



## **Standards Committee Minutes Meeting 113: September 18, 19, and 20, 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)'<sup>1</sup>. If you need additional information about the observers or contributing observers of this meeting, please contact [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net)

**Disclaimer:**

The Fairtrade International Standards Committee (SC) aims to reach a 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**

ED	Executive Director
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 Organisations
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
GA	General Assembly
GOTS	Global Organic Textile Standard
GPM	Global Product Manager
GPPP	Global Products, Programmes & Policy
HL	Hired Labour
HML	Hazardous Materials List
HOC	Head of Oversight and Compliance

<sup>1</sup> 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>

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 Organisations
ToR	Terms of Reference
WRAC	Workers Rights Advisory Committee

**Item 1 – Opening**

The chair opened his first session, the 113 SC meeting. One SC member, the representative of the Producer Networks, joined online and was explained how to proceed if there were internet connection problems.

Selene Scotton, the newly appointed SC representative of the Traders, introduced herself. She has been working as Cocoa Sustainability Manager for Puratos, a Belgian chocolate, pastry, and bakery, and is based in Vietnam. Given that Puratos has its own certification programme and label, Selene raised earlier a potential conflict of interest which was further assessed together with FI's Executive Director. It was assessed that her background and role at Puratos are beneficial and complementary as highly valuable assets to her role as an SC member. And that any direct conflict of interest would be declared as is the normal practise for all SC members.

The appointment by the Board was confirmed by ED after due assessment. The SC acknowledges and minutes this point.

**Agenda:** The ground rules were read, and the agenda was approved.

**Declaration of conflict of interests:** 2 SC members, Marike de Peña and Ben Huyghe, declared a conflict of interest for the session on the banana price review (item 03). No AoBs were raised.

**Action items** SU head explained that the scheme for a partnership proposed to GOTS was not approved by their Advisory Board. If there is interest from GOTS to collaborate with Fairtrade, they will come back to

us with a proposal that works for them. Fairtrade Germany is a key contact in following up on this collaboration.

The PU head informed the SC that the SOP for Wage floor calculation had been published. The PU has started working on the Pricing SOP and is defining its scope. In addition to FMP and FP, new workstreams such as LW, LIRPs, wage setting, etc., are being incorporated. This work will be linked to the Standards Architecture workstream.

## **Item 2 – News session**

### **News from the OC**

The OC met for one day, with all the committee members present (1 online).

The OC was updated on the audit plan for the Licensing Bodies against the Requirements for Licensing Bodies and the work of the Trading with Integrity Task Force.

The assurance provider gave an update on the remote audits conducted in the conflict-affected areas and the future outlook of the certification in travel risk areas.

The Head of Oversight and Compliance conducted a capacity-building exercise with the OC members on the ToR, using examples, cases that the committee had to assess. The OC also approved the Assurance and Licensing Risk management plan.

The Pilot Facilitator presented the quantitative monitoring and progress updates for each of the ongoing pilots. The OC approved the extension of 2 pilots with additional conditions, approved to close one pilot, and approved to change the scope of a previously approved pilot. One new pilot was also approved. The OC was also informed about the exceptions granted by the Fairtrade system in 2023.

### **News from SC**

- Selene Scotton is the new SC representative of the Traders since 22 July 2024
- At the end of the SC113 the new chair and vice chair election will take place

Emilie Sarrazin cannot attend the session on Friday between 9-10

### **News from S&P**

- Director S&P remains vacant
- A candidate has been selected for the S&P Coordinator position, once the contract is signed the name will be confirmed.

## **Item 3 – Banana Price Review**

### **Session I (18 September)**

The Head of Pricing informed SC members about the letter received from Fairtrade HL organisations from the Dominican Republic. The letter was also shared with CLAC who also provided its comments. The HL organisations' letter lists several complaints related to the conduction of the Banana Price Review, on the implementation of the 70% base Wage and requests the exemption and more transparency of the base wage used in the calculation of the FMP.

CLAC informed that HL organisations did participate actively in the process of data collection and consultation of the prices. HL organisations were not only invited to participate in the whole process, but they were present in all the meetings. The formulas for calculating the costs of production were shared with

all producers during the data collection process. It was clarified the productivity parameters used in the calculation of the costs of production.

### **Discussion**

During the discussion following the presentation of the two letters, the SC members deliberated over key questions:

- 1) Regarding the exemption for paying the mandatory Base Wage, the CLAC representative in the SC committed to follow up on this request and bring it back to the SC before the next OC/SC meeting.
- 2) Fairtrade SC members decided to incorporate the preliminary (not officially approved) Living Wage Benchmarks in the FMP to the Dominican Republic. The new FMP to be approved for the Dominican Republic should consider the additional costs of implementing the Fairtrade Base Wages.
- 3) The SC believes that the procedures used in Banana and all other price reviews are very transparent as described in S&P procedures. However, the SC proposes the inclusion of one additional SC member expert in the project team to participate in the validation of costs of production and evaluation of consultation results.

After the introduction and discussion following the presentation of the letters, the PM presented the banana FMP review general objectives, the process of data collection, validation, and consultation results. SC members were informed about the different cost items, changes since the last review, and how they impact on prices being proposed. One SC member asked about the secondary port in Ecuador and requested CLAC and PU to address this question in the next review.

### **Decision**

The PM presented 5 decision items for the SC members. The first item was the approval of a 3% (on average) increase of FMP for conventional and organic bananas of all origins. One SC member proposed that the FMP proposed for the Dominican Republic should be adjusted to incorporate the new base wage forecasted for 2025. The Consultation with stakeholders was done before the announcement of the Living Wage Benchmarks. One SC member proposed that Ghana should be also included since these two countries are the only countries where Fairtrade Base Wage is active. The SC members agree to use the newly released Living Wage Benchmark to adjust the FMP for Ghana and the Dominican Republic.

The SC members asked PU to calculate how would be the impact on the price at the FOB level considering the adjusted Fairtrade Base wage. The revised values for Ghana and the Dominican Republic should be presented again on 20<sup>th</sup> September. The SC members agreed to postpone the FMP decision for conventional and organic for all origins. An additional paper with the calculation and new proposal will be presented for the SC decision on 20<sup>th</sup> September.

The SC agreed to proceed with the meeting. Decision 4, to delete the FMP for Saint Lucia at Ex Works and FOB for conventional banana was approved by 6 SC members and 2 members did not vote due conflict of interest. The prices were deleted since there are no certified producers in St. Lucia and these prices have not been used. Therefore, no data could not be collected during this price review. Decision 5, to delete FOB prices for secondary ports for Cameroon and Panama was approved.

SC members approved deleting the FOB FMPs for the conventional banana for secondary ports from Cameroon and Panama. 6 SC members voted in favour of the proposal and 2 members did not vote due conflict of interest. During the visits to producers, we realized that these ports were not being used, so no data was collected.

## Next steps

SC members were informed about the next steps following the decisions.

The next session to decide on the Ex Works-FMPs for conventional and organic bananas, the FOB FMPs for main ports for conventional and organic bananas, and the FOB FMPs for secondary ports for conventional and organic bananas were agreed.

### Session II (20<sup>th</sup> September)

The PM presented to SC consideration the calculations for the FMP for Ghana and Dominican Republic.

The FMPs presented to the SC members on 18 September, were developed by considering that the “*basic wage earned*” be equal or above to the “*basic*” the Fairtrade Base Wage (FBW70), as requested by Requirement 3.1.2 of the Fairtrade Product Standards for Fresh Fruits for HLs.

The *basic* FBW70 was calculated by using the LWB published in November 2023, instead of using the updated LWB provided by the Ankers’ Institute in 2024. Since the recommended FMPs are going to apply from 1st January 2025, the SC members request to calculate the new FMPs considering the *basic* FBW70 using the most recent LWBs 2024, for the Dominican Republic and Ghana.

The results showed a substantial increase for Ghana and a minor increase for the Dominican Republic.

SC members questioned the reason for the discrepancy in the values from Ghana and the Dominican Republic. The SC members also questioned if the new values proposed should or not be approved since they might affect the competitiveness of producers and because they have not been consulted with stakeholders.

## Discussion

A round of discussion listing the pros and cons from SC members followed the presentation of the calculation. It was argued that independent of increasing or not the FMP, HL organisations will have to comply with the new basic FBW70. If the new values are not approved, the gap between the FBW70 and the LWB will be higher.

SC also proposed that if changes are approved, proper communication of the results could be prepared by the S&P. The proposal was put for decision. There was not a full consensus among SC members. The proposal for using the new procedure was approved. 4 SC members agreed, 2 disagreed, and 2 declared a conflict of interest.

## Decision

Decisions on the approval of all Ex Works-FMPs; FOB FMPs - main port and secondary port were split on decision to Ghana and Dominican Republic and decision for all other origins.

- **The first decision** was on new Ex work FMPs for all countries except Ghana and the Dominican Republic. The proposal was approved. 5 SC members agreed and there was 1 abstention.
- Regarding **the second decision** on new FOB FMP (main port) for Ghana and the Dominican Republic, the proposal was approved with votes in favour and 1 abstention from SC members.

- In which concerns **the third decision** on new prices FOB (secondary port)- for all other origins except Ghana and the Dominican Republic, it was approved with 5 votes in favour, and 1 abstention from SC members.

**Next Steps:**

Prices will be announced on October 7<sup>th</sup>.

**Item 4 – News session – cont.**

**News from FI and the Fairtrade System**

The Fairtrade International Executive Director (ED) updated the SC on the news from FI and the Fairtrade System by presenting four items:

1. The Fairtrade International board will hold its board meeting in Sri Lanka at the beginning of October. This is intending to visit a new region since the last FI board meeting was held in Mexico. As there are many new board members, and some are from outside the Fairtrade System, the chair decided that it would be valuable for them to visit some producers and meet with members of the NAPP board.

This item was presented by the ED to inform the SC how the FI board is doing its work after being newly elected in June at the GA.

2. The ED wanted to bring to awareness and attention the topic. She shared this situation to remind the SC that when the standards are published on the FI website, they form part of a certification contract, which is a contract between FLOCERT and the body that has been certified. Therefore, the standards are considered legal terms and conditions.

An SC member suggested that, in a future meeting, it would be helpful to share more specific details about the criteria and interpretations under dispute in the concrete case explained by the ED, to facilitate learning and progress.

The head of standards added that a set of requirements, along with the various interpretations made at specific points during the process, can be presented to the SC. This would help clarify what may have occurred and how the different parties participated in the development of the process.

The head of pricing added that the issue of interpretation also applies to pricing. There are issues due to the existence of different products and varying levels of processing. They underline that they have been extra careful regarding what they communicate and how they provide interpretation on the prices, as some misunderstandings can occur.

3. The ED updated the SC on the closure of the banana register, a process in which the SC played a role in establishing the conditions for its temporary closure starting in April 2024, for a temporary duration of 24 months, and the Board recently granted authorization to the ED to grant exceptions. SC members had follow-up questions and comments on this item.

4. The ED informed the SC that the final planning for the S&P unit for 2025 will be shared in the SC in December. The ED added that together with the S&P heads, they are planning to share the work plan with the members so that before finalising it, it is possible to comment on it.

The ED added that the outcome and recommendations of the Standards Architecture project will not be known until the end of Q1 2025 so the workplan needs to have some flexibility with some considerations to hold the starting of new projects until after the standards architecture project is finished.

A SC member asked if there was an update on the S&P director, to which the ED answered that the position was open, but no suitable candidates were found for it.

### **Item 5 – Project Updates**

#### **Cocoa price review update:**

The Pricing Project Manager provided a presentation on the cocoa price review.

Considering the unprecedented high market prices and challenges in sourcing Fairtrade cocoa in Côte d'Ivoire earlier this year, the project team reassessed the scope of the project and decided on a phased approach:

- Phase 1: Price review for unregulated markets - all countries except Côte d'Ivoire and Ghana
- Phase 2: Price review for regulated markets - namely Côte d'Ivoire and Ghana.

The phased approach will allow the project team to consider the specific conditions in price-regulated versus non-regulated countries and to better tailor the consultation proposals.

Following the redefinition of the scope in Phase 1, the COSP results and proposals were adapted accordingly. The consultation was launched at the end of August and all relevant stakeholders were invited to provide feedback. A summary of the questions, including the rationale for each proposal in the consultation, was presented to the SC.

The timelines and decision-making process for Phase 1 and Phase 2 and the review of the Living Income reference price were communicated to the SC.

#### **Discussion**

The SC discussed various topics including the review cycle for FMP and suggested the alignment with LIRP review in the future specifically for the regulated markets. Due to the wide range of COSP results amongst non-regulated countries, SC has also inquired about the possibility of setting FMP at the country level. Finally, the SC and the Project manager have also discussed the rationale of the Organic Differential proposal in detail.

### **Item 6 – Standards Architecture**

The main expected outcomes of the project were elaborated and supported by the medium- and long-term plans.

The key issues were outlined by the consultant and two objectives were presented:

1. Restructure of standards to be more digestible, usable, and user-friendly.
2. Redesign of standards development and review processes to revamp, innovate and cut costs



Four key steps of this revision were layout and progress of the project was also reported, which includes a summary of the interviews.

It was highlighted that the evolution of the standards has had unintended consequences and undesirable impacts.

While tackling these issues, the consultant also reminded Fairtrade that the right balance should be achieved, that is Credibility & Rigor, Manageable Cost, and Simplicity & Flexibility. Suggestions for possible changes were introduced and three principles were defined: 1) Mechanism to limit ourselves from overburdening the standards, 2) Agreed basis for making decisions to manage competing interests, and 3) Clear, objective criteria to assess and choose between options for change.

Two different approaches were presented, one of them a system-focused approach for Standards Architecture that builds on the entire Fairtrade system and the other which is focused on the standards themselves, the latter being the predominant one until today.

To explore more a system-focused approach colleagues from different units were invited to share their views and share how their area of work supports achieving a user-friendly and cost-effective system.

The director of Digital and Technology introduced the Fair Market Integrated Team and presented the current and future EUDR data solution, including the existing limitations faced and benefits of this project. The importance of standards and how they interact with other parts of the system were also discussed, as well as the need for a consistent user experience and better data access for decision-making.

The Global Impact team also presented their views on data integration and insights to measure impact, whereby better alignment on data reporting requirements is important to achieve a user-friendly and cost-effective system. FLOCERT colleagues were also invited to give their views on how the assurance scheme supports standards achieving a user-friendly and cost-effective system within its current approach and how increasing standards complexities impact FLOCERT and customers, i.e. producers and traders.

## **Discussion**

The SC discussed the need for revamping standards, architecture, and processes to make them more user-friendly and cost-effective. The importance of understanding user needs and trends, agreeing on guiding principles, identifying options for change, and defining an implementation work plan was highlighted. The SC also pointed out that the impact of the Fairtrade is delivered by the entire system, including NFOs and Producer Networks as such any changes should be co-designed by the entire group. Furthermore, duplication of various legislations, implementation, and programme-related content further increased the length of the Standards and alternatives were suggested by the SC. The potential lack of incentive for people to migrate from the contract production system to the SPO system and the need for a clear vision and direction for fair trade standards were also mentioned.

A member of the SC expressed concerns and mentioned that the current approach is overwhelming and confusing. Emphasized the need for a fresh start rather than continuing with the existing methods. Highlighted that the focus should not be on training but on a new beginning.

It was stressed that if Standards keep focusing on the “how” is becoming too burdensome and suggested that Producers Networks should determine the “how” of implementing changes in the Standards. S&P Unit should focus more on complementary tools instead of focusing on the Standards’ text.

Another member of the SC remembered the need to bring back the idea of the “outcome-based standards”, although difficult, some new elements of Standards, such as deforestation, could be brought with an



outcome-based approach. Also mentioned is that Fairtrade governance should decide on changes to Fairtrade Strategy, and SC keeps its role focused on Standards.

Different SC members emphasized the importance of FI adhering on time to new regulations and providing necessary data to customers. Although Fairtrade is not a guarantee should assist customers to gather data for its licensees. The ED pointed out that data delivery could be an added value if we manage to solve the bottlenecks in the data transfer. There is a real frustration, especially on the sustainability risks, and stressed that we are trying to address that holistically. The robustness of the Fairtrade system is a value, with a strong reputation in the market, and maintaining that is part of the architecture.

The Standards Committee will remain a key participant and contributor to this workstream, and we will schedule a follow-up session in the next SC meeting or an additional virtual session for in-depth exchange.

### **Item 7 – Gold and Precious Metals Standard Review**

The impact of Fairtrade Gold was presented in terms of volumes and premiums generated per category. Although there was a slowdown in sales in 2024, the benefits of the Gold Standard and Precious Metals Standard are distributed among a complex stakeholder system of mining workers (direct and indirect hired workers that provide specific services), self-employed miners, and mine operators, which all have a voice in the Fairtrade mining system.

Beyond price and a small slowdown in sales in 2024 the operational efficiency and resource management at the mine, including the implementation of safer and more sustainable practices aligned with international standards were improved in the current Gold Standard and Precious Metals Standard review.

#### **Discussion**

The SC reflected on the interest of the organisations to remain in the Fairtrade market even if they are losing a share of the market. The contributing observers explained that the benefits are beyond sales, although sales have room for improvement as the system is not dependent on public funding as other schemes are, and MH Switzerland is working to grow markets. Miners have learned how to improve their operational efficiency and strategic planning through the implementation of the Standard.

The social benefits are more palpable and easier to see among the different stakeholders involved in small-scale mining, and the environmental benefits are clear proof that the system works for the whole community. This is the case of the close circuits of water management. CLAC Peru and Fairtrade Max Havelaar Switzerland are giving support to the associations to implement the Standard. They also mentioned that the Premium is a great value added for the miners.

The SPM presented the project scope, objectives, timelines of the Gold Standard and Precious Metals Standard review project, and the overview of participation in the consultation. More than half of the responses were provided by the mining organisations in Peru. The proposed changes to the standard followed the structure of the standard sections.

#### **Section 1. General requirements**

Include requirements related to the certification of ASMO, mining operators, and the scope of this standard. It ensures that fundamental safeguards are in place to comply with this standard and its intended impacts.

The proposed changes to the standard aim to:

- Expand the scope of organisations that can be certified

- Increase transparency
- Definition of ASMO
- Integration of vulnerable groups

The following proposals were presented to the SC as a recommendation to introduce or to modify the requirements in the Gold Standard. The proposed wording of requirements that was put in the consultation was not amended further as most of the stakeholders participating in the consultation agreed:

#### **Proposals 1-9**

- Proposal 1: to revise the Core/Year 0 requirement Accreditation of ASMO with direct rights and ASMO with indirect rights.
- Proposal 2: to revise the Core/Year 0 requirement Formal structure
- Proposal 3: to revise the Core/Year 0 requirement Accepting audits
- Proposal 4: to revise the Core/Year 0 requirement Contact person for the certification
- Proposal 5: to revise the Core/Year 0 requirement Contact person for commercial matters
- Proposal 6 to introduce a new Core /Year 0 requirement on Fairtrade support
- Proposal 7: to revise the current Core/Year 0 requirement Artisanal and small-scale miners for ASMOS with direct rights, to introduce two new requirements: for ASMOS with indirect rights and ASM operator
- Proposal 8: to introduce a new Core/Year 0 requirement on Defining membership and member information
- Proposal 9: to revise the Core/Year 0 requirement on the Register of miners

#### **Discussion:**

The SC asked to clarify what 'Commercial matters' – the relationships between the minor organisation, refinery, and the buyer. This is also for the cooperative to have visibility on the volumes and trading processes. A further suggestion is to reword the requirement for approval so that the appointment of a person for commercial matters would be one of the ways.

Another suggestion was proposed to introduce such a requirement as a development requirement or as a best practice. Specifically, their suggestion was to remove this statement from the requirement text and place it in the guidance: This person is responsible to, and appointed by, the board of directors for commercial matters.

On 'Fairtrade support' - some SC members find that support should not be part of the requirement because it could be too patronizing and is outside of the standard. The organisation owned by workers should be able to choose the support and this should not be imposed on them. Also, one SC member drew attention that most of the respondents in Peru did not agree, workers from ASMOS agreed but not the ASMOS. One other SC member was in favour of this change because there are similar requirements as in the HLO Standard.

It was clarified that this requirement is needed because there should be clarity and agreement on what kind of support should be provided. For miners to have the possibility when they request support it is in the framework of a support plan, and not the development plan, not the premium plan.

As a result of this discussion, SPM suggested modifying the wording of the proposed requirement on support which includes:

- Changing the title from Fairtrade support – to Fairtrade interaction:

- To remove the statement “an agreed operational annual Fairtrade Support Plan aligned with your strategy and the Fairtrade Theory of Change” and to add the following: To interact with members, workers, and all relevant actors.
- On the requirement ‘defining membership and member information’, the SC recommendation to change the requirement wording to ‘records have to be updated once a year’.
- - On the requirement ‘register of miners’, an SC member asked why so many details data of family needed SPM clarified is it for social security (also to avoid accidents, etc).The suggestion here is to remove ‘why they are working for mining’ from the requirement completely.

### Decisions block 1

- Proposal 1: **Accreditation** (ASMOs with direct rights, ASM Operator; ASMOs with indirect rights. Do you approve the proposals as a year 0, applicable for ASMOs with direct rights and ASM Operators, and ASMOs with indirect rights?
- Proposal 2: **Formal Structure** (All ASMOs) Do you approve the proposal as a year 0, applicable for all ASMOs?
- Proposal 3: **Accepting audits** (All ASMOs) Do you approve the proposal as a core year 0, applicable for all ASMOs?
- Proposal 4: **Contact person for certification** (All ASMOs) Do you approve the proposal as a core year 0, applicable for all ASMOs?
- Proposal 5: **Contact person for commercial matters** (All ASMOs) Do you approve the proposals as a core year 0, applicable for all ASMOs?

### Decisions Block 2

- Proposal 6: **Fairtrade Interaction** (All ASMOs) (amended)  
Do you approve the proposal as a core year 0, applicable for all ASMOs?
- Proposal 7: **Artisanal and small-scale miners** (*ASMOs with direct rights; with indirect rights; ASM operators*). Do you agree with the 3 proposals as core year 0 requirements, applicable to ASMOs with direct rights, ASMOs with indirect rights, and ASM Operators respectively?
- Proposal 8: **Defining membership and member information** (All ASMOs)  
Do you agree with the proposal as a core year 0, applicable to all ASMOs?
- Proposal 9: **Register of miners** (All ASMOs)  
Do you agree with the proposal as a core year 0, applicable to all ASMOs?

All requirements proposed with a 1-year transition period.

**Decision on Block 1: all in favour**

**Decision on Block 2: all in favour**

**Decision on modified requirement ‘Fairtrade Interaction’: All in favour (8 votes)**

### Proposals 10 - 13

- Proposal 10: to revise the Core/Year 0 requirement on Anti-corruption policy
- Proposal 11: to revise the Core/Year 0 requirement on Taxes, fees, royalties, and other tributes
- Proposal 12: to introduce a new core/year 0 requirement in anti-money laundering policy, practices, and procedures
- Proposal 13: to introduce a new core/year 0 requirement in appointing a compliance officer

**Discussion:**

Proposal 10: An SC member expressed concern if anti-corruption becomes already part of the due diligence for local law. The SPM clarified that the idea behind, as that it is not only a declaration on paper but is also implemented.

The suggestion here was to change the applicability scope of the requirement by adding “traders”

Proposal 11: SC members were not in agreement with the proposed requirement and suggested moving the requirement text to the guidance. A further suggestion is to clarify in the guidance that it can be checked/ensured at audit and enable clarity and transparency.

The consultant – clarified, and confirmed ASMOS are formally registered bodies, legal entities that are transitioning from the informal sector to the formal sector. And emphasized the importance of having such a requirement in the standard, because with local laws it does not always work. Standard in this case would be a tool to support them on their due diligence compliance.

Based on the recommendation SPM agreed to make modifications to the guidance.

An SC member wanted to understand why there was a transition time for taxes, yet it is mandatory to pay taxes. The PM suggested that this can be included without a transition period.

Proposal 12: Anti-money laundering policy, practices, and procedures

The PM presented the proposed requirement and the results from the consultation. 40% agree with the proposal and a suggestion was provided by stakeholders that the guidance should include the risk at the different stages of the trade.

An SC member wanted to know whether the risk analysis was part of the policy already approved. With a policy, the risk analysis is done. The PM mentioned that there are two due diligence requirements, one in the HREDD section and the other on taxes. A suggestion was made to break the requirement into three.

Another SC member wanted to know why there is another requirement that addresses money laundering. The PM mentioned that this is because money laundering is a high risk in the mining industry. Corruption is also present, but money laundering is more rampant. This is linked to specific groups and the way illegal gold is introduced.

Proposal 13: Compliance officer

The PM presented the proposed requirement and the results from the consultation. There is general agreement from the stakeholders, a few of them disagree with the proposal, and some others mentioned that maybe another role is not necessary and can be merged with the Fairtrade officer.

A suggestion was made by an SC member to know whether this role would be different from that of a Fairtrade officer. A suggestion was made to merge these roles because having two different people for these roles would not make sense. It was agreed that it would be added to the guidance part of the requirement that the same person could hold both positions if they fulfilled the requirements put forward in the proposal. The consultant added that the compliance officer usually needs to have an accounting background because by law they must check that all the transactions have been done in the right way.

### Decision Block

- Proposal 10: **Anti-corruption policy** (All ASMOS, traders): Do you agree with the proposal as a core, year 0, applicable to all ASMOS and traders, with a 1-year transition time after publication?

- Proposal 11: **Taxes, fees, royalties, and other tributes** (all ASMOs) Do you agree with the proposal as a core year 0, applicable to all ASMOs, with no transition time after publication?
- Proposal 12: **Anti-money laundering policy, practices, and procedures** (All ASMOs, traders) Do you agree with the proposal as a core year 1, applicable to all ASMOs and traders, with a 1-year transition time after publication?
- Proposal 13: **Compliance officer** (All ASMOs, traders) Do you agree with the proposal as a core year 0, applicable to all ASMOs and traders, with a 2-year transition time after publication?

**The SC unanimously approved the decisions (8 votes)**

**Proposals 14**

- Proposal 14: to revise the Development/Year 3 requirement on Integration of vulnerable groups

**Proposal 14: Integration of vulnerable groups**

The PM presented the proposed requirement and the results from the consultation. There was a general agreement from the stakeholders but there were concerns that this might create more work for the ASMOs. Remove the reasonable part and keep putting in effort. There was also a lack of clarity with what was meant by 'reasonable effort'. It was also mentioned that this is already part of the responsible social management activities.

An SC member mentioned that the principle of integration is ok and that it is important to know who the vulnerable groups are.

Another SC member wanted to know how this can be integrated into the due diligence process. A suggestion was made to move it to the HREDD as part of the risk assessment.

The consultant mentioned that more women are involved in mining, and it is useful to have more info about them. The idea is to go deeper and ensure that the vulnerable groups have a voice.

It was agreed that this should be a core requirement and not development. Further amendments were agreed with the SC and made to the requirement.

**Decision**

- Proposal 14: Do you agree with the proposal as a year 3, core requirement, applicable to all ASMOs, with a 1-year transition time after publication?

**The SC unanimously approved the decisions (8 votes)**

**Chapter 2 – Trade**

**Proposal 15 – 21**

- Proposal 15: to introduce the Core/Year 1 requirement on Traceability system and records
- Proposal 16: to revise the Core/Year 0 requirement on Physical segregation of minerals and precious metals
- Proposal 17: to revise a new core/year 0 requirement in Physical traceability in case of owned processing

- Proposal 18: to introduce a new core/year 3 requirement on Physical traceability system in processing facilities
- Proposal 19: to revise a core/year 0 requirement on Traceability of transactions
- Proposal 20: to revise a core/year 0 requirement on Documentary traceability
- Proposal 21: to revise a core/year 0 requirement on Traceability in case of third-party processing

The SPM gave an outline of chapter 2. The main changes proposed include Improving traceability (physical product, documentary, financial), improving internal control, clarifying what a finished gold Fairtrade product is, Responsible sourcing (no support of armed groups, no Human Rights violations), preventive and remediation measures and Transparency along the supply chain.

#### Proposal 15: Traceability system and records

The PM presented the proposed requirement and the results from the consultation. There was a very high agreement. The project team recommends approval by the SC.

#### Proposal 16: Physical segregation of minerals and precious metals

The PM presented the proposed requirement and the results from the consultation. This is not a new requirement, but various elements have been introduced to provide more clarity. Two ASMOs highlighted that it was very important to evidence that all precious metals from a certified ASMO came from a formal set up and this could be evidenced. The project team recommends approval by the SC.

An SC member wanted to know how the supply chain works. The consultant gave a detailed explanation of the two ways of obtaining the minerals.

#### Proposal 17: Physical traceability in case of owned processing

The PM presented the proposed requirement and the results from the consultation. Implementing a traceability system should improve credibility, not only with clients but also with other important actors such as local authorities, financial institutions, customs agencies, and value transport companies. A traceability system is a measure to prevent risks.

This covers a very specific product. There was a high agreement rate. The comments were that this requirement could generate more costs. This is not a new requirement but there were amendments to make it clear.

#### Proposal 18: Physical traceability in processing facilities

The PM presented the proposed requirement and the results from the consultation. There was a general agreement but there were concerns that this might be costly, and a suggestion was made to have a digital process or system instead.

An SC member wanted to know the difference between this requirement and the previous one and the PM mentioned that this requirement is relevant for more centralized and larger ASMOs, and the responsibility falls under the ASMO itself.

The SC member stated that the ASMOs will see it as a tedious task because it will be difficult to determine the precious mineral content the consultant mentioned that they usually take the samples of the minerals to a laboratory and are paid according to the amount of gold content. That is important because it shows that the minerals came from certified operations.

#### Proposal 19: Traceability of transactions

The PM presented the proposed requirement and the results from the consultation. This is an amended requirement, and most of the stakeholders agree. This means that the ASMOs need to keep records to have a good overview of transactions. The addition was made to clarify the role of the Gold Sourcing Programme (GSP).

The SC suggested having separate criteria for mass balance.

Proposal 20: Documentary traceability

The PM presented the proposed requirement and the results from the consultation. This is an amended requirement, and most of the stakeholders agree because this will lead to improved traceability.

There was a question from an SC member as to whether this can be combined with FSI and the team suggested that needs to be separated and therefore not possible to merge.

Proposal 21: Traceability in case of third-party processing

The PM presented the proposed requirement and the results from the consultation. 46% agree with the proposal and there were some concerns that the implementation of this requirement could be difficult.

An SC member mentioned that the responsibility needs to remain with the processors. The responsibility needs to be very clear. The consultant mentioned that there is a difference between an extractor and a processor. The processing plant must follow the responsibility.

**Decision block:**

- Proposal 15: **Traceability system and records** (All ASMOs). Do you approve the proposals as a core year 1 requirement for ASMOs?
- Proposal 16: **Physical segregation of minerals and precious metals** (all ASMOs). Do you approve the proposal as a core year 0 requirement for ASMOs?
- Proposal 17: **Physical traceability in case of owned processing** (All ASMOs). Do you agree with the proposal as a core year 0, applicable to all ASMOs?
- Proposal 18: **Physical traceability system in processing facilities** (All ASMOs). Do you agree with the proposal as a core year 0, applicable to all ASMOs?
- Proposal 19: **Traceability of transactions** (All ASMOs and traders). Do you approve the proposal as a core year 0 requirement for all ASMOs and traders?
- Proposal 20: **Documentary traceability** (All ASMOs and traders). Do you approve the proposal as a core year 0 requirement for ASMOs and traders?
- Proposal 21: **Traceability in case of third-party processing** (all ASMOs). Do you approve the proposal as a year 0 requirement for ASMOs?

All requirements with a 1-year transition period.

**The SC unanimously approved the decisions (8 votes)**

Proposal 22 – 27



- Proposal 22: to introduce the Core/Year 0 requirement on Sales and/or trade of Eco Fairtrade precious metals
- Proposal 23: to revise the Core/Year 0 requirement on Traceability of Eco Fairtrade gold and precious metals
- Proposal 24: to introduce a core/year 0 requirement on Traceability in Refining
- Proposal 25: to revise a core/year 0 requirement on Traceability in manufacturing
- Proposal 26: to delay the decision of core/year 0 requirement on Traceability in the Gold Sourcing Programme
- Proposal 27: to not introduce a core/year 1 requirement on Reporting and verifying Fairtrade sales transactions on Fairtrade

#### Proposal 22: Sales and/or trade of Eco Fairtrade precious metals

Eco Fairtrade precious metal was explained as the precious metals obtained with methods that do not use cyanide or mercury, only uses physical separation techniques. To classify as ecological Fairtrade precious metals, they must comply with more environmental requirements.

One SC member asked if the project team received legal advice regarding the term eco or ecological, as it could be tied to the organic certification on the European legislation. The SPM explained that this term is not newly introduced, but it was already part of the standard. The SPM will follow up on the name of the Ecological Fairtrade Precious Metals.

The SC recommended a legal check on the terms Eco and ecological.

The Head of Standards mentioned that Brand confirmed the term Ecological and Eco is based on the current guidelines and claims good to be used. An SC member insists that it is important to do a legislation check as the organic regulations have changed, and it may be that the new legislation includes other terms. SU will confirm this before the topic is brought back to the SC.

#### Proposal 23: Traceability of Eco Fairtrade gold and precious metals

An SC member asked, how can we have Eco Fairtrade and GSP gold at the same time. The SPM proposed to remove the mention of the GSP section on the proposal.

#### Proposal 24: Traceability in refining

An SC member asked if this report is not flowing into Fairtrade already, and if it is why the refinisher should be double reporting. Another SC member seconded the question of the need for this requirement and to put the email address in the text of the requirement.

A project team member mentioned that the email address could be included in the guidance to make room for future implementation of reporting into Fairtrade.

An SC member questioned the nature of the reported information. As if only date and quantity without a unique identifier code will serve no purpose.

An SC member requested that proposal 27 be discussed together with this one.

It was explained that this proposal is needed as it intends to trace the transaction going from licensee to refinery, which is not a normal practice for Fairtrade.

The globally led team will provide templates for the reporting.

Proposal 27: Reporting and verifying Fairtrade sales transactions on Fairtrace.

This proposal is being recommended to be refused following input from FLOCERT, but the intention of the requirements is not lost as FLOCERT has a compliance criteria that requires the reporting of transactions on their platforms.

One SC member asked if this proposal is applicable to refiners. It was explained that this one is applicable to traders and ASMOs. The proposal 24 is exclusive to refiners as they are the actors in the supply chain with the capacity to recycle the precious metal.

Proposal 25: Traceability in manufacturing

An SC member asked if this can be merged with other traceability requirements as this is the easiest way to read traceability, and it may be possible to just add traders and ASMOs to this proposal. The project team explained that this requirement is specific to the manufacturing process, as it can be transformed by many traders before the final sale to a licensee.

**Block Decisions:**

- Proposal 22: **Sales and/or trade of Eco Fairtrade precious metals.** Do you approve the proposal as a core year 0 requirement for ASMOs producing Ecological precious metals, with an implementation time of 1 year after publication?
- Proposal 23: **Traceability of Eco Fairtrade gold and precious metals.** Do you approve the proposal as a core year 0 requirement for all ASMOs producing ecological precious metals, with a transition time of 1 year after publication?
- Proposal 24: **Traceability in refining.** Do you approve the proposal as a core year 0 requirement for refiners, with a transition time of 1 year after publication?
- Proposal 25: **Traceability in manufacturing.** Do you agree with the proposal as core year 0, applicable to traders, with a 1 year transition time after publication?
- Proposal 26: **Traceability in the Gold Sourcing Program (GSP).** This proposal will be delayed for decision in a future Standard Committee.
- Proposal 27: **Reporting and verifying Fairtrade sales transactions on Fairtrace.** Do you agree to not introduce the requirement?

**The SC voted 6 in favour, 2 abstentions**

Proposal 28 – 32

- Proposal 28: to delay decision of Core/Year 0 requirement on Recycling of Fairtrade gold
- Proposal 29: to revise the Core/Year 0 requirement on Final Consumer products
- Proposal 30: to revise a core/year 0 requirement on Minimum caratage
- Proposal 31: to revise a core/year 0 requirement on Jewellery and watch components
- Proposal 32: to revise a core/year 0 requirement on Metal composition

#### Proposal 29: Final Consumer Products

An SC member asked why this requirement is relevant and how can it be simplified. The SPM mentioned that the examples list will be moved to the guidance to be simplified the requirement. It is important to have this requirement as it clarifies which products can be labelled with the Fairtrade mark.

Another SC member mentioned that this requirement it is not needed, as the labelling conditions should go into another guidance or another document. The SC member proposed to delay the decision of this requirement.

#### Proposal 30: Minimum Caratage

There was no discussion on this proposal.

#### Proposal 31: Jewellery and Watch components

An SC member requested clarification on why the pieces can't be 100% Fairtrade precious metals. It was explained that some pieces are not available in the market as Fairtrade and in some cases is necessary to source them from conventional traders.

An SC member requested clarification on the percentages. The SPM explained that of the total weight of precious metal, 15% of that weight can be sourced as conventional only in the pieces to specify in the proposal. Allowing for a minimum of 85% per weight to be Fairtrade precious metal in the final piece.

#### Proposal 32: Metal Composition

An SC member questioned what will happen in a scenario where the underlying material is Fairtrade but the plating is not. The SPM explained that the requirement is clear that the conditions to be eligible to use the Fairtrade mark, the layer, and the material under it must be both Fairtrade precious metal.

#### **Block Decisions:**

- Proposal 28: **Recycling of Fairtrade Gold**. This proposal will be delayed for decision in a future Standard Committee
- Proposal 29: **Final Consumer Products**. This proposal will be delayed for decision in a future Standard Committee.
- Proposal 30: **Minimum Caratage**. Do you approve the proposals as a core year 0 requirement for traders, with a transition period of 1 year after publication?
- Proposal 31: **Jewellery and watch components**. Do you approve the proposal as a core year 0 requirement for traders, with a transition time of 1 year after publication?
- Proposal 32: **Metal composition**. Do you agree with the proposal as core year 0, applicable to traders , with a 1 year transition period after publication?

#### **The SC unanimously approved the decisions (8 votes)**

#### Proposal 33 – 36

- Proposal 33: to revise the Core/Year 1 requirement on No support to non-state armed groups
- Proposal 34: to revise the Core/Year 0 requirement on Identification of risks in the supply chain
- Proposal 35: to revise a core/year 0 requirement on Reporting due diligence measures

- Proposal 36: to revise a core/year 0 requirement on Preventive measures and remediation projects

#### Proposal 33: No support to non-state armed groups

One SC member asked how feasible it is to ensure this requirement. The SPM explained that this requirement will be likely translated into a reactive compliance criterion. While sourcing minerals from conflict zones is not prohibited, greater diligence is required by the trader to ensure that their ore is responsibly sourced. Some SC members mentioned that it is not possible to enforce this, and extortion of money from producers is a reality in Latin America. Most of the time the producers paid not because they support the actions of these groups but because if they do not pay, their lives may be at risk.

#### Proposal 34: Identification of risks in the supply chain

One SC member asked if it is necessary to have these very specific due diligence requirements, that may overlap with the generic HREDD requirements. One SC member thinks it is strange that the specific due diligence of risk identification does not look into environmental risks but focuses on financial risks.

#### Proposal 35: Reporting due diligence measures.

One SC member suggested that the “Reporting due diligence measures” (requirement should refer to the trader standard).

The general discussion focused on guidance on the confidentiality of this requirement. The SC agreed on the importance of confidentiality and discussed adding a guidance or template for a report as guidance. It was discussed that any reporting needs to be confidential and there needs to be a protection line, where you can report, and is completely confidential, and only experts have access. It was also discussed that this has been the case so far. Reporting covers causes and remediation action anonymously.

#### Proposal 36: Preventive measures and remediation projects

The SC is worried that this requirement will create duplication with the recently approved requirement in the trader standard. One SC member mentioned that it is not sure about the decision they are taking as they are not experts in due diligence, and they will prefer to come back to them later with a better analysis.

#### **Block Decisions:**

- Proposal 33: **No support to non-state armed groups.** Do you agree with the proposal as core year 0, applicable to traders, with a 1-year transition time after publication?
- Proposal 34: **Identification of risks in the supply chain.** This proposal will be delayed for decision in a future Standard Committee.
- Proposal 35: **Reporting due diligence measures.** This proposal will be delayed for decision in a future Standard Committee.
- Proposal 36: **Preventive measures and remediation projects.** This proposal will be delayed for decision in a future Standard Committee.

#### **The SC unanimously approved the decisions (8 votes)**

#### Proposal 37 – 43

- Proposal 37: to revise the Core/Year 0 requirement on Signed agreements
- Proposal 38: to revise the Core/Year 0 requirement on Fairtrade production sourcing plan

- Proposal 39: to revise a core/year 0 requirement on Trial period
- Proposal 40: to revise a core/year 0 requirement on Trade through third-party operator
- Proposal 41: to revise a core/year 0 requirement on Shipment orders
- Proposal 42: to revise a core/year 0 requirement on Documentary transparency
- Proposal 43: to delay the decision of core/year 0 requirement on Retro-certification

#### Proposal 37: Signed agreements

There were no questions on this proposal.

#### Proposal 38: Fairtrade production sourcing plan.

One SC member asked if sourcing plans are legally binding. The answer is that they are not but that the idea is to avoid price competition as there will be several buyers. Mines have a restriction on how much gold they can extract during a certain period. The volume defines how much it will cost the organisations to refine the mineral. As gold is not sold at FOB, they need to plan their volume and sourcing. Each year they must make a volume plan and pay royalties to the government. They can also negotiate.

Feedback from a client included removing “in case” to not make the requirement voluntary, leaving it open if the sourcing plan is defined annually or a longer term.

The SC discussed making it mandatory to agree on a sourcing plan annually and adding to the guidance that it can be agreed otherwise for a longer term. It was commented that it is a legal requirement to sign yearly production plans from the government side, and Fairtrade would add the sourcing plan for planning Fairtrade volumes. It was also commented that for the dynamic market, a sourcing plan is needed at the beginning of the year.

#### Proposal 39: Trial period

A SC member asked if it is not usually mandatory to have a long-term contract longer than a year. The project manager answered that there have been ASMOs and refineries renegotiating every year, but others prefer long-term relationships. This requirement will give the possibility to have a long-term contract. It was also commented that it is usually not defined how long the contract lasts and that there is a period before those end where they have a meeting to negotiate. Usually, these processes are very quick and a lot shorter than a year, different samples are needed to evaluate what contracts make sense and this is why it is not linked to time but to shipments. The project manager also commented that in the precious metal standard, there is no requirement for long-term contracts yet, which is why this requirement is important.

It was discussed that it is better to say commercial relationships instead of long-term contracts in the guidance.

#### Proposal 40: Trade through third-party operators

One SC member commented that this contradicts the requirement of commercial management, and the organisation should be on top of its commercial activities, which it is not when subcontracting (especially when the third party is very powerful). The project manager commented that the aggregation helps the cooperatives to export and reduce the costs and it is important that the refinery and cooperative agree on who does this and facilitate the process and make sure they comply with this requirement and there is no tax evasion or money laundering. That’s why the suggestion is that they need to be certified. It was added that in the original requirement, the third party was not certified. If they are Fairtrade certified, then this requirement is not necessary (because they will convey FMP and FP).

One SC member suggested rephrasing it to “you may contract them as third party...” or instead of “may” write “for trade and export purposes only”; and take it out of the first line too.

It was suggested to leave the detailed changes to a lawyer and/or expert.

Proposal 41: Shipment orders

There were no comments on the proposal.

Proposal 42: Documentary traceability

An SC member asked if it is necessary to confirm with each sale the certification status. This is not a common practice in any other standard. The SC agrees to move the “confirmation of certification” to the guidance of the proposal. The SC asked if there was no duplication with the documentary traceability requirement. The SC requested to explore the option to move this proposal into the guidance of the Documentary traceability requirement.

Proposal 43: not presented for decision.

**Decision block:**

- Proposal 37: **Signed agreements.** Do you approve the proposal as a core year 0 requirement for ASMOs and traders with implementation starting one year after publication?
- Proposal 38: **Fairtrade production sourcing plan.** Do you approve the proposal as a core year 0 requirement for ASMOs and first buyers with one year transition time before implementation starts?
- Proposal 39: **Trial period.** Do you agree with the proposal as a core year 0, applicable to all ASMOs and payers, first buyers, and refiners, with a 1 year transition time after publication?
- Proposal 40: **Trade through third-party operator.** Do you approve the proposal as a core year 0 requirement for ASMOs with one year to transition after publication?
- Proposal 41: **Shipment orders.** Do you approve the proposal as a core year 0 requirement for importers with one year to transition after publication?
- Proposal 42: **Documentary transparency.** Do you approve the proposal as a core year 0 requirement for all ASMOs and traders, with an implementation date of one year after publication?
- Proposal 43: Retro-certification. Do you agree to delay the decision to a future SC meeting?

The SC agreed that the requirement on retro certification will also be delayed for decision and that the requirement on documentary transparency will be added to the requirement of documentary traceability.

**The SC unanimously voted in favour (8 votes).**

**Next Steps**

The requirements for the identification of risks in the supply chain, reporting due diligence measures preventive measures and remediation projects will be assessed, and their discussion will continue during the SC in December.

To have a more efficient next meeting for decision, the SC advised some cleaning on duplicate requirements on due diligence and traceability and requirements already included in the trader standard.

### **Item 8 – Chair Election**

The SC unanimously approved the decision (7 votes) to select Stijn Decoene as SC Chair and Richard Odurose Kwarteng as SC Vicechair. One SC member was unable to attend this session (informed during SC new session item 2)

### **Item 9 – Flowers and Plants Standard Review**

The review of the Flowers and Plants Standard began in 2021. During the first phase, all topics in the standard were covered except the topic of wages which was left out given the multiple economic factors affecting wages, among others, COVID, the Ukraine-Russia war, and inflation. The second phase started in 2023 led by an external consultant, supported by the S&P unit. The project team included representatives of PNs, NFOs, FLOCERT, Senior Advisor for Workers' Rights, and GPM Flowers.

To better understand the context of the proposals, a brief comparison between bananas and flowers was presented. In flowers, there are 73 HLOs (majority in E-Africa, 1 in Asia, and 9 in LAC) and nearly 74,000 workers. While in bananas there are 150 HLOs (majority in LAC, ~5 in W-Africa) and approximately 27,000 workers. Fairtrade Premium (FP) is significantly higher in bananas, 20.8 million euros, while in flowers 7.6 million euros. FP is directly connected with Fairtrade sales, on average 45% of the banana production is sold under Fairtrade terms, while only 18% of flowers. There is an urgent need to increase flower Fairtrade sales to support wages.

Wage data from 2021 and 2022 were collected from 12 farms in 4 countries. There are significant large gaps in the Living Wage in African countries, in LAC workers are earning around or slightly above the LW Benchmarks. It was observed that 83% of workers in Ethiopia, 43% in Uganda and Zimbabwe, and 10% in Kenya were earning less than half of the LWB, which shows the scale of the issue to be addressed. FTA held a meeting in Kenya with workers, where they confirmed that they are 10,000 Kenyan shillings short every month.

The Consultation was open for 30 days (mid-June to mid-July) plus two two-week extensions. The PM thanked FTA for their support in carrying out the workshops in Kenya, Uganda, and Ethiopia. In each country, two workshops took place, one for workers and trade union representatives and a second separate session for management representatives. Seventy-three people responded to the online consultation, respondents came from nearly all flower-producing countries and traders. Regarding the respondents' roles, there were workers (21%), producers (29%), retailers (12%), Fairtrade system (14%) and others spread in the supply chain (exporters, traders, importers, processors, etc.).

Eight proposals were presented to the SC. Each proposal was introduced with a summary of the responses received, both from the workshops and online survey, including the feedback (comments) provided by participants and/or respondents that supported their answers. The eight decisions were divided into four sections: Fairtrade Premium, Living Wage Differential, promotion of Collective Bargaining and Trade Union rights, and clarification of the floor wage requirement.

#### **Discussion**

An SC member asked to clarify what was CBA, while another SC member asked which LWB was used for the wage analyses. The PM confirmed the CBA referred to the Collective Bargaining Agreement and indicated that the comparisons were made to the 2022 LWB. It was pointed out that LW gaps still must be updated, and while the LW gap may remain the same as a percentage, the actual amount can differ.

#### **Section 1: Fairtrade Premium Contribution**



One SC member asked if all HLO in flowers are Fairtrade certified or if there are multi estates with some Fairtrade certified and others not Fairtrade certified states/farms. In India, this situation has seen an increase of confrontation between workers from Fairtrade and non-Fairtrade states, when FP is distributed. Workers begin to wonder why they should be working in non-Fairtrade farms. The SC member would like to know if there is a similar situation in flower farms.

A contributing observer explained the situation in African farms. Although it is not common, some multi-estates have both certified and non-certified farms. He does see this as a risk and underlines the importance of the work from Fairtrade in capacity building to explain to workers why FP contributions would differ in time.

It is of extreme importance to manage expectations from workers. Explain that FP is a bonus, therefore it will depend on the farm sales.

Another SC member explained that cash payments of FP are more relevant for workers than in-kind benefits (IKB), as they are short in cash.

The Senior Advisor Workers Rights added that we should hear workers' voices, and they want cash. However, he also pointed out that we are talking about Human Rights, these workers have the largest LW gaps and there is a need for urgent intervention.

Another SC member agreed with the Senior Advisor that FP should be paid in cash if legally permitted. The SC member suggested researching if these payments are taxable or not. This might differ in each country. Equitable vs equal distribution must be better understood. Two things were spotted missing in the proposal: managing expectations of workers, they must understand that the FP will vary, and the capacity building of FP Committees (FPC) for the premium distribution.

The PM explained that the tax issue was addressed in the workshops, and even though deductions might happen, workers still preferred to receive cash. The capacity building of FPC will be touched on in the following section. Managing expectations should be worked together with PNs. Some farms have received non-compliance (NC) because it is not clearly understood how an equitable distribution of FP is. Therefore, both FTA and producers suggested in the workshops switch equitably for equally.

Another SC member explained that in his experience, the distribution of FP can be supported by the farm's HR payroll software, as it has the information on the time worked by each worker. He added that it is important to consider when the FP is going to be distributed, as migrant and seasonal workers might not be there anymore when it happens. Finally, he emphasized the importance of managing expectations, and the need for advocacy so workers fully understand the rationale behind the FP distribution.

An SC member added to have a consensus in the distribution between equilibrium and fairness, considering time and value. It will be 30% of the FP, but the amount will differ with sales. Workers who have worked longer should be entitled to a greater sum.

The Senior Advisor Workers' Rights reminded about the HL Standard requirement 2.1.20 and the importance of the participation of trade unions. As an example, he mentioned the pilot project in the plant farm Wagagai (Uganda) where the trade union has supported the communication between farm management, workers, and FPC.

An SC member did not agree to allow the workers to decide the form they want to receive the FP. It was suggested to choose either cash or voucher, otherwise, it will be very complicated to distribute and audit.

Although in the consultation workshops was mentioned they would rather distribute the FP equally, several SC members disagreed and suggested changing “equally” to “equitably”, but to provide good guidance, to avoid further NC and explain to the farms how to do it. An SC member suggested adapting the FP distribution tool developed for bananas to flowers.

The contributing observer from FTA suggested providing a clear definition of the term equitably, as it can also be challenging to understand in this session. He also disagreed with giving the option to workers to choose how to receive the FP as it would be very challenging, he suggested to make simple to comply.

Finally, the Senior Advisor Workers’ Rights suggested keeping an eye on impact. It is extremely difficult to draw a direct line between the regulation, i.e. standard requirement, and the impact, i.e. positive impact on the worker. For example, the HL Standard requirement 2.1.20 has already been ten years and no measurable impact has been determined in flower farms. He strongly supports making requirements simple and easy. He had suggested the PM add the option to choose between cash or vouchers, as a “concession” to a powerful stakeholder, although it was clear that for workers, cash was the only option of interest.

Another SC member communicated she agreed to switch the term to equitably and to simply, not give an option, to distribute FP in cash as it was the most flexible option for workers.

Another SC member also agreed to leave cash as the main way to distribute FP, and only in specific/exceptional situations as vouchers. He pointed out that clarifying the difference between equal and equitable is also very important for auditors. He agreed to keep them equally.

The SU Head suggested doing as in Fresh fruit and providing further guidance and tools to support the distribution of FP. SC asked about the timelines selected for the FP distribution. The presenter explained that most of the turnover happens in the first four months of the year, so January was selected to have an impact straight away.

The PM explained that in the consultation workshops workers expressed that their FPCs do not have the right mechanisms to do the FP distribution themselves, as in banana. Workers rather than management did the distribution.

The SC chair asked why it is proposed that FP is paid through the pay slip if the management in Ethiopian farms was against it. The PM explained management did not support many of the proposals, including the 30% FP distribution, because it could potentially affect the community projects, e.g. schools, and hospitals. Another SC member pointed out to be clear that when we talk about “taxes” we are referring to legal/fiscal taxes and not ‘administrative fees’.

An SC member suggested the FPC should supervise the work of management because it is possible they exclude some workers, and to ensure the taxes deducted (if deducted) are truly taxations. The contributing observer agreed with the comment of the SC member and suggested that the guidance should include: (1) a contract with the worker should be in place, (2) ensure the flow of money from the FPC to management, and (3) benefitting workers should be approved with the FPC.

Several SC members were concerned about the role of FPC in flower farms and the costs that the farm management would eventually incur if the FP distribution were to be done via pay slips. This has already been researched in LAC. The SC member explained that management can carry out the calculation for the FPC, on how much FP a worker would receive, but that the FPC should be the one distributing it.

An SC member explained that if management distributes the FP, it would be a burden for them as it will be part of the audits. He suggested, as well as other SC members, that management only calculates how much each worker should receive, but that the actual distribution would be done by the FPC.

Another SC member said it would be important to have the learnings in bananas and feedback regarding the FP distribution.

The FP distribution should be part of the Development Plan and discussed in the GA.

However, the Senior Advisor expressed his concerns about workers' deciding before knowing the amount, as they cannot oversee the complexity.

Decision 1.3 was skipped as no consensus was reached.

### Section 2. Fairtrade Living Wage Differential

The LWD was supported by most of the producers and workers on the condition that this would also be supported by the market side, especially retailers and traders. The main concern was that this may decrease the already very low Fairtrade flower sales.

The Senior Advisor highlighted that there are few options to increase wages in flower farms and that the support of retailers is key to improving them. Social dialogue is an essential part of the discussions, where companies and trade unions can find together solutions to improve wages.

The PU Head asked if the methodology of the LWD would remain as it was consulted, 0.5 euro cents per stem. The PM explained that this would be outside of the scope of the S&P unit but followed up by GPMs and NFOs as a voluntary option for those retailers who want to improve wages in their supply chains.

### Section 3. Promoting collective bargaining and trade union rights and clarification of the floor wage requirement

In some countries, flower companies undermined TU and refused to negotiate higher wages because of FT's floor wage.

The Senior Advisor explained the floor wage is the numerical value of the extreme poverty line of the World Bank. Other wage components are considered, such as IKB, bonuses, flexible payments, allowances, etc. Fairtrade supports the framework of industrial relations to promote CBA to improve legal entitlements. Some companies have already a good relationship with TUs.

SC members suggested aligning the definition of basic wage to the one used in bananas.

Trade Unions are perceived differently around the world. In India, there is slight mistrust because, as expressed by an SC member, they tend to support certain political groups. On the other hand, the SC workers' representative explained his experience in LAC where TU supports the well-being of workers and their families independently of their religion, political preference, gender, etc., and works on improving the social conditions for workers. TU supports both companies and workers to reach agreements to improve workers' conditions.

## Decision

### Section 1: Fairtrade Premium Contribution

- Decision 1.1: Do you agree to the new Core Year 1 requirement on allocating 30% of the Fairtrade Premium to workers as cash or premium vouchers of equal value to cash disbursements on Fairtrade flower plantations if living wages have not yet been reached? A transition period of one year is proposed to ensure the successful implementation of the new requirement.  
The SC unanimously approved the decision (8 votes) after rewording the requirement.

*“Proposed requirement, Core, Year 1: Applies to Companies from 1 January 2026.*

*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 in cash only among workers that earn less than the living wage, as a Fairtrade Bonus until the living wage gap is closed.*

*Payments should be made in cash whenever possible but can be made as premium vouchers where payment in cash is not an advantageous option.*

*Your company demonstrates the transparency and accuracy of the payments made according to the rules described in this requirement.*

*Your company ensures that no benefits are worsened/reduced after the introduction of this requirement except when formally agreed with elected worker representatives who have the right to negotiate.*

*Guidance: In addition to the disbursement of 30 percent of the Fairtrade Premium, the option to disburse 20 percent of Premium funds in cash remains (see Requirement 2. 1.20 of the Hired Labour Standard). Consequently, workers could disburse up to 50 percent of the Premium in cash if they so choose. Payments are made every 6 months.”*

- Decision 1.2: Do you agree that the new requirement applies to the premium received from Fairtrade sales as of 1st of January 2026 onwards? This requirement does not apply to Fairtrade Premium from 2025 received in 2026 and any savings of the Fairtrade Premium from 2025  
The SC unanimously approved the decision (8 votes).
- Decision 1.3: Do you agree that premium contribution should be paid through the pay slip via the management (HLO) noting that some tax may be deducted?  
The decision was not approved (one SC approved, four SC members disagreed, and three abstentions).
- Decision 1.4: Do you agree that the 30% premium is allocated every six months to workers as cash or as premium vouchers in cases where cash distribution is not advantageous? This means that distributing the 30% premium in kind is not acceptable.  
The SC unanimously approved the decision (8 votes).

### Section 2: Fairtrade Living Wage Differential

- Decisions 2.1.1 & 2.1.2, 2.2: Do you agree that Fairtrade does not introduce a Fairtrade Living Wage Differential in the Flower and Plant Standard? This can be introduced as a voluntary option outside of the standard and will be led by GPM flowers and commercial teams (Similar to the O2B in bananas).  
The SC unanimously approved the decision (8 votes).
- Decision 2.3: Do you agree that producers report on Fairtrade Premium contributions to Trade Unions or worker representatives every six months?  
The decision was not approved as it is linked to Decision 1.3.

Section 3a. Promoting collective bargaining and trade union rights

- Decision 3.1: Do you agree that producers should be required in the Flower and Plant Standard to negotiate wage increases with trade unions?

The SC unanimously approved the decision (8 votes).

*“Proposed requirement, Core, Year 0: Applies to Companies*

*You agree to negotiate wage increases for workers earning a basic wage that is higher than the floor wage and lower than the applicable living wage, where trade union organisations have met legal requirements to bargain collectively on behalf of workers in your company.*

*Your company makes its best efforts to enter into a collective bargaining agreement.*

*Guidance: This ensures that during collective bargaining, proposals are exchanged to improve wages for all workers earning less than a Living Wage.*

*Employers can demonstrate that by making their best efforts they have done everything possible to enter into a collective agreement.”*

Section 3b. Clarification of the floor wage requirement

- Decision 3.2: Do you agree that the floor wage in the Flower and Plant Standard should be the minimum level of basic wages, before taxes and does not include other benefits such as allowances, bonuses, etc? A transition period of one year is proposed to ensure the successful implementation of the revised changes.

The SC unanimously approved the decision (8 votes) to update the requirement 3.2.1.

Changes to the requirement are in **bold**.

*“3.2.1 Floor wages, Core, Year 0: Applies to Companies*

*Your company ensures that a floor wage is paid to all workers and do not fall below the global poverty line Purchasing Power Parity (PPP) set by the World Bank.*

*The floor wage relates only to the gross wage, therefore in-kind benefits cannot be counted.*

*Cash allowances issued regularly to all workers as an entitlement and allowing workers full discretion on how to spend the money without a link to the attendance or performance of workers count towards the gross wage.*

***You ensure that the basic wage is equal to or exceeds the applicable floor wage.***

***You are not exempted from compliance, if your company is represented by an employer organisation that has collectively bargained a multi-company or sector agreement with basic wage rates below the floor wage.***

*You ensure that no benefits have been worsened/reduced after the introduction of this requirement except when formally agreed with a trade union.”*

- Decision 4: Do you agree to the delegation of approval of non-substantive changes and final wording of the standard to the director of S&P?

The SC unanimously approved the decision (8 votes).

**Next Steps**

- Decisions 1.3 and 2.3 were postponed to the next SC 114 in December 2024. The PT should come back with a proposal based on more research.



**Item 10 – AoB, Closing**

- Next virtual SC meeting (SC 114) on 4-6 December 2024