



**FAIRTRADE**  
INTERNATIONAL

To: Hired Labour Organizations  
Producer Networks  
cc: Fairtrade International Board  
Fairtrade Members  
Standards Committee  
Fairtrade International staff  
FLO-CERT staff

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## Changes to the Fairtrade Hired Labour Standard

Dear Fairtrade Partners,

In response to stakeholder concerns regarding appropriate management of Fairtrade Premium, the Director of Standards & Pricing has approved clarifications to four requirements in the Hired Labour Standard in the Social Development chapter to ensure correct interpretation of the standard.

The following changes have been made:

1. To requirement **2.1.4** a clause was added, clarifying that the Terms of Reference (ToR) of the FPC are followed *in accordance with the Standard* to ensure that the ToR do not contradict the standard.
2. To requirement **2.1.13** on the management role in the FPC, was added to premium uses that can be blocked by management. Guidance was also added to explain that management role extends to the monitoring of risks and addressing problems such as fraud. Examples of fraud are also provided in guidance. These changes provide increased clarity on uses of premium that are not allowed and where management can exercise their right to veto premium projects. The definition of fraud is added to support a common understanding of terminology.
3. To requirement **2.1.17** on the responsible administration of premium funds, the italicised sentence was added: *The Fairtrade Premium Committee administers the premium funds responsibly. There is no evidence of favouritism and fraud in the management of the Fairtrade Premium.* As above, this addition provides increased clarity on what is considered irresponsible use of premium, i.e., fraud and favoritism, both of which have been identified as issues of premium misuse.
4. To requirement **2.1.19** *fraudulent use was added* to the type of activity for which premium use is not allowed. This provides increased clarity, as in the requirements above, on what is not considered responsible use of premium and therefore not allowed under the standard.

Together the changes to the four requirements provide necessary linkages in the Hired Labour standard to ensure that FPC members, both worker representatives and management, understand the rules around Fairtrade Premium, particularly what is not allowed. These changes have been added to address specific weaknesses identified in the Hired Labour Standard.

The revised standard will replace the previous version and is valid from November 1, 2016.

FLOCERT will include these changes in the next revision of the compliance criteria list for Hired Labour that will be applied in audits from November onwards.

You can find the current, revised Hired Labour Standard on the Fairtrade website <http://www.fairtrade.net/hired-labour-standards.html> in English, Spanish and French.

For more information, please contact the Fairtrade Standards Unit at: [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net).

Sincerely,

Andreas Kratz