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| **Consultation document for Fairtrade Stakeholders:**  Review of the Fairtrade Standard for Sports Balls | |
| Consultation Period | 13.11.2015 – 08.01.2016 |
| Project Manager | Elisabeth Bystrom, Standards & Pricing, [e.bystrom@fairtrade.net](mailto:e.bystrom@fairtrade.net) |

**PART 1: Introduction**

Welcome to the consultation on the Fairtrade Standard for Sports Balls.

Thank you for taking the time to participate. First you will find an introduction to the topic and consultation process and then you will be asked the consultation questions. The whole process should take you around 15 to 20 minutes.

1. General Introduction

Fairtrade Standards support the sustainable development of disadvantaged small-scale farmers and workers. Producers and traders must meet applicable Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, Standards & Pricing (S&P) is responsible for developing Fairtrade Standards. The procedure followed, as outlined in the [Standard Operating Procedure for the Development of Fairtrade Standards](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2012-02-07_SOP_Development_Fairtrade_Standards.pdf), is designed by Fairtrade and compliant with all requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards. This involves a wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives are based on producers’ and traders’ realities and meet consumers’ expectations.

You are invited to participate in this consultation and contribute to the review of the Fairtrade Standard for Sports Balls for Hired Labour. For this purpose, we kindly ask you to comment on the proposed changes to the requirements suggested in this document and encourage you to give explanations, analysis and examples underlying your statements. All information we receive from respondents will be treated with care and kept confidential.

**Please submit your comments to the Project Manager Elisabeth Bystrom at: e.bystrom@fairtrade.net by 08.01.2016.** If you have any questions regarding the draft standard or the consultation process, please contact the Project Manager by email.

Following the consultation round we will prepare a paper compiling the comments made, which will be emailed to all participants and also be available here <http://www.fairtrade.net/standards-work-in-progress.html> under the section for the Sports Ball Standard review project. Taking into account all the comments received, the draft standard will be amended and presented for approval in February 2016.

1. Background and Objectives

The Fairtrade Standard for Sports Balls presents the requirements that sports ball producers (hereafter called “producers”) and traders must comply with. Producers must also comply with requirements in the Hired Labour standard and traders must comply with requirements in the Trader Standard. The objective of this standard review is to propose any necessary amendments or clarifications to the requirements in the sports ball standard and ensure they are fully aligned with the Hired Labour and Trader Standards. This review is also informed by a desk study undertaken in 2014 in which relevant stakeholders participated and identified specific topics for this review.

1. Project and Process Information

This standard review project started in October 2015. The project assignment (PA) is available at: [http://www.fairtrade.net/standards-work-in-progress.html](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2015-03-30_PA_Honey_FINAL.pdf).

1. Confidentiality

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

**PART 2: Draft Standard Consultation**

The consultation is organized into the following sections:

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# 1) Information about your Organization

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

**1.1 Name of organization**

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**1.2 Your name**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.3 Your email**

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**1.4 FLO ID (if applicable)**

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**1.5 Country**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**1.6 What is your responsibility in the supply chain (if applicable)? Please tick all that apply**

Producer

Exporter certified as a Fairtrade Trader

Importer certified as a Fairtrade Trader

Retailer

Licensee

Brand owner

Consumer

Other (please specify) \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.7 If applicable, which organization in the Fairtrade system do you work for ?**

Producer network

National Fairtrade organization

Fairtrade International

# 2) Product description

Context: Currently the product description (scope) of the Sports Ball standard says: *The Standard for Sports Balls applies to all hand-made sports balls, which includes both stitched and moulded balls.*

The term “hand-made” has been a cause for confusion within the Fairtrade system, because the formulation does not make it clear whether or not the Standard applies to machine-stitched balls as well. In August 2011, S&P announced that machine stitching was acceptable. Since thermal moulding/bonding, a highly mechanized procedure that requires significantly less manual labour than stitching, is accepted according to the Standard, the use of the term “hand-made” should be reconsidered.

2.1 Proposed revised product description

**~~The Standard for Sports Balls applies to all hand-made sports balls, which includes both stitched and moulded balls~~**

**The standard applies to all types of sports balls, including, but not limited to, hand-stitched, machine-stitched, thermal-bonded and laminated sports balls.**

Rationale/ clarification for broadening the scope of the standard:

The proposed new product description (or scope) of the standard could have an impact on sales and production of Fairtrade-certified sports balls – the following issues were taken into account for defining the proposed product description:

Trends in sales of hand-stitched, machine-stitched and thermo-bonded balls;

Current Fairtrade sales of sports balls;

Potential growth of Fairtrade sales;

Cost of labour for manufacturing hand-stitched, versus machine-stitched and thermo-bonded;

Gender ratio and changes in number of women employed in factories, sub-contracted units and stitching centres;

Type of balls used in different sports

Fairtrade sports ball sales remain rather small compared to the industry, and have not shown promise for growth over the last years. Restricting the scope of the standard is likely to keep sales limited, especially since manufacturers are seeing a growth of sales for machine-stitched and thermo-bonded balls but not for hand-stitched balls, even though the latter is still important for Fairtrade. Furthermore, it is S&P’s general understanding that the standard should be applicable for balls that are used in all types of sports, and in several sports (e.g. basketball, volleyball) thermo-bonded or laminated balls are primarily used.

**Do you agree with the proposed change to the product description?**

Yes

No

Partly

I don’t know

Other

Please explain your answer. Click here to enter text.

# 3. Compliance Costs Compensation

Context: Requirement 5.5.4 on Compliance Costs Compensation allows producers to claim a limited reimbursement to cover some of the extra cost they incur in order to be compliant with the Fairtrade requirements in the sports ball standard.

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| *5.5.4 To cover the cost of complying with Fairtrade Standards the sports ball company may invoice a surcharge up to a maximum of 5% of the negotiated price as Compliance Costs Compensation. The Compliance Costs Compensation is invoiced separately from the negotiated Price and the Fairtrade Premium.* |

There is, however, some uncertainty as to how effective this requirement is. For this reason we would like to ask you the following questions:

3.1 How much Fairtrade Premium did you invoice in 2014 as a % of the negotiated FOB-price?

15%

10%

0% (no Fairtrade sales in 2014)

Other (please specify)

If you wish to further clarify your answer, please include this information here:

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3.2 Did you invoice a surcharge for compliance costs compensation on top of the negotiated FOB price in 2014?

No, I did have Fairtrade sales, but I did not invoice a surcharge for any compliance costs compensation

No, I did not have any Fairtrade sales in 2014

Yes, I did charge invoice a surcharge for compliance costs compensation

If you answered yes to question 3.2, please answer question 3.3

3.3 How much did you invoice as a surcharge for compliance costs compensation on top of the negotiated FOB price in 2014?

I invoiced a compliance cost compensation of

Less than 5%, please specify exact amount

5%

More than 5%, please specify exact amount

If you wish to further clarify your answer, please include this information here:

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3.4 Using the Compliance Cost Compensation

Requirement 5.5.5 of the sports ball standard states the following:

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| ***5.5.5*** *The sports ball company must document how the Compliance Costs Compensation has been used (e.g. investments for developing and maintaining monitoring and inspection systems, additional administration costs to maintain standard compliance, etc.).* |

In case you invoiced a surcharge for compliance costs compensation in 2015, for what did you use this money?

Mostly to monitor our internal audit system and supplier assurance scheme.

Mostly to ensure work conditions (including salaries) in subcontracting units and stitching centres are in compliance with the Fairtrade Standard for Sports Balls

Mostly to cover the more extensive administrative costs of implementing the Fairtrade standard for sports balls

A combination of the above

I do not know/ we do not keep track of how we spend the compliance costs compensation

Other (please specify)

If you wish to further clarify your answer, please include this information here:

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3.5 What are the main reasons why you would like to keep or remove the requirements 5.5.4 and 5.5.5 regarding the Compliance Cost Compensation:

I would like to keep the requirements regarding the compliance cost compensation for the following reasons: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I would like to remove the requirements regarding the compliance cost compensation for the following reasons: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other (please specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# 4. Non-applicable Hired Labour standards

**Context:** According to sports ball producers not all Hired Labour (HL) Standard requirements (should) apply to them, as the HL Standard was originally designed for plantations not factory settings. For this reason producers have requested to have a clear indication as to which requirements in the HL Standard apply to sports ball producers and which specifically do not.

**Rationale:** At present, none of the sports balls companies are audited against the environmental and health & safety requirements that obviously do not apply to them (see below). During a Fairtrade compliance audit at a sports ball factory, auditors mark the non-applicable requirements as N/A and do not verify them. However, sports ball producers do not have a list of these non-applicable requirements. Instead, producers receive a checklist with compliance criteria for all HL requirements, together with sports ball standard specific requirements, and only during the Fairtrade audit do they find out for which HL requirements they are not audited against. For this reason, producers have requested that Fairtrade provides a clear indication, which HL requirements do not apply to sports ball producers.

As far as the S&P can assess, the following **environmental requirements** of the Hired Labour standard are not applicable to sports ball companies:

* 4.2.1 - Integrated pest management advisor
* 4.2.2 - Alternative controls and preventive measures against pests
* 4.2.3 - Monitoring pests
* 4.2.6 - Buffer zones for application of hazardous materials
* 4.2.7 - Buffer zones for spraying hazardous materials by air
* 4.2.14 - Application of herbicides against weeds
* 4.2.15 - Documenting pesticide use
* 4.3.1 - No human sewage sludge used for fertilizer
* 4.3.2 - No untreated sewage water used for fertilizer
* 4.3.3 - Amount of fertilizer used matches nutrient need
* 4.3.4 - Fertilizer storage to minimize risk for water pollution
* 4.3.5 - Prevention and reduction of soil erosion
* 4.3.6 - Application of ground cover
* 4.3.7 - Enhancing soil fertility
* 4.3.8 - Quality of irrigation water
* 4.3.9 - Sources of irrigation water
* 4.3.12 - Optimizing irrigation systems
* 4.5.1 - No intentional use of genetically engineered seed or planting stock
* 4.6.1 - Conservation of protected areas
* 4.6.2 - Observation of buffer zones
* 4.6.3 - Sustainability of wild harvesting
* 4.6.4 - No hunting of threatened species, no invasive species introduced
* 4.6.5 - Biodiversity plan
* 4.6.6 - Agro-forestry and agricultural diversification

Additionally the following **Health & Safety** requirements are not applicable to sports ball producers:

* 3.6.23 - Re-entry intervals after spraying

All other requirements of the Hired Labour standard should apply to sports ball producers.

**4.1 Do you think the requirements listed above are applicable to sports ball producers and producers should be audited against them?**

Yes, I think that all the requirements list above should be not be applicable to sports ball producers.

No, I think some of the requirements listed above should apply to sports ball producers

If you answered no, please tell us which of the requirements above that you think should apply to sports ball producers.

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4.2 Applicability of other requirements of the Hired Labour standards

Please list any additional requirements from the Hired Labour standard that you think should not apply to sports ball producers. Please list below and provide a rationale for each requirement listed

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| --- | --- |
| Requirement | Please clarify why you think this requirement should not be applicable |
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**4.3 To what extent do you agree with the proposed change to the standard:**

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| --- |
| **The Fairtrade Standard for Sports Balls includes an annex that specifies which requirements from the Hired Labour Standard do not apply to sports ball producers.** |

I fully agree with this proposal

I partially agree with this proposal

I do not agree with this proposal

Please explain your answer, if you agree partially with the proposal or if you do not agree at all: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# 5. Alignment with Trader Standard and compliance criteria

A revised version of the [Fairtrade Trader Standard](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/TS_EN.pdf) was published in March 2015. The Fairtrade Sports Ball Standard complements and defines more specific requirements or exceptions to the Trader Standard where necessary. The following questions present a subset of the revised rules established in the Trader Standard and the corresponding requirements in the sports ball standard. They examine whether specifications are needed in the sports ball context.

5.1 Fairtrade payers and conveyors

Background

The revised [Fairtrade Trader Standard](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/2015-03-01_TS_EN.pdf) defines which requirements are applicable to Fairtrade payers\*, and which to Fairtrade conveyors\*\*.

\*A Fairtrade payer is the trader who is responsible for paying the Fairtrade price (market price or minimum price, whichever is higher) and the Fairtrade Premium to the producer.

\*\*A Fairtrade conveyor is a buyer who buys Fairtrade products under Fairtrade conditions directly from the producer, but it pays the price differential (if applicable) and the Fairtrade Premium only once it has received them from the Fairtrade payer (this takes place no later than 30 days after the end of each quarter - see Trader Standard 4.3.2).

Allowing first buyers to act as Fairtrade conveyors can facilitate more Fairtrade sales when traders would otherwise not be able to pay the premium and price differential before they have received it from the payers.

The revised [Fairtrade Trader Standard](http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/TS_EN.pdf) shows in which products first buyers are allowed to act as Fairtrade conveyors. For sports balls, the rules are shown below.

**New in the Fairtrade Trader Standard annex 1**

For sports balls the first buyer is by default the Fairtrade payer. If the producer sells the sports balls to an exporter, the exporter may act as a price and premium conveyor. The importer would then become the price and premium payer.

**Please confirm whether or not there are cases where the first buyer should be allowed to act as a conveyor, because it cannot act as the Fairtrade payer?**

Yes - I confirm that there are cases where the first buyer should be allowed to act as Fairtrade conveyors

No - there are no cases where Fairtrade conveyors should be allowed

I don’t know

If yes, please specify in which cases it is not possible for the first buyer to act as the Fairtrade payer.

Please provide any further relevant information.

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**5.2 Fairtrade eligible**

Background

According to the Trader Standard, conveyors must buy products from producers as Fairtrade, and transfer the corresponding premium later, for the full volume that they have bought. However in some cases the conveyor doesn’t yet know at the time of purchase from the producer, if the product can be sold on as Fairtrade to the next buyer.

So for some products S&P may propose to allow conveyors to buy up some of the sales volume as *Fairtrade eligible* only if it is beneficial to producers*. Fairtrade eligible* means that the product is potentially Fairtrade, and that the conveyor would pay the price differential (if applicable) and the Fairtrade Premium, only for the volume that it has sold on to a Fairtrade buyer. This could be allowed only for a certain percentage of the sales volume. This means that even if the conveyor doesn’t sell any sports balls as Fairtrade, the price differential (if applicable) and the Fairtrade Premium would still need to be paid for the percentage of the product which wasn’t Fairtrade eligible.

Possible opportunities:

Fairtrade eligible sales can open up opportunities for increasing Fairtrade sales volumes, when the conveyor would otherwise not be able to buy the products as Fairtrade upfront. It can be seen as a way of sharing risks with the producer.

Possible risks:

Producers have the risk of not receiving the Fairtrade Premium and price differential for their Fairtrade eligible product, even though they have invested in certification complied with the standards.

If Fairtrade eligible were allowed for sports balls the requirement could look like this:

**Fairtrade eligible**

If you buy sports balls from producers as Fairtrade eligible;

* the volume amounts to a maximum of XX% of the contract volume\*;
* you sign a purchase contract with the producer that is clearly identified as a “Fairtrade eligible contract”, with a clearly defined Fairtrade eligible volume;
* you provide information to the producer on the prospects for selling the Fairtrade eligible volume as Fairtrade;
* you facilitate access to pre-finance for the Fairtrade eligible volume (directly or via a third party);
* you pay the market price to the producer for the Fairtrade eligible volume;
* additionally you pay the price differential (difference between the Fairtrade Minimum Price and the price at which you initially bought the product from the producer) and Fairtrade Premium, if applicable, for the amount of the Fairtrade eligible volume that you eventually sold as Fairtrade to your next buyer;
* you pay the price differential and Fairtrade Premium (if applicable) within 30 days after the end of each quarter; and
* you report on a quarterly basis to the producer on the sales of the Fairtrade eligible products.

\*If you are required by law to purchase the full production volume from a producer, you are allowed to buy up to 100% of the volume as Fairtrade eligible.

**Guidance: “**Fairtrade eligible” means that the product is potentially Fairtrade, but the conveyor doesn’t yet know at the time of purchase from the producer, if the product can be sold on as Fairtrade to the next buyer. It is produced and traded according to Fairtrade Standards, but the price differential and Fairtrade Premium are paid to the producer, only if the conveyor sells the product as Fairtrade to the next buyer.

Fairtrade eligible sales can open up opportunities for increasing Fairtrade sales volumes, when the conveyor would otherwise not be able to buy the products as Fairtrade upfront. It can be seen as a way of sharing risks with the producer.

Since only a maximum of XX% of the purchase volume can be sold as Fairtrade eligible, the other XX% is sold as Fairtrade and Fairtrade price differential and Fairtrade Premium is be paid regardless of whether the product is sold as Fairtrade to the next buyer.

Fairtrade eligible contracts fall within the scope of audits.

**5.2.1. In your opinion should conveyors be allowed to buy sports balls as Fairtrade eligible?**

Yes, always

Yes, but only in some cases (please specify below in which cases and why)

No, never

I don’t know

Please provide any further relevant information (in particular on how this could benefit producers if you ticked yes).

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**5.2.2. If you answered that Fairtrade eligible should be allowed, in your opinion what should the percentage be?**

25% Fairtrade Eligible of the volume (this means that the other 75% must be Fairtrade)

50% Fairtrade Eligible of the volume (this means that the other 50% must be Fairtrade)

75% Fairtrade Eligible of the volume (this means that the other 25% must be Fairtrade)

100% Fairtrade Eligible of the volume (this means that none of the volume is automatically Fairtrade when bought from the producer)

Other

If you tick this box, please specify what percentage you think is necessary to be Fairtrade eligible (note: the rest of the volume would then be Fairtrade).

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I don’t know

Please provide any further feedback on your answer below. Please also include relevant information such as:

* when you buy Fairtrade sports balls whether you usually know already that you have a Fairtrade customer for it;
* if you buy more than only for Fairtrade customers, what the % is of your sports balls that is not yet sold; and
* whether you would increase your Fairtrade sports balls volume if Fairtrade eligible would be allowed.

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# 6. Any other comments

6.1 Do you have any other comments or feedback regarding this consultation and proposed changes? Are there any further additional requirements, which you feel should be added or amended in the Trader Standard or Sports Ball Standard? Have all the main issues been addressed?

Please explain: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_