research and coordination work necessary. The Director of Standards & Pricing is responsible for determining the work to be undertaken by S&P and has the authority to approve non-substantive changes to a standard.

2. Procedure for developing standards

The procedure that is used by S&P to develop (prepare, review, amend, adapt) and revise a standard is described in terms of the steps that are common to the various types of projects that S&P undertakes. As such, the procedure outlined below does not relate to the development of a specific standard or the revision of an existing standard, but illustrates in generic terms the procedure that S&P manages. The procedure described in the following sections is also depicted at the end of this paper.

2.1. Submission of standard request

S&P undertakes a standard development project upon receipt of a formal request (known as a standard request), and is included in the S&P work plan once it has been approved. A standard request may be submitted to S&P by a number of parties (known as stakeholders), including but not limited to the Fairtrade International Board, the SC, a national Fairtrade organization (NFO), a producer network (PN), Fairtrade International staff, and FLOCERT, the Fairtrade certification body responsible for certifying producers and traders.

Routine work planning of S&P may also lead to a project proposal. Projects are added to the S&P work plan, for example, as a result of adherence to normal review cycles (see 3.5. below), through the monitoring and analysis of standards (see 3.4. below), or receipt of a complaint against how a standard was developed (see the separate document “Standard Operating Procedure Complaints against Fairtrade Standards”). The S&P work plan is developed on a yearly basis and regularly updated. The most recent version of the S&P work plan is made publicly available on the Fairtrade International website. The work plan provides information on ongoing and recently closed projects, in particular regarding the scope, objectives and timelines, as well as Fairtrade International and S&P contact information.
A standard request explains the rationale of the project and clarifies its scope, objectives and expected impact. It also describes the need for the project and assesses whether the need can be addressed. It finally presents an assessment of the risks associated with the project and how to mitigate them.

### 2.2. Assessment and approval of standard request

It is the responsibility of S&P to manage and evaluate standards requests and to decide whether to accept them or not, with or without changes. The decision is based on an evaluation of the standard request by the Director and Heads of S&P. Only where a substantial need for a standard project can be identified will S&P consider the proposal. The evaluation of the needs assessment included in the standard request looks at whether the proposal fits into the objectives and strategic directions of Fairtrade, whether an existing standard already encompasses the proposal partially or entirely, and whether the demand can be satisfied by the development of a standard. The decision to set or revise a standard is also determined by an evaluation of the risk assessment in the standard request. The evaluation looks at the potential risks related to the implementation of the standard, unintended consequences, threats to the achievement of its objectives, and proposals on how to mitigate or correct them. Finally, S&P makes an assessment of the standard request on the basis of funding and resources, broadly considering the scope of the project and evaluating the urgency of that project in relation to the existing work plan.

As part of the evaluation of a standard request, the Director of Standards & Pricing – together with the Chair of the SC if necessary – makes a judgement as to the breadth of impact of a standard change to or introduction of a standard, as well as to the scope of the standard. On the basis of this assessment a project is described as minor or major. The description of a project as minor or major influences the approval procedure that a standard will be subjected to.

Several criteria apply in determining whether a project is described as minor or major. The following criteria are evaluated and taken into account:

- Impact - projects that affect or question the principles or breadth of Fairtrade are described as major, whereas projects that involve small technical changes or clarifications of standards are described as minor.
- Scope - projects relating to substantial changes of the scope of standards are described as major, whereas projects that involve small technical changes or clarifications of the scope of standards are described as minor.
- Size - projects that affect a great number of stakeholders are described as major, whereas projects that affect (or are likely to affect) relatively few stakeholders are described as minor.
- Product volume - projects that affect a significant volume of a product are described as major, whereas projects that affect (or are likely to affect) relatively low product volumes are described as minor.
- Risk - projects which strongly affect the reputation, external and internal relations, or trade pattern of Fairtrade are described as major, whereas projects with low impact in this regard are described as minor.

For minor projects, approval and prioritization is given by the Head of Standards. For major projects, the decision is taken by the Director of Standards & Pricing. According to the breadth of a major project, the Fairtrade International Board and SC may also provide input regarding the urgency, scope and objectives of a project.
If approval for a project is not granted or is postponed, feedback is provided to the person proposing the project. A revised request for a given standard, reflecting guidance from the Director of Standards & Pricing, may be submitted to S&P and would follow the same cycle of review and approval described above.

2.3. Definition of project scope and planning

Once a standard request has been approved, S&P defines the precise scope of the project and commences a planning stage. In defining the scope of a project, the needs of stakeholders are identified by the PNs, NFOs, Fairtrade International, FLOCERT, with any recommendations specified by the Fairtrade International Board or SC also taken into account. The definition of the scope will also clarify the exact objectives of the project, the resources allocated, and the projected timelines. The project planning activities of S&P result in timelines, work plans, a budget and an allocation of responsibilities. A contact person for the project is also named. The project planning also sets goals or minimum criteria as performance indicators. Generally, these include the way and level of participation of stakeholders or various groups of stakeholders, and the extent of disagreement with final decisions (derived from previous consultation exercises on the same or similar issues).

Mapping the stakeholders of a given project also takes place at the planning stage. This exercise provides S&P project managers with information on the parties involved. In particular, it includes the identification of the relevant parties with respect to the project, the definition of how they are going to be engaged and what the potential key issues will be. This activity also identifies the best means of communication for reaching all the relevant parties. Key stakeholders are proactively contacted by S&P, normally via email or phone. For the identified stakeholders, S&P sets stakeholder participation goals, targets and success criteria. The S&P involves both internal (Fairtrade) and external stakeholders. Each stakeholder is either materially affected by the project or has sufficient expertise in the subject. Internal stakeholders usually consist of all applying and certified operators affected by the standard, PNs, NFOs, Fairtrade International staff and FLOCERT. External stakeholders generally include consumers, Fair Trade Organizations (FTOs), retailers, unions, other standard setting bodies, NGOs, governments, authorities, international organizations, researchers and academic bodies. External stakeholders are identified by consulting previous stakeholder lists relevant to the project, and by consulting with PNs, NFOs, Fairtrade International staff and FLOCERT. Other external stakeholders that have been identified are also included. In particular, in the development of new standards where other relevant standards systems are active, these external stakeholders are contacted, informed of the intention to develop a new standard and invited to be part of the project with the aim of maximizing synergies and avoiding duplication.

At this stage, S&P prepares a project assignment (PA), which contains a summary of the standard request, as well as the project scope, and process information, such as project team details, timelines (including a rationale in case of a reduction of the consultation period), and decision making details. The main categories of stakeholders are listed in the project environment of the PA. The draft of the PA is published on the Fairtrade International website and is open to public feedback. Interested parties can submit their feedback on the project assignment within two weeks from its publication by filling in the ‘project assignment feedback form’ available on the Fairtrade website and emailing it to standards-pricing@fairtrade.net. Based on the consultation feedback, a PA can be amended before submission of a final version for approval. Finally, the PA has to be approved by the project owner (Director of Standards & Pricing or team Head), before the research phase can start. The approved PA is also placed on the website as information to stakeholders and the public.
2.4. Research

During the research stage of a project, input from stakeholders, internal sources and external sources is collected. This work is typically undertaken by S&P but in some cases it can be outsourced to an external consultant under the management of S&P.

The nature of the research undertaken varies according to the type of project. Particularly for new product categories, S&P may rely on existing information from feasibility studies to gain a better understanding of the product, the producers, the supply chain, the market and the specific Fairtrade objectives and the desired impacts related to that product.

For standards projects, a questionnaire is typically sent to stakeholders requesting input regarding the content of the standard under development. S&P collects and analyses the input from stakeholders. Data is also collected by S&P from external sources. Furthermore, in all cases, qualitative input from the applicable Fairtrade International staff, FLOCERT, NFOs, PNs, relevant stakeholders and external experts is compiled and considered.

S&P also reviews the relevant sections of current standards that may overlap with the standard under development to ensure alignment and consistency in all standards. Throughout the research stage of a project, S&P works to develop a draft standard or proposal (hereafter “draft”) reflecting the data and responses from stakeholders. S&P consults with FLOCERT during this process of drafting standards to obtain feedback on the verifiability of the standard and on whether compliance with the standard is feasible for operators. Whenever possible, S&P carries out tests to assess the feasibility and auditability of the proposed draft standard. These tests can also take place during consultation or drafting stages and the results are used as input for drafts.

2.5. Consultation

Once a draft standard has been prepared, a formal consultation exercise with the previously identified stakeholders begins. The initial draft of a standard is both sent directly to all identified stakeholders in the form of a consultation document, and also posted on the website which invites public feedback as well. Translations of the consultation document may be offered to stakeholders when this is either requested by stakeholders or identified by S&P. S&P may request comments on a specific part of the draft or may circulate open questions to determine opinions regarding the inclusion of specific criteria. In addition, S&P may arrange workshops with stakeholders in order to consult on a draft standard and to ensure that all relevant stakeholders, including disadvantaged groups, are adequately involved. The SC may also be involved in the consultation phase in order to provide further advice.

During the consultation period, S&P receives and reviews all comments from the stakeholders on the draft standard. S&P incorporates the consultation feedback and, if applicable, the results from additional research in a revised draft standard. At the same time, it prepares a synopsis of the consultation results. This document records the consultation process and feedback, provides an overview of received comments, and clarifies how each material issue has been addressed. The consultation results synopsis is published on the Fairtrade International website and is sent to all stakeholders that submitted comments. S&P will make sure that no confidential information is disclosed through the consultation results synopsis. Whenever possible and guaranteeing the confidentiality of stakeholders, S&P will publish the original comments received during the consultation.
The consultation cycle with stakeholders, and the revision and communication of revisions to stakeholders is repeated as often as deemed necessary to resolve relevant issues. Multiple drafts are likely to be prepared, each reflecting feedback from stakeholders and possibly additional research. Drafts are revised until the Director of Standards & Pricing or the SC deem that adequate research and consultation has been undertaken to address the concerns of stakeholders. At this point, a final draft is prepared.

For major projects, the public consultation phase includes at least one round of 60 days. For new standards development, a second round of consultation of at least 30 days is included. For minor projects, the public consultation phase includes one round of consultation of 30 days. In the case of urgent revisions, the consultation period may be reduced (see 2.7 below).

Non-substantive changes (changes to the requirements that would not require a change in practice by certified enterprises, e.g. corrections of mistakes or to clarify requirements in a standard) may be undertaken without a consultation round with a notification of any changes included in the subsequent review process.

2.6. Approval

A final draft must be formally approved in order to be introduced as a Fairtrade Standard. The drafts resulting from minor projects are decided upon by the Director of Standards & Pricing within 30 days after submission of the draft. The Director of Standards & Pricing before approving the final draft of a minor project, shares the relevant documents such as the synopsis paper and proposed draft standard with the SC and 10 working days are given for SC members to provide comments. The Director of Standards & Pricing takes into account the SC feedback in its decision making and informs the SC in a timely manner about the process and outcomes of minor projects. The drafts of major projects are referred to the next meeting of SC for decision making. A draft may or may not be approved. If a draft is not approved, the decision-making body will provide guidance to S&P as to changes that should be made and further research that is required. In this case, a project returns to the research stage and the standard must once again go through the subsequent steps of drafting and consultation with stakeholders, prior to re-submission to the relevant decision-making body. A draft or parts of a draft may be approved with the option of including further non-substantive changes. Necessary non-substantive changes are introduced by S&P on the basis of the suggestions made by the SC. The SC may also delegate substantive changes to approved drafts to the Director of Standards & Pricing. The Director of Standards & Pricing will ensure that the SC comments are adequately taken into account.

The SC strives to decide by consensus. However, in cases where this is not possible, the terms for decision-making are defined in the SC terms of reference.

In approving a draft, the SC approves the contents and estimated date of application of the draft. Subsequent measures are required to implement and finalize an approved standard before it can enter into force. These measures are managed by S&P and are described below.

The minutes of the SC meetings are published on the Fairtrade International website. The minutes contain a summary of the discussion, the final outcome, decisions taken, as well as an explanation of the rationale. Decisions taken by the Director of Standards & Pricing and their rationale are summarized when the standard is announced.
2.7. **Urgent revisions**

Where necessary and to meet changes in the conditions of production, trade, the marketplace, as well as for other urgent matters, urgent revisions may take place. In this case, all the steps and governance described in this SOP are followed and the consultation period may be reduced.

3. **Implementation and review of an approved standard**

3.1. **Editing and publication**

Once a draft standard has been formally approved, it is edited to ensure clarity. Non-substantive changes to a standard that are made at the editing stage are reviewed and approved by the Director of Standards & Pricing. The SC can also delegate the approval of substantive changes to the Director of S&P during the editing stage.

The English version of a standard is the only valid version of a standard. Furthermore, S&P makes the judgement as to the need to provide the standard in languages other than English. This judgement is made mainly according to the geographic region where a standard will be applied. Any translations of a standard are reviewed by S&P and approved by the Head of Standards. Translated versions of a standard are for information only.

The edited and approved English version and any approved translations of a standard are published within a month after completion on the Fairtrade International website and usually announced in the next issue of Fairtrade International’s news bulletin. A standard announcement is prepared and communicated to stakeholders with a reference to the new standard. S&P may also prepare a ‘main changes document’ outlining the differences between the previous standard and newer version. This is sent directly to stakeholders or is posted on the website.

3.2. **Application**

Following publication, an interim period may be allowed before a reviewed standard becomes effective. A certain period may be granted to certified producers and traders to make preparations for compliance with the standard. The outcomes of minor projects are usually effective without delay but may also require an interim period for preparing for compliance or for the certification body to develop the compliance criteria. The date that the standard becomes applicable is clearly indicated in the published standard.

3.3. **Training**

If deemed necessary, training sessions on a standard and to train the trainers will be arranged for PNs, NFOs, Fairtrade International staff and FLOCERT.

3.4. **Monitoring and Evaluation**

Once a standard project has been finalised, the project will be evaluated by the Head of Standards against the criteria set in the project assignment. Improvement actions related to procedures and organization, templates and documents, as well as staff and responsibilities will be identified as necessary. Lessons learned from the project will be shared within the Standards Team.
At the end of the standard revision where relevant, indicators to monitor the expected outcomes of the standard will be agreed upon with the Monitoring, Evaluation and Learning Team in order to build a learning cycle in the revision of standards.

Once published, stakeholders may send proposals and feedback to standards-pricing@fairtrade.net. S&P continuously collects proposals and feedback from stakeholders for the next review. S&P also collects feedback from FLOCERT, PNs and NFOs about the application of the standard in practice. These proposals and feedback are recorded in the standard monitoring log book by an assigned project manager within S&P. After a period of up to one year after the implementation of the standard, when deemed necessary, the accumulated proposals and the feedback on a standard are evaluated. S&P decides on and initiates a project to implement changes and/or to review the standard. When taking this decision S&P considers the amount and the importance of the proposals and feedback in relation to the stated objectives of the standard.

3.5. Review cycle

Usually, S&P will undertake a review of all standards at least every five years. The expected date of the next full review of a standard is stated on the standard’s cover page. S&P takes into account requests from stakeholders and the public for the review of a standard (see 2.1). The review cycle will also consider the results from the monitoring and evaluation activities (see 3.4) if they have not already been followed up on earlier. A review study may lead to a project proposal for the revision of a standard. A standard revision project follows the same process as a standard development project.

3.6. Complaints

Stakeholders have the right to follow the procedure described in the SOP Complaints Against Fairtrade Standards Development. The Complaints SOP can be found on the Fairtrade International website at http://www.fairtrade.net/standards/setting-the-standards.html.

4. Standard suspension procedure

The Director of Standards & Pricing and the SC can suspend a section or clause of an existing standard if its existence does not serve its intended purpose. This is the case when the standard section has a demonstrated negative impact on producers. A standard suspension can be considered an interim measure that triggers a subsequent standard review. The following procedures apply for a standard suspension:

4.1. Submission and assessment of standard suspension request

A standard suspension may be proposed to the S&P by PNs, NFOs, or by other Fairtrade stakeholders accepted by the S&P. A standard suspension can only be requested through the submission of a standard suspension request form addressed to standards-pricing@fairtrade.net.

The standard suspension request contains a justification of the need for the suspension of a standard. It also outlines clear objectives of the standard suspension and includes an assessment of the risks associated with the standard suspension and how to mitigate them. A standard suspension request also includes a risk assessment of leaving the standard in place and a justification for the proposed date and duration of suspension.
The Head of Standards – together with the Director of Standards & Pricing if necessary – will consider the standard suspension request, taking into account all information provided on the standard suspension request form, as well as organizational and S&P objectives. The Head of Standards will inform the proposing party on whether the standard suspension request has been approved. In case a standard suspension request is not approved or its approval is delayed, the proposing party is informed, and may decide to re-submit the standard suspension request to S&P at a later date.

4.2. Definition of project scope and planning

Once a standard suspension request has been approved, S&P begins stakeholder mapping. This includes the identification of the relevant parties to the project, defining how they are going to be engaged, the way of communication, and the setting of stakeholder participation targets. The project manager also checks the information provided in the standard suspension request and sets a time frame for the project. The outcome of this is a ‘draft proposal for standard suspension’. This document includes the same types of information as the standard suspension request, additionally details the process including timelines and opportunities to contribute (including contact information), and lays out how decisions are made and who makes them.

The draft proposal for standard suspension is published on the website and shared with identified stakeholders for at least 2 weeks. Interested parties can submit their feedback within two weeks from its publication by filling in the ‘standard suspension feedback form’ available on the Fairtrade website and emailing it to standards-pricing@fairtrade.net. Based on the consultation feedback, a draft standard suspension proposal can be amended if there is a need to do so, before a ‘final proposal for standard suspension’ is submitted for approval.

4.3. Approval

The final proposal for standard suspension is submitted to the Director of Standards & Pricing. For minor projects, the Director of Standards & Pricing will take a decision, whereas for major projects the Director of Standards & Pricing decides together with the chair of the SC, who may consult the entire SC if deemed necessary.

Decisions are summarized when the standard suspension is announced. If the final proposal for standard suspension is approved, this implies that the standard will be suspended per the date indicated on the final proposal for standard suspension.

If a final proposal for standard suspension is not approved, the Director of Standards & Pricing will provide guidance on needed changes or on further research required in order for the standard suspension to be approved.

4.4. Implementation of a standard suspension

When the suspension of a standard has been approved, this will be communicated to affected stakeholders and published on the Fairtrade International website. When appropriate, considerations and background papers are also shared with stakeholders. All documents produced during the project, i.e. the standard suspension request form or the final proposal for standard suspension as well as other relevant documents, are filed.
5. Information

All relevant and applicable documents related to a project are placed on the website and hence made available to stakeholders and the public. This, in particular, includes updated work plans, project assignments, consultation documents, synopsis and summary papers from consultation rounds, drafts and final drafts of the standard, decisions of the SC and their rationale, and the standard development procedure. On request, all of these documents are also available in hard copy, for an administrative fee, if applicable.

6. Documentation

All records related to a project are kept for at least five years. Electronic copies are kept and backups are made as often as deemed necessary. The hard copies of project related documents are made available to the public upon request, taking into account confidentiality constraints. S&P will ensure that no confidential information is distributed.

7. References and available templates

General references:
- Development of Fairtrade Prices (full version)
- Development of Fairtrade Prices (short version)
- Complaints against Fairtrade Standards (full version)
- Complaints against Fairtrade Standards (short version)

General public templates:
- Complaint form against Fairtrade standard setting procedure

Public templates used in standards projects:
- Standards project request
- Project assignment feedback form

Additional templates specific for the standards suspension procedure:
- Standard suspension request form
- Standard suspension feedback form

Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>FMP</td>
<td>Fairtrade Minimum Price</td>
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<tr>
<td>FP</td>
<td>Fairtrade Premium</td>
</tr>
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<td>NFOs</td>
<td>National Fairtrade organizations</td>
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<td>PNs</td>
<td>Fairtrade producer networks</td>
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<td>SC</td>
<td>Standards Committee</td>
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<td>SOP</td>
<td>Standard operating procedure</td>
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<td>S&amp;P</td>
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Steps of a Standard development procedure

1. Request for standard
2. Identification of need
3. Approval and prioritising
4. Project planning
5. Research
6. Draft standard
7. Consultation
8. Revision of draft
9. Final draft
10. Approval of draft

* Fairtrade bodies include FLOCERT, PNs and NFOs.