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| **Consultation document for Fairtrade Stakeholders:**Review of the Tea Fairtrade Standards and Pricing for Small-scale Producer Organizations / Hired Labour and Traders Second round of consultation |
| Consultation Period | **29 October – 27 November 2020** |
| Standard Project Manager: | Oksana Forkutsa o.forkutsa@fairtrade.net |

**PART 1 Introduction**

**1. General Introduction**

Fairtrade Standards support the sustainable development of small-scale producers and workers in the Global South. Producers and traders must meet applicable Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, Standard & Pricing (S&P) is responsible for developing Fairtrade Standards. The procedure followed, as outlined in the [Standard Operating Procedure for the Development of Fairtrade Standards](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/SOP_Development_Fairtrade_Standards.pdf) is designed in compliance with all requirements of the [ISEAL Code of Good Practice for Setting Social and Environmental Standards](https://www.isealalliance.org/sites/default/files/resource/2017-11/ISEAL_Standard_Setting_Code_v6_Dec_2014.pdf). This involves wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives, are based on producers’ and traders’ realities and meet consumers’ expectations.

The first round of consultation of the full review of Tea Fairtrade Standards for Small-scale producer organizations, Hired Labour and traders took place in 2019. You now are kindly invited to participate in the second round of consultation of this review. For this purpose, we kindly ask you to provide your input on the topics suggested in this document and encourage you to give explanations, analysis and examples underlying your statements. All information we receive from respondents will be treated with care and kept confidential.

**Please submit your comments to** **standards-pricing@fairtrade.net** **by 27 November 2020.** If you have any questions regarding the draft standard or the consultation process, please contact standards-pricing@fairtrade.net

Following the consultation round S&P will prepare a paper compiling the comments made, which will be emailed to all participants and also be available on our Fairtrade International website.

**2. Background**

The Tea Fairtrade Standard was introduced over 15 years ago. Since then Fairtrade tea have grown to become one of the top seven Fairtrade products, with total of 390,247 farmers and workers employed on Fairtrade certified tea farms in 2018.

In 2019 the standard was due for a full review as part of the monitoring and review cycle. The review topics were gathered through the monitoring log as well as from internal and external stakeholders. The topics were also discussed during an internal tea project group meeting. Through this, Standards & Pricing identified the topics to explore and consult specifically to further facilitate trade and increase the benefits of small producers and workers in Fairtrade certified farms.

This review has two consultation phases. The first consultation round took place from beginning of June to end of July 2019. Over 250 stakeholders participated in workshops and 43 via the online survey. The feedback received in the first round of consultation helped to understand better the realities of Fairtrade tea producing organizations in both regions. A synopsis of this consultation can be found [here](https://files.fairtrade.net/standards/Synopsis_Tea_1st_round_consultation_EN.pdf).

**Building on the outcomes of the first round of consultation, this second round includes proposals with changes and improvements for further discussion with stakeholders.**

**3. Objectives of the standard review**

The overall goal is to review the product Standard for Tea for SPO and HL, adapting them to producer realities and market developments, thus increasing the impact for producers.

* Review and analyse outstanding issues included on the monitoring log on the Tea SPO and Tea HL standards since last revision and collect new topics
* Assess options for inclusion of floor wages, improving working and housing conditions, among other topics.
* Seek solutions from stakeholders to resolve standard related issues
* Consult on solutions with relevant stakeholder groups
* Ensure consistency in standards by aligning changes in all related product standards in particular the Fairtrade Standard for SPO, Fairtrade Standard for HL and Fairtrade Trader Standard
* Improve standard language for better clarity and simplicity
* Develop final proposals for Tea SPO and HL standards for approval by Standards Committee

**4. Project and Process Information**

The project started in September 2018 and the [project assignment](https://files.fairtrade.net/2020-10-26-ProjectAssignment-Tea_Review_Updated.pdf) is available on the Fairtrade International website.

The current Fairtrade Standard for Tea for [Small Producer Organizations](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/Tea_SPO_EN.pdf) and for [Hired Labour](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/Tea_HL_EN.pdf) is also available on the Fairtrade International website.

The progress to date and next steps are described in the table below:

**Table 2.** Progress to date and next steps

|  |  |  |
| --- | --- | --- |
|  | Activity | Timeline |
|  | Scoping | September 2018 |
| Desk research | Q4, 2018 |
| COSP collection | December – March 2019 |
| 1st round consultation | June-July 2019 |
| Analysis of consultation responses | August –October, 2019 |
| Publication consultation results synopsis | December 2019 |
| Drafting proposal 2nd round | December 2019 - February, 2020  |
| *Put on hold due to COVID 19* | *March-June* |
| Pricing Review | Consultation 2nd round  | July – August 2020 |
| Analysis of consultation responses | September 2020 |
| Drafting final proposal to update FMP and FP for Tea | October- November 2020 |
| SC decision | November 2020 |
| FMP and FP announcement | December 2020 |
| Date of validity of the new prices | Q1 2021 |
| Standards Review | **Consultation 2nd round – THIS DOCUMENT** | **October – November 2020** |
| Analysis of consultation responses  | December 2020 |
| Drafting final SPO&HL standards | January-February 2021 |
| SC decision | March 2021  |
| Publication of Tea HL and Tea SPO standards  | Q2 2021 |
| Implementation of standards | Q2-Q3, 2021 |

**5. Confidentiality**

All information we receive from respondents will be treated with care and kept confidential. Results of this consultation will only be communicated in aggregated form. All feedback will be analyzed and used to draw up the final proposal. However, when analyzing the data we need to know which responses are from producers, traders, licensees, etc. so we kindly ask you provide us with information about your organization.

**6. Acronyms and definitions**

|  |  |
| --- | --- |
| CBA | Collective Bargaining Agreement |
| CTC  | Crush, Tear, Curl |
| FI | Fairtrade International |
| FMP | Fairtrade Minimum Price |
| FP | Fairtrade Premium |
| FPC | Fairtrade Premium Committee |
| GA | General Assembly |
| HL | Hired Labour |
| ILO | International Labour Organization |
| LW  | Living wage, 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 Producer Organization |
| S&P | Standards &Pricing  |
| TU | Trade Union  |
| UN | The United Nations |
| WB | World Bank |
| WHO | World Health Organisation |

**The target groups of this consultation are:**

* Tea producers already certified or interested in becoming certified under the Fairtrade Standard for Tea Small scale producer organizations and Tea Hired labour organizations.
* Licensees and traders certified / interested in becoming certified under the Fairtrade Trader Standard and the Fairtrade Standards for Tea.
* Producer Networks, National Fairtrade Organisations, Fairtrade International, FLOCERT, NGO´s, researchers, etc.

**PLEASE READ BEFORE PROVIDING FEEDBACK**

Each section first introduces the background information and / or findings from the first round of consultation to the specific issue. Where relevant, the proposed changes to the standard are presented and you are asked for your opinions and feedback.

**The proposed changes are presented with reference to the relevant requirements in the standard as follows:**

* Deletions to requirements are presented in ~~strikethrough~~
* Additions in 2nd round consultation in are presented in red with grey background
* Additions that remain after 1st round are in red

For each proposed change the rationale and the implications are outlined.

Stakeholders are invited to provide their views on the different proposals as well as to provide additional input.

At the end of the document, there is the possibility to provide input/comments on other sections of the standard or other topics that are not considered in any of the proposals. The full standard presenting all existing, revised and new requirements is also available [here](https://www.fairtrade.net/standard/tea-standards-and-pricing-review-2019) for stakeholders who would like to have an overview of all the requirements.

The amount of time you spend in answering the questionnaire depends on how detailed your answers are. Your input is very important, therefore please take your time.

**Please take as much space as you need to respond to the questions.**

When you have finalized, **please save the document** **in Word** format (*do not convert to PDF\**)

***\*Please note:*** *The consultation document is a ‘Fillable format of MS Word form”, for that reason you can fill in / provide your input* ***ONLY*** *in the designated spaces and grey boxes.*

**All questions are single-choice questions; you may choose ONLY ONE response from the list**

**PART 2 Draft Standard Consultations**

**This consultation is divided into the following sections:**

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# Information about your organization

**Q0.1** **Please provide us with information about your organization so that we can analyse the data precisely and contact you for clarifications if needed. The results of the survey will only be presented in an aggregated form and all respondents’ information will be kept confidential.**

Name of your organization *Click here to enter text*

Your name *Click here to enter text*

Your email *Click here to enter text*

Country *Click here to enter text*

FLO ID *Click here to enter text*

**Q0.2** **Are your responses based on your own personal opinion or is it a collective opinion representing your organization?**

[ ] Individual opinion

[ ] Collective opinion representing my organization/company

**Q0.3** **What is your gender? (Note: this is for data analysis purposes only)**

[ ] Female

[ ] Male

[ ] Other

**Q0.4 What is your main responsibility in the supply chain?**

**!** *tick* ***one*** *box only, that corresponds to your main responsibility*

|  |  |
| --- | --- |
| [ ] Producer[ ] Exporter[ ] Importer[ ] Other (e.g. PN, NFO, FLOCERT, FI), specify below | [ ] Processor[ ] Retailer[ ] Licensee |

**Q0.5 What is your role or responsibility in your organization?**

**!** *tick* ***one*** *box only*

[ ]  Management representative

[ ]  Worker representative from Fairtrade Premium Committee

[ ]  Worker representative from other Workers’ Committee, please specify here:

[ ]  Other, specify here:

[ ]  Not relevant

# KEY CHANGES:

## Topic 1. Anti-modern slavery

### 1.1 No child labour, enabling decent youth employment

Following the results of the 1st round of consultation, the scope of existing 3.3.2 Core/Year 0 requirement in HL standard on *protection of children under 18 from dangerous or exploitative work* is expanded to protect children from worst forms of child labour and hazardous work. The terminology is in line with [ILO](https://www.ilo.org/ipec/Campaignandadvocacy/Youthinaction/C182-Youth-orientated/worstforms/lang--en/index.htm) and guidance allows for a producer organization to refer to generic list of hazardous work by ILO in case their country does not have a Hazardous Child Labour Activity list. Stakeholders however also suggested to strengthen the approach to child labour by looking at child rights more broadly and define the term “hazard”. To see further modification in the requirement that was consulted in the 1st round, please check section [‘Other changes’](#_Topic:_Anti-modern_slavery).

The generic HL standard requirements 3.3.1 and 3.3.2 stipulate that children under the age of 15 (if higher, under age defined by local law) must not be employed and that workers (children) less than 18 years of age cannot be directly or indirectly involved in worst forms of child labour and hazardous work. At the same time, the scope of requirements in HL standard on regulation of decent working conditions does not include the group of youth (per UN definition 'youth' age group are persons from 16 to 24 years).

Many young people, depending on a countries’ minimum age of employment in low and middle-income countries ( e.g. In Fairtrade it is 15 years or higher given a country’s definition), cannot afford not to work and may end up in low-quality, exploitative, hazardous forms of employment (see [ILO Guide on measuring decent jobs for youth](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjI0PCg2enqAhUF-6QKHejqBC0QFjACegQIBBAB&url=https%3A%2F%2Fwww.ilo.org%2Fwcmsp5%2Fgroups%2Fpublic%2F---ed_emp%2Fdocuments%2Finstructionalmaterial%2Fwcms_627640.pdf&usg=AOvVaw3pKerFfa8bTC7xArgMGMzp)). Following the ILO global initiative on decent youth employment that aims to scale up action and impact on youth employment in support of the 2030 Agenda for Sustainable Development, Fairtrade would like to address the topic of youth employment under decent conditions in the Tea HL standard more explicitly.

**The proposal aims at:**

* addressing the working conditions for youth, ensuring decent employment when it is legal to employ as of age of 16. This would also complement to changes that were introduced after 1st consultation round in the requirement on protection of children from worst forms of child labour and hazardous work ([Click here to see requirement in section 'Other changes'](#NoWorstFormsOfChildLabour) )

**The proposed change is:**

**Proposal 1. Introduce a new requirement that defines conditions for youth employment**

**NEW** Decent Youth Employment

|  |  |
| --- | --- |
| **Applies to:** | Companies |
| **Core** | If it is legal to employ workers over the age of 16 and you do employ and promote youth employment for persons between 16 to 24 years old, you ensure their rights to decent employment (type and conditions of work) ([see section 3 ‘Labour conditions’](https://files.fairtrade.net/standards/HL_EN.pdf)). |
| **Year 0** |
| **Guidance:** Youth employment can be decent **only** if it incorporates the other three dimensions of decent work as well: rights, protection, voice and representation. Decent employment means female and male youth are not exploited, abused, discriminated against or are involved in dangerous work; they are paid wage equivalents of adults for equal jobs.Examples of work that is potentially damaging includes work that takes place in an unhealthy environment, involves excessively long working hours, night work, the handling or any exposure to toxic chemicals, work at dangerous heights, and operation of dangerous equipment.  |

**Rationale:** to introduce a requirement that ensures decent employment conditions for young people who fall under the scope of working-age population according to Fairtrade minimum age requirements and legal permissions in the country; and who want to gain or already have relevant skills, including technical and vocational skills to do the work.

**Implication:** companies in the countries where youth employment is legal, allowing to hire young people starting from age 16 to 24, have to ensure the working conditions are in line with regulations stipulated in the generic HL standard requirements in section 3 ‘Labour conditions’ *including c*ompliance with the requirement on child labour and hazardous work for children under 18 years ([see here](#NoWorstFormsOfChildLabour)).

**Do you agree to introduce a new Core/Year 0 requirement on decent youth employment?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

### 1.2 Temporary worker contract

The 3.5.7 requirement on temporary worker contract in HL standard currently defines that workers who are employed for a period of 3 months should have a contract. In the first round consultation the proposal aimed to improve this requirement to ensure workers protection and to secure their rights for decent working conditions. The proposed change was however not fully endorsed by stakeholders, who brought up potential challenges in implementation of this requirement due to local realities and legal regulations on contracting temporary workers starting from 1st day of their employment.

**The proposal aims at:**

* introducing the thresholds referring to the fixed period / number of days after which a worker has to be offered an employment contract for a temporary worker and ensure that this is feasible to implement from legal perspectives in different regions.

**The proposed change is:**

**Proposal 2. To strengthen the existing requirement for temporary workers contracts, and introduce it to the Tea HL standard with modifications that define fixed number of days after which plantations have to provide temporary workers with a contract.**

**Temporary worker contracts**

|  |  |
| --- | --- |
| Applicable to: | Companies |
| Core | Temporary workers ~~who are employed for a period of 3 months or more of uninterrupted service~~ who work for 6 consecutive days or for at least 10 days in a month, or more, **have** a legally binding written contract of employment with a job description in a language they understand, signed by employee and employer. In which case 3.5.8 also applies. In the case of dissolution of the contract, the notice period **is** identical for employer and employee.If in 2 years’ time, the total number of working days that the worker is employed reaches 6 months a worker is offered a permanent contract.  |
| Year 1 |
| **Guidance:** The contract safeguards the workers from loss of pay in the case of illness, disability and accident. It must include duration of contract, hours/day per week worked, job description, wage level, wage deductions, notice period, detail on in-kind benefits, responsibilities of employer and employee, wage deductions, notice period, details on in-kind benefits and includes explanation on grievance procedure. Contracts need to be in a language the worker understands or a translation needs to be provided to worker and signature obtained. Where applicable, a verbal translation can be provided by the elected worker representative. Best practice is when written contract of employment is provided to workers even if they are employed for one day or for less than 6 consecutive days.  |

**Rationale:** to protect the HL temporary workers who sometimes are maintained as temporary workers for years with short duration breaks after every few months. The change would ensure that all workers, regardless of their working time duration, are protected by a legal contract

**Implication:** if a temporary worker is working for more than 6 consecutive days or for at least 10 days in a month, or if the total number of working days adds up to 6 months within 2 year period, company has to provide this worker temporary employment contract.

**Do you agree with the proposed change?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

## Topic 2. Gender Based Violence (GBV) remediation

In the 1st round, the majority of the respondents agreed with the proposal to introduce two new requirements to not tolerate Gender Based Violence and other forms of harassment and to have a gender policy in place ([see 'Other Changes'](#GBVandGenderPolicy)). Further suggestions were to 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. Therefore, the proposal below is to further support the approach on activities, such as withdrawal and prevention, in case GBV case is identified.

It is important to note that guidance of requirement ‘No tolerance of Gender Based Violence and other forms of harassment’ that got endorsed in the 1st consultation round, already included reference to remediation activities that would need to be carried out in case GBV cases are identified, and stated the following:

*When GBV cases are identified the organization is expected to: a) provide safety to the reporting party (e.g. no job loss, threatening or penalty) and b) 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.*

However, to ensure that compliance with remediation activities is required and fulfilled, the suggestion is to further introduce a stand-alone requirement on GBV remediation activities and procedures.

**The proposal aims at:**

* introducing a new requirement on remediation, should GBV cases be identified, requiring companies to follow the procedures in place to ensure safe withdrawal and continuous monitoring to prevent GBV.

**The proposed change is:**

**Proposal 3. Introduce a new Core/Year 0 requirement that requires that company remediate if Gender Based Violence case is identified.**

New Remediation in case GBV is identified

|  |  |
| --- | --- |
| **Applies to:** | Companies |
| **Core** | Your safely remedy all forms of gender based violence and harassment. This includes ensuring prolonged safety of the impacted individual (s) implementing relevant policies, procedures, projects, monitoring and response systems to prevent GBV and other forms of harassment from occurring.  |
| **Year 0** |
| **Guidance:** The remediation includes withdrawal and prevention.If GBV is identified, then a rights based approach is used, to remediate the persons experiencing gender based violence and ensure that violence is not pushed elsewhere. You also have a written and ratified “no gender based violence or other forms of harassment” policy, procedures and monitoring and response system. Your policy can address the issue individually of be linked to a broader policy against exploitation, abuse, violence or neglect.Best practice is that the organization builds its capacity to understand child labour, forced labour, gender based violence and other forms of violence 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.**Prolonged safety** means keeping the impacted person/s free from risk of or actual harm or danger.It is recommended that companies seek the support of rights based organizations to ensure safe remediation and effective prevention. |

**Rationale:** The new requirement on remediation of GBV provides the grounds to safely remediate GBV cases and have relevant policies and procedures, including monitoring and response system in place to prevent GBV.

**Implications:** In case GBV cases are identified, companies would need to safely remediate and implement relevant policies and procedures to prevent it from occurring. For some types of gender based violence, national governments require reporting to relevant authorities for follow-up (e.g. rape, trafficking for forced labour or sexual exploitation etc.). The procedures should include a risk mitigation system to monitor and prevent GBV. It is recommended that companies seek the support of rights based organizations to ensure safe remediation and effective prevention.

**Do you agree with the proposed change to introduce a requirement on Gender Based Violence remediation?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

## Topic 3. Terms and conditions of employment

### 3.1 Minimum wage for tea sector

In the 1st consultation round the feedback from plantations showed that currently wages in most of Fairtrade Tea plantation organizations are set as per CBA / Bilateral or Tripartite agreements between plantations, TU and government. Further, stakeholders from management level of companies expressed concern on Floor Wages implementation in relation to existing agreements and thus did not fully accept the proposed change. The suggestion was to revise the approach by referring to local / country specific benchmarks. The responses from worker representatives showed overall agreement and common understanding in the need to address the issue of low wages paid on tea plantations and that floor wages could help to facilitate the dialogue on improved wages. However, there were also concerns in terms of feasibility and implementation. A number of other stakeholders urged Fairtrade to set an even higher bar and require stronger commitment from Fairtrade plantations to improve wages towards the Living Wage values (see [synopsis](https://files.fairtrade.net/standards/Synopsis_Tea_1st_round_consultation_EN.pdf)).

In the Hired Labour standard, the requirement 3.5.1 refers to the minimum wage for similar occupations. In addition, in the guidance to this requirement it is clarified that national laws and applicable CBA terms must be complied with, especially, if these exceed what is required in 3.5.1.

As a follow up of feedback analysis, more desk research and dialogues with local experts were carried out to better understand the opportunities to improve the approach proposed in the 1st round. We accept that using a single World Bank Poverty line for some countries, e.g. a country the size and diversity of India, may be complicated to implement. However, not using a common Floor Wage as a benchmark, would require another more fitting benchmark to be elected in order to deal with the issue like in India, where approximately 30,000 workers in Fairtrade certified tea estates in North East India earn less than the World Bank Poverty line. Applying the Floor Wages as a benchmark for analysis of daily wages paid in other Fairtrade tea producing regions, showed that currently paid wages on tea plantations are not below the World Bank Poverty line, except for North East India and Bangladesh.

Thus the 3.5.1 requirement therefore remains suitable and is also in line with recent changes in the area of labour legislations in India that were introduced since the end of 2019 (see box below). In Bangladesh, the minimum wage rates are set on an industry basis and also refer to unskilled and semi‐skilled labourers, however the wages rates are currently not available for open access.

*Following overhaul of Indian industrial relations law, the Central Government of India has directed the states to legislate minimum wages for all sectors, including Tea sectors. However, there is no telling when states of Assam and West-Bengal will complete that process. In 2015 a lawsuit brought by tea employers paralyzed efforts of the Assam government to legislate a minimum wage for the tea sector. In political dynamics affected by economic interests and lack of transparency of this legislative process, it should not be assumed that a legislated minimum wage for Assam and West-Bengal tea sectors is imminent. We also note that at present, the Assam government has decided on an interim-wage rate, but this is an administrative order, which still falls below the World Bank Poverty line (see Table 2 below)*

*Applying the minimum wage for unskilled agricultural workers in the meantime to the tea sectors in North East India is contextually appropriate, also considering that local labour leaders have publicly called on the employers to pay at least a daily wage at this level until a Living Wage can be reached.*

Since wage setting in North East India tea sector has been ineffective to lift workers from severe poverty and a solution is not imminent, we propose that requirement 3.5.1 in HL standard is implemented with more explicit reference regarding the term ‘similar occupations’. In North-East India, the minimum wage for similar occupations is the legislated minimum wage for unskilled agricultural labour. The minimum wage for similar occupations will be applied until such time that minimum wages in India for Assam and West-Bengal tea sectors are legislated. **The cash daily income of workers is the amount accepted for compliance with the official minimum wage for similar occupations**.

**Table 2. Actual (2020) wages and estimated floor wages equivalent to relevant World Bank Poverty lines** (for calculation details and formula used, refer to [Annex 1](#_Annex_I._Floor)\_

|  |  |  |
| --- | --- | --- |
| Country | Floor Wage, Local Currency Unit | Current /Actual wages, Local Currency Unit  |
| per month | per day | per day |
| Bangladesh | 7,758 | 298 | *confid.* |
| India | 5,224 | 201 |  |
| Assam North | ,, | ,, | 167 |
| Assam South | ,, | ,, | 145 |
| West Bengal | ,, | ,, | 176 |

The main objectives are:

* to stay aligned with the language, intent and scope of current HL standard sections on labour conditions that aims to ensure good practices regarding the payment of workers and their conditions of employment.
* to ensure that daily cashwages paid to workers do not fall beyond the minimum wage of similar occupations, particularly in the event that a minimum wage for the sector is absent and the collectively negotiated wage does not reach the World Bank Poverty line
* to remain consistent on the approach that is equally applicable in all Fairtrade tea producing countries and ensures that workers and their families are able to meet the internationally recognized poverty lines with the basic wage rate they receive from the employer (Fairtrade certified plantations).

While setting a higher bar for plantations to improve cash wages paid to workers, Fairtrade understands the need to support in the processes for sector dialogue across different origins that bring further changes on improvement of workers living conditions.

**The proposals aim to:**

* reinforce the existing clause that would help to lift wages, targeting the tea growing regions with existing barriers to raising wages such as complex wage-setting processes, unfruitful collective bargaining, and absence of adequate legal minimum wages.
* refer to the average value of minimum wage for unskilled agricultural labour which is set in Assam and in West-Bengal and to be applied as long as a minimum wage for the sector has not been formally legislated.
* consider a step-by-step approach for implementation of daily wages in Assam and West-Bengal.

**The proposed changes are:**

**Proposal 4. to modify the guidance of existing requirement 3.5.1 in HL standard to enforce Fairtrade approach on applicable wages and facilitate wages improvement which is in line with wages rates set by national labour regulations in Fairtrade tea producing countries**

**3.5.1 Wages and conditions of employment**

|  |  |
| --- | --- |
| Core | Your company sets wages for workers and other conditions of employment according to legal or CBA regulations where they exist, or at regional average wages or at official minimum wages for similar occupations; **whichever is the highest**, with the intention of continually increasing salaries (see 3.5.4).Your company specifies wages for all employee functions and employment terms, such as piecework. |
| Year 0 |
| **Guidance:** *National laws and applicable CBA terms need to be complied with especially if they exceed this Standard. However, this Standard applies if it goes beyond those laws and terms.* In North-East India, the minimum wage for similar occupations is the legislated minimum wage for unskilled agricultural labour. The agricultural minimum wages for Assam and West-Bengal (-without food) will be averaged to arrive at a single daily rate for NEI. |

**Rationale:** To ensure implementation of the existing requirement introducing clarification for ‘similar occupations’ and improve the paid cash wages in the North-East Indian tea sectors.

**Implications:** In instances where the legislated minimum wage set for occupations similar to the tea sector is set higher than the CBA and other recognized benchmarks, plantations would be required to pay the highest applicable wages rate. All new companies joining Fairtrade on or after the publication of this standard will need to comply with the requirement by year 0. The cash daily income of workers is the amount accepted for compliance with the official minimum wage for similar occupations.

**Do you agree with the proposed change?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 5. to consult on two options for gradual increase of paid wages, that would reach the minimum legislated wage for unskilled agricultural labour set for tea sector in Assam and West-Bengal**

**Option 1:**

* after 1st year starting from the applicability date of revised Tea HL standard, daily paid cash wage is increased to reach 80% of 270 INR per day, the legislated minimum wage for unskilled agricultural labour.
* by end of the 2nd year starting from the applicability date of revised Tea HL standard, the full cash wage of 270 INR per day is paid.

**Option 2:**

* after 1st year starting from the applicability date of revised Tea HL standard, daily paid cash wage is increased by the 50% of the gap between the current paid wage and the legislated minimum wage for unskilled agricultural labour (270 INR per day)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Currently paid wage, INR / day** | **legislated minimum wage for unskilled agricultural labour,** **INR / day** | **difference / total gap,** **INR/ day** | **after 1st year of standard implementation** |
| **gap to close****INR/day** | **daily cash wage to pay, INR/day** |
| Assam North | **167** | **270** | **103** | **51** | **218 (167+51)** |
| Assam South | **145** | **270** | **125** | **62** | **207 (145+62)** |
| West Bengal | **176** | **270** | **94** | **47** | **223 (176+47)** |

* by end of the 2nd year starting from the applicability date of revised Tea HL standard, the full cash wage of 270 INR per day is paid

***The proposed date of revised standard applicability is October 1st, 2021. Please see*** [***Topic 9***](#_Topic_9:_Transition) ***.***

**Which of the proposed options are you in favour?**

**!** *tick* ***one*** *box only*

[ ]  Option 1

[ ]  Option 2

[ ]  Disagree

[ ]  Not relevant to me / I don’t know

**Please explain your rationale here or propose alternative approaches:**

### 3.2 Housing and sanitation

The current HL requirement 3.5.28 on housing stipulates that if company is providing housing for workers, the company ensures safety, decency, privacy, security and hygiene. Fairtrade understands that housing workers on-site can be costly. However, if housing does not meet standards of decency not only basic human rights of workers and their families are affected, but hired labour organizations also expose themselves and Fairtrade to considerable reputational risks.

In the 1st round consultation on housing requirement, stakeholders recommended to: further define terms and make them measurable (e.g. decent / reasonable / acceptable etc), to set timelines, add clarity, decouple standard from national law/regional norms on this topic, separate out the required terms for housing quality from those on sanitary facilities, 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.

Also, it is important to consider that the requirement specifically addresses compliance with related national legislation and that it is considered a high risk if this is not ensured as of Year 0.

Further to this, number of stakeholders mentioned that since housing is required by National legislation, it is therefore provided in accordance with required quality. The timeline for requirement on housing assessment and improvement was strongly recommended to be revised to allow a step-by-step implementation and clearer guidance in terms of responsibilities.

**The proposals aim at:**

* to ensuring that the highest level of housing quality provision is achieved for workers;
* clarity on housing and sanitary quality required at a minimum;
* timelines and responsibilities for carrying out housing and sanitary facility quality assessment;

**The proposed changes are:**

**Proposal 6:** **to modify existing Core/Year 3 requirement 3.5.28, and split it into two Core/Year 0 requirements clarifying on acceptable levels of housing and sanitary facilities quality**

**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~~**~~.~~ the houses are regularly maintained and improved, and houses area is clearly marked to indicate what is in the scope of provision by plantation, and the following is ensured:* houses are located in areas that are free of hazards and houses structure provides protection against typical (heat, cold, rain, wind, damp) and extreme weather conditions, as well as protection against vermin and insects, with solid permanent walls, sealed and dry floors; non-leaking roofs, windows and doors.
* houses have natural and artificial light,
* cooking facilities with smoke ventilation, toilet and washing facilities, and access to water that is suitable for drinking and eating.
* doors that can be locked,
* marked fire exits and firefighting equipment with instructions,
* safe electric installations,
* well-functioning sewage and garbage disposal systems

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. National or state regulation **is complied with** in all cases and regional norms should be considered if they exceed this requirement.  |
| **~~Year 3~~**Year 0  |
| **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. The area where houses are provided by the organization is clearly marked to distinguish from extended (or unauthorised) construction that is not in the scope of provision by plantation and was added by workers.Guiding principles for adequate and decent housing to provide a suitable living environment for workers should aim to ensure: **For family housing and dormitories** • Appropriate locations for the houses to avoid natural risks like floods, earthquakes and landslides• Enough natural light during the daytime and access to sufficient artificial light, to be able to read by; • Smoke emission channels or 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, at least one toilet and one shower per family; •Laundry facilities, at least one per family• 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. • Sanitary facilities that provide privacy, hygiene, and are sufficient and appropriate for the number of workers present and facilities should be separated by gender;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.  |

**NEW Washing and Sanitary facilities**

|  |  |
| --- | --- |
| Applies to:  | Companies  |
| Core  | If your company provides housing for permanent, migrant, seasonal/temporary or former workers, safe and hygienic washing and sanitary facilities are ensured: Sanitary facilities (toilets and bathrooms) are useable and provided with clean water and of a style that is in accordance with regional practices.Washing and sanitary facilities are kept safe and regularly cleanedNational or state regulation **is complied with** in all cases and regional norms should be considered if they exceed this requirement.  |
| Year 0  |
| **Guidance:** For further details on housing, please see the ILO Helpdesk Factsheet No. 6, 2009 on workers housing.  |

**Rationale:**  it’s important that workers are provided with highest level of housing quality that is possible in the region following either levels set by Fairtrade standard or National legislations.

**Implications:** if Fairtrade standard requirements on housing quality set are setting higher bar than National legislation on quality of housing and sanitary facilities, companies that are legally responsible to provide housing, have to make sure there is no gap and Fairtrade requirements are fulfilled.

**Do you agree to split existing requirement on housing into stand-alone requirements on housing and sanitary & washing facilities?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree with all elements defining decent housing quality outlined in the requirement on Housing?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree with all elements in the requirement on Sanitary & Washing facilities?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 7. To introduce a Core/Year 1 requirement on regular housing assessment and improvement**

NEW. Regular assessment of housing, washing and sanitary facilities

|  |
| --- |
| **Applies to:** Companies |
| **Core**  | You complete a regular assessment of quality of housing, washing and sanitary facilities to maintain adequate quality and put in place an improvement plan when possible. The assessment must include:* Date when assessment was carried out
* Total number of houses that company is providing or responsible
* A register of workers and their families living within the housing compounds
* Number of houses that need to be built/repaired
* List of items that need to be built/repaired
* Timelines for implementation, which corresponds to the needs and urgency
* Responsible person to check the improvements
* Records of complaints from residents and corresponding activities

The assessment is carried out **annually** and in written format is shared with the *Fairtrade Compliance Committee*.  |
| **Year 1**  |
| **Guidance:** Company appoints a person responsible for this task, for example H&S officer.The assessment and improvement plan to be provided in written format to the Fairtrade Compliance Committee. The responsible person will carry out a regular assessment of conditions of housing and sanitary facilities in relation to quality required either by Fairtrade standard or National legislation. Once an issue is identified, management are compelled to take action within a reasonable period to rectify this (e.g. 3 months).The assessment items may include:* Adequate space (overcrowding/sharing)
* Effectiveness of chimneys and cooking facilities;
* Conditions of toilets and bathrooms;
* Lighting within the houses / condition of electric installations;
* Water supply, proximity and quality
* General conditions, such as: leakages, paint work, doors/windows quality
* Fire safety facilities and instructions
* condition of sewage and garbage disposal systems

The improvement plan may include:* Increased number of shared washing or sanitary facitilies per person or family
* Improved proximity / access of drinking water (e.g. available for each house)
 |

**Rationale:**  the quality of housing and sanitary facilities provided to workers on year 0 of certification has to be regularly maintained and improved where possible.

**Implications:** companies have to appoint a responsible person, for example H&S officer. The responsible person will carry out annual assessment of conditions of housing and sanitary facilities in relation to quality required either by Fairtrade standard or National legislation. If capacity of organization allows to improve provided services, it is added in the improvement plan. The assessment report and improvement plan would also have to be submitted to the Compliance Committee (see Topic 5.1 on compliance committee).

**Do you agree to introduce a Core/Year 1 requirement on regular assessment of housing, washing and sanitary facilities?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree that this assessment to be carried out annually by the appointed responsible person?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

### 3.3 Freedom of Association and Collective Bargaining

In the first consultation round stakeholders expressed concerns in relation to the scope and limitations of NGOs activities on premises of plantations. One of the suggestions was to modify the text of requirement so that it is checked reactively in the audit.

Apart from the existing trade union organizations, 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.

Therefore, the scope and limitations of NGOs activities could be clarified in the request that is sent to the management of the estate. For example, a specialized Human/Labour Rights NGOs could 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 proposed 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.

**The proposal aims at:**

* introducing a new requirement, that would be checked reactively in case the request or notification for Human Rights / Labour Rights NGOs to meet with workers was denied and introduce clarification in the guidance on the cases when a notification is not needed;

**The proposed change is:**

**Proposal 8 to introduce a new reactive requirement, that allows to react in case the notification coming from Human Rights/Labour Rights NGOs to meet with workers was denied**

**NEW. Access for workers to meet Human Rights / Labour Rights NGO**

|  |  |
| --- | --- |
| **Applies to:** | Companies |
| **Core****Year 0** | Your company allows workers and plantation residents, following their notification, to meet with Human Rights / Labour Rights NGO representatives in the workplace ~~order to inform them on their rights~~ at an agreed time, in order to be informed on their rights .~~and place~~. Times and locations proposed for these ~~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. |
| **Guidance:** If the company has any concerns, they engage in dialogue with the workers to address those concerns in order to make the meeting with the NGO possible. Meetings of non-residents of the plantation invited by residents, which are held in the direct vicinity of estate housing outside of working hours do not require notification. The employer shall ensure that they can take place without interference or surveillance. |

**Rationale**: Workers living on the plantations and other residents have the right to meet in the workplace with representatives of organizations offering them support on topics of human rights or labour rights.

**Implications:**

Employers shall be notified in advance and agree to any reasonable proposal for the place and time of meeting. A written denial will be the objective evidence for the auditor to assess if compliance is met. No restrictions apply to workers and other residents of plantations who want to meet other individuals in or around their dwelling similar to the rights of tenants.

**Do you agree with the proposed new requirement and addition of clarification?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

## Topic 4. Fairtrade Premium Management

Following the results of 1st consultation round, the Tea HL requirements 2.1.2 and 2.1.3 on exception for Darjeeling companies to use Fairtrade premium, will be deleted. For more information, check [‘Other Changes’](#DarjeelingException).

This change implies that all Fairtrade Tea certified organizations will have equal access and terms for Fairtrade Premium management and use (for more details [link to see Explanatory Document for Hired Labour standard](https://files.fairtrade.net/standards/EN_Explan_Doc_HL.pdf), pp.10-19).

### 4.1 Sustainability margin (SM)

Fairtrade Standards require that the workers are the sole owners and beneficiaries of the Premium and should be empowered to decide how best to use Premium money in order to improve their livelihoods

The Fairtrade Premium Committee has to be created with the purpose to manage Fairtrade Premium. Thus, a number of requirements are in place stating clearly how the funds may and may not be used, defining FPC’s structure, role and responsibilities as well as the role of Management in the FPC - as a non-voting advisor.

This is to make certain that the Fairtrade premium is used to benefit workers, their families and their communities, and to give clear guidance for the FPC, some of them are as follows:

* the use of the Premium must be planned, and, in accordance with the Fairtrade rules, must take the needs of all workers into account.
* use of the Premium must be approved by the general assembly of workers. This means that workers are informed about plans for the use of the Fairtrade Premium and that everybody can give their opinion and vote for what they think should be done with the Fairtrade Premium.
* the FPC must also report on ongoing activities at the general assembly of workers (GA).
* all accounting and reporting of the Fairtrade Premium money must be available and transparent to all those to whom it belongs, i.e., the workers.
* the planning and reporting process allows for projects to be monitored and evaluated, measuring their success.
* in case of decertification or dissolution of company, structures are put in place to ensure workers’ access to the Premium.

The set rules for premium use are stating clearly how the funds may and may not be used.

**Fairtrade Premium funds can be used**

* *To benefit workers, their families and their communities through community projects such as schools, drinking water wells, meeting halls, etc. Community generally refers the people that work for the same company and live in the same general area. This can extend to other areas where family members live and work as well, as long as all workers share this same sense of community.*
* *For individual disbursements of non-consumable goods such as solar lights, gas cookers, mattresses etc., as long as the goods are accessible to all workers equally. This provision intends to benefit workers who would not normally be able to afford such items and improve their livelihoods.*
* *Up to 20% of the money, per year, can be distributed equally amongst workers as a Fairtrade cash bonus. The percentage of cash distribution may be increased to up to 50% of total Premium under exceptional circumstances, such as where there is a majority of migrant workers in the work force that cannot benefit from Premium projects or in case of a natural disaster or other natural occurrence.*

**Fairtrade Premium funds MUST NOT be used for**

* *Fulfilling legal responsibilities of the company e.g. health and safety requirements, or any other obligations as prescribed under applicable legislation and collective bargaining agreements.*
* *Replacing already existing social and environmental expenditure of the company,*
* *Covering the running costs of the company,*
* *Covering the costs of compliance with Fairtrade standards,*
* *Any illegal activity that could jeopardize the business or certification of the company,*
* *Supplementing workers’ remuneration*

Sustainability Margin was introduced in Tea HL standard and implies that 20% of Fairtrade Premium can go directly to the estate management (and not the Fairtrade Premium Committee) to support improvements in working conditions. Currently it 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.

Based on the outcome of the 1st round consultation, the “sustainability margin” as a concept until now was not meeting it’s objective fully. Some of the reasons are - it’s limited scope (not applicable to all made teas / to organic) and lack of clarity on what activities Fairtrade Premium could be used by the management of the estate. When it comes to proportion, stakeholders’ suggestions in 1st round consultation varied, from keeping same % or increasing it to 30% / 50% or to completely removing it from the standard. For the latter suggestion the reason is to bring back the rule where 100% of FP is managed by the FPC only.

The proposed options in the 2nd round are reflecting these suggestions and inviting stakeholders to give further feedback. In addition to proposals below, for your information, *you may* c*heck* [***Annex II***](#_Annex_II._FULL) *for the current and proposed FP values during the pricing consultation. The final FP values will be approved by the Standard Committee in November 2020.*

**The proposals aim at:**

* consulting on options for changes, that would ensure a level playing field for all producer organizations setting equal grounds on use of Fairtrade premium through Fairtrade Premium Committee
* exploring details of the option on extension of the sustainability margin concept to all organization with a better clarity on FP use and scope of applicability. In particular, define rules on SM margin is to ensure its use is in line with Fairtrade principles on Premium use, through enabling a more balanced negotiation between Management and FPC how SM can be used.
* exploring a potential fixed period for one of the options to be applicable

**The proposed changes are:**

**Proposal 9. Introduce changes to the sustainability margin concept, that ensure transparency and clarity to FPC and management of estates on FP use. The proposed two options explore what change would be most feasible to introduce and if we need to set any fixed timeline for the option with extended scope of sustainability margin.**

**Option 1:** the proportion of sustainability margin of Fairtrade Premium remains 20% and applies to all made teas, conventional and organic, in all regions and rules are further defined explaining on which tasks/activities it could be spent. (*please check here the proposed FP values*)

**2.1.4 Sustainability Margin**

|  |  |
| --- | --- |
| Applies to: | Companies |
| Core | ~~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 only,~~ Up to 20% of the Fairtrade Premium ~~is~~ can be ~~to be~~ deducted from the Fairtrade Premium and paid to the estate. This amount is called the sustainability margin. The estate must use it to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. Where applicable, split payment between the Fairtrade Premium paid to the Fairtrade Premium Committee (80%) and to the estate (20%) needs to be clearly documented, for example by two separate bank payments, or by invoicing the sustainability margin with the price of goods.If the sustainability margin is invoiced separately by the producer, you pay the Fairtrade Premium as invoiced (80 % to the Fairtrade Premium Committee and 20 % for the tea estate as sustainability margin). You have clearly documented the split.The sustainability margin is applicable to all made teas (conventional and organic), including instant tea. ~~has a split Premium (20% of the Fairtrade Premium is paid to the estate and 80% to the Fairtrade Premium Committee) if the instant tea is derived from conventional made tea using the CTC production method, and from conventional “fannings” and “dust” made tea using the orthodox production method~~ |
| Year 0 |
| **Guidance:** For Orthodox whole leaf made tea produced In Sri Lanka, the Sustainability Margin applies only to non-statutory worker amenities/benefits. |

**Option 2:** the sustainability margin concept is removed from the standard completely, i.e. full FP amount will be paid to the FPC and used according to the general FP rules set by the Fairtrade.

**~~2.1.4 Sustainability Margin~~**

|  |  |
| --- | --- |
| ~~Core~~ | **~~2.1.4 Sustainability Margin:~~** ~~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 only, 20% of the Premium is to be deducted from the Fairtrade Premium and paid to the estate. This amount is called the sustainability margin. The estate must use it to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. Where applicable, split payment between the Fairtrade Premium paid to the Fairtrade Premium Committee (80%) and to the estate (20%) needs to be clearly documented, for example by two separate bank payments, or by invoicing the sustainability margin with the price of goods.~~ ~~Instant Tea has a split Premium (20% of the Fairtrade Premium is paid to the estate and 80% to the Fairtrade Premium Committee) if the instant tea is derived from conventional made tea using the CTC production method, and from conventional “fannings” and “dust” made tea using the orthodox production method~~  |
| ~~Year 0~~ |

**Rationale:** The rationale for both options is to bring all Fairtrade certified plantations producing and selling all types of made teas including instant tea, conventional and organic - to an equal level playing field in terms of FP use.

**Implication:** For Option 1: It is up to 20% of the FP that can be used by the Management in all Tea HL certified organizations upon clear and transparent process to agree on the purpose and get approval from the Fairtrade Premium Committee and the General Assemble of workers (see next proposal). In case of Option 2, general rules of FP use and payment would have to be followed by all operators.

**Which option are you in favour of?**

**!** *tick* ***one*** *box only*

[ ] Option 1

[ ] Option 1, only if it implies a further phase out of the concept.

 Please propose the phase out timeline in the box below (e.g. after 1 or 2 years of standard implementation)[ ] Option 2, *please specify if a transition period needed, in the box below (e.g. 6 months, 1 year).*

[ ] I have another proposal, please specify below

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 10. Introduce requirement to ensure clarity to FPC and Management of estates defining rules for transparency on accountability of sustainability margin use.**

**NEW. Sustainability Margin approval and reporting**

|  |  |
| --- | --- |
| Applies to: | Companies |
| Core | The estate management must make a plan of budgeted costs for approval by the General Assembly of workers and Fairtrade Premium Committee (FPC), followed with a report on the use of SM at the GA and to the FPC. The report on Sustainability Margin (SM) use is submitted to the FPC and GA.The SM can be spent only on projects or activities that benefiting workers directly and support improvements to living conditions and services to workers. The sustainability margin can cover up to maximum 50% of total costs planned of projects.  |
| Year 0 |
| **Guidance:** Activities or projects should benefit, as far as possible, all groups (e.g. including migrant and seasonal/temporary workers, women and men etc.) A sustainability margin plan to include at least: * Purpose and objectives
* Target group(s) (e.g. men-women or all workers, migrant and temporary workers, family members; community);
* Activities
* Roles and responsibilities
* Project budget (total / annual);
* Project start and end date;
* How the project will be monitored;
* Date of approval of project by GA and FPC

The report to include at least:* Details on value of SM and total Fairtrade Premium income received, clearly showing it is up to 20% of FP
* A description of project that was planned, and i fit is on-going or has been concluded
* Details of actions carried out and if not carried out an explanation
* timing
* Costs of the project, clearly indicate the SM did not exceed 50% of the total cost of the project
* Further actions
 |

**Rationale:** to prevent that sustainability margin is used on purposes or activities that are not accepted as needed by the workers through FPC.

**Implication:** Management have to approve planned activities with Fairtrade Premium Committee and the General Assembly of workers on use 20% of FP for activities that benefit workers directly. After the project is closed or activities carried out, a report on use of SM has to be presented at the GA. Both, the plan and the report would serve as objective evidence during the audit.

**Do you agree to introduce the new requirement clarifying rules and accountability of Sustainability Margin use?**

**!** *tick* ***one*** *box only*

[ ] Yes

[ ] No

[ ] I have another proposal, please specify below

[ ] Not relevant to me / I don’t know

Please explain your rationale here:

## Topic 5. General Requirements and Commitment to Fairtrade

### 5.1 Fairtrade Compliance Committee (FCC)

The purpose of proposal to introduce compliance committee was to involve and enhance the role of workers in implementation of Fairtrade standard. Currently according to requirement 1.2.1 in HL standard, every plantation has to appoint a Fairtrade officer who is responsible for Fairtrade matters. However, in addition to this, active participation of workers’ representatives in the implementation of standard would help to make workers central actors in Fairtrade’s compliance scheme as opposed to subjects with a marginal role. It would also aim to contribute significantly to Fairtrade´s fundamental goal of empowering workers. It would help Fairtrade standards to drive more impact than conventional social codes.

Thus in the 1st round of consultation, the proposal was to introduce two new requirements that defined composition and tasks of compliance committee (see synopsis for more details). This proposal did not receive a strong support from stakeholders because the proposed structure of the compliance committee and its tasks overlap with areas of responsibilities of existing workers’ committee’s and that implementation of proposed requirements would result in additional burden. Therefore, the proposal was revised considering suggestions. The revised structure and responsibilities of the compliance committee is presented below.

Also, to support the implementation of these requirements Fairtrade International will work on developing the guidance and training materials with purpose to build capacity of Fairtrade Compliance Committee.

**The proposals aim at:**

* defining the compliance committee’s role and structure, also considering the existing workers’ committees in place
* to strengthen existing requirements in the generic HL standard to ensure that the implementation of requirements on compliance committee is aligned with related activities required to be carried out by companies. This includes changes in requirements on shared of audit results with workers (HL req.1.1.2), scope of general assembly (HL req. 2.1.16) and raised awareness about Fairtrade (HL req. 2.2.1).

**The proposed changes are:**

**Proposal 11. to introduce a new Core/Year 1 requirement on Fairtrade Compliance Committee composition and tasks.**

**NEW. Fairtrade Compliance Committee**

|  |  |
| --- | --- |
| **Applies to:** | Companies |
| **Core** | A Fairtrade Compliance Committee (FCC) is created with the purpose of engaging the workers in the implementation of the requirements in this standard.The Fairtrade Compliance Committee is formed at estate level and consists of 1 worker representative and 1 chair from each of the workers’ committees that is in place:1. Occupational health and safety committee
2. Women’s committee
3. Fairtrade Premium Committee

Members and chairs shall be democratically elected in a general assembly of workers.An up to dated list of FCC members is posted and accessible to all workers in the workplace.Trade unions representing workers in the company and if present, a works council, are invited to take a seat in the Compliance Committee, one for each trade union.The tasks of the FCC include, but are not limited to:* Meeting twice a year, to prepare and review ~~facilitate~~ internal audits by committee members;
* Consult with workers to identify and prioritize areas of potential and actual non-conformance with the standard;
* Document findings of internal audits in a written report with a standard template
* Share the report with management to discuss the findings and suggestions for improvement
* Present the report to workers in the General Assembly with an opportunity for management to to share follow-up
* Meeting with auditors to discuss the work of the committee during the audit cycle
* supporting workers in understanding the grievance procedure and using it when necessary. Anonymity is necessary when supporting workers with the grievance procedure;
 |
| **Year 1** |
| **Guidance:** The committee members are free of any pressure, undue influencing or repercussions from management in relation to their committee activities.The meetings are carried out annually with the following purpose and structure:* first meeting is to discuss and prepare a plan for worker representatives to work on compliance check;
* second meeting – to report and discuss the findings from compliance check. For this meeting, representatives of trade unions and a representative of a relevant CSO should be invited. Reports in 2 copies with results of compliance check are validated by chairs of committees (3 signatures).
* Third meeting: the committee presents the report to a general assembly of workers and management has the opportunity to comment on the report and their follow-up
* 1 copy of the report is submitted to the senior management and 1 remains with FCC.
 |

**Annual general assembly held by the Fairtrade Premium Committee and other worker’s committees**

|  |  |
| --- | --- |
| **Applies to:**  | Companies  |
| **Core**  |

|  |
| --- |
| Your company ensures that the Fairtrade Premium Committee leads a general assembly (GA) of all workers at least once a year. The purpose of the GA is to report on (see 2.1.18) and democratically approve the Fairtrade Premium plan (2.1.15), and to receive a report from *the various committees in the workplace required by Fairtrade standards.*  |

 A general assembly is held for all workers to attend with proper notification |
| **Year 1**  |
| **Guidance:** A general assembly is held for all workers to attend with proper notification, during which committees on Health & Safety, Gender, Fairtrade Premium and Compliance will provide a report.  |

**Rationale:** To provide opportunities for workers on certified plantations to engage in company compliance with the standard and empower them in their role when assessing risks in the work place and ensuring they are properly trained.

**Implication:** The company would need to ensure that free and democratic elections are held at estate level to form the compliance committee. The company shall not express support for any of the candidates. Besides the elected committee members, trade unions will have the opportunity to appoint a limited number of additional committee members to ensure that trade unions understand how workplace issues affect compliance with Fairtrade standard, can raise compliance issues as part of the committee’s activities and bring compliance up in social dialogue. Involving trade unions in the committee may also promote trust and collaboration between Fairtrade and the unions in the tea sectors.

**Do you agree with the structure and the activities’ scope of Fairtrade Compliance Committee?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree to introduce the proposed modifications in the requirement on General Assembly meeting?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**The proposed transition period for this new requirement on Fairtrade Compliance Committee is 1 year starting from the applicability date of revised Tea HL standard.**

**Do you agree with the proposed transition period? *(e.g. if the revised standard is applicable on October 2021, then 1 year transition period implies the requirement is applicable as of October 2022)***

**!** *tick* ***one*** *box only*

[ ]  Yes

[ ]  No

[ ]  I have another proposal

[ ]  Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 12. To modify the existing requirement in HL standard on shared audit results, ensuring workers are better informed about audit results and explore feasible timeline by when the results must be shared**

 Audit results shared with workers

|  |  |
| --- | --- |
| Applies to:  | Companies |
| Core | Your company shares audit results with workers following each audit in a format and language accessible to workers. A written report of the audit is displayed in places that are visible to all workers and is translated to relevant language (s) and explained in words at the GA. Worker representatives join the audit opening and end meeting in order to increase worker involvement and understanding in the process of compliance. |
| Year 1 |
| **Guidance:** ~~As a best practice, worker representatives join the audit opening and end meeting in order to increase worker involvement and understanding in the process of compliance.~~ Time should be allowed for representatives to be able to share final results of the audit report with all workers.This is an opportunity to discuss audit results with workers and generate ideas for compliance actions. |

**Rationale:** sharing audit results with workers increases the accountability of the management towards workers and gives workers more information about how the organization is performing on its compliance to Fairtrade. Further to that, involving worker representatives in the audit procedure will contribute to their capacity and understanding of Fairtrade.

**Implication:** companies will be requested to demonstrate that they have shared audit results with their workers and ensure workers’ representatives involvement in audit procedures

**Do you agree to introduce these changes to the existing requirement?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree to fix the** **time to a maximum of 1 month, by when representatives must share final results of the audit report with all workers?**

**!** *tick* ***one*** *box only*

[ ]  Yes

[ ]  No, this should not be fixed

[ ]  I have another proposal

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 13. To modify existing requirement in HL standard on awareness raising regarding company’s commitment under Fairtrade**

Raising awareness about Fairtrade

|  |  |
| --- | --- |
| Applies to: | Companies |
| Core | Your company raises awareness about Fairtrade at all levels to ensure that workers understand the benefits of Fairtrade, in particular:* The benefits of the Fairtrade Premium;
* The different functions, duties and positions of the Fairtrade Premium Committee, other Fairtrade related committees, and trade union/elected worker representatives.
* Commitments under Fairtrade

Your company ensures that the management at all levels, including supervisors, understands the implications of Fairtrade for the company’s operations (e.g. time needed for meetings during working hours). |
| Year 1 |
| Guidance: ‘All levels’ includes senior and middle management, supervisors, workers including migrant and temporary workers and their representatives (e.g. unions, committees).Management and supervisors that have been recruited from outside the company have to be specifically trained in Fairtrade upon their employment. The local point of contact can support training on workers’ rights and duties ([see 3.4.2](#ThreeFourTwo)).Examples of commitments include commitment to adopting a child rights, commitment to adopting an open and positive attitude to workers organizing themselves, commitment to Freedom of Association, etc.Best practice is that posters or similar materials with the commitments should be displayed in prominent positions where they are visible to all workers. These materials should be available in the language that workers understand. |

**Rationale:** it’s important for workers of the organization to not only understand the demands that Fairtrade certification has on their company, but also how they can participate and benefit from it.

**Implication:** the company has to demonstrate how commitments under Fairtrade are communicated and that it is visible and in an understandable format and language to workers.

**Do you agree to introduce these changes to the existing requirement?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

### 5.2 Social development

The 1st round consultation proposal on training of trade union/elected worker representatives was put forward with modifications that strengthened this requirement from Dev/Year 3 to Core/Year 3 and clarified elements on implementation of trainings in the guidance.

As a result, stakeholders had divided opinions where workers were in agreement and highlighted importance of this change while representatives from management of plantations did not agree. In the meantime, other stakeholders mentioned this requirement has to be applicable on Year 0 which would ensure support and empowerment of workers at earlier timelines. Overall it was endorsed to make this requirement compulsory, but less agreement on the year of applicability.

**The proposal aims at:**

* Considering concerns from various stakeholder groups and further strengthening of the requirement.

**The proposed change is:**

**Proposal 14: To strengthen requirement on training for trade union / elected worker representatives, and move its applicability from Year 3 to Year 1.**

Training trade union/elected worker representatives

|  |  |
| --- | --- |
| Applies to: | Companies |
| ~~Dev~~Core | Trade union/elected worker representatives are **trained** on* labour legislation ~~and negotiation skills~~
* worker representation, including representation of women

Workers, managers and supervisors are trained on rights at work including rights of women.Members of Compliance, Health & Safety, Fairtrade Premium and Women’s Committees receive regular training on relevant topics that they are asked to propose themselves. Training **takes place** during working hours and on an annual basis.Your company **records** all training activities. Records **include** information on topics, time, duration, names of attendees and trainers. |
| ~~Year 3~~ Year 1 |
| **Guidance:** Training for workers ~~is essential in order to achieve~~ will support empowerment. Training of supervisors will support respect for workers’ rights and effective employee relations. Training of trade union/elected representatives will support quality of representation. Training can be provided by trade unions, labour rights organisations or labour rights experts selected by the Producer Network. These trainings can not be conducted by the employers of the plantation.  |

**Rationale:** it’s important that training of trade union / worker representatives is compulsory and applicable at early year of certification because capacity of this workers group has a direct impact on other worker’s groups awareness about their rights and existing labour legislations.

**Implication:** as of Year 1 certification, companies have to demonstrate that workers’ representatives were trained on labour legislation and worker representation

**Do you agree for this requirement to be a Core/Year 1 and with the proposed modifications?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

## Topic 6. National legislation

This topic was not included during the first round of consultation but is relevant to some of the proposals in the second round for Hired Labor organizations (for example housing and sanitation and wages) as well as for traders.

Currently, in the section “Reference” of the HL Standard (page 3) it reads:

*Fairtrade International requires that companies always abide by national legislation on topics covered by this standard, unless that legislation conflicts with internationally recognized standards and conventions, in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more favourable conditions for workers on an issue than Fairtrade International, then it prevails. The same applies to regional and sector-specific practices.*

However, as it is not written as a requirement the certification body does not have a link to the standard to raise a non-conformity should a non compliance on national legislation arise

**The proposal aims at:**

* Enabling Fairtrade to act in case violations to national law take place. The purpose is not that auditors check proactively compliance of organizations against all labour or environmental laws, but to have a tool to react in case of risk or indications of non-compliance. Also, it aims at providing clarity to companies on how to act in case of contradiction of the standard with national law.

**Proposal 15: To introduce a new Core / Year 0 requirement on compliance with national law.**

|  |  |
| --- | --- |
| Applies to: | Companies |
| Core | It is your company’s responsibility to be aware of the applicable national legislation on the topics covered by this standard in your country and there are no indications of its violation |
| Year 0 |
| **Guidance:** Fairtrade requires that companies always abide by national legislation on topics covered by this standard, unless that legislation conflicts with internationally recognized standards and conventions in which case those higher criteria prevail. Also, if Fairtrade standards ensure more favourable conditions for workers, then they prevail. The same applies to regional and sector-specific practices. |

**Rationale:** There have been cases where there is no clarity on what to do in the case that a requirement of the Fairtrade Standard is in contradiction with the national law. This requirement would fill this gap. Also, Fairtrade would have a tool to act in case organizations are in non-compliance with national law. This requirement is also part of other voluntary sustainability and private codes.

**Implications:** Non-compliances for not abiding with national law could be issued. Companies, PNs and auditors would need to have a good knowledge on the applicable national laws. On labour and natural resources management the higher standards would apply. In particular cases, Fairtrade International would need to issue interpretations.

**Do you agree to introduce a new requirement that builds on existing regulation stated in the generic HL standard?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

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

### 7.1. Retro-certification

In the first round of consultation the introduced changes were on regulating FP and FMP payment for volumes bought as retro-certified, i.e. that payment of FP and FMP have to be completed prior to retro-certifying tea. This proposal did not get endorsed by stakeholders as was found to be not practical.

In the meantime, retro-advice note as a tool was revisited and it’s practicality re-assessed.

In this consultation round, the purpose is to further explore what could be improved on regulation of retro-certification, while avoiding making this process becoming systemic where it is possible.

**The proposals aim to:**

* eliminate delays in processing of retro-advice note;
* ensure clarity that producer organization is the one to decide/approve the availability of retro-certified volumes

**Proposed changes are:**

**Proposal 16. To modify two existing requirements removing reference to retro-advice note and introduce 3 new requirements to ensure transparency on retro-certification process for producers and traders.**

***Please note rationale and implication are provided before all requirements with changes***

**Rationale:** to reduce risks for producer organizations and companies in planning of Fairtrade Premium use.

**Implication:** traders (first buyers) have to inform producers on retro-certified transaction within 5 working days and report relevant details in the reporting tool from certification body.

**1.1.2 Retro-certification limits (volume and timing)**

**First buyers**

|  |  |
| --- | --- |
| Applies to: | First buyers |
| Core  | For CTC African teas, buyers may Retro-certify up to 30% of volume purchased on the original invoice from a given Fairtrade certified producer. Teas may be retrospectively declared as Fairtrade 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. Teas may be retrospectively declared as Fairtrade up to 6 months after the month of original purchase invoice. ~~The certified producer must be notified and approve Retro transactions via a “Retro Advice Note”.~~  |
| Year 0 |

**Do you agree to introduce this change?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**1.1.3** **~~Retro Advice Note~~ Informing producers of retro-certification**

|  |  |
| --- | --- |
| Applies to: | **First buyer**  |
| Core  | You inform producers of the retro-certified transaction within 5 working days.If you are not the first buyer, you also inform the exporter of this transaction and receive a confirmation that the exporter is ~~willing to take~~ taking on the responsibility to convey the additional price and Premium for the retro-certified volume. ~~The Retro Advice Note includes a copy of the original invoice; producer and buyer identification; the volume of tea being retro-certified; 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.~~ ~~Each Retro Advice Note between two operators must be consecutively numbered, using Trader name and ID /Producer Name and ID/ Year/ transaction number (Smith824/TeaProducer9851/10/001, Smith824/TeaProducer9851/10/002, etc). This code must also be quoted on all documents and Bank Transfers related to the specific retro transaction.~~ ~~Tea cannot be sold or packed as Fairtrade before the producer has given written agreement/ approval of the Retro Advice Note. The date the producer confirms acceptance by signing the Retro Advice Note becomes the ‘declaration’ date on which the Retro-certified volume becomes Fairtrade. Due payment of the Fairtrade premium and any price adjustment are as per the tea Standard. If the original invoice price for the Tea was below the applicable Fairtrade minimum price for that country/region then the difference must also be paid along with the due Fairtrade Premium.~~ ~~A copy of the Signed Retro Advice Note and original invoice must be sent by the Trader to a Fairtrade International email account, retro.tea@fairtrade.net within 5 working days of the declaration date.~~  |
| Year 0 |

**Do you agree to introduce this change?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**NEW - Informing the certification body of retro-certification**

|  |  |
| --- | --- |
| Applies to: | First buyer |
| Core Year 0 | You promptly report to the certification body about all retro-certified transactions through the reporting system on traceability.  |
| Guidance: The following information is an example of what data and information is useful to prepare for report:- the date of purchase of the tea from the producer organization- transaction identification- container/shipment information,- seller and buyer identification;- the volume of tea being retro-certified;- the Fairtrade Premium amount due;- the Fairtrade Price adjustment (where applicable if original price paid is below applicable Fairtrade Minimum Price)- the party responsible for paying / conveying price differential and premium to the producer. |

**Do you agree to introduce New / Core 0 requirement applicable to traders (first buyer)?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**NEW - Record-keeping**

|  |  |
| --- | --- |
| Applies to: | Exporter |
| Core  | You keep track of volumes of retro-certified tea |
| Year 0 |

**Do you agree to introduce new Core/Yea 0 requirement for traders to keep the records of tea retro-certified volumes?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Proposal 17. To introduce a new Core/Year 0 requirement applicable to first buyer and all traders who retro-certify tea, to buy at least 20% of total volume (produce) through direct purchase**

**NEW Retro-certification limits**

|  |  |
| --- | --- |
| Applies to: | First buyer and all traders who retro-certify |
| Core | At least 20% of Fairtrade sales come from direct Fairtrade purchase (not retro-certified) |

**Rationale:** purchases through retro-certification do not allow producer organizations to plan use of Fairtrade Premium efficiently.

**Implication:** all traders who retro-certify tea have have to purchase at least 20% of total planned volume through direct purchase.

**Do you agree to introduce the Core/Year 0 requirement to limit purchases through retro-certification?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

### 7.2 Purchases and sales of green tea leaves

Green Tea leaves are purchased from SPOs on a daily basis. In some cases, it is challenging or even impossible to pay the applicable Fairtrade Price and Premium for all green leaves bought. This is because the trader that processes the green leaves may not be able to know in advance what part of the green tea leaves volume bought from an SPO will be sold as Fairtrade made tea. This means that when an SPO sells green tea leaves this is a sale/purchase that falls under sale as Fairtrade eligible. While standard allows retro-certification for Fairtrade tea, this mechanism does not include sales/purchases of green tea leaves. The current version of Tea SPO standard does not cover such situations.

**The proposal aims:**

* introducing a change in the standard that will benefit SPOs in their premium use planning and provide an overall clarity on processes and timelines of FP transactions as well as responsibilities in the supply chain
* addition of new requirement, applicable for First buyer/Processor that stipulates the minimum necessary details related to purchases of green tea leaves and timely payments to SPOs.

**Proposed change is:**

**Proposal 18. to introduce a new Core/Year 0 requirement for purchases and sales of green tea leaves from small-scale producer organizations**

**NEW.** Purchase and sale of green leaves from SPO

|  |  |
| --- | --- |
| Applies to:  | All traders buying and processing green leaves |
| Core | If you buy green tea leaves you buy as Fairtrade eligible and sell as Fairtrade, provided that the conditions below are met: * Fairtrade eligible means green leaves were produced as Fairtrade
* When the processed/made tea is sold as Fairtrade you inform each of the supplying producers of the volumes of their Fairtrade eligible green leaves tea sold as Fairtrade
* You transfer price differential (if applicable) and the Fairtrade Premium once you sell the processed/made tea as Fairtrade
* If you act as premium conveyor, the entity buying tea from you acts as a premium payer and this arrangement is outlined in the contract between you and producer.
* You make an agreement on transfer of price in a timely manner, but the period should not be more than 14 days.

When you sell only the percentage of total volume bought as Fairtrade eligible green tea leaves, this percentage is applied to each producer’s supplied volume and the Premium and price adjustment (if applicable) are calculated pro rata. If the second buyer (the buyer of processed/made tea) requests in writing for tea from a specific producer, the Fairtrade price adjustment and Premium is to be paid to that specific producer. |
| Year 0 |

**Rationale**: to introduce a clause in the standard that sets clarity for existing trading relations between an SPO and processor/First buyer.

**Implication:** the first buyer may buy green tea leaves as Fairtrade eligible and agree in the contract with producer (SPO) on terms and conditions of Price differential (if applicable) and Fairtrade Premium payments, including clear definition on who will be the FP payer or conveyor and what are the agreed timelines for price and premium transactions which should not exceed 14 days.

**Do you agree with the proposed new requirement?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

Please explain your rationale here:

### 7.3 Pre-finance rules: Alignment with the Trader Standard

The Trader Standard includes a generic [requirement 4.4.1](https://files.fairtrade.net/standards/TS_EN.pdf) on pre-finance that stipulates that the onus to offer pre-finance is on the trader. This change was introduced in 2015 and current product standards for Tea for SPO and HL still states that pre-finance has to be made available upon request of producers. Following the introduced change in TS, where pre-finance has to be offered by the trader, and the 60% pre-finance that is currently stated in Tea standards should be also interpreted as ‘at least 60%’ has to be offered by the trader after signing the contract.

**The proposal aims at:**

* introduce new requirements in the Tea HL and SPO standards on pre-finance for traders, to align with the Trader Standard

**The proposed change is:**

**Proposal 19. Introduce in Tea product standards for HL and SPO the following requirement:**

|  |
| --- |
| **Applies to: First buyers** |
| **Core** | You provide at least 60% of the value of the contract as pre-finance to the producer at least six weeks prior to shipment. |
| **Year 0** |

**Rationale:** to align with latest changes in the Trader standard clarifying that the onus to offer pre-finance is on trader

**Implication:** Traders (first buyers) have to provide at least 60% of the contract value as a pre-finance

**Do you agree with the proposed change to align with the Trader Standard and introduce a requirement in Tea HL and SPO standards for first buyer on pre-finance?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

**Do you agree to keep the percentage of 60% of the value of the sales contract and the timeline “six weeks prior to shipment”?**

**!** *tick* ***one*** *box only*

[ ] Strongly agree

[ ] Partially agree (*in the box below specify what part or what element you don’t agree with*)

[ ] Disagree

[ ] Not relevant to me / I don’t know

**Please explain your rationale here:**

## Topic 8: Inclusion of Herbs & Spices in the certification scope of Tea HL organizations

Fairtrade standards for organizations in producing regions are segregated into organisational setups like SPO, Hired labour, Contract Production with a particular scope of products. The scope for Herbs & Herbal teas standard for Hired Labour organizations allows companies to produce and sell fresh and dried herbal products as Fairtrade, where fresh herbs are only those that are for culinary purposes and for processing into essential oils while dried herbs are only allowable for tea products.

There is an interest from Fairtrade Tea HL organization to expand the scope of the standard for Herbs & Herbal teas for HL, allowing Tea HL to also sell dried black pepper *(Piper Nigrum L.).* Under current scope limitations, it is not permitted for HL organizations to do so.

Black pepper (*Piper Nigrum L)* is mainly grown as a rainfed crop but can also be grown as irrigated crop when it is growing under the shade trees in tea or coffee plantations. Thus, on tea plantation areas pepper is generally an intercrop for the high altitude tea, as a creeper covering the shade trees and hedge crops. In such case, this circumstances and conditions it’s not very cost demanding to maintain this crop production.

**The proposal aims at:**

* exploring possibility to expand the scope of standards for Herbs & Herbal teas standard for HL organizations to allow to sell dried Black Pepper only when it’s grown as intercrop on Tea plantations of HL organizations;
* understanding the demand, opportunities and risks related with scope extension, to avoid creating any disadvantages for tea small-scale producer organizations and ensure fair competition on the market for Black Pepper.

**Proposal 20:** **to expand the scope of the standard for Herbs and Herbal teas for HL, to include Black Pepper (as dried spice) in the certification scope for Tea HL organizations only under following restricted conditions**:

* HL organization is certified for tea as a primary product
* black pepper (*Piper Nigrum L*) is grown as an intercrop on certified tea plantations
* dried black pepper can not be sold as fairtrade when tea is not sold as fairtrade
* in case a company is decertified against tea hl standard, black pepper as a secondary crop is removed from the certification scope as well.

**For Tea Hired Labour organizations only:**

**Do you grow Black Pepper (***Piper Nigrum L***) as intercrop on Fairtrade certified tea plantations?**

[ ] Yes

[ ] No

[ ] Not relevant

**Please specify any additional information here**:

**Do you have interest to sell dried Black Pepper (***Piper Nigrum L***)? If yes, how much would you buy/sell?**

[ ] Yes. *In the box below, please* *specify the average volume in kg/year or relevant measurement*

[ ] No

[ ] Not relevant

**For Tea HL and all SPO:**

**Do you agree that the scope of Herbs & Herbal teas standard for HL is expanded to allow sales for dried Black Pepper (***Piper Nigrum L***) for Tea HL organizations only when it is grown as intercrop on Tea HL plantations?**

[ ]  Yes

[ ]  No

**Please explain your rationale here:**

**Do you agree that the scope restricts the sales of dried Black Pepper (***Piper Nigrum L***) only to those Tea HL companies who are certified for tea as their main (primary) product and Black Pepper is their secondary product which is grown as intercrop?**

[ ]  Yes

[ ]  No

**Please explain your rationale here:**

**Do you agree that in cases where the company (certified organization) does not make sales of the tea continuously for a defined period, the sale of Black Pepper (***Piper Nigrum L***) should be also prohibited?**

(for example: if the Tea plantation produces Black Pepper as an intercrop on tea plantations does not sell Fairtrade tea continuously for 1 year, will not be able to sell Fairtrade dried Black Pepper)

[ ]  Yes (and this period is restricted to 1 year)

[ ]  Yes (but with other period, please specify in the box below)

[ ]  No (there should be no restrictions)

**Please explain your rationale here:**

**Do you agree that the scope addition for secondary crop (intercrop) should be removed in case of removal of the primary crop from the certification scope?**

[ ]  Yes

[ ]  No

**Please explain your rationale here:**

**For Tea SPO**

**Do you grow and sell dried Black Pepper (***Piper Nigrum L***) as Fairtrade?**

[ ] Yes

[ ] No

[ ] Not relevant

**As a small-scale producer organization, do you have any concerns with extension of the scope of Herbs & Herbal teas standard for HL organizations, allowing Tea HL under restricted condition to sell dried Black Pepper as Fairtrade?**

[ ]  Yes

[ ]  No

[ ]  Not relevant

**Please explain your rationale here:**

## Topic 9: Transition period and applicability of the revised standard

Fairtrade suggests that the Tea SPO and HL revised standards become applicable as of October 1st, 2021. This leaves producers and traders a transition period of at least 6 months, given that the revised standards will be published by May 1st, 2021 or prior to that.

[ ] Yes

[ ] No

[ ] I have another proposal. Please specify here:

[ ]  Not relevant to me / I don’t know.

**Please explain in case you don’t agree**

# OTHER CHANGES - FOR COMMENTS (outcome of 1st consultation round)

This section provides an overview of requirements that will be introduced in Tea HL standard following the collected feedback in the 1st consultation round.

* **In the column ‘****Tea HL standard’** you find the requirements that will be added to the Tea HL standard. Any additional suggestion for change in the requirement is shown in ‘red’.
* **In the column ‘****Explanatory note’** you find the clarifications on terms and definitions that will be added in the explanatory note to the standard.
* **In the column ‘****Comments’** you may leave a suggestion for any additional information or detail that in your opinion need to be covered in the explanatory note or if any non-substantial improvement in the text of requirement or guidance is needed.

## Topic: Anti-modern slavery

* **No forced labour**

|  |  |  |
| --- | --- | --- |
| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **X.x.x. No forced labour**

|  |  |
| --- | --- |
| **Applies to:**  | Companies |
| **Core** | Your company **does not** directly or indirectly **engage in, support or tolerate** forced labour, including bonded or involuntary prison labour.You explain this to all workers. |
| **Year 0** |
| **Guidance:** The following indicators developed by ILO can help you to assess if your organisation is at risk of forced labour.* Abuse of vulnerability;
* Deception;
* Restriction of movement;
* Isolation;
* Physical and sexual violence;
* Intimidation and threats;
* Retention of identity documents;
* Withholding of wages;
* Debt bondage; bonded labour, labour trafficking;
* Significant abusive working and living conditions;
* Excessive overtime.

“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). Some examples of forced labour:* 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
* 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
 |       |

* **Forced labour remediation**

|  |  |  |
| --- | --- | --- |
| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **NEW X.X.X Remediation in case forced labour is identified**

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| --- | --- |
| **Applies to:** | Companies |
| **Core** | If you have identified cases of forced adult labour, you remediate to ensure [prolonged safety](#prolongedsafety) 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.  |
| **Year 0** |
| **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 |

 | * Add clarity that companies/plantations would be expected to monitor job brokers.
* Provide example of Forced Labour Policy (as a best practice) to have following structure/sections in policy:
* Purpose, scope, definitions, statement, general principles, code of conduct, responsibility, implementation (identifying FL, reporting suspected FL, corrective actions and other consequences), risk assessment report, monitoring, remediation
* timelines for remediation (to depend on severity of cases)
* example what would identify the remediation as successful
* Organizations to define who will be in charge of monitoring and remediation (e.g. president/chair of company who would collect reports from certifications manager/field officer)
* example what would identify the remediation as successful
* trainings frequency, scope and target group –e.g. at least twice a year, for management AND workers

In addition, information and guidance on policy structure and procedures will be provided as well |       |

* **[No worst forms of child labour](#_Topic:_Anti-modern_slavery).**

[***CLICK HERE to go back to Proposal 1***](#Proposal1)

|  |  |  |
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| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **X.X.X. ~~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 worst forms of child labour or to any type of work which, by it’s nature or the circumstances under which it is carried out, 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. If there is no such list, then the general ILO hazardous list should be used. 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. |

 | According to ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 182): * hazardous child labour is work in dangerous or unhealthy conditions that could result in a child being killed, or injured or made ill as a consequence of poor safety and health standards and working arrangements. It can result in permanent disability, ill health and psychological damage. Often health problems caused by being engaged in child labour may not develop or show up until the child is an adult.

**Hazardous labour** *- 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.* |       |

## Topic: Women’s empowerment and gender equality

[***Click here to go back to Ptoposal 3***](#_Topic_2._Gender)

* **Gender Based Violence and Gender Policy**

|  |  |  |
| --- | --- | --- |
| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **NEW X.X.X No tolerance of Gender Based Violence and other forms of harassment**

|  |  |
| --- | --- |
| **Applies to:** | Companies |
| **Core** | 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 and/or sexually abusive/exploitative.Your company is committed to remediating all forms of violence and harassment. |
| **Year 0** |
| **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.Company is expected to respect and abide by applicable law in relation to gender-based violence and harassment and to take action towards prevention and elimination and adequately responding to all reports and incidences, ensuring a survivor/victim-centred approach that prioritizes the rights, needs, and wants of the survivor/victim.Examples of gender-based violence:* Threats of violence;
* Physical, emotional and psychological violence
* Coercion
* Arbitrary deprivation of liberty
* Economic deprivation or exploitation;
* Dowry-related violence;
* Sexual exploitation; Sexual harassment
* Trafficking;
* Forced prostitution

Examples of other forms of harassment indicators:* Bullying
* Forced marriage

When GBV cases are identified the organization is expected to: a) provide safety to the reporting party (e.g. no job loss, threatening or penalty) and b) 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. 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 threat or 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. The policy can also be linked to a broader policy against any form of discrimination or to the gender policy.  |

 | **Harassment** is defined as conduct which threatens, intimidates and /or puts a person in fear of their safety. It is linked to loss of respect / dignity and generally a person’s well-being. It is often based on unequal relations of power that exists between people. Examples: unwanted, unwelcomed, uninvited conduct/behaviour that demeans, threatens, offends a person and results in a hostile environment. **Violence and harassment** is a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment Gender based violence and harassment means violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment. Women are disproportionately impacted by gender-based violence and harassment, and these issues are driven by power imbalances and deeply entrenched discriminatory social norms. **Prolonged safety means** keeping the person/s free from risk of or actual harm or danger. **Remediation** includes prevention and withdrawal.Companies should undertake risk assessments, develop and implement appropriate measures to prevent violence and harassment with workers and their representatives. Prevention programs include training and awareness-raising campaigns on the relevant policy, unacceptable behaviours, reporting mechanisms, potential sanctions for perpetrators. **Prevention** means companies adopt and implement relevant policy, for example: anti-sexual harassment and other forms of harassment and anti- bully policy, including protection and safeguarding policy, undertaking risk assessment and establishing monitoring and response systems (safe withdrawal and prevention projects). monitoring and response system.* **Discriminatory** - the unjust or prejudicial treatment of different categories of people, especially on the grounds of race, age, gender, sexual orientation, ability, and/or religion.  Examples would be racial jokes, gendered categorization of work, exclusion of young people from meetings
* **Physical** - Any act which causes physical harm as a result of unlawful physical force. Physical violence can take the form of, among others, serious and minor assault, deprivation of liberty, Female genital mutilation, child marriages and manslaughter.
* **Economic** - Any act or behaviour which causes economic harm to an individual. Economic violence can take the form of, for example, property damage, restricting women’s and young people’s access to financial resources, education or the labour market, or not complying with economic responsibilities, such as care for family members
* **Power** – harassment that is characterised by a power disparity between people where the person in the position of power exercises control of a person who is lower on the hierarchy.
* **Psychological** - Any act which causes psychological harm to an individual. Psychological violence can take the form of, for example, coercion, defamation, verbal insult or harassment.
* **Sexual** - Any sexual act performed on an individual without their consent. Sexual violence can take the form of rape or sexual assault. Children under the age of 18 years cannot consent to sexual acts
* **Retaliation** - violence occurs when a person harasses someone else to get revenge and to prevent the victim from behaving in such a way again.
* **Quid Pro Quo** – “this for that,” is an exchange type of harassment.  Examples include, if jobs or job benefits are offered on the conditions that a person take part in some kind of sexual conduct
* **Third Party** – violence perpetuated by someone outside the PO. Instead of the perpetrator being a boss, supervisor, he or she is a vendor, supplier, customer or partner of the PO.
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| **New Gender policy**

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| **Applies to:** Companies |
| **Core** | You develop and implement a gender policy which is applicable to management, workers (including temporary/seasonal workers), subcontractors, job brokers. You ensure management and workers are trained, including job brokers or contractors and aware of this policy~~, and~~ its contents and application (including documentations generated by policy (trainings, reports etc)). You ensure that women, including young persons (18-24 years) are involved in the ~~development , and~~ implementation and periodic review of the policy.The policy must be signed and senior management must be accountrable for it |
| **Year 1** |
| **Guidance:** Gender equality is the concept that all ~~human beings~~ persons, women and men, girls and boys, are free to develop their ~~personal~~ abilities and make choices based on ~~without the limitations set by~~ negative stereotypes of females, gender neutral persons or males~~, rigid gender roles, or prejudices~~ or treat differently or less favourably or to a higher standard because of a person’s gender or because the person is affiliated with a group that is associated with a particular gender or because a person acts/present themselves in a way that does not conform to traditional ideas of femininity or masculinity. Best practice: Gender inclusive organization enables fundamental principles and rights at work, creates greater employment and income opportunities for workers, enables social protection and strengthens social dialogue between men and women, girls and boys, management and workers and other groups that experience inequality in workspace. ~~Women’s~~ Gender empowerment is an expansion in ~~women’s~~ person’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 at all levels of the organization (e.g. supervisory, management etc). 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 and girl’s empowerment and gender equality, the purpose of the policy, scope, actions to make it known, awareness raising and training activities, implementation and monitoring and respond.**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 or based on ethnicity, age etc. or covering other relevant groups (e.g. youth, workers, families) or requirement XXX (on GBV) |

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## Topic: Workers Labour conditions

* **Occupational Health and Safety**

The 1st round of consultation resulted in overall support of proposed changes on the topic of occupational health and safety, i.e. strengthened existing requirement on H&S risk assessment moving it from Dev/Year 3 to Core/Year 1 and new Core/Year 1 requirement on treatment and compensation. The requirements below represent reflection of changes suggested by the stakeholders in the 1st round consultation:

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| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **3.6.4. Health and safety risk assessments**

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| --- | --- |
| **Applies to:**  | Companies |
| **~~Dev~~ Core** | Your company carries out regular H&S risk assessments jointly with workers’ ~~and their~~ H&S representatives (see 3.6.3) at least once a year, and adapts safety measures accordingly.Your company ensures that risk assessment is carried out by the trained person. |
| **~~Year 3~~ Year 1** |
| **Guidance:***~~This requirement does not apply to small companies unless otherwise required by national legislation.~~**H&S risk assessments of the workplace to identify all potential hazards and risks to worker health and safety.* *For example: risks of snake bites, or risks caused by regular/known extreme weather conditions, or risks when used personal protective equipment is not appropriate to protect from specific hazard.**Best practice is when action plan is developed for each identified risk, with the aim to:* 1. *Remove the hazard OR*
2. *Reduce effect of hazard, if hazard removal is not possible*
3. *Provide adequate PPE to workers*
4. *Include in trainings for workers on H&S*
5. *All hazards to be clearly signposted*
 |

 | Examples of topics for trainings on occupational health and safety:* how to prevent or minimize the effect of the hazard on worker health and safety;
* how to perform tasks with minimum risks to health;
* safe operation and maintenance of machinery and use of PPE
 |       |
| **NEW X.X.X. Treatment and compensation**

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| --- | --- |
| **Applies to:**  | Companies |
| **Core** | If your workers suffer from a work-related illness or injury, they receive appropriate treatment and compensation. |
| **Year 1** |
| **Guidance:** Where employees are found to be suffering health problems resulting from their work, they should be: • redeployed to more suitable work where possible or / and;• reduce volume of work or time of work or / and;• compensated according to the law or CBA; or / and; • examined and treated appropriately by a medical practitioner at the employer's expense for as long as the condition persists*~~.~~* |

 | Definition of the following to be provided:* work related illness
* clarity on ‘as long as the condition persists’
 |       |

## Topic: Fairtrade Premium Management

[***Click here to go back to Topic 4***](#_Topic_4._Fairtrade)

**Fairtrade Premium (FP) use – Exception for Darjeeling**

Currently in Tea HL standard an exception on FP use is made to companies located in Darjeeling (requirements 2.1.2 and 2.1.3 in Tea HL). In the 1st round of consultation, the proposal was to remove this exception from the standard with the purpose to create an equal level playing field for all Tea HL companies, harmonizing the rules of FP use in all regions. Although stakeholders did not fully support this proposal, there is a strong recommendation from Fairtrade system and Standards Committee to remove such an exception from standard.

Therefore the following requirement will be deleted in the Tea HL standard.

|  |  |  |
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| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
|

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| **~~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.~~
 |

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* **Sustainability Margin (SM)**

Another proposal on Sustainability Margin was - to introduce a new clause requiring companies to invoice SM separately from FP. Stakeholders however disagreed with this change and suggested to allow flexibility to arrange the payment either through split invoicing or differently. Otherwise it would incur additional costs for transactions and other complexities.

The following requirement below on flexible invoicing is aligned with compliance criteria text and for consistency it will be added in the standard. However this requirement will be optional and applicable only if producers invoiced the payment of SM separately.

*Please note that this requirement will be added only if Sustainability Margin concept remains in the standard after results of the 2nd round consultation.*

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| **Tea HL Standard** | [**Explanatory document**](#COLUMN_ExplanNote) | [**Comments**](#COLUMN_Comments) |
| **NEW. Invoicing of Sustainability Margin**

|  |  |
| --- | --- |
| **Applies to:**  | All traders |
| **Core** | If the sustainability margin is invoiced separately by the producer, you pay the Fairtrade Premium as invoiced (80 % to the Fairtrade Premium Committee and 20 % for the tea estate as sustainability margin). You have clearly documented the split. |
| **Year 0** |

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# General comments/ feedback

In this section you are invited to provide additional feedback on any of the requirements in the [Fairtrade Standard for Tea for Small Producer Organizations](https://files.fairtrade.net/standards/Tea_SPO_EN.pdf) or [Fairtrade Standard for Tea for Hired Labour Organizations](https://files.fairtrade.net/standards/Tea_HL_EN.pdf), or provide general comments. If you are referring to a particular requirement, please include the requirement number where possible and your comments.

|  |  |
| --- | --- |
| **Topic/ requirement number** | **Comments/ feedback** |
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If you need some more information before commenting on this document do not hesitate to contact standards-pricing@fairtrade.net

When you have finalized, please save the document **in Word** format (*do not convert to PDF\**) and **send** to standards-pricing@fairtrade.net or o.forkutsa@fairtrade.net **latest by the 26th November 2020.**

If you have any problems or need additional support, you can consult the latest information from our website [here](https://www.fairtrade.net/standard/tea-standards-and-pricing-review-2019) or contact us at standards-pricing@fairtrade.net.

***\*Please note:*** *The consultation document is a ‘Fillable format of MS Word form”, for that reason you can fill in / provide your input ONLY in the designated spaces and boxes.*

# Annexes

## Annex I. Floor wages values calculation

* monthly wage is calculated using country’s poverty line (refer to *Table 4*):

**[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**

**Table 4** World Bank Poverty Lines by Country, 2018

|  |  |  |
| --- | --- | --- |
| **Country** | **Development Level** | **World bank Poverty Line by Country** **(in PPPs\*)** |
| Bangladesh | Lower-Middle | 3.20 |
| India | Lower-Middle | 3.20 |
| Kenya | Lower-Middle | 3.20 |
| Sri Lanka | Lower-Middle | 3.20 |
| Malawi | Low | 1.90 |
| Rwanda | Low | 1.90 |
| Tanzania | Low | 1.90 |

**\****Purchasing Power Parity* *exchange rates ensuring that the same quantity of goods and services are priced equivalently across countries and is updated by the WB on a regular basis and can be found* [*here.*](https://data.worldbank.org/indicator/PA.NUS.PRVT.PP)

**Table 5**. Calculation of floor wages for a selected number of countries, 2019-2020

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **PPP private rate consumption,****2019-2020****LCU** | **WB poverty line per day** | **Days/month** | **No. of Family members** | **No. of Breadwinners** | **Floor Wage, LCU** |
| per month | per day ('per month' divided by 26 days) |
| Bangladesh | *31.50* | ***x*** | *3.20* | ***x*** | *30.40* | ***x*** | *4.00* | ***/*** | *1.58* | **7,758** | **298** |
| India | *21.21* | ***x*** | *3.20* | ***x*** | *30.40* | ***x*** | *4.00* | ***/*** | *1.58* | **5,224** | **201** |
| Kenya | *41.09* | ***x*** | *3.20* | ***x*** | *30.40* | ***x*** | *5.50* | ***/*** | *1.71* | **12,857** | **494** |
| Malawi | *278.16* | ***x*** | *1.90* | ***x*** | *30.40* | ***x*** | *5.00* | ***/*** | *1.59* | **50,524** | **1,943** |
| Rwanda | *311.00* | ***x*** | *1.90* | ***x*** | *30.40* | ***x*** | *5.00* | ***/*** | *1.76* | **51,032** | **1,963** |
| Sri Lanka | *50.57* | ***x*** | *3.20* | ***x*** | *30.40* | ***x*** | *5.00* | ***/*** | *1.55* | **15,869** | **610** |
| Tanzania | *931.69* | ***x*** | *1.90* | ***x*** | *30.40* | ***x*** | *5.00* | ***/*** | *1.76* | **152,882** | **5,880** |

*\*LCU- local currency rate*

## Annex II. FULL set of proposals for FMP and FP vs. Current FMP and FP

PLEASE NOTE THIS WAS CONSULTED DURING PRICING REVIEW, July-August 2020.

The final decision on values will be made by the Standards Committee in November 2020.

See table below **↓**

Click here to go back to [Topic 4.1. Sustainability Margin](#_4.1_Sustainability_margin)

| **Product specific information** | **Quality** | **Country / Region** | **Producer Scope** | **Price level (INCOTERMS)** | **Currency / Units** | **Current FMP** | **Current FP** | **Proposed FMP**  | **Proposed FP 2020** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **All teas using CTC method; Fannings and Dust using orthodox method** | Conventional | Africa (exc. Eastern Africa and Malawi) | SPO / HL | Auction | USD / kg | 1.20 | 0.50 | 1.50 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.40 | 0.50 | 1.80 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.20 | 0.50 | 1.50 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.40 | 0.50 | 1.80 | 0.50 |
| Conventional | Eastern Africa (exc. Kenya; Uganda; Tanzania and Rwanda) | SPO / HL | Auction | USD / kg | 1.40 | 0.50 | 1.60 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.60 | 0.50 | 1.90 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.50 | 0.50 | 1.70 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.70 | 0.50 | 2.00 | 0.50 |
| Conventional | Kenya | SPO / HL | Auction | USD / kg | 1.70 | 0.50 | 2.80 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.90 | 0.50 | 3.10 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.80 | 0.50 | 2.90 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.00 | 0.50 | 3.20 | 0.50 |
| Conventional | Malawi | SPO / HL | Auction | USD / kg | 1.10 | 0.50 | 1.60 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.30 | 0.50 | 1.90 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.40 | 0.50 | 1.90 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.60 | 0.50 | 2.20 | 0.50 |
| Conventional | Rwanda | SPO / HL | Auction | USD / kg | 2.00 | 0.50 | 3.00 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 2.20 | 0.50 | 3.30 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 2.00 | 0.50 | 3.00 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.20 | 0.50 | 3.30 | 0.50 |
| Conventional | Tanzania | SPO / HL | Auction | USD / kg | 1.50 | 0.50 | 1.80 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.70 | 0.50 | 2.10 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.60 | 0.50 | 1.90 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.80 | 0.50 | 2.20 | 0.50 |
| Conventional | Uganda | SPO / HL | Auction | USD / kg | 1.70 | 0.50 | 1.80 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.90 | 0.50 | 2.10 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.80 | 0.50 | 1.90 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.00 | 0.50 | 2.20 | 0.50 |
| Conventional | Asia (exc. China; India; Sri Lanka) | SPO / HL | Auction | USD / kg | 1.40 | 0.50 | 1.40 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.60 | 0.50 | 1.70 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.40 | 0.50 | 1.60 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.60 | 0.50 | 1.90 | 0.50 |
| Conventional | China | SPO | Auction | USD / kg | 1.20 | 0.50 | 1.30 | 0.50 |
| Organic | SPO | Auction | USD / kg | 1.40 | 0.50 | 1.60 | 0.50 |
| Conventional | SPO | FOB | USD / kg | 1.20 | 0.50 | 1.50 | 0.50 |
| Organic | SPO | FOB | USD / kg | 1.40 | 0.50 | 1.80 | 0.50 |
| Conventional | India - Darjeeling | SPO / HL | Auction | USD / kg | Commercial price | 0.50 | Commercial price | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 0.50 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 0.50 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 0.50 | 0.50 |
| Conventional | India - Assam | SPO / HL | Auction | USD / kg | DO NOT EXIST | 2.80 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 3.10 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 3.00 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 3.30 | 0.50 |
| Conventional | India - Nilgiri | SPO / HL | Auction | USD / kg | 2.00 | 0.50 | 2.50 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 2.20 | 0.50 | 2.80 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 2.00 | 0.50 | 2.70 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.20 | 0.50 | 3.00 | 0.50 |
| Conventional | India – North-East | SPO / HL | Auction | USD / kg | 2.00 | 0.50 | 2.50 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 2.20 | 0.50 | 2.80 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 2.00 | 0.50 | 2.70 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.20 | 0.50 | 3.00 | 0.50 |
| Conventional | South India (exc. Nilgiri) | SPO / HL | Auction | USD / kg | 1.60 | 0.50 | 2.00 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.80 | 0.50 | 2.30 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.60 | 0.50 | 2.20 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.80 | 0.50 | 2.50 | 0.50 |
| Conventional | Sri Lanka | SPO / HL | Auction | USD / kg | 2.40 | 0.50 | 2.80 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 2.60 | 0.50 | 3.10 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 2.40 | 0.50 | 3.10 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 2.60 | 0.50 | 3.40 | 0.50 |
| Conventional | South America | SPO / HL | Auction | USD / kg | 1.20 | 0.50 | 1.20 | 0.50 |
| Organic | SPO / HL | Auction | USD / kg | 1.40 | 0.50 | 1.50 | 0.50 |
| Conventional | SPO / HL | FOB | USD / kg | 1.20 | 0.50 | 1.20 | 0.50 |
| Organic | SPO / HL | FOB | USD / kg | 1.40 | 0.50 | 1.50 | 0.50 |
| **All teas using orthodox method except fannings and dust** | Conventional | Worldwide | SPO / HL |  | USD / kg | Commercial price | 1.10 | Commercial price | Between 1.25 and 1.5 |
| Organic | SPO / HL |  | USD / kg | 1.10 |
| **Instant tea processed from made tea from Fairtrade certified producers** | Conventional | Worldwide | SPO / HL | FOB | USD / kg | Commercial price | 15% of the Commercial price | Commercial price | 15% of the Commercial price |
| Organic | SPO / HL | FOB | USD / kg | 10% of the Commercial price | 10% of the Commercial price |