

**Standards Committee
Minutes
Meeting 114: December 4, 5, and 6, 2024
In Bonn, Germany**

SC members: Arun Ambatipudi, Ben Huyghe, Stijn Decoene (Chair), Richard Odurose Kwarteng, Gustavo Lopez, Marike de Peña, Emilie Sarrazin, Selene Scotton

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

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

Disclaimer:

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

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

Abbreviations

CEO	Chief Executive Officer
CLAC	The Latin American and Caribbean Network of Fairtrade Small Producers and Workers
CoE	Centre of Excellence
COSP	Cost of Sustainable Production
DRC	The Democratic Republic of the Congo
EC	Exceptions Committee
FET	Fairtrade Executive Team
FTO	Fairtrade Organizations
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FOB	Free on Board
FP	Fairtrade Premium
FPC	Fairtrade Premium Committee
FSI	Fairtrade Sourcing Ingredient
FBW	Fairtrade Base Wage

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



GA	General Assembly
GOTS	Global Organic Textile Standard
GPM	Global Product Manager
GPPP	Global Products, Programs & Policy
HL	Hired Labour
HML	Hazardous Materials List
HOC	Head of Oversight and Compliance
HREDD	Human Rights and Environmental Due Diligence
IDH	The Sustainable Trade Initiative
LAC	Latin America and the Caribbean
LB	Licensing Bodies
LI	Living Income
LIRP	Living Income Reference Price
LW	Living Wage
MEL	Monitoring, Evaluation, and Learning
NAPP	Network of Asia & Pacific Producers
NEM	New Economic Mechanism
OC	Oversight Committee
O2B	Offer to Business
PC	People's Committee
PB	Producer Body
PEB	Producer Executive Body
PM	Project Manager
PN	Producer Networks
PT	Project Team
SA	Senior Advisor
S&P	Standards and Pricing Unit
SC	Standards Committee
SM	Salary Matrix
SOP	Standards Operating Procedure
SPO	Small-scale Producer Organizations
ToR	Terms of Reference
WRAC	Workers Rights Advisory Committee

Item 1 – Opening

Welcome. Ground meeting rules were reminded of and consent to record was obtained.

Agenda: Agenda was approved, with minor change that part of item 2, the news from FI is moved to next day due to unavailability of the presenter of that news session today.

Declaration of conflict of interests: There were not conflicts of interest declared.

Action items: Action items are reviewed:

Pricing: Banana decision action points were both addressed and can be considered closed.

Standards:

- For the gold and precious metal standard review some SC decisions were delayed until December, but more time is needed, therefore an extraordinary meeting will be scheduled in on this in the beginning of 2025.
- Related to the actions point on flowers and plants standard review there will be an agenda item with decision-making today.
- Concerning a legal case between and SPO and trader related to FP payment, SU would update on relevant Standards requirements and possibly on the status of the matter at the next SC meeting (in March), because more preparation is needed.

Item 2 – News session

News from the OC

Two-day meeting covering the following topics:

Day 1:

- The conditions of the young plant pilot were not met, and it was decided to close the pilot as of 12.31.2024. The PM submitted a phase-out plan which was accepted.
- The plan to develop a new standard and assurance approach for conflict zones was approved, so this work can start.
- The KPI report from Japan was presented for information

Day 2:

- There was an update on add-on Standard for LI/LW (Fairtrade+). Consumer survey results on different on-pack labelling solutions related to LW/LI investment were presented. The new label was not well received by consumers, nor understood, because consumers assumed living wages were already paid. Project might move forward focussing on off-pack solution only.
- The Pilot Facilitator conducted a survey on the Pilot Standard Operating Procedure (PSOP) experience and proposed a direction of changes to the PSOP, which the OC endorsed. The Pilot Facilitator will start working on the wording changed and engage additionally with the PNs, to assure their views and roles are also incorporated. The new PSOP is expected to be presented to the OC for approval in March or June 2025.

- FLOCERT presented their accreditation as a capacity-building session for the OC, which concluded with a quiz.
- An exception related to paying the base wage for Banana in the Dominican Republic via the FP committee as a bonus was proposed, to avoid legal repercussions. The collective exception was not approved, but individual exceptions can be considered by the exception or oversight committee (to be determined which one), based on justifications underpinned with required data (which is to be defined).

OC (and SC) dates were proposed for 2025 meetings.

News from SC

SC welcomes a new staff member in SU.

News from S&P and FI

- Updates were provided by the Executive Director (ED):
- The SC was informed that the FI executive leadership changed back from a co-leadership model to a single leadership model in 2025. The existing ED takes that leadership role until June 2025.

The FI budget 2025 is relevant for the SU work plan. A deficit budget had been proposed (with the support of the finance and governance committee), to be funded with a carry-over. The board however decided to put the carryover into reserves, which means savings and a reduction of workplans will be required. The SMT is working on a plan to implement the Board decision. - Exceptions around Banana entry requirements led to a wider discussion on entry requirements in the scope of which Information was shared with the FI Board and the FI Board gave direction.

As a reminder, a closing of the registries was introduced in Oct 2019 for coffee and cocoa, and new entry requirements for coffee in July 2021 and for cocoa in December 2022. The requirements include existing operating for 2 years and market potential for both crops and in addition for cocoa the requirement to have an end-buyer. This resulted in more exits than entries for both crops, as opposed to the situation before the close (when entries exceeded exits). For Cocoa, the closure is more recent, but the tendency looks similar.

Guidance was requested from the Board on the entry requirements, which is relevant since banana entry requirements are on the SC agenda. Generally, the Board favors greater openness. This led to a conversation on growth and the importance of market demand.

Item 3 – Director’s decisions

The SC was informed of all decisions made by the S&P Director on Standards and Pricing matters:

- Regarding the Cocoa Standard, a change in the applicability of requirements 3.4.4 and 3.4.8 to only payers and conveyers was approved, as they are the ones currently collecting the data. Producers and traders are still focussing intensively on preparing and collecting data for EU DR. For consistency the same change is applied for coffee where it concerns the applicability of requirements 3.1.5 and 3.1.7.
- The implementation timelines of requirements of section 3.1. with current applicability as of January 2025 in the Cocoa Standard, excluding req. 3.1.1 was approved. The delay is 6 months and was requested by the PN on behalf of producers to allow for sufficient preparation time.
- A correction for cocoa was approved: The implementation timelines of requirement 3.2.3 on risk assessment will follow a 3-step implementation approach. The last step according to the FLOCERT compliance criteria is to start implementation in January 2025 which is missing from the current timeline document issued by the SU. This omission was corrected.
- For flowers and plants: Following the feedback received that many producers have received NCs for requirement 4.1.4 of the flower standard (related to reporting according to NPS) due to the lack of clarity as to how the requirement should be audited, SU has decided to make the requirement non-applicable for all Fairtrade flower and plant companies until the requirement is revised. This also allows for possibly making the requirement applicable to Latin America and aims at getting the requirement clearly understood by all stakeholders. The non-applicability of the requirement will also apply retrospectively. This means that non-compliances that have been issued in the past will be considered unjustified and will not need to be resolved.

Some improvements on the structure of the SC paper were provided. A clarification was requested on the feasibility of amending decisions previously taken by the SC by the Director to which it was explained that given the complexities of new standard requirements the Producer Network requested to revisit the applicability of requirements; and finally, learnings from current standards (HREDD req.) should be considered when developing new or revising standards (SPO review).

Item 4 – Flower Review

This session is a follow-up of the SC113 meeting, where a decision on allocating 30% of the Fairtrade Premium (FP) in cash to workers if LW has not yet been reached was approved. However, the SC did not approve two linked proposals, i.e. method of FP distribution and reporting, and requested to be further researched. The SU worked together with Fairtrade Africa on the new proposals. Boniface Lwanda and Loise Mukami from Fairtrade Africa joined the session as contributing observers.

Two concerns were raised during the consultation:

- Fairtrade Premium Committees (FPC) lack of robust payment system and/or technical personnel to support the payment process of FP
- Lack of trust in the FPC

Before the implementation of this requirement, there will be a need to train all FPCs to ensure that committees have a transparent mechanism, for example through the automation of premium accounts. The companies' HR departments should provide the FPC with accurate worker records. Fairtrade Africa committed to support CPFs and OPs to ensure the successful implementation of the process. To address the lack of trust in FPCs, The Fairtrade Africa flower team proposed to act proactively through a gap analysis conducted by Fairtrade Africa's Internal Audit and Risk Department and by strengthening the internal control systems of the flower farms. Since the Hired Labour organizations are the ones to be audited, they must be held responsible for the transparency and accuracy of the FP payments to workers.

Boniface Lwanda, the Fairtrade Africa Team Leader Flowers, explained they had recently conducted a gap analysis pilot in sixteen flower farms, in collaboration with the Internal Risk and Audit team, to evaluate their system's integrity. They found gaps in some of their constitutions that have been used to manipulate processes, for example, through weak procurement systems or loopholes that can be used to misuse FP. The gap analysis will be used to guide capacity-building interventions and outline areas of support.

The Fairtrade Africa flower team is also engaging with the farms' senior management to make them aware that the final responsibility lies within the certificate holder, even in cases of mismanagement of FP by workers, and it could lead to decertification. They are mapping out high-risk farms to focus on next year. The presenter from Fairtrade Africa added that another important point of discussion was how to move away from manual processes to minimize the risks.

There were also concerns raised by the Senior Advisor for Workers Rights and Trade unions regarding the use of premium vouchers. Fairtrade Africa acknowledged that premium vouchers can only work if their administration is done well and credibly. Based on these concerns, S&P recommended the FP should only be distributed in cash. Premium vouchers should not be included in the requirement until proper due diligence is conducted.

The proposal on reporting on wages, remuneration, and premium contribution has been amended to clarify that the premium is distributed via the FPC. This reporting will ensure transparency and openness in progress towards living wages.

Discussion

An SC member added that the FP distribution guide developed to support the FPC in banana plantations could be adapted to support flower FPCs. In addition, the SC member questioned the viability of the electronic payments, as this would not be possible in Latin America (LA). The PM explained that this requirement would not affect LA flower farms as most of them are already paying LW.

An SC member wanted to understand how the payment through bank accounts would happen because some workers might not have bank accounts. The PM clarified that the automation would be done through existing FPC bank accounts and workers would need to collect the funds in cash at the bank without the necessity of having a bank account.

An SC member expressed concerns, and it seemed that the inappropriate use of the FP was a common practice. The member suggested the standards should be strengthened to avoid this, besides the capacity-building trainings, etc.

Another SC member shared the same concern, but suggested a more systematic approach as it should be a combination of empowerment, standards, and audits. Also with the feedback from FLOCERT (together with FI and Fairtrade Africa) on how we all can tackle together this problem.

The SC chair welcomed more information from FLOCERT on this topic.

The Head of Assurance explained there is a Trading with Integrity Taskforce, and they are looking from different perspectives, e.g. certification, audit, digitalization (and digital tools) but also engaging with other organizations to learn how they deal with fraudulent practices. Examples from the task force can be used to tackle malicious practices, as standards and certification have their limitations.

The taskforce is preparing a report that should be available at the beginning of next year, and it will be shared with the SC.

The PM confirm to the SC chair that the 30% FP will be distributed only among workers earning below the LW, which in Africa is nearly all workers.

The Fairtrade Africa presenter summarised the future work of the flower team, focusing their effort on:

- Governance - how do we focus on the selection process
- Risk management – start working with the internal audit committees inside the FPCs
- Peer-to-peer learning – farms learning from farms that have already good practices
- Closer collaboration with FLOCERT – they can flag potential areas for intervention

A Committee member suggested that clear guidance be given on these new requirements, so that there is no confusion on how the 30% FP would be distributed, and how the distribution rule differs from the Hired Labour requirement 2.1.20 (20% FP).

Another SC member pointed out why the reporting should be biannual and not more often. There was confusion on the wording, it should be twice a year, so the wording was changed from biannual to semi-annual.

Decision

- Decision 1.1 Do you agree with the changes proposed by SU?
Premium contribution is disbursed through the FPC- Details are not prescribed in the standard and should be guided by the PN - The option to use vouchers would not be included in the requirement until adequate due diligence is carried out.

Applies to: Companies	
Core	As long as there is a gap between the living wage and the remuneration received by workers, 30 percent of the Fairtrade Premium is equitably disbursed only among workers that earn less than the living wage as a Fairtrade Bonus until the living wage gap is closed.
Year 1	<p>Payments are made in cash. Your company demonstrates the transparency and accuracy of the payments made by the Fairtrade Premium Committee according to the rules described in this requirement.</p> <p>Your company ensures that no benefits are worsened/reduced after the introduction of this requirement except when formally agreed with trade unions or elected worker representatives who have the right to negotiate.</p>
<p>Guidance: This requirement and the option to disburse 20 percent of Premium funds in cash (requirement 2.1.20 of the Hired Labour Standard) signify that workers could disburse up to 50 percent of the Premium in cash if they so choose.</p>	

Decision 1.1 approved with eight votes in favor.

Decision 1.2 Do you agree with the proposed requirement?

Applies to: Companies
<p>Your company reports to trade union/elected worker representatives on wages, remuneration, and contributions from the Fairtrade premium made by the FPC.</p> <p>This is done on a semi-annual basis and can be reported during one of the quarterly meetings between senior management and trade unions or elected worker representatives (see Requirement 3.4.8 in the Hired Labour Standard).</p>

Decision 1.2 - Approved with eight votes in favor.

Next Steps

- Provide clearer guidance on the differences in premium disbursement between the new requirement (regarding 30% of FP) and the 20% FP from the Hired Labour Standard
- Publication of Standard Q1 2025

- Implementation according to timelines indicated

Item 5 – Cocoa Price Review

The Pricing Project Manager presented the process and the results of the consultation. The consultation took place from August 26 to October 17. As part of the preparation, an internal Q&A document and two training sessions were provided to the project team. A total of 133 responses were received from 23 countries, including SPOs, market partners, NFOs, and NGOs.

The results of the consultation were presented to the SC per topic: FMP, FP, Organic Differential, Implementation date, and general comments. The results were further analyzed by types of stakeholders and their qualitative feedback. An overview to summarise the preferred values per stakeholder group was also provided to the SC.

The PU is currently discussing the diverse outcomes with the project team members as well as how to proceed in future meetings. Project team members are invited to the discussion sessions scheduled for December and January.

Discussion

The SC recognized the diverse outcomes and discussed the following:

One of the SC members suggested that the SPO feedback should be weighted based on the volume supplied by LAC vs. Africa, especially in the case of organic cocoa. A similar exercise should also be carried out for feedback from commercial partners based on the respective sales volumes. One SC also pointed out that some of the producer feedback was outside of the values included in the consultation and therefore questioned the process of the project while another SC disagreed.

It was noted that the wide range of COSP values within the LAC regions also makes decision-making more difficult. The SC asked to look at the rationale for setting FMP in times of high/low market situations, the different COSP levels for key origins, and sales figures of commercial partners versus their commitment to Fairtrade were also highlighted.

The SC also discussed the possible ways going forward and timing for decision making, e.g. 1) first round of decision making in March 2025 with the values in the consultation followed by a second round of consultation, 2) decision making only after the second consultation, 3) fast track second consultation and maintain the decision in March, etc. Several participants also pointed out the implication of a second round of consultations: which could lead to a delay in Phase II for regulated markets.

At the same time, the SC also requested to be informed about the process and steps to be taken before the final decision meeting in March 2025.

Item 6 – Climate Standard

The project manager presented the key elements on the scope and assurance of Fairtrade Climate Standard, including the eligible Fairtrade Carbon Credit (FCC) projects e.g. renewable or energy efficiency projects and afforestation/reforestation and the approved relevant carbon accounting methodologies that are used for FCC projects. The standard covers requirements for producers, project facilitators, traders and end buyers, and promotes transparent and equitable trading conditions.

Since the Fairtrade Climate Standard publication in 2015, there have been changes in the carbon market due to the implementation of the Paris Agreement which triggers the need to update the standard to maintain the FCC relevance in the market.

Further to this, the Climate coordinator provided a recap on the implementation of the Fairtrade Climate Standard:

- There were 6 projects certified from 2015 to 2022.
- The carbon market shifts due to the changes in Article 6 of the Paris Agreement, with a shift in the focus of the scope 3 emissions. The new frameworks of reference do not recognize carbon credits against GHG emissions target.
- Reference to methodologies requires an update as well.
- Collaboration agreement with Gold Standard needs to be revised
- Licensing agreement between Fairtrade International and the NFOs also requires an update to govern the use of the Fairtrade Carbon Credit Lock-up and to adapt it better to current ways of working.

Considering the global trends and updates above, the proposed way forward:

- Q1-Q2 2025 - to update the approved Fairtrade Carbon Calculation methodologies to be done.
- Q1 to Q3 2025- to build more understanding of market expectations and benefits for POs linked to scope 3 emission focus, e.g. following up on what is done by the Gold Standard, on value chain initiative to understand how to do the project in value chains, any updates on Science-Based Target initiative activities.
- Q3 2025 to Q3 2026 – to review the Fairtrade Climate Standard

Discussion

One SC member asked if the review of the Standard is part of the Fairtrade strategy for 2025, if there is development plan for the standard, which PNs are motivated, is there a market study for the product, is it a priority for Fairtrade and finally if it is worth prioritizing over other products?

The senior advisor for climate and environment explained that there was a discussion with the FET in 2023, the decision at that time, was to put the review on hold, due to more urgent topics. The review is urgent because the current standard is not fit for purpose and implementation. The review can be postponed for now as some of the issues can be solved without the review process, it is also possible to look again in the future where does this Standard review stands in terms of priorities. There have been cases where investment in SPOs is lost as the commercial partners want to invest but the answer is that they can't invest on Fairtrade terms as the standard is not operational.

Another SC member asked what the scalability potential of the standard is. How competitive is the product in the market?

The senior advisor for climate and environment explained that there is more detail on the potential in the impact assessment study and that at the time of the study, the carbon market was expected to grow between \$50 million and \$200 million per year. The market structure for carbon has shifted mostly due to the regulated market, Paris Agreement Article 6. Most of the companies now are looking for partners in their supply chain to reduce their scope 3 emissions. For producers, there is no direct relationship with income growth, but there is an increase in productivity and climate resilience.

Another SC member mentioned that we can also think of the offer as pilot projects that involve the commercial partners and the SPOs. It may be that Fairtrade does not need a specific standard to achieve this collaboration.

Next steps

Based on the discussion, the SC recommended to not prioritize the review of the Climate Standard in 2025, given other research of updates would take place and due to other priorities in the system for 2025. The SU&GPPP will follow up with the remaining steps as planned for 2025:

- **Q1-Q2** –to update the references to Gold Standard carbon calculation methodologies
- **Q1-Q3** – to continue research on market expectations and benefits for POs linked to scope 3 emissions focus

Item 7 – Project Updates

Discussion

SC members did not share updates or raise questions about specific projects in the paper. Two additional topics were discussed:

➤ **Extraordinary session in February – Gold Standard Review**

The S&P unit proposes to organize an extraordinary session for the Gold Standard Review. This extraordinary meeting will be held in the second half of February and will last two evenings.

➤ **Work plan and discussion on the SC sessions' calendar for 2025**

The official dates of the SC meetings, the choice of the date for the 2025 in-person meeting, and the work plan for the coming year will be discussed with this Committee on December 6 (Agenda item N.11).

Item 8 – Fresh Fruit and Vegetable Standard Review

The Project Manager presented the outcomes of the consultation of the Fresh Fruit (FF) and Vegetable (FV) Standard review. One objective is to reduce the number of standards and simplification responding to standard architecture revamp. Changes due to the consolidation:

- 1 new requirement (related to pre-financing)
- 26 requirements are proposed to extend their scope of coverage
- Removal of 4 requirements, (5 additional might be proposed later after Trader Standard review)

The second objective is to address the needs of the Fairtrade system and issues raised in the monitoring log, and the respective proposed changes are the following:

- The FF Standards were last reviewed in 2018, the FV standard in 2017, the PP Fruits and Vegetables Standard last reviewed in 2011
- Need to align with different offers from the Fairtrade system, better practices during the audits, and the required update and modernization (Prepared and Preserved Standard)
- Respond to internal alignment with other standards
- 15 new requirements, 12 requirements to be amended

Today: Focus on part one of the topics for decision, part two delayed for Q1 2025, and some as a second step to be aligned and decided together with the Trader Standard review.

Discussion

On 3 new entry requirements: 7.2.1, 7.3.1, and 7.3.2 decisions were delayed until Q1 2025, following guidance from the FI Board to review the approach requesting that the requirements be revised to promote

greater openness while considering the need for regulations in specific situations. This topic was covered in agenda item 2 of the meeting (News session).

These three criteria will therefore be parked for the discussion in Q1 2025.

Requirements for decision affecting both SPO and HLO Standard

7.1.2 Fairtrade contracts for payers: Consultation outcomes were presented and proposal presented for approval.

Proposals: 7.1.6 to 7.1.11

7.1.6 Environmental Risk Assessment, 7.1.7 Environmental Action plan, 7.1.8 Environmental Action plan implementation, 7.1.9 Environmental Footprint, 7.1.10 Biodiversity Management, 7.1.11 Performance tools Consultation outcomes were presented.

Consultation outcomes of each proposal were presented. The SC discussed whether it was possible to approve a subset of the requirements in the section. It was also asked how those requirements relate to the HREDD approach in the Trader Standard. The Senior Advisor Climate and Environment explained that the original plan proposed was to follow the logic of due diligence – you identify a risk, you create a plan to remediate. A study this year evaluating the effects of activities of those plans showed that it is improving the ability of producers to adapt to climate shocks. This triggered a discussion with Standards to include this in the general SPO and HL standard, and not only for Fresh Fruits. GPPP will meanwhile work on guidance on how to implement the environmental due diligence like the HREDD due diligence.

The head of Standards said that the entire piece on environment will not be dismissed but aligned with Trader and HLO standard, and in the future the SPO standard. The aim is to simplify, consolidate, and properly align the SPO standard and guidelines.

One SC member expressed concerns about the difference between HLO and SPO standard. Naming that SPO requirements will take until 2026 to be implemented and therefore if we don't implement a part now, it could affect the relevance of Fairtrade as banana (biggest product of Fresh Fruits) is a core product. The option proposed was to include the requirements now and re-evaluate once this is included in the SPO Standard. The project manager explained that the idea is instead of introducing a new package, we take advantage of the HREDD criteria to include environmental criteria. The climate team will rebalance the human rights and environmental parts for due diligence. The Senior Advisor added that it would be a good message to the markets to have the minimum in place. For instance, the performance could be voluntary and not mandatory because it is an extra effort.

A third SC member added that there are 13 criteria and 3 of them are environmental and that the SC should therefore include them and give more guidance with a focus on the environment.

The head of Standards mentioned the feedback indicated that the guidance was too complicated. The organizations could build on their HREDD structure to include environmental aspects, for this reason, the SU considers that including more requirements with more guidance might not be the best way and embedded in the generic requirements that would hopefully be ready by Dec 2025.

On requirement 7.1.7 “Environmental Action Plan implemented” the SC discussed that the action plan should be on where the risk is higher, and this should be in the criteria. The Standards Unit answered that the guidance is only proposals and not mandatory so it can stay. Another SC member commented that environmental measurement is very difficult and that the SC should accept that. The focus should be on how to support producers with this implementation. It will not be one year to another and can be rediscussed in the SPO Standard.

The SC discussed that 7.1.7 and 7.1.8 were mostly rejected during the consultation. An SC member asked if we could introduce the implementation requirement one as a development criterion and consider it as core in the future. The project manager answered that it is already core 3, so there would not be a change.

7.1.12 Integrated pest management: Change from weed management to pest, includes examples for non-chemical options.

Decision Block from 7.1.2, 7.1.6 to 7.1.9 to 7.1.20

Based on the consultation and assessment together with the Trader Standard, which is currently undergoing review, SU will align the proposals 7.1.1, 7.1.3, 7.1.4, 7.1.5, with the conclusions from the Trader Standard consultation and bring for decision to the SC in Q1 2025.

7.1.2 Amendment to Tripartite contracts for oranges for juice as core, year 0, with 1 year of transition.

The SC unanimously approved the decisions (8 votes).

Change of proposed decision block 2 after discussion:

The SC is invited to decide:

- Not to approve the proposals from 7.1.9 to 7.1.11 with the condition that this is revised with GPPP colleagues to develop the detailed guides and aligned with the SPO Standard review on HREDD.
- To approve the proposal 7.1.6, 7.1.7 and 7.1.8 as core requirements, with 1 year of transition

The SC unanimously approved the decisions (8 votes)

The SC is invited to approve requirement 7.1.12 “Integrated pest management”, keeping it as core, year 0, with 1 year of transition

The SC unanimously approved the decisions (8 votes)

Proposals 7.1.13 – 7.1.14

7.1.13 Payment at EXW and FOB and 7.1.14. Responsibility for payment of the fruits for the treatment proposed to be eliminated.

One SC member highlighted that it is an important standard for producers to understand what traders should pay them. The project manager answered that it will be included in the guidance document to the Trader Standard, and it can also be included in the guidance of the Fresh Fruit Standard to not lose it for producers.

The SC is invited to decide on:

- 7.1.13 Removal of requirement Payment at EXW and FOB
- 7.1.14 Removal of requirement Payment responsibility of fruits for processing

The SC unanimously approved the decisions (7 votes, one not present).

- Proposals 7.1.15 – 7.1.20
- 7.1.15 Premium reporting: Now the SC is asked to extend the scope to merge the Standards, in the future it can be moved to a generic standard as all premium reporting will be via Fair Insight.
- 7.1.16 Payment terms at EXW level: Some producers commented delivery at EXW level should be clarified if delivery is at port or destination (exporting facilities).
- 7.1.17 Payment terms at FOB level
- 7.1.18 Payment terms in case of retro-certification
- 7.1.19 Payment flexibility
- 7.1.20 Timely payment of FMP for oranges for juice

Discussion req. 7.1.19.

One SC member commented on a problem with consulting on the extension of the scope on a standard: What does it tell us if producer reject it? There should be an afterthought on this as it states that producer do not agree with the requirement anymore. The project manager indicated that there is an internal discussion on this, and all these requirements will be put on the monitoring log for a future review on the standards to solve the stakeholder concerns. The consultation only considered extending the scope of the requirement.

The SC member commented wanting to see a second consultation round in Q1 2025. The head of Standards commented that the discussion right now is on including vegetables in the scope or not and not on reviewing the requirement itself. Additional research would have to be made, PNs have not committed to additional research and the Standards unit cannot commit additional resources to this as this would delay other standard reviews. It can be included in the next Fresh Fruit Standard review or maybe will be sooner with the Standards Architecture scope simplification and consolidation.

A SC member commented that it is a huge risk for the financial situation of producers if a trader makes use of it. Producers need to receive payments weekly.

It has been a very complicated consultation process and producers expect Fairtrade to respond to them. It was generally questioned why these questions did not come up before and there is only the question on the extension of the criteria. The project manager answered that there were no allegations or negative feedback during the research phase and that the requirement has been there for 6 years with no problematic indication.

The head of the Standards unit commented that the alternative for the time being is to change nothing and not extend the scope. These are the only possibilities that were consulted.

An SC member commented that this decision should be postponed until after another round of consultation to check that producers had understood the consultation. The Head of Standards said that budgetary constraints, limited resources, as well as the availability of NP's to support mainly African fair trade and vegetable producers must be taken into account. It was explained that some stakeholders disagree on extending the scope to fresh vegetables. The project manager mentioned that most consultation participants from LAC region were banana producers together with some pineapple producers. Therefore, making the extension to fresh vegetables is not so relevant for some participants. One SC member mentioned that the status of the requirement sometimes leads to problems with the payments and therefore, if the extension is avoided these challenges can be avoided.

The project manager stated that it will be included in the monitoring log, since this requirement raised concerns and the possibility of unfair payment conditions. The SU commented that this criterion is relevant mainly for vegetable producers in Africa and if further consultation is needed and feasible to be done, they might be the stakeholders from which detailed inputs will be key. SC decided to delay the decision 7.1.19.

Decision Block from 7.1.15 to 7.1.20

The SC is invited to decide on:

- 7.1.15 Approve the extension of scope for requirement Premium reporting?
- 7.1.16 Approve the extension of scope and amendment of requirement Payment terms at EXW level?
- 7.1.17 Approve the extension of scope of requirement Payment terms at FOB level?
- 7.1.18 Approve the introduction of new requirement Payment terms in case of retro-certification as core, year 0, with 1 year of transition?
- 7.1.19 To delay the decision on the extension of scope of requirement Payment flexibility?
- 7.1.20 Approve the amendments to requirement Timely payment of FMP for oranges juice?

It was decided to delay the decision 7.1.19.

The SC unanimously voted in favour for all decisions (8 votes).

Proposal 7.1.21 – 7.1.29. Requirements covering the topics around quality claims.

On the requirement 7.1.21, the presenter commented that quality claims are quite specific for fruits. It was mentioned that some claims presented by traders are not a producers' fault but a mishandling during transportation.

The consultation presented different views on the requirement 7.1.24, about the times to submit quality claims by other traders. On the one hand, traders would like to extend the time frame. From producers' perspective, producers would like to reduce the timeframe and agree to extend for vegetables. The PM mentioned that that it will be included in the monitoring log to follow-up.

Decision Block from 7.1.21 to 7.1.29

- 7.1. 21 Approve the amendments and extension of scope for requirement Information to be included in a quality claim?
- 7.1. 22 Approve the extension of scope and amendment of requirement Times to submit quality claims by importers?
- 7.1. 23 Approve the amendments and extension of scope of requirement Times to submit quality claims by reopeners?
- 7.1. 24 Approve the extension of scope for requirement Times to submit quality claims by other traders?
- 7.1. 25 Approve the extension of scope of requirement Transferring quality claims?
- 7.1. 26 Approve the extension of scope to requirement Charging cost of quality claims?
- 7.1. 27 Approve the extension of scope to requirement Arranging quality inspection in the country of destination?
- 7.1. 28 Approve the extension of scope to requirement Facilitating quality inspection in the country of destination?
- 7.1. 29 Approve the extension of scope to requirement Settlement of dispute through independent surveyors?

The SC unanimously voted in favor of all decisions (8 votes).

Proposals 7.1.30 – 7.1.34. Requirements covering the topics around risk, risk sharing, declassification in case of shortfall in sales.

There were discussions on requirement 7.1.30 on risk sharing due to shortfalls in sales. An SC member recommended indicating the agreed price for non-Fairtrade in case of shortfalls to reduce the risk on significantly low prices. The SC member also stated that it affects the amount of premium received by producers.

Decision Block from 7.1.30 to 7.1.34

- 7.1. 30 Approve the extension of scope for requirement Risk sharing due to shortfalls in sales?
- 7.1. 31 Approve the extension of scope of requirement Declassifying Fairtrade fruits/vegetables in case of shortfalls in sales and quality claims?
- 7.1. 32 Approve the extension of scope to requirement Trading with integrity in shortfalls in sales?
- 7.1. 33 Approve the extension of scope to requirement Informing operators of declassified Fairtrade sales?
- 7.1.34 Approve the extension of scope to requirement Informing certification body of declassified Fairtrade sales?

The SC unanimously voted in favor of all decisions (8 votes).

Proposals 7.1.35 - 7.1.3. Requirements covering the topic of retro-certification.

Decision Block from 7.1.35 to 7.1.37

- 7.1. 35 Approve the extension of scope for requirement on Retro-certification?
- 7.1. 36 Approve the amendments and extension of the scope of the requirement on Informing producers of retro-certification?
- 7.1. 37 Approve the extension of scope to requirement on Informing the certification body of retro-certification?

The SC unanimously voted in favor of all decisions (8 votes).

The following section is related to HLO Standard requirements.

Proposals 7.3.3 – 7.3.4. Requirements cover the topics traceability systems and Contracts between company and Small Producer Organizations.

On requirement 7.3.3, an SC member proposed to have the FLOID of the plantation and not of the exporter into the packaging. Another SC member mentioned that it could be a good practice to have both FLOIDs, from the plantation as well as from the exporter.

Decision Block from 7.3.3 to 7.3.4

- 7.3.3 Approve the amendments and extension of scope on requirement Traceability system, with 1 year of transition?

- 7.3.4 Approve the removal of the requirement Contracts between companies and small producer organizations?

The SC unanimously voted in favor of all decisions (8 votes).

Proposals 7.3.5 – 7.3.8. Requirements cover the topics of wages for all products and base wages, premium use and reporting for bananas companies.

An SC member considered it relevant, allowing Premium payment in vouchers in the standard. It was mentioned that in some countries cash payments are highly taxable, as in Colombia and, therefore, the received money is lower.

The SC member mentioned that a legal review of implications should be confirmed before removing the voucher options. Another SC member mentioned that some commercial partners use vouchers on their models. On this topic, Fairtrade International Senior Advisor mentioned that using vouchers does not have a clear regulation and, therefore, could lead to non-transparent management. In addition, the advisor stated that authorities apply taxes on vouchers too.

The consultation showed significant disagreement on requirement 7.3.6 on Fairtrade Base Wage. An SC member suggested performing a second round of consultations to understand the views and confirm the current reality on the ground.

The PM commented that the criteria 7.3.7 on Fairtrade Premium is included in the standard as a key tool to achieve the Living Wage Strategy. Therefore, modifications in this requirement are directly connected to the strategy itself.

It was commented on the criteria 7.3.8 for wage data reporting, that the reporting in Fair Insight is part of the digitalization strategy. The PM recalled the applicability of the current criterion 3.1.4 until the publication of the new Fresh Fruits standard. An SC member proposed to include into the criteria a timeframe for reporting, to support data collection for banana price calculations. The Standards team advised against including a deadline, as it could lead to permanent non-compliance. The PM mentioned that the criteria will be reviewed by the SP Unit and FLOCERT to find fitting alternatives on how to solve the timeframe point.

Decision Block from 7.3.5 to 7.3.8

- 7.3.5 Do you approve the amendments on requirement Floor wages, with 1 year of transition?
- 7.3.6 Do you approve the amendments on the requirement on the Fairtrade Base Wage, with 1 year of transition?
- 7.3.7 Do you approve the amendments on the Fairtrade Premium requirement, with 1 year of transition?
- 7.3.8 Do you approve the amendments and extension of scope on requirement Data reporting, with the implementation to be decided based on GI assessment by the S&P Director?

The SC unanimously voted in favor of all decisions (8 votes).

Proposals 7.3.9. – 7.3.11. Requirements cover the topic of migrant and seasonal workers.

The PM mentioned that approving the extension of requirements 7.3.9, 7.3.10, and 7.3.11 into the standard is now not advisable. Therefore, it was proposed to not agree on the extension of the scope for vegetables and let it apply only to HLOs producing vegetables in Latin America and the Caribbean.

The PM mentioned that the impact on vegetables requires further research and therefore it needs to be considered for a future standard review.

Decision Block from 7.3.9 to 7.3.11

- 7.3.9 Not to approve the extension of scope to requirement Needs assessment for migrant and seasonal workers.
- 7.3.10 Not to approve the extension of the scope of the Migrant and Seasonal Worker Development Plan requirement.
- 7.3.11 Not to approve the extension of scope to requirement Consult Premium Committee and workers for a development plan.

The SC unanimously voted in favor for all decisions (8 votes).

Proposals affecting the SPO Standard. Proposals 7.2.2 – 7.2.6. Requirements cover the topics around land size, traceability systems, internal management systems, and payments to individual members.

An SC member commented on the wording of requirement 7.2.2, suggesting that it be explicitly stated that the 30 hectares refer to Fairtrade crops. The PM mentioned that it is specified in the generic standard.

Regarding the requirement 7.2.4, the PM commented that it will be included in the generic standard for SPOs and, therefore, it is not necessary to duplicate them. An SC member mentioned that it might be challenging to include the requirement into the generic SPO standard. Since it considers many products under different systems.

Decision Block from 7.2.2 to 7.2.6

- 7.2.2 Do you approve the removal of the requirement on Restriction on the size of the cultivated land?
- 7.2.3 Do you approve the amendments and extension of scope on the requirement Traceability system, with 1 year of transition?
- 7.2.4 Do you reject the introduction of the new requirement on the internal management system? Whereas this will be entered into the tracking log and evaluated in a future revision of the SPO standard.
- 7.2.6 Do you approve the extension of the scope of the payment requirement to individual members?

The SC unanimously voted in favor of all decisions (8 votes).

Decision 7.2.10

- 7.2.10 Approve the removal of the requirement for secondary products?

The SC unanimously voted in favor of all decisions (6 votes plus 1 member and its proxy).

Final Decision

- Do you approve the delegation of non-substantive changes and date of applicability?

The SC unanimously voted in favor for all decisions. (6 votes, 1 member and its proxy left the section with quorum).

Next Steps

- Bringing the last set of decisions in March 2025.
- Standards publication in Q2-2025, around May /June, once the last set of decisions are taken by the SC.
- Include requirement 7.1.19 in the monitoring log, since there were concerns about this requirement and the possibility of unfair payment conditions.
- Include requirement 7.1.24 in the tracking log.

Item 9 – Trader Standard Review

The Standards Unit's Project Manager (PM) started the presentation related to the Trader Standard for information and guidance purposes. As an introduction, the PM presented other collaborators to update the Standards Committee (SC) on the following topics:

- Digital Traceability in Fairtrade: "How to leverage existing data to offer traceability services."
- Presentation focused on current approach to Identity Preservation model, and related progress on implementation of this concept.
- DDI Strategy Implementation: Transparency and data governance.
- Presentation highlighted the approach and progress to streamline data input from different sources and data users

- The Legislative Landscape and Claims
- The presentation drew the committee's attention to the challenges related to the change in legislation, which will require some changes to the current approach to claims.
- The PM presented preliminary results from the Trader Standard third consultation round and relevant working groups. Among all consulted topics, preliminary results on the following were presented:
 - Data management for traceability and transparency.
 - Standard requirement proposal for communication on HREDD.
 - Data management for enhanced traceability and transparency.

It was remarked that stakeholders are exhausted from consultations. It is challenging to consult on areas where HREDD requirements are not yet applicable. References to EU regulations are backfiring as a reason for disagreement. The description of the data platform is unclear, and there is a fear of committing or entering into an agreement without a detailed breakdown or access to the trial version of the platform.

In addition, the PM shared brief insight from inputs around claims and traceability, highlighting strong pushback from stakeholders on consulted mass balance proposals.

Discussion

An SC member expressed concerns regarding the presented challenges on HREDD reporting and emphasized the need for ensuring balance with requirements already introduced in standards for producers and agreed that a longer time frame could be considered as an option for the decision on the final HREDD reporting requirements. Another SC member expressed concerns specifically about the challenge that was brought up by stakeholders representing the North American market.

A GI representative shared their insights on regulations and the role of Fairtrade, suggesting a broader dialogue beyond HREDD alone. Recommended considering larger implications and how Fairtrade works on regulatory topics.

Next Steps

- to follow up with remaining requests for bilateral discussions with stakeholders and to finalize analysis of stakeholder feedback
- to work with corresponding working groups
- to explore broader regulatory implications and Fairtrade's role in addressing them.

Item 10 – Standards Architecture

The Head of Standards updated the SC with the quick-wins of the project, highlighting short and long-term changes to introduce in the generic and product-specific standards, such as – merging some part of the standards, removing duplications and redundancies (e.g. requirements on sourcing plans, contracts, pre-finance), improving any inconsistencies and including audit data transparency rules in the generic standards.

The consultant managing the project provided updates on the four steps:

- to understand user needs and future trends,
- to agree on principles to guide change,
- to identify options for change and
- to define the implementation of the work plan.

It was mentioned that the project is now at step 2 going over the guiding principles, where there is a good agreement regarding the need for operational efficiency. However, there is still no clear agreement on the strategic alignment with the vision of Fairtrade standards. Since the last update, the project team explored areas that standards address well and what are the external drivers to push the change towards a whole system approach.

They have also identified options to define the vision and direction for Fairtrade standards looking into three possible visions, their strengths, and weaknesses, and coming up with a recommendation based on this assessment.

As part of this update, the consultant presented the strong and weak elements of standards that was captured in various discussions across the system. In these discussions, consulted groups assessed options of practice based, principles based and risk&impact based approaches to set the standard. These approaches were assessed based on whether they are simple, consistent or cost-effective. The recommended way forward was then to focus on options of principle based and risk&impact based approaches.

The consultant also indicated recent global trends and updates that need to be factored in, such as new ISEAL Code, for standards to assess feasibility of implementation, auditability and applicability; EUDR Implementation guidance and ITC Standards Map.

The FET endorsed the recommended approach, highlighting that some aspects may not be appropriate for a risk-based approach. Some of the key questions to follow up include looking into aspects of standards that have to be mandatory and principles based, to check how risks and impact approach could be used.

Discussion and input gathered

- An SC member expressed their content with the presented results and key steps and asked to clarify on expectations of Standard Committee role in this process. Another SC member expressed further concerns about understanding the role of SC in this process and asked for clarifications in this matter as the proposed change would also impact the approach how SC are making decisions on changes in standards.

- The consultant responded that the role of SC is crucial for implementation across the system and this needs to be discussed further.
- Two SC members expressed some disagreement with the proposals around vision and strategy, specifically on the risk/principle-based approach when it comes to traders.

The proposed approach does not differentiate the approach of standards to different stakeholder group e.g. SPO, traders or HLO and it is not clear how this approach also factors in the benefits from certification, on the value of the market for producers.

- An SC member asked for further understanding of how the proposed approach factors in the difference between producer set-up, for example with regard to worker protection in HL organizations. And how this approach would bring benchmarking with other certifications.
- An SC member finds that there should be a hybrid approach, where some standards to remain compliance-based and some can be principle and/or risk based approach. SPO/HLO might be more aligned with how organizations operate in practice. A recommendation is to check IISD for standards for impact.
- An SC member highlighted that this change may end up as a huge implication to organizations, specifically asked to clarify how this will impact the compliance for organizations at the entry point to the certification. Also what will be impact about Fairtrade image by external stakeholders, expressing some concerns that the system will not be quick enough to pick up and move the change forward.
- The consultant clarified to prevent such risks, it's important to articulate very well on the value and impact, that the change is bringing more value. The Head of Standards also highlighted it's important to consider practice based requirements/approach for the purpose of benchmarking, and we'd have to make sure the FLOCERT is involved at all times in the process.
- An SC member asked to also understand the implication on cost of compliance with newly proposed approach. The consultant replied it is not possible to predict this at this point. Many requirements linked to core principles (e.g. child labor, gender equality, etc.) will not change and remain. However if some requirements will be moved to principle-based, it is expected that cost of compliance could be reduced.
- An SC member highlighted on importance to include the role and to involve Standard Committee more explicitly and proactively.
- An SC member shared that risk-based approach implies this would be done by an organization internally, and thus it's very crucial to factor in the capacity of these organizations to do so, as well as the capacity of Producer Networks to provide all necessary support with this.

Next Steps

- Incorporating ways to apply principles for standards architecture and consultation into standards and price review process from 2025, to consult key stakeholders on key questions, to develop the roadmap of key steps for implementation, to identify the right decision-making structure to oversee the revision process across the Fairtrade system and identify the time and resources required across the organization to support the process. The estimated implementation date for the new architecture could only be 2027 at the earliest.

- The consultant and project team would need to look into options, split them up a bit more by talking to producer networks, program managers, and others.

Item 11 – Work Plan

1. Context

Alina Amador (Head of Standards) and Ricardo Guimaraes (Head of Pricing) informed SC that following the Fairtrade Board resolution, the S&P unit's budget has been reduced by 13% of the amount requested. Therefore, the S&P Work Plan has been in the process of adjustment to accommodate the new budget.

2. Standards & Pricing Unit shared an overview of the:

- Workstreams for 2025 that are continued from 2024: implementation and monitoring of revised standards and new applicable requirements; decisions to be taken by the SC and implementation to start of reviews started in 2024 or before; Seed Cotton FMP/FP review; Cocoa Price Review (non-regulated markets); SOP Pricing Review.
- Pricing Reviews starting in 2025: Cocoa Price Review; Banana Price Review; Coffee Price Review (regulated market Ghana and Côte d'Ivoire)
- Start of review process in 2025 where some still require confirmation
- Overarching workstreams such as standards architecture and benchmarking exercises; and the continued technical advice, standards interpretation, regular work on standards maintenance and development
- Workstreams tentatively scheduled to start in 2026 but will be dependent on the final work plan decisions for 2025.

Item 12 – AoB, Closing

The Standards and Pricing Unit shared these tentative dates for Standards Committee meetings in 2025:

- February: 19-20 or 26-27 (TBC)
- March: 26 – 28
- June: 25-27
- September: 22-26 or 29 – 2 Oct (TBC)



- December: 3-5

Some of the Standards Committee members would not be available on the proposed dates. Therefore, the S&P unit would need to review these dates and check the availability of SC members. The SC and the S&P unit discussed the possibility of meeting in person in March.