



# **Standards Committee Minutes Meeting 115: March 26, 27, and 28, 2025 (Zoom)**

SC members: Arun Ambatipudi, Ben Huyghe, Stijn Decoene (Chair), Richard Odurose Kwarteng, Gustavo Lopez, Marike de Peña, Emilie Sarrazin and 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 consensus, but decisions may not always reflect the opinions of all people.

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

**Abbreviations**

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

<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>



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

### **Item 1 – Opening**

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

**Proxy votes and declaration of conflict of interests:** Stijn Decoene obtained a proxy vote from Emilie Sarrazin on 28<sup>th</sup> March; Selene Scotton obtained a proxy vote from Ben Huyghe on 27<sup>th</sup> March; For item 9, Selene Scotton declared a conflict of interest for the session of Cocoa Price Review (item 09).

**Agenda:** Agenda was approved. It was agreed that the SC minutes should be concise capturing key points of discussion and final decisions. At the next SC meeting, the SC members will further discuss the final sign-off of the minutes.

**AOB:**

- **Premium reporting:** SU and GI are working on a joint approach to enhance decision making processes by producing reports targeted at monitoring of the standards, this is in accordance with the ISEAL Code. The SC received a set of documents that are the first of such reports and is invited to provide feedback on the report itself, if found useful, and if receiving this information with a certain frequency or upon request is desired.

**Action items:**

- **Fresh fruit:** the SU, together with the FTA, is consulting the SPOs on the issue of extending the scope to vegetable producers in the African region. The extension does not imply any change in the content of the standard requirements. Feedback on the requirements and other related issues will be recorded in the monitoring log and addressed in future reviews.
- **Cane sugar review:** SU will be sharing more specific details about the criteria and interpretations on this issue as soon as they become available.

**Item 2 – News session**

**News from FI**

- The Board approved the following decisions at its March meeting: 1) extension of the geographical scope of producer certification to Turkey, 2) North to North standards. The involvement of the SC in the validation process of the North to North standards, assurance related, and use of the FI label will be further discussed and defined.
- Fairtrade International has announced Lisa Prassack as its new chief executive effective 7 April.

**News from the OC**

- **Updates:** the interim approach on FLOCERT certifying in conflict affected areas; Exception on the payment of the Base Wage for the Dominican Republic; current review of the point of sale scheme.
- **Licensing body update:** 6 audits conducted against the licensing body in 2024.
- **Textile pilot closure:** OC requested to terminate due to the low market interest and decided on a transition period until the new Textile Standard becomes applicable.
- **Intermediate distributor scheme:** research phase initiated by Fairtrade Canada, and details of the scheme will be tested in the pilot.
- Update on the pilots, workplan, timeline were provided.

SC members provided feedback on Fairtrade pricing related to living wage/income and suggested that a clear roadmap is needed to guide the Fairtrade movement.

**News from SC**

Two members (Stijn Decoene, and Richard Kwarteng) are finishing their term in 2025. The S&P will activate appointment procedure respectively. The procedure will be aligned with the one laid out in the People's Committee ToR. Appointment of chair and vice chair will take place at the next SC session. The S&P will confirm on the procedure whether it is necessary to activate the selection process in the scenario where the existing members who are with their first term and would like to continue to serve in the second term.

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

- The Pricing unit is in the process of hiring a maternity cover. The position will be vacant as mid of May.
- The SC is invited to provide feedback on the workplan shared early this year.

#### **Action Items**

- To implement Board decision to include Turkey in the producer certification scope.
- Workstream on the assessment of the entry requirements is in progress with the aim of promoting greater openness while considering the need for regulation in specific situations. The SC requested the project assignment and relevant information and the feedback of the SC will be provided as part of the material for the Board's inputs. To have a proper feedback session from the SC, a session in July on this topic will be organised.

#### **Item 3 – Director's Decisions**

The S&P director signed off two decisions this year, both on 6 March 2025:

**Decision 1:** It was approved to postpone the implementation of requirement 3.2.4 on mandatory wage reporting, introduced last year in the Flowers and Plants Standard, until the producers receive proper training. Through this change we will avoid producers from receiving a non-compliance due lack of proper understanding of requirement and training.

**Decision 2:** Requirement 2.1.5 was originally introduced in the Cocoa Standard to align with the African Regional Standard (ARS), which required physical traceability up to the point of export. However, the ARS adjusted their requirement, and the traceability is now including segregation up to the local processing plant. Given that there were implementation problems with req. 2.1.5, the fact that traceability gets lost before the export point, and to remain fully aligned with the ARS, it was approved to amend this requirement accordingly.

The director explained that there is no conflict with the EU Deforestation Regulation (EUDR), as it does not require physical traceability, but the submission of geolocation points of producers.

On that an SC member commented that in the cocoa sector it has been observed over declaration of the number of farmers or polygons.

#### **Item 4 – Coffee Price Review**

The coffee project team updated the SC on the progress of the COSP data collection and asked the SC for guidance on the right timing to publish the new coffee FMP and LIRPs.

**Discussion:** One SC member suggested to merge the cost of production validation with the roundtable discussion for LIRP in Mexico, instead of carrying it out in separate stages as explained. The Project Manager informed that cost of production for FMP and for LIRP have different purposes, but the work on LIRP in Mexico is aligned with the Price Review. The SC member also pointed out the importance for producers and the credibility risk for FT if the (new) FMP were not to cover the cost of production. To finalise,

the SC member asked about the alternative pricing model. The PM explained that depending on the outcome of the cost analysis, there will be clarity to whether prices should to be set worldwide or for different regions, given their local realities (costs, productivity, landscape, climate change effects). Another option to be explored is to have a FMP for organic, instead of the differential.

An SC member asked if it was foreseen to evolve FMP into LIRPs and if it was planned to ask in the consultation document which price they preferred. The PM argued that since LIRPs are not in the Fairtrade Standards, these should not be part of the FMP consultation. This question will be addressed in a separated workshop being organized by PU.

Some SC members wanted to understand the difference between the coffee project team and the coffee experts. The PU head explained that the 'coffee experts' is an advisory panel that supports with their knowledge of the coffee industry ( trading and production expertise) the project team in their decision in the day to day of the project. Coffee experts' ToR was developed and conversations are held in Focus Groups Discussions.

A member of the SC said that given the current market prices, it is a good point to increase the FMP so it (at least) covers the cost of production. However, other SC members also warned of the risks of setting a FMP too high. Coffee prices are volatile and these for sure will drop. One SC member added that some European countries (e.g. Belgium, Netherlands, Germany, France) are committed to support LI and HREDD initiatives. However, other SC member mentioned that traders say they want to support workers or producer, but in the end, they are not ready to pay for it.

### **Next Steps**

As more questions were still open and the time had ran out, the PU head proposed to park the discussions until the next SC. During the July SC meeting, PU can provide more information about the data analysis and clarify pricing model options to be consulted.

## **Item 5 – Cocoa Standard HREDD trader Support requirements**

### **Discussion:**

- Requirements 3.2.7 & 3.3.3 of the cocoa standard asks for a trader contribution in relation to HREDD, which is in addition to the Fairtrade Premium paid to producers. Such a contribution (support) is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways. These requirements were designed primarily to mobilise support for HREDD implementation for those SPOs located in areas of high risk of child labour and/or forced labour.
- Several challenges have appeared: 1) some NFOs have requested that the alternative approach of increasing the Fairtrade Premium is revisited. The Global Cocoa Team is working with all cocoa NFOs to reach a consensus on the best way forward. 2) implementation of 3.2.7. and 3.3.3 requirements are challenging for small traders/traders who only purchase a small amount of Fairtrade cocoa annually leading to frustration and inefficiency. There is no minimum investment

required, but Fairtrade recommends 19 USD/MT of cocoa beans for prevention and remediation activities. Those partners purchasing small volumes (a few tons) contribute with small amounts, leading to a situation in which the cost of processing such contributions is higher than the contribution itself. There is burden for NFO staff and the expectation that the number of cases will increase over time.

- **Proposal to solve the problem:** Apply a cut-off point to annual purchasing volumes, based on the cocoa content of all products. 26.6% (332) of certified cocoa traders are responsible for 98.5% of all total volumes traded and these 332 traders purchase more than 100MT annually of different cocoa products (beans, liquor, butter, powder, chocolate, etc). The cut-off point proposal would capture the majority of FT cocoa traded if > 100 MT is set as threshold. To be determined if cut-off can be implemented based on cocoa bean, liquor/mass, powder or butter conversion.
- One SC member mentioned that this solution would entail setting double standards. This member indicated the possibility of looking at other options such as the alternative approach of increasing the Fairtrade Premium.
- Another member stated that traders complain because of the administrative burden, a lot of back-and-forth between customers, NFOs and FI.
- The main presenter clarified that for most traders the financial contribution of 19 USD/MT is the only way they have to comply with the requirements. They don't have another alternative.
- A clarification made by the head of Standards: there is currently misalignment between the Cocoa Standard versus the Trader Standard. The latter suggests Trader Standard req. 3.3.6 only applies to large traders. There are 4 options: 1) do nothing; 2) align the trader and cocoa standards and adjust the requirement applicability to medium/large traders only; 3) setting the cut-off point based on annual purchase volumes (e.g. threshold > 100 MT) ; 4) implement 2 & 3.

**Decision:**

The SC is requested to delegate the final decision to adjust the applicability of requirements 3.2.7 and 3.3.3 in the Cocoa Standard. Based on the information provided and guidance provided by the SC.

**Does the SC approve delegating the final decision the S&P Director?**

- A SC member asked for the possibility to provide guidance by voting on the options presented.
  - Majority of SC members supported option 3
  - 7 members approved delegating the final decision to the S&P Director
  - 1 member abstained

The presenters clarified that if the Fairtrade Premium approach is to be set, the requirements 3.2.7 and 3.3.3 would not be applicable anymore. The two approaches would not coexist.

**Next Steps:**



FI GPM Cocoa and SU will continue with data analysis together with FLOCERT to assess the appropriate threshold and implementation details for a final decision by S&P Director.

### **Item 6 – HREDD in Standards**

The Project Manager presented the learnings from Trader Standard HREDD requirements implementation that included updates on changes in the EU regulations, as well as challenges, experiences and suggestions from Fairtrade system-wide teams. The PM concluded with options that could be considered for a better HREDD implementation by trader organizations, with options based on the reflections in system-wide workshop and assessment.

#### **Discussion:**

The SC in general were not in favour of introducing any changes that would lead to less demanding implementation, flagging that such changes in Trader Standard need to be balanced by similar flexibilities for Producers. The also added that moving to a risk-based approach that is discussed within the Standard Architecture project/context, might be a more suitable approach. It was agreed that HREDD is a good way forward.

#### **Guidance:**

No changes to be considered.

#### **Next Steps:**

- Work on clarifications upon request, and develop options for vertically integrated supply chains.
- Give input to the HREDD taskforce

### **Item 7 – Standards Architecture**

The proposal for the revision of Fairtrade Standards Architecture was presented. This was based on the request from the Standards Committee after the design workshop to develop the new approach using a Principles based approach combined with Risks & Impact based approach. The Standards Committee asked about the timeline of the process and pointed out we need a clear workplan and timeline. In addition to the design time we also need to allow time for consultation and Fairtrade's decision-making processes.

The Standards Committee pointed out that before the work can begin there needs to be a period of information and engagement with stakeholders across the Fairtrade system.

They touched on where the revision process should start and whether it should focus on certain standards. The discussion highlighted that the revision involves developing a new framework using a different logic so the restructuring has to be done across multiple standards at the same time. It was discussed that the start should be the generic standards and then see what is still relevant for the products standards.

The Standards Committee agreed with the presented approach and the development of a Roadmap for how the revision should be implemented.

For next steps, it was therefore agreed that the project team should move ahead to develop the roadmap for the revision process.

### **Item 8 – Gold Standard review**

The PM provided a recap of the September SC session and walked through the proposed changes.

The PM started with the first bundle of requirements focusing on chapter 4, 2, and 3 of the standard.

The key changes in chapter 4 include: Changes in wording to improve understanding of the requirements; adding requirements to include ASM Operators; adding gender policy; changing the value of Fairtrade Eco Premium and clarification and strengthening of processes in the ASMO on Fairtrade Premium and democracy.

#### **Discussion:**

On the requirement on *Equal representation of women* it was agreed to use the word equitable instead of equal.

On Eco label requirements it was mentioned that the legal department will review whether the 'ECO' label can be used with results expected by the end of the year.

The PM moved to chapter 2 of the standard. The key changes include: Traceability in the GSP; reprocessing of Fairtrade gold; strengthening requirements on HREDD for refiners; strengthening formal financial processes; trading with integrity and clarification of use of the Mark.

On the difference between reprocessing vs recycling, a clarification was provided that the requirement concerns reprocessing.

On the final consumer products, it was mentioned that these aspects were already covered in the SC meeting in September and will be included in the licensing guidelines rather than in the standard.

On risk assessment in the supply chain it was mentioned that this will be expanded to apply to refiners and will complement the risk assessment requirement in the Trader Standard (TS).

On due diligence measures it was mentioned that the requirement has been retained to be aligned with OECD guidelines.

On support for miners in HREDD a concern was raised about the implementation challenges basing on the experience with cocoa. A suggestion was made to be more specific when it comes to support and to specify minimum support requirements. On the requirement on retro-certification, it was mentioned that this topic will be handled in the exceptions policy and has therefore been removed from the standard.

On formal financial control it was mentioned that amendments made based on the consultation feedback.

On transaction reporting it was mentioned that requirements for mining operators and ASMOS have been refined.

On the topic of Traceability in the Gold Sourcing Programme it was mentioned that further work had to be done to finalize the requirement.

On Trading with integrity it was mentioned that there has been no evidence of unfair trading practices in gold.

On Artwork approval it was mentioned that this requirement was aligned with brand work. A suggestion was made to exclude it in line with the standards architecture principles.

On the question raised by SC member on support to miners, the director of S&P committed to look for the connection in the standard and delete any duplication.

#### **Decisions for chapter 4**

Do you agree to adopt all proposed changes for chapter 4 after discussion with the SC members, including amendments agreed during the discussion?

**The SC unanimously approved the decision**

Do you agree to delegate minor changes in wording of the requirements as well as removal of requirements to the Director of Standards and Pricing? Each of these are clearly indicated per proposal.

**The SC unanimously approved the decision**

#### **Decisions for chapter 2**

Do you agree to adopt all proposed changes for chapter 2 after discussion with the SC members, including amendments agreed during the discussion?

**The SC unanimously approved the decision**

Do you agree to delegate final decision on “Traceability in the GSP” to the Director of Standards and Pricing?

**The SC unanimously approved the decision as long as the wording is carefully looked at.**

Do you agree to delegate minor changes in wording of the requirements as well as removal of requirements to the Director of Standards and Pricing? Each of these are clearly indicated per proposal.

**The SC unanimously approved the decision**

**The key changes in chapter 3** – Defining system of production, introducing HREDD requirements for ASMOS, strengthening environmental requirements, Fairtrade Eco requirements, strengthening workers’ rights and freedom of association, strengthening OHS, introducing changes in wording to improve understanding of the requirements, adding requirements to include ASM Operators.

**The decisions were taken in seven clusters.**

**Cluster 1 - ASMO set-up:** Definition of system of production, mining map, deletion of definition of internal Fairtrade supply chain, Internal Control System, Regular monitoring

**Discussion:**

- SC member requested to clarify if a member is to supervise the control system because e.g. in Latin America countries supervisory board is overseeing the operations but not the control systems due to conflict of interests as then they can be involved in compliance. The PM clarified that the idea is to ensure that they are monitoring that the systems are in place or implemented.
- The recommendation from SC is for requirement to include a more clear stipulation that it would be an additional task to the supervisory committee, to make sure that 2 members that are selected they are taken from the existing committee to carry out such task.
- In the requirement on regular monitoring the SC suggested for requirement to also include 'subcontracted workers'.

**Decisions for chapter 3, cluster 1**

- Do you agree to adopt all proposed changes for the above requirements after discussion with the SC members including amendments agreed during the discussion?
- Do you agree to delegate minor changes in wording of the requirements as well as removal of requirements to the Director of Standards and Pricing? Each of these are clearly indicated per proposal

**The SC unanimously approved the decisions.**

**Cluster 2 – HREDD for ASMOs:** Human Rights policy, Awareness raising, Risk assessment, Grievance mechanism, Promotion of grievance mechanism, Investigation by an external body, Reporting on due diligence measures, Preventive, mitigating and remediation measures, Monitoring and remediation system, Dialogue;

**Discussion:**

- On HREDD requirement, the SC member suggested for requirement to stipulate the cases applicable to conflict areas separately from generic cases, i.e. as two separate requirements. For example, the Child Labour and Forced Labour aspects should be in the general requirement and not included in the one for conflict areas.
- Requirement on awareness raising, the SC member suggested for it to include 'subcontractors'
- Requirement on risk management, the SC member suggested for it to be adjusted for gender lens, because if this task is fulfilled by a committee that consists of men only – then women related issues may not be properly addressed. The Head of Standards clarified that this aspect would be addressed and linked to the requirement on gender policy

- Requirement on grievance mechanism, the SC member suggested for requirement to be clear when HR risks can't be resolved or prevented, then the organization has the duty to report this to the external protection body / third party, so this is reported and this is how the process is the concluded or stopped.
- The SC member did not fully agree with the requirement 7.3.11 Investigation by an external body. S&P director suggested to replace 'investigation' with 'reporting'. It was agreed that this requirement will be excluded from decisions as further work was needed to finalize it.

**Decisions for chapter 3, cluster 2**

- Do you agree to adopt all proposed changes for requirements 'Human Rights and environmental policy, Awareness raising, Risk assessment, Risk management, Grievance mechanism, Promotion of grievance mechanism, Preventive, mitigating and remediation measures, Monitoring and remediation system, Dialogue, Reporting on due diligence measures' after discussion with the SC member, including amendment agreed during the discussion? Excluding Requirement 'Investigation by external body 7.3.11'

**The SC unanimously approved the decision.**

**Cluster 3 - Protecting People and the Environment:** Environmental inspection reports, Protected areas, Measuring environmental impact, Environmental management plan, Environmental contingency plan, Open pit mines (1x), Rules for alluvial mining, Awareness raising about health risk associated with burning amalgam, Mercury management plan, Mercury supply, Mercury data registration, Limited designated areas for mercury use and storage, Amalgam burning in designated premises, Mercury recovery and recycling, Trials with alternative processing methods, Access to amalgam recovery installation, Cyanide management plan, Detoxification of cyanide solutions and tailings, No environmental contamination, Water management plan, Operation and maintenance of dams, Availability of water, Waste management plan, Site for disposal of toxic substances, Disposal of chemicals, Mine closure plan, Rehabilitation, Protection of forests and vegetation;

**Discussion:**

- Suggestion to include in the guidance of requirement on Protected areas and on the requirement Measuring environmental impact, that stipulates of an organization prepare such document/report themselves, then the outcome of the study done by the government could be considered as equivalent. The PM clarified that as a common practice, such approval from government is taking place every year.

The S&P Director suggested that since such assessment is needed for the registration of organization / certification of organization, then one of the conditions/terms for registration should be to include the environmental assessment done by the government. The SC member did not find this enough and

suggested that the guidance to requirement to stipulate the content of the EIA and to align with other Fairtrade standards on environmental assessment.

- On requirement for environmental contamination – a suggestion from S&P director is that the scope of requirement to be amended, for ‘all ASMOs using mercury’.
- SC member suggested for guidance on ‘disposal of toxic substances’ to include the definition of ‘waste’, because recycling of mercury may be overlapping with the processes where there is waste, including waste related to water use. Also there should be a clarification on what is the ‘good waste management plan’.
- SC members were not in full agreement to have requirement on deforestation cut-off date, and also why would such requirement be applicable only to ECO ASMOs. For some SC members that requirement should be amended, bringing more focus around requiring organization to work on afforestation rather than requiring no deforestation with a cut-off date, mentioning that Gold is not included in the scope of EUDR products. Overall SC members agreed that required measures from ASMOs on deforestation should be similar or in line with required measure from SPOs in the generic standard. S&P director suggested to exclude from SC’s decision the proposed requirements on protection from deforestation.

#### **Decisions for chapter 3, cluster 3**

- Do you agree to adopt all proposed changes for the above requirements after discussion with the SC members including amendment agreed during the discussion?
  - Do you agree to delegate minor changes in wording of these requirements as well as removal of requirements to the Director of Standards and Pricing?
  - Do you agree to delegate amendments or removal of ‘Protection of forests and vegetation’ to the Director of Standards and Pricing?
- Each of these are clearly indicated per proposal

#### **The SC unanimously approved the decision**

**Cluster 4 - Conditions of employment I:** Assessment of working conditions, Monitoring of employment relationship and working conditions, Decent work policy, Decent work practices;

#### **Discussion**

There was no discussion

#### **Decisions for chapter 3, cluster 4**

- Do you agree to adopt all proposed changes for the above requirements after discussion with the SC members including amendment agreed during the discussion?
  - Do you agree to delegate minor changes in wording of these requirements as well as removal of requirements to the Director of Standards and Pricing?
- Each of these are clearly indicated per proposal

#### **The SC unanimously approved the decision**

**Cluster 5 - Social compliance:** No abuse of any kind, Policy on zero tolerance of gender-based violence and harassment, Support to pregnant and breastfeeding women, No forced labour, Remediation in case forced labour is identified, No children under 15 years employed, No unconditional worst forms of child labour [...], Remediation of child labour;

**Discussion**

SC member requested to clarify on the specific scope and difference of requirements related to child labour, where one stipulates on prohibition of child labour before age of 15 and other on prohibition of worse forms of child labour before age of 18.

**Decisions for chapter 3, cluster 5**

- Do you agree to adopt all proposed changes for the above requirements after discussion with the SC members including amendment agreed during the discussion?
- Do you agree to delegate minor changes in wording of these requirements as well as removal of requirements to the Director of Standards and Pricing?  
Each of these are clearly indicated per proposal

**The SC unanimously approved the decision**

**Cluster 6 - Workers' rights and freedom of association:** Right to join a workers' organisation, No discrimination against unionized workers, Allowing trade union representatives to meet with workers, Social dialogue, Raising awareness about workers' rights and duties;

**Discussion**

On requirement 'raising awareness about worker's rights and duties, SC members requested for requirement to include subcontractors and subcontracted workers in the scope.

**Decisions for chapter 3, cluster 6**

- Do you agree to adopt all proposed changes for the above requirements after discussion with the SC members including amendment agreed during the discussion?
- Do you agree to delegate minor changes in wording of these requirements as well as removal of requirements to the Director of Standards and Pricing?  
Each of these are clearly indicated per proposal

**The SC unanimously approved the decision**

**Next Steps**

- To continue with decisions on the remaining topics in the next SC meeting.

- For S&P director to inform the SC members on final amendments on requirements where SC recommended further amendments.

### **Item 9 – Cocoa Price Review**

PU presented the final proposals for the revision of the FMP, FP, Organic Differential for cocoa beans produced in non-regulated markets. SC were also asked to decide on the date of validity for the new Fairtrade prices. In total, 5 group of decision were presented.

#### 1. Fairtrade Minimum Price (FMP) for Conventional Cocoa

**Proposal:** To set an FMP value for conventional cocoa at 3,500 USD/MT

- A SC member questioned the proposed FMP value and raised concerns about the finding of COSP results for Ecuador. Due to the weighting factor assigned to Ecuador, especially with its high productivity level and coupled up with large farm size, the proposed FMP compromise other origins with higher COSPs. As such, the proposed FMP does not represent the common reality in the region and the SC member expressed the price should cover the cost of production with a value of \$4,000 USD/MT and its rationales.
- A member of the SC questioned why the LIRP set for Ecuador was higher than the cost of production concluded in the price review. The PM clarified the methodological differences between LIRP and the FMP calculation and pointed out that the LIRP for Ecuador was based on organic cocoa.
- The Director of S&P explained that following the S&P SOP the SC members cannot deviate from the values that were included in the SC paper. The PM further mentioned that the proposal of \$3,500 USD/MT is also agreed by the Project Team members.
- A few SC members supported the \$3,500 USD/MT proposal and are aware of the definition of FMP setting: to cover the average cost of productions for the producers. They also acknowledged that it is important to consider the market response. A SC member expressed the proposed value is below the cost of production for majority of the countries in Latin American.
- In Sierra Leone, the cost of production is lower than the average value found in the sample. Also emphasized that overall, with the current high prices, no producer is receiving prices that are below their cost of production.
- A member of the SC warned about the risk of losing Fairtrade volumes in the current high prices.

**Decision: Do you agree with setting an FMP value for conventional cocoa at 3,500 USD/MT?**

- 5 approvals
- 2 abstentions
- One SC member didn't vote because of conflict of interest.

#### 2. Cocoa Fairtrade Premium

**Proposal:** To consult on a global versus regional FP and on the FP values together in the scope of the Regulated Market price review and delay the decision making to September 2025

- To maintain the FP value of 240 USD/MT and do not increase the current FP value was supported by FTA, mainly due to the current high international price.

- CLAC producers disagreed on maintaining the value as 240 USD/MT and in a second round of consultation, CLAC members proposed a Fairtrade Premium of 350 USD/MT, which is calculated as 10% of the proposed FMP.
- Due to the two divergent options in the project team, the PU recommends to delay the decision to September 2025. The risks and possible competitions between regulated vs non regulated markets will also be analyzed.
- Regarding the decision process, a SC member mentioned that during the discussions between CLAC, NFOs and FTA colleagues, there were different views on the Premium value and there was no consensus for a unique FP value.
- Different SC members commented on the importance to increase FP to provide resources to comply with EUDR, Due Diligence and adaptations to organic regulations which require high investments.

**Decision: Do you approve to delay the decision on the FP for cocoa in non-regulated markets until Sept 2025?**

- 4 approvals
- 3 abstentions

### 3. Cocoa Organic Differential

**Proposals:** 1) To set an organic differential value at 390; and 2) to agree on a revision, after one year of official implementation, following an analysis of the market dynamics and the organic producers' situation (i.e. prices and sales) to see whether an increase up to 500 USD/MT in the Organic Differential value can be consulted and thus implemented in 2027.

- Both proposals bring the following opportunities and challenges: There are additional costs which need to be covered by organic cocoa producers as the EU organic regulations, increased cost of production, impact of climate change and incentive to cocoa producers to maintain organic production in the long term.
- Increasing to a value of 500 USD/MT might risk market retention leading to a loss of Fairtrade cocoa sold volumes. An observer mentioned that a high increase in the organic differential is not ideal due to the uncertainty in current international cocoa market. In addition Stakeholders from Siera Leone and MH France reported a decrease in Fairtrade sales.
- A SC member stated that LAC region is able to keep good sales volumes with higher organic differentials and highlighted that low organic differentials are not relevant anymore, mentioning that keeping lower differentials might lead to organic producers transiting into conventional production due to high costs of production in organic which is not compensated.
- Another SC member stated that a high increase of the cocoa organic differential might lead to the reduction of traded FT volumes, and therefore suggested a progressive increase.

After voting and by request of some SC members, it was decided to add one additional decision to confirm if the SC agreed on the cocoa organic differential value of 500 USD/MT. Thereafter, the Chair, the director and the SC members acknowledged the desired level of the consensus on the two organic differential values (390 USD/MT and 500 USD/MT) was not reached. As such an additional new proposal to delay the decision was voted.

- A PM commented that postponing the decision to September 2025 leads to combining the decision on Fairtrade Premium and organic differential in non-regulated markets, together with the process of

phase two, in which Africa will be consulted for regulated markets and therefore it might revert into a global price review.

- Some SC members commented on the willingness to keep the same values for Fairtrade Premium and organic differential in both regulated and non-regulated markets. One member mentioned the need to open a dialog to assess the risks for FTA when increasing the organic differential and mentioned that would be ideal to keep a global cocoa organic differential for both regulated and non-regulated markets.

**Decision: Do you agree with setting an organic differential value of 390 USD/MT?**

- 3 approvals
- 4 abstentions

**Decision: Do you agree with setting an organic differential value of 500 USD/MT?**

- 4 approvals
- 3 abstentions

**Decision: Do you agree with delaying the decision on the Fairtrade Organic Premium for September 2025? The director of S&P will bring the option of 500 USD/MT in September in non-regulated markets.**

**This decision will suppress the previous decisions on the Organic differential.**

- 6 approvals
- 1 abstention

#### 4. Validity Date

**Decision: Do you agree that all changes to Fairtrade cocoa prices become mandatory as of October 2025?** SC members unanimously agreed

#### 5. Delegation non-substantive changes:

Delegation of non-substantive changes to the Director of Standard & Pricing (S&P), including updating prices for semi-processed products sold by SPOs in the non-regulated markets.

**Decision: Do you approve the delegation of non-substantive changes to the Director of Standard & Pricing?** SC members unanimously agreed

**Next Steps:**

1. Rework the project to bring Fairtrade Premium and Cocoa Organic Differential decisions for non-regulated markets.
2. Start phase two for regulated markets.
3. Implementation of cocoa LIRP values.

### Item 10 – LIRP SOP

#### **Discussion**

The project manager of the Pricing Unit presented a new Standard Operating Procedure to define a standardized operating procedure (SOP) to set Fairtrade Living Income Reference Prices (LIRPs) for cocoa, coffee and bananas.

### **Decision**

The SC approve unanimously the SOP for setting new LIRPs.

### **Next Steps**

For the next steps, the pricing team will:

- Implement minor changes in the document, base on the Standard committee discussion.
- Announce the new LIRP SOP

Include the new LIRP SOP into the price review for coffee, cocoa and banana.

### **Item 11 – AoB, Closing**

Entry requirements: new meeting in May or early June.

The gold and precious metal standard new meeting in May or early June

The Head of Standards will send a survey to agree on a date for the extraordinary meeting.

The topic regarding the Premium Reporting paper to be move to July meeting to assess if this information if valuable to the SC members going forward.