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<b>Consultation Results Synopsis</b> <b>Information to Stakeholders on the Outcome of the 1<sup>st</sup> Round of Consultation</b> Review of the Tea Fairtrade Standards and Pricing for Small-scale producer organizations, Hired Labour and Traders	
<b>To</b>	Fairtrade stakeholders
<b>Consultation Period</b>	11.06.2019 – 30.07.2019
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## CONTENTS

<b>PART 1. Project Information</b>	2
1.1. General Introduction	2
1.2. Executive summary	2
1.3. Way Forward	12
1.4. Abbreviations	13
<b>PART 2 Consultation outcomes</b>	14
2.1. Consultation Process	14
2.2. Participants	14
2.3. Consultation Outcome	16
<b>Section A: Standard consultation applicable to SPOs</b>	17
<b>Section B: Standard consultation applicable to Hired Labour organizations</b>	18
Topic 1. Anti-modern slavery	18
Topic 2: Women's empowerment and gender equality	26
Topic 3: Workers labour conditions	30
Topic 4. Fairtrade Premium Management	47
Topic 5. Development potential	55
Topic 6: General Requirements and Commitment to Fairtrade	58
Topic 7: Trade. Requirements applicable to traders sourcing from SPO and HL estates.	63
Topic 8: General comments/ feedback on the Tea HL standard review	66
<b>Section C: Pricing review</b>	67
9.1. Fairtrade Tea Prices and product classification	67
9.1.1 Orthodox fannings and dust	67
9.1.2 CTC grades	70
9.1.3 Fairtrade prices for green leaf tea	72
9.2 Geographical scope	75
9.3. Fairtrade Price levels	77
9.4. Organic and conventional prices	80
9.5. General comments/ feedback on the Tea Pricing topics	82

## PART 1. Project Information

### 1.1. General Introduction

Fairtrade International's Standards & Pricing (S&P) would like to thank all stakeholders for the time and effort they have put into participating in the first round of the full review of Tea Fairtrade Standards for Small-scale producer organizations, Hired Labour and traders. The consultation concluded on 31.07.2019 with a total of 43 stakeholders participating online and 83 organizations participating in workshops who gave S&P their views and perspectives. Thanks to these contributions, S&P has gained a good understanding of the main topics and concerns including potential solutions. This information provides the basis for the proposals for a second round.

This document aims to present the outcome of the consultation in the most transparent way possible without disclosing confidential stakeholder information.

**Should you have any queries or remarks concerning this report, please contact the Standard Project Manager Oksana Forkutsa at: [o.forkutsa@fairtrade.net](mailto:o.forkutsa@fairtrade.net) and/or Pricing Project Manager at: [e.freixa@fairtrade.net](mailto:e.freixa@fairtrade.net)**

### 1.2. Executive summary

The purpose of this project is to review the Tea Small-scale Producer Organizations (SPO) standard and Tea Hired Labour (HL) standard and prices, as part of the regular standard and prices monitoring and review cycle. The Tea standards and prices review is embedded in the broader Fairtrade tea strategy as an important tool to improve the situation for workers on Fairtrade certified tea estates and for smallholder tea growers.

The overall objective of the review is to ensure that the tea standards create the positive impact for farmers in co-operatives and workers on plantations that is demanded by Fairtrade producers, businesses, civil society and consumers.

The last full review of the Tea Fairtrade Standard for Small-scale producer organization, Hired Labour organization and traders was undertaken in 2011. In the first round consultation, the review topics were gathered through the monitoring log as well as from internal and external stakeholders. The first round of consultation was completed in July 2019 with about 70% of the total Fairtrade Tea organizations (SPO and &HL) who participated in workshops organized in producer regions. Each topic of consultation, presented a description, followed by the aim of the proposal. Then the proposed changes were presented with reference to the relevant requirements in the standard. At the end of the document, there was the possibility to provide input/comments on other sections of the standard or other topics that were not considered in any of the proposals. The second round of consultation is to take place in January –February 2020 and will be based on the input received during the first round of consultation and will address any outstanding issues from the first round and include other topics as needed.

Below, a summary of the consultation topics and an overview of the responses per topic:

Topic and Explanation	Consultation responses – main outcomes
<p><b><u>1. Anti-modern slavery</u></b></p> <p>In the existing HL Standard the section “Freedom from forced and compulsory labour”, outlines the requirements related to prevention of forced or bonded labour. However, the Core/Year 0 requirement 3.2.1 ‘No forced labour’ lacks examples of indicators for assessment of forced labour risk. Further, it is not clear how producers can remediate (withdraw and prevent) if there is</p>	<p>There were 4 proposed changes in this section.</p> <p><u>Proposal 1:</u> Introduce improved guidance on risk assessment indicators for forced labour. Reporting against these indicators will be Core/Year 0 requirement</p> <p>The majority of participants agree to add indicators and found them useful do self-assessment. However, the list of indicators was found to be too long and not easy to interpret.</p>



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<p>forced labour occurring or what producers need to do to ensure forced labour is not occurring in their operations.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>- Expanding the guidance of requirement on forced labour in Tea HL standard, providing detailed examples of forced labour risk assessment indicators;</li> <li>- Introducing a new requirement on prevention of forced labour, which is built upon results of forced labour risk assessment;</li> <li>- Introducing a new requirement on remediation, should forced labour be identified, requiring companies to follow the procedures in place to ensure safe withdrawal and continuous monitoring to prevent forced labour.</li> <li>- Aligning to the existing requirements on 'no forced labour' in the SPO Standard (section 3.3.)</li> <li>- Strengthening the requirement for temporary workers, expanding the clause for plantations to provide temporary workers a contract, regardless of their contracted period.</li> </ul>	<p>Thus a number of suggestions is to improve this list through clustering/grouping the indicators, mapping them with ILO indicators and ensuring there is clarity on their interpretation, to avoid misunderstanding during the audit. Further it was suggested to add more indicators related to terms and conditions of workers' payment and develop a template for self-assessment.</p> <p><u>Proposal 2:</u> Introduce a new Core/Year 0 requirement that requires that company remediate in case forced labour is identified.</p> <p>Overall stakeholders agreed to introduce this new requirement, however under assumption and this will be further improved. In particular stakeholders wanted to have more clarity on the scope of policy, procedure, guidance how it would be implemented into actions. Further they highlighted importance to define who will be in charge of monitoring and remediation as well as the timelines for remediation, frequency, and what would indicate that remediation was successful. In addition, suggestion was to ensure trainings will apply to management and workers</p> <p><u>Proposal 3:</u> Improve the existing 3.3.2 Core/Year 0 requirement in HL standard on protection of children under 18 from dangerous or exploitative work, expanding the scope of requirement to protection of children from worst forms of child labour and hazardous work.</p> <p>Overall stakeholders agreed with proposed change and suggested to improve wording and title of requirement, to ensure better alignment with ILO and also to clarify in guidance what would be the reference for a producer when their country does not have a Hazardous Child Labour Activity list to refer to. Further suggestion was to strengthen overall approach to child labour and look at child rights more broadly. It is also important to add definition of the term 'hazardous' and other related terms.</p> <p><u>Proposal 4:</u> Strengthen the contract requirement 3.5.7 in HL standard for temporary workers, expanding the clause for plantations to provide temporary workers with a contract, regardless of time period for which they are employed.</p> <p>Overall stakeholders agree to strengthen the topic of temporary workers however they were not in full agreement with the proposed approach. Suggestions are to further improve clarity on terms and conditions, such as – probation period for temporary workers, avoid conflict with local</p>



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	regulations, set a timeframe for an uninterrupted service, ensure there is option for verbal, not only a written translation (where applicable), introduce framework contracts, stipulate timing (i.e. contract to be signed prior to start of work) and allow outsourcing for labour during high peak seasons.
<p><b><u>2. Women's empowerment and gender equality</u></b></p> <p>In Fairtrade, the highest proportion of women work in the tea sector (26% in SPO and 43% in HL). More than 108,000 women work in Fairtrade tea plantations or registered as farmer members of small-scale tea producer organizations. Whilst women are heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized and rewarded. Women often suffer from domestic violence, rarely occupy leadership positions and their needs and voice are often not heard.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>-Strengthening Fairtrade's approach to gender issues to make gender equality an explicit part of the Tea HL Standard and enhance protection from gender based violence and other forms of harassment;</li> <li>- Promoting women's empowerment;</li> </ul>	<p>There was one proposal on this topic.</p> <p><u>Proposal 5:</u> To introduce two new requirements on HL to not tolerate Gender Based Violence and other forms of harassment (Core/Year0) and to have a gender policy in place (Core/Year 1). The majority of the respondents agree with the proposal and suggested to further improve wording of requirements, e.g. to correct/broaden the language of GBV requirement, so that different forms of harassment are in the scope (i.e. not only 'sexual' harassment) and ensure guidance provides more practical, action oriented approach that ensures gender policy does not stay on paper but is implemented throughout the organization. Additional feedback here is to improve requirement on FPC composition ensuring better involvement of women.</p>
<p><b><u>3. Workers labour conditions</u></b></p> <p><b>3.1 Floor wages</b></p> <p>Fairtrade wants to ensure that workers and their families are able to meet the internationally recognized poverty lines with the basic wage rate they receive from the employer. This forms the basis for a proposed floor wage, which is normally significantly lower than the recognized Living Wage benchmarks approved by Fairtrade. Therefore, the value of in-kind benefits would be recognized in the context of a Living Wage but not recognized for compliance with the floor wage. This floor wage concept based on World Bank poverty lines was first introduced in the Flower and Plants Standard in 2017 and extended to the Fresh Fruit Standard in 2018. In the meantime, the World Bank has adjusted its poverty line methodology which differentiated values based on the country's development status. The new poverty line approach will be applied for the first time in the Tea Standard.</p> <p><u>The proposal aims at:</u></p>	<p><b>3.1</b> There was 1 proposal for change this section</p> <p><u>Proposal 6:</u> To introduce a new 'Fairtrade Floor Wages' requirement to ensure that minimum cash wages do not fall below the international poverty line of the country. In instances where the existing cash wages fall below the international poverty line, Fairtrade plantations would be required to pay an additional cash lump sum to meet any shortfall. This payment would be made without a link to the performance of workers</p> <p>Majority of stakeholders disagreed with the proposal, and in particular with the concept that was used. The proposed floor wage calculation was based on the world bank poverty line. The overall feedback from producers is that although higher wage would benefit workers, the proposed concept would go in parallel with the existing regulations/agreements. Also, as reported, in most countries Trade Unions are strong and wages are based on tripartite agreements. Further stakeholder highlighted that this change would significantly raise the costs of sustainable</p>



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<p>- Introducing the requirement in the Tea HL Standard that would help lift wages, thereby contributing to livelihoods of workers and their families;</p> <p>- Using the country's poverty line for calculation of a floor wage for hired labour in certified tea plantations, which would also mean requiring plantations to make a meaningful step towards providing a Living Wage.</p> <p><b>3.2 Housing and sanitation</b></p> <p>Analysis of non-compliance data and academic studies have shown that housing conditions are sometimes of inadequate quality and quantity. Although in HL standard the requirement on housing provides elements that define 'decent housing' (HL requirement 3.5.28, Core/ Year 3), there are still challenges in its implementation. However, for some Tea producing regions this requirement specifically addresses compliance with related existing national legislations. Thus earlier timelines for its implementation is also in line with the intention to improve worker's conditions through enhanced quality of housing and access to sanitation.</p> <p><u>The proposal aims at:</u></p> <p>- Strengthening the existing requirement on housing conditions (HL req 3.5.28)</p> <p>- Introducing a step-by-step approach to regular maintenance of houses to improve the quality of provided services to workers.</p>	<p>production and make businesses unviable (for producers and traders) and wage difference issues between workers of Fairtrade and Non-Fairtrade gardens that belong to the same estate. The suggestion is either not to introduce any change and leave as it is, or to revise the concept ensuring it is aligned with local agreements, and further it was highlighted when an increased wage is proposed there should be a clause ensuring it is not implemented at the expense of reduced in-kind benefits and to allow a gradual approach to reach the proposed increased wage.</p> <p><b>3.2</b> There were 2 proposals on this topic</p> <p><u>Proposal 7:</u> Strengthening the existing requirement in the HL Standard on workers' housing for tea companies, changing it from Core/Year 3 to Core/Year 0.</p> <p>Although majority of stakeholder found the proposed change necessary, there was a significant number of those who disagreed. Overall it is recommended to further define terms and make them measurable (e.g. decent / reasonable / acceptable etc), to set timelines, add clarity, improve guidance and ensure that improved conditions are not done at the expense of Fairtrade Premium because this has to be under the estate management's responsibility. Further recommendation is to decouple standard from national law/regional norms on this topic. Among those who disagreed the concern is related to the timeline Year 0, as it sets the bar too high and suggestion is to rather allow continuous improvement following the development approach, e.g. through introduction of indicators on percentage of houses in need for improvement, or to link housing to the number of workers and to timelines (those with less number of workers may need less time to implement a certain change than those with higher number of workers).</p> <p><u>Proposal 8:</u> To introduce a new Core/Year 0 requirement on housing assessment and improvement plan. This requirement would complement the requirement 3.5.28 on housing conditions in HL standard.</p> <p>Majority of stakeholders only partially agreed and suggested to further strengthen the requirement and revise the timeline ensuring it allows an organization to improve over time as it has financial implications. Along with this, it was highlighted to ensure this requirement refers to</p>



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INTERNATIONAL

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<p><b>3.3 Occupational Health and Safety</b></p> <p>Efforts and developments on occupational health and safety by estates have brought many improvements. Some of these positive changes are related to preventive measures towards handling and use of hazardous materials. Fairtrade's requirements on occupational health and safety include prevention of accidents and elimination/reduction of hazards in the work place, following the ILO regulations and recommendations (ILO Conventions C155 (Occupational Safety and Health Convention), C184 (Safety and Health in Agriculture Convention), ILO Recommendation R164 (Occupational Safety and Health Recommendation), ILO C077 and C078 (Medical Examination of Young Persons (Industry and Non-Industrial Occupations) Conventions), and R102 (Welfare Facilities Recommendation).</p> <p>There are still gaps on provision of health and safety services. Thus, further improvements on the topic of health and safety of workers on tea plantations are necessary.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>- improving the occupational health and safety conditions for workers through strengthened requirement on health and safety risk assessments (HL, req 3.6.4), changing it from Dev/Year 3, to Core / Year 3;</li> <li>- introducing a new Core/Year 1 requirement on treatment and compensation if workers suffer from a work-related illness or injury</li> </ul>	<p>implementation of activities step-by-step and over time. Further improvement plans to be done in cooperation with plantation residents through support from worker representative for housing. For better implementation of this change, workers to have a space to complain about lack of implementation and a space/report to learn about these provisions. Further stakeholders suggested require clear marks of areas distinguishing which construction is provided by plantation and which was added by workers (in cases when it's not in the scope of provision by plantation). Overall it is recommended to change the timeline to Year 1 /Year 3 to allow a reasonable timeframe between the proposed requirement and a previous requirement that applies on Year 0.</p> <p><b>3.3</b> There were 2 proposals on this topic and one additional question regarding the frequency on provision of trainings</p> <p><u>Proposal 9:</u> To strengthen the HL standard requirement 3.6.4 'Health and safety risk assessments' in the Tea HL standard, changing from Dev/Year 3 to Core/Year 1 and requiring companies to carry out risk assessments at least once a year.</p> <p>Overall stakeholders agreed with the proposal however mentioned that doing risk assessment every year is not necessary unless there is a change in premises of work or new equipment is introduced etc. For trainings/capacity building sessions it was recommended to be carried out every 6 months and that H&amp;S risk assessment requirement text need further refining, because risk assessment with all workers would not be feasible as this task should be carried out by the elected H&amp;S worker representatives. Overall it is recommended to ensure that risk assessment has to be carried out by the trained person/senior. Further element that need to be made explicit in the requirement is - use of PPE (e.g.to require SOP in place) with a system in place to keep records which allow to monitor and enforce PPE use.</p> <p><u>Proposal 10:</u> To introduce a new Core/Year 1 requirement on treatment and compensation, to ensure that if workers suffer from a work-related illness or injury, workers receive appropriate treatment and compensation.</p> <p>Majority of stakeholders agreed to introduce this requirement. However, some others highlighted that in in their country it is already covered by</p>



**FAIRTRADE**  
INTERNATIONAL

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<p><b><u>3.4 Freedom of Association and Collective Bargaining</u></b></p> <p>In the existing HL Standard, requirement 3.4.5 ensures representatives of trade union organizations can meet with workers on company premises. Human Rights / Labour Rights NGOs could also be an effective resource for workers - providing services to workers for capacity building and worker education on and rights in the workplace. Specialized Human/Labour Rights NGOs could also help to educate workers on how to best organize themselves in trade unions, or other worker committees, engage in social dialogue and negotiate with their employer on terms and conditions of employment and housing.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>- introducing a new requirement, to provide access to Human Rights / Labour Rights NGOs to meet with workers raising the awareness on workers' rights while at the same time, not undermining the Trade Union's (TU) activities. This requirement would be built on and expand the Core/Year 0 requirement in the HL standard, allowing trade union representatives to meet with workers. Also this change would be even more relevant in places, where Trade Union activities and representation are impaired.</li> </ul>	<p>national regulations and suggested to align requirement accordingly. Further suggestions are to improve wording of requirement and define the used terms: 'work related illness', 'as long as conditions persists', 'redeployment'. It was recommended to further strengthen this requirement to apply on Year 0, because Health &amp; Safety has to be addressed from the very start.</p> <p>On the question "if trainings on occupational health and safety have to be provided at least once a year or more frequent", majority agreed that there is no need to increase the frequency but rather ensure effectiveness of trainings specifying what these trainings should include.</p> <p><b>3.4</b> There was 1 proposal on this topic</p> <p><u>Proposal 11:</u> To introduce a new requirement to allow labour rights NGO representatives to meet with workers</p> <p>Majority of stakeholders only partially agreed and disagreed highlighting the importance of defining better the scope and limitations of NGOs activities on premises of the plantations. Current wording of requirement is not clear on whether companies to grant permission to NGOs or to workers, therefore suggesting that this is to be upon request from workers. Further, the requirement has to be reworded with a purpose to make it a 'reactive' requirement, which will make it more clear for auditors and for producers that sanctions would apply if request from worker representative is not addressed. Another recommendation is for Fairtrade to develop the approved list of Human Rights/Labour Rights NGOs.</p>
<p><b><u>4. Fairtrade Premium Management</u></b></p> <p><b><u>4.1 Fairtrade Premium use</u></b></p> <p>The FP should be used according to the conditions set in the Fairtrade Standard for HL. However, there is an exception made to companies located in Darjeeling (requirements 2.1.2 and 2.1.3 in Tea HL). This was introduced</p>	<p><b>4.1.</b> There was 1 proposal made for this topic.</p> <p><u>Proposal 12:</u> Deletion of requirements 2.1.2 and 2.1.3 in Tea HL (requirements on exception for Darjeeling allowing management of estate to use FP for infrastructure projects and basic needs of</p>



**FAIRTRADE**  
INTERNATIONAL

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<p>in 2010 to support the plantations in this region due to a critical economic situation. In the standard it states that the basic needs for workers (e.g. housing, water, sanitation) may be partly financed through the Fairtrade Premium given the critical economic situation in the region and that Fairtrade Premium can be used under certain conditions for infrastructure projects that would benefit both the plantation management and workers' community. These projects have to be approved by workers. This requirement has attracted criticism as it may have created unbalanced / biased conditions where the focus to support exceptional use of FP is given to HL organizations in only one of Fairtrade tea producing regions (Brugger, 2017).</p> <p><u>The proposal aims at:</u> -creating a level playing field for all Tea HL companies, harmonizing the rules of FP use in all regions</p>	<p>workers upon FPC and FI approval and other terms)</p> <p>Overall stakeholders were not in complete agreement (only 46% agreed), providing feedback that exceptions should not be in the standard but regulated through a different tool. Other suggestions are - to allow flexible usage of Fairtrade Premium under supervision of FLOCERT/Fairtrade and to rather strengthen auditing procedures on premium development plan, to further monitor the implementation with the purpose to expand geographical scope of this requirement to other regions. Customized approach to different regions is a world-wide recognized approach and thus it was recommended to be followed. Producers from Darjeeling stated that they are still facing all challenges with due to poor economic situation and that overall the cost of production in this hilly region is higher in comparison to plain landscape (housing construction 60% higher, poor availability of water etc.) and suggested to leave this requirement in the standard and expand its applicability to regions with similar geography. Producers from other regions/countries were in agreement that for the sake of consistency and fairness such exception should be expanded either to all regions or removed from standard.</p>
<p><b><u>4.2 Sustainability Margin</u></b></p> <p>In the existing HL Tea Standard, 20% of Fairtrade Premium goes directly to estate management (and not the Fairtrade Premium Committee) to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. This is referred to as the Sustainability Margin and is applicable only for conventional teas from the Camellia plant made using the CTC production method, and for conventional "fannings" and "dust" made using the orthodox production method. Stakeholders have requested to extend the sustainability margin to organic tea as well, to ensure fairness and consistency across different production methods.</p> <p>The requirement 2.1.4 requires to split the payment between the FP paid to FPC (80%) and to the estate (20%), and that it has to be clearly documented (two separate bank payments/invoices with price of goods). However, it is not explicit whose responsibility is to send and split the invoicing. According to the</p>	<p><b>4.2</b> There was 1 proposal for this topic and 4 questions to further understand use of sustainability margin</p> <p><u>Proposal 13.</u> New requirement that complements to requirement 2.1.4 in the Tea HL Standard, clarifying options for the invoicing of sustainability margin.</p> <p>Majority of respondents either disagreed or only partially agreed to split the invoice for 20% and 80% of Fairtrade Premium, stating that it would incur additional costs for international transactions and complexities. Further recommendation is to align it with compliance criteria that currently allows flexibility to stakeholders to arrange the payment either through split invoicing or differently.</p> <p><b>13.1</b> To the question on whether sustainability margin achieves its objective as a concept to improve working conditions, the feedback showed split opinions, from one side stating that this allows producers to ensure some part of FP is being invested in improvement of workers conditions, while from another side</p>





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<p>feedback from auditors, it is understood that when a full amount is invoiced, it is challenging on a regular basis to deviate from the invoice and pay 80 % to the FPC account and 20% to the estate. A compliance criterion regulating the invoicing has been already introduced both for traders and HL.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>• Introducing a clause that requires companies to split the invoicing of the FP</li> <li>• Exploring if the proportion of 20% of FP as a sustainability margin is sufficient</li> <li>• Explore if sustainability margin approach should also apply for organic tea produced with similar methods (CTC &amp; orthodox “dust” and “fannings”)</li> <li>• Explore if a clearer guidance on use of the sustainability margin is needed</li> </ul>	<p>implementation depends a lot of effectiveness of estate management and with low sales not much of improvements can be expected. Thus overall assumption is that it does not really contribute to improvements.</p> <p><u>13.2</u> To the question on whether the proportion of 20% to 80% should be kept, majority of respondents disagreed and suggested to enhance it to e.g. 30%. This was even more supported under assumption that a proposal for increased wages may get endorsed. It is rather important to improve the implementation of sustainability margin, clarifying how and on what activities it can be used.</p> <p><u>13.3</u> To the question if the scope should be extended to organic and orthodox ‘dust’ and ‘fannings’, stakeholders mostly agreed stating this is needed for consistency reason. However other suggestion is to further analyse and understand the need for sustainability margin as a concept. Organic tea producers did not express interest to expand the scope of this concept to organic tea.</p> <p><u>13.4</u> to the question if there should be an additional guidance on how and what activities the sustainability margin should be used, majority of stakeholders agreed indicating a clear need for detailed guidance to be developed.</p>
<p><b><u>4.3 Distribution of Fairtrade Premium for multi estates</u></b></p> <p>For producer organisations certified as multi-estates, the central structure provides the certification body with an overview of the total Fairtrade Premium income of the company, the distribution of the Fairtrade Premium to the local Fairtrade Premium Committees, and an aggregated version of the individual Fairtrade Premium Plans (HL requirement 2.1.2). Further, in HL requirement 2.1.7 it is defined that the distribution of Fairtrade Premium funds may be based on volumes sold or number of workers represented by the local Fairtrade Premium Committee. However, the decision on distribution of the FP in multi-estates has been criticized as lacking transparency.</p>	<p><b>4.3</b> on this topic, stakeholders were asked a question.</p> <p><u>Proposal/Question 14:</u> Do you agree that there is a need to specify rules regarding FP distribution for the multi-estate plantations?</p> <p>Majority of stakeholder to whom this was relevant expressed the need to specify these rules suggesting that this could be based on joined decision of FPCs. Others suggested not to prescribe it anyhow and allow this to be decided in workers GA. The key point is that the process of decisions made has to be transparent.</p>
<p><b><u>5. Development potential</u></b></p> <p>The baseline conditions for organizations to benefit from Fairtrade and generate impact include such elements as management capacity, market perspectives, independence on</p>	<p>There was 1 proposal made on this topic.</p> <p><u>Proposal 15:</u> To introduce a New Core/Year 0 requirement on a regular self-assessment of Fairtrade requirements implementation to increase awareness of the company on their</p>



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<p>traders/NGOs, labour conditions supporting social and economic development of the workers. There is a need to promote the importance of effective implementation of Fairtrade Tea Standards through a better awareness among management on what Fairtrade means.</p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>-promoting plantation's continuous improvement in meeting the Fairtrade Standards requirements, including the functioning of the Fairtrade Premium Committee (FPC).</li> </ul>	<p>areas for improvement before they join Fairtrade and promote their continuous improvement after certification is achieved.</p> <p>Overall stakeholders agreed. However, the concept of self-assessment by management was questioned, mentioning this to could be too biased assessment, and also challenging to audit. It would also allow estates to act 'as if' when it comes to implementation of Fairtrade core principles. Thus suggestions were to ensure this requirement allows continuous improvement, adding that this to be done annually not just regularly and further define the key areas for self-assessment and guidelines how to carry this out. Further, it was highlighted to involve workers' representatives in this process. Regarding the external support, the feedback is that it could be challenging to rely solely on capacity of Producer Networks.</p>
<p><b><u>6: General Requirements and Commitment to Fairtrade</u></b></p> <p><b><u>6.1 Compliance committee</u></b></p> <p>Workers are the main beneficiaries of Fairtrade in Hired Labour situations. Introducing the opportunity for workers to participate in verification of social requirements would be essential to involve workers in the Fairtrade system at company level, besides Premium management. To foster their empowerment and their ownership of Fairtrade certification, the proposal is to put in place a Compliance Committee to strengthen the implementation of the Fairtrade Standards and workers' empowerment.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>-Introducing a clause requiring compliance committee in place;</li> <li>-Exploring what additional elements of regulation could be included for compliance committee.</li> </ul> <p><b><u>6.2 Social development</u></b></p> <p>Introduction of topic and overall aim of the proposal: Requirement 2.2.4 in the existing HL Standard focuses on training the representatives of the trade union/elected worker representatives on labour legislation and negotiation skills. This requirement is currently a development</p>	<p><b>6.1.</b> There was one proposal made for this topic</p> <p><u>Proposal 16:</u> To introduce a New Core/Year 1 requirement to have a Compliance Committee in place and a new Core/Year 1 requirement defining the composition of the compliance committee.</p> <p>Overall stakeholders mostly disagreed with this proposal, stating it would add additional burden and that responsibilities of compliance committee should be distributed among the existing committees that represent workers. It was thus suggested to further look into the ways how collaboration of all committees could be improved for the similar purpose, avoiding to increase required documentation and increase in cost of production when more workers would have to be involved on such tasks. Further on the size and composition of committee, it was highlighted that the diversity of workers' representation by gender different among estates, thus it may be challenging to ensure the proportion of 50% of males and females. Further stakeholders suggested other elements to include for requirements on compliance committee.</p> <p><b>6.2</b> There was one proposal made on this topic</p> <p><u>Proposal 17:</u> To strengthen requirement on training for trade union / elected worker representatives, moving from Dev/ Year 3 to Core/Year 3 and modifying the guidance to state these trainings should be provided by labour rights organizations or experts.</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>requirement, applying from Year 3, and does not include clarity or guidance on how the quality of the training.</p> <p><u>Proposal aims at:</u></p> <p>-Strengthening the requirement on training of trade union/elected worker representatives and clarifying the clause to ensure the training quality</p>	<p>Overall participants agreed, although among those who disagreed majority are the management representative of estates while workers were in favor of this change. Further it was suggested to specify who would be responsible for these trainings and then if trainings are provided by trade unions - it would not be possible to keep such records. Thus clarity is needed to further understand this requirement and proposal.</p>
<p><b><u>7: Trade. Requirements applicable to traders sourcing from SPO and HL estates.</u></b></p> <p><b><u>7.1 B2B transparency</u></b></p> <p>Companies buying Fairtrade Tea should be informed whether the tea comes from Fairtrade producers as physically traceable or segregated product, or whether an equivalent Fairtrade volume was purchased from Fairtrade producers applying mass balance rules. This requirement is in Trader Standard and currently applies to all cocoa and sugar producers and traders (requirement 2.1.13). Since mass balance rule applies also to tea, it is necessary to align and harmonize Trader Standard by adding tea in the scope of the requirement and by introducing similar requirements in Tea SPO and Tea HL standards.</p> <p><u>The proposal aims at:</u></p> <p>- Aligning the 2.1.13 requirement on B2B transparency in the Trader Standard and introduce the requirements in Tea SPO and Tea HL standards.</p>	<p><b>7.1.</b> There was one proposal made for this topic, in the format of open-end question.</p> <p><u>Proposal 18:</u> Add in the Trader Standard requirement 2.1.13 tea as a product in the scope of the requirement.</p> <p>Overall all stakeholders agreed with the proposed change as this will ensure consistency and alignment with the trader standard.</p>
<p><b><u>7.2. Retro-certification</u></b></p> <p>Retroactive certification (also known as retro-certification) takes place when a buyer has bought product from a certified producer or conveyor under ordinary conditions (non-certified), and want to convert it into a certified product at a later stage. The Tea standards (HL and SPO) require traders to formally notify Fairtrade/FLOCERT about the intention to retro-certify a certain volume of Tea. This intention is formalized in the Tea Retro-Advice note, which ensures that the Fairtrade certified producer is notified in writing of the retro agreement (with expected payment timelines, the volume, the Fairtrade Premium amount due, the Fairtrade Price adjustment (where applicable if original</p>	<p><b>7.2</b> There was 1 proposal for change consulted on this topic.</p> <p><u>Proposal 19:</u> To introduce a requirement on regulating FP and FMP payment for volumes bought as retro-certified</p> <p>Overall participants disagreed with the proposed change, finding this to unnecessary complicate the process of retro-certification. Traders in particular, highlighted the importance of existing current rule stay without change that allows flexibility to retro-certify the volumes upon demand from customers. Instead, the suggestion is to improve internal processes when it comes to communication and submission of retro-advice note to certification body. While producers suggested to require traders to send a notification</p>



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Topic and Explanation	Consultation responses – main outcomes
<p>price paid is below applicable Fairtrade Minimum Price) and a justification for retro-certifying).</p> <p>The intention is that retro-certification does not become common practice. It may add challenges for producer organizations to plan ahead (Premium usage, business investment and development) but it also allows some flexibility in trading.</p> <p>In some cases trader may opt not to sell the tea as a Fairtrade certified, even after receiving the approval. This may increase risks when traders are not ready to pay the FP and FMP differential (if applicable), and consequently enhances the above mentioned challenge for producer organizations.</p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>- strengthening the requirement on retro-certification, through addition of a clause that regulates systematic purchase of retro-certified volumes.</li> </ul>	<p>to producers before transferring the premium, which would allow a better planning and improve transparency on this at producers' side.</p>

### 1.3. Way Forward

The findings from the first round of consultation are consolidated in this synopsis paper and will be sent to all the participants and will also be published on the Fairtrade International (FI) website. The findings will also provide guidelines into topics to be consulted on during the second round of consultation. The final draft standard requires Standards Committee (SC) approval and will be presented to the SC in Q2 2020. The final decisions of the SC will be published in the minutes following the meeting and will be available on the FI website.

Activity	Timeline
Scoping	September 2018
Desk research	Q4, 2018
COSP collection	December – March 2019
1 <sup>st</sup> round consultation	June-July 2019
Analysis of consultation responses	August –October, 2019
Publication consultation results synopsis	December 2019
Drafting proposal 2 <sup>nd</sup> round	December 2019 - January, 2020
Consultation 2 <sup>nd</sup> round	January - February, 2020
Analysis of consultation responses	March, 2020
Drafting final proposal	May 2020
SC decision	June 2020
Publication	Q2 2020



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#### 1.4. Abbreviations

CBA	Collective Bargaining Agreement
CTC	Crush, Tear, Curl
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FP	Fairtrade Premium
FPC	Fairtrade Premium Committee
FTA	Fairtrade Africa
GPM	Global Product Management
HL	Hired Labour
ILO	International Labour Organization
LW	Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.
MEL	Monitoring Evaluation & Learning
NFO	National Fairtrade Organization, Fairtrade country organizations in the consumer markets
NGO	Non-Governmental Organization
PN	Producer networks, regional Fairtrade organizations in the producer Markets
PO	Producer Organisation
PLA	Plantation Labour Act
SC	Fairtrade International Standards Committee
SM	Sustainability margin
SPO	Small-scale producer organization
S&P	Standards & Pricing
TU	Trade Union
WB	World Bank
WHO	World Health Organisation

## PART 2 Consultation outcomes

### 2.1. Consultation Process

The consultation in survey format was published online in Survey Monkey and was also available in word format on the Standards section of the Fairtrade website. Both links were sent to all certified tea small producer organizations, tea hired labour organizations, traders and other relevant stakeholders. The survey was open for 51 days. In addition to the possibility to give written feedback, workshops also took place for stakeholders in Africa and Middle east, Asia/Pacific regions and Europe, that enabled verbal feedback and group discussions of topics. At the time of consultation there were no certified organization in Latin America region. S&P particularly thanks the NFOs and PNPs who organized these workshops and enabled high participation in the consultation.

For each of the topics consulted this report considers the responses provided via the online survey and the responses provided in workshops in a summarized way in order to protect anonymity.

### 2.2. Participants

#### Workshop participants

Besides the opportunity to provide feedback through online consultation, National Fairtrade Organizations (Fairtrade United Kingdom and Fairtrade Germany), FTA and NAPP organized a number of workshops for participants to discuss the consultation proposal. Workshops in producing regions were carried out separately for management and workers' representatives of Hired Labour organizations and for members from small-scale producer organizations. Workshops in Europe were carried out for civil society organizations, NGOs, retailers and traders.

For the Asia and Pacific region 10 workshops took place in India and Sri Lanka where 34 HL organizations (137 participants) and 6 SPOs (23 participants) provided their feedback. For Africa and Middle East region, there were 9 workshop in Kenya, Tanzania, Malawi and Uganda where 8 HL organizations (48 participants) and 20 SPOs (40 participants).

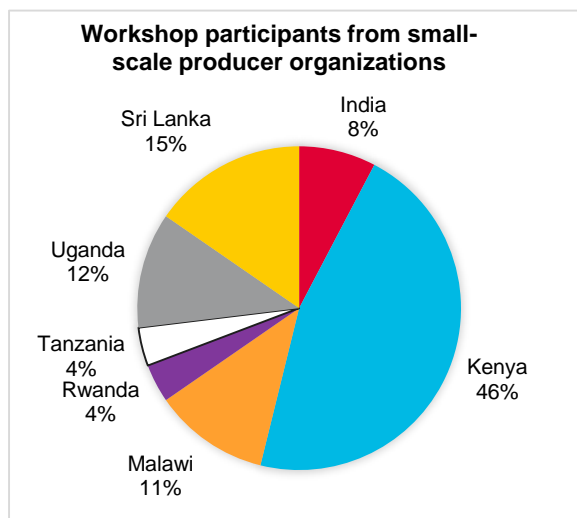
The total number of all organizations that participated in workshops in producer regions represents 70% of the total Fairtrade Tea organizations (SPO and HL).

The tables and charts below give more information on each specific workshops.

workshop/ country	Nr of HL organizations	Management & Workers	
		Male	Female
India, North	13	54	9
India, South	11	31	4
Kenya	2	4	1
Malawi	2	10	2
Rwanda	1	4	3
Tanzania	3	19	5
Sri Lanka	10	38	1
<b>Grand total</b>	<b>42</b>	<b>160</b>	<b>25</b>



workshop/ country	Nr of SPO organizations	Management & Workers	
		Male	Female
India, North	1	9	7
India, South	1	2	
Kenya	12	18	5
Malawi	3	5	
Rwanda	1	1	
Tanzania	1	1	2
Uganda	3	8	
Sri Lanka	4	5	
<b>Grand total</b>	<b>26</b>	<b>49</b>	<b>14</b>

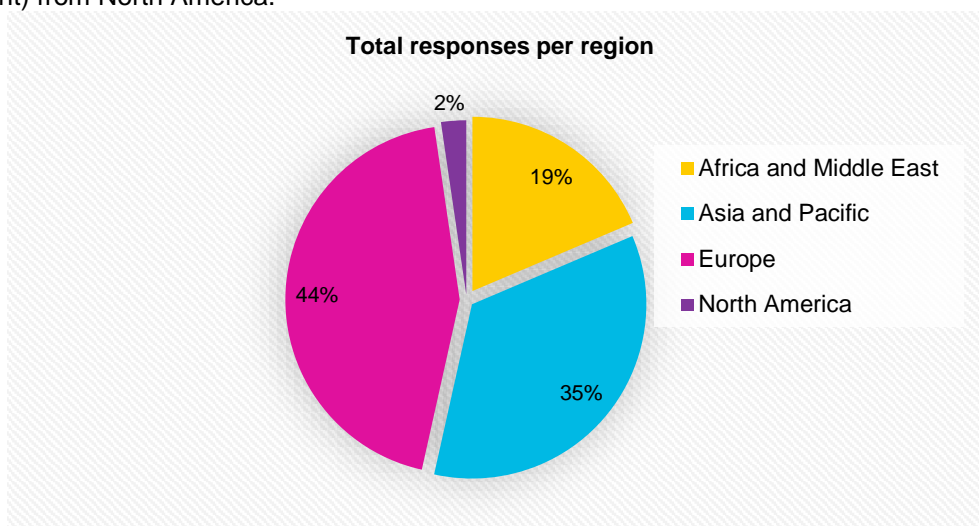


In 4 workshops in Europe, participation was represented by 8 Civil Society organizations and NGOs and 7 trader organizations from UK.

It's important to note that some organizations that participated in workshops, also provided their feedback through the available online tools.

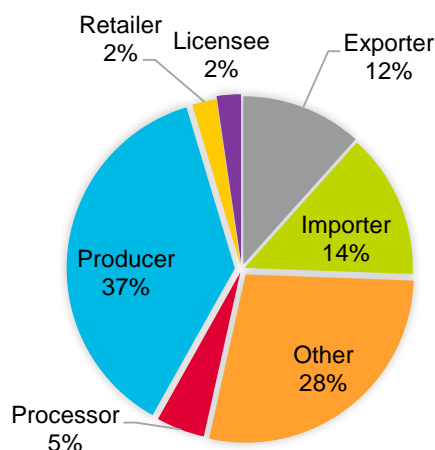
### Online participants

In total 43 stakeholders participated via the online tool or provided written responses to the questionnaires. Per region the highest participation came from Europe 44% (19 participants), followed by 35% (15 participants) from Asia, 19% (8 participants) from Africa and the Middle East and 2% (1 participant) from North America.

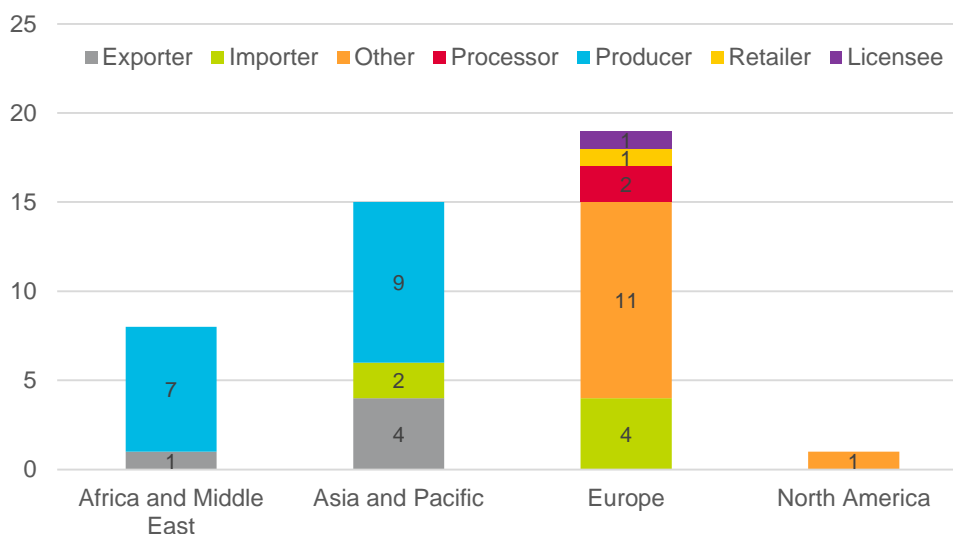


Looking at the distribution per responsibility in the supply chain, in the following chart below, 37% of total respondents are producer organizations (16 participants), followed by 'other' (FI and NFO staff for example), importers and exporters (28%, 14% and 12% respectively), while licensees and retailers were 2% each. Further in the next chart, distribution of supply chain actors per regions is presented.

**Total responses per supply chain actor**



**Responses per region and supply chain**



### 2.3. Consultation Outcome

For stakeholders from SPO, the first round of consultation collected feedback and opinions on recently published generic SPO standard. For stakeholders from HL organizations and traders, the consultation consisted of questions that were categorised into 8 different topics with some of them having sub questions.

This section provides a summary of all proposals and responses received for each survey question. The proposals highlight in red what is proposed to be added and/or deleted. Section A provides an overview of feedback received on Tea SPO standard. Section B provides compilation of all feedback on Tea HL standard consultation. Section C provides feedback collected on proposals made for pricing.



## Section A: Standard consultation applicable to SPOs

The revised Fairtrade Standard for [Small-scale Producer Organizations](#) was published on April 3, 2019. This was a full review of the standard covering many topics, including the revision of requirements on SPO definition, workers, Premium use, modern slavery, environmental development. The revised SPO standard includes 20 new requirements, and 23 existing requirements have been strengthened (either moved from development to core criteria or brought forward in terms of timelines (e.g. from year 3 to year 1). The revised SPO standard sets a higher bar for new and existing organizations, including Tea SPOs.

However, you may feel it is necessary to examine particular aspects of the Tea SPO standard as part of this review. If so, we would welcome your feedback in the table below.

For detailed overview of changes of the revised SPO standard, please check the [main changes document](#).

### **Feedback from workshops in Africa (6 SPO organizations, 13 participants), Asia (2 SPO organizations, 18 participants) Europe (1 CSO)**

On topics of environmental development:

- To clarify explicitly what are the measures to reduce green house gas emissions to ensure SPOs implementation.
- The scope of forest protection has to be specified especially if the forest is crossing many communities, so that SPOs can know their jurisdictions.
- Challenging to implement new requirements on deforestation, i.e. challenging to control the members because one can not tell what the other person is doing on the other side.
- Requirement SPO 3.2.33 (on enhancing biodiversity) is too difficult to implement due to financial burden/costs because implementation of measures on agroforestry and raising awareness require financial resources. Suggestion is to provide a sort of flexibility to it.

On topic of the introduction of a Surveillance Committee (SPO 4.2.11)

- Difficult to implement because this will require external experts who demand allowances to carry out such work. Thus suggestion is that processor who normally provide extension services for free should also be providing this support.
- Add clarity on the composition of the surveillance committee.

On topic of Market Potential (SPO 1.1.4)

- Ownership of Green Leaf ends once the green leaf has been sold to the processor. Suggestion to require that processors should share letters of intent and contracts with producers to be aware of how much tea will be sold, which would help them to plan accordingly.

On topic of contracts (SPO 2.3.4)

- Difficult to implement, because contracts are normally not shared.

### **General feedback:**

- small farmers provide hygiene and housing for hired labour so there is a need to add a requirement for situations where that is being provided. It would be good to understand this more especially as Fairtrade in the standard acknowledged that farmers can also have substantial number of people working on their farms and have included provision of water etc.
- number of sections i.e. on wages/ contracts where Fairtrade has stated this is applicable to all members who employ more than 10 people for more than 30 hours a week for at least one month. The SPO standard is covering number of commodities and number of workers could be made lower for a requirement to be applicable to a farmer.
- ensure that issues on wages and contracts also apply to hired labour of small farmers as this is the most vulnerable group.

## Section B: Standard consultation applicable to Hired Labour organizations

### Topic 1. Anti-modern slavery

#### Introduction of topic and overall aim of the proposal:

In the existing HL Standard the section “Freedom from forced and compulsory labour”, outlines the requirements related to prevention of forced or bonded labour. However, the Core/Year 0 requirement 3.2.1 ‘No forced labour’ lacks examples of indicators for assessment of forced labour risk. Further, it is not clear how producers can remediate (withdraw and prevent) if there is forced labour occurring or what producers need to do to ensure forced labour is not occurring in their operations.

#### The proposal aims at:

- Expanding the guidance of requirement on forced labour in Tea HL standard, providing detailed examples of forced labour risk assessment indicators;
- Introducing a new requirement on prevention of forced labour, which is built upon results of forced labour risk assessment;
- Introducing a new requirement on remediation, should forced labour be identified, requiring companies to follow the procedures in place to ensure safe withdrawal and continuous monitoring to prevent forced labour;
- Aligning to the existing requirements on ‘no forced labour’ in the SPO Standard ([section 3.3.](#))
- Strengthening the requirement for temporary workers, expanding the clause for plantations to provide temporary workers a contract, regardless of their contracted period.

There are 4 proposed changes in this section.

#### 1.1 No forced labour

**Proposal 1: Introduce improved guidance on risk assessment indicators for forced labour. Reporting against these indicators will be Core/Year 0 requirement.**

#### No forced labour

<b>Applies to:</b>	Companies
<b>Core</b>	Your company <b>does not</b> directly or indirectly <b>engage in, support or tolerate</b> forced labour, including bonded or involuntary prison labour.
<b>Year 0</b>	You explain this to all workers.

**Guidance:** “Forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily” (C29 Article 2). If you demand unreasonable notice period for termination of the contract of employment, it is also considered forced labour.

Slavery, misuse of prison labour, forced recruitment, debt bondage, human trafficking for labour and/or sexual exploitation are some examples of forced labour. It is considered forced labour if the company retains any part of the workers’ salary, benefits, property or documents or requires financial deposits/financial guarantees in order to force them to remain in your employment. If your company requires or forces workers to remain in employment against their will using any physical or psychological measure this is considered forced labour. If you demand unreasonable notice period for the termination of the contract of employment it is also considered forced labour. The term ‘bonded labour’ or “debt bondage” includes all loans from a company to a worker of excessive amounts and/or with unreasonable and/ or unjust terms and conditions for repayment, where the worker and/or their families are held to pay off the loan through their labour against their will.

The following definite or strong indicators represent the most common signs that point to the possible existence of a forced labour case in your company’s operations.

**Definite indicators**

- Physical, emotional and sexual violence
- Debt bondage or bonded labour
- All forms of slavery or practices similar to slavery, such as the sale and trafficking of children or persons
- the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances
- the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties
- Restriction of movement, Isolation



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- Workers have wages paid into someone else's bank accounts; or workers are not in control of their own bank accounts
- Workers cannot leave employment freely until they paid off debts owed to the employer or labour broker or other intermediary who has facilitated the work, for transport, accommodation or other service
- Undocumented migrant workers have been subjected to threats of being returned to their home country and/ or reported to the authorities if they leave employment
- Workers are led to believe that if they do not comply with what is being asked of them their families will be subject to physical, social or financial retribution
- Retention of identity documents, withholding of wages
- Employer led exploitation where the employment is not freely chosen

**Strong indicators**

- Intimidation and threats to any persons, including to pregnant person and/or foetus
- Repeated deprivation of assistance that a person needs for important basic activities of daily living, including denial of food, shelter, clothing
- Excessive overtime without consent
- Workers are being fraudulently charged fees for food, clothing, transportation, health checks, work documentation etc. as part of their recruitment
- Notice period required from the worker is in excess of the pay period and contrary to law
- Guards control workforce, restricting freedom of movement
- Employer punishes or threatens to remove benefits or privileges or provide extra work for workers who do not cooperate
- Worker is required to stay in company or broker controlled housing and are unable to enter or leave the premises freely

**Other possible indicators for forced labour are:**

- Employment terms and conditions are systematically not provided prior to employment to workers in understandable writing and in their own language via letter/agreement/contract
- Workers are uninformed or misinformed about terms of employment. Terms of contract are systematically not explained verbally to workers so they can understand employment letter/agreement/contract
- No systems in place to identify and prevent forced labour in their recruitment and hiring practices and/or to ensure compliance with local, national or international laws on employment is freely chosen labour, including no monitoring of agency workers, temporary/casual/contractor labour
- Migrant workers visa and work permit is tied to a single employer
- proportion of wages are withheld and paid at the end of the year
- Evidence of deliberate incomplete or falsification of wage and/or working hours records (e.g., double books); Wages and/or hours worked could not be verified or workers paid in such a way that wages cannot be verified
- Workers are reluctant to leave the facility and seek help. They show signs of distress when dealing with people from the outside.
- Workers look to or allow someone else to speak on their behalf and/or act as if instructed by someone else
- Workers do not know or provide false information: accommodation addresses, and/or name or address of their employer and/or name or address of the location where they are working
- Children below Fairtrade or national minimum age of employment (which ever age is higher) are employed or employed in hazardous child labour

**Feedback from workshops in Asia (29 HL organizations)**

Workers (57 participants):

Majority of participants **strongly agreed** with proposed change.

Suggestion to add an indicator on deployment of workers without a time bound

Management (80 participants):

Overall participants **partially agreed**, requesting to clarify further the indicators and their implementation, definitions on what should be understood under 'child labour' vs 'child work' and 'debt bondage'.

**Feedback from workshops in Africa (7 HL organizations)**

Management (19 participants) and Workers (29 participants):

Overall **strongly agreed** and found indicators helpful to understand what is not acceptable towards workers and also ideas on corrective actions before the audit. It was also mentioned that this change in the standard will complement the National Legislation that is already in place.

Suggestion to change 'clothing' to Personal Protective Equipment.

**Feedback from workshops in Europe (15 organizations, 21 participants):**

Although, overall there was an agreement and indicators were seen as comprehensive, the recommendation was to include the following additional ones:

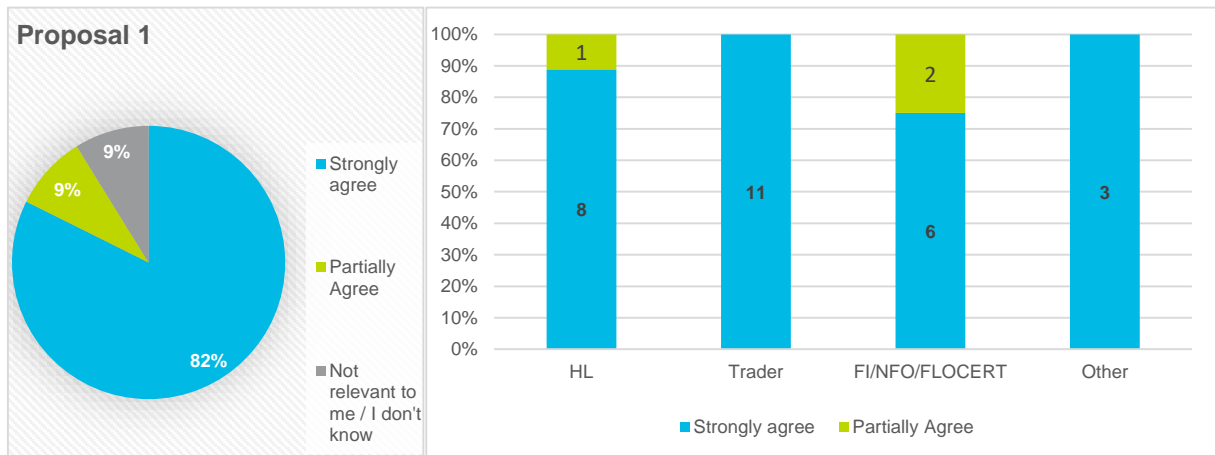


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- savings – lack of savings as a proxy indicator for forced labour; this has a close correlation to debt bondage in how worker can respond to emergencies and food shortages etc.
- proportion of wages deducted – workers to be aware of deducted amount (value, regularity, purpose, consistency), any deductions in services supplied (and consistency), purpose of deductions
- withholding of benefits or core services (for example food rations or electricity withheld) and reason(s) for this
- too high ratio of deductions to take home pay
- lack of freedom of movement

It was highlighted that it's important to measure these indicators at audit through compliance criteria (to identify hot spots and track progress) but not to apply certification sanctions to these, i.e. concerns are about the ethics and effectiveness of decertification in relation to forced labour indicators given the widespread and structural causes of the issue. Instead, the suggestion is to relate sanctions to remediation taken (not taken/not effective).

### Written feedback



Out of 34 respondents, 28 (82%) strongly agreed, 3 (9%) partially agreed and 3 (9%) found this topic not relevant to them. Those who strongly agreed, mentioned it will be very useful to have indicators as a guidance to better understand what situations could fall under 'forced labour'. Further it was recommended to improve wording of indicators to avoid subjective misinterpretation and ensure there is more clarity how indicators apply in practical terms:

- add categories to indicators, clustering them under broad headings; map indicators against ILO; prioritize set of indicators, defining most critical
- provide examples to allow self-assessment
- ensure "definite indicators" cover the interest of the employer
- more clarity on bonded labour
- replace 'benefits' with 'entitlement'
- ensure support to producers provided to avoid lack of incentives to remediate, in cases when practices of 'forced labour' are followed unintentionally
- add indicators:
  - "presence of armed security" which implies that managers are unable to resolve issues with workforce, and the threat of force coercion, overtly or subtly is needed
  - an indicator that looks at cash wages relative to minimum wage rates and living wage. If wages are far below then it is clear that the worker is only choosing to work because they are forced to
  - clear criteria that the employer should not make any advanced payments to workers under any circumstances.

Those who partially agreed, expressed concern that the list is too long and still can not be made complete, therefore suggestion is to keep it only for internal use by auditors. It was also highlighted that in addition to these changes, all Fairtrade representatives (both producer support and inspection) should receive specific training on modern slavery.

**Proposal 2: Introduce a new Core/Year 0 requirement that requires that company remediate in case forced labour is identified.**

**NEW Remediation in case forced labour is identified**

<b>Applies to:</b>	Companies
<b>Core</b>	If you have identified cases of forced adult labour, you remediate to ensure prolonged safety and implement relevant policies and procedures to prevent vulnerable adults above the age of 18 years from being employed in abusive, exploitative and unacceptable work conditions as defined by ILO Conventions 29 and 105.
<b>Year 0</b>	

**Guidance:** Relevant policies are: no forced labour policy and protection policy and procedures. These include establishing a due diligence and risk mitigation systems to monitor forced labour, extending the monitoring to job brokers and private employment agencies who provide labour and relevant projects to respond and prevent it. It is recommended that those in-charge of monitoring and remediation should be trained on human rights and seek the support of expert rights based organizations to ensure safe withdrawal.

**Prolonged safety** means keeping the impacted person/s free from risk of or actual harm or danger.

For children identified in forced labour refer to the child labour and child protection section 3.3. in Hired Labour standard

**Feedback from workshops in Asia (29 HL organizations, 137 participants out of 206)**

Workers (57) and Management (80):

Overall both group of stakeholders partially agreed provided that forced labour indicators would be further clarified and made more clear, preventing bias interpretation.

**Feedback from workshops in Africa (7HL organizations)**

Workers (29) and Management (19):

In general, representatives of management agreed and mentioned it would be a good practice. Workers' representatives strongly agreed with this change and mentioned it would be useful when developing Forced Labour Policy, Protection policy and procedure. In addition to suggestions made above, further suggestions are:

- provide guidance on scope of job agencies (job brokers and private employment agencies)
- policy to include trainings for management and workers

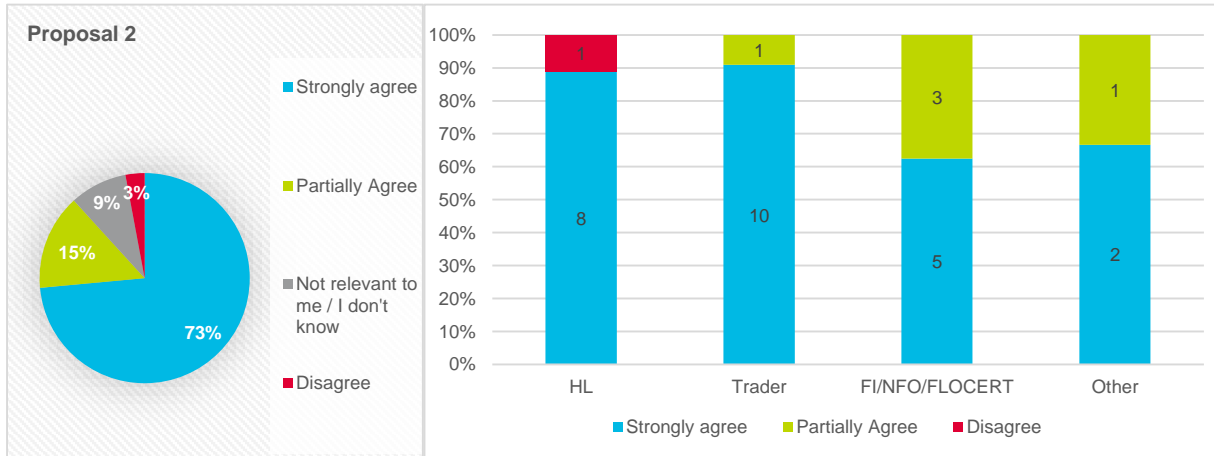
**Feedback from workshops in Europe (15 organizations, 21 participants)**

- to provide clearer guidance for remediation
- to expand further the actual proposal and not only refer to cases of forced labour but also to the cases where indicators are found - what would be expected/required from the organization to be done. In addition, suggestion is not to link this to non-conformities but keep at the level of 'observations'
- remediation policy should also apply to subcontractors/third party labour contractors, not just monitoring
- to introduce timelines for remediation and indication of progress to deem remediation as successful, and frequency for trainings
- to define who at the estate to be in-charge of monitoring and remediation (ref. to "those in-charge of monitoring and remediation should be trained on human rights and seek the support of expert rights based organizations to ensure safe withdrawal")



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## Written feedback



Out of 34 respondents, 25 (73%) strongly agreed, 5 (15%) partially agreed, 1 (3%) disagreed and 3 (9%) found this topic not relevant to them. Those who strongly agreed, mentioned that this change would serve as a feasible proactive support for the entities. The following suggestions were made:

- require that those who are in charge of monitoring and remediation have to be trained on human rights and that workers have to be trained by an independent expert who should explain what are their rights under relevant employment law
- define what should be included in the scope of policies, procedures and systems, and how should this be interpreted and further implemented, otherwise requirement remains on paper
- improve guidance, and mention that workers have to be trained by an independent expert who should explain what are their rights under relevant employment law.

Those who partially agreed (15%) mentioned that guidance is extremely technical and does not explain what 'remediate to ensure prolonged safety' means in practice. Other concern is that requiring organizations to comply with the requirement on 'no forced labour' should already be enough and this change is not needed. Another suggestion by this group of stakeholders is to define what 'remediate' means.

Those who disagreed mentioned that in practice, shortage of workforce during high cropping season may lead to excess voluntary overtime and this mechanism / procedure of consent is not identified in the proposed requirement. A recommendation here is to exclude voluntary overtime component.

## Proposal 3: Improve the existing 3.3.2 Core/Year 0 requirement in HL standard on protection of children under 18 from dangerous or exploitative work, expanding the scope of requirement to protection of children from worst forms of child labour and hazardous work.

### No dangerous or exploitative work for children under 18

### No worst forms of child labour and hazardous work for children under 18 years

Applies to:	Companies
Core	Your company does not directly or indirectly submit workers less than 18 years of age to <b>worst forms of child labour</b> or to any type of work which, <b>by its nature or the circumstances under which it is carried out</b> , puts their health, safety or morals and their school attendance at risk.
Year 0	



**Guidance:** The term worst forms of child labour comprises of the following categories:

- All types of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- All activities which sexually exploit children, such as prostitution, pornography or pornographic performances;
- Any involvement of a child in illegal activities, especially the production or trafficking of drugs;
- Any work which could damage the health, safety or well-being of children

Every country is expected to generate its own Hazardous Child Labour Activity List. Examples of hazardous child labour work that is potentially damaging include: work that takes place in an unhealthy environment, involves excessively long working hours, night hours, the handling or any exposure to toxic chemicals, work at dangerous heights, and operation of dangerous equipment and work that involves abusive punishment or is exploitative.

### Feedback from workshops in Africa (4 HL organizations)

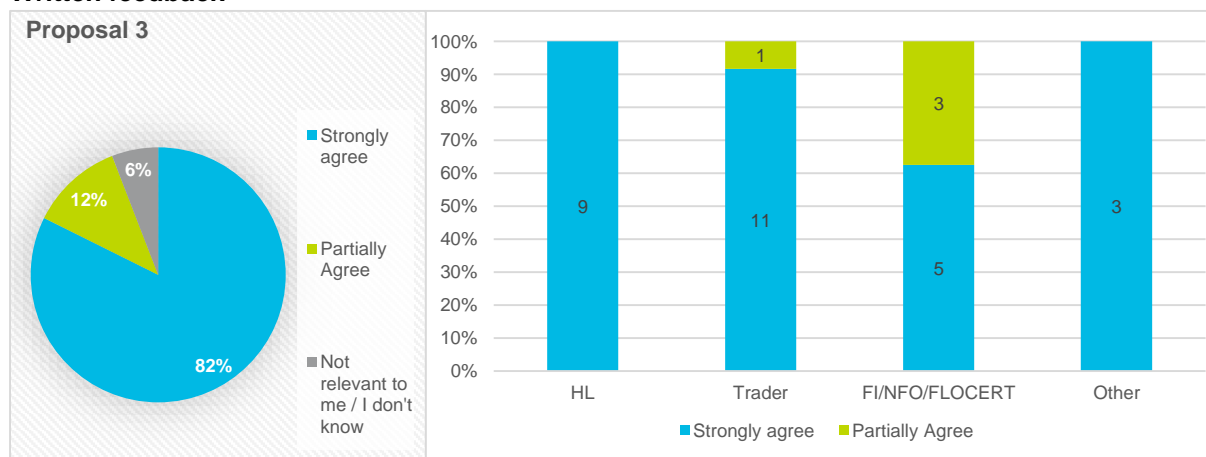
#### Management (12) and workers (18):

Participants strongly agreed with proposal and mentioned that it would enable children to attend school.

### Feedback from workshops in Europe (14 organizations, 18 participants)

- In tea states (HL) child labour should not be allowed at all and that in general, estates would only engage in employment relationships with adults.
- given the kind of work, there wouldn't be work that is not considered hazardous.
- consider focusing more about the protection of children that live in the gardens/estates whose parents are employed by the estates, however employment of parents may not be the key risk to children on a farm
- section should be broader than just child labour, need to look child rights more broadly.
- risk assessment requirement could be an opportunity to look at risks to children on the farm including abuse, vulnerability to trafficking off the farm into worse forms of work, child marriage, not attending school etc. Suggestion to refer to UNICEF and Save the Children for best practices on risks assessment
- WFCL and hazardous work for under 18 y on tea states (HL) should not be allowed at all.

### Written feedback



Out of 34 respondents, 28 (82%) strongly agreed. 4 (23%) partially agreed and 2 (6%) found this topic not relevant to them. Those who agreed, mentioned that it adds clarity to the existing requirement and strengthens child protection measures. While others mentioned such change may still not be good enough. This feedback was further supported with statement that ILO convention 182 does not specify Article 3d) *work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children*. This element was found to be the most crucial for Fairtrade, but leaves the definition of 3d) open to member countries. The suggestion here is that Fairtrade consider



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to define which activities could be covered under the part of 3d). This, according to stakeholder's opinion, would ensure a certain equal safety of children on Fairtrade certified plantations.

Other suggestions are:

- change 'worst forms' into 'as defined by the ILO'
- add any work which could damage physical, moral and mental health.
- set the baseline, because whilst each country is expected to write a Hazardous Child Labour Activity List, a number of countries still have a low minimum work age; "every country is expected" is vague and does not make clear who is expecting it of them.
- move a line from the guidance "any work which could damage the health, safety or well-being of children" to the requirement text.
- strengthen the guidance, clarifying what we regard as hazardous labour
- not to use 'worst forms' as if forms that are not 'worst' are allowed. Instead, use previous terminology "dangerous and exploitative" which covers such examples as slavery, sexual exploitation, illegal activities and activities that could damage health, safety or well-being;
- add in guidance 'involved heavy manual work' to the 'on dangerous heights'
- duplicating this requirement in the Tea HL standard would be a burden and additional maintenance efforts of the checklists. Thus recommendation is that this is covered in the additional guidance via e.g. a guidance document,

#### **Feedback from workshops in Asia (6 HL organizations)**

##### Workers (17):

Participants agreed with proposed change and suggested that when setting the limit for age, consider a 16 years old person as eligible to work

##### Management (22):

Participants partially agreed, stating that Fairtrade standard should not over rule ILO convention in requirement of "age" and consider family business concept.

#### **Proposal 4: Strengthen the contract requirement 3.5.7 in HL standard for temporary workers, expanding the clause for plantations to provide temporary workers with a contract, regardless of time period for which they are employed.**

##### **Temporary worker contracts**

<b>Core</b>	Temporary workers <del>who are employed for a period of 3 months or more of uninterrupted service</del> <b>have</b> a legally binding written contract of employment with a job description <del>in a language they understand</del> , signed by employee and employer.
<b>Year 1</b>	In which case 3.5.8 also applies. In the case of dissolution of the contract, the notice period <b>is</b> identical for employer and employee.
<b>Guidance:</b> The contract safeguards the workers from loss of pay in the case of illness, disability and accident. <b>It must include duration of contract, hours/day per week worked, job description, wage level, wage deductions, notice period, detail on in-kind benefits.</b> <b>Contracts need to be in a language the worker understands or a translation needs to be provided to worker and signature obtained</b>	

#### **Feedback from workshops in Asia (29 HL organizations)**

##### Workers (17):

Participants overall strongly agreed, and mentioned that any privileges that apply to permanent workers should be provided to temporary too, especially for cases when women are pregnant. Suggestion to ensure that a copy of contract agreement is made available in their own language.

##### Management (80):

Participants from India overall disagreed with this proposal and mentioned it would be only feasible for migrant workers and not for workers coming on a regular basis, because workers will come and go as per their likings and disliking.

The following suggestions were made:

- Define probation period for temporary workers
- Exclude notice period



- Leave 3 months contract period, or change to 80 days

Participants from Sri Lanka partially agreed and mentioned that upon local regulations, a worker has 180 days of training/probation period, when management assesses the suitability of a worker to eventually provide a service contract. Another point brought to attention was that employment is often provided to pensioners. Such offers are only made when they come on the ground of request from this group of people, considering that they are over aged and employment is on sympathy's ground. Thus it's not possible to sign an agreement with them, which would be a subject to Code of Conduct, disciplinary action and ethic practices.

In general, it was mentioned that there is a well-structured CBA in place and that there is no need to overrule its content.

### **Feedback from workshops in Africa (7 HL organizations)**

#### Management (19):

Overall participants agreed with the proposed change and that to some extent it is already implemented at the government level.

The suggestion is that the standard should give option for outsourcing labour during peak harvest season and this to be regulated through exceptions from FI or FLOCERT

#### Workers (29):

Overall participants strongly agreed and mentioned this change will enable a better protection of a worker by law from beginning. Also it was suggested to include clauses about contract length.

Participants from Kenya mentioned implementation may not be feasible due to regulations on medical aid, while participants from Rwanda mentioned this is already in place, e.g. temporary and permanent workers have to sign a contract.

### **Feedback from workshops in Europe (15 organizations, 21 participants)**

Overall participants agreed with the proposed change in the requirement, mentioning that often temporary workers do not receive the same benefits as permanent workers, e.g. temporary workers are paid according to piece rates, do not have the possibility to claim over time nor take paid leave.

Suggestions:

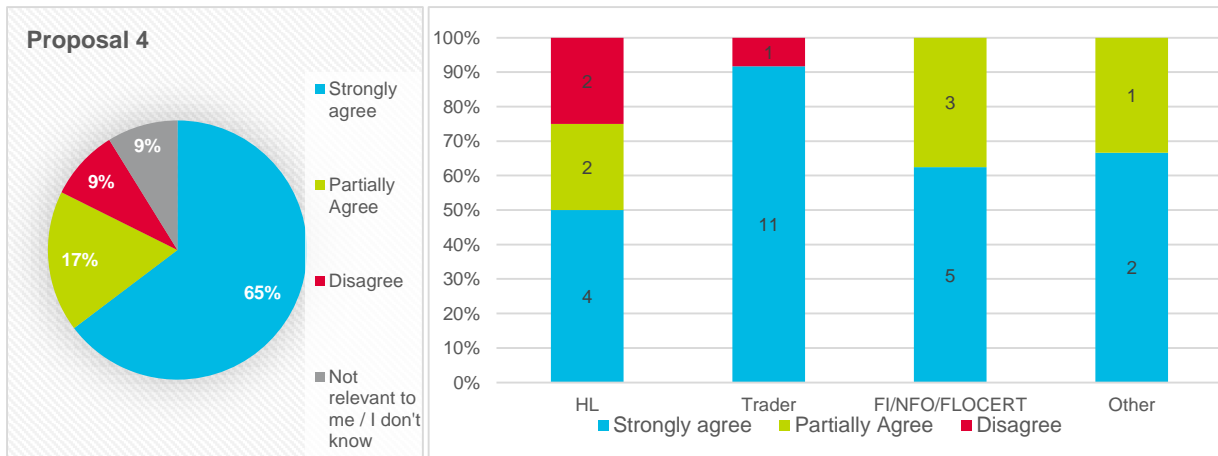
- introduce framework contracts, where the conditions or the work that is to be done are stated, even if the worker is employed short term
- define when a temporary contract (e.g. after how many renewals) becomes a permanent contract / prohibit continuous employment under temporary contracts
- a requirement to ensure that agents follow correct procedures and companies do due diligence, because temporary worker contracts are often with agents
- to stipulate when a worker receives a contract it is done prior the start of work

### **Written feedback**

Out of 34 respondents, 22 (65%) strongly agreed, 6 (17%) partially agreed, 3 (9%) disagreed and 3 (9%) found this topic not relevant to them. Among those who agreed stakeholder referred to the Sheffield research on the Global Business of Forced Labour, where contracts were identified as an important protection for the most vulnerable workers. Another stakeholder emphasized that permanent and temporary workers should be treated equally.



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Those who partially agreed mentioned that this change does not support a practical approach. It may not be applicable to all countries, for example in India there is a category that is called 'casual' workers, who are employed from morning to evening of the same day. However, another stakeholder mentioned that this change would ensure that temporary workers have the same entitlements as other category of workers.

Further suggestions are:

- set a time frame for Temporary Workers for uninterrupted Service. After that, the contract should be followed
- add in the guidance that *written translation needs to be provided*. Alternatively, translation could be done verbally in case worker is illiterate

Those who disagreed mentioned that temporary workers are often employed from worker's family for few days only, and in certain seasons – thus it is not possible to issue contract. Not having contract also gives freedom and flexibility to workers to reserve the right to discontinue coming to work. Another stakeholder mentioned that this is against the industry norms and thus not possible to endorse such change.

## Topic 2: Women's empowerment and gender equality

### Introduction of topic and overall aim of the proposal:

In Fairtrade, the highest proportion of women work in the tea sector (26% in SPO and 43% in HL). More than 108,000 women work in Fairtrade tea plantations or registered as farmer members of small-scale tea producer organizations. Whilst women are heavily involved in the production processes (growing, harvesting and processing), their work is often not fully recognized and rewarded. Women often suffer from domestic violence, rarely occupy leadership positions and their needs and voice are often not heard.

#### The proposal aims at:

- Strengthening Fairtrade's approach to gender issues to make gender equality an explicit part of the Tea HL Standard and enhance protection from gender based violence and other forms of harassment;
- Promoting women's empowerment;

There was 1 proposal for change in this section, introducing two new requirements.

**Proposal 5: To introduce in the HL Tea Standard a new Core/Year 0 requirement to ensure that companies do not tolerate gender based violence or any other forms of harassment and a new Core/Year 1 requirement requiring companies to develop and implement a gender policy.**

#### **NEW** No tolerance of Gender Based Violence and other forms of harassment

<b>Core</b>	Your company does not engage in, support, or tolerate behaviour, including gestures, language, and physical contact, that is sexually abusive and intimidating, bullying or exploitative.
<b>Year 0</b>	

**Guidance:** Gender Based Violence (GBV) is an umbrella term for any harmful act that is perpetrated against a person based on socially and/or biological ascribed (gender) differences between female and male identities

Where GBV is endemic within a sector or region, the company is expected to take action towards removing it in policy and practice

Some indicators of GBV:

- Threats of violence;
- Physical, emotional and psychological violence
- Bullying
- Coercion
- Arbitrary deprivation of liberty
- Economic deprivation or exploitation;
- Dowry-related violence;
- Sexual exploitation; Sexual harassment
- Trafficking;
- Forced marriage;
- Forced prostitution

When GBV cases are identified the organization is expected to safely remediate impacted persons. This includes ensuring the prolonged safety of the individual (s), implementing relevant policies, procedures and monitoring to prevent GBV and other forms of harassment.

**Prolonged safety** means keeping the person/s free from risk of or actual harm or danger.

The policy can also be linked to a broader policy against any form of discrimination or to the gender policy.

Best practice is that the organization builds its capacity to understand GBV and other forms of harassment and strengthen its capability to ensure that such harm is eliminated. Where this is not possible it is recommended to seek the support of local expert rights based organisations to provide the organization assistance in eliminating such practices.

## **NEW Gender policy**

**Applies to:** Companies

<b>Core</b>	You develop and implement a gender policy. You ensure management and workers are aware of this policy and its contents. You ensure that women are involved in the development and implementation of the policy.
<b>Year 1</b>	

**Guidance:** Gender equality is the concept that all human beings, men and women and boys and girls, are free to develop their personal abilities and make choices without the limitations set by stereotypes, rigid gender roles, or prejudices.

Women's empowerment is an expansion in women's ability to make strategic life choices in a context where this ability was denied to them.

The general aim of the policy is to promote women's empowerment and gender equality. In particular, it intends to increase women's active and equal participation in Fairtrade and to empower more women and girls with opportunities to access equitable benefits of Fairtrade.

**As a best practice the policy includes a statement from the organization committing to women's empowerment and gender equality, the purpose of the policy, scope, actions to make it known, awareness raising and training activities, implementation and monitoring.**

Examples of topics that can be included in the policy are: promotion of participation of women (workers), Premium Committee, Gender Committee, leadership positions; measures against sexual harassment; a grievance mechanism for addressing complaints; a whistleblowing policy; collection and use of gender disaggregated data (members, training and awareness training sessions and supervisory positions).

The policy can also be linked to a broader policy against any form of discrimination based on ethnicity, age etc. or covering other relevant groups (e.g. youth, workers, families).

## **Feedback from workshops in Asia (29 HL organizations)**

### Workers (17 participants from 6 organizations):

Overall participants strongly agreed and mentioned that it would ensure for women to work without any fear and community will be more protected. On gender policy, the recommendation is to mention carrier and promotion for females (e.g. supervisor level).

### Management (80):

Participants had divided opinions and in most cases partially agreed to these changes because it's not clear which activities would prescribe women empowerment and suggested to keep it a supervisory level, not management. Regarding indicators, it was mentioned that it would not be possible to interfere in the personal lives of workers. Thus, nothing beyond notice boards or trainings would be feasible. Their recommendation is for Fairtrade to come up with proper mechanism on how to counter this issue in a more concrete way.

### **Feedback from workshops in Africa (7 HL organizations)**

#### **Management (12):**

Overall participants strongly agreed and mentioned that this is already happening in their respective estates and there are already gender policies in place. It was also mentioned that policy will enable workers to also understand grievance procedures in cases of gender violence issues/gender problems.

#### **Workers (29):**

Overall participants strongly agreed, and mentioned that currently there are very few women in managerial positions, eradicate cases of GBV in the estates and that this change would empower workers in general to speak out about such relevant issues. In addition, it was recommended to add another element in policy - issues of education/training for promotion of women empowerment.

### **Feedback from workshops in Europe (14 organizations, 18 participants)**

Participants overall partially agreed and suggested to improve the proposal, e.g. for a policy to have clear implementation framework including remediation and clarity on the expectations on the behaviour of management and the sanctions that would follow if a manager engages in such practices. The estate should be seen as a living place and there should be zero tolerance to harassment and bad practices of managers involving current/ previous staff from estates should be prohibited. Also, whenever solutions for transport facilities or toilets are designed, they should be free from violence for women (and men) and according to workers' needs, women in particular.

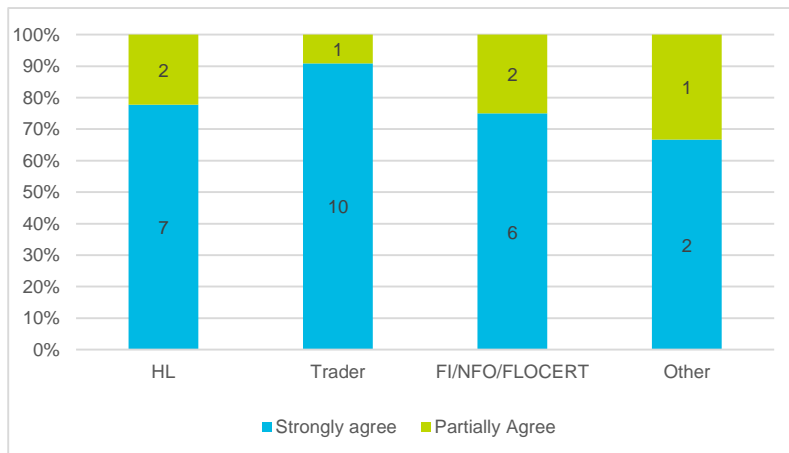
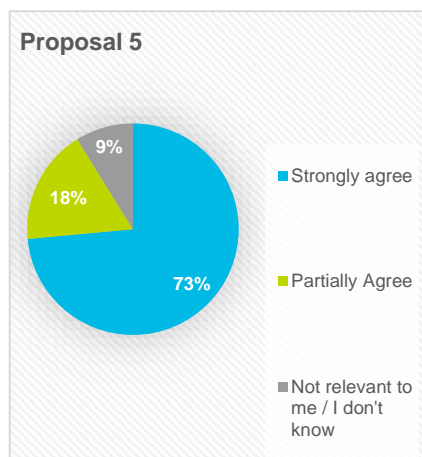
#### **Suggestions as follows:**

- to correct/broaden language of the requirements on GBV, it focusses too much on the 'sexual'; harassment and may be wrongly perceived, i.e. not covering broader behaviours while abuse harassment and bullying is not acceptable whether it is gender based or not;
- the Indian POSH act (Prevention of Sexual Harassment Act) was suggested as an important reference to build on and the role the standard could play in enabling its implementation.
- make clear what is expected over time (for example, in year 0 a policy is in place, in year 1 a committee should be in place, in year 3 focus on reporting and improvement).
- outcome should not be to produce reports for management, as reporting to management may not be effective, in particular if only men are represented in management
- define how often should organization analysis their progress against their gender policy/identify areas for improvement.
  - Fairtrade to ensure that people conducting the analysis are qualified to do so and the assessment should be conducted by a woman.
- define how often should management receive training (e.g. one training a year plus follow up / refresher). Ensure trainings to workers are provided by third parties, not by management.
- decision making structures have to involve women



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## Written feedback



Out of 34 respondents, 25 (73%) strongly agreed, 6(18%) partially agreed and 3(9%) found this topic not relevant to them.

Those who strongly agreed, mentioned it is crucial to provide external support on this topic to workers and producer organizations (e.g. lack of awareness about their entitlements in case of pregnancy, workers may fear to be removed from the employment payrolls).

A recommendation from a stakeholder in Europe is to improve wording with the aim to see concrete actions when it comes requirements on trainings, capacity development, guidance, encouragement and assistance, and to strengthen requirements on composition of FPC to allow more opportunities for women to improve their working and living conditions.

A trader in Europe mentioned that gender related issues are culturally sensitive and explanation to indicators is needed, also stating that these are only indicators and there can be other forms of GBV. Other suggestions for improvement of requirements were as follows:

- in guidance section clarify that Gender Strategy should address the prevailing occupational sex segregation. This has been recognised as a form of discrimination in the ILO Convention C111
- add trainings related to pregnancy and maternity leave
- add one more criteria (eg. core Y3) referring to the use of Premium and the FPC (Fairtrade Premium Committee), or strengthen the existing HL 2.1.10 for instance:
  - to set the proportion in FPC, e.g. to have a 50% women and that the FT Premium should equally benefit men and women (this will require the FPC to include a gender dimension when drafting the Premium Development Plan)
- ensure gender element is clear - eg. 'threats of violence against women or women based on their gender'
- Ensure gender 'policy' is implemented throughout organization and does not just imply a document that is static and not used / understood / acted on.
  - Policy to also include what happens to perpetrators of GBV. To ensure that, for example, women don't suffer lost jobs for reporting
- Develop a toolkit with templates to assist producers with meetings administration and record keeping expectations, so that companies could use for record keeping and adapt. This may help improve the quality and clarity of auditable records.

Those who **partially agreed** mentioned that GBV requirement itself seems to be strongly focussed on sexual violence while the guidance makes clear that GBV refers to any type of violence based on unequal power relations between different genders. A producer from India mentioned that it would only be possible to ensure such activities at work place but not beyond, e.g. in families of outside communities, thus keep requirement with the purpose for companies to be responsible only for raising the awareness. Other stakeholder mentioned that gender policy is quite vague and in general, policies against violence are helpful in punishing, but need to go hand-in-hand with preventative education. A producer from India expressed concerns on what would be the compliance criteria based on this requirement, especially when it comes to such indicators as dowry-related violence, trafficking, forced

marriage etc. which do not get covered under the work purview and thus clarity is necessary on what would be the auditable criteria.

Further suggestions were as follows:

- rename requirement 'gender policy' into "gender equality policy"
- improve/clarify guidance of 'gender policy' requirements
- introduce in the requirement to require FPC to undertake a gender analysis, before coming up with a policy (similar to requirement in Flower standard)
- third gender is becoming more recognized, suggestion is to change wording to be inclusive and establish rules to guide the relationships between people of different genders and their access to and control of resources and the constraints they face relative to each other
- include specific requirements regarding number of women in leadership positions, measures against sexual harassment, measures to ensure identification of women's needs in the Needs Assessment/inclusion in the Premium Plan
- introduce a requirement for periodic education and training programs that help increase awareness and decrease incidence of harassment, assault, and discrimination
- ensure clarity on what is expected from Gender Policy in place, what would serve as a proof of implementation (e.g. a clear report on what has been done to ensure non-discrimination based on gender in recruitment, promotion, work distribution, training, wages, participation in decision making process, empowerment etc, also proof on how violence based on gender has been curbed in work and in the community)
  - make this applicable to any sub-contracted entities under certification
- 'harassment' and 'sexual harassment' should be separated within this section
- gender policies should incorporate the need for education at producer level, including men, women, boys and girls. Recommendations should be given as how producers can empower women and provide them with a platform in which to speak up.

### Topic 3: Workers labour conditions

#### 3.1 Floor Wages

Fairtrade wants to ensure that workers and their families are able to meet the internationally recognized poverty lines with the basic wage rate they receive from the employer. This forms the basis for a proposed floor wage, which is normally significantly lower than the recognized Living Wage benchmarks approved by Fairtrade. Therefore, the value of in-kind benefits would be recognized in the context of a Living Wage but not recognized for compliance with the floor wage. This floor wage concept based on World Bank poverty lines was first introduced in the Flower and Plants Standard in 2017 and extended to the Fresh Fruit Standard in 2018. In the meantime, the World Bank has adjusted its poverty line methodology which differentiated values based on the country's development status. The new poverty line approach will be applied for the first time in the Tea Standard.

The proposed floor wages concept below is based on the following features:

- exclusion of in-kind benefits;
- any cash allowances without a link to performance of workers will be counted towards the floor wage (i.e. cash allowances issued monthly to all workers as an entitlement and allowing workers full discretion on how to spend the money, for instance a monthly housing or transport allowance). Also, attendance bonuses received by a vast majority of workers can be included under the same conditions;
- monthly wage is calculated using country's poverty.
 

**[PPP rate private consumption for the given year x 1.90 (or 3.20) x 30.4 (average number of days per / month) x typical number of family members] / workers per family**

**The proposal aims at:**

- Introducing the requirement in the Tea HL Standard that would help lift wages, thereby contributing to livelihoods of workers and their families;
- Using the country's poverty line for calculation of a floor wage for hired labour in certified tea plantations, which would also mean requiring plantations to make a meaningful step towards providing a Living Wage.

There was 1 proposal for change in this section and additional question to clarify what would be needed to implement the proposed change.

**Proposal 6: To introduce a new 'Fairtrade Floor Wages' requirement to ensure that minimum cash wages do not fall below the international poverty line of the country. In instances where the existing cash wages fall below the international poverty line, Fairtrade plantations would be required to pay an additional cash lump sum to meet any shortfall. This payment would be made without a link to the performance of workers. The requirement would look as follows:**

**NEW Floor wages**

<b>Core</b>	<p>Your company ensures that wages paid to all workers do not fall below the international poverty line (<b>\$1.90/day or \$3.20/day PPP</b>) set by the World Bank and in-kind benefits cannot be counted.</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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**Feedback from workshops in Asia (29 HL organizations)**

**Workers (57):**

Overall, participants in India were inclined to agree with the proposal, because the wages they are paid - are not enough for them. And although housing facilities are provided and medical compensation is available during injuries, the costs of living remain high. Implementation of Floor Wage could reduce long absenteeism from work by workers, and they would not venture out of the tea estates for employment.

However, participants also mentioned that neither management, nor Trade Unions or government will agree with such change. Another point against the proposal is that objection would be raised from Non-Fairtrade Estates for different wage structure in Fairtrade Estates, as wage of workers has always been fixed through CBA, across the Industry.

Recommendation to do this in correlation to the ongoing demand of workers on minimum wage. Other challenges related to low wages are:

- decreased labour supply, because educated children of workers do not opt for work in the tea estate
- change from conventional to organic result in reduced harvest

Participants in Sri Lanka partially agreed with the proposal. However, it was highlighted that present wage structure is according to CBA and that they accept the current agreement.

**Management (80):**

Overall participants in India strongly disagreed with the concept, providing similar reasons that were stated above from stakeholders online. In addition, there are the following points:

- since the above agreement is legally binding, it is not possible to sign another wage agreement
- in multi estates, only few estates are Fairtrade certified and it is not possible to give different wages to workers of different estates (under one multi-estate organization).
- complexities if an estate has multi certifications and each has a different floor wage concept
- following this concept will make TU powerless and will lead to civil unrest
- it is not viable, because of low Fairtrade sales volume along with increased costs of production.
- 

Participants suggested that alternatively, Fairtrade premium should be allowed to use for income diversification process for the workers benefit.

**Feedback from workshops in Africa (7 HL organizations)**

**Management (19):**

Overall participants disagreed and found this proposal challenging and not sustainable for similar reasons mentioned above (CBA in place, high costs of production, strong Trade Union

with bargaining power). Further they highlighted that to reduce costs of production, companies are forced to outsource some operations and go for mechanization and automation.

Also they mentioned that World Bank poverty line may not fit for regions, thus suggestion is to refer to poverty line for suburban areas as it is different from urban areas (e.g. cost of living also varies).

Participants from Malawi partially agreed, because current CBA is higher than the proposed floor wage. Suggestion is to take into consideration that in Malawi, the tea wages are negotiated between TAML and the Plantation Agriculture Workers Union and if floor wage goes above the CBA, then it may lead to problems.

**Workers (29):**

Overall participants had divided opinions. Those who strongly agreed, mentioned this would improve their standard of living, however they also mentioned it may not be feasible for the employer. Suggestion is to use the approach in progressive increment on wages implementation. In Malawi, some workers e.g. pluckers are paid based on the volumes plucked (53kg/8hrs) thus during the low season, it would be difficult to achieve \$1.90/day.

Participants from Tanzania partially agreed and mentioned that the proposed wage is too low because inflation rate is higher, and suggestion to increased proposed wage for Tanzania to at least 150 000t.

**Feedback from workshops in Europe (15 organizations, 21 participants)**

Participants left the following suggestions:

- changes of wages in the sector is not possible for Fairtrade alone, if it works collectively with others (including other certification schemes) is more likely to succeed. It would help if Fairtrade and Rainforest Alliance aligned their approaches to living wage so there is a consistent, achievable expectation and producers do not have to manage competing requirements.
- introducing floor wages alone does not meet the expectation of CSOs and suggestion is to link floor wages proposal with the road plan for implementation of living wages. There needs to be consistent metric for LW benchmarks and ensure a floor wage doesn't undermine the efforts of this work.
- standards to set clear expectations on closing the gap with living wage and living income and make progress on gap closure part of certification requirements, and ensure protection of wage increases from further deductions by employer (e.g. through a mechanism in place to ensure this goes to workers)
- ensure auditors are trained to capture the totality of what makes up the cash wage
- contract dedicated wages researchers to check the proposals
- important consideration that Fairtrade needs to avoid negative implications for businesses that already pay more than suggested 'floor wage' so they don't start paying less.
- despite its shortcomings of using the world bank poverty line, it was agreed that probably it is best reference to use due to universal nature and connections to World Bank.
- remove the line 'except when formally agreed with a trade union' as may lead to unintended negative impacts. Language needs to ensure this relates to take home pay and should include protection for workers against deductions.
- the proposal to consider such elements as: who is a worker (i.e. which workers will benefit), scope and applicability (e.g. apply only to workers plucking tea or also to workers performing other functions in the garden); productivity bonus (how to ensure fairness); how in-kind benefits would be measured; other unintended consequences (e.g. increases in tea 'eaten up' by increases in housing fees)
- consider to link increase in wage to percentage of Fairtrade sales.

Additionally, there was a feedback on risks that have to be considered:

- increase in prices in one origin vs another origin may result in decrease of sourcing in favour of cheaper origin (e.g. case in Malawi)





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- risk of disparity amongst the workers in one estate but also amongst estates that are not Fairtrade certified
- Fairtrade is a small market, the plantations may move towards other markets that are less 'ethically' conscious. How to tackle the 90%-99% of the market? (i.e. unintended consequences of driving people away)
- it was also suggested that this should be a campaigning issue, to raise the bar so everyone benefits and not only a few. Should be seen as an ambition rather than the expectation.
- there is a risk of people swapping Fairtrade. How can Fairtrade give confidence to suppliers? suggestion: offer long term contracts.
- suggestion to support producers to understand market trends, linked to capacity building for them to capture markets quickly.
  - What kind of support can be given to organizations that may not be able to comply with the requirement?

Traders from UK disagreed with the proposed change, mentioning that it may lead to unintended consequences when Indian and Bangladesh producers are out of Fairtrade if they do not sell large amounts of their tea on Fairtrade terms. Although UK is the biggest market for Fairtrade tea, they represent a small part of producers' market. Suggestion that Fairtrade International reviews a different approach to raise wages that does not price producers out of Fairtrade tea, and could make them more vulnerable than ever.

#### **Written feedback**

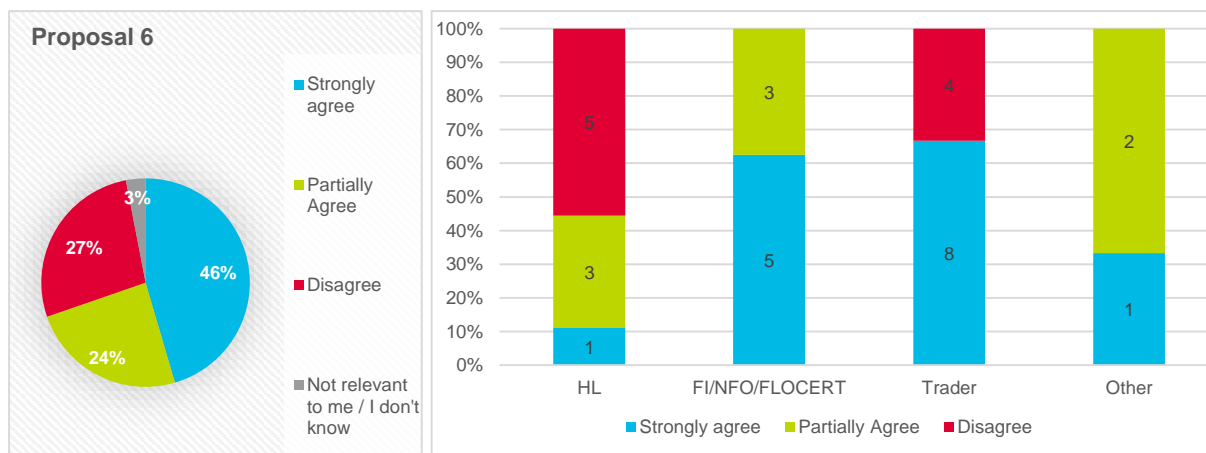
Out of 33 respondents, 15 (43%) strongly agreed, 8 (24%) partially agreed, 9 (27%) disagreed and 1 (3%) found this topic not relevant to them. Those who strongly agreed mentioned that this change would guarantee a wage that covers the basic needs of workers and their families.

Further, it was mentioned that this proposal is good overall and is necessary, especially in countries where minimum wage does not exist (e.g. Rwanda), however in India, tea sector is governed by a CBA and a garden would not be in a position to increase wages. Therefore, a suggestion is to allow part of premium (up to 50%) be used for wages.

Those who partially agreed, mentioned that local laws of respective countries should apply and that if any change is introduced, there should be a buy in from all supply chain actors / other players. In case of India, a stakeholder mentioned that this proposal may not end up being particularly meaningful, pending the results of trade union/India Tea Board wage negotiations at this moment. A stakeholder from Europe highlighted that according to research, certification may not influence the wage level, however for Fairtrade improved wages should be the starting point to reach the living wage and further suggested to follow experience with wages in flowers sector. Also, that there is a risk to create high expectations that a change in wages and prices should result in sales growth, while real case practices (e.g. Malawi) proved the opposite.

Other suggestions on how to put forward this proposal are:

- only through a joint agreement with government representatives, companies, and labour unions that will allow any change in this highly contested domain.
- for Fairtrade to stay firm in its approach to not count in-kind benefits as part of the floor wages and state clear which in-kind benefits are (not) to be counted (compare provisions of the PLA in India). To be more specific in the requirement stating that after increasing wage level, in-kind benefits can not be reduced and clarify regarding the timely/regular payment of wages without delays.



- Fairtrade to find a way to ensure that the legal provisions of the PLA are followed in certified plantations.
- minimum price to produce (Tea) should support proposed minimum wage.
- For Fairtrade to engage with Trade Unions in Assam and Darjeeling on proposed wage value, because it is below unions' target and this could threaten to undermine collective wage negotiation;

To the question 'what is needed to make this change' stakeholders mentioned the following:

- excellent management of the plantation businesses and their finances.
- a large-scale shift to purchasing certified product by the tea companies and increased understanding among consumers of the need for loyalty to the Fairtrade mark to drive systemic change where it's most needed.
- an increase in prices paid even without the Fairtrade system, so that the cost of fair wages is not borne solely by the plantations but throughout the supply chain.
- guidance on in kind benefits, to strictly monitor fees paid by workers for services delivered by the plantation owners. Alternatively, set a floor wage which does not require in kind benefits.

Those who disagreed, mentioned that for example in India wages are set as per industrial tripartite agreement that is reached among operating unions, management and state government and an individual operator can not exceed to pay more wage (wage structure is cash and kind, where cash component not only include wage but also the Provident Fund, Bonus and ex-gratia, Gratuity) and that facing a raise in the cash wages the plantation will be forced to do away with in kind benefits. Further producers from India suggested to allow in kind benefits to be counted in the floor wage, and for Fairtrade to ensure commitments from Brands/Buyers to increase tea purchase price accordingly and when a compensation fixed by the government and industry wide negotiations fall short of the Floor Wage the difference should be allowed to be made from Fairtrade Premium. Otherwise the risk setting the bar too high may result in a number of organizations leaving the system due to businesses becoming unviable.

A trader from Europe expressed concerns on the approach to address worker's living conditions through paid cash, mentioning and in-kind benefits have turned out to be much more helpful for a family than actual cash payments, thus, questioning expectation to improve living standard of workers through increased value of paid cash.

Another trader from Europe found this proposal unrealistic, stating that additional costs for increase in wages could double the price and it would not be feasible not only for traders but also will turn businesses of plantation unviable. This is especially in the North India, where increase in wages would be about 70%, hence the risk is that some of North East Indian producers will disengage from Fairtrade.

To the question 'what is needed to make this change' stakeholders who disagreed with the proposal, mentioned the following:

- to set FMP value of \$ 5 per kg of tea produced, to have consensus with the industry and re-defined wage structure
- floor wage to be calculated at state level, because in case of India referring to gross purchase power calculation is not rational.



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- consumers to be willing to pay for Fairtrade products
- Fairtrade Premium should be allowed to be spent on income augmentation programs which would help to enhance income of worker families, and to help bridge the gap on COSP
- Even if more viable proposal is made, do not make it a Year 0 requirement
- Allow the proposed research and advocacy work on wages in India to engage with stakeholders to create a consensual plan to achieving minimum wages and then living wages
- Avoid conflicting standards with other certification schemes, such as Rainforest Alliance's proposed standards regarding living wages
- Use Fairtrade's influence to promote PLA reform and thus support producers in achieving the proposed floor wage.

### 3.2 Housing and sanitation

Analysis of non-compliance data and academic studies have shown that housing conditions are sometimes of inadequate quality and quantity. Although in HL standard the requirement on housing provides elements that define 'decent housing' (HL requirement 3.5.28, Core/ Year 3), there are still challenges in its implementation. However, for some Tea producing regions this requirement specifically addresses compliance with related existing national legislations. Thus earlier timelines for its implementation is also in line with the intention to improve worker's conditions through enhanced quality of housing and access to sanitation.

**The proposal aims at:**

- Strengthening the existing requirement on housing conditions (HL req 3.5.28)
- Introducing a step-by-step approach to regular maintenance of houses to improve the quality of provided services to workers.

There were 2 proposals made on this topic.

#### **Proposal 7: Strengthening the existing requirement in the HL Standard on workers' housing for tea companies, changing it from Core/Year 3 to Core/Year 0.**

##### **Worker housing**

**Applies to:** Companies

##### **Core**

If your company provides housing for permanent, migrant, seasonal/temporary or former workers, it **is** such as to ensure structural safety and reasonable levels of decency, privacy, security and hygiene, and includes regular upkeep and improvement of housing and related communal facilities. If sanitary facilities are shared, a reasonable number of toilets and bathing facilities with clean water, per number of users, and according to regional practice, **are available**. National or state regulation **is complied with** in all cases and regional norms should be considered.

##### **Year 3 Year 0**

If your company charges rent for housing, it **is** according to local averages. If your company provides the majority of general workers with basic housing, for free, you **compensate** workers who are not able to receive free housing with an allowance that will enable them to afford to rent a house of the same standard. Workers have the freedom to be able to choose if they want to be housed on the farm or not.

**Guidance:** Housing should only be provided for workers where farms are located far from normal centres of population, is not available in sufficient quantity, or where the nature of the employment requires that the worker should be available at short notice. The requirement and guidance are based on international labour standards. Guiding principles for **adequate** and **decent** housing to provide a suitable living environment for workers should aim to ensure:

For family housing and dormitories:

- Enough natural light during the daytime and access to sufficient artificial light, to be able to read by;
- Ventilation that ensures sufficient movement of air in all conditions of weather and climate, and in the case where there is an interior fire for heating or cooking;
- A supply of safe potable water that is enough for drinking and eating requirements;
- Sanitary facilities that provide privacy, hygiene, and are sufficient in number;
- Drainage that ensures hygiene and avoids environmental pollution;
- Fire safety measures;
- Safe electrical installations where they exist.

For dormitories (generally considered short term housing solutions):

- Separate accommodation of the sexes;
- A separate bed for each worker;
- Adequate headroom, providing full and free movement;
- The minimum inside dimensions of a sleeping space should be at least 198 centimetres by 80 centimetres;
- Beds should not be arranged in tiers of more than two;
- Bedding and bedframe materials should be designed to deter vermin;
- Heating where appropriate;
- Adequate furniture for each worker to secure his or her belongings.

In order to meet workers' privacy needs, it is recommended management agrees with the workers on how their privacy requirements can be realised. For further details on housing, please see the [ILO Helpdesk Factsheet No. 6, 2009](#) on workers housing.

## **Feedback from workshops in Asia (29 HL organizations)**

Opinions of participants in Asia region were divided.

### **Workers (57):**

Participants in India mentioned that they are satisfied with the quality and amount of facilities that are provided by the management to workers and their immediate family members (e.g. water supply, frequency of cleansing water tanks, ventilation in houses, repair work, availability of electricity etc). However, conditions are not adequate when it comes to extended family members (parents, siblings etc.).

Suggestion:

- to allow FP to be used for construction of housing extension/water supply facilities.
- require that water supply is provided on the basis of actual population and not of working population only.

Participants in Sri Lanka strongly agreed with the proposal, and mentioned that they were not aware of who is responsible for houses maintenance and overall not satisfied with provided facilities. They needed to have clarity on responsibilities for these services.

### **Management (80):**

Overall, participants in India agreed and mentioned that their respective estates are already in agreement on this as per Plantation Labour Act.

However, their challenges are:

- Ex-Workers continue to live in houses and use all benefits from houses maintenance etc., while additional house construction on the fresh land is practically not possible.
- management being responsible for fire safety measures and safe electrical installations
- considering large numbers of workers houses in the estate
  - management to focus only awareness raising on risk factors
- requirement on housing multiples with the biological growth of the workers' families.
  - cannot be made a compliance requirement at year zero.

Suggestion: provide clear guideline from Fairtrade on what would mean to be adequate housing.

Participants from Sri Lanka disagreed with this proposal as the housing facilities and maintenance of the House of the plantation workers are entrusted to a separate government institution called 'Plantation Human Development Trust' (PHDT).

## **Feedback from workshops in Africa (14 HL organizations, 48 participants)**

### **Management (19):**

Overall participants were in agreement with proposed changes, mentioning that provision of housing is covered by national legislation and there is an annual inspection from government to check the conditions of housing. Other elements that could be considered and included in the guidance of requirement on worker housing are:

- Efficient energy use
- Security (fencing, street lights)
- Kitchen gardens & fruit trees

Participants from Malawi disagreed with change of the timeline to Year 0, because tea industry employs a huge workforce which comes with huge costs. Suggestion to keep it a Year 3 so that producers are given time to implement. It becomes especially challenging for new applicants. Participants from Tanzania strongly agreed as according to them, this would enable producer to assess the quality and standard of the house and ensure the house is maintained as per standard. They also mentioned that maintenance policy for workers housing should be in place.

### **Workers (29):**

All participants strongly agreed with the change. Those from Rwanda mentioned that requirement should include rental value for the house which will determine the Housing Allowance for those not provided with accommodation (currently housing allowance is 3 USD).

Those from Malawi mentioned that it would improve the status of hygiene as this is going to apply as of Year 0 and that in some cases workers have to make their own investments to make the housing adequate.

Suggestions:

- guidance on accommodation of worker, since this may become the reason for abuse, because nature of employment requires him/her to be available on a short notice
- guidance needed on the number of houses to be built and timelines

### Feedback from workshops in Europe (15 organizations, 21 participants)

Overall it was agreed a change is needed. Along with that, it was mentioned that dependency on housing creates a high dependency from the workers on the estates and that the payment of a living wage may help to break this circle of dependency.

Another recommendation is to have a requirement on sanitation separately and further add following indicators: prevention of overcrowding, access to water, access to toilet and electricity provision are needed. Further feedback from this group is:

- ensure local clarity and guidance for some of requirements listed such as fire safety measures, sanitary facilities, adequate furniture for each worker
- a tighter definition of 'house'
- identify what is structural

It was mentioned that there is a risk to set the bar too high and thus suggestion is to allow more flexibility for FP use to cover these issues. Alternatively, to follow a more development/gradual approach, i.e. to foster development:

- link the housing to the number of workers.
  - e.g. if there are -2,000- workers at the estate, they may be given more time to comply than an organization with 100 workers.
- as indicator for success- use the percentage of housing that is under improvement.

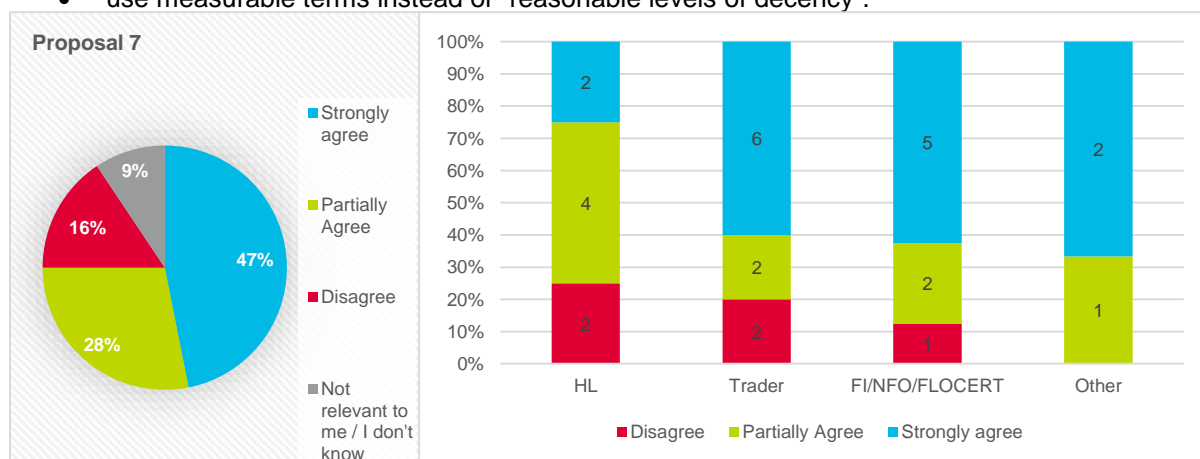
Overall, it was also suggested to come up with approach to incentivise organizations to move towards improvement of workers conditions. For example, if an organization has a low number of NC, then they are less audited and have to pay less certification fees.

### Written feedback

Out of 32 respondents, 15 (47%) strongly agreed, 9 (26%) partially agreed and 5 (16%) disagreed and 3 (9%) found this topic not relevant to them.

Those who strongly agreed, also mentioned that although the upfront costs of joining Fairtrade may get higher, this minimum standard should be met and that it's important to improve the requirement further, for example:

- use measurable terms instead of "reasonable levels of decency".



- minimally acceptable conditions could be better laid out, such as "persons per shared toilet", "square meters housing per person", "maximum number of people sharing a kitchen / shower / washing place" etc.

Those who partially agreed, mentioned that in cases where housing facilities are provided under statutory requirements, improvement of housing facilities should be allowed at the expense of FP, following the approval from FPC (producer from India). While another stakeholder from Europe mentioned that investments such as those in repairs to housing, medical support, drinking water and PPE - are the estate management's responsibility should not be funded with the FT Premium. An importer from Europe mentioned that this change from Year 3 to Year 0 may not allow producers to implement a structured plan to achieve this, and thus it would be a barrier to new producers joining the system. Thus the following suggestions were made:

- to make this a development requirement and for new entrants, requirement on housing should apply as of Year 1
- require companies to properly implement the requirements of the PLA if they wish to be certified
- under accommodation, include 'safe accommodation' (e.g. locks on doors, lockers for personal items)

Those who disagreed mentioned that this requirement has to be further strengthened and made stronger:

- decouple standard from national law and regional norms on this topic. For example, if regional government inspection grants exceptions to plantations, FLOCERT would have to accept this.
- clarify what "shared sanitary facilities" means to prevent subjective interpretation during audit (e.g. a hole that has been self-dug in the backyard could be taken as satisfactory, since it wasn't shared by more than one family).
- clarify if each house must have its own water supply or not.
- follow a phased approach especially in dysfunctional/abandoned plantations which enter a program of rehabilitation under new ownership. In such cases Fairtrade certification can often play a crucial role because getting Fairtrade certification should be part of the solution to help rehabilitation and special grants made available or a concession in the first phase to utilizing Fairtrade premium for improvements if that is what the workers and FPC independently vote for.

However, a producer from Africa region mentioned that housing improvement is a capital intensive adventure and suggestion is to keep this requirement applicable on year 3.

**Proposal 8: To introduce a new Core/Year 0 requirement on housing assessment and improvement plan. The elements for the improvement plan would be provided in guidance and should include records of necessary repairs and timelines for implementation. This requirement would complement the requirement 3.5.28 on housing conditions in HL standard.**

<b>Applies to:</b> Companies	
<b>Core</b>	You complete a housing quality assessment and put in place an improvement plan, including: <ul style="list-style-type: none"> <li>• Total number of houses for which the company is responsible</li> <li>• Number of houses that need to be built/repared</li> <li>• List of items that need to be built/repared</li> <li>• Timelines for implementation, which corresponds to the needs and urgency of repair</li> <li>• Responsible person to check the improvements</li> <li>• Records of complaints from residents and corresponding activities</li> </ul>
<b>Year 0</b>	

In addition to this, stakeholders were invited to suggest what other elements the assessment and improvement plan should include.

#### **Feedback from workshops in Asia (6 HL organizations)**

##### **Workers (17) and Management (22)**

Participants (worker's representatives) from Sri Lanka strongly agreed with this proposal, however representatives from management disagreed stating that 'housing' provided to workers on plantations is regulated by the government.

### **Feedback from workshops in Africa (7 HL organizations)**

#### **Management (19):**

Overall participants strongly agreed with the proposal. Participants from Malawi mentioned that this is already implemented through a system in place. Other participants suggested the following:

- Not feasible to do at Year 0, thus change to Year 2 or 1 and to have this on annual basis (Kenya)
- to assess every three years (Tanzania)

The following elements were proposed to include for housing and sanitation assessment:

- Adequate space (overcrowding/sharing); effectiveness of chimneys and cooking; condition of toilets and bathrooms and adequacy; domestic waste management at villages; lighting within the houses; state of general internal condition, i.e. leakages, paint work, doors/windows; provision of adequate water supply (proximity & water quality); recreational activities; fire safety.

#### **Workers (24):**

Overall participants strongly agreed with the proposal and suggested in addition to consider the following points:

- provision of enough number of toilets, should be complemented with specifically assigned people to take care of the toilets
- provision of glass windows to ensure illumination
- assessment to be done every two years and ensure number of rooms per worker with family (Tanzania)
- more guidance needed on the number of houses to be built and timelines (Rwanda)
- improvement plan must be implemented progressively because it has financial implications (Kenya)

### **Feedback from workshops in Europe (15 organizations, 21 participants)**

Overall participants were in agreement that this housing improvement needs to be addressed, however it was also mentioned, as based on proposed changes/2 requirements on 'housing', there is a need to add clarity if producer organization does not meet the Core/ Year 0 requirements on workers' housing, then does that mean they get suspended and how is this in line with requirement on housing assessment and improvement plan, which is also a Core/ Year 0 requirement.

It was also not clear from proposals, how allowing estates to customise an appropriate implementation pace will go along with setting a reasonable timeframe by which certain outcomes must be reached.

Further suggestions are:

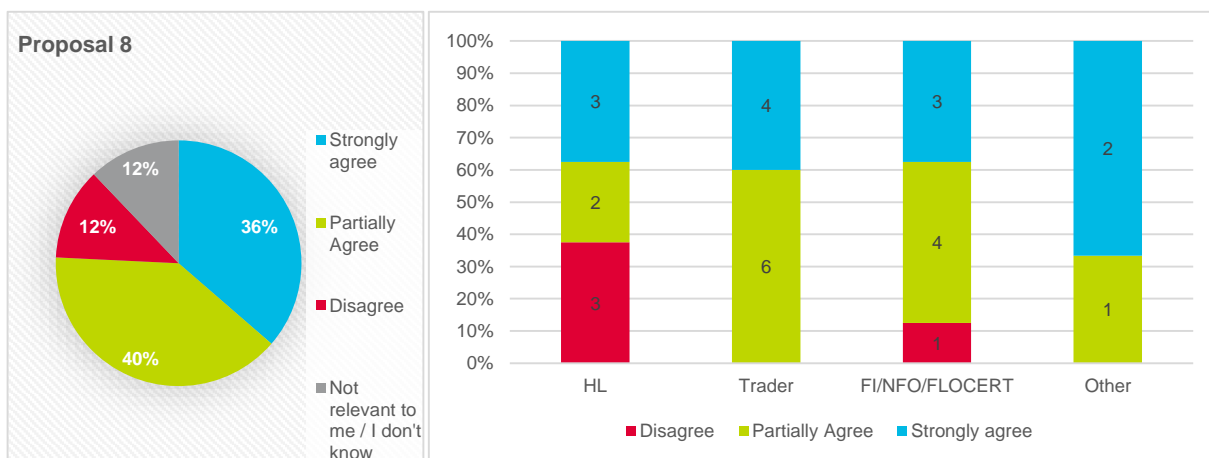
- improvement plans to require a 1:1 ratio for bathrooms and toilets/household within 3 years.
- Housing quality assessment to include 'sanitation quality'
- ensure that any costs for upgrades are not passed down to worker in further deductions of wages.
- Ensure tight timelines (not a 15-20 years' development plan)





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## Written feedback



Out of 33 respondents, 12 (36%) strongly agreed, 13 (40%) partially agreed, 4 (12%) disagreed and 4 (12%) found this topic not relevant to them. Those who strongly agreed, however, they mentioned that the proposed requirement contradicts the requirement 3.5.28, because all urgent activities should be completed by Year 0. Further, the recommendations are:

- companies to carry out housing quality assessment and improvement plans in cooperation with plantation residents, and Fairtrade to moderate the process between plantation owners and inhabitants.
- require plantations to be compliant with local standards and legal requirements starting from year 0;
- specify the aims of improving working conditions with measurable improvements.

Those who partially agreed, mentioned the following:

- to allow Fairtrade premium to be used for improvement of housing (given the fact that statutory requirements for providing housing facilities are in place)
- the plan to have tight timelines and explicitly mention sanitary facilities. For example, a 5 year timeline to provide adequate housing for all workers, including safe and clean water supply and functioning toilets.
- move applicability to Year 1, allowing accumulated funds to be spent on houses repair.
- assessment should be voluntary, along with advice and instructions from Fairtrade (Trader in Europe)
- important to see the plans as a long-term project, e.g. improve housing should be seen as a project over time, require to have implementation activities as step 1, step 2 etc.
- improvements should be directly related to the assessment;
- define who is evaluating/approving the improvement plan
- too challenging for new entrants, allow initial 6 months' phase
- ensure a formal assessment process and ongoing improvement plan.
- implementation of 2 requirements on 'housing' should be clarified, because 'improvement plan' conflicts with the previous standard change to 'Year 0' because it does not suggest there is an opportunity for an improvement plan.

Those who disagreed, mentioned that this requirement should be 'Development', because a sufficient time is required to undertake such an assessment and come up with a reasonable improvement plan. Also, if producers are already required to have and maintain decent housing in previous requirements, it does not seem appropriate to have a requirement for 'improvements'.

Other stakeholders suggested to make this a Year 3 requirement. A producer from India mentioned that if an organization does not comply with previous requirement, this new requirement would not be achieved either.

In addition, below additional elements could be considered/included in requirement:





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- introduce a worker representative for housing. Workers to have space to complain about lacking implementation of this requirement (contact point at Fairtrade) and a space to learn about these provisions.
- distance to toilets and bathrooms, lighting from housing to the common areas, further maintenance
- clearly traceable labour units, e.g. temporary structures built by non-workers need to be clearly identifiable, from temporary structures that are added onto company units by workers which are not part of the company to provide – to be out of scope when it comes to evaluation/assessment during audit and to protect producer companies from negative image.
- establish a body where workers can file complaints against non-compliance of companies.
- improvement plan/activities are checked by Fairtrade staff or a worker representative
- make it clear, that it is about implementation of improvement plan

### 3.3 Occupational Health and Safety

#### Introduction of topic and overall aim of the proposal:

Efforts and developments on occupational health and safety by estates have brought many improvements. Some of these positive changes are related to preventive measures towards handling and use of hazardous materials. Fairtrade's requirements on occupational health and safety include prevention of accidents and elimination/reduction of hazards in the work place, following the ILO regulations and recommendations (ILO Conventions C155 (Occupational Safety and Health Convention), C184 (Safety and Health in Agriculture Convention), ILO Recommendation R164 (Occupational Safety and Health Recommendation), ILO C077 and C078 (Medical Examination of Young Persons (Industry and Non-Industrial Occupations) Conventions), and R102 (Welfare Facilities Recommendation)).

There are still gaps on provision of health and safety services. Thus, further improvements on the topic of health and safety of workers on tea plantations are necessary.

#### The proposal aims at:

- improving the occupational health and safety conditions for workers through strengthened requirement on health and safety risk assessments (HL, req 3.6.4), changing it from Dev/Year 3, to Core / Year 3;
- introducing a new Core/Year 1 requirement on treatment and compensation if workers suffer from a work-related illness or injury;

There were two proposals consulted on this topic and one additional question regarding the frequency on provision of trainings.

**Proposal 9: To strengthen the HL standard requirement 3.6.4 'Health and safety risk assessments' in the Tea HL standard, changing from Dev/Year 3 to Core/Year 1 and requiring companies to carry out risk assessments at least once a year.**

**Applies to:** Companies

**Dev-~~Core~~  
Year-3-~~Year 1~~**

Your company carries out H&S risk assessments jointly with workers and their H&S representatives (see HL 3.6.3) **at least once a year**, and adapts safety measures accordingly.

**Guidance:** This requirement does not apply to small companies<sup>1</sup> unless otherwise required by national legislation

#### Feedback from workshops in Asia (29 HL organizations)

##### Workers (57):

Overall participants strongly agreed and mentioned that training has to be carried out every six months for the H&S committees.

##### Management (67):

Participants partially agreed with proposed change and mentioned that currently this is done once in 3 years (in South India) and whenever the nature of work changes, risks are assessed

<sup>1</sup> Small company is any company hiring 25 or fewer permanent workers

and training is provided. Suggestion is not to require this to be done every year. While participants from North India mentioned this assessment should be done every year and should be a development requirement.

Participants from Sri Lanka mentioned that most of OHS issues have already been covered under generic HL standard and don't see any reason for change.

### Feedback from workshops in Africa (7 HL organizations)

#### Management (19):

Overall participants strongly agreed with the proposed change and mentioned that 'at least once a year' is sufficient and that H&S representatives already interact enough with workers. Hence, clarity is needed regarding "jointly with workers and H&S representatives", as if H&S representatives are not workers themselves. It was also agreed that this requirement should apply to all organizations, regardless their size.

#### Workers (29):

Participants agreed with the proposed change and emphasized that there is no need for all workers to be involved, because H&S committee is in place.

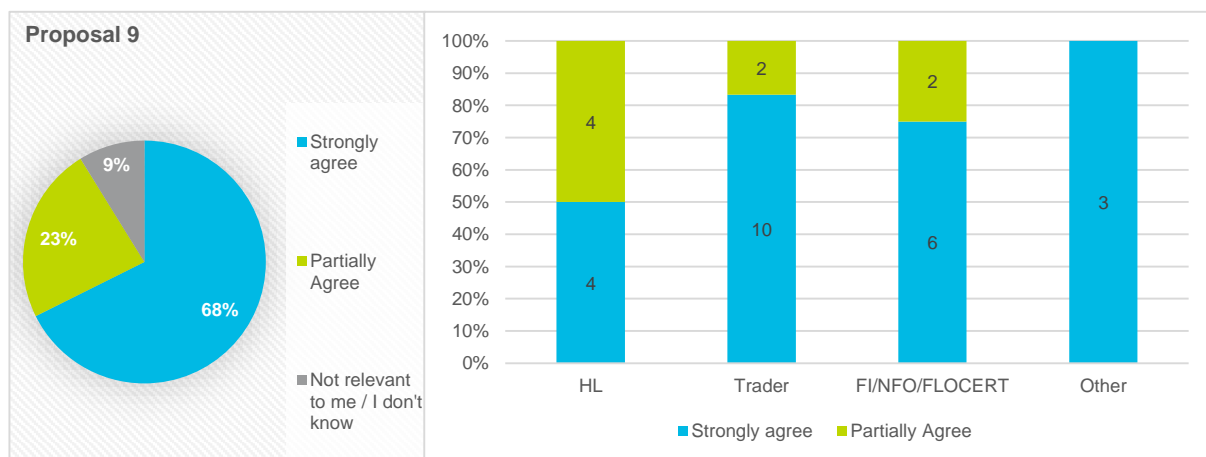
### Feedback from workshops in Europe (15 organizations, 21 participants)

Overall participants were in agreement with proposed change and further suggested to improve/consider the following:

- to current requirement in standard that states "Your company provides clean toilets with hand washing facilities close by" add clarification/guidance that all employees should have reasonable access to a toilet, including field workers and that access should be within a certain radius or walking distance.
- Require to have SOP in place on usage of PPE, and a record keeping system that includes monitoring and enforcement of PPE use.
- For assurance body, it should be considered that observing PPE in use on the day of an audit should not be sufficient to prove compliance on PPE use.
- Ensure risk assessment is carried out by trained person
- H&S risk assessment to be carried out by a senior person with this specific knowledge. Support to the change. There should be a person with knowledge to carry the risk assessment.
- add guidance on the statement in HL requirement 3.6.9 'Your company provides clean toilets with hand washing facilities close by', to clarify that all employees (including field workers) should have reasonable access to a toilet, i.e. define that access should be within a certain radius or walking distance;

While a trader from Europe mentioned that requirement for H&S risk assessments should be further strengthened and made a Year 0 requirement instead of Year 1, and adding that a person responsible for H&S should be a senior.

### Written feedback





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Out of 34 respondents, 23 (68%) strongly agreed, 8 (23%) partially agreed and 3 (9%) found this topic not relevant to them. Those who strongly agreed, mentioned that this requirement should apply to companies regardless of their size. Stakeholders from Europe mentioned to include “snake bites” in risks, and highlighted that inclusion of workers in the risk assessments, i.e. defining the PPEs, would help in step towards solving the issues where workers may be asked to get PPEs themselves.

Those who partially agreed, mentioned that it would not be possible to assess risk every year, unless there is a change in premises of work, or a new work or machine is introduced assessment can be made (Producer from India). Other suggestions are:

- allow capacity building period, keep it a Development/Year 3 requirement
- clarify the wording "jointly with workers and their H & S representatives", as it is not practical to conduct risk assessments with all worker rather it should be with H&S worker's representatives.
- workers should be kept informed, ensure trainings and training material on health and safety risks.
- ensure that workers don't carry excessive weights for too long a period of time, also are not exposed to harmful chemicals too soon after application of chemicals

**Proposal 10: To introduce a new Core/Year 1 requirement on treatment and compensation, to ensure that if workers suffer from a work-related illness or injury, workers receive appropriate treatment and compensation.**

**NEW Treatment and compensation**

<b>Applies to:</b> Companies	
<b>Core Year 1</b>	If your workers suffer from a work-related illness or injury, they receive appropriate treatment and compensation.
<p>Guidance: Where employees are found to be suffering health problems resulting from their work, they should be:</p> <ul style="list-style-type: none"> <li>• redeployed to more suitable work where possible or / and;</li> <li>• compensated according to the law or CBA; or / and;</li> <li>• examined and treated appropriately by a medical practitioner at the employer's expense for as long as the condition persists</li> </ul>	

**Feedback from workshops in Asia (29 HL organizations)**

**Workers (57):**

Participants overall agreed and suggested that to implement this requirement - a specialist is needed to address/define sickness related to accident. At this point, there is only a general physician. Participants from India also mentioned that currently compensation is provided but delayed and suggested is to allow Fairtrade premium to be spend on Health Care, i.e. to pay for Group Health Insurance of workers.

**Management (67):**

Overall participants partially agreed and mentioned that compensation issues are being addressed through the competent government officials.

In addition, it was suggested to the following:

- define what is «as long as conditions persists», e.g. it should not be life-long
- clarity on definition of “Work related illness”
- define if this going to be a one-time compensation

**Feedback from workshops in Africa (7 HL organizations)**

**Management (19):**

Participants expressed concerns regarding current statement in requirement on ‘redeployment’. It is agreed as necessary but can be challenging in case there is no other place to redeploy the person. Thus suggestion is to consider is there is no other suitable work, then to reduce volume of work or time of work

Participants from Kenya mentioned that by law, compensation is already required ( WIRA, Workers’ Injury Benefits Act), however it’s important to clarify at what point does the employer’s liability end (referring to the 3rd bullet point in the guidance). Another suggestion is to consider

cases where currently unemployed (previously employed) workers would come back for compensation in case there were injuries

**Workers (29):**

Overall participants strongly agreed and mentioned that in some case compensation is already covered through governmental regulations.

**Feedback from workshops in Europe**

No feedback was provided

**Written feedback**



Out of 34 respondents, 25 (73%) strongly agreed, 6(18%) partially agreed and 3(9%) found this topic not relevant to them. Those who strongly agreed, mentioned it would be a welcome step to explicitly require companies to cover the costs of medical expenses. However, an Indian producer mentioned that workers are compensated according to local law and that this requirement contradicts the existing provision in the PLA. Therefore, it has to get adjusted.

Those who partially agreed, mentioned that there is need for additional guidance on redeploying workers and how long the treatment should last, and suggested the treatment to only cover the duration of employment.

Another stakeholder from Europe mentioned that wording "illness" and "health problems" relates to and how this could be implemented without creating an opportunity for further absenteeism (addiction based) which is already a challenge for many producer organizations.

One other suggestion is to align this requirement with HL requirements 3.5.15 and 3.6.18, to ensure there is no overlap.

In addition to the proposed changes above, stakeholders were invited to give their feedback on changes in the frequency to provide trainings on occupational health and safety from 'once per year' to 'every 6 months', in the existing requirement from HL standard:

**3.6.6 Training on occupational health and safety**

<b>Applies to:</b> Companies	
<b>Core</b>	Your company regularly trains workers and their representatives in the basic requirements of occupational health and safety, relevant health protection and first aid, <u>at least once per year</u> . Training is repeated for all new or reassigned workers. Records are kept of these training activities indicating information on topics, time, duration, names of attendees and trainers..
<b>Year 0</b>	
<b>Guidance:</b> The training includes making workers aware of their right to remove themselves from unsafe situations without being penalized for doing so.	

In response to this question, stakeholders' opinion is divided. Out of 37 respondents, 4 stakeholders agreed and mentioned that changing it to every 6 months should be good, while 10 other stakeholders disagreed and stated that once a year should be sufficient. It was highlighted that most important is to ensure effectiveness of training and more guidance needed on what training needs to be provided as there is a lack of specific guidance (*'no one really knows what training needs to be provided', Indian producer*) and the clear detailed requirement is missing. 23 stakeholders mentioned it was not relevant to them.

### 3.4 Freedom of Association and Collective Bargaining

#### Introduction of topic and overall aim of the proposal:

In the existing HL Standard, requirement 3.4.5 ensures representatives of trade union organizations can meet with workers on company premises. Human Rights / Labour Rights NGOs could also be an effective resource for workers - providing services to workers for capacity building and worker education on and rights in the workplace. Specialized Human/Labour Rights NGOs could also help to educate workers on how to best organize themselves in trade unions, or other worker committees, engage in social dialogue and negotiate with their employer on terms and conditions of employment and housing.

**The proposal aims at:**

- introducing a new requirement, to provide access to Human Rights / Labour Rights NGOs to meet with workers raising the awareness on workers' rights while at the same time, not undermining the Trade Union's (TU) activities. This requirement would be built on and expand the Core/Year 0 requirement in the HL standard, allowing trade union representatives to meet with workers. Also this change would be even more relevant in places, where Trade Union activities and representation are impaired.

There was one proposal for change consulted on this topic.

#### **Proposal 11: To introduce a new requirement to allow labour rights NGO representatives to meet with workers**

**NEW**

<b>Core</b>	Your company allows workers and plantation residents to meet with Human Rights / Labour Rights NGO representatives in order to inform them on their rights at an agreed time and place. Times and locations of these agreed meetings are reasonable and management does not interfere in any way with, or conduct any surveillance of these meetings. The meetings shall not undermine existing activities of elected trade unions, which is a matter for determination by the unions. Unions do not need to grant permission beforehand.
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#### **Feedback from workshops in Asia (29 HL organizations)**

##### **Workers (57):**

Overall participants did not fully agree with this proposal. Participants from South India mentioned that NGOs are already allowed to enter and that TU is doing a good job. A group from North India mentioned that it is a good proposal however, often, external agencies publish negative news which brings organizations to potential risks of de-certification and this would impact workers.

Participants from Sri Lanka also partially agreed, mentioned that any external organization should first report to management before entering the work premises/undergo the authenticity process.

##### **Management (67):**

Overall participants partially agreed, and mentioned that in India, most of the workers (95%) are affiliated to TUs which are very effective, and that often NGOs are biased and have vested interests and may create problems to management, and clash of interests between TU and NGOs or lead to risks against blackmail/poaching existing work force.

The suggestions are:

- to rephrase this requirement and make it conditional, to ensure it does not undermine if there is already existing well-functioning TU in place.

- should not be during the working hours, as it impacts production and cost adversely;
- should submit the feedback report to the management before leave the plantation;

### Feedback from workshops in Africa (14 HL organizations, 48 participants)

#### Management (19):

Participants' opinions were divided. Those from Kenya and Rwanda strongly disagreed, because the TUs in place are strong. Also because it is not clear which NGOs would report to further and that NGOs may be politically affiliated. Suggestion to define limitations of NGOs work, how far they can go.

Those from Malawi strongly agreed and mentioned it would be good for relationship between management and workers, where management would know workers understand their rights.

Those from Tanzania partially agreed, stating that this should apply only to plantations where there are no TUs in place.

#### Workers (29):

Participant' opinions were divided and suggestions are similar as above. Those from Kenya partially agreed because NGOs may be politically affiliated, and those from Rwanda strongly agreed mentioning that current system where workers' rights associations are affiliated with national association is not working well.

Recommendations/ Additional Comments:

- Human Rights NGOs' agenda to be shared with management
- Instead of NGOs, labour officers to perform this task.

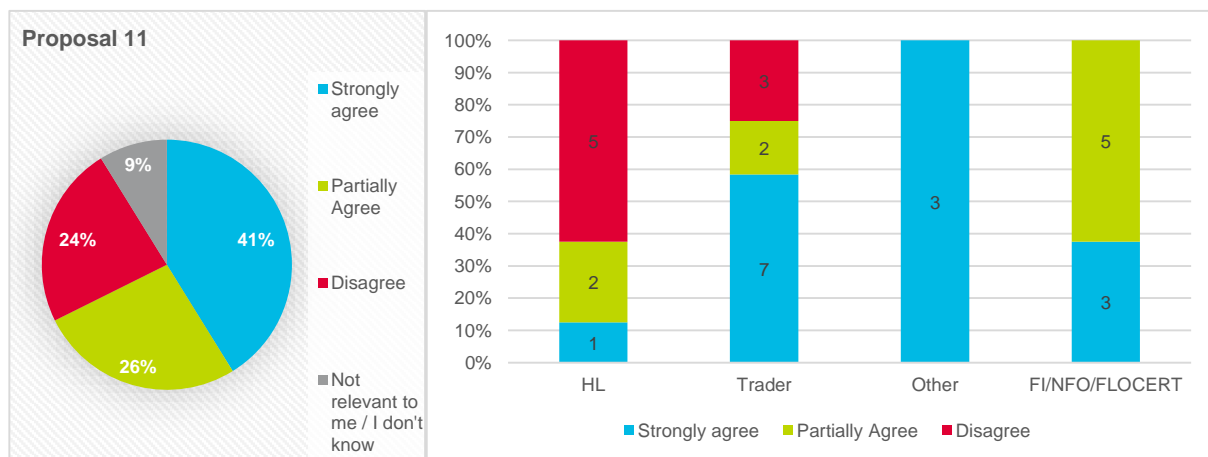
Participants from Malawi also had divided opinions, those who agreed provided similar feedback as above. Those who disagreed mentioned that in some cases workers may find themselves at risk of losing job if they get involved with NGOs

Participants from Tanzania were in agreement with this proposal.

### Feedback from workshops in Europe (15 organizations, 21 participants)

Participants expressed concerns that quality of trainings may potentially be affected due to an over-representation of estates management in the board of producer networks

### Written feedback



Out of 34 respondents, 14 (41%) strongly agreed, 9 (26%) partially agreed, 8 (24%) disagreed and 3(9%) found this topic not relevant to them. Those who strongly agreed with the proposal, mentioned that in some cases workers are not well informed about their entitlements regarding Fairtrade. Hence suggestion is to require that trainings take place more often /intensive and to also included in the scope workers' entitlements

Those who partially agreed, mentioned that this should be a Development requirement, Year 3. Further the feedback is to consider turning this into a 'reactive assurance requirement', following this wording



"Your company has not denied access to Human Rights / Labour Rights NGO representatives to meet with workers and plantation residents ....", with a complaint note sent to the certification body.

An Indian producer mentioned that Human Rights / Labour Rights NGO's should be identified and named, because there is a risk to come across unqualified NGOs. One other respondent from this group mentioned that there should be clarity on number of times that they are allowed to meet Human rights/NGO representatives.

Overall the comments relate to the wording of requirement, that may seem as though there is an attempt to create parallel structures. Hence, further suggestions are:

- it should be done upon a specific request from workers (TU representatives, workers assembly, FPC) for NGOs to access workplaces. In cases where request comes from an NGO, priori consent of the workers is necessary. Following this approval, TU and management can not deny allowing the access.
- request that trainings are provided by non-profit actors other than the estate management
- Define 'reasonable' and what is understood under 'undermine existing activities of elected trade unions'
  - Reasonable may be clarified especially in relation to flush period, when workers are not available for interviews/meetings because it is a productive time.
- Not clear if companies need to grant permission to workers
  - Suggestion to re-word it: "Your company allows Human Rights Labour Rights NGO representatives, researchers to engage with workers and plantation residents to educate them on their rights at an agreed time and place.
- Fairtrade to define Human Rights/Labour Rights NGOs and provide an 'approved list', especially in militarisation/politically unsettled areas.

Among those who disagreed, were mostly representatives of producer organizations who mentioned that workers are already allowed to meet outside agencies/NGOs at pre-declared time beyond working hours and outside of garden. An Indian producer mentioned that Indian tea industry workers are well represented by trade unions and this requirement may lead to conflict and disruption of peace and harmony if outside agencies are allowed at garden at their will, in addition, some NGO's as others could be politically affiliated.

- Any outside agency must seek permission from management to meet workers at garden.
- In the end it may only stay on 'paper' and never properly implemented
- Will add burden to management on the ground in maintaining security of their Estates.

## Topic 4. Fairtrade Premium Management

### 4.1 Fairtrade Premium use

#### Introduction of topic and overall aim of the proposal:

The FP should be used according to the conditions set in the Fairtrade Standard for HL. However, there is an exception made to companies located in Darjeeling (requirements 2.1.2 and 2.1.3 in Tea HL). This was introduced in 2010 to support the plantations in this region due to a critical economic situation. In the standard it states that the basic needs for workers (e.g. housing, water, sanitation) may be partly financed through the Fairtrade Premium given the critical economic situation in the region and that Fairtrade Premium can be used under certain conditions for infrastructure projects that would benefit both the plantation management and workers' community. These projects have to be approved by workers. This requirement has attracted criticism as it may have created unbalanced / biased conditions where the focus to support exceptional use of FP is given to HL organizations in only one of Fairtrade tea producing regions ([Brugger, 2017](#)).

#### The proposal aims at:

-creating a level playing field for all Tea HL companies, harmonizing the rules of FP use in all regions.

There was one proposal consulted on this topic.

#### Proposal 12: Deletion of requirements 2.1.2 and 2.1.3 in Tea HL

**2.1.2** — An exception to 2.1.1 is made in the case of Darjeeling where basic needs for workers (e.g. housing, water, and sanitation) may be partly financed through the Fairtrade Premium. This is due to the critical economic situation in the Darjeeling region.

**2.1.3** The use of Fairtrade Premium money for state and company obligations in Darjeeling must conform to the following guidelines:

- Infrastructure projects of benefit to both the plantation management and the workers' community may be approved by Fairtrade International if it can be demonstrated to Fairtrade International's complete satisfaction that this has the clear approval of the workers.
- For such projects Premium money may be used if the company provides at least 50% of the total costs from their own resources as matching funds.
- In cases where the company lacks immediate capital for such investments, the Fairtrade Premium Committee may make a loan to the company to cover the company's 50% investment which is to be reimbursed over a period stipulated by the Fairtrade Premium Committee at an interest rate which covers at least the rate of inflation over the defined period.

There was one proposal for change consulted on this topic.

### Feedback from workshops in Asia (12 HL organizations)

#### Management (27) and Workers (23):

Participants in North India strongly disagreed with proposed change, stating that cost of housing construction is 60% higher, as compared to the plain regions, repair costs on drainage are higher on in the hills, due to landslide, availability of water is low leading to high costs of water in hilly region.

Instead, the suggestion is to expand the scope of exception for construction of roads and pathways, because of the scattered housing in the hills and expand geographical scope to other regions with similar geography of tea growing region (e.g. altitude above 2500 ft)

### Feedback from workshops in Africa (4 HL organizations)

#### Management (6), Workers (18):

Participants in Tanzania overall strongly agreed, stating that standard should cut across the whole world without exemptions to other countries.

### Feedback from workshops in Europe.

No feedback was provided.

### Written feedback

Out of 33 respondents, 15 (46%) strongly agreed, 6(18%) partially agreed, 4(12%) disagreed and 8(24%) found this topic not relevant to them. Those who strongly agreed mentioned that this should either be allowed / removed in application to all regions as it should be allowed to use premium for the upgrading worker housing. Stakeholders from Europe further suggested, following removal of this exception, to insist/strengthen standard to ensure the implementation of PLA (in India). Also, stating that exceptions should not be allowed through standard but through a different tool.

Those who partially agreed, mentioned that Fairtrade Premium should be used to improve working environment and production conditions of farmers and workers. Further, a trader from Europe stated that plantations should be seen as individual entities with a unique labour environment. When generated premiums are low, in comparison to the overall turnover, it leads to less flexibility to use resources. Therefore, stakeholder further suggested to allow flexible usage of Fairtrade premium under strict supervision of an NGO and FLOCERT/Fairtrade.

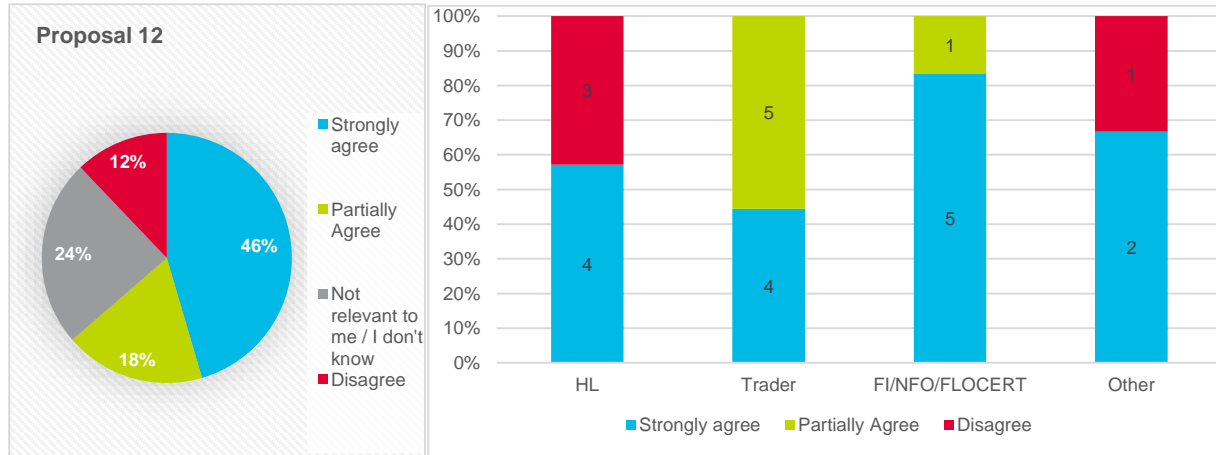
Instead of this change, the suggestion is to strengthen auditing procedures on premium development plans and their monitoring them, with the purpose to further expand its geographical scope. Because a customized approach to different regions is a world-wide recognized approach and in fact one size fits all approach finds more criticism.





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Those who disagreed, mentioned that exceptions for Darjeeling must continue due to its still poor economic state (poor basic infrastructure, drinking water availability, wooden houses that last less than other material). Instead, this to be expanded to Assam region/all Indian estates as well.



## 4.2 Sustainability Margin

### Introduction of topic and overall aim of the proposal:

In the existing HL Tea Standard, 20% of Fairtrade Premium goes directly to estate management (and not the Fairtrade Premium Committee) to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. This is referred to as the Sustainability Margin and is applicable only for conventional teas from the Camellia plant made using the CTC production method, and for conventional “fannings” and “dust” made using the orthodox production method.

Stakeholders have requested to extend the sustainability margin to organic tea as well, to ensure fairness and consistency across different production methods.

The requirement 2.1.4 requires to split the payment between the FP paid to FPC (80%) and to the estate (20%), and that it has to be clearly documented (two separate bank payments/invoices with price of goods). However, it is not explicit whose responsibility is to send and split the invoicing. According to the feedback from auditors, it is understood that when a full amount is invoiced, it is challenging on a regular basis to deviate from the invoice and pay 80 % to the FPC account and 20% to the estate. A compliance criterion regulating the invoicing has been already introduced both for traders and HL.

#### The proposal aims at:

- Introducing a clause that requires companies to split the invoicing of the FP
- Exploring if the proportion of 20% of FP as a sustainability margin is sufficient
- Explore if sustainability margin approach should also apply for organic tea produced with similar methods (CTC & orthodox “dust” and “fannings”)
- Explore if a clearer guidance on use of the sustainability margin is needed

There was one proposal consulted on this topic, with four additional question to better understand the details supporting the feedback.

### Proposal 13. New requirement that complements to requirement 2.1.4 in the Tea HL Standard, clarifying options for the invoicing of sustainability margin.

**NEW**

<b>Applies to:</b>	Companies
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<b>Core</b>	You clearly split the invoicing of the Fairtrade Premium, indicating the amount that corresponds to 20% of the full Premium as a sustainability margin to be paid to the estate in a separate invoice from the invoice for 80% of full premium to be paid to the FPC.
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## Feedback from workshops in Asia (29 HL organizations)

### Workers (57):

Participants had various opinions. In South India, the suggestion is to extend sustainability margin to organic, while in North India the suggestion is not to extend this to organic tea, allowing 100% premium allocated to FPC, while cost of compliance and improved workers conditions is to be covered by management. Participants in Sri Lanka were not familiar with the concept of sustainability margin, however they agreed to extend to other tea processing methods.

- Those who agreed, mentioned that proportion 20 to 80 should be kept
- Provide clarity/guidance how 20% should be spent

### Management (80):

Participants partially agreed that the sustainability margin achieves its objectives. Further they suggested to allow to use sustainability margin to fulfil compliance requirements and that the use of sustainability margin is not regulated by Fairtrade.

Further suggestions are:

- Introduce indicators for the usage of sustainability margin, provide guidance and describe better where/how it can be used, add clarity that workers should approve it. For example it could be used on the following:
  - PPEs for workers, medical and health camp, training, payment of certification fee, maintenance of rest rooms

On proposal regarding invoicing, producers from India disagreed mentioning that it would be additional burden and 20%/80% will be taxed individually, while participants in Sri Lanka were in agreement with the proposed change.

Further suggestions are:

- To extend the concept to all types/grades of teas including organic
- Upon approval, to have exception / permission to use FP for infrastructure
- Increase the Sustainability Margin to 25% or 30%

## Feedback from workshops in Africa (7 HL organizations)

### Management (19):

Participants had divided opinions on invoicing of sustainability margin. Those who strongly agreed, mentioned it would help to avoid misconceptions between management and workers and those who disagreed expressed concern that it may cause additional difficulties to the trader, e.g. double charge for money transfer. Further some mentioned that the sustainability margin does not achieve its objective because it is too little vs the amount of work that needs to be done and that sustainability margin should also be extended to specialty teas, because conditions of workers involved in the organic tea production need to be improved as well.

It was also mentioned that there is no need to add guidance, but documentation of what it been used for is needed.

### Workers (29):

Participants had divided opinions on proposal regarding separate invoices. Those disagreed suggested to keep as it is now, when FPC transfers 20% to the management and further suggested to keep the value of sustainability margin as it is.

## Feedback from workshops in Europe (15 organizations, 21 participants)

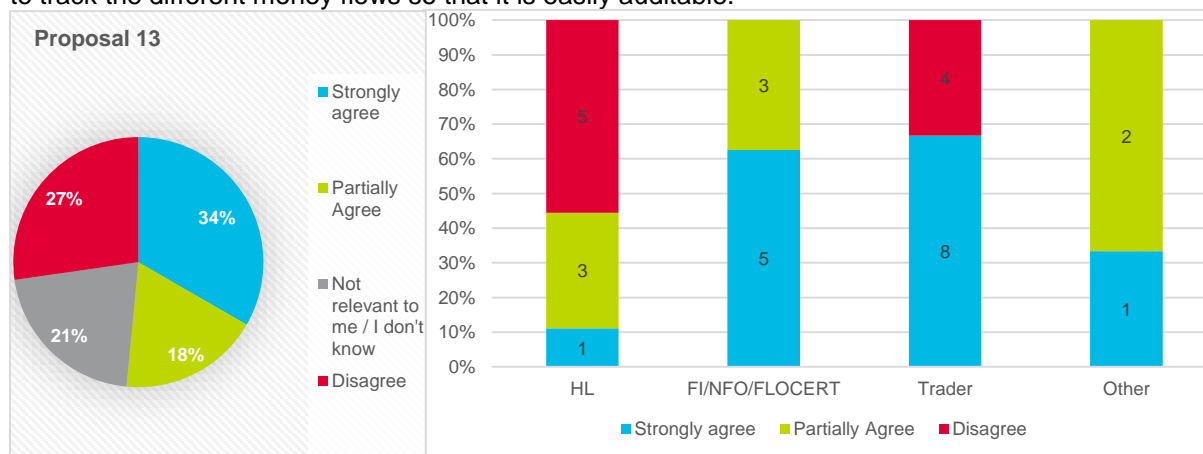
Participants suggested the following to be considered:

- Ensure that 20% of premium is spent transparently, with clear indication it is for improvement of working conditions; reporting to FPC
- Link this to 'in case of critical need' and define that these should be – in consultation with FPC
- To be extended to organic teas

- Consider including climate change topic

### Written feedback

Out of 33 respondents, 11 (34%) strongly agreed, 6 (18%) partially agreed, 9 (27%) disagreed and 7 (21%) found this topic not relevant to them. Those who strongly agreed, mentioned that this change would allow to have more transparency on premium payment and suggested to provide guidance how to track the different money flows so that it is easily auditable.



Those who partially agreed, stated that it would be better to add a separate line in the invoice, listing 20% of Fairtrade Premium that is to be paid to the estate because third invoice/payment would add costs/bank fees. Other suggestions are to add clarity on sustainability margin usage, and clarify the term 'sustainability margin'. An importer from Europe mentioned that 80:20 split should not be required to be documented in payments because of the charges per international transactions.

Those who disagreed, previous requirement was enough to regulate this payment. Alternatively, another stakeholder suggested to adapt wording from compliance criteria (2.1.0.77), that allows flexibility to choose how to do the payment. Otherwise many respondents confirmed it would add complexity and transaction costs.

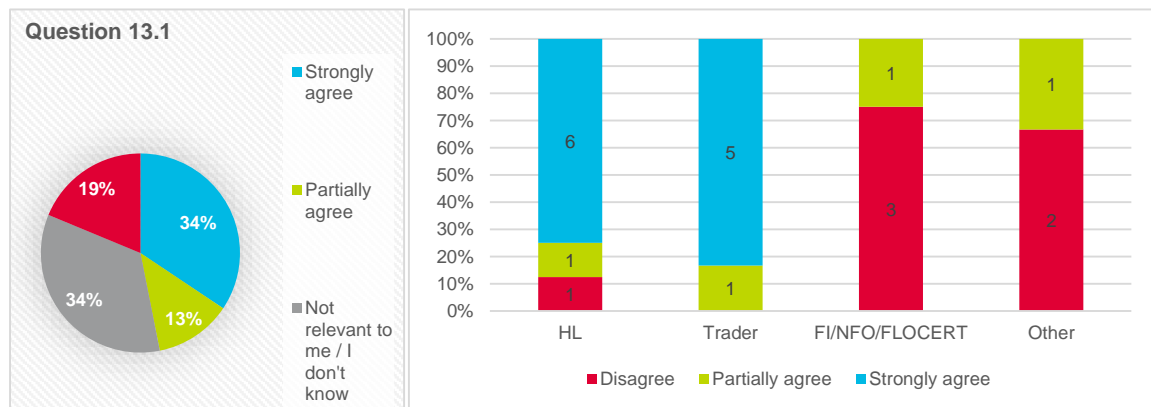
A number of stakeholders from Europe (NFO, University, Fairtrade International) questioned the sustainability margin concept, stating that premium should benefit workers directly. Suggestion is therefore to drop the sustainability margin concept, especially given the fact that under low sales there is very little amount of premium and it does not make sense to deduct anything for plantation owners. A producer from India suggested to enhance to 50% and extend the applicability of sustainability margin to Organic teas and Orthodox tea sales regardless the grades of tea.



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### Question 13.1: Do you think the sustainability margin as a concept as such, is achieving its objective to improve working conditions?

#### Written feedback



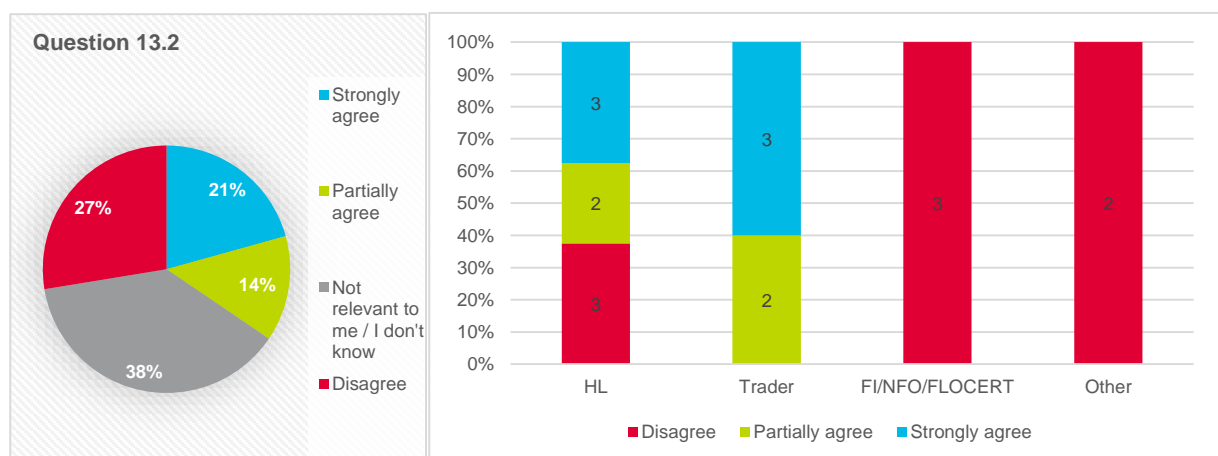
Out of 32 respondents, 11 (34%) strongly agreed, 4 (13%) partially agreed, 6 (19%) disagreed and 11 (34%) found this topic not relevant to them. Those who strongly agreed supported their response with the statement that producers are able to have some money for investing in improvement of working conditions.

Those who partially agreed, mentioned that implementation of this requirement is weak at HL level and also depends on effectiveness of the estate management. One other stakeholder expressed wish for sustainability margin to be applicable for orthodox tea.

Those who disagreed, mentioned that with low sales and as a result – low premium, change can not be expected. Having sustainability margin available to the management of estates, leads to low motivation of organizations to bear the costs for improving working conditions. Other stakeholders mentioned that in the absence of good news (incl. studies/research) on a change in working conditions in this sector, it seems sustainability margin does not really contribute to improvements.

### Question 13.2: Do you think the proportion of sustainability margin of 20% should be kept as it is?

#### Written feedback



Out of 29 respondents, 6 (21%) strongly agreed, 4 (14%) partially agreed, 8 (27%) disagreed and 11 (38%) found this topic not relevant to them. Those who strongly agreed did not leave further comments. Those who partially agreed, mentioned that it could be enhanced to 30%.

Among those who disagreed, a producer from India mentioned in the case when more wages to workers are not possible to increase due to agreements (bound, industrial), providing better living conditions



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to workers is very important and a significant percentage of Fairtrade premium should be allowed to use for this reason. Thus suggestion is to increase, as industry is going through challenging times. Another stakeholder mentioned that it would be better to eliminate this concept, in favour of workers to use premium for larger infrastructure and working conditions investments. However, as explained further, if this concept stays or is expanded to organic teas, there should be more clarity on how and for what activities it can be used.

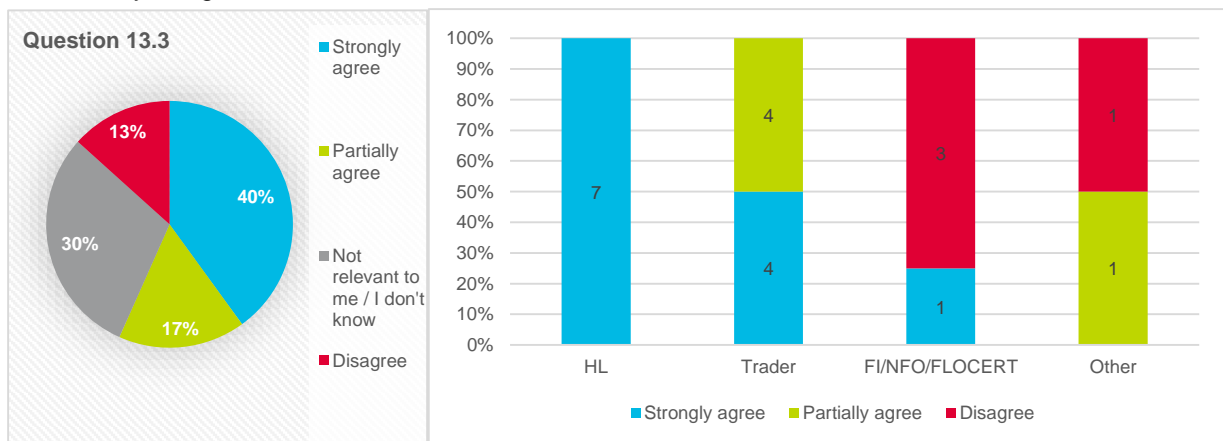
### Question 13.3: Do you think that the sustainability margin should be extended to organic tea made with CTC production method and orthodox “dust” and “fannings”?

#### Written feedback

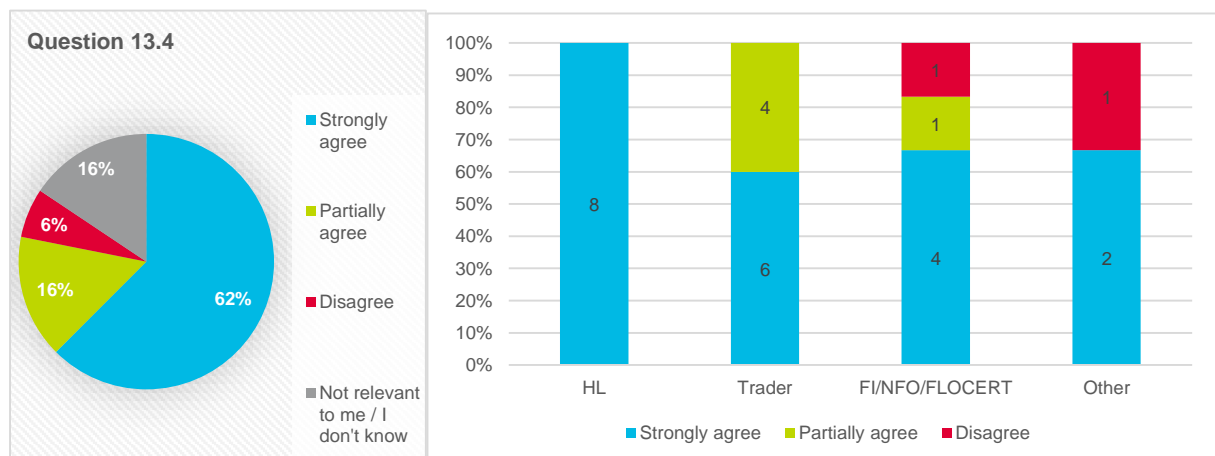
Out of 30 respondents, 12 (40%) strongly agreed, 5 (17%) partially agreed, 4 (13%) disagreed and 9 (30%) found this topic not relevant to them. Among those who strongly agreed, a producer from Malawi stated that sustainability margin should apply to all types of teas. An importer from Europe further stated that having the scope to conventional teas only is not balanced approach and that extending it to organic may also encourage more estates to become organic certified.

Those who partially agreed, mentioned that in general do not agree with the concept but if it is applied, it is better that it is extended to organic teas for consistency reason and avoid that organic producers should not be disincentivized.

Those who disagreed, highlighted importance to first evaluate and discuss the need for a sustainability margin.



### Question 13.4: Do you think that there should be an additional guidance on how and for what activities sustainability margin should be used?





### Written feedback

Out of 32 respondents, 20 (62%) strongly agreed, 5 (16%) partially agreed, 5 (6%) disagreed and 5 (16%) found this topic not relevant to them.

Those who strongly agreed, further stated that it would add clarity to producers who may feel more encouraged to invoice for sustainability margin and that at least, there should be a clear guidance on what it should not be used for. Clarifying that it should be directly beneficial to the workers, e.g. not used for certification costs as currently the terms are ambiguous.

Those who partially agreed, stated that it would support both, the management of estates and auditors to have better clarity on which activities fall under the scope of sustainability margin and as a result reducing subsequent burden due to non-compliances.

Those who disagreed, did not provide further feedback.

## 4.3 Distribution of Fairtrade Premium for multi-estates

### Introduction of topic and overall aim of the proposal:

For producer organisations certified as multi-estates, the central structure provides the certification body with an overview of the total Fairtrade Premium income of the company, the distribution of the Fairtrade Premium to the local Fairtrade Premium Committees, and an aggregated version of the individual Fairtrade Premium Plans (HL requirement 2.1.2). Further, in HL requirement 2.1.7 it is defined that the distribution of Fairtrade Premium funds may be based on volumes sold or number of workers represented by the local Fairtrade Premium Committee. However, the decision on distribution of the FP in multi-estates has been criticized as lacking transparency.

The aim to consult on this topic was mainly to collect feedback and opinion on existing requirements. Therefore, there was no change proposed and under "proposal 14" there is only one question.

**Proposal/Question 14: Do you agree that there is a need to specify rules regarding FP distribution for the multi-estate plantations?**

### Feedback from workshops in Asia (29 HL organizations)

#### Workers (17):

Participants had divided opinions, those from India suggested to not allow distribution of Premium based on number of workers and those from Sri Lanka disagreed to introduce any change, suggesting to keep the current rules.

#### Management (49):

Participants disagreed to introduce any change, stating that it should be left at the discretion of the producer, and not regulated by Standard and the current rules should be kept.

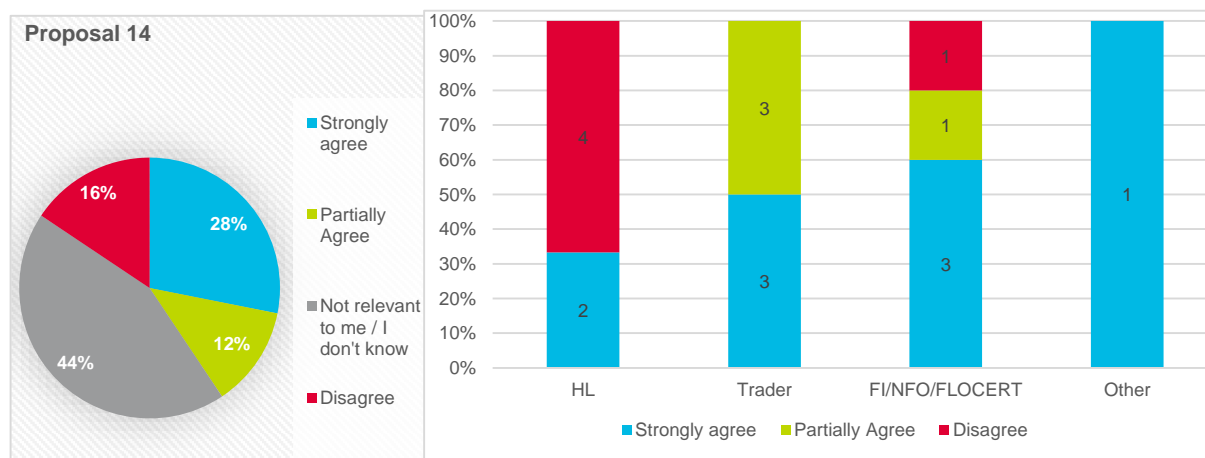
### Feedback from workshops in Africa region and Europe

No feedback was provided



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## Written feedback



Out of 32 respondents, 9 (28%) strongly agreed, 4 (12%) partially agreed, 5 (16%) disagreed and 14 (44%) found this topic not relevant to them. Those who agreed, added the following suggestions:

- upon FPC decision, to pass on a minimum amount to Fairtrade certified gardens produce of which has not been sold as Fairtrade (producer from India)
- ensure there is a clarity on structure of estates, their roles and what this means for audits and sampling (when it comes to research)
- should be based on decisions taken jointly by the Premium Committees
- ensure complete transparency over the whole process

Those who partially agreed, mentioned that distribution should be based on volumes / worker numbers or introduce a requirement that multi estates demonstrate how they have split funding.

Those who disagreed, mentioned that we should not be prescriptive on how the money is shared as long as it is agreed in the individual estate during the GA of workers. Others mentioned that current rules already work and no need to change.

## Topic 5. Development potential

### Introduction of topic and overall aim of the proposal:

The baseline conditions for organizations to benefit from Fairtrade and generate impact include such elements as management capacity, market perspectives, independence on traders/NGOs, labour conditions supporting social and economic development of the workers.

There is a need to promote the importance of effective implementation of Fairtrade Tea Standards through a better awareness among management on what Fairtrade means.

### The proposal aims at:

-promoting plantation's continuous improvement in meeting the Fairtrade Standards requirements, including the functioning of the Fairtrade Premium Committee (FPC).

There was one proposal made on this topic

**Proposal 15: To introduce a New Core/Year 0 requirement on a regular self-assessment of Fairtrade requirements implementation to increase awareness of the company on their areas for improvement before they join Fairtrade and promote their continuous improvement after certification is achieved.**

**NEW Self-assessment of management in implementing Fairtrade**

**Applies to:** Companies





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<b>Core</b>	The management regularly self- assesses its effectiveness in implementing Fairtrade and seeks external support in case the implementation of Fairtrade is not effective.
<b>Year 0</b>	The method, findings and recommendations of the self-assessment need to be documented and made available to the certification body.

**Guidance:** To determine the company's strengths and weaknesses in implementing Fairtrade, the management evaluates how successful the company has been in creating and ensuring the necessary formal and structural environment for efficient and effective work of the Fairtrade Premium Committee (FPC), the elected workers representatives and other forms of worker's representatives. Particular attention should be given to the participation of women in these groups. The management delegates responsible for carrying out tasks specified in Fairtrade Standards (e.g. Fairtrade Officer, Health and Safety Officer)

### Feedback from workshops in Asia (29 HL organizations)

#### Workers (40):

Overall participants strongly agreed with the proposed change.

#### Management (80):

Overall participants had divided opinions. Those who agreed mentioned that this requirement should be also complemented with self-assessment template, to avoid subjective understanding.

Some other participants mentioned that most of the estates, already have an existing systems of assessment for implementation of Fairtrade Standard. External support from Producer Network is seek at regular interval. Therefore, no further requirement is necessary.

The more there are number of committees, the less is the productivity of outcome.

- The committee should report only to the managers and not to the auditors
- For 1<sup>st</sup> year, PN to make preliminary survey beforehand so that producers have chance to rectify non-compliance
- train the existing committee members

Participants from Sri Lank disagreed with this change and mentioned that organizations deploy an Internal Compliance Manager/Officer to carry out similar tasks and no external interference is needed.

### Feedback from workshops in Africa (7 HL organizations)

#### Management (19):

Overall participants strongly agreed and suggested the following:

- Define regularity, the proposal is to make this as annual assessment
- Define the scope of "management"
- Topics / areas for assessment need to be clear
- Make clear that assessment is to cover the scope of the standard (e.g. full standard)
- guidelines on how to conduct self-assessments

#### Workers (24):

Participants had divided opinions. Those who disagreed mentioned that self-assessment report might not be a true reflection of company performance and that in general their organizations have its own business operations to cover this. Therefore, suggestion is not to change anything while allow producer network staff to continue their support on this.

However, those who agreed mentioned it would be a good idea because auditors are not visiting every year and that self-assessment will help management to understand their strength and weaknesses on implementing the Fairtrade standard, working conditions and environmental aspects.

### Feedback from workshops in Europe (trader organization)

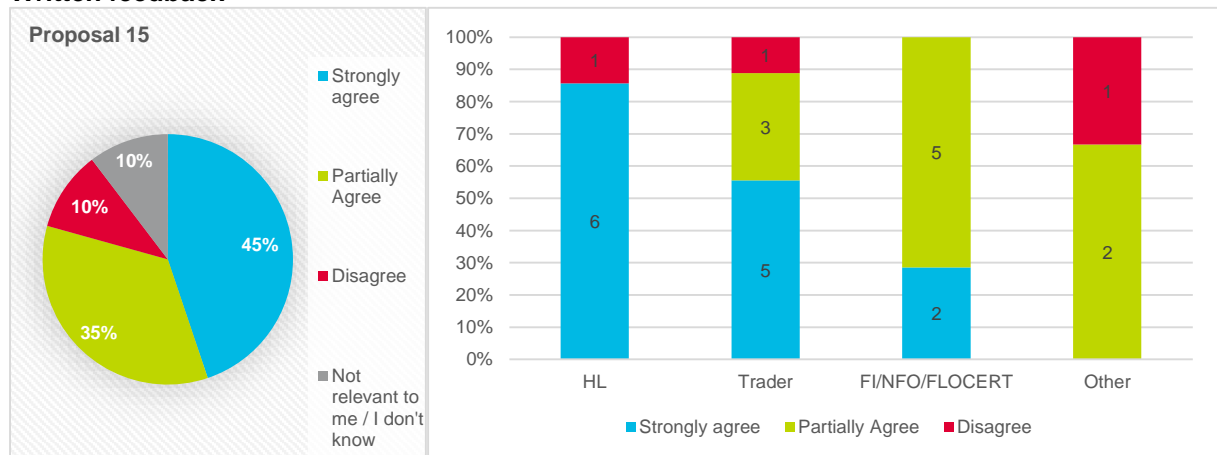
Participants mentioned that it's not completely clear here that workers' representatives are included in their self-assessment and recommendation is to make their involvement in self-assessment clearer.





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## Written feedback



Out of 29 respondents, 13(45%) strongly agreed, 10(35%) partially agreed, 3(10%) disagreed and 3 (10%) found this topic not relevant to them. Those who strongly agreed, mentioned this requirement would be an indication for management on how they are performing in Fairtrade management and which areas need to be improved.

Those who partially agreed, expressed concerns on effectiveness of estates in estimating themselves on standard implementation. Other stakeholder suggested to delegate implementation to plantation workers or FPC who would further need to have adequate training and sufficient work time for these tasks. Another stakeholder mentioned it is crucial to ensure that it is possible to assess the progress later on. It was also highlighted that it would be challenging to check compliance objectively, e.g. checking on (in)effectiveness. Another point is to define better the role of external support. Further, instead of the proposed change, it was suggested to require organizations to self-assess the impact of Fairtrade certification and use of Premium on workers' welfare, environment and trade and make this applicable on Year 1 or 3. The assessment should be as simple and straight forward as possible so not an admin burden.

Another stakeholder from Europe mentioned that seeking for 'external support' could be problematic and a burden for Producer Networks.

In addition, stakeholders mentioned the following:

- include in the requirement that FPC should also see the findings and give recommendations
- clarify how continuous improvement would be captured under the scope of this change
- requirement should read "the management delegates responsibility for..."
- clarify management categories who should do the self-assessment (managements from FPC / officers, e.g. safety/medical officer)
- Fairtrade to undertake training programs for internal auditors for the producers replace "implementing Fairtrade" with "complying with Fairtrade standards and aligning with Fairtrade's mission"
- ensure that any requirements here do not add significant workload or additional burden / audit requirements on management
- change "regularly" to "annually", in the same way that management reviews are carried out, e.g. bi-annually during the implementation and year 1 of certification where requirements are still new and being fully understood
- self-assessment to be an input to the Producer Network to customize their support work and deliverables
- Ensure trainings are not conducted by the staff of the companies

For self-assessment to include:

- check points on level of awareness on Fairtrade requirements / standards, e.g. awareness of: certification, entitlements of workers through Fairtrade, duties for plantation owners, larger

aims of Fairtrade (living wage), duty of plantation owners to secure as much premium as possible through Fairtrade sales

- Living wages
- relationship with management
- Where it is mentioned that 'management delegates responsible for carrying out tasks specified in Fairtrade Standards' should include a suggestion for inclusion of workers and their representatives and not limited to staff

Among those who disagreed, a stakeholder from a University in Europe expressed doubts that this change would bring intended results, because self-assessment would rather allow estates "act as if" instead of implementing the core ideas of Fairtrade, unless this would be required. Especially for hierarchical and post-colonial settings of estates, such change is not appropriate. It was further suggested that the status of implementation is checked by an independent body, not by the company itself and that there have to be possibilities for workers to complain about non-compliance.

## Topic 6: General Requirements and Commitment to Fairtrade

### 6.1 Compliance committee

#### Introduction of topic and overall aim of the proposal:

Workers are the main beneficiaries of Fairtrade in Hired Labour situations. Introducing the opportunity for workers to participate in verification of social requirements would be essential to involve workers in the Fairtrade system at company level, besides Premium management. To foster their empowerment and their ownership of Fairtrade certification, the proposal is to put in place a Compliance Committee to strengthen the implementation of the Fairtrade Standards and workers' empowerment.

#### The proposal aims at:

- Introducing a clause requiring compliance committee in place;
- Exploring what additional elements of regulation could be included for compliance committee.

There was one proposal made on this topic.

**Proposal 16: To introduce a New Core/Year 1 requirement to have a Compliance Committee in place and a new Core/Year 1 requirement defining the composition of the compliance committee.**

#### New Compliance Committee

<b>Core</b>	A Compliance Committee (CC) is created with the purpose of engaging the workers in the implementation of the requirements in this standard.
<b>Year 1</b>	<p>The tasks of the CC include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• twice a year, facilitating internal audits by meeting and consulting with workers to identify and prioritize areas of potential and actual non-conformance with the standard;</li> <li>• conducting annual risk assessments;</li> <li>• reporting on internal audits and risk assessments to senior management for internal audit policies and procedures;</li> <li>• disseminating internal audit results and results of the risk assessments to workers through written communication and at an annual general (GA) assembly of workers;</li> <li>• supporting workers in understanding the grievance procedure and using it when necessary. Anonymity is necessary when supporting workers with the grievance procedure;</li> <li>• recommending and prioritizing actions with time lines to senior management to address these risks.</li> </ul> <p>The areas for compliance assessment must include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Housing and sanitation</li> <li>• Occupational health and safety</li> <li>• Child care and position of women</li> </ul>

**Guidance:** The Compliance Committee tasks may be undertaken by already established committees present in the workplace. Input from workers can be collected through meetings or in written form.

#### **New Compliance Committee composition**

<b>Core</b>	The Compliance Committee is formed at estate level and consists of at least 4 and no more than 6 worker members that are freely elected.
<b>Year 1</b>	<p>Worker members shall be democratically elected in a general assembly of workers.</p> <p>The composition of the CC reflects the composition of the workforce, taking into account gender as well as type of work and rank. At least 50% of members are women.</p> <p>Where a single trade union is present at the estate, they appoint 2 additional members one of which should be a woman.</p> <p>A current list of CC members is posted and accessible to all workers in the workplace.</p>
<p><b>Guidance:</b> Where more than one trade union is present, they may each appoint one additional member besides the freely elected worker members, whilst maintaining the gender balance of the committee.</p>	

#### **Feedback from workshops in Asia (29 HL organizations)**

##### **Workers (57):**

Participants had divided opinions. Participants from Tamil Nadu strongly agreed to have compliance committee in place but without trade union representatives. It was also mentioned to ensure trainings are provided by producer network. Those who did not fully agree, mentioned that they have already advisory committee for this purpose. Others listed existing committees:

- Health and Safety Committee to cover issue of H & S.
- Existing Groups, i.e. Mother's Club, Women Cell - could cover the area of 'Child Care and position of women'.
- Housing & Sanitation – could be extended as a responsibility for FPC

Those who disagreed, mention that with current structure and existing committees, it would not be possible to find members for new committees because the existing work force in the estate not enough to perform even day to date agricultural work. And if only two trade union' members are allowed, there can be unrest situation in places where more trade unions are in function.

##### **Management (67):**

Participants had divided opinions and mostly disagreed, stating that currently there are already number of existing committees. Further they mentioned that:

- Capacity building would be an issue, and language barrier
- 50% to 50% proportion is hard to achieve because mostly workers are women
- There are about 60-70% of permanent workers (South India)
- Formation of compliance committee will increase the documentation requirements, as well as decrease the productivity if more number of workers will engage into this.
- May lead to internal conflict among the committees

#### **Feedback from workshops in Africa (7 HL organizations)**

##### **Management (19):**

Participants from Malawi, Kenya and Rwanda overall disagreed and stated this task to be done by sub-committee of FPC, or indicated topics could be done by the existing supervisory committee, which would then report to management.

While participants from Tanzania strongly agreed mentioning that this would be good to have to ensure compliance with the standard and that meetings of this committee should be once or twice a year.

##### **Workers (29):**

Participants strongly disagreed with the proposal to establish the Compliance Committee, because this would be a duplication of work and will undermine the role of Fairtrade Officer and other Fairtrade Committees. Thus the suggestion is to empower already existing committees.

### Feedback from workshops in Europe (9 organizations, 12 participants)

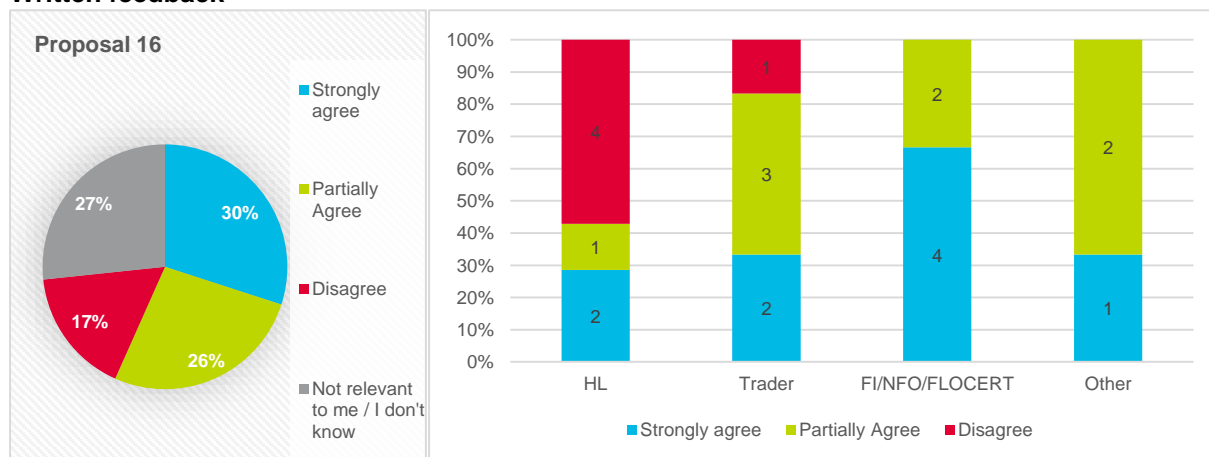
Participants suggested the following:

- FPC to take this role and keep Trade Union representatives in as proposed.
- Make more emphasize on freedom of access
- Define who will be responsible for training / on-going guidance and frequency of trainings and meetings
- if these committees are not done well they can be part of the problem, displace other freedom of association organizations/bodies and can be used by management to cover up bad practices

Therefore, suggestion is to ensure:

- Workers' protection in participation – protection from retribution from speaking out
- Compensation – workers giving up time and therefore opportunity for earnings
- Effective grievance procedures to be in place – if workers raise issues they need to see action as a result or they will lose faith and committees become tokenistic
- Robust training (for workers and management) – there will be an initial knowledge gap so need to ensure this isn't exploited.
- Size of committee needs to be proportional to size of estate. This could be a tiered system or percentage.
- Committee should be representative (%) of estate composition (e.g. % women, roles, gardens/locations). Composition needs to be much clearer.
- To carry out a pilot (on a couple of estates in Assam) to test the approach and learn and adapt. To design a pilot for worker CC it was suggested to check work of Mark Anner "Monitoring Workers' Rights: The Limits of Voluntary Social Compliance Initiatives in Labor Repressive Regimes", Global Policy 53/8 (2017); Mark Anner, "CSR Participation Committees, Wildcat Strikes and the Sourcing Squeeze in Global Supply Chains", British Journal of Industrial Relations 56/1 (2017), pp. 75-98.

### Written feedback



Out of 30 respondents, 9 (30%) strongly agreed, 8 (26%) partially agreed and 5 (17%) disagreed 8(27%) found this topic not relevant to them.

Those who strongly agreed, mentioned that whether time allocated to this is considered as work time or not is a critical factor as often the time - may be a limiting factor for participation. Training of compliance committee is essential and could be added as one of the aspects that PN must roll out right in the beginning and that training modules for compliance committee should be developed by FI in consultation with PNs.



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Those who partially agreed, mentioned that there is no need to have another committee and FPC in place should be given this additional responsibility.

While other stakeholder agreed with this change and stated that number of representatives seems a bit low given the fact that many estates in India have several hundreds of employees and suggested to consider introducing a rule that one representatives of each working group (consisting of 15 to 30 persons) should be send to the committee, ensuring larger participation and meetings to be held every six months. It was highlighted that there should be separate trainings for management and workers on their Fairtrade, rights, entitlements etc. Further suggestions are:

- not make the company responsible for the "fair and democratic elections" but rather the FPC or Fairtrade to avoid influence of plantation management on FPC.
- Do not be too prescriptive, and state that it should have majority of workers and should have equal participation of woman workers and Labour Unions/Worker representatives shall form part of the committee.
- Require terms of reference

Among those who disagreed, producers mentioned that these responsibilities can be distributed among the existing committees/ workers' committee / internal control committees. Otherwise, the structure should be in place to build an effective team and a respective PN should be made responsible for this. Overall it was noted that a proper training/guidance needed.

## 6.2 Social development

### Introduction of topic and overall aim of the proposal:

Requirement 2.2.4 in the existing HL Standard focuses on training the representatives of the trade union/elected worker representatives on labour legislation and negotiation skills. This requirement is currently a development requirement, applying from Year 3, and does not include clarity or guidance on how the quality of the training.

### Proposal aims at:

-Strengthening the requirement on training of trade union/elected worker representatives and clarifying the clause to ensure the training quality.

There was 1 proposal

**Proposal 17: To strengthen requirement on training for trade union / elected worker representatives, moving from Dev/ Year 3 to Core/Year 3 and modifying the guidance to state these trainings should be provided by labour rights organizations or experts.**

### Training trade union/elected worker representatives

<b>Dev Core</b>	Trade union/elected worker representatives are <b>trained</b> on labour legislation and negotiation skills.
	Training <b>takes place</b> during working hours and on an annual basis.
<b>Year 3</b>	Your company <b>records</b> all training activities. Records <b>include</b> information on topics, time, duration, names of attendees and trainers.
<b>Guidance:</b> Training for workers is essential in order to achieve empowerment. Training can be provided by trade unions, <b>labour rights organisations or labour rights experts selected by the Producer Network. These trainings can not be conducted by the employers of the plantation.</b> Fairtrade International or other relevant external organizations.	

### Feedback from workshops in Asia (29 HL)

#### Workers (34):

Participants consented with the proposed change and mentioned that workers are aware of existing legislation terms and know how to reach out to representatives of Trade Union.

#### Management (53):

Participants disagreed with the proposed change, questioning why such trainings are necessary, because workers are aware of their rights and duties. They further recommended that such trainings might create conflict with the present trade unions.

Suggestion is that a respective PN to take the responsibility for carrying out these trainings, and before any intervention, the PN should take the contingency from the existing trade unions. It was also mentioned that if trade union conducts the training, records cannot be kept by management.

### Feedback from workshops in Africa (4 HL organizations)

Participants had divided opinions

#### Management (12):

Participants from Malawi disagreed with the proposed change, stating that the guidance doesn't clearly say who is responsible for these trainings and if responsibility of the producer organization to simply allow such trainings to take place.

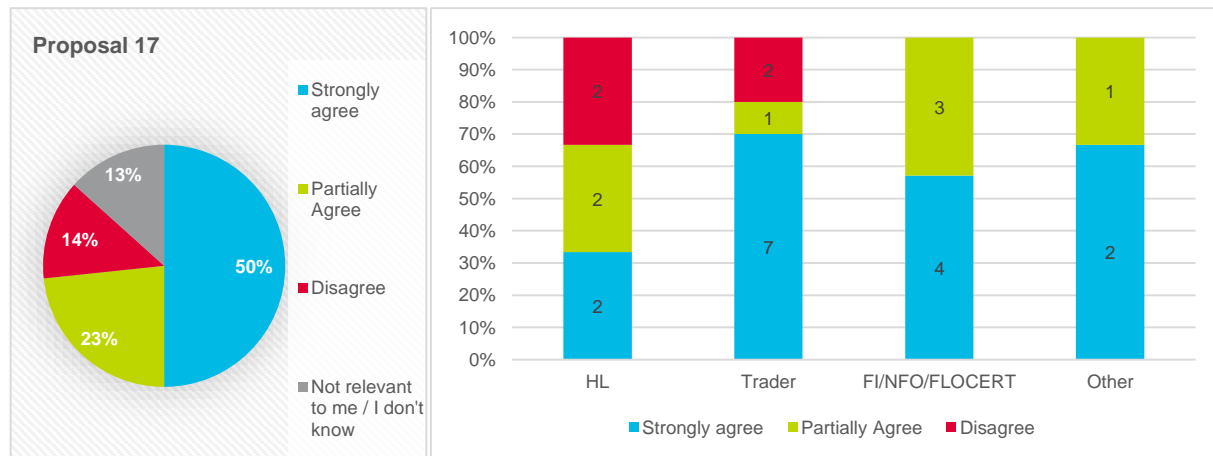
Participants from Tanzania strongly agreed with proposed change and mention training for workers representatives is very important and this can be done with their zonal or national union employees.

#### Workers (24):

Participants strongly agreed and mentioned that the clause that specifically bars the employers from training the workers on labour issues is really important.

There was no feedback from workshops in Europe.

### Written feedback



Out of 30 respondents, 15 (50%) strongly agreed, 7 (23%) partially agreed and 4 (14%) disagreed. 4 (13%) found this topic not relevant to them.

Those who **strongly agreed**, mentioned that this would empower Trade Union representatives and give them capacity to represent workers well. Further suggestion is to ensure there is an emphasis on worker representatives and less on trade unions and that appropriate training and support is crucial.

Those who **partially agreed**, mentioned that in the places where Trade Unions are active, this change will not have any impact, therefore, along with suggestions below it has to be further strengthened:

- Fairtrade International to recommend or survey the suggested organizations carrying out trainings. Furthermore, this requirement could apply at earlier timeline.
- Working with local organizations must be recommended and prioritized.
- Ideally to be applicable at Year 0, to ensure support and empowerment of worker representatives.



Among those who disagreed, a producer from India mentioned that educating workers of their rights is responsibility of trade unions and how trade unions will do this can not be controlled by management.

## Topic 7: Trade. Requirements applicable to traders sourcing from SPO and HL estates.

### 7.1 B2B transparency

#### Introduction of topic and overall aim of the proposal:

Companies buying Fairtrade Tea should be informed whether the tea comes from Fairtrade producers as physically traceable or segregated product, or whether an equivalent Fairtrade volume was purchased from Fairtrade producers applying mass balance rules. This requirement is in Trader Standard and currently applies to all cocoa and sugar producers and traders (requirement 2.1.13). Since mass balance rule applies also to tea, it is necessary to align and harmonize Trader Standard by adding tea in the scope of the requirement and by introducing similar requirements in Tea SPO and Tea HL standards.

#### The proposal aims at:

- Aligning the 2.1.13 requirement on B2B transparency in the Trader Standard and introduce the requirements in Tea SPO and Tea HL standards.

There was one proposal for change on this topic.

**Proposal 18: Add in the Trader Standard requirement 2.1.13 tea as a product in the scope of the requirement.**

#### NEW 2018 B2B transparency on traceability model

**Applies to:** all cocoa, ~~and~~ sugar, ~~and~~ tea producers and traders

<b>Core</b>	Whenever you sell cocoa, <del>tea</del> or sugar products as Fairtrade, you indicate in your sales documentation whether the product is segregated (physically traceable) or traded under mass balance.
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**Guidance:** Sales documentation in this context could be either the contract, the invoice or delivery docket. Please note that the rules regarding Business to Consumer communication are not covered in this requirement, but are included in the Guidelines for the Use of the Mark.

**No feedback was collected during workshops.**

#### Written feedback

All feedback was collected in the format of an open comment or suggestion.

Overall participants consented with the proposed change and suggested to also add 'fruit juice' as a product.

No feedback was collected during workshops.



## 7.2 Retro-certification

### Introduction of topic and overall aim of the proposal:

Retroactive certification (also known as retro-certification) takes place when a buyer has bought product from a certified producer or conveyor under ordinary conditions (non-certified), and want to convert it into a certified product at a later stage. The Tea standards (HL and SPO) require traders to formally notify Fairtrade/FLOCERT about the intention to retro-certify a certain volume of Tea. This intention is formalized in the Tea Retro-Advice note, which ensures that the Fairtrade certified producer is notified in writing of the retro agreement (with expected payment timelines, the volume, the Fairtrade Premium amount due, the Fairtrade Price adjustment (where applicable if original price paid is below applicable Fairtrade Minimum Price) and a justification for retro-certifying).

Buyers receive permission to retro-certify as Fairtrade a certain % of the total volume that they bought from a Fairtrade producer. For African teas, up to 30% of original volume purchased may be retrospectively declared as Fairtrade and up to 3 months after the month of the original purchase invoice. For Orthodox and non-African CTC teas, buyers may retro-certify up to 100% of volume purchased on the original invoice from a given Fairtrade certified producer and up to 6 months after the month of original purchase invoice.

The intention is that retro-certification does not become common practice. It may add challenges for producer organizations to plan ahead (Premium usage, business investment and development) but it also allows some flexibility in trading.

In some cases trader may opt not to sell the tea as a Fairtrade certified, even after receiving the approval. This may increase risks when traders are not ready to pay the FP and FMP differential (if applicable), and consequently enhances the above mentioned challenge for producer organizations.

### The proposal aims at:

- strengthening the requirement on retro-certification, through addition of a clause that regulates systematic purchase of retro-certified volumes.

There was 1 proposal for change consulted on this topic.

### Proposal 19: To introduce a requirement on regulating FP and FMP payment for volumes bought as retro-certified

#### NEW Retro-certification

<b>Applies to:</b> traders	
Core	Prior to retro-certifying tea, you have completed the payment of Fairtrade Premium and FMP and any price adjustments for the previous volume purchased as Fairtrade retro-certified and the receipt of the same has been confirmed by the producers.

### Feedback from workshops in Asia (11 HL organizations)

#### Management (18):

Participants disagreed with proposal and suggest that instead of this change, to introduce a change requiring trader to send notification to producer in advance, before transferring the Premium.

### Feedback from workshops in Africa (2 HL organizations)

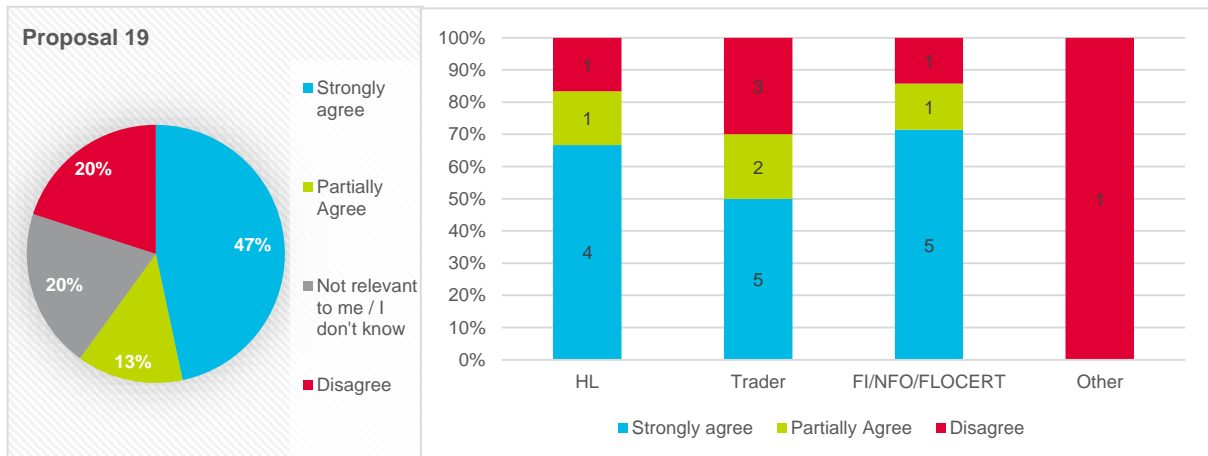
#### Management (6):

Participants disagreed with proposed change and mentioned that traders should buy 100% as Fairtrade.

There was no feedback on this topic from workshops in Europe.



## Written feedback



Out of 30 respondents, 14 (47%) strongly agreed, 4 (13%) partially agreed and 6(20%) disagreed 6(20%) found this topic not relevant to them. Those who strongly agreed, mentioned that it would reduce the risk to producers on premium planning and ensure transparency in the trade chain.

Those who partially agreed had divided opinion about the proposed change. A producer from India mentioned it would be better to rather move away from retro-certification because this makes more complex the premium accounting and moving away may potentially increase sales of Fairtrade tea volumes. While another stakeholder mentioned to keep retro-certification but to harmonize it in terms of its applicability to all made teas (i.e. eliminate difference between Africa teas and Orthodox & non-African CTC teas). One other mentioned retro-certification should really be under exceptional circumstance, such as – new sales opportunity at a short notice and where later payment should be in agreement with FLOCERT.

Those who disagreed, mentioned that retro-certification undermines the Fairtrade principle to establish long lasting and sustainable trading relations and hence it should be abolished.

However, all traders in Europe had a different opinion. Such that, retro-certification is necessary and reasonable without having fulfilled an earlier retro-certification transaction. At present some traders are discouraged from using this facility because it is overly onerous and restrictive and this proposal would make this worse, for those who are doing retro-certification it could decrease more than 10-20% of Fairtrade volumes and would be a great factor of uncertainty as suppliers could drop out.

It is well understood that retro-certification is not supposed to be the goal, however market does not allow to operate differently. Harvest seasons and quality of tea highly depending on weather conditions, while orders and contract agreements with all parties are not made according to harvest seasons, but follow different timings. In the supply chain, the final decision makers are not traders but retail shops that enlist brands and traders have to ensure that components match specific quality benchmarks and price expectations. Thus retro-certification allows to operate under these conditions and it can be up to 5 to 10 lots retro-certified at the same time.

### Suggestions:

- to introduce an individual punishment rather than punish everyone
- ensure more flexibility on retro-certification for trading and blending parties through quicker response and more support by Fairtrade, which would allow introducing potential Fairtrade products despite the harvesting seasons.
- Retro-certification to be as a proactive tool to help promote sales more easily, perhaps lodged by a portal to ensure the current controls are in place.

## Topic 8: General comments/ feedback on the Tea HL standard review

- Producers mentioned that such consultations have to be carried out through physical meetings in the presence of FLOCERT representatives.
- Most of the topics apply to producers of other products and it would have been prudent to have these in the generic HL standard rather than having them only in Tea HL standard.
- Consultations must be based on law of the land and local conditions.
- On the issue with sub-contracting labour (seasonal work) at tea HL estates in Kenya. As per requirement 3.5.22, producers can not subcontract labour on a large scale, which is in fact the only realistic way for tea business in Kenya to survive
  - The suggestion is to allow up to a certain percentage of workers (e.g. 50%) to be outsourced/sub-contracted, with stricter measures in place than there are currently, to safeguard the position of such workers.

Respondents from Europe mentioned the following points:

- Training intensity of FPCs has to be increased to at least 4 times a year in order to build capacity, knowledge and awareness amongst the workers.
- Duplication of consultations because proposal for changes very often comply to HL standards in general, not only in tea.
- Strengthen requirements / align in compliance criteria to ensure a proper check on how wages are implemented. This is to avoid cases with a task based wage, where the task may take 2-3 days to be completed and only once the task has been completed the day wage rate has been applicable. This practice leads to the fact that workers are struggling for a permanent contract even after decades of employment in the estate, and fall out of scope for PLA entitlements and Fairtrade benefits.
- Consider reducing /rewording guidance sections as many of them are very long.

Participants in workshops:

### Workshops in Europe:

- For Fairtrade to work in collaboration with other actors to tackle the most pressing issues/ challenges in the sector (e.g. oversupply, trading mechanisms, lack of transparency, cast/gender divisions, housing, education, health. etc.)
- Strengthen requirements around contractors (e.g. recruitment and labour providers) and appropriate national/state laws should be taken into consideration
- Ensure standard requires companies to train their workers on their fundamental rights

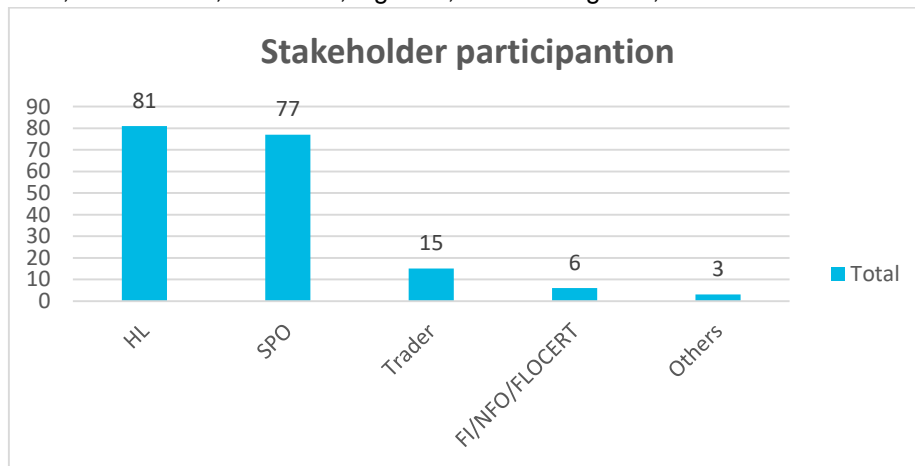
### Feedback from producers:

- more trainings for management teams, to ensure there is no gap between auditors and management understanding on key issues.
  - PNs to carry out training of management at least once a year
- improved guidelines for use of Fairtrade Premium
- clear guideline on FPC TOR
- better alignment between auditors (ToR accepted in one audit and not accepted in other audit)
- intending to train or guide TUs (in India) would be taken as interference from the management, leading to adverse outcome.
- provision of using percentage of FP on certification fees.
- FLOCERT compliance criteria to be simplified
- auditors should have understanding on the customary practices of local context.
- during unannounced interview with non-workers or school leavers in some instances should not be acceptable, thus more guidance for this meeting is needed and auditor should consult with FPC workers after this kind of interviews.

## Section C: Pricing review

The quantitative and qualitative analysis presented in the following section is the aggregation of an online survey, feedback submitted via emails as well as inputs collected during a Fairtrade Tea workshop. For workshop feedback the number of participants is recorded instead of the number of the organisations (HL/SPO) participants represented.

In total, there were 182 valid responses: 142 collected during the workshop, 31 submitted via an online survey and 7 respondents sending feedback via email. The respondents are composed of 81 HL, 77 SPOs, 15 traders, 6 Fairtrade system and 3 others including researchers, civil society and another certification scheme. Respondents came from the following countries: Austria, China, Germany, India (Assam, Darjeeling, Nilgiri, Kerala, Tamil Nadu), Italia, Kenya, Rwanda, Malawi, the Netherlands, South Africa, Sri Lanka, Switzerland, Tanzania, Uganda, United Kingdom, the United States and Vietnam.



### 9.1. Fairtrade Tea Prices and product classification

#### 9.1.1 Orthodox fannings and dust

##### Question 5

**Would you be in favour to differentiate FMP for Orthodox fannings and dust from CTC (all grades)?**

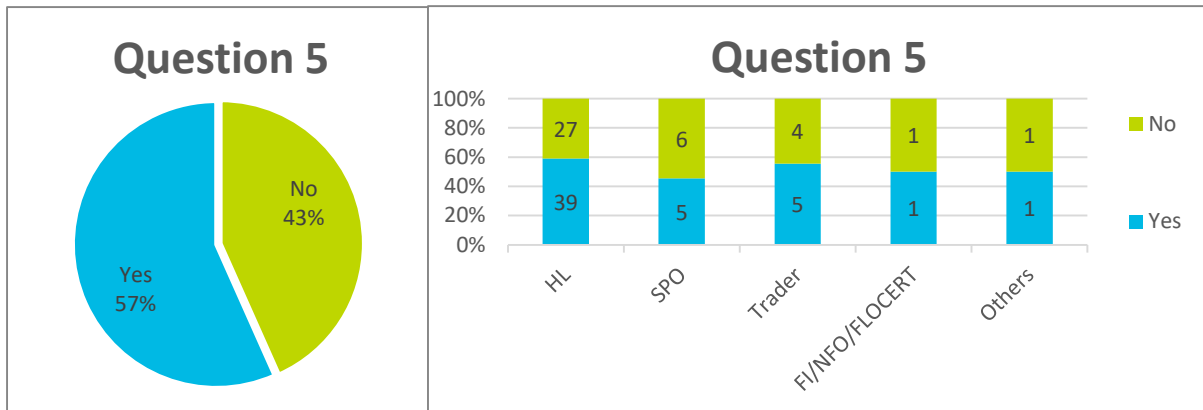
☐ Yes, (go to Question 6)

☐ No, (go to Question 7)

Please, explain your rationale. [Click here to enter text](#)



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90 participants responded to question 5. 51 (57%) were in favour of the proposal with 39 (43%) not in favour. Among producer responses there were 27 HL (22 Sri Lanka, 4 South India and 1 North India) and 6 SPOs (5 Sri Lanka, 1 Malawi). The HL (22) and SPOs (5) from Sri Lanka, were the majority of producers who disagreed with the proposal. This group advised the current CTC price structure/categorisation group should be maintained, but with increased values, with the FP increased to 0.75 USD/KG. In general, the responses were split within stakeholder groups.

The rationales are the following:

**Yes: 57%**

- Cost of production for Orthodox is higher than CTC teas.
- Orthodox fanning and dust are different products than CTC in terms of quality, also it requires more effort in processing.
- Differentiating prices can reflect the actual COSP per production method.
- The FP should increase from 0.5 USD/KG to 0.75 USD/KG.

**No: 43%**

- Difficult to calculate the price separately.
- This will incentivise shifting to more mechanised CTC production which could eliminate the livelihoods for thousands of workers without transferring the skill sets.
- Price should be harmonised as much as possible based on COSP.
- It is not always true that orthodox fanning/dust has a higher quality than CTC teas. Different values/qualities should not be recognised just because of method of production for these grades. It depends on the origin and type of blend tea is intended for, according to UK traders.

Additional comments:

- Commercial price should not be used as reference.
- Agree but only applying to Orthodox fanning grade (not dust)
- Green tea should be included.
- FP for Orthodox leaf grades should increase from 1.1 USD/KG to 1.5 USD/KG.
- Quality should not be the reason to differentiate the value of FP; FP should stay the same.
- Market information (such as prices and demand) should be shared with producers.

**Question 1**

**Would you agree having the same FMP and FP for orthodox fannings and dust than for orthodox broken and whole leafs (Commercial Prices + Fix Premium)?**

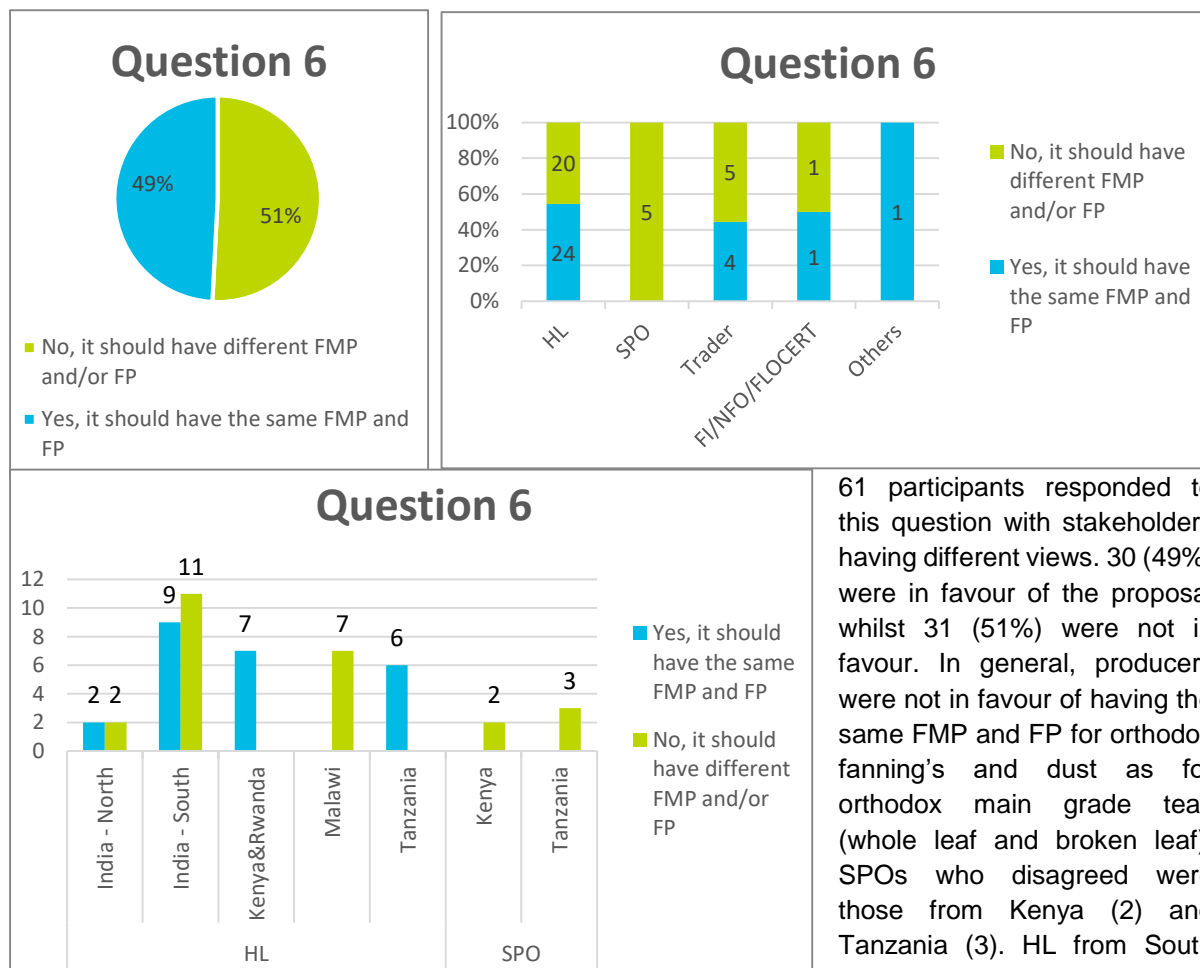
☐ Yes, it should have the same FMP and FP



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☐ No, it should have different FMP and/or FP

Please, explain your rationale. [Click here to enter text](#)



61 participants responded to this question with stakeholders having different views. 30 (49%) were in favour of the proposal whilst 31 (51%) were not in favour. In general, producers were not in favour of having the same FMP and FP for orthodox fanning's and dust as for orthodox main grade teas (whole leaf and broken leaf). SPOs who disagreed were those from Kenya (2) and Tanzania (3). HL from South and North India had split views

on this topic (North India 2 vs 2, South India 9 vs 11) whilst all Malawi HL (7) disagreed to this proposal. Five traders (56%) who disagreed were from Germany, Netherlands, Vietnam and United Kingdom. In general, the stakeholders' responses were split.

The rationales are the following:

#### Yes: 49%

- Because it does not commend a high market price in comparison to Orthodox whole leaf and broken leaf (but at the same time its COSP is higher due to additional grading processing involved).
- In general, Orthodox teas are more expensive to produce than CTC teas.

In agreement with additional comments:

- Other pricing proposals were mentioned: commercial price + FP 0.5 USD/KG, FP should be set as a percentage of the commercial price.
- Due to different grades/quality, FMP should be different, but FP could be the same.
- FMP should be revised based on COSP, but FP should remain the same.

#### No: 51%



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- It should not be the same as for Orthodox main grade (broken and whole leaf), which are considered higher quality. The FP should be defined separately.
- Different production methods have different costs.
- Orthodox whole leaf and broken leaf normally receive higher market prices.
- The FMPs and FPs for different orthodox qualities should be proportionate to the value of the tea, therefore the current approach is valid.

Additional comments:

- One respondent mentioned any changes, depend on the outcome and goal, Fairtrade aims to achieve.
- Orthodox and CTC teas are processed from the same leaf so thus should have a similar COSP. However Commercial prices differ according to supply and demand and therefore do not always reflect actual COSP.
- FP for Orthodox leafy grade should increase from USD 1.10 to USD 1.50.

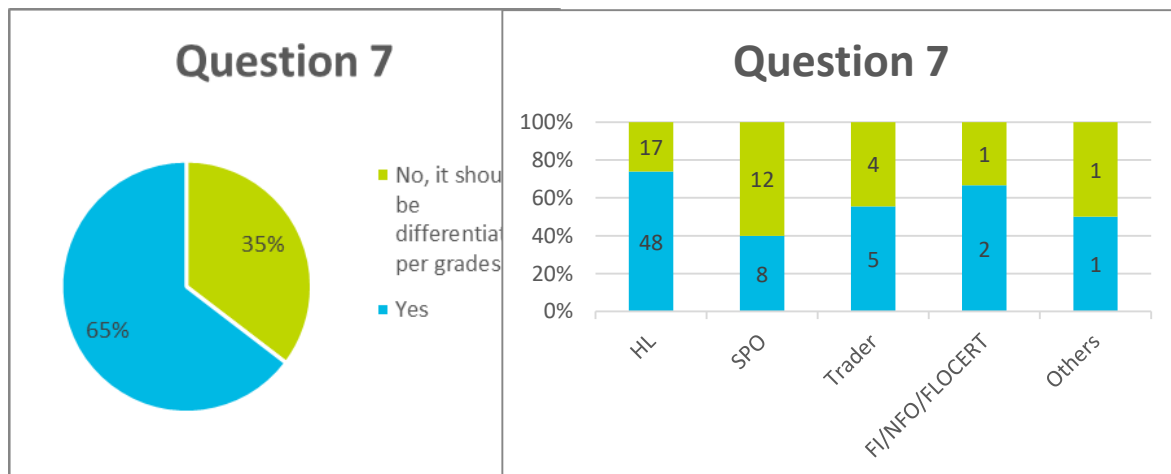
### 9.1.2 CTC grades

#### Question 2

**Are you in favour of keeping the same FMP and FP for all CTC tea grades (broken, fanning's, dust)?**

- ☐ Yes (go to Question 9)
- ☐ No, it should be differentiated per grades (go to Question 8)

Please, explain your rationale [Click here to enter text](#)



99 participants responded to this question. The majority (65% or 64 stakeholders) were in favour of the proposal while 35 (35%) were not in favour. 48 (73%) of HL are in favour of having the same FMP and FP for all CTC grades whereas SPOs showed less support (8 SPOs or 40% were in favour). SPOs (12) who disagreed were from Tanzania and Uganda. Five traders were in favour, with 4 against the proposal.

The rationale given was as follows:

#### Yes: 65%

- The current model is working well.
- COSP is the same for all CTC teas.
- Price should be based on COSP rather than quality.

- Having the same price is simpler for price calculation as well as for auditing.

In agreement with comments:

- FP should increase to 0.75 USD/KG (from current 0.50 USD/KG)
- The current prices for CTC all grades are average prices, aggregated from broken and fanning's which are comparatively superior to dust. Additionally, the volume of Fanning and Dust is always more than broken per production.

**No: 35%**

- FMP should not be the same, but FP should be the same, said by a researcher.
- Pekoe Dust (PD) is of higher quality and sells more than Pekoe Fanning's (PF). As such, PD need to have a higher FMP/FP.
- Price should be set according to grades/quality. Production volumes also influence the price.
- All grades should have different prices and FP due to the differences in demand.
- In Uganda, the market price for dust is higher than broken grade and COSP for dust is slightly higher than broken grade, as dust requires extra re-working when compared to broken grades.
- When the market is low, FMP is a barrier to selling secondary grades on Fairtrade terms. Having a proportionate approach may increase the selling options of secondary grades on Fairtrade terms that may otherwise be sold off even cheaper into the domestic market etc.

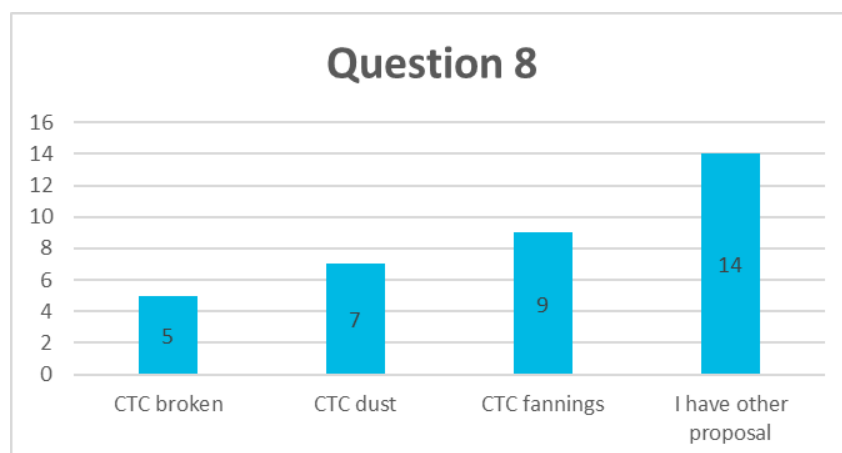
Additional comments: Quality difference is always an issue in Fairtrade product categories. A broader general discussion in Fairtrade is needed to deal with quality difference within one product when setting prices, is mentioned by one NFO.

### Question 3

**Which black CTC tea grades should be considered as lower grades, and have a different pricing model?**

- ☐ CTC broken
- ☐ CTC fannings
- ☐ CTC dust
- ☐ I have other proposal, please describe below.

Please, explain your rationale. [Click here to enter text](#)



31 stakeholders responded to question 8. With 17 responding to the options listed and 14 providing alternative proposals.

The following rationales were given for the various options:



CTC broken:

No comments received.

CTC fanning's:

- considered as a lower grade and commands lower market price, said by SPOs in workshop in Uganda.
- based on the current sales price, it has a lower market price.

CTC dust:

- it is obviously a lower grade.
- based on the current sales price, it has a low market price.

Other proposals:

- All grades are good for specific requirements and have a specific market, so prices should not be set based on quality alone.
- Price model should be equal for all grades.
- No grade should be considered as lower quality, as they are products from same batch/process.
- CTC broken, CTC fanning's and CTC dust should be considered main grades and the second grade of these products should be considered as lower grades.
- Grading can vary from origin to origin and the above options given are too broad and therefore the categorisation given in this document should be better defined to establish what constitutes a primary grade vs a secondary grade. E.g. P.D is a primary grade, whereas D2 is a clear secondary grade.
- Grading is not standardised and is at the behest of the producers and the buyers. This leads to concerns over the potential for abuse of different pricing, so Fairtrade would need to carefully consider how this would be monitored. A sliding scale or % of tea price model might be used to set FP was proposed by one UK trader.

Likewise, during the workshop in Kenya, producers mentioned that fanning's has both primary and secondary grades, such as fanning's 1 and fanning's 2, and the same applies to dust. The primary grade should include broken and fannings 1 and dust 1 whereas secondary grade should include fannings 2 and dust.

#### 9.1.3 Fairtrade prices for green leaf tea

##### Question 4

**Are you in favour of introducing a FMP and FP for green leaf tea?**

☐ Yes (go to Question 10)

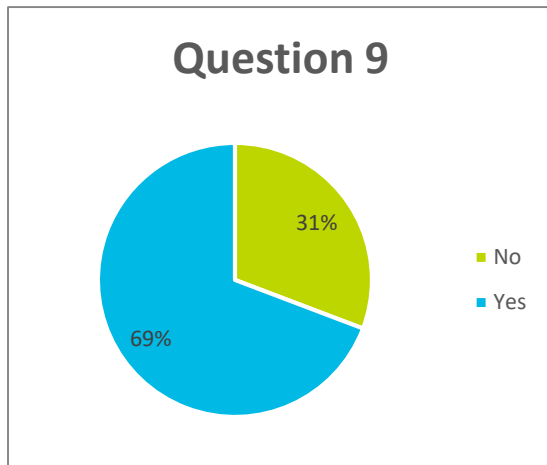
☐ No (go to Question 12)

Please, explain your rationale. [Click here to enter text](#)





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In total, 78 stakeholders responded to question 9. The quantitative analysis only takes into account SPO responses as this topic is primarily a concern for SPO. However, qualitative feedback provided by both SPO and HL is presented below. In general, nearly 70% of stakeholders were in favour of setting FMP/FP for green leaf tea. Nevertheless, both HL (22) and SPOs (5) from Sri Lanka expressed their disagreement to this proposal during the workshop whereas SPOs from North India (16), South India (4), Malawi (6) and Tanzania (3) were supportive of the proposal. 3 out of 6 traders who responded were in favour of setting prices for green leaf tea.

The rationales given are as follows:

**Yes: 69% (SPO only responses)**

- Acts as a safety net in case of sudden market price decline and/or fluctuations of auction prices.
- It will act as a protection, in case the price set by Tea Association of Malawi does not cover cost of production, said by SPOs in Malawi workshop.
- Farmers selling green leaf tea are depended on their buyers, which are tea processing companies. If the made tea at the end is sold as Fairtrade, farmers should also benefit from it.
- To protect farmers/SPOs who do not have capacity to process their own tea.
- Green tea prices will increase transparency and regulate monopolistic between tea factories and small tea growers.
- Referencing to commercial price is better than a fixed price due to quality variance of green leaf, commercial price can also quickly reflect the market realities, mentioned by HL from Kenya and Rwanda in the workshop.

**No: 31% (SPO only responses)**

- Fairtrade prices should be based on the sale price of made tea but not green leaf tea, since commercial prices are based on made tea.
- Fairtrade has relative a small market share. It is unlikely that the market will pay FMP/FP, on Green leaf tea, said by HL in Malawi workshop.
- Tea industry varies greatly, some SPOs sell green leaf tea and some are responsible for the whole supply chain up to marketing. Therefore, it is better to set FMP on made tea rather than green leaf tea.
- Auction sales are unpredictable, a comment from workshop in Kenya.
- The quality of green leaf received should be reflected.

**Additional comments:**

SPOs from Malawi mentioned that setting Fairtrade prices for green leaf tea might create problems since not all Tea estates are Fairtrade certified. Shall FMP be higher than the price set by the Tea Association, it will bring conflicts to the tea sector. Some other also mentioned that Fairtrade Premium should also reflect the grading. Alternative suggestion was recorded regarding FP transparency to SPOs on the price/quality the trader is selling the tea further in the supply chain.

Tea leaves are sold on a daily and at this stage it is not known if the made tea from these may be sold as Fairtrade, therefore conditions on eligible sale should be added to the standard. Payment of FMP/FP is not practical to take place on a daily basis when the green leaves are sold, said by FLOCERT.

### Question 5

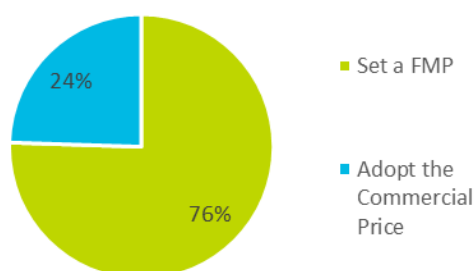
**Do you think Fairtrade should set specific FMP or adopt commercial prices for green leaf tea?**

☐ Adopt the Commercial Price

☐ Set a FMP

Please, explain your rationale. [Click here to enter text](#)

### Question 10



49 stakeholders responded to question 10. 12 (24%) were in favour of adopting a commercial price for green leaf tea whereas 37 (76%) were in favour of setting a FMP for green leaf tea. The majority of the SPOs were in favour of setting a FMP whilst a small subset of SPOs (8) from Kenya and Rwanda were in favour of adopting commercial price. The opinion from traders was split, 3 were supportive of adopting the commercial price while the other 3 were in favour of setting a FMP.

The rationales are the following:

#### Adopt the Commercial Price: 24%

- Commercial price will be determined by local market dynamics as well as the quality of green leaves and is considered as most appropriate benchmark.
- Likelihood of getting better prices.

#### Set a FMP: 76%

- In line with the made teas where FMP are set.
- The FMP should be set higher than commercial price.
- It is an USP of Fairtrade.
- Therefore, we should have FMP wherever possible and use it as a safety net
- When setting the FMP, Fairtrade should collaborate with Tea Association of Malawi and also takes into consideration of COSP.
- FMP ensures the price go directly to the farmers.
- Having FMP, it will allow better planning for producers.

#### Additional comments:

Workshop participants expressed that the FMP should cover their cost of production, whether it is based on commercial prices or a fixed FMP. It was mentioned that quality of green leaf tea should be considered when setting FMP, such as fine / tender plucking requires more labour costs and this tea then goes into orthodox processing. As an example of processing requirement, it was explained that 'three leaves and a bud' should be 75% of total volume of tea for Orthodox processing.

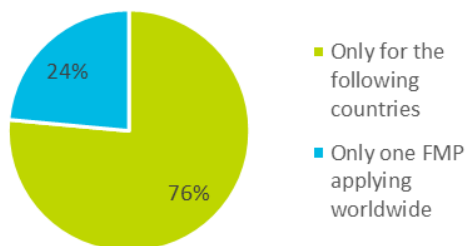
#### Question 6

Please, indicate the geographical scope of the prices that should be adopted for green leaf tea?

- ☐ Only one FMP applying worldwide.
- ☐ Only for the following countries: *Click here to enter text*

Please, explain your rationale *Click here to enter text*

#### Question 11



68 stakeholders responded. 16 (24%) were in favour of setting a worldwide price for green leaf tea whilst 52 (76%) supported regional prices. However, all traders (5 out of 5) and FT system (2) voted to have a worldwide FMP.

The rationales are the following:

Only one FMP applying worldwide: 24%

-Keep it simple and harmonised.

Only for the following countries:

-The regions mentioned by stakeholders are: India, Nepal, African regions, E. Africa and Malawi.

- Regional FT Green Leaf prices (76%)
- SPOs in North India workshop proposed to have regional prices, since worldwide pricing does not seem logical. They also mentioned the average yield in the region is 450 kg/ha and that might vary per region/country.
- It should be per country, COSP varies per country, e.g. labour costs, exchange rates
- Quality differs per country.

A UK trader also mentioned that use of out grower leaf in Assam is increasing as the traditional plantation model is becoming more challenging with a review and modernisation of the PLA (Plantation Labour Act) becoming more and more necessary.

## 9.2 Geographical scope

#### Question 7

Are you in favour of keeping the current geographical setting for CTC tea as presented in Table 4?

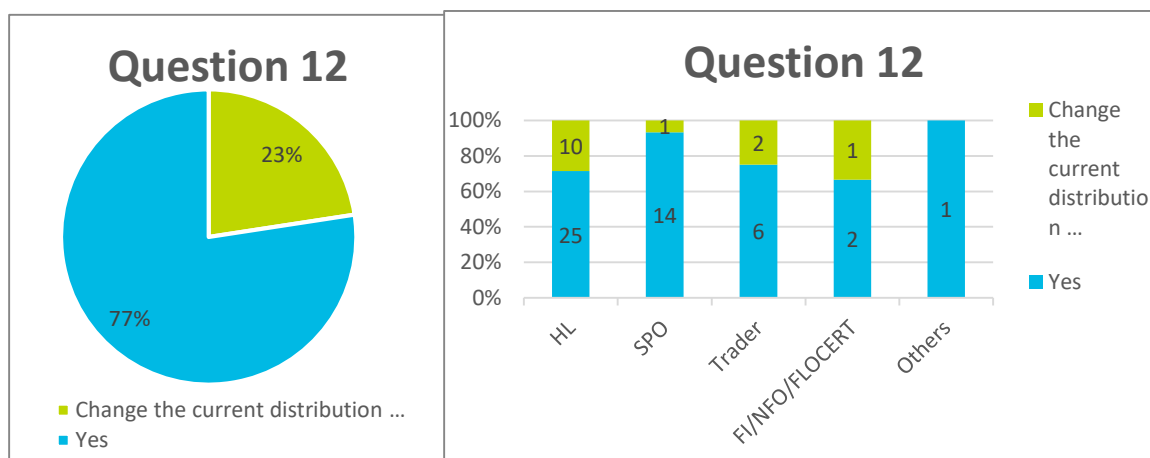
- ☐ Yes
- ☐ Change the current distribution merging or regrouping some regions and/or countries.

Please, explain your rationale and share your ideas on how it should be:



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62 stakeholders who responded to this question, 48 (77%) were in favour of keeping the current geographical settings whilst 14 (23%) were in favour of merging/regrouping of some regions and/or countries. Of the 10 HL who voted to change the current geographical setting, we find 9 South India and 1 from North India. Out of 8 traders who responded, 6 voted to keep the current setting whereas two German traders voted to change the current grouping.

The rationales are the following:

#### Yes: (77%)

- There is no reason to change.
- The current model is working well, also inter-regional quality is different.
- Keep it as it is for Nilgiris, said by producers in South India workshop.
- COSP is different per region/country, therefore the current setting is appropriate. Such as Rwanda is land locked, therefore transportation cost is much higher as opposed to Kenya. This was said in the workshop in Africa.

#### No: (23%)

- We should have a worldwide FMP, said by a Kenyan SPO.
- When reasonable, keep it as simple as possible.
- Adapt regional approach, said by a German trader.
- It should be reviewed based on current conditions in origin, such as COSP. E.g. Uganda cost of production overall impacted due to increases in small holder leaf, therefore should it be considered closer to Malawi.

#### Comments for South India:

- Due to difference in COSP, such as Kerela has a higher COPS, it was suggested to breakdown South India into Kerela, Tamil Naidu, Karnataka, Andhra Pradesh, mentioned by a small group of participants in the workshop in South India.
- It should be considered as the same for all regions in South India, said by a small group of participants in the South India workshop.

#### Comments for North India:

- The existing Geographic Scope for North India, should be further bifurcated to Cachar Region, Rest of Assam, Doars, and Rest of North India. As the Cost of production in each of the sub-region in North India is different, and the quality of Tea Produced is also different.

- Assam should be classified separately as it constitutes a major portion of FT sales from India, considering growing conditions, challenges and cost of production are different as compared to other growing districts in Northern India.

A comment was also made by a NFO reminding that the current price table was established after an extensive consideration and asked whether the situation has changed nowadays to justify the modification.

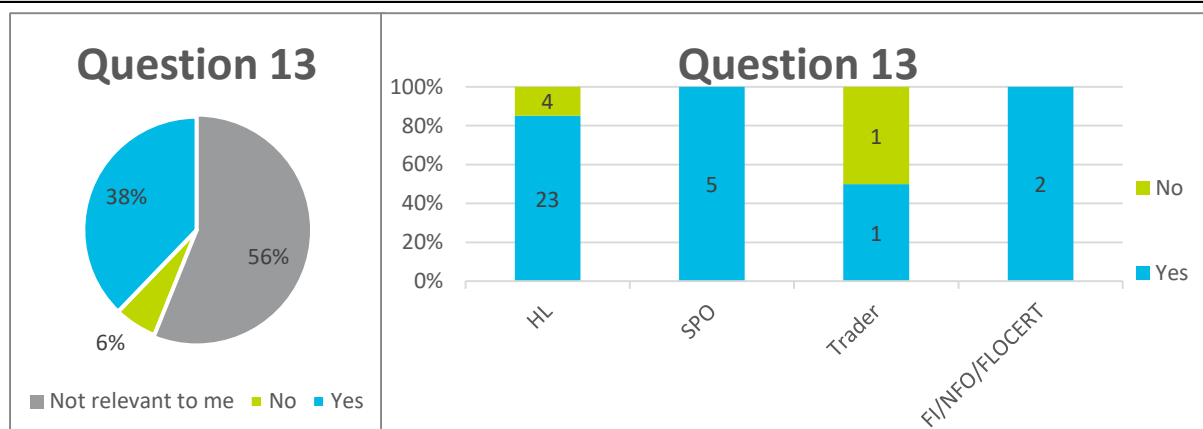
### 9.3. Fairtrade Price levels

#### Question 8

**Would you be in favour to specify the Price level for Instant Tea at FOB level?**

- ☐ Yes  
☐ No  
☐ Not relevant to me.

Please, explain your rationale [Click here to enter text](#)



Out of 82 stakeholders who responded to this question, the majority 46 (56%) expressed that instant tea is not relevant to them. Amongst those (36) who provided their feedback, 31 voted in favour of the proposal whilst 5 disagreed. All SPOs as well as HL from Sri Lanka and Malawi were in favour of the proposal while there was a small subset (4) of HL from Kenya and Rwanda disagreed. The trader who disagreed did not leave any comment.

The rationales are the following:

**Yes: 38%** (84% of those for whom Instant Tea is relevant)

- A comment was made by FLOCERT expressing a FOB price should be referred to as the commercial price.
- FOB should only be applied in the country of origin.
- FOB should only be used if instant tea is produced in the country of origin. In any case, a reference point is needed for instant tea.

**No: 6%**

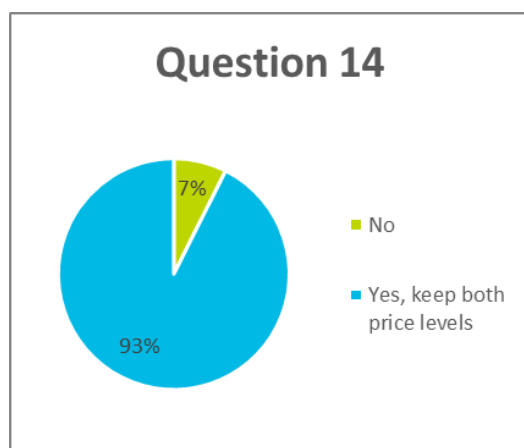
- Commercial price will allow for flexibility in trading, mentioned in the workshop in Kenya.

#### Question 9

**Should Fairtrade continue setting prices at Auction and FOB level for CTC pricing group?**

- ☐ Yes, keep both price levels
- ☐ No, I have other proposal (describe below)

Please, explain your rationale [Click here to enter text](#)



Almost all stakeholders (50 out of 54) were in supportive of continuing setting prices at Auction and FOB and only 8% (4 HL from Kenya and Rwanda) disagreed. The stakeholders who were in favour include 25 HL, 14 SPOs, 7 traders as well as 3 from Fairtrade system (FI/NFO/FLOCERT).

The rationales are the following:

**Yes: 93%**

- Both levels are still relevant as they are different trading models, as such pricing should also be different.
- FOB is normally more expensive than Auction,

said by HL management in Kenya workshop.

- It does not matter, since buyer can either way take the favourable prices when buying FT tea.
- Although auction system is commonly used in Uganda, it is okay to keep FOB prices.
- Higher cost and works involved with supplying tea as FOB vs Auction, such as additional transport costs

**NO: 7%**

- No comment received.

No, I have other proposal:

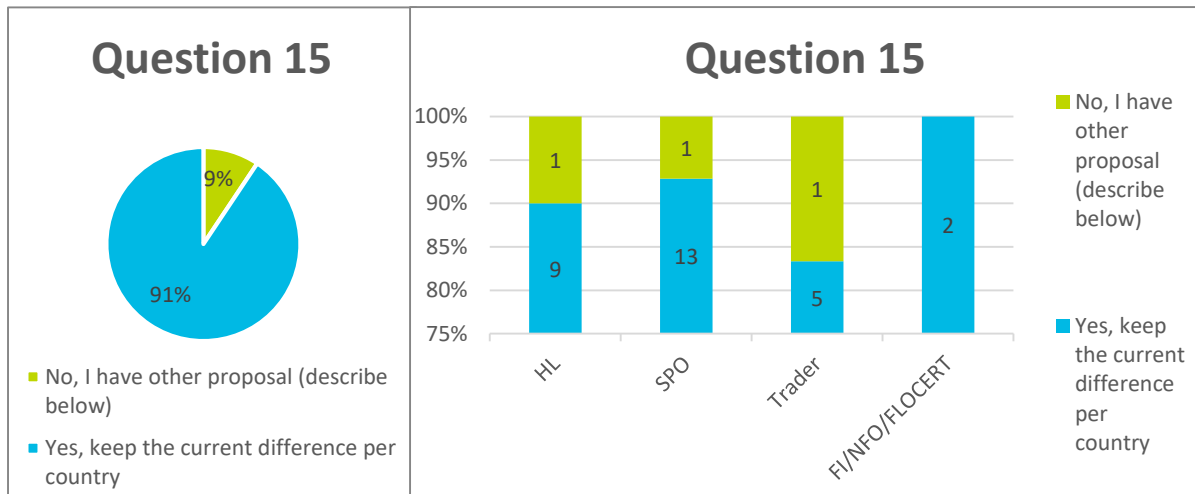
- It was mentioned in South India workshop, where participants did not find the questions relevant since most of the Indian producers are using FOB prices only.
- Fairtrade should continue to set prices basing on auction market because most of our prices are driven by the auction market, suggested by a Uganda SPO.

#### Question 10 (for Eastern Africa and Malawi)

**For CTC tea, do you agree to keep the current FMP difference (see Table 5) between Auction and FOB per region/country?**

- ☐ Yes, keep the current difference per country
- ☐ No, I have other proposal (describe below)

Please, explain your rationale [Click here to enter text](#)



32 stakeholders responded to this question, 29 (91%) were in favour of keeping the current difference per country whilst 3 (19%) had other proposals. The 3 stakeholders who disagreed consist of 1 HL from Malawi, 1 SPO from Kenya and 1 trader from Sri Lanka.

The rationales are the following:

**Yes: 91%**

- In general, FOB is more expensive than Auction prices.
- To covers extra costs when selling via FOB. Country FMPs also reflect the reality that each country has different costs.

**No: 19%**

- Allow for flexibility as well as to expand FT market, said by a Malawi HL.
- The current difference is very low. Producers cannot make any profit from them due to increased COSP.

Additional comments:

FOB prices should be increased to cover increased transportation costs. Producers from Uganda mentioned that the auction price is the base line of their market reference also the FOB difference should be set per country; Other African countries should also be included, such as Mozambique.

**Question 11 (for other regions: no Eastern Africa and Malawi)**

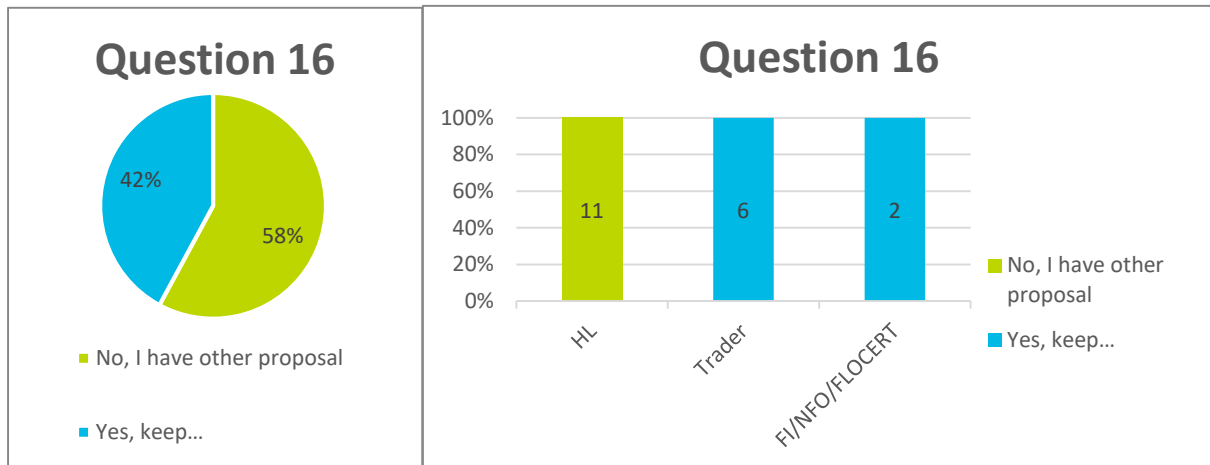
**For CTC tea, do you agree to keep the same FMP value for Auction and FOB?**

- ☐ Yes, keep the same FMP for Auction and FOB.
- ☐ No, I have other proposal, please describe below

Please, explain your rationale [Click here to enter text](#)



In total, 19 stakeholder responded to this question, the majority 11 (58%) were not in favour of the



proposal. 6 traders unanimously agreed to the proposal whilst HL from North and South India disagreed. 2 respondents from the FT system agreed to keep FMP for Auction and FOB the same. SPOs did not respond to this question.

The rationales are the following:

**Yes: 42%**

- No comment received.

**No: 58%**

- To differentiate auction and FOB, as there are additional costs when trading at FOB.

Additional comments:

A group of HL mentioned in the South Indian workshop that the FOB prices should be 0.2 USD/KG higher than current price due to port charges and transportation whereas the other group in the workshop proposed that the FOB values should be increased by 0.15 USD (from 2.0 to 2.15 USD).

#### 9.4. Organic and conventional prices

**Question 12**

**Are you in favour of keeping the current organic differential (0.2 USD / kg)?**

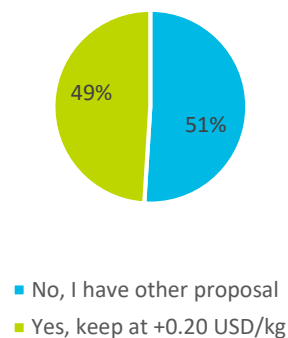
- ☐ Yes, keep the organic differential at +0.20 USD / kg higher than conventional FMPs.
- ☐ No, I have other proposal (please, describe below).

Please, explain your rationale [Click here to enter text](#)

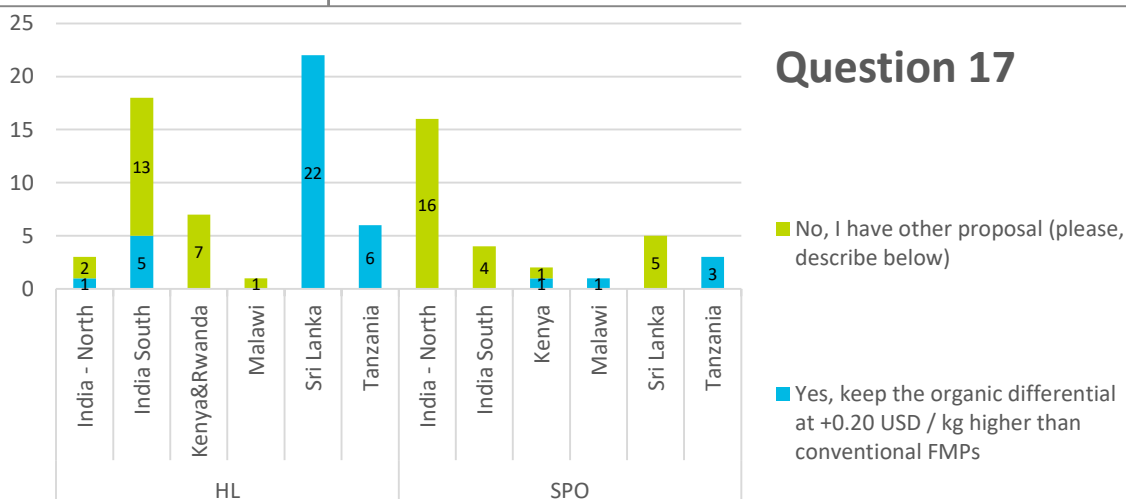
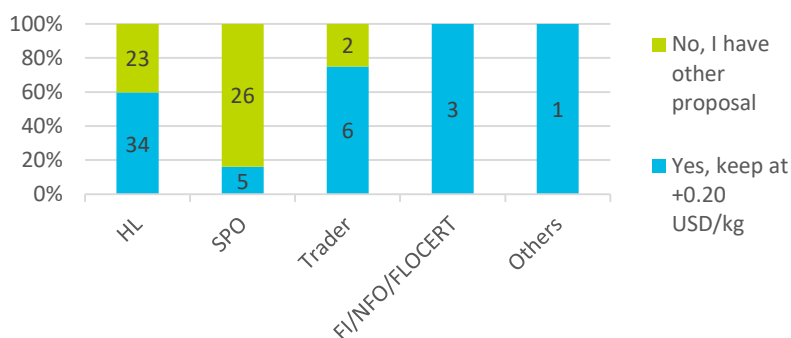


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## Question 17



## Question 17



100 stakeholders responded to this question, 49 (49%) agreed to keep the current organic differential at +0.20 USD/KG whereas 51 (51%) disagreed. Amongst those who disagreed, the majority were SPOs (23) whilst 40% (23) of HL also had the same view. SPOs from North and South India and Sri Lanka showed strong disagreement to keep the current price differential so does HL from Kenya & Rwanda. 13 (72%) of HL from South India also expressed their disagreement to the proposal.

The rationales are the following:

### Yes: 49%

- It is relevant to have an organic differential. However, the value should be defined by COSP and the trading realities between producers/traders.
- Organic production is very expensive; the difference can be used to cover extra cost when producing organically.
- Higher COSP for organic should be recognised. However, a trader also expressed that conventional prices are normally higher than Fairtrade prices.

### No: 51%

- Values were proposed: 0.35 USD (by a HL in North India Workshop), 0.4 USD (by Malawi and Sri Lanka SPO), 1.5 USD (mentioned in South India workshop), 0.5 USD (mentioned in Kenya workshop) and some responses where mentioned, such as fertilizer, less production per hectare, labour intensive, etc. to justify the proposed values.

- The current differential is too low. Since organic production is 50% lower in comparison to conventional tea, therefore the organic differential should be fixed at 1 USD, said by HL in South India workshop.
- Other proposals were also mentioned, such as the organic price should be set as 150% of the conventional price, or increase FMP by USD 0.50 (Up to USD 3.10)
- 0.2 USD is too little to cover organic production considering significant lower volumes in organic.
- If Orthodox fanning will be singled out from the CTC group (question 5), the proposed organic dust should get 1.0 USD/KG instead of 0.2 USD/KG as organic differential. If question 5 was not implemented, then both orthodox fanning's and dust should both get 1 USD/KG, proposed by a group of HL in south India workshop.

Additional comments:

- A percentage of commercial price was proposed by a Chinese organic tea importer.

### 9.5. General comments/ feedback on the Tea Pricing topics

- Refresher on the standard should be offered.
- Fairtrade should review the FP difference between main Orthodox and CTC grades, (1.1 USD/KG vs. 0.5 USD/KG). It was justified as it takes double as much effort to produce orthodox leaf tea than CTC tea.
- FMP should be set for the origin/category of the tea based on COSP, such as Assam CTC, Assam Orthodox, etc.
- FP should be set independently to the leaf grades. The amount of work accomplished by a tea worker is the same for leaf grades as well as broken or fanning grades. Plucking tea and keeping the factory running is completely similar in Fannings or Leaf grades production. As of today the different premiums being generated to appreciate the workers' productivity are simply market-driven. However, if a brand owner compares the additional cost of the premium as per tea bag, it becomes marginal. We therefore propose to add a minimum Premium of 1.10 USD on all tea grades, said by a processor in Kenya.
- Additional information was provided regarding green leaf cost of production in South of India: one can pluck every year but months of January to February and to March the productivity is low. While April-May and September-October is the highest productivity. For plucking it is about 15 INR/KG. Overall it was agreed that EXW costs ranges from 22 to 24.7 INR/KG.
- Fairtrade Minimum Price should increase to (2.9 USD to 3.50 USD) due to upcoming wage negotiations mentioned in Sri Lanka workshop. Also the Standard review seems to take place every 5 to 9 years but local wage requirements are revised more frequently than that. This should be considered in price setting.
- The new pricing mechanism has to be introduced in order to increase sales and market improvement, such as to give information on premium projects and show the impact of Fairtrade to establish new trader partnerships.
- Alternatives were provided, such as setting prices for green leafs with price calculations for made tea.
- The grading of the tea and production method (Orthodox vs CTC) should not be the only criteria when setting prices, the market preference and demand should also be taken into consideration.
- Fairtrade's tea market is centralised in Europe, therefore the grades commonly sold in Europe should be our focus for price setting.
- Producer also raised the awareness that increased Fairtrade prices might result in decreased sales therefore suggested to main current price values. They also mentioned that Fairtrade



prices are set in US dollars, so producers are benefiting in the case the value of US dollars rises, such as US dollars vs Indian rupees.

- Consumers awareness towards Fairtrade and willingness to pay for higher price should be taken into account. At the moment Fairtrade Brands and Packers are at a commercial disadvantage due to the higher certification costs vs Fairtrade sales. For example, Fairtrade License fee for sales is much higher than fees for Organic Sales.