

## Fairtrade Standard for Contract Production (01.05.2011\_v1.4)

### Interpretation Notes

Date	March 27 <sup>th</sup> , 2020		
Reference	CP Standard		
Affected standard requirement	Year 0	Core	<p><b>A4.2.1</b> You <b>must ensure</b> that the registered producers establish a structure called the producer executive body (PEB) where they are able to make democratic and transparent decisions about Fairtrade issues, including the use of the Fairtrade Premium. You <b>must ensure</b> that they inform you about these decisions.</p> <p><b>Guidance:</b> The PEB acts as an intermediary between you and the registered producers and represents the interests of the registered producers. Until a producer organization is in place, the PEB works with you to develop the Fairtrade development plan and manage the Fairtrade Premium on behalf of the registered producers.</p> <p>The PEB is intended as a temporary structure. When the registered producers have gained experience in organization and administration, they can form a producer organization. The PEB may then result into, for example, an executive or Premium committee.</p>
	Year 6	Dev	<p><b>B4.4.2</b> With support from the promoting body, the producer organization <b>must take over</b> the responsibility for handling the Fairtrade Premium.</p> <p><b>Guidance:</b> The PEB, and later the producer organization, is encouraged to develop its capacities to manage all issues related to the Fairtrade Premium, including the decision making process on Fairtrade Premium use, the implementation of these decisions and administrating the accounts and records.</p>
Interpretation	<p><b><i>Given the current coronavirus disease (COVID-19) pandemic, and considering this is an exceptional circumstance, is it possible to have more flexibility in terms of decision making on Premium use?</i></b></p> <p>Yes. If the Promoting Body and Producer Executive Body (PEB) identify Premium investments to minimize the spread of the disease and/or to mitigate any potential negative effects on farmers, workers and their communities, it is possible to make these Premium investments. Changes in the Fairtrade Development Plan need to be documented.</p>		



	<p>Once the usual decision-making process is re-instated, the PB and the PEB need to explain the changes to the registered producers and ratify the Premium use retroactively.</p> <p>For guidance on basic protective measures against the COVID-19 outbreak please consult the information provided by the <a href="#">World Health Organization</a>. The organizations are required to maximize the number of members and workers that benefit from these investments and that they benefit equally.</p>
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