

# Terms of Reference Fairtrade International Standards Committee

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April 2020

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The following defines the tasks and procedures of the Fairtrade International Standards Committee (SC). These terms define the Fairtrade International Board decision to create a Standards Committee responsible on behalf of the Fairtrade International Board to set Fairtrade standards. The terms also reflect the principle of subsidiarity as decided by the Fairtrade International Board: decisions with strategic importance related to the SC's responsibilities shall be taken by the Fairtrade International Board, major decisions of standards shall be taken by the SC and minor decisions of standards shall be taken by the Standards and Pricing Unit (S&P) Director. Also, with these terms the need for a pragmatic and efficient process of decision-making shall be assured. Besides those terms, the standard-setting procedure responds to the Board's decision to have an efficient standard setting process. Finally, these terms are in line with applicable requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards and of the ISEAL Code of Good Practice for Assuring Compliance with Social and Environmental Standards.

## 1. Responsibilities and mandate

The SC is created by the Fairtrade International Board as a permanent committee which shall have the following responsibilities:

- Development and decision-taking of Fairtrade standards and prices as far as not delegated to the S&P as defined in the standard setting procedure. Minor decisions have been delegated to the S&P Director by the Fairtrade International Board.
- Decision-taking regarding equivalency and full or partial recognition of other standards and schemes to Fairtrade standards and scheme, as available following strategic guidance from the Fairtrade International Board.
- Oversight of the correct operation of Fairtrade's assurance scheme (certification, verification and licensing activities) according to pre-established rules and in line with Fairtrade's mission and guidance and feedback to assurance providers and licensing bodies on their implementation and interpretation of Fairtrade standards.
- Development of Fairtrade principles related to Fairtrade standards, including research and analysis of policy options, and advising the Fairtrade International Board or other relevant decision-making bodies on these.
- Decision making on technical amendments to the Standard Operating Procedures and decision making whether changes to Standard Operating Procedures will have strategic importance.
- Decision-taking on procedural complaints about the way Fairtrade standards are or were set, if the initial answer from the Fairtrade International Quality Manager is deemed unsatisfactory by the complaining party.
- Advise the S&P on all decisions relating to the development and maintenance of Fairtrade standards to ensure high-quality, consistency and continuous improvement.

More specific tasks may be taken on the agenda on request of the Fairtrade International Board (see e.g. Fairtrade International strategic workplan), the SC itself or the S&P (see e.g. S&P workplan).

The main role of SC shall be to decide on standards content, objective, scope and timelines, to balance stakeholder comments, to resolve particular contentious issues, to clarify terms and definitions and to review effectiveness and practicality of pertinent areas of standards.

In order to comply with this responsibility, the Fairtrade International Board appoints the members thereby assuring a balance of interests of all stakeholders.

Formally, the SC is responsible to the Fairtrade International Board. The Fairtrade International Board sets strategic priorities of the SC and provides to the SC policy guidelines and meeting minutes as appropriate. The Fairtrade International Board receives the SC meeting minutes with decisions and recommendations to the Fairtrade International Board. The Fairtrade International Board facilitates presence of the SC Chair at Fairtrade International Board meetings on standard-relevant issues.

The SC shall closely cooperate with the S&P. The Chair and the S&P Director shall facilitate and assure this cooperation particularly regarding assessment of whether decisions should be taken in the S&P or the SC and whether quality indicators for papers that are presented to the SC have been met.

All members of the SC are obliged to contribute to the knowledge transfer to and to the induction of their respective successors on the SC for a period of 12 months following the end of their last term.

## **2. Composition**

### **2.1 Appointment and terms**

The Fairtrade International Board appoints SC members following general nomination procedures.

In the case of members drawn from producers and workers, the calls for candidates are managed by the relevant Producer Network following the procedures applicable to any call to the SC. In the case of any other member, Fairtrade International is in charge of the call for candidates.

Lists of applicants, shortlists for interviews and recommended candidate are made available to the Nomination Committee via the S&P Director which may or may not accept candidate.

With their appointment the members accept these present terms of reference of the SC.

The SC consists of at least 5 and a maximum of 11 members. The number of members is preferable uneven whenever possible. The membership mandate is for a period of 3 years. The mandate is renewable once without a mandatory open call for candidates. Thereafter, one renewal is possible following an open call for candidates. Former members of the SC can be re-appointed only after a gap of one term.

Membership terms for external experts only nominated for specific issues are set by the Fairtrade International Board at their nomination based on recommendation issued by SC.

In order to ensure confidentiality (see 3.2) and to avoid potential recurring conflicts of interest, none of the voting SC members shall be employed by or working on an operational level for any competing scheme (see § 4.7.2 of the Fairtrade International Constitution).

### **2.2. Conduct and individual responsibilities**

All members and as applicable all observers, experts and staff shall:

- adhere to these terms,
- duly represent the respective core stakeholder groups but serve in an individual capacity,
- always act in the interest of the whole Fairtrade system and not in the interest of individual members of the respective constituency as is laid down in § 4.14 of the Fairtrade International constitution,
- support the purpose and goals of Fairtrade International as laid down in its constitution,



- bring in a maximum of expertise in the various fields of work,
- match the profile and qualification criteria set by the SC,
- regularly participate in SC meetings,
- actively contribute to the SC tasks,
- properly prepare meetings and contribute to all follow-up actions as agreed and/or mentioned in the meeting minutes,
- declare all conflicts of interest at nomination and before taking part of decision making processes and
- be able to communicate easily in the English language.

### **2.3. Evaluation**

Members shall undergo an evaluation process at least once every two years against above mentioned criteria where possible. Evaluation is done by the SC Chair or Vice-Chair together with the S&P Director. If the evaluation shows that a member does not comply with the criteria anymore, the S&P Director may ask the Fairtrade International Board or its nomination committee to withdraw the member's appointment. The Board can at any time revoke the appointment of a member of the SC if membership criteria or member's responsibilities are not met. Moreover, once a member does not represent a stakeholder group anymore the membership automatically stops.

### **2.4. Composition**

The composition must be balanced between producer-facing and market-facing and as applicable independent expertise. The following composition applies:

#### A. Producer-facing

- member(s) drawn from producers and workers: if more than 1 representative has a seat they shall be from two different continents and representing different groups targeted by Fairtrade standards if possible. The PNs shall ensure that the proposed candidates represent both farmers and workers of their specific territory.
- member drawn from workers: by preference linked to Trade Unions.

#### B. Market-facing

- member(s) drawn from National/Regional Fairtrade Organisations (NFOs): candidates shall represent market side including supply chain/trading and consumer interests.
- member(s) drawn from traders: candidates shall represent a range of core Fairtrade commodities if possible. If more than 1 representative has a seat one of them shall represent the Fair Trade Organizations (FTOs).

#### C. Independent expertise

- Fairtrade International CEO or a member of the Board to bring in Board views and system-wide and strategic consideration (voice without vote).
- workers' rights expert by preference linked to Trade Unions or labour rights organizations
- independent external experts (especially if they bring in complementary expertise)

The Nominations Committee aims to achieve a gender balance on the committee. Additionally, independent external experts may also be nominated only for specific issues to the SC or only to SC's working groups or subcommittees.

## **2.5. Member management**

The S&P holds the SC voting member list up to date and informs the Fairtrade International Board of any necessary actions to be taken.

## **3. Working principles**

The SC shall execute its functions in an efficient manner. Members are asked to act accordingly and to aim for effective decision-taking through their behaviour but also by obeying to the following working principles.

### **3.1. Language**

Working language is English both for written and oral communication.

### **3.2. Confidentiality**

Confidential information is understood as all information and documents gathered during the course of involvement in the SC. SC members acknowledge that Fairtrade International is the rightful owner of all confidential information and undertakes all necessary and suitable measures to maintain the level of confidentiality. For all information three levels of confidentiality exist:

“high”: means that no distribution is allowed other than within the SC. High confidentiality level must be clearly indicated on written information or clearly stated during oral conversations. The outcome of decisions is confidential until minutes are published on the Fairtrade International website;

“normal”: means that the information is considered not to be circulated outside the SC, however in case of further consultation needed to accomplish with the SC tasks the information may be distributed for that purpose to Fairtrade International stakeholders. The outcome of decisions is confidential until minutes are circulated to SC members;

“none”: means that the information can be freely distributed, e.g. if the information is already in the public domain, meaning that it has been published or disclosed previously by Fairtrade International or another organisation. There must be a clear indication with the information for that status of confidentiality. The outcome of decisions can be made public immediately after the SC meeting.

The SC members must accept the rules of Fairtrade International regarding confidentiality. In case of breaches of confidentiality, the Fairtrade International Board decides on necessary actions.

### **3.3. Meetings**

The SC meets as often as needed, however 4 to 6 meetings per year are considered as standard practise. Meetings are either physical meetings or teleconferences. Extra meetings may be asked by the Fairtrade International Board, the SC members and by the S&P.

Meetings shall be properly prepared by S&P by timely sending of all necessary information to SC members. All members shall carefully study the information provided and prepare their contributions to the SC. All members shall also contribute to follow-up actions after meetings as agreed and/or mentioned in the meeting minutes.

In between meetings, e-mail consultation may happen for papers which cannot wait for approval until the next meeting of the SC. The papers should be commented and decided on by e-mail. For decision taking see 4.2.2.

### **3.4. Observers**

Fairtrade International and FLOCERT staff members have permanent observer status. Staff requests to participate in an SC meeting should be communicated to the S&P Director who decides individually on participation taking into account the added value, the total number of observers and the confidentiality status of the items under discussion.

Individuals representing a stakeholder group already being represented by SC members or not, and members of the Fairtrade International Board may be granted a permanent or temporary observer status. The status may be limited to certain issues or agenda items. Applications should be made to the S&P Director and will be decided upon by the SC Chair.

Consultants or other experts working with S&P can be granted a temporary observer status, normally limited to certain agenda items. Applications should be made to the S&P Director by the S&P staff member managing the relevant project and will be decided by S&P Director after consultation with the SC Chair.

Where the SC Chair has not proactively approved requests for observer status, he/she automatically approves them when approving the draft SC agenda, where requests for observer status shall be indicated.

The S&P Director communicates the SC decision to the observer.

Contributing observers are:

- Any person presenting a paper, who may be present for that agenda item
- Any person invited by the Chair to attend to contribute to discussion of an item
- All staff of S&P

Contributing observers are normally invited to speak on the same basis as SC members, but may be asked by the Chair to refrain from contributing at certain times in accordance with the needs of the SC, and are not eligible to vote on SC decisions.

Passive observers are:

- Contributing observers who ask to attend beyond the agenda item they are concerned with
- Other Fairtrade International stakeholders who have been granted observer status

Passive observers normally do not contribute to the discussion, though they may request to do so if they feel that a significant point is being missed or misunderstood in such a way as to undermine the validity of the decision-making process. If they wish to contribute, passive observers should declare any interest they may have in the outcome of the discussion.

All observers are entitled to make notes of the discussions or decisions for their own use unless the chair exceptionally requests confidentiality for a specific point. In the case of a need for confidentiality or for any other reason, the Chair may ask observers to leave the meeting or to agree to maintain confidentiality. All

observers should ensure that, if they divulge the content of the meeting to another party they do so making it clear that this is not a formal record of the meeting, unless it is based on the approved minutes.

### **3.5. Chair**

The SC elects a Chair and a Vice-Chair.

The Chair and the Vice-Chair are elected for one year with the option of renewal.

The Chair approves the meeting agenda proposed by the S&P and supervises that all members are duly informed. In particular, the Chair checks whether all proposed points of the agenda fall into the decision authority of the SC or whether they need to be delegated to the S&P or to the Fairtrade International Board.

The Chair together with the S&P Director may take decisions on procedural issues (e.g. observers) in preparation of the meetings. The Chair may also take content linked decisions in between meetings if asked so by the S&P e.g. as a result of an email consultation process. Such processes need to be reported to the SC's next meeting with a rationale and in full transparency.

The Vice-Chair replaces the chair in cases of absence, conflict of interest or other grounds found necessary by the SC.

### **3.6. Sub-committees and working groups**

The SC may create sub-committees or working groups to research / handle or take decisions on specific responsibilities or issues on behalf of the SC. The SC shall define specific Terms of Reference for each sub-committee or working group. Sub-committees are set up on a permanent basis while working groups are set up on a temporary basis and disappear once they have reported back to the SC or when the SC feels that the issue shall be administered in a different way. Both are composed of at least 1 SC-member and external experts / stakeholders / S&P staff, with or without voting rights as specified in the sub-committee or working group Terms of Reference

As a minimum the SC shall set up an Oversight Committee (OC) with the responsibility to oversee the correct operation of Fairtrade's assurance scheme (certification, verification and licensing activities) according to pre-established rules and in line with Fairtrade's mission and guide and feedback to assurance providers and licensing bodies on their implementation and interpretation of Fairtrade standards. The SC delegates all decisions in this area to the OC and thus cannot override them. The SC members shall constitute the majority of this subcommittee. Technical members representing organizations performing certification and licensing shall complement membership.

### **3.7. Remuneration**

All members can request remuneration unless already being paid by the Fairtrade system for the costs and/or worktime spent for the SC. For members coming from NFOs the request for fees needs to be supported by the applicable NFO while the NFO is expected to incur the costs.

Reimbursement is limited to travel costs (airfare and train costs to be based on 2<sup>nd</sup>/economy class tariffs), daily subsistence for full absence days except meetings days (based on Fairtrade International allowance table in accordance with German law) for travel days, and fees (and VAT as legally to be charged on top of fees).



Fees are paid to members representing producers, workers or traders, and if agreed to experts. Fees are paid for the physical or teleconferencing meeting time, preparatory time and travel time using a daily fee fixed by Fairtrade International while dial-in time in physical meetings is not paid for unless agreed differently beforehand. In between meetings time is not paid for, except for extra work done by the Chair and the Vice-Chair. Exceptions from using the fixed daily fee are possible and need to be agreed with the S&P Director. The fee agreement needs to be made with the S&P Director in writing.

None of these payments are made automatically, but only when a member explicitly asks for them by presenting adequate invoices and/or receipts. Payments are done after the S&P Director has approved those invoices/receipts.

## **4. Working process**

### **4.1. Agenda and invitation**

SC members may inform the S&P Director about an item to be put on the agenda in writing and are responsible for providing the necessary papers timely. The draft agenda is sought to be available 4 weeks ahead of meeting. The final agenda for meetings is set by the S&P Director and proposed to the Chair at least 14 days before the meeting. The Chair approves the agenda within 3 working days. The S&P seeks to send out the agenda with all associated papers to the members at least 10 days before the meeting.

### **4.2. Decision taking**

#### **4.2.1. Principles**

The SC takes decisions based on papers submitted by S&P and other facts and evidence available as well as taking into account the discussion happening during meetings. Decisions are taken by careful consideration of all available evidence and all members' perspectives on it. When making decisions, all members are responsible for considering what is in the best interests of the Fairtrade system as a whole. This must be considered before the interests of a single stakeholder group or their own constituency.

#### **4.2.2. Physical and remote meetings**

The SC seeks to achieve decisions by consensus, defined as decisions taken with no votes against. If the SC Chair feels that consensus is not achievable, the Chair will ask the SC members whether further discussion and alternative wording of the standard could lead to consensus. In particular, if the most affected stakeholders are in opposition to the proposal they actively propose options that are more likely to reach consensus.

If this evaluation does not lead to any solution built on consensus the majority decision-making procedures should be used. In this case, decisions can be taken by simple majority. Abstentions are not counted as votes.

Secret voting by ballot is only done on demand of a member. In other cases, voting shall be by show of hands.





The quorum of 2/3 (two third) of its members including the Chair or the Vice-Chair has to be respected. Every member has one vote.

Proxy votes are possible. However, one person may only assume one proxy vote. Proxy votes needs to be presented to the Chair in writing.

*In case of a tie the vote of the Chair will decide. In case of a tie and of absence of the Chair, the vote of the Vice-Chair will decide. In case of a tie the Chair or (in his/her absence) the Vice-Chair cannot abstain.*

When a decision the SC has to take constitutes a conflict of interest for one of its members, the member will be excluded from voting on this decision without affecting quorum. Conflicts of interest need to be announced by the relevant member to the Chair before voting, by preference when the agenda is agreed upon during the opening of the meeting. Declaration of conflicts of interest lies in the responsibility of the members.

#### **4.2.3. Decision making in between meetings**

The in-between consultation may consist of one or two rounds.

First round: A first mailing of papers will be sent out by S&P to SC with a request for comments to be received within 5 working days. SC members are obliged to react if on job at that time. If a SC member has not reacted within 5 working days, (s)he is considered to have accepted the recommendation. At least the chair or the Vice-Chair plus two other members of the SC must have reacted within these 5 days for further decision making. In case at least two thirds of the members have reacted within the dedicated time and there have been no major comments made and the majority agrees with the recommendations, it is accepted through the SC Chairs' approval as appropriate and possible. In this case there is no second round. In case of doubts whether the SC member's agreement is sufficient for decision-taking the S&P Director and the SC chair take a decision how to proceed.

Second round: In case of major comments, the S&P is responsible for having the papers adapted according to the comments received and a second mailing of the amended papers will be sent out by S&P to SC for comments to be received within 5 days. If a SC member has not reacted within 5 days, (s)he is considered to have accepted the recommendation. At least the Chair plus two other members of the SC must have reacted within these 5 days. The SC Chair takes the final decision.

#### **4.3. Minutes**

The S&P provides for staff to take minutes of the meetings. Recording of the meeting are also filed by the S&P.

Minutes are distributed to the members at earliest convenience, however not later than 21 days after the meeting.

Minutes are formally approved by SC members. Draft minutes are sent by S&P to all SC members seeking for comments. Comments are to be provided within 5 days. A second round of comments is carried out only if necessary. The SC Chair works with S&P to appropriately endorse comments from SC members. Decision-making follows the principles described in the first two paragraphs of section 4.2.1.

After approval minutes may be circulated to interested parties and on a routine base to Fairtrade International Board, Fairtrade International, FLOCERT, Producer Networks and NFOs.



Minutes may be distributed to the Fairtrade International Board prior to approval in case Fairtrade International Board meetings are about to take place. Relevant extracts of the yet not approved minutes may be distributed to Fairtrade International, FLOCERT and NFOs and PNs on special request or need.

#### **4.4. Implementation**

The S&P is responsible for implementation of the SC decisions unless specifically determined otherwise. Particularly, further consultation with FLOCERT and with stakeholders need to be properly identified and determined at decision-taking.

### **5. Miscellaneous**

These ToR are subject to regular update by the Fairtrade International Board. SC members are asked to continuously check whether the ToR are appropriate and come up with proposals for amendment.

Approved by Fairtrade International Board, 16 April 2020.