

# INTERNATIONAL GUIDE TO FAIR TRADE LABELS

A reference tool to better understand the guarantees of fair trade labels, standards, monitoring measures and how they differ from sustainable development labels



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# AUTHORS OF THE GUIDE



The **French Fair Trade Platform (PFCE)** is the leading French collective of organizations working to promote fair trade. In addition to organizing the dialogue between actors and institutional representation, the PFCE has worked with the development sector, to promote fairer and more balanced north/south relations. Founded in 1997, the PFCE has gained several years expertise in the analysis of fair trade guarantee systems.

> [www.commerceequitable.org](http://www.commerceequitable.org)



**Fair World Project (FWP)** seeks to protect the use of the term “fair trade” in the marketplace, expand markets for authentic fair trade, educate consumers about key issues in trade and agriculture, advocate for policies leading to a just economy, and facilitate collaborative relationships to create true system change.

> [www.fairworldproject.org](http://www.fairworldproject.org)



**FairNESS** (NESS: Network of Exchanges on Social Sciences) is a multidisciplinary network of researchers working on fair trade. **FairNESS France** created in 2006 after the 2nd Fair Trade International Symposium (FTIS) in Montreal, brings together about 30 young researchers from France, Belgium, Canada and Switzerland.

> [www.fairnessfrancophone.wordpress.com](http://www.fairnessfrancophone.wordpress.com)

**FairNESS United Kingdom** mirrors the continental Fairness Network and gathers UK academics. FairNESS UK primarily exists as an online platform for communication and information sharing. The two branches of FairNESS have set up and maintain a mission of knowledge exchange with practitioners, policy makers and donors concerned with themes of fair trade.

> [www.fairnessuk.ning.com](http://www.fairnessuk.ning.com)

**AUTHORS: Emilie DUROCHAT, Julie STOLL, Samuel FROIS, Sivaranjani SELVARADJ, Kerstin LINDGREN, Dana GEFFNER, Aurélie CARIMENTRAND, Jean-Louis PERNIN, Ivan DUFEU, Eugénie MALANDAIN and Alastair SMITH.**

## With the support of the members of the scientific committee



**Sylvaine LEMEILLEUR,**  
Research fellow, French Agricultural  
Research Center for International  
Development (CIRAD)

Researcher in Agricultural Development Economics at CIRAD since 2008, and member of the UMR MOISA, she is interested in the social and economic impacts of standards on producers in developing countries. It mobilizes both qualitative and quantitative methods (econometrics), for a better understanding of the impact and its measurement.



**Allison LOCONTO,**  
Research fellow, The French National  
Institute for Agricultural Research  
(INRA)

Sociologist, researcher-actor for 15 years on the challenges of sustainable development. Specialized in the impact of certification systems, she studied the impact of private sustainability standards in the tea industry in Tanzania; the development of standards for international certification systems (ISEAL Alliance); their impacts on access to markets for small producers; participatory guarantee systems and other institutional innovations (Benin, Bolivia, Colombia, Namibia, Uganda, Tanzania, and Trinidad and Tobago).



**Olivier RENARD,**  
Head of "Value chains and  
territories", Institute for Research  
and Application of Development  
Methods (Iram Développement)

Agro-economist, he has been working for 15 years to support the development of various sectors: bamboo, rubber, child nutrition in Asia; rice, palm oil and coffee in Guinea; Arabic gum in Chad and Sudan; local milk in Niger. He studied the impact of origin products in ACP countries, issues related to the development of private sustainability standards, supported the recognition of Geographical Indications in Asia and Africa, CE and/or Bio certification (Guinea, DRC, Laos, Vietnam).

# FOREWORD

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This guide is an international collaborative effort between four partners: **the French Fair Trade Platform, Fair World Project, FairNESS Fr and FairNESS UK.**

This project has been encouraged by a **context of significant changes within the fair trade sector.**

Firstly, **new labels** (Small Producers' Symbol for which only organized, small-scale producers are eligible to reclaim the values of the movement and, Fair Trade USA which attempts to open it up to unorganized producers and more plantations) **have emerged** and others have been collaborating actively (Ecocert Fair Trade and Fair For Life). One label changed long-standing policies to open its certification scheme to new actors (Fair Trade International with the launch of the Fairtrade Sourcing Programs) and another strengthened its monitoring measures (World Fair Trade Organization).

As regards with legislative aspects, **regulations evolved and now incorporate references to fair trade and sustainable development labels.** This is especially the case for the **new European directives on public procurement (March 2014)** which makes the integration of fair trade criteria in public procurement easier and allows purchasers to demand private sustainable development label

as proof/evidence of conformity with social and environmental requirements.

In terms of fair trade impacts, **the demand from consumers and professionals for concrete proof of the actual impact of fair trade is growing.**

Lastly, the **proliferation of sustainable development labels and the lack of visibility** regarding their requirements has created confusion among consumers and buyers.

This guide's main objectives are as follows:

- **To provide a comprehensive overview of the issues at stake in labelling.**
- **To analyze the content and the monitoring measures of the labels** that overtly claims to be fair trade, allowing professionals and consumers to evaluate each label and compare them to others making similar claims.
- **To underline the specific features of fair trade guarantee systems/labels** in comparison with other sustainable development labels.
- **To synthesize academic research on the identified impacts** of both fair trade and sustainable development labels.

This guide has been mainly designed for professionals and institutional partners (local and

regional authorities, State services, companies, works committee) of the fair trade sector in order to make fair trade professional purchases easier.

Consumers' associations, NGOs and development actors as well as academics will find in this guide accurate information to clarify their understanding of fair trade standards and facilitate their work to enhance producers' organizations in the South.

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# METHODOLOGY

## DEFINITION OF FAIR TRADE

Fair trade is a **comprehensive approach, combining commitments toward economic, social, environmental development, building producer capacity, as well as the related dimensions of education and advocacy**\*<sup>1</sup> for the implementation of trade based development. According to the consensus of FINE<sup>2</sup> approved by main international networks of fair trade actors:

*"Fair trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers-especially in the South. Fair trade organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade"* (FINE)

## WHAT IS A FAIR TRADE LABEL?

A **label\*** is a special mark, created by a professional body or a parastatal, and whose logo is affixed to a product or directly associated with a product for sale, to certify the origin, quality and production conditions in accordance with standards\*.

The use of the term label for a private label collective is allowed. Two requirements must be complied with:

- The characteristics are determined collectively by a professional type structure;
- Control is exercised by a certifying body.

The labels have a very wide field of operations: they may be interested in product and services features, but also in the organizations (companies, associations and government agencies) that produce them. All in all, a label does not guarantee quality, but states that a product respects requirements related to its production or composition.

There is no public fair trade label (standards owned by public authorities and controlled by accredited certification bodies) within the fair trade sector, but several private labels. **Eight of them are analyzed within this guide.**

## METHODOLOGICAL INDICATIONS FOR FAIR TRADE LABELS ANALYSIS

### a) Analysis of the standards

The eight fair trade labels are evaluated according to an **analytical framework** based on the criteria identified by the **Charter of Fair Trade Principles\*** as the core dimensions of fair trade. This charter

results from a consensus between the main international fair trade organizations: Fairtrade International and the World Fair Trade Organization. The reference document elaborated in 2012 by the French public authorities and the main French fair trade stakeholders within the National Fair Trade Commission\* is also used as reference.

This analytical framework incorporates the **five dimensions of fair trade** (economic, social, organizational, environmental and educational dimensions) and are available on the following criteria:

- **Economic criteria:** fair price\*, premium for group projects\*, pre-financing\* and traceability\*.
- **Social criteria:** compliance with 11 conventions of the International Labor Organization\*<sup>3</sup>, procurement of social security, maternity and sickness policies.
- **Organizational / governance criteria:** priority to small-scale producers, technical support to producers, business capacity building\*, democratic management of the producers' organization, transparent use of the premium for group projects.
- **Environmental criteria:** reduction of environmental impacts of fair trade activities, protection of biodiversity, ban of GMOs\*.
- **Criteria for awareness-raising and education.**

Each criterion is checked depending on whether it is actually considered part of the standard.

1. The terms with an asterisk are defined in the glossary

2. EFTA, WFTO and Fairtrade International

3. n°001 ; n°29 ; n°105 ; n°87 ; n°98 ; n°100 ; n°111 ; n°131 ; n°138 ; n°182 ; n°155 (see in Glossary)

	<i>This criterion is not covered by the standard(s).</i>
	<i>This criterion is covered by the standard(s).</i>

### b) Analysis checklist inclusion

**The control checklists** are the documents used by auditors during on-site audits\*. These documents provide the auditors with a list of the standards, indicators, and guidelines to make sure that the inspected operators (producers, organizations, buyers, etc.) are actually meeting the standards<sup>1</sup>.

	<i>The auditor's checklist does not address the standard or the standard is not part of the certification system.</i>
	<i>The auditor's checklist checks for compliance with this standard, but criteria is weak.</i>
	<i>The auditor's checklist checks for compliance with this standard and criteria is moderate.</i>
	<i>The auditor's checklist correctly and adequately ensures compliance with this standard.</i>

### c) Analysis of adequately addressing fair trade principles

The "adequacy" analysis reflects the opinion of the authors of this guide as to how well the standards and auditing processes may ensure fair trade principles are met.

For each criterion, a rating indicates whether:

	<i>The certification process is not adequate.</i>
	<i>The certification process leaves out some major objectives of fair trade.</i>
	<i>The certification process is adequate but lacks accuracy in some elements.</i>
	<i>The certification process is fit for purpose</i>

**Comments clarify and specify systematically the opinion of the authors.**

### d) Analysis of the monitoring measures

The final part of each evaluation is dedicated to a review of the **monitoring measures** and procedures implemented by the labels:

- Who are the inspectors hired to perform the on-site audits?
- How are the audits carried out?
- When are the operators audited? What is the frequency of the inspectors' visits?
- How much does certification cost?

### CHAPTER 1: Fair trade labels: an essential landmark for responsible procurement

This chapter is dedicated to a literature review of **academic and independent** studies dealing with the issues **at stake in labelling**.

### CHAPTER 2. Fair trade labels in detail

The choice of fair trade labels

**Eight labels / guarantee systems claiming to be fair trade labels are analyzed in this guide:**

- Ecocert Fair trade

- Fair for Life
- Fairtrade International
- Fair Trade USA
- Forest Garden Products
- Naturland Fair
- Small Producers' Symbol (SPP)
- World Fair Trade Organization (WFTO)

These labels are all present in the European and/or North American markets.

**The choice of these labels does not constitute any official approval neither by national authorities nor by the authors of this guide.**

### CHAPTER 3. Sustainable development labels vs. fair trade labels: clarifying the differences

**Chapter 3 compares five sustainable development labels which are sometimes confused with fair trade labels**, particularly because **they certify the same kind of commodities** (sugar, cocoa, tea) as fair trade labels and because brand marketing often intentionally associates them with fair trade. This chapter offers a comparative analysis of the **five** following labels:

- 4C Association
- Bonsucro
- ProTerra Foundation
- Rainforest Alliance
- UTZ Certified

### CHAPTER 4. Fair trade and sustainable development labels: what do we know about their impacts?

Chapter 4 of the Guide is dedicated to a literature review of **academic and independent studies** dealing with the various **impacts of fair trade and sustainable development labels**.

1. See Methodology p.125

# FAIR TRADE LABELS : AN ESSENTIAL LANDMARK FOR RESPONSIBLE PROCUREMENT

*Aurélie Carimentrand, Ivan Dufeu, Jean-Louis Pernin and Eugénie Malandain (FairNESS)*

Labels highlight the **specific qualities**<sup>1</sup> of products (by quality we mean characteristics or attributes; we are not making a judgment on value or worth). They thereby enable purchasers (individual consumers, public purchasers...) to align their specific requirements with the market offer available. Over the last 20 years, the creation of sustainable development labels, and particularly fair trade labels, has enabled consumers to adopt the habits of **responsible consumption**. Such labels function as tools of the consumer **'boycott'**, allowing consumers to recognize and buy products that match to their values.

The publication of this updated guide to fair trade labeling comes against a backdrop of confusion with other approaches to sustainability (Rainforest Alliance, Utz certified...) and of doubts in the minds of some consumers about the trustworthiness of the different fair trade approaches and their real impact. The issue is indeed complex and different labels exist side by side, corresponding to different visions of fair trade and, in a wider context, of sustainable development. In many

cases approximations and confusion hinder a clear understanding of the practices and effects of the different labels.

In this introductory chapter, we propose to look at the different implications linked to these sustainable development labels, while concentrating on the labels relating to fair trade. This chapter aims to enable purchasers to better understand both the role and the limitations of these labels.

Firstly, we will investigate **the different functions of sustainable development labels, which are to draw attention to, to define, and to guarantee the quality of the products**. Then we will **present the main issues involved in the methods used to draft the specifications relating to fair trade** and in the setting up of adequate control systems.

## 1. WHAT ARE SUSTAINABLE DEVELOPMENT LABELS FOR?

By label\*, we mean **a symbol associated with a**

**product or an organization and based on the respect of collectively agreed specifications.**

Sustainable development labels, including fair trade labels, are associated with the respect of specifications regarding the social and environmental conditions of production and trading within the sector. These labels have three functions: they **draw attention to, define, and guarantee** products according to their sustainability. By drawing the consumer's attention to the product, they enable him or her to engage in responsible consumerism. By defining, the labels set requirements to determine what should be considered as fair trade quality. And by guaranteeing it they bring the consumer proof of conformity between the practices in place and the commitments set out in the standards.

### › Drawing attention to quality

Labels are aims to compensate for the **invisible characteristics of production** and trading methods<sup>2</sup>. Thus they enable the market of responsible consumption to develop. This is

1. Quality is defined as "The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (ISO 8402: 1986, 3.1).

2. See for example Jahn G., Schramm M., Spiller A. (2005), "The Reliability of Certification: Quality Labels as a Consumer Policy Tool", *Journal of Consumer Policy* 28:53-73.

## "THESE LABELS HAVE THREE FUNCTIONS: THEY DRAW ATTENTION TO, DEFINE, AND GUARANTEE"

defined as 'a set of voluntary actions relating to consumption and based on an assumption of the negative consequences of consumption on the external world, such consequences being related neither to the functionality of the purchases nor to immediate personal interest' (Özçaglar-Toulouse<sup>3</sup>, 2005).

Fair trade products stand out precisely because of their specific characteristics relating to production and trading methods. Responsible consumers are generally unable to determine precisely which characteristics enable the product to reach the consensual objectives of fair trade and to verify whether or not those objectives have been respected. Thus, describing a product as 'fair trade sourced' represents a **'credence attribute'**<sup>4</sup>, **as opposed to search attributes** (the color of a T-shirt for example) **and experience attributes** (the taste of an apple) which are easily appreciated by purchasers. Two main options are available to the consumer looking for fair trade sourced goods: s/he can go to a 'worldshop' (a shop which is part of a network of fair trade actors) or trust in a label to show which products comply in conventional consumer outlets.

The creation of the first fair trade label Max Havelaar in the Netherlands in 1988 thus allowed the rapid

development of sales through the distribution of fair trade labeled products in non-specialized outlets, and particularly in supermarkets and hypermarkets, through sales catalogues for public contracts, or even through the internet. Other fair trade labels (Ecocert Equitable, Fair for Life, etc.) and sustainable development labels (Rainforest Alliance, Utz Certified ...) which appeared later have extended the supply of sustainable goods. The use of these labels by different actors represents a service which is either subject to royalties (license fees) which are generally proportional to sales and which serve to finance the organization which manages the label and its promotion, or free of charge and included in the general certification fees. As well as labels applied to particular products, there are also labels for fair trade organizations like the WFTO label presented in this guide. Consumers now have the choice between products sourced from different visions and practices associated with sustainable development. The multiplication of labels does however cause problems of transparency or even **of consumer fatigue**<sup>5</sup>.

### › Defining quality

**The main international fair trade federations have a shared definition of the objectives of fair trade** (FINE)<sup>6</sup>. This definition is intended to characterize

3. Özçaglar-Toulouse N. (2005), *Apport du concept d'identité à la compréhension du comportement du consommateur responsable: une application à la consommation des produits issus du commerce équitable*, PhD thesis in Management Sciences, Université de Lille 2.

4. Balineau G., Dufeu I. (2010), "Are Fair Trade Goods Credence Goods? A New Proposal, with French Illustrations", *Journal of Business Ethics*, 92, 331-345.

5. Dufeu I., Ferrandi, J.M., Legall-Ely, M., Gabriel P. (2014), *Socio-environmental multi-labeling and consumer willingness to pay*, *Recherches et Applications en Marketing (English version)*, 29(3), 35-56.

6. See the preface (page 5).

the value added in an fair trade good in comparison with a conventional one, *ceteris paribus*. Let us call this attribute 'fair trade quality'. This fair trade quality can be seen as a dimension of the quality of a good along with aspects such as appearance, taste, or origin. Of course, as it mainly focuses on the objectives of fair trade, the definition proposed by FINE makes the production and measurement of fair trade quality (and thus the valuation of fair trade goods) very difficult in practice, especially for consumers.

**Certain requirements have, therefore, been specified by the Fair Trade Organizations (FTOs) to clarify what should be considered as fair trade quality.** In order to be recognized as a fair trade actor by their peers or by an independent certification body (depending on the means of labeling), producers, importers, manufacturers and retailers must comply with requirements concerning trading conditions and relationships (paying a fair price in the regional or local context, helping with access to preproduction financing, treating each other with respect, being transparent); the producers' rights (democratic structure, fair remuneration, socially responsible, safe and healthy workplace), the process of sustainable development; and the role of fair trade organizations. These specifications or standards for fair trade are drafted by ad-hoc

bodies, which are generally in conformity with the ISEAL<sup>7</sup> code of good practice for the setting up of social and environmental standards. This code makes clear that standards must be the result of a **transparent and participatory process**.

The drafting of standards is the basis for any label. It transforms the original motivation into a certain number of characteristics which indicators and thresholds help to define. The fair trade movement has always been home to lively internal debate as to the best practical way to reach the objectives set out by FINE. Fair trade 'is a subject of consensus as long as it is seen as a unifying objective but it becomes a subject of controversy as soon as the practicalities of how to bring it about are envisaged'<sup>8</sup>. Thus, the different fair trade organizations have adopted different requirements and specifications, depending on their interpretation of fair trade. The purchaser is free to choose the label which best corresponds to his/her own conception of sustainable development and /or fair trade. S/he is often unsure about how to make this choice and this guide should be seen as a means of reducing this uncertainty.

### ➤ **Guaranteeing quality**

When the consumer has adopted a label,

considering its specific requirements, he is still faced with a second kind of uncertainty. As fair trade goods are differentiated by process attributes (characteristics which depend on the way the good is produced and exchanged) which are not apparent in the end product, s/he cannot easily verify that s/he was actually delivered the promised quality. The most commonly used mechanism to guarantee the respect of the standards relies on the setting up of a verification system. When a third party is in charge of making sure practice conforms to the promised attributes, this is known as **'third-party certification'**. In other words, it is a natural or legal person, standing apart from the dual relationship between seller and buyer, who is in charge of the verification process. Third-party certification would appear to be **the most credible form of guarantee for the purchaser**<sup>9</sup>, first-party certification being generally seen as a form of communication and second-party certification (by the customer) being seen as a form of rating. Systems of peer control also exist, such as the one the WFTO uses to guarantee fair trade organizations. Most labels, including fair trade labels, have chosen to have their specifications certified by certifying organizations. In order to be sure of good practice, these organizations send inspectors to visit the producers and plantations. This service obviously has a cost for the producers and plantations, and this varies according to the

7. International Social and Environmental Accreditation and Labeling Alliance

8. Le Velly (2009) "Quel commerce équitable pour quel développement durable ?", *Innovations*, 30, 99-113

9. The standard settings process with a diverse stakeholder group is an important part of a certifications credibility, this chapter refers to the quality of the verification process only.



## "WHO CAN TAKE ADVANTAGE OF THE PRIVILEGED RELATIONSHIP ADVOCATED BY FAIR TRADE?"

different labels. The inspectors' reports are sent to the deciding bodies, usually certifying committees, whose representative also varies with the different labels. These bodies then decide whether or not to deliver a certificate based on the information at their disposal. The certifiers also check that the certified products are to be found all along the production process (**physical traceability<sup>10\*</sup>**). This involves checking exporters, importers and processors and usually includes a planned audit followed by a second unannounced one.

### 2. WHAT IS THE CRITERIA FOR FAIR TRADE?

Let us now return to the question of the drafting of standards for the different labels in order to understand the implications. The process is made all the trickier when the organization of the production activity and the value chain are complex and spread over a wide geographical area, as is frequently the case in the fair trade sector. The issues under debate in the fair trade movement deal with the difficult determination of economic, social, environmental, and governance criteria associated with fair trade. They concern notably the **geographical** and **social**. Who can take advantage of the privileged relationship advocated by fair trade? All producers? Only producers from so-called 'developing countries'? Only 'small producers'?

Only producers' organized into cooperatives or associations'? The debate also deals with the rules concerning the use of the labels: what percentage of fair trade ingredients does a product to have before it can claim the right to a fair trade label?

#### › What should be the geographical perimeter for fair trade?

This guide highlights the different geographical fields applying to labels: is the label only for producers in countries of the so-called 'Global South', or does it also include those in countries of the so-called 'North'? Historically fair trade was created for producers in developing countries but **over the last few years more and more labels apply also to producers in the North**: Fair For Life, Ecocert Equitable, Naturland and Fair Trade USA. This change is linked to the development of the concept of local fair trade in the North as well as on the markets of countries in the South.

#### › What should be the social perimeter for fair trade?

**Historically fair trade was for producers and craftsmen and women organized collectively into producer organizations.** For several years now, most fair trade labels have been opened to other types of production organization which employ

10. This is a general trend please look at the individual programs in chapter 2 for more detail.

## "FOR SEVERAL YEARS NOW, MOST FAIR TRADE LABELS HAVE BEEN OPENED TO OTHER TYPES OF PRODUCTION ORGANIZATION"

**hired labor and small-scale producers who are not yet democratically organized** (contract production). This opening up to other actors beyond 'small producer organizations' has been the cause of considerable discussions between the actors concerned<sup>11</sup>. The movement for certification in the Global South, illustrated by the **creation of the SPP label** (Small Producer Symbol), appears as a reaction to developments within Fairtrade International. The specificity of the SPP label lies in the fact that it only applies to small-scale producers organized collectively. What is more, its definition of the term 'small producer', also highly controversial, is more restrictive than that of other fair trade labels<sup>12</sup>. At the other end of the scale is Fair Trade USA's program "Fair trade for all". Fair Trade USA left Fairtrade International in 2012 and currently applies its own standard. This new label now certifies coffee plantations whereas previously the fair trade coffee sector consisted essentially of family farms. These tensions raise **the question of the legitimacy and the representivity of the different stakeholders within the decision-making bodies** which approve the content of standards and their updates.

### 3. HOW CAN FAIR TRADE BE GUARANTEED ?

Once the specifications have been defined, the

second step is to set up a verification system to check that practice conforms to the standards requirements. This system generally relies on the services of professional guaranteeing organizations such as the certification organizations.

#### > Fair trade certification organizations

In the fair trade sector, the pioneer **FLO-Cert** was created in 2003 to ensure an independent control for Fairtrade International (ex: Fairtrade Labeling Organizations) standards. FLO-Cert officially received **the ISO 65 license\*** in 2008 and was thus recognized as an independent and impartial certifier for the certification of Fairtrade International labeled products. For the certification of alternative labels, this is generally carried out by organizations accredited for organic agriculture certification (for instance SCS Global Services in the United States). This guide to labels shows **that a growing number of certifier organizations specialized in certifying 'organic agriculture' have also developed their own fair trade label** (for example Ecocert with the label Ecocert Equitable), which tends to confirm the **convergence** between these two initiatives.

#### > The professionalization of certification in question

The taking over of the control of fair trade standards

11. Carimentrand A., Ballet J., Renard M.-C. (2011). « Gouvernance, signes de qualité et équité dans les filières du commerce équitable », *Revue canadienne d'études du développement*, 32(3).

12. Renard, M.C. and A. Loconto A. (2013), « Competing logics in the further standardization of fair trade: ISEAL and the Símbolo de Pequeños Productores. » *International Journal of Sociology of Agriculture and Food*, 20(1).

by professional organizations can, through the question of competence, produce a shift from the original promoters of the standards to these bodies. Accordingly certification can be said to only serve to **transfer power from the operators to the auditors** without giving the purchaser more transparency. In this context, consumers and producers are often passive in relation to the labeling system, reduced to economic agents faced with a binary choice (buy or not, sell or not). Including citizens in the process is an important argument for promoters of the participatory guarantee systems and can act as a way to re-appropriate sustainable development labels<sup>13</sup>. The financial cost and the complexity of third party certification also raise questions. How can marginalized producers take advantage of the conditions of fair trade without the financial and technical hurdles at the entry point being too high?

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13 .Van der Akker J. (2009). « Convergence entre les systèmes participatifs de garantie et les systèmes de contrôle interne dans un projet pilote européen d'IFOAM », *Innovations Agronomiques*, 4 : 441-446.

14. Pernin J.-L., Carimentrand A. (2012), « Quels critères environnementaux pour le commerce équitable ? », *Mondes en développement*, 160, 45-58.

## CONCLUSION

Labels and guarantee systems are essential for the purchaser choice when the purchaser has neither the time nor the means to ensure that the promises made are kept. These systems exist to try to reassure on this point. There may however be gaps between the beliefs projected by the purchaser and the actual content of the standards<sup>14</sup>. What is more, even if s/he knows the principles, the purchaser is not always able to form an opinion on whether a particular set of specifications complies with the objectives of fair trade. In order to improve the learning and evaluation process of the different fair trade approaches, purchasers need to pay attention to the actual content of the different labels. They have the possibility of being informed and of deciding where they stand on the question of label content. In the authors' opinion, this is what is at stake with the different labels, and this guide aims to facilitate such behavior, revealing, as it does, all the potential of fair trade as a tool to educate for responsible consumption.



➤ ECOCERT FAIR TRADE



➤ ORGANIC FAIR TRADE & ORGANIC SOLIDARITY



➤ FAIRTRADE INTERNATIONAL



➤ FAIR FOR LIFE



➤ FOREST GARDEN PRODUCTS



➤ FAIR TRADE USA



➤ SMALL PRODUCERS' SYMBOL



➤ NATURLAND FAIR



➤ WORLD FAIR TRADE ORGANIZATION

1. See on p.125 for methodology

### › MAIN INFORMATION ABOUT ECOCERT



#### › CONTACT

Ecocert- L'Isle Jourdain, France BP47 F-32600

[www.ecocert.com](http://www.ecocert.com)

Email : fairtrade@ecocert.com

#### › STANDARD OWNER

Ecocert SA (public limited company)

#### › CERTIFICATION BODY

Ecocert Environnement

## ECOCERT FAIR TRADE

### › HISTORY

Ecocert is an inspection and certification body\* established in France in 1991. From its creation, Ecocert specializes in the certification of organic agricultural products. Ecocert defends an environment-related approach by promoting organic cultivation worldwide and establishing a control and certification system. With 23 offices and divisions, Ecocert operates in over 90 countries.

The first version of the ESR (Fairness, Solidarity and Responsibility) standard\* was issued in 2007 in close cooperation with representative parties of the fair trade industry in order to build a certification system that combines fair trade and organic approaches. At the time, the scope was focused on traditional South/North fair trade.

In 2013, the ESR standards were revised to include the provision of services for "domestic" (North/North) fair trade. These standards are built on three bases: corporate social responsibility, organic production and fair trade.

Ecocert offers three different labels based on the same standards: "Responsible by Ecocert," "Fair Trade by Ecocert" and "Domestic Fair Trade by Ecocert."

#### **Ecocert and Bio-Partenaire**

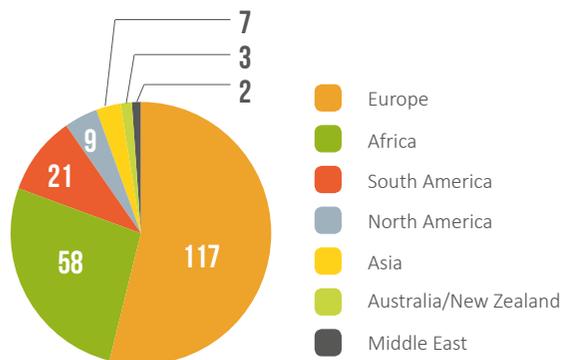
Besides their own fair trade standard, Ecocert has also been working with Bio-Partenaire, a French association gathering small and medium companies involved in organic and fair trade activities. Between 2003 and 2009, Ecocert was the certification body in charge of the control of Bio-Partenaire's guarantee system\*. In 2009, the Bio-Partenaire's standards on fair trade (Organic fair trade) and ESR standard merged. ESR is now the guarantee system used by Bio-Partenaire's members.

#### **Ecocert and IMO**

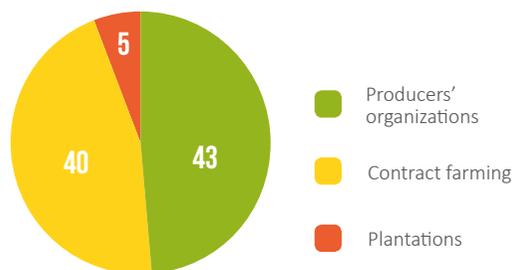
The certification body IMO Group AG and other IMO companies in Germany, Switzerland, Turkey, Chile and Uganda are accredited to award certification worldwide to projects in organic farming, organic textiles and aquaculture, and have recently become part of Ecocert Group. IMO Group AG holds the IMO Fair For Life Social and Fair Trade standards.

**BIO PARTENAIRE**  
L'ASSOCIATION DES MARQUES BIO EQUITABLE ET BIO SOLIDAIRE

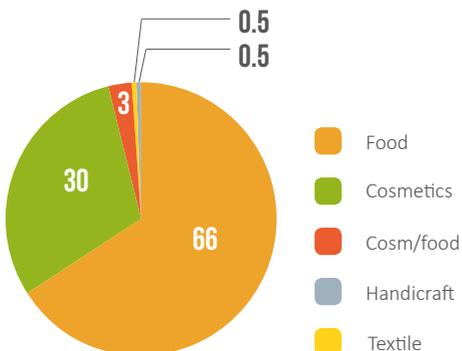
**GEOGRAPHICAL DISTRIBUTION OF CERTIFIED BODIES BY CONTINENT**



**TYPOLGY OF THE CERTIFIED ORGANIZATIONS**



**DISTRIBUTION OF SALES (%)**



## > GOVERNING BODY AND PARTICIPATION

Elaboration of standards is made under one umbrella, the standards committee, which includes all types of stakeholders involved in fair trade activities (certified organizations, associations, companies, experts). The final decision on standards revisions is made by the Ecocert executive committee.

The certification supervisory committee refers to a committee made up of individuals independent and is consulted in order to guarantee the independence and impartiality of the way Ecocert Environment operates.

The standards setting procedure respects the guidelines of the ISEAL Alliance standards setting code.

## > EQUIVALENCE AND RECOGNITION

ESR standard recognizes Fair for Life standards as equivalent.

## > RULES REGARDING THE USE OF THE LABEL ON PRODUCT PACKAGING

MINIMUM REQUIREMENTS FOR MASS PERCENTAGE OF FAIR TRADE INGREDIENTS IN FINAL PRODUCTS	
<b>95% of agricultural ingredients</b>	The product is "fair trade" certified. The logo can be used.
<b>20% of agricultural ingredients</b>	Only fair trade ingredients can be identified as fair trade. The logo can be used on the front panel but with a designation of "supply chain" and identification of certified ingredients.
<b>Threshold not met</b>	Mention only of the fair trade ingredient. The use of ESR logo is not authorized.

## > SPECIAL REQUIREMENTS FOR PRODUCTS SOLD ON THE FRENCH MARKET



Ecocert created a specific label, "Domestic Fair Trade by Ecocert". The standard is still ESR and some requirements are adapted to fit in the context of small-scale producers based in developed countries. It includes:

- Consideration of the existing local support mechanisms (Common Agricultural Policy, national and regional development programs, etc.). Thus, the set-up of a development fund is not required.
- Geographical proximity between processors and producers to reduce carbon footprint of products and relocate the agricultural economy in the processing areas.

## PROMOTION AND AWARENESS-RAISING/ADVOCACY

Brand owners are expected (not compulsory) to organize and relay campaigns that aims at raising awareness and target audiences on fair trade issues.



## CHAPTER 2

# ECOCERT FAIR TRADE

### > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
<b>Developing countries</b>	✓	ESR standard is not restricted to specific geographical zone. Since 2013, Ecocert Fair Trade is opened to OECD countries (some specific criteria have been added to cover these situations).
<b>OECD countries</b>	✓	The reference list of developing countries used is based on the OECD DAC (Development Assistance Committee) list of recipient countries of Official Development Assistance. The list includes countries with low and middle per capita income as defined by the World Bank.
SPECIFIC REQUIREMENTS		
<b>Organic certification</b>	✓	Organic certification is fully required, except in specific cases: harvesting plants for cosmetic products, crafts.
<b>Social responsibility</b>	✓	To be Ecocert Fair Trade certified, the organization needs to comply with both social responsibility and fair trade requirements defined within the ESR standards.
TYPE OF ORGANIZATION		
<b>Producers' organizations*</b>	✓	The Ecocert Fair Trade label is not restricted to specific organizational structure or legal form.
<b>Contract farming*</b>	✓	Producer organizations where smallholder producers represent more than 60% of the area and/or produced quantities are eligible without restrictions.
<b>Plantations*</b>	✓	Other producer organizations (not achieving the above 60 % criteria) and plantations are eligible under certain conditions: <ul style="list-style-type: none"> <li>■ They must demonstrate that if there are smallholders producers organized or being organized present in the same development basin, those producers are integrated in the development project.</li> <li>■ They must justify that they will need the support of fair trade buyers to achieve development project objectives (capacity building, technical support, etc.).</li> </ul>
SUPPLY CHAIN INSPECTION		
<b>Production</b>	✓	Production entity must be inspected.
<b>First buyers</b>	✓	First buyers are audited in all cases.
<b>Traders</b>	✓	Intermediate buyers and subcontractors are only registered if: <ul style="list-style-type: none"> <li>■ Their turnover related to fair trade products represents less than 10 % of their global turnover and less than 200,000 € in amount.</li> <li>■ Their profile represents "low risks in terms of traceability and social and environmental risks".</li> </ul> Otherwise they must follow the entire certification process. <ul style="list-style-type: none"> <li>■ Registration is an inspection scheme that is possible within fair trade industries dedicated to operators that are not willing to communicate externally about their ESR certification.</li> </ul>
<b>Brand owners</b>	✓	Brand owners are audited in all cases.
<b>Retailers</b>	✓	Inspection of retailers is optional.
Each stage of the supply chain is fully inspected: traceability and social responsibility aspects are checked. Ecocert requires full commitment from the certified organizations.		
TRACEABILITY REQUIREMENTS		
<b>Physical traceability*</b>	✓	Both physical and documentary traceability are required within ESR standards.
<b>Documentary traceability</b>	✓	

## &gt; ANALYSIS OF THE LABEL

## ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE</b>			
✓		★ ★ ★	The first purchaser must agree on a guaranteed minimum price through transparent negotiations with the fair trade supplier. The established minimum price level is justified and supported by negotiation (on the basis of production costs). The fair price is at least 10 % higher than the conventional price. Otherwise the commercial partners should provide an explanation to the auditor.
<b>&gt; PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	In addition to fair price, the first buyer has to pay a premium to its suppliers (producers, plantations). This requirement only applies for international fair trade. The premium shall correspond to at least: <ul style="list-style-type: none"> <li>■ 5 % of the price paid to the certified organizations for minimally processed products.</li> <li>■ 3 % of the price paid for highly processed products.</li> </ul>
<b>&gt; ACCESS FACILITATED TO PRE-FINANCING</b>			
✓		★ ★ ★	If justified, the producers' organizations can request pre-financing up to 60% of the contract.
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★ ★ ★	The first buyer must set-up a contract of at least three years. Each contract must contain contract termination procedures, with a mediation mechanism. Ecocert insists on the quality of the fair trade partnership and requires: regular meetings and contacts between producers' organization and first buyer, annual review of the fair price and of the contract, sourcing plan regularly updated.
<b>&gt; TRACEABILITY</b>			
✓		★ ★ ★	Full product traceability is guaranteed.



## CHAPTER 2

# ECOCERT FAIR TRADE

### SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOUR ORGANIZATIONS CONVENTIONS*</b>			
✓		★ ★ ★	<p>The certified organizations (buyers and producers) must respect the ILO conventions. Non-compliances with these conventions can lead to an automatic withdrawal of the certification (called “knock-out” criteria).</p> <p>The producers’ organization must ensure that its members apply the same principles towards their own workers. The production group controls compliances to these principles by an internal monitoring system that is checked by the auditor during the inspection.</p>
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		★ ★ ★	<p>The certified organizations must comply with the relevant local legislation, collective conventions or past agreements with workers in terms of social benefits.</p> <p>In a continuous improvement approach, the large units of production<sup>2</sup> are expected to provide, in addition to those provided by local legislation, other social benefits (private pension scheme, paternity leave, etc.).</p>
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		★ ★ ★	<p>For equivalent work, the auditor must check that there is no major difference between the regular temporary workers (working almost all year long) and the permanent workers, in terms of wages, social benefits, leave, etc.</p> <p>The auditor must check if employers hires and fires workers on a continuous basis to avoid responsibility for social security.</p> <p>The company/organization is expected to provide, as much as possible, formal and regular employment to workers.</p>

### GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★ ★ ★	<p><i>Producers’ organization</i></p> <p>The producers’ organization articles of association have to make provision for a general meeting as the highest decision-making body, with equal voting rights for all members.</p>
✓		★ ★ ★	<p><i>Contract farming</i></p> <p>The contracting company has to elaborate a plan which specifies a time frame to implement structures operating according to a democratic model, with representatives elected by all members («participatory bodies»).</p>
✓		★ ★ ★	<p><i>Plantations</i></p> <p>Plantations workers must gather in a general assembly to elect a committee in charge of the management of the premium for group projects.</p>

2. “large unit”, a production unit where more than 15 permanent workers are employed OR where more than 40 temporary workers are employed during more than 2 months in the year.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	Appropriate programs must be set up to improve the social and economic position of disadvantaged groups and to facilitate their participation within the decision-making bodies. If the producers' organization cannot sell all its production, it must give preference to its most disadvantaged members.
<b>&gt; CAPACITY BUILDING OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	<i>Producers' organization</i> The producers' organization is expected to carry out a brief analysis of the socio-economic situation of its members in order to allow identification of the potential beneficiaries of capacity building programs and must implement activities regarding the results of this analysis. As far as possible, international fair trade must not contribute to create competition between countries producing the same raw materials.
✓		★ ★ ☆	<i>Contract farming</i> The company is required to: ■ Include specific targets within its fair trade policy in order to strengthen the producers' structures (called organization strengthening plan), ■ Set up financial, human and technical resources to implement this plan. The auditors have to be careful with the concrete implementation of these capacity building programs, which should lead to an improvement of the democracy and participation among producers through an operational participatory body.
✓		★ ★ ☆	<i>Plantations</i> In a continuous improvement approach, plantations with more than 50 workers are encouraged to offer their workers annual trainings.
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	The producers' organization / company is required to present its rights to use the land and must have settled without creating any forced population displacement. If the operator obtains commercial benefits or any added value from ingredients belonging to indigenous communities, they have to be shared fairly with them.
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	During the annual general meeting, the annual report, the budget and accounts are submitted for approval. The producers' organization must define a fair trade development plan for a minimum of 3 years length. This plan is approved by the managers of the producers' organization and by the existing democratic and participatory bodies.
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	Members must have access to the annual accounts and to all documents linked to the management of the organization and the fair trade sales. Rules regarding products pricing and prices paid to producers must be available.



## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	<p><i>Producers' organization</i></p> <p>Ecocert requires that producers “feel involved” in their organization and are kept informed of decisions made at a central level.</p> <p>Producers involved in the board of the organization have to represent the global situation of producers (gender, location, volume of activity).</p> <p>There is no requirement regarding increasing producers’ participation over time.</p>
✓		★ ★ ★	<p><i>Contract farming</i></p> <p>By the 2<sup>nd</sup> or 3<sup>rd</sup> year of certification, a participatory body, of individual producers, must be operational and meet regularly.</p>
✓		★ ★ ★	<p><i>Plantations</i></p> <p>Ecocert requires the company to implement mechanisms to collect feedback from its workers regarding complaints and disciplinary issues.</p> <p>In a continuous improvement approach (non mandatory), Ecocert expects the company to organize regular meetings with workers to discuss issues related to workplace.</p>
<b>&gt; NON-DISCRIMINATION</b>			
✓		★ ★ ★	<p>Rules on membership must not set any discrimination in terms of participation, voting rights, access to markets or to any advantage related to membership.</p> <p>Ecocert has to check that in practice there are no obstacles to the participation and membership of women.</p>
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	<p><i>Producers' organization</i></p> <p>In developing countries, the fair trade policy must define how the premium will be managed, and through which decision-making bodies. An annual report must confirm that the development fund was used for projects identified by the beneficiaries.</p> <p>If the producers decide to use the premium as an individual bonus, Ecocert examines the socio-economic situation of the area and other relevant elements, and may accept this request.</p>
✓		★ ★ ★	<p><i>Contract farming</i></p> <p>Decisions regarding the use of the premium for group projects must be taken through one or more identified decision-making bodies (committees set up for that purpose or participatory bodies once created).</p> <p>The representatives of the beneficiaries - as defined in the fair trade policy - must have the majority vote. If there are representatives of the company, they do not have the veto right, unless the decisions taken are clearly opposed to the company’s interests.</p>
✓		★ ★ ★	<p><i>Plantations</i></p> <p>Decisions regarding the premium for group projects are made by a plantation committee composed of workers’ representatives (elected through a general meeting and representatives from the management (who do not have the majority vote).</p> <p>The premium must be poured into an account separated from that of the company that manages the plantations and cannot be used to fund its infrastructures.</p>

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt;REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★ ★ ★	<p>Every certified organization (producers' organization and trade partners) must check and minimize any impacts from waste, gaseous and liquid discharges and waste water on the environment and on health. The auditors have to inspect both production and processing areas.</p> <p>Over time, the certified organizations are expected to improve their recycling practices.</p> <p>As far as possible, domestic fair trade must promote short supply chains.</p>
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★ ★ ★	<p>Ecocert requires as fundamental criteria that:</p> <ul style="list-style-type: none"> <li>■ The production and the processing activities do not cause any degradation or conversion of the ecosystems.</li> <li>■ The producers' organization / company had not been involved in the destruction of any primary or secondary forest in the last ten years.</li> </ul> <p>Non-compliance with these criterias can lead to the automatic withdrawal of the certification.</p>
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★ ★ ★	The certified organizations must apply responsible practices in terms of using synthetic chemical products (organic certification is required).
<b>&gt; BAN ON GMOS</b>			
✓		★ ★ ★	Ecocert requires that the production groups and their trade partners do not take part in GMO contamination at all stage of supply chains.



MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
OF ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS DURING AUDITS	★ ★ ★
FREQUENCY OF ON-SITE INSPECTION	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE ACTIONS	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ☆
FINANCIAL ASSISTANCE	★ ★ ☆
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATIONS	★ ★ ★

## AUDITS

- › **Auditors.** Auditors are appointed by Ecocert Environnement according to relevant criteria (knowledge of the region, language, etc.)
- › **Meetings.** Each audit must begin and end with a meeting with the management of the production group to present: the methodology of the inspection and the non-compliance(s) observed during the process. However, Ecocert does not require the inclusion of a worker and/or producer representative during these meetings.
- › **Documentary review.** The review must include: inspection of the internal control system; all document related to staff files and management (contracts, personnel records, etc.); check of purchase records and supplier certificates; annual report of the use of the premium; follow-up products records.

### › On-site inspection

- A full initial audit is organized for first application.
- On-site inspections are organized during the most relevant time to perform the audit.

### › Producer/workers interviews during audits

- Workers: Individual interviews. The name of the workers must not be divulged to the managers and must remain confidential.
- Producers: individual or collective (focus groups).

The minimum number of interviews is determined by the auditor according to the number of producers/workers and according to the risk level of the organization.

### › Frequency of on-site inspection

Full surveillance audit is organized each year. Particular attention is paid to non-compliances identified during the previous audit and to the efficiency of corrective measures implemented.

### › Surprise audit. Ecocert Environnement may decide to organize a surprise audit on the basis of an overall risk assessment of non-compliance with the standard

## SCORING AND RULES

### › Scoring

There are 4 categories of criteria:

- KO ("Knock-Out"): in case of non-compliance with one or more knock-out criteria, the certification is denied.
- Major: in case of non-compliance with more than one major criteria, corrective actions are to be implemented in the 4 months following the audits.
- Minor: the criteria has to be complied with but a non-compliance as itself does not threaten the certification process.
- Recommendations: the criteria has based on voluntary commitment.

The operator is certified if:

- The compliance percentage is greater than or equal to 80 % (until year 2).
- After the third year: the compliance percentage must be equal to 100%.

### › Corrective actions

- There is an automatic system with corrective actions on different levels, according to the 4 indicator categories. The consequences of the respective results appear in the audit form automatically.
- The operator has 4 months to implement corrective actions and send associated evidence to Ecocert.

### › Suspension/withdrawal of the certification

- Non-compliance with one or more knock-out criteria lead to the withdrawal of the certification. Then, another full audit is planned, on operator request.
- In case of unsatisfactory corrective actions, Ecocert may decide to suspend the certification for a set duration during which the operator must implement relevant corrective actions.

## CERTIFICATION COSTS AND ANNUAL FEES

### > Transparency

Information on certification costs is not available online but available on request.

### > Financial assistance

Ecocert does not provide financial assistance for certification.

## PROCEDURES

### > Complaints, appeals and allegations

The appeal and complaints procedures (provided upon request) are comprehensive and strong.

## SUMMARY

Like Naturland Fair and Fair for Life, the Ecocert Fair Trade label is a demanding label based on close links between fair trade, organic agriculture and corporate social responsibility requirements.

ESR standard has experienced two significant changes in the last years. Firstly, the standard is now divided into two distinctive sections: one dedicated to corporate social responsibility and the other one to fair trade. Compliance with corporate social responsibility requirements is now a prerequisite to fair trade certification. Secondly, since 2013, ESR standard covers organizations based in developed countries.

Ecocert Environnement is the certification body in charge of the control and monitoring of the certified organizations as well as the governance of ESR standard. The participative approach is less formalized than in other labels, since Ecocert Fair Trade stakeholders (producers, traders, experts) only have an advisory role.

In the recent years, Ecocert group has tightened its links with other actors of the sector. IMOSwiss AG, in charge of the Fair for Life management, is now part of Ecocert group. A mutual recognition between the two labels already existed before the merge.

Finally, if Ecocert masters the development of its standards with all the rigor of a certification body, the company is also encouraged to strengthen its partnerships with civil society (non-trading company) to be more present on one hand in the activities of awareness-raising to responsible consumption (key to the development of the market) and on the other hand to spread support services to producers and partner companies.

# ORGANIC FAIR TRADE & ORGANIC SOLIDARITY BY BIO PARTENAIRE

## > BIO PARTENAIRE AND ECOCERT

Between 2003 and 2009, Ecocert was the certification body in charge of the control of the two labels created by Bio Partenaire: Organic Solidarity and Organic Fair Trade. In 2009 the Bio Partenaire's standards on fair trade (Organic Fair Trade) and ESR standards merged. The ESR standard, is now the unique guarantee system for the members of Bio-Partenaire.

Bio Partenaire contributes on the evolution of ESR standards through its participation to the ESR standard committee.

**BIO PARTENAIRE**  
L'ASSOCIATION DES MARQUES BIO EQUITABLE ET BIO SOLIDAIRE

## > CONTACT

Bio Partenaire  
BP 11 114  
26958 Valence cedex 9  
www.biopartenaire.com

## > ORGANIC FAIR TRADE AND ORGANIC SOLIDARITY: TWO LABELS OWNED BY BIO PARTENAIRE.



### > ORGANIC FAIR TRADE

"Organic fair trade" label was created in 2000. This label is directed toward companies working in partnership with organized producers from developing countries. 18 producers' organizations and 20 000 producers collaborate with "Organic fair trade" certified companies.

Eligibility conditions for using the label:

- The organization has to be a member of Bio Partenaire.
- The organization has to be certified according to the ESR standards.
- The product has to be certified according to the ESR standards and organic certified and must be made of ingredients that are not grown in France.
- The certified products have to be sold in organic and fair trade specialized shops only.

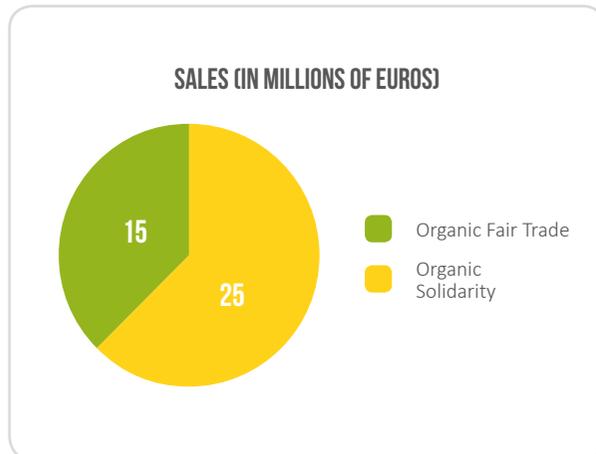


### > ORGANIC SOLIDARITY

The first experiments linked to the "Organic Solidarity" label were launched in 2006. The label and the standard were officially created in 2007. This program is directed toward local partnership between producers and processors located in France. "Organic solidarity" was the first French label dedicated to "North-North" fair trade. 17 producers' organizations and 300 producers collaborate with "Organic fair trade" certified companies.

Eligibility conditions for using the label:

- The organization has to be a member of Bio Partenaire
- The organization has to be certified according to the ESR standards.
- The product has to be certified according to the ESR standards and must come from France.
- The certified products have to be sold in organic and fair trade specialized shops only.



## > BIO PARTENAIRE

### > HISTORY

Bio Partenaire is a French association created in 2002 gathering small and medium companies involved in organic and fair trade activities. It brings together **26 companies** collaborating with 65 producers' organizations (20,300 producers).

### > OBJECTIVES

- 1- To federate and support small and medium companies that are "Organic Fair Trade" or "Organic Solidarity" certified.
- 2- To promote responsible production and consumption.
- 3- To participate in awareness-raising of consumers on fair trade and organic issues.

### > SERVICES

- 1- Assistance for companies committed to the certification process.
- 2- Linking operators with the upstream and downstream sectors.
- 3- Support and intervention for operators and professional networks.
- 4- Promotion and advocacy.

### > ELIGIBILITY CONDITIONS FOR MEMBERSHIP

- Producers' organization, wholesaler, supplier of organic certified ingredients / raw materials.
- Certified manufacturers and processors for production of organic certified food and cosmetics.
- Brand owners and distribution chains marketing organic certified products using their own brand.



### › MAIN INFORMATION ABOUT FAIR FOR LIFE



#### › CONTACT

IMOGROUP AG  
Weststrasse 51- CH-8570 Weinfelden- Suisse  
Phone: +41-(0)71 626 0 626 /E-Mail: imo@imo.ch

#### › STANDARD OWNER

IMOGROUP AG (public limited company).

#### › CERTIFICATION BODY

IMOSWISS AG – founded in 1990 as a not-for-profit service entity – is the certification body responsible for Fair for Life certifications. It is based in Switzerland and is part of IMOGROUP AG.

### ACCREDITED ISO 17065

#### › HISTORY

The Fair for Life program, created in 2006, is the result of a partnership between the certification body IMO (Institute for Marketecology) and the Bio-Foundation. IMO is a certification body particularly active in the fields of green products, organic farming and environmental management systems. Represented in 90 countries, IMO also certifies the specifications FSC, PEFC, UTZ Certified, etc (see chapter 3).

In September 2014 the Fair for Life ownership was transferred from Bio-Foundation to IMOGROUP AG.

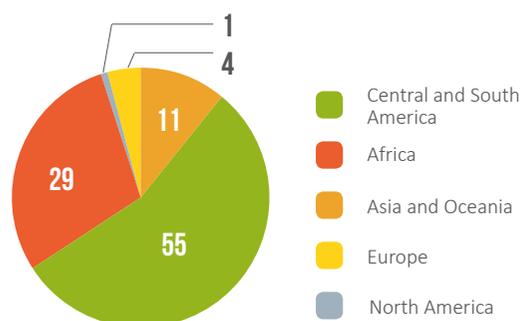
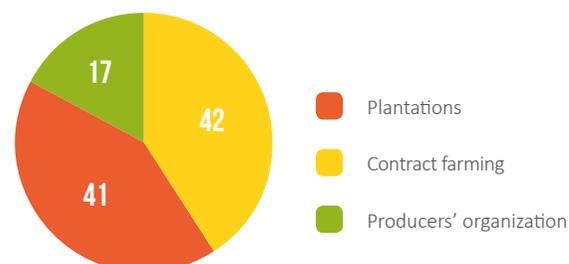
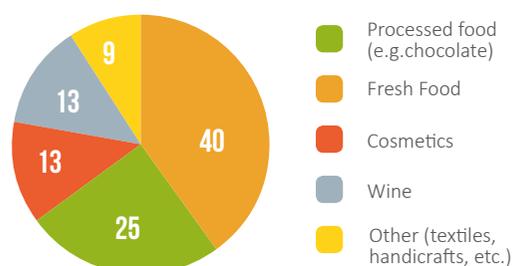
Fair for Life combines 3 kinds of requirements : organic farming, corporate social responsibility and fair trade. The Fair for Life label is an option for products processed by companies already certified against “For Life” standards, which cover organic and social requirements.

#### › IMO AND ECOCERT

In 2013 / 2014 IMOSWISS AG as well as other IMO companies in Germany, Turkey, Chile and Uganda became part of Ecocert group. IMOGROUP AG holds the IMO Fair for Life Social and Fair Trade Standard.

#### › GOVERNING BODY AND PARTICIPATION

- IMO and the Fair for Life Advisory Committee carry out the standards revisions. Actors (producers, handlers, companies) are involved in the standard setting and revision process through 2 rounds of public international stakeholder consultation.
- In addition an updated consultation list shows a balance of stakeholders including government agencies, certification agencies, all producers, processors, and traders of Fair For Life certified product. Members of this expert list are personally invited by email to comment on the drafts of the revised standards.
- The FFL Standard committee (3 or 4 members: the FFL program manager, one FFL auditor, trustee with considerable expertise) makes the final decision on the standard content.
- IMO-Fair For Life refers to ISEAL Code for Standard Setting as an orientation guideline for Standard Review.

**GEOGRAPHICAL DISTRIBUTION OF CERTIFIED BODIES (%)****TYPOLOGY OF THE CERTIFIED ORGANISATIONS (%)****DISTRIBUTION OF SALES (%)****> EQUIVALENCE AND RECOGNITION**

- Fair for Life recognizes Fairtrade International and ESR standards for producers' organizations. These organizations must respect Fair for Life rules on labeling.
- Fair for Life recognizes the Fairtrade USA trade standard.

**> RULES REGARDING THE USE OF THE LABEL ON PRODUCT PACKAGING****> COMPOSITE PRODUCTS**

- At least 80% of all agricultural ingredients (by weight) are certified.
- Each type of fair trade ingredient shall be used only in fair trade quality (e.g. no blending between fair trade sugar and non fair trade sugar in the same product).
- The use of the Fair for Life certification seal is permitted on the principal display panel. Fair for Life certified ingredients have to be marked and the total Fair for Life certified content (in %) has to be indicated.

**> SINGLE INGREDIENT CERTIFIED PRODUCT**

100% (dry weight) of the ingredient must be Fair for Life certified.

**> PRODUCTS MADE WITH SPECIFIED FAIR TRADE INGREDIENTS**

- At least 20% of all agricultural ingredients (in weight) are certified.
- Controlled blending is allowed in this case, with a percent disclosure.
- Use of the Fair for Life certification seal is not permitted on the principal display panel; a small version may be used on the back.
- The indication "XX% Fair Trade content" must be displayed visually close to the seal.

**PROMOTION AND AWARENESS-RAISING/ADVOCACY**

Fair for Life expects (as a voluntary commitment) handlers and buyers to promote fair trade producers and products.

## CHAPTER 2

# FAIR FOR LIFE

### > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
Developing countries	✓	Applicants from developing countries and emerging countries are eligible for Fair for Life certification.
OECD countries	✓	Applicants from OECD countries must demonstrate their eligibility. Commitment to social change and the expected benefits for marginalized workers or other marginalized target groups has to be demonstrated before applicants from OECD countries can be accepted for fair trade certification.
SPECIFIC REQUIREMENTS		
Social responsibility	✓	The operator has to comply with the social responsibility standards ("For Life" certification).
Organic certification	✓	All the stages of production must have a recognized organic or environmental certification (e.g. AB, the Global Organic Textile Standard [GOTS], FSC timber, GlobalGAP, Rainforest Alliance, etc.). Operations that are not already certified by one of these programs must comply with environmental criteria that complement the Fair for Life specification ("integrated production criteria").
TYPE OF ORGANIZATION		
Producers' organizations	✓	Producers' organizations standards are primarily intended for smallholder producers (structurally depending on family labor) and also to producers with 1-5 permanent farm workers and some temporary labor. If the producers' organization buys less than 50% of its annual volume from smallholders producers, the organization must demonstrate eligibility for fair trade certification (socio-economic analysis, expected focus and impact of fair trade on producers) by describing the expected benefits of fair trade on marginalized producers.
Contract farming*	✓	There is one standard for both producers' organizations situations and contract farming situations, but some specific requirements has been added for contract farming. Contract farming scope is not restricted to specific products or specific geographical zones.
Plantations*	✓	Any plantations and any farm with more than 15 permanent workers or more than 40 workers in total for more than 2 months has to be inspected according to the plantations standards. Plantations must demonstrate eligibility for fair trade certification. A positive impact of fair trade on marginalized workers or communities (beyond providing fair working conditions) has to be demonstrated before plantations are accepted for fair trade certification.
SUPPLY CHAIN INSPECTION		
Production	✓	Fair for Life producers commit by certification contract to a complete annual audit.
First buyers	✓	Fair trade buyers who buy products from certified producers and pay the development premium and the fair price must undergo the handler certification. This encompasses verification of handling criteria as well as a verification of decent working conditions at the company itself.
Traders	✓	All intermediate traders of Fair for Life products must become registered: they must ensure traceability and demonstrate decent working conditions.
Brand owner	✓	Brand owner must undergo certification. This encompasses handling criteria as well as verification of decent working conditions. There are some exceptions (e.g. very small brands, limited fair trade assortment, etc.) - in these cases brand owners have to be registered and the Fair for Life logo clearly indicates "registered trader" to assure transparency.
Retailers	✓	Retailers do not need to undergo certification if the products are processed and packaged by a Fair For Life certified operator that has responsibility for the raw material sourcing and products composition. Strict requirements regarding labeling and statements assure transparency for consumers. Otherwise retailers must undergo brand owner certification.
Each stage of the supply chain is fully inspected: traceability and social responsibility aspects are checked. Fair for Life requires full commitment from the certified organizations.		
TRACEABILITY REQUIREMENTS		
Physical traceability*	✓	Physical traceability is required all along the supply chain.
Documentary traceability	✓	Documentary traceability is required.

## > ANALYSIS OF THE LABEL

### ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE*</b>			
✓		★★★	<p>Fair for Life only requires the agreement on a minimum price from the 2nd year of certification. During the 1st year Fair for Life only expects the price paid by the buyers to be above the normal market price (+5% for non-organic products, +10% for organic products).</p> <p>The fair price is not set by the standard, it is the result of joint price negotiations between the certified body, starting from the basic calculation of the production cost plus margin. A minimum price is agreed which must at the very least cover costs of production. The actual sales price are expected to be at least 5% higher than normal market prices (in case of organic produce: 10% higher) and must never be below the minimum price. The minimum price must be reviewed every 2 years.</p>
<b>&gt; PREMIUM* FOR GROUP PROJECTS</b>			
✓		★★★	<p><i>Producers' organization and contract farming</i></p> <p>The premium is recommended to be 10% of the farm gate price and shall not be lower than 5% of the farm gate price. The premium must be reviewed every 2 years</p>
✓		★★★	<p><i>Plantations</i></p> <p>The premium is recommended to be between 7-10% of non-management labor costs.</p>
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING*</b>			
✓		★★★	<p><i>Producers' organization</i></p> <p>The buyers have to provide a maximum of 50% pre-financing if requested by the producers' organization.</p>
✓		★★★	<p><i>Contract farming</i></p> <p>In contract farming cases pre-financing is encouraged but not compulsory. Fair for Life specifies that pre-financing depends on the organizational setting and size of the company.</p>
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★★★	<p>The standards specify that the buyers must commit to a long-term partnership.</p> <p>There is no minimum time of commitment in the audit checklists, and no criteria to assess the length of the cooperation. Nevertheless the checklists contain various specifications regarding to the quality of the partnership: the buyer is expected to provide a sourcing plan informing producers of the projected quantities for the current year.</p>
<b>&gt; TRACEABILITY</b>			
✓		★★★	<p>Documentary and physical traceability are required.</p>



## CHAPTER 2

# FAIR FOR LIFE

### SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOUR ORGANIZATION CONVENTIONS*</b>			
✓		★ ★ ★	<p>Far for Life standards contain a detailed monitoring system to control the implementation of the ILO conventions*, especially in the plantations.</p> <p>If freedom of association is restricted by law, the certified organizations must implement measures to facilitate the creation of independent unions.</p> <p>If during the initial audit or during the monitoring audit some criteria are not fulfilled, Fair for Life requires a plan for immediate improvement or suspends the certified body.</p>
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		★ ★ ★	<p><i>Producers' organization and contract farming</i></p> <p>The certified organization must, at least, respect the legal frame regarding retirement scheme. Most of the requirements are not mandatory, they are incentive for continuous improvement. The auditors evaluate, according to the context, if the criteria have to be applied.</p>
✓		★ ★ ★	<p><i>Plantations</i></p> <p>Employers have to comply at least with labor legislation regarding social benefits. Even if not required by law, the certified company has to provide workers access to social security and welfare (basic medical insurance, basic maternity coverage).</p>
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		★ ★ ★	<p>Regarding the different professional positions among the payroll, Fair for Life standards makes very clear that from the third year of certification onwards, regular and permanent workers must be contracted with the same core benefits.</p> <p>The standards especially focus on the right of women and the protection against sexual harassment.</p> <p>Beyond the minimum ILO commitments regarding conditions of employment, Fair for Life expects the operators to implement a pro-active policy in order to promote regular employment.</p>

### GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★ ★ ★	<p><i>Producers' organization</i></p> <p>The organizational structure, even if very basic, must be in place during the first year of certification and then evolve towards a well-established producers' organization until the third year of certification. Meanwhile the producers have to, at least, create a specific body in charge of the management of the premium for group projects.</p>
✓		★ ★ ★	<p><i>Contract farming</i></p> <p>The standards contain specific measures and criteria for contract farming: from the 2nd year of the certification the producers contracted by the company must be organized in a constitutionally democratic representation with regular meetings. This body must represent the producers' interests in negotiations with the contracting company and assure good communication on key issues in both directions.</p>
✓		★ ★ ★	<p><i>Plantations</i></p> <p>Starting from the 2nd year of certification, workers must gather in a general assembly.</p>

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	The standards mention that the producers' organization has to define membership rules in which disadvantaged groups (especially women) are encouraged to participate. In practice, the beneficiaries of the Fair for Life certification are more often plantations than organized producers (see "Typology of the certified organizations").
<b>&gt; CAPACITY BUILDING</b>			
✓		★ ★ ★	<i>Producers' organization</i> Fair for Life requires that the producers' organization implement activities to promote empowerment and increase producers' capabilities. These activities are based on a precise identification (socio-economic diagnosis) of beneficiaries.
✓		★ ★ ★	<i>Contract farming</i> Additional requirements are elaborated for contract farming situations: <ul style="list-style-type: none"> <li>■ If wished so by the farmers, the farmer group must be permitted to gradually take over more and more responsibilities of an independent smallholder organization company.</li> <li>■ Moreover Fair for Life encourages the contracting company to support basic administrative running costs of the producers' representatives, until the latter is a formalized producers' organization.</li> <li>■ However, the setting-up of an independent producers' organization in the medium/long term is not a compulsory requirement.</li> </ul>
✓		★ ★ ★	<i>Plantations</i> The company must develop a fair trade policy, based on a short social analysis, in which capacity building activities are specified. This policy must be known to workers.
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	The certified organizations must have legitimate land use rights for their activities. They have to demonstrate that they do not use skills or traditional knowledge without the approval of the indigenous communities. Fair for Life encourages certified organizations to provide job opportunities for local/indigenous communities.
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	<i>Producers' organization</i> An annual general assembly, with voting rights for all members must be organized. The auditor must check that producers are well informed (on time) of the date of the general assembly.
✓		★ ★ ★	<i>Contract farming</i> The producers' representatives has to meet regularly (mandatory from the 2nd of certification) and make all decisions in a democratic way. The contracting company and the producers' representatives are expected to have regular and open communication on fair trade issues (twice a year).
✓		★ ★ ★	<i>Plantations</i> The assembly of workers must meet annually. This body is in charge of the election of the premium management committee.



## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	Management (of the producer organizations or company) must provide producers/workers with adequate information about the audit and certification outcome. The auditor has to check it by interviewing producers and workers. The producers' representation must ensure that producers are well informed of fair trade issues and have the opportunity to provide input.
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	The auditor has to plan interviews with producers in order to check that they support the organization and feel part of the group.
<b>&gt; NON-DISCRIMINATION</b>			
✓		★ ★ ★	Statutes and/or rules of membership must not restrict access to membership based on race, color, religious beliefs, gender, political affiliation, national extraction, sexual orientation or social origin. Interview sessions with workers during the audits must ensure that no discrimination practices are implemented.
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	<i>Producers' organization</i> The premium is administered by a democratically-elected premium body, in which the beneficiaries, including producers and workers, are the majority. External experts or buyers' representatives are also allowed to take part to these meetings. The producers' organization is required to elaborate a mandatory annual report of the use of the premium that must be presented to the producers.
✓		★ ★ ★	<i>Contract farming</i> The Fair for Life Program requires that the premium must be administered on a separate account than the account of the company. The premium is administered by a democratically-elected premium body, in which the beneficiaries, including producers and workers, are the majority. Managers of the company, external experts or buyers' representatives are also allowed to take part to these meetings.
✓		★ ★ ★	<i>Plantations</i> The development premium received by the company must be transferred to a separate bank account and must be administrated in a democratic committee elected by the workers. If this committee does not exist at first inspection, the company has 6 months to set it up and inform the certification body.

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★ ★ ★	<p>The main issues concerning water conservation, energy management, ecosystems and wastewater are well controlled. Fair for Life focuses clearly on efficient water use and renewable energy sources.</p> <p>Responsible waste management (collecting point, waste deposit) becomes a mandatory requirement on year 3.</p> <p>Fair for Life standards cover the environmental performances of both producers and process plants owned by the producers group (with a more demanding standard in this case called “Integrated production criteria”).</p>
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★ ★ ★	<p>Fair for Life standards insist on protecting primary or old growth secondary forests, aquatic systems and endangered species.</p>
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★ ★ ★	<p>Fair for Life has a list of banned substances based on European Union, USA EPA and FAO systems.</p> <p>A responsible person within the producers’ organization/plantations must be appointed for pesticides management (storing, listing). From the 3<sup>rd</sup> of certification Fair for Life expects the certified organizations to attend pesticide management trainings.</p>
<b>&gt; BAN ON GMOS</b>			
✓		★ ★ ★	<p>Fair for Life bans GMO.</p> <p>However a transition period of 1 year is accepted.</p>



MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY OF ON-SITE INSPECTION	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING AND CORRECTIVE ACTIONS	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ★
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

### › Auditors

- The same auditor cannot control the same operator more than 4 years in a row.
- Auditors are selected with regard to their knowledge of the sector, language, gender and national culture.

### › Meetings

- At the beginning of the field visit, an initial meeting is organized with senior management:
- For plantations: workers representatives shall be present from year 2 onwards

- For producer groups: producer representatives shall participate from year 2 onwards.

- During the closing meeting non-compliance are discussed and a list of corrective actions is established. If the audit report contains critical information from workers, the auditor is authorized to not disclose it completely to the management.

› **Documentary review.** The review includes: inspection of the internal control system; all document related to staff files and management (contracts, personnel records, etc.); check of purchase records and supplier certificates and sales documentation; annual report of the use of the premium; follow-up products records. In case of producer organization: all documents related to group organization and management are checked.

› **On-site inspection.** The auditor(s) must organize a very complete site tour of the employment site in order to verify health and safety aspects, physical working conditions and implementation of procedures as well as traceability.

› **Producer/workers interviews.** The requirements are the following: a representative number of interviews (according to a guidance provided in the standards) must be organized (in group and individual interviews) without any management or supervisory staff being present.

› **Frequency of on-site inspection.** A full annual audit is planned each year. The timing of the inspection must match the main production season when a representative number of workers are present to be interviewed.

› **Surprise audit.** Unforeseen audits may be organized if IMO decides it.

## SCORING AND RULES

### › Scoring and corrective actions

- All requirements classified as “MUST/MINIMUM” must be fulfilled within the indicated timeframe.
- Apart from the minimum indicators, the required ranking results evolve year by year to ensure continuous improvement. In year 1: the sum of all indicators amounts to at least 90% of the total norm points (the norm for good social performance). In year 2: 95%. In year 3: 100%
- Some norm criteria become minimum after X years (1, 2 or 3 years).

### › Suspension/withdrawal of the certification

- In case of minor shortcomings:
  - Temporarily suspension
  - No effect on marketing activities nor indication on the website.
  - Correction of non-compliances within maximum 6 months
- When minimum certification requirements are not fulfilled:
  - Suspension and immediate corrective measures
  - Withdrawal of the certification (if correction of the non-conformity is not possible)
  - Operator no longer allowed to make any reference to Fair for Life certification
  - Suspension is indicated on Fair for Life website.

## CERTIFICATION COSTS AND ANNUAL FEES

- › **Transparency.** Costs are established on the basis of a transparent list of fees. They depend on the region and size of the operation being audited and the region where the inspector is based.
- › **Financial assistance**
  - IMOgroup AG does not provide financial assistance to certification.
  - However, the buyer can pay the certification for the producers' organization. In this case it owns the certification of the producers' organization.

## PROCEDURES

- › **Complaints, Appeals and Allegation Procedures.** An operator that has been audited against the Fair for Life standards can appeal the certification decision by addressing a letter to the certification body in which she / he submits new evidence or additional justification. On this basis, the certification body re-evaluates the situation.

## SUMMARY

Like Ecocert Fair Trade and Naturland Fair, the Fair for Life label was introduced by actors working in organic certification and combines three kinds of requirements: organic farming, corporate social responsibility and fair trade. As such, this label can be considered as quite demanding, with the notable exception of the requirement for operators to implement awareness-raising and advocacy activities. This label has been one of the first to open its geographical scope to producers' organizations based in industrialized countries and has since been followed by many others.

Another distinctive feature is that producers' organization (historical beneficiaries of fair trade) only represent 17% of the Fair for Life certified organizations, while plantations reach 41%. Nevertheless, the demanding criteria which frames plantations practices come to qualify these analyses as far as Fair for Life requires all the certified organizations to respect the three pillars of the standard (organic farming, CSR and fair trade).

The Fair for Life label has experimented with various changes in its governance in the recent years. The Bio-

Foundation, one of the founders of the Fair for Life standard, has transferred its ownership to IMO group, one of its founders. IMO group AG, now in charge of the governance of the label, is now owned by Ecocert group. At the time of publishing this guide, its cooperation with Ecocert Environment is intensifying and may lead to a merger between the 2 labels: "Ecocert Fair Trade" and "Fair for Life".



## › MAIN INFORMATION ABOUT FAIRTRADE INTERNATIONAL



### › CONTACT

Fairtrade International (FI)  
Bonner Talweg 177- 53129 Bonn, Germany  
Email: info@ fairtrade.net  
Telephone: +49 228 949230

### › STANDARD\* OWNER

Standards are owned by the association Fairtrade International

### › CERTIFICATION BODY\*

FLOCERT was created in 2004 and commissioned by Fairtrade International to implement certification of the Fairtrade standards.

## ACCREDITED ISO 17065

### › HISTORY

- In 1988 the first Fairtrade label<sup>1</sup>, Max Havelaar, is launched under the initiative of the Dutch development agency Solidaridad.
- During the late 80s'/early 90s' the Max Havelaar initiative is replicated in several other markets across Europe and North America.
- In 2001, Fairtrade Labelling Organizations introduced their hired labor standards for specific crops. Crops today that are eligible for certification under their hired labor standards include banana, flowers, tea, fruits & vegetables.
- In 2004, Fairtrade Labelling Organizations splits into two independent organizations: Fairtrade International, which sets Fairtrade standards and provides producer support, and FLOCERT, which inspects and certifies producer organizations and traders.
- Since 2005, specific "contract production\*" standards allow small producers that are not organized to have access to Fairtrade certification since they join an intermediate organization (exporter, processors, NGO) to market their product. These standards' application is restricted to 3 countries and 4 products.
- In 2014, Fairtrade International launches the Fairtrade Sourcing Programs (FSP) for cotton, cocoa and sugar. These programs allow companies to buy Fairtrade cotton, cocoa or sugar, and abandon the "all that can be" policy for any other ingredients that could be sourced under fair trade terms in a multi-ingredient product. For cocoa and sugar, companies are allowed to use the FSP label on-pack if 100% of the focus ingredient for that product is bought on Fairtrade terms. For cotton, companies can use the FSP label on a swing-tag attached to only items if they have sourced enough Fairtrade cotton to cover the equivalent of 100% of that product range or collection. Use of the new FSP product label can be used in certain territories, it can not be used in the United States or Canada on the product.

### Fairtrade International and Fair Trade USA

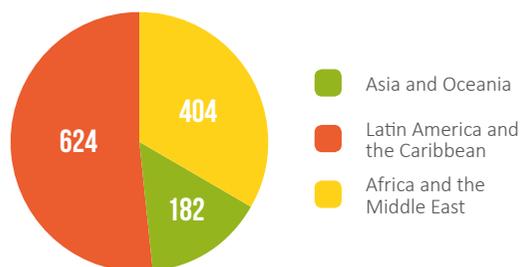
In 2011 Fair Trade USA, one of the labeling organizations that was founded as a member of Fairtrade International to certify U.S. brands, resigned its Fairtrade International membership. This separation was motivated by the will of Fair Trade USA to implement their "Fair Trade For All" initiative which expanded the hired labor standards to commodities that Fairtrade International only allows to be held by organized small-scale farmers such as coffee plantations. Under the same initiative Fair Trade USA also expanded their certification to unorganized producers under their own standards for "independent smallholders". Fairtrade International has created a new member applying FI standard: Fairtrade America.

### Fairtrade International and SPP

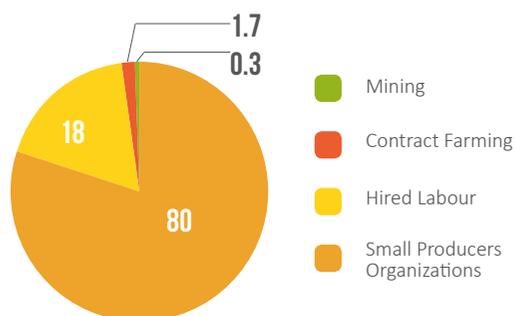
In November 2010, the CLAC (Latin American Coordinator of Fairtrade Producers), the continental networks of Fairtrade International for Latin America, decided to create its own label, the Small Producers' Symbol (SPP). SPP is a label only directed towards small producers, as CLAC was opposed to Fairtrade International opening its certification to plantations and contract farming. However the CLAC remain member of Fairtrade International and has passed a new constitution to also embrace representation of workers. In 2012 CLAC passed ownership of the SPP label to outside of the CLAC, to FUNDEPPO.

1. Fairtrade used as one word directly refers to Fairtrade International's certification including its standards and logo.

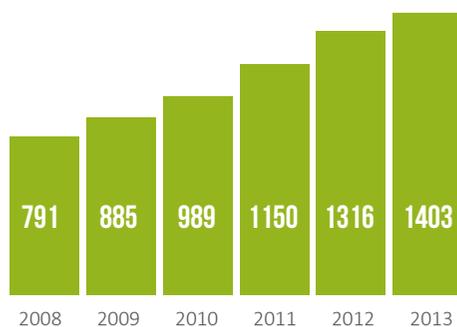
### NUMBER OF CERTIFIED ORGANIZATIONS PER REGION



### % OF CERTIFIED ORGANIZATIONS PER TYPE



### NUMBER OF CERTIFIED PRODUCTS PER YEAR



## > GOVERNING BODY AND PARTICIPATION

Fairtrade International is a nonprofit organization comprising of:

- Overall management of operations such as developing international standards, support to producer organizations in the field, pipeline management and consultative roundtable sessions (bringing together producers and buyers), corporate communications and global rules for using the label.
- The continental networks of producers: CLAC (Coordinadora Latinoamericana y del Caribe de Comercio Justo Pequeños Productores), FTA (Fairtrade Africa), NAP (Network for Asian Fairtrade Producers). These associations provide producer representation to the bodies and committees of Fairtrade International. They also support programs for the capacity building of producer organizations in the South. Continental networks of producers and workers represent small producers and workers within Fairtrade International decision-making bodies.
- The 20 national labeling associations such as Max Havelaar France, Fairtrade America and the Fairtrade Foundation in the UK, whose main functions are to develop the markets and promote Fairtrade.

Setting standards:

- The governance rules include the participation of all stakeholders. Producers holds 50% of the votes in the Fairtrade International general assembly. Producers are represented in all system-relevant committees (Boards of Fairtrade International and FLOCERT and Standards Committee).
- Fairtrade International fulfills the ISEAL's "Code of Good Practice for Standard Setting and the ISEAL Code for Impact Assessment " and is on the compliance roadmap for the ISEAL Code for Assurance.

## > EQUIVALENCE AND RECOGNITION

Fairtrade International does not recognize any other label as equivalent.

### PROMOTION AND AWARENESS-RAISING/ADVOCACY

Fairtrade International conducts advocacy for the improvement of living conditions of Southern producers and to change the rules of world trade. It is present at major international conferences on development issues, protection of biodiversity and global warming.

## CHAPTER 2

# FAIRTRADE INTERNATIONAL

### > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE			
Developing Countries	✓	Fairtrade International defines the countries in which FLOCERT certifies producers as those countries with low and medium development status. The definition is based on the OECD DAC (Development Assistance Committee) list of recipient countries of Official Development Assistance. The list includes countries with low and middle per capita income as defined by the World Bank <sup>2</sup> .	
OECD Countries	✗		
SPECIFIC REQUIREMENTS			
Organic Certification	✗	Organic certification is not required to be certified Fairtrade. However the standards provide that a specific additional premium must be paid to the producer group in case of organic agriculture production.	
TYPE OF ORGANIZATION			
Producers' Organization	✓	<ul style="list-style-type: none"> <li>■ Fairtrade International developed 3 standards which cover each situation.</li> <li>■ Plantations is limited to some commodities where Plantations are widespread: banana, flowers, tea, fruit&amp;vegetables.</li> <li>■ Contract farming is restricted to: producers of basmati rice or cotton in India, producers of dried fruits and cotton in Pakistan, producers of cocoa in Oceania.</li> </ul>	
Contract Farming	✓		
Plantations	✓		
SUPPLY CHAIN INSPECTION			
Production	✓	Production group must be inspected and certified.	
First Buyers	✓		
Traders	✓	Every operator buying or selling certified products (exporter, processor, intermediate distributor), up to the point where the certified product is in its final packaging for the consumer, must comply with the requirements of the "Trade standard" (traceability and fair trade commitments).	
Brand Owner	✓		
Retailers	✓		
TRACEABILITY REQUIREMENTS			
Physical Traceability*	General rule	✓	Producers always need to have physical traceability. The supply chain may not engage with physical (only documentary) traceability in case of cocoa, tea, cane sugar and fruit juice and FSP cotton.
	Exceptions for: cocoa, tea, cane sugar and fruit juice and FSP cotton	✗	The supply chain may not engage with physical (only documentary) traceability in case of cocoa, tea, cane sugar and fruit juice and FSP cotton. If a producers' organization produces and processes cocoa, cane sugar, juice or tea, and sells them to operators without physical traceability, then physical traceability is not required.
Documentary Traceability		✓	Documentary traceability is required in all cases.

### > RULES REGARDING THE USE OF LABEL ON PRODUCT PACKAGING

#### > PRODUCTS MADE WITH "FAIRTRADE INGREDIENTS"

- Food composite products contain at least (dry weight) 20% of "Fairtrade content".
- All ingredients that can be "Fairtrade certified" (available on the market) should be "Fairtrade" certified.

#### > SINGLE INGREDIENT CERTIFIED PRODUCTS

- Single ingredient products contain a 100% (dry weight) of "Fairtrade" content.
- All ingredients that can be "Fairtrade certified" (available on the market) should be "Fairtrade" certified.



#### > FAIRTRADE SOURCING PROGRAM

##### ■ COCOA AND SUGAR

Food products carrying the Fairtrade Sourcing Programs label are composite products and 100% of the relevant commodity or equivalent volume used in the product is Fairtrade certified.



##### ■ COTTON

Companies can use the Fairtrade Sourcing label on a swing-tag attached to items only if they have sourced enough Fairtrade cotton to cover the equivalent of 100% of that product range or collection. Otherwise, they cannot use the label.

1. The standards analyzed in the following document are the last versions of Contract Production Standard Version 01.05.2011\_v1.2, Compliance Criteria for Contract Production Standard Version 10 Jul 2014; Hired Labour Standard Version 15.01.2014\_v1.0, Compliance Criteria for Hired Labour Standard Version 10 Jul 2014; Small Producer Organizations Version 01.05.2011\_v1.2, Compliance Criteria for Small Producer Organizations Standard Version 10 Jul 2014; Trade Standard Version 01.05.2011\_v1.3, Compliance Criteria for Trade Standard Version 17 April 2014.

2. These guidelines are continuing to evolve.

## &gt; ANALYSIS OF THE LABEL

## ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE *</b>			
✓		★★★	<p>The minimum prices are set by Fairtrade International (after a consultation of all stakeholders) and regularly updated and available online. These minimum prices are the starting point for price negotiations between the producers and the buyer.</p> <p>However, there is no minimum price existing for cane sugar.</p> <p>When the market price for a product is higher than the minimum price, the market price has to be paid.</p>
<b>&gt; PREMIUM FOR GROUP PROJECTS *</b>			
✓		★★★	<p>For each product the premium is set by Fairtrade International and is available online.</p> <p>The payer/conveyor of the fair trade premium must ensure that:</p> <ul style="list-style-type: none"> <li>■ No deductions are made by the producers' organization or plantation's management to premium payments for producers or workers.</li> <li>■ The premium is paid to the collective body in charge of the premium management, and not to the individual members.</li> </ul>
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING *</b>			
✓		★★★	<p>Pre-financing* must be granted by the buyers if requested by the producers' organizations. The maximum is fixed to 60% of the contract value.</p> <p>Interest charges on the pre-financing must not exceed the buyer's cost of borrowing.</p>
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★★★	<p>The main requirement regarding this issue is to focus on a sourcing plan that buyers must provide to producers (or conveyors). Fairtrade International does not require the buyers to commit for a minimum number of years with the certified organizations.</p> <p>The length of this sourcing plan varies according to the product (12 months for sugar or cocoa, 3 months for vegetables and tea).</p>
<b>&gt; TRACEABILITY</b>			
✓		★★★	<p><i>General rule</i></p> <p>Documentary and physical traceability are required.</p> <p>Physical separation between Fairtrade ingredients and non Fairtrade ingredients is compulsory all along the supply chain</p>
⊘		★★★	<p><i>Exceptions for cocoa, tea, cane sugar, fruit juice and FSP cotton</i></p> <p>Fairtrade International offers to apply mass balance* requirements for these products. In other words, if a producers' organization produces and processes cocoa, cane sugar, juice or tea, and sells them to operators without physical traceability, the organization does not need to fulfill physical traceability but the volumes sold as fair trade can not exceed the equivalent volumes produced by its members.</p> <p>Only documentary traceability is required.</p>



STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOR ORGANIZATIONS CONVENTIONS *</b>			
✓		☆☆☆	<p><i>Producers' organization</i></p> <p>The 11 International Labor Organizations conventions are covered by the standards.</p> <p>Production units which employ more than 20 workers has to comply with additional criteria:</p> <ul style="list-style-type: none"> <li>■ Workers' wages are at least equal to legal minimum wage or regional average (depending which one is highest).</li> <li>■ All terminated contracts are controlled in order to check the reason of the termination of the contract (especially to check if the worker was member of a union or workers' organization).</li> <li>■ Workers must be provided with physical payslip.</li> </ul> <p>Requirements regarding health and safety of workers are very precise and go beyond ILO conventions.</p>
✓		☆☆☆	<p><i>Plantations</i></p> <p>Standards and checklists are very precise and deal with all the important topics of the ILO conventions.</p>
✓		☆☆☆	<p><i>Contract Farming</i></p> <p>Only 9 of the 11 ILO conventions are respected and have adequate control points.</p> <p>References to freedom of association and bargaining and health and safety of workers are the ILO conventions not addresses in the control points.</p>
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		☆☆☆	<p><i>Producers' organization</i></p> <p>By the 3<sup>rd</sup> year of certification, the workers are expected to benefit from at least one activity of the fair trade development plan.</p> <p>By the 6<sup>th</sup> year of certification, production units which employ more than 20 workers has to set maternity leaves, social security provisions according to national law.</p>
✓		☆☆☆	<p><i>Plantations</i></p> <p>Upon certification the company has to:</p> <ul style="list-style-type: none"> <li>■ Grant to its workers at least 8 weeks of maternity leave with compensation consistent with national law.</li> <li>■ Provide social security for all workers.</li> </ul> <p>Provide, by the 3<sup>rd</sup> year of certification, a pension scheme.</p>
⊘	N/A	☆☆☆	<p><i>Contract farming</i></p> <p>These standards do not contain such requirements, even if:</p> <ul style="list-style-type: none"> <li>■ By the 6<sup>th</sup> year of certification the producers and the trade partner are expected to improve the labor conditions of workers.</li> <li>■ Workers must benefit from at least one activity of the fair trade development plan.</li> </ul>
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC)</b>			
✓		☆☆☆	<p><i>Contract farming</i></p> <p>All workers must be treated equally. Non-compliance with this requirement can lead to the withdrawal of the certification.</p>

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★★★	<i>Producers' organization</i> The general assembly must be the highest decision-making body. The organization must have elaborate writing rules to be clear on who is a member of the organization. Second and third grade organizations must implement an internal control system which enable them to control compliance with fair trade requirements.
✓		★★★	<i>Plantations</i> A formal legal body (plantation committee) must exist which allows workers to be the sole beneficiaries of the fair trade premium.
✓		★★★☆☆	<i>Contract farming</i> A producers' executive body must be elected by producers. This executive body is the intermediary between the company and the producers and the body in charge of the monitoring of the development premium.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★★★	To be Fairtrade certified, producers' organizations and the companies contracting producers (contract farming) must ensure that at least half of: ■ The members of the organization/members of the collective body are small producers. ■ The volume of each product sold as fair trade per year must be produced by small producers. From the 6 <sup>th</sup> year of certification, the producers' organization identifies disadvantaged minority/minority groups and programs in place to help these groups improve their social and economic position in the organization. Plantations must target marginalized workers.
<b>&gt; CAPACITY BUILDING</b>			
✓		★★★	<i>Producers' organization</i> From the 1 <sup>st</sup> year of certification the producers' organization must implement at least one activity in connection with capacity building of its members. By the 6 <sup>th</sup> year of certification, the producers' organization must implement an internal system to check and analyze the development needs of their members.
✓		★★★	<i>Plantations</i> The company management must provide training to the fair trade premium committee. Training must take place during worktime and must be repeated for each newly elected member. The company is required to give special attention to the empowerment of women.
✓		★★★☆☆	<i>Contract Production</i> The company and the registered producers must develop an organizational development plan (timeline, activities) in a democratic and transparent manner by the 3 <sup>th</sup> year of certification. The objective of this plan is to support the registered producers in organizing in an independent small producer organization.
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
⊘	N/A	★★★	<i>Producers' organization and contract farming</i> These standards do not include requirements related to this issue.
✓		★★★	<i>Plantations</i> The company which manages the plantations must have legal and legitimate right to land use; and must respect the land rights of local and indigenous communities. Fairtrade International require plantation's management team to adopt collaborative approach with local communities.



## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	<i>Producers' organization</i> Every decisions has to be taken in a democratic and transparent manner. A yearly general assembly must be organized. The auditor has to: ■ check minutes, reports, official document and ■ organize interviews with producers.
✓		★ ★ ★	<i>Plantations</i> Each member of the plantation committee must be democratically elected by the workers.
✓		★ ★ ★	<i>Contract Farming</i> The company must guarantee the democratic management of the producer's executive body and help the producers to build an internal control system for democratic participation for future producers' organization.
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	All records, books, minutes and reports must be available to the producers, the workers, the management and the trade partners (on demand). Results from audits must be shared: ■ with workers of the plantations (from the 1 <sup>st</sup> year of certification). ■ with members of the producers' organization (from the 3 <sup>rd</sup> year of certification).
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	<i>Producers' organization</i> Producers must participate in all decisions regarding the management of the organization. The organization must explain to its producers how to participate in the organization, the process for effective collective decision making and best practices for implementation.
✓		★ ★ ★	<i>Plantations</i> The company is required to hold a meeting with elected worker representatives at least every 3 months to discuss issues linked to the management of the plantation. Results of these meetings are documented and must be made available to the workers. The company must implement measures to foster the workers' participation.
✓		★ ★ ★	<i>Contract Farming</i> Producers have to take part in all situations with the contracting company related to fair trade issues. Over time the company or the newly formalized producers' organization must take ongoing measures to promote producers' participation (training, education).
<b>&gt; NON-DISCRIMINATION</b>			
✓		★ ★ ★	Restriction on membership and discriminatory rules are forbidden and can lead to the withdrawal of the certification.

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	<i>Producers' organization</i> A specific body must be elected to manage the premium according to a fair trade development plan approved by the general assembly. Each year, a report regarding the use of the premium must be transmitted to the general assembly. The certified organizations has to implement an accounting system to track the premium.
✓		★ ★ ★	<i>Plantations</i> Workers elect representatives, who constitute the fair trade premium committee. The fair trade premium committee must meet and consult with the workers to understand their needs and discuss project ideas regularly, during working hours, in order to design a fair trade premium plan. Managers of the company actively participate in the fair trade premium committee. The advisors have a nonvoting advisory role but they have the right to block expenditure that would violate rules of fair trade premium.
✓		★ ★ ★	<i>Contract Farming</i> A collective body must be elected by the producers to manage the premium. Every registered producer and every worker can suggest activities. An organizational development plan is desgined to monitor the management of the premium. However, the standards gives the promoting body (i.e the company) an important role in the monitoring of the development premium. Even if the management of the company has no right to vote in the producer executive body, it has an active role in the conception and follow-up of the organizational development plan.

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★ ★ ★	Fairtrade International clearly focuses on national or local legislation for minimal requirements, this is especially the case for water's quality.
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★ ★ ★	Activites of the certified organizations must not jeopardize high conservation value area. Fairtrade International requirements mostly deal with raising producer awareness and continuous improvement on this issue rather than on compelling requirements.
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★ ★ ★	The use of pesticides is allowed but regulated. Prohibited substances are indexed in various lists available online. However, the requirements exposed in the standards are more focused on prevention and awareness raising rather than prohibition.
<b>&gt; BAN ON GMOS</b>			
✓		★ ★ ★	GMOs are banned for Fairtrade certified crops. However, the production groups are allowed to produce GM crops (non certified) if the process is clearly separated from certified crops.



MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ☆
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ☆
CORRECTIVE ACTIONS	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ★
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

- › **Auditors.** Auditors are employees or independent contractors from the independent certification body FLOCERT.
- › **Meetings**
  - A closing and opening must be held during which the auditor explains all non-conformities and discusses them with the management.
  - The control procedure does not contain requirement on the presence of some workers and producers during these meetings.
- › **Documentary Review.** All the necessary documents must be checked.
- › **On-site Inspection.** The initial and the renewal audit always need to take place as an on-site audit.

- › **Producer/Workers Interviews.** Producers and workers must be interviewed.
- › **Frequency.** After the initial certification, the operator starts the first 3-year certification cycle. Usually one physical surveillance audit per cycle is carried out to evaluate continued compliance with compliance criteria valid at the time of the surveillance audit. FLOCERT uses a reduced checklist during surveillance audits to verify that the customer complies with major and core requirements.
- › **Surprise audit.** FLOCERT may organize unforeseen audits.

## SCORING AND RULES

- › **Scoring.** Each criterion is linked to a rank ("major", "core", etc), a year of entry into certification/timeline (1st, 2nd, 3rd, etc. of year of certification) and to a mark (between 0 and 5, 3 is the minimum mark to comply with the requirement):
  - A limited number of compliance criteria are classified as major criteria. Non conformity with a major compliance criterion is considered to be a major threat to the objectives and the reputation of the Fairtrade system, and may lead to a suspension of the certificate.
  - "Core" requirements must be complied with at any time.
  - Development criteria refer to the continuous improvement that certified organizations must demonstrate on average against a scoring system.
  - However Trade standards do not request progress requirements for traders.
- › **Corrective actions.** Compliance, including fulfilment of all non-conformities (NCs) resulting from the initial audit, must be achieved within the regular timeframe of 4 months after confirming corrective measures.
- › **Suspension/Withdrawal of the Certification.** The operator is suspended between 2 and 6 months if:
  - Non-conformities with major compliance criteria identified during the audit or reported to FLOCERT.
  - The certified organization did not propose appropriate corrective measures within the defined timeframe. In these cases the organization will be given 5 months as of the suspension to demonstrate that the non-conformities leading to the suspension have been corrected.
 The certification is withdrawn if:
  - Corrective measures were not submitted to FLOCERT within the defined timeframe after suspension.
  - An organization may be decertified without prior suspension if the same major non-conformity is identified in 3 consecutive audits.

## CERTIFICATION COSTS AND ANNUAL FEES

- › **Transparency.** Certification costs:
  - Are available on line and depend on the nature of the organization (producers' organization, plantations, etc.)
  - Depend on: the number of members of the producers' organization, the number of certified products, the number of subcontracted entities, etc.
  - Initial costs are paid prior to the initial audit. Then costs are paid annually for surveillance audits. Brand owner has to pay annual trade mark fees.
- › **Financial Assistance.** The certified organization can ask for financial assistance (twice).

## PROCEDURES

› **Complaints, Appeals and Allegation Procedures.** All FLOCERT operators have the right to appeal against any certification decision or request a review of any evaluation decision. The right to place an appeal or review lapses 30 calendar days after receipt of the certification decision or evaluation decision. Complaints relate to the manner in which FLOCERT provides service. The Quality Management Representative is responsible for the investigation of all complaints and for replying within 30 working days from the day of receipt of the complaint.

## SUMMARY

Fairtrade International is the oldest, best known and main fair trade label, which represents approximately 80% of the certified fair trade sales in the world.

Despite the development of new labels, it remains the primary actor in the sector. Fairtrade International acts as the primary point of reference (many fair trade labels referring to Fairtrade minimum prices for basis).

This is one of the few fair trade labels, with WFTO, that relies on a network of volunteers to support advocacy and awareness-raising of citizens and consumers and develops the three pillars of the approach.

The launch of a new strategic framework 2013-2015, "Unlocking the power of the Many identifies the main axes of development for Fairtrade International.

On one hand, "Unlocking the power of the Many" aims at strengthening the services dedicated to supporting producers, in order to ensure the continuous capacity

building which is cornerstone of development of rural communities in Southern countries. On the other hand, Fairtrade International opened its label to a new business model, the Fairtrade Sourcing Program (FSP). The launch of the FSP for cocoa, cotton and sugar in 2014 is expected to meet this goal by allowing companies to use an "ingredient label" on multi-ingredient products sourced with only one "Fairtrade certified" ingredient. By modifying the historical rule that "all ingredients that can be Fairtrade certified, must be," and allowing multinationals to be certified, the FSP has been a new source of many controversial debates both inside and outside the fair trade sector in many countries. For Fairtrade International, dissemination of positive impact from fair trade certification to a broader number of producers is expected to come automatically from increasing the volumes of fair trade sales and they are searching for including new economic actors to achieve this scaling-up. According to others, the FSP makes certification available to new actors at a lower cost and

with less impact on the development of communities.

In parallel to other major changes experienced in the last years (like the departure of Fair Trade USA from the Fairtrade International system and the development of the SPP label), Fairtrade International focused in 2010 on improving its governance by including producer representatives in all decision-making bodies (50%). Even if this evolution is symbolic and positive, decision-making processes often take time and are quite heavy: updating guaranteed minimum prices based on reports of changing production costs can still be considered too infrequently.

The central issues that the Fairtrade system must now address are what agricultural model to promote and how to balance two different logics within the same certification system. For its part, Fairtrade International recognizes that small producers sometimes suffer unfair competition within the system and promises to develop strategies to minimize this risk.

### › MAIN INFORMATION ABOUT FAIR TRADE USA



### › CONTACT

Fair Trade USA, 1500 Broadway, Suite 400, Oakland,  
California 94612 USA  
Phone: 1-510-663-5260  
Fax: 1-510-663-5264  
<http://fairtradeusa.org>

### › STANDARD OWNER

Fair Trade USA (FTUSA) is a US-based non-profit that has created this label. FTUSA provides education about fair trade, creates standards, and approves licensees. Fair Trade USA owns their own standard for home goods and apparel, plantations, and independent smallholders, but continues to use the Fairtrade International standard for organized small holders that they helped develop when they were part of that system. However, they no longer pay into the Fairtrade International system, either membership fees or to cover certification costs.

### › HISTORY

Fair Trade USA (formally Transfair USA) started in 1998 as a 501(c)3 organization based in the US as the labeling initiative of Fairtrade International (formerly Fairtrade Labeling Organization). As of January 1, 2012 Fair Trade USA left the international Fairtrade International system. At the time they left their stated reason for leaving Fairtrade International was to expand the boundaries of fair trade through their Fair Trade for All Initiative in which they planned to double the impact of fair trade by expanding eligible farms to include more estates/plantations and more small-scale farmers that are not organized into co-ops. Fairtrade International restricts eligibility of both to certain crops or sectors. Fair Trade USA announced plans to open up eligibility to all, notably coffee plantations and unorganized coffee smallholders. After the split, they created their own plantations, independent farmer standards, trade standard, and apparel and home good standards.

There has been a huge amount of controversy around Fair Trade USA within the movement around their name change from Transfair USA to Fair Trade USA, leaving the Fairtrade International system, and implementing their Fair Trade For All initiative.

Both their plantations standards and their independent farmer (contract) standards are similar to FLO's for both situations, but they have opened eligibility to new areas, notably coffee, which is restricted to small-scale organized producers in the Fairtrade International system.

### › CERTIFICATION BODY\*

FTUSA works with SCS Global Services to conduct audits. SCS is a for-profit certifier based in California, USA that certifies for a number of standards in areas including food safety and pesticide residue free, organic, sustainable forestry, carbon offsets, and others. SCS also manages the third-party verification process for Starbucks suppliers using their in-house CAFÉ Standards for ethical coffee sourcing.

### PROMOTION AND AWARENESS-RAISING/ADVOCACY\*

Fair Trade USA considers consumer education as part of its mission. They have identified October as Fair Trade Month in the US and their promotional activities, along with partners, during that month reach and estimated 150 million people in 2014. Their other educational campaign is around Mother's Day.

## > GOVERNING BODY AND PARTICIPATION

- Fair Trade USA has its own governing body separate from that of Fairtrade International.
- Fair Trade USA has a Senior Management Team, Board of Directors and Advisory Council.
- The Board has no rules about constitution. The Advisor Council is largely comprised of business specialists.
- Senior Management Team approves the draft and final versions of new standards. An Advisory Committee will review stakeholder feedback, discuss core strategic issues, and make recommendations to the Standards Team and the Senior Management Team on the content of the draft and final standard.
- New standards and any revisions require a public Project Plan which includes: the objective and rationale of the need for the new standard or revision, a summary of the activities and steps to be taken, with an approximate timeline, decision-making procedures and responsibilities, contact information to engage consultation.
- Fair Trade USA recognizes as equivalent the FLO-cert certification for all producers selling to FTUSA buyers and relies on FLO-cert certification exclusively for their organized smallholder standards.
- All standards are reviewed every 5 years.

## > EQUIVALENCE AND RECOGNITION

Fair Trade USA recognizes Fairtrade International as equivalent.

*Fair Trade USA did not provide the necessary statistics to present information on geographical distribution, types of product, or structure of certified entities.*

## > RULES REGARDING THE USE OF LABEL ON PRODUCT PACKAGING

### > FRONT PANEL LABEL

- Composite products must contain 20% or more certified ingredients.
- All coffee, tea, cocoa, and quinoa included must be certified if included.
- If not all ingredients are certified, a label specifying “ingredients” or the specific ingredient (e.g. “tea”) may be used.
- The percentage of certified ingredients must be indicated on the back.

### > INGREDIENT INDICATOR

If product contains less than 20% certified ingredients, the words Fair Trade Certified (ingredient) can be anywhere on the packaging, but the logo cannot be used.

### > APPAREL AND HOME GOODS

For apparel and home goods, there are three options.

- 1. If only the cotton is certified there cotton is indicated on the label.
- 2. If only the cut and sew factory is certified, the label is Fair Trade Factory or Fair Trade Sewing
- 3. If both cotton and cut and sew factory is certified, the full label may be used, even if intermediary stages are not certified.



## CHAPTER 2

# FAIR TRADE USA

### > ELIGIBILITY CONDITIONS<sup>1</sup>

#### GEOGRAPHICAL SCOPE

<b>Developing countries</b>	✓	Fair Trade USA's historical focus has been on developing countries and products come from 70 such countries around the world. In 2009 Fair Trade USA started an exploration of what fair trade in the Global North would mean and in 2014 certified a bell pepper farm in Canada with more than 100 workers and with this launched expansion into Global North. Fair Trade USA does not publish a definition for what it considers a developing country.
<b>OECD countries</b>	✓	

#### SPECIFIC REQUIREMENTS

<b>Organic certification</b>	✓	Organic certification is not a required prerequisite. Fair Trade USA distinguishes between organic and conventional when setting minimum prices and the fair trade premium. It is often, but not always, the case that the fair trade minimum price or the separate fair trade premium is higher for organic.
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#### TYPE OF ORGANIZATION

<b>Producers' organizations*</b>	✓	FTUSA does not have independent standards for organized smallholders but recognizes Fairtrade International standards. Under their Fair Trade For All initiative, Fair Trade USA has made independent smallholders and plantations in any crop eligible for participation Smallholder organizations are defined as having at least 50% producers meeting the small-scale producer definition for Fair Trade USA. There are two different definitions, one for labor-intensive crops and one for less intensive.
<b>Contract farming*</b>	✓	FTUSA elaborated its own standard. Smallholders not organized must have a Market Access Partner and must by year 6 have an organization that directly represents them. The Market Access Partner is another organization that represents the interests of the farmers and takes on the same responsibilities that a producer organization co-op would, for example holds the fair trade certificate. Within six years, the smallholders must create their own producers' organization to perform these functions and independently represent smallholders, but the organization does not necessarily need to perform the same functions as a producer co-op such as internal control systems or sales and production and therefore may not qualify the group of producers for the Fair Trade Standards for producers' organizations.
<b>Plantations</b>	✓	For Plantations, FTUSA has separate standards for farm labor and apparel factories. The farm hired labor standards have been applied to Global North production.

#### SUPPLY CHAIN INSPECTION

All entities involved in the production, processing, manufacturing, and handling of the product must be certified by or registered with Fair Trade USA.

#### TRACEABILITY REQUIREMENTS

<b>Physical traceability</b>	<b>General rule</b>	✓	Physical traceability is required.
	<b>Cocoa, sugar, tea, and fruit juice and apparel and home goods</b>	⊘	Physical traceability is voluntary for these products and mass balance is allowed for food products listed here.
<b>Documentary traceability</b>		✓	Documentary traceability is required.

<sup>1</sup>The standards analyzed in this document are: Trade Standard Version 1.0 2013; Compliance Criteria for Trade Standard Version 1.0 Jan 2014; Independent Smallholder Standard and Compliance Criteria Version 1.1; Farmworker Standard and Compliance Criteria version 1.1 2014; Apparel and Homegoods Standard 1.1. Oct 2013 and checklist; certification manual v1-0 and v2.

## &gt; ANALYSIS OF THE LABEL

## ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE*</b>			
✓		★★★	<i>Producers</i> The trade checklist provides several detailed criteria for how price is calculated and documents such as contracts and invoices that should hold information. Minimum prices are set for most products. The relevant market rate is used if no price is set or if it is higher than the minimum fair trade price.
✓		★★★☆☆	<i>Fair compensation for workers (independent smallholders)</i> The independent smallholder checklist has criteria for paying legal minimum or regional average wages (whichever is higher) and that where there are a significant number of employees pay slips are required. The checklist also specifies that meetings should be held to discuss improving wages after year 3. The certification body may verify via worker interviews, observation, meeting minutes, or training materials. There is a requirement to work toward living wages but not to pay them. Some requirements are waived where there are not a significant number of employees, which is a determination left to the discretion of the auditor to balance the needs of protecting workers while not causing unnecessary administrative burden. Generally more than five permanent workers or 20 workers at any one time is considered significant but a final determination is made on a case by case basis considering the work and the location.
✓		★★★☆☆	<i>Fair compensation to workers (plantations standards)</i> The factory and plantations checklists cover wages including requirement to pay legal minimum wages and that written policies must cover how wages work and contracts should be checked. Living wages are not a requirement.
<b>&gt; PREMIUM FOR GROUP PROJECTS*</b>			
✓		★★★☆☆	All relevant checklists have criteria for calculating premiums, documenting them in contracts and purchase and sales documents, and democratically determining use of premium for groups projects. This is verified through a triangulation method that considers observation, interviews, and written materials. Fair Trade USA sets minimum premiums and keeps a list on their website. The apparel premium varies and is tied to whether workers are paid a living wage.
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING</b>			
✓		★★★	Buyers need to make up to 60% pre-financing available to producers if requested and unless the trader can prove high risk of non-repayment. Terms are verified by review of documentation.
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★★★☆☆	Long-term commitment from buyers is not significantly covered or identified as goal. There are some indirect criteria in contract requirements.
<b>&gt; TRACEABILITY</b>			
✓		★★★	<i>General rule</i> Physical traceability is voluntary for these products and mass balance* is allowed for food products listed here.
✓		★★★☆☆	<i>Cocoa, sugar, tea, and fruit juice and apparel and home goods</i> For apparel and home good factories, no traceability is required prior to the final factory.

## SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOR ORGANIZATION CONVENTIONS *</b>			
✓		☆☆☆	Documented policies and/or records are specified for some relevant criteria, but not all and little guidance is given for monitoring compliance. Generally these are identified and monitored, but not all relevant criteria are marked as major requirements or required in first year. Tribal and indigenous people's conventions are identified as relevant with no apparent criteria.
<b>&gt; ADDITIONAL SOCIAL BENEFITS</b>			
✓		☆☆☆	FTUSA includes additional benefits in checklist including increasing maternity leave and other time off. Most are not identified as major and/or do not start in year 1.
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		☆☆☆	<i>Contract farming</i> For contract production, there are no additional benefits specified beyond that discrimination should not take place and that disadvantaged producers should be considered in program needs. There are no comparable criteria for maternity leave or seasonal or migrant workers to the criteria for plantations.
✓		☆☆☆	<i>Plantations</i> This is quite strong for plantations including maternity leave for mothers and equal pay for seasonal and migrant workers.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		☆☆☆	FTUSA has an independent smallholder standard program that does not require producers to be organized in a democratic structure and allows for management by an outside partner organization for up to six years. In plantations standards including those for factories, collective organization is not required.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		☆☆☆	There are different standards for different groups of implicitly marginalized groups, but defining marginalized producers and workers is not very specific. Specific requirements in other standards are lacking.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; CAPACITY BUILDING</b>			
✓		★★★	This is included in a “fair trade plan” for independent smallholders and trainings are required in the checklist. The independent smallholder standards require by year 3 that Market Access Partner must have a program to improve position of those producers who come from marginalized or disadvantaged groups.
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★★★	Rights of indigenous people are referenced as relevant ILO convention but no specific criteria are applied in checklists.
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★★★	The democratic decision-making within smallholder organizations is not well-developed. The only immediate requirement is a “fair trade committee” that manages the premium. The fair trade committee is a committee of smallholders democratically elected from among all the smallholders and in turn represent the collective interests of smallholders. By year 6 an organization that represents smallholders must have a democratically elected board.
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★★★	Transparent information on the operation of the fair trade committee is well-developed, but transparency of the overall management of the organization is not well checked. The fair trade plan and financial reporting must be documented in writing.
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★★★	All independent smallholders elect a representative to the “fair trade committee” and eventually elect a board of representative for the producers' organization but there are no requirements for participation in overall management especially before year 6 of Market Access Partner management. There is no participation outside of the fair trade committee required by any plantation standards.
<b>&gt; NON-DISCRIMINATION</b>			
✓		★★★	Non-discrimination is included in checklists but with no guidance or sources with which to verify in most cases with the exception of the requirement of a written policy in the apparel standard.
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★★★	The democratic management of the premium is well-documented and requires a fair trade plan.



## CHAPTER 2

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY		COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>				
✓		☆☆☆	<i>Contract farming</i>	No requirements for first year are included.
✓		☆☆☆	<i>Plantations</i>	Environmental standards are well developed for the plantations standard. Environmental standards are not specific in the apparel factory standards. Fair trade plan should cover major points.
<b>&gt; PROTECTION OF BIODIVERSITY</b>				
✓		☆☆☆	<i>Contract farming</i>	Standards are included but requirements not applicable until year 3 or 6 for independent smallholders
✓		☆☆☆	<i>Plantations</i>	Criteria are included for plantations standards with limited guidance.
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>				
✓		☆☆☆		Hazardous substance standards are included but with a higher emphasis on protecting workers from hazardous substances than on prohibition.
<b>&gt; BAN ON GMOS</b>				
✓		☆☆☆		Hazardous substance standards are included but with a higher emphasis on protecting workers from hazardous substances than on prohibition.

### AUDITS

- › **Auditors.** Auditors are selected by the certification body (SCS) based on auditors' experience and at certifier's discretion. There is no requirement that the certifiers are local.
- › **Meeting.** There is an opening meeting to discuss scope attended by management representatives, worker representatives and individuals responsible for the functions being audited.
- › **Documentary review.** Documents are reviewed including contracts, employment records, internal policies
- › **On-site inspection.** The on-site inspection includes an opening meeting, document review, worker interviews, and observation.

- › **Producer/workers interviews.** Interviews are conducted with a "representative sample" of producers and workers.
- › **Frequency of on-site inspection.**
  - Audits are annual.
  - There is a full audit every three years and surveillance audits every other years.
  - Surveillance audits look only at previous non-compliance and additional requirements and may be conducted as desk audit if there were no previous non-compliance issues.
- › **Surprise audit.** Unforeseen audits are regularly organized to control "risky" organizations.

MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY OF ON-SITE INSPECTION	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE MEASURES	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
CERTIFICATION COSTS	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ★
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## SCORING AND RULES

- › **Scoring.** All major criteria must be fulfilled and - Additional criteria are established for subsequent years through year 6.
- › **Corrective measures .** A corrective action plan developed within 30 days to address non-compliance with other criteria.
- › **Suspension/withdrawal of the certification**
  - A six month suspension may be issued due to non-compliance of major criteria or unsatisfactory response to non-compliance of other criteria according to the plan and agreed upon timeframe (generally 30 days).
  - During audits in years 3 and 6, result of significant findings leads to the expiration of certificate rather than suspension. Re-application would be necessary in that case.
  - Sales are restricted during suspension including no signing of new contracts.
  - If certified, a plan for reinstatement is also issued.

## CERTIFICATION COSTS AND ANNUAL FEES

### › Certification costs.

- Costs are based on published fee schedule that depends on how many days certification takes.
- An estimate is sent upon application and 50% of estimate to be paid up front with remaining paid after audit (including actual expenses) but before decision made

› **Financial assistance.** Fair Trade USA does not provide for financial assistance to certification.

## PROCEDURES

› **Complaints, appeals and allegation procedures.** There is a clear complaint process established.

## SUMMARY

The label developed by Fair Trade USA is born in 2012 from a split-off with the historical Fairtrade International mainly provoked by the will of Fair Trade USA to expand the boundaries of fair trade through their Fair Trade for All Initiative. Fair Trade USA planned to double the impact of fair trade by expanding the eligible farms to include more estates/plantations and more small-scale farmers that are not organized into co-ops.

This label has strong economic criteria for smallholders including all historically important criteria such as price, premium, and financing. They are weaker in aspects of social criteria, governance, and environment, for example, no requirement for democratic organization of farmer association in early years and no requirements for harmful effects on environment for initial certification. Within these areas, they are stronger where it relates to economic impacts, for example requiring democratic management of premium for group projects.

Fair Trade USA also has a relatively weak threshold for use of label, requiring just 20% certified ingredients for use of a front panel seal, comparable to the low threshold of Fairtrade International, but without the policy that all available ingredients must be used in certified form.

Fair Trade USA's biggest weakness is lack of stakeholder accountability through governance structure which has led them to apply their standards to controversial situations such as apparel factories and coffee plantations.

### > MAIN INFORMATION ABOUT FOREST GARDEN PRODUCTS



#### > CONTACT

International Analog Forestry Network (IAFN)  
 Apdo. 512-2050, San José, Costa Rica  
 Phone: +506 2248 4500  
[info@analogforestry.org](mailto:info@analogforestry.org) / [www.analogforestry.org](http://www.analogforestry.org)

#### > STANDARD OWNER

International Analog Forestry Network (IAFN)

### ISO 17065 ACCREDITED

#### PROMOTION AND AWARENESS RAISING/ADVOCACY

FGP label does not encourage certified organizations to implement fair trade promotion activities. However some of them do it in practice, it is the case of Guayapi Tropical.

#### > HISTORY

Originally designed by Dr. Ranil Senanayake, founder of Forest Garden Product IC (Inspection and Certification); the standard is managed by the IAFN (International Analog Forestry Network), a network of 30 organizations invested with safeguarding the principle of the analog forestry system. Created in 1996, the network promotes the exchange of knowledge and experience among its members.

Realizing the impacts of deforestation and soil degradation, Dr. Ranil Senanayake, an ecologist from Sri Lanka, set up a model of a highly sustainable system, similar to the forest culture itself. This particularly model of agroforestry aims at encouraging the restoration of deforested and degraded areas by offering the forest populations new sources of income, food and other basic needs. This method of cultivation has the purpose to conserve water and soil, the controlling of pests, and increase in biodiversity and the restoration of the cycle of nutrients.

#### > CERTIFICATION BODY

Forest Garden Products Inspection and Certification (PVT) LDT (1987) is the accredited certifier of products and is ISO 65 by SLAB (Sri Lankan Accreditation Board) since December 22, 2010.

#### > GOVERNING BODY AND PARTICIPATION

The IAFN has formed a commission of experts, who are also part of the Directorate, and who verify periodically that the standard is being put into practice according to the principles of Analog Forestry production systems. The commission is appointed on the basis of merit and is led by its current chair, Grover Stock, and Dr. Ranil Senanayake.

#### > EQUIVALENCE AND RECOGNITION

Forest Garden Products does not recognize any other label as equivalent.

#### > RULES REGARDING THE USE OF THE LABEL ON PRODUCT PACKAGING

##### > DRY PRODUCTS

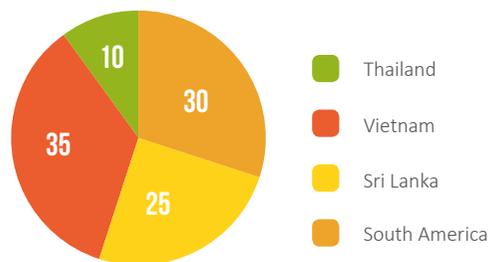
100% of the gross weight must be fair trade and from organic farming.

##### > COMPOSITE PRODUCTS

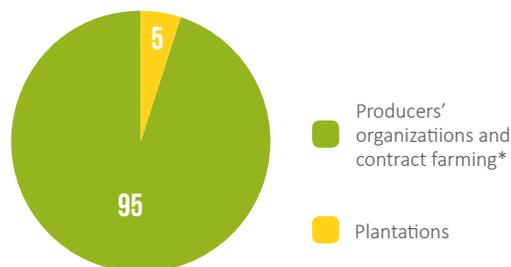
The certified products must be clearly identified in the ingredient list but the label does not provide for a minimum percentage (of certified ingredients) required to use the label.



**GEOGRAPHICAL DISTRIBUTION OF PRODUCERS BY CONTINENT (%)**



**TPOLOGY OF THE CERTIFIED ORGANIZATIONS (%)**



\* Data provided by FGP-IC mixes both categories.

## > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
Developing countries	✓	Forest Garden products are directed towards developing countries, mainly poorer agricultural oriented countries. Forest Garden Products do not publish a definition for what it considers a developing country.
OECD countries	✗	
SPECIFIC REQUIREMENTS		
Organic certification	✓	Organic Certification as per EU Regulation 834/2008 and 889/2009 is the base requirement for FGP certification.
TYPE OF ORGANIZATION		
Producers' organizations	✓	FGP certification applies to: producers' organization, contract farming and Plantations. The farm size determines whether the applicant is a small producer (below 20 ha) or an individual corporate producer (above 20 ha). This is the same rule as the one established by the EU Regulation for organic agriculture. Contrary to other labels, contract farming is not restricted to some products in specific geographical zones.
Contract farming*	✓	
Plantations	✓	
SUPPLY CHAIN INSPECTION		
Production	✓	Production groups are inspected and certified.
First buyers	✓	They are not FGP certified. FGP certification supply chain is limited to the routing traceability of processed exported products back to the farm origin.
Traders	✓	
Brand owner	✓	
Retailers	✓	
TRACEABILITY REQUIREMENTS		
Physical traceability*	✓	Physical traceability is required.
Documentary traceability	✓	Documentary traceability is required.

1. The standards analyzed in the following pages are: Version April, 2014 of FGP Standards ; Version of January, 2011 of the Control checklists (FGP-IC)

## > ANALYSIS OF THE LABEL

### ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE</b>			
✓		☆☆☆	FGP standards explicitly mentions the fair price* as a price that covers the production costs and fundamental needs, and generates margin that gives the producers the opportunity to realize investments. Prices have to be proposed and established (negotiation with the buyers) by the producers and must be 5% higher than the price of the product on the conventional market. The control checklists do not contain any criterion or indicator designed to evaluate the fair price setting process. However the auditor must fill a section with its observations on the “economic benefits” from fair trade activities.
<b>&gt; PREMIUM FOR GROUP PROJECTS</b>			
✓		☆☆☆	A premium* must be paid by the buyer. The premium is directly integrated into the calculation of the fair price.
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING</b>			
⊘	N/A	☆☆☆	FGP does not require the buyers to provide pre-financing* to producers.
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
⊘	N/A	☆☆☆	Neither the standard nor the checklists mention such commitment from the buyers.
<b>&gt; TRACEABILITY</b>			
✓		☆☆☆	Traceability must be assured throughout the supply chain and certified products separated from non-certified products.

## SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOUR ORGANIZATION CONVENTIONS *</b>			
✓		★ ★ ★	FGP standards contain a detailed monitoring system to control the implementation of the ILO conventions.
<b>&gt; ADDITIONAL SOCIAL BENEFITS: POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		★ ★ ★	FGP label requires certified organizations to respect national laws in terms of additional social benefits. Nevertheless, if national laws do not cover maternity leave, the certified organizations have to grant a 16 weeks minimum maternity leave to employees, with maintenance of salary. Moreover FGP has elaborated specific criteria for organizations that have more than 50 employees. In these situations, the operator has to implement educational programs and capacity building of employees.
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		★ ★ ★	FGP standards insist on gender equality. The operator (company, farm) is expected to: <ul style="list-style-type: none"> <li>■ Elaborate an equity plan in order to promote women workers as well as traditionally discriminated groups.</li> <li>■ Create a plan to combat and prevent sexual harassment.</li> </ul> However, the control checklists do not contain compliance criteria linked to this issue beyond the control criteria dedicated to discrimination.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★ ★ ★	<i>Producers' organization</i> The producers' organization must implement an internal control system in which legal status and structure are available.
⊘	N/A	★ ★ ★	<i>Contract farming and plantations</i> Unlike other labels dealing with contract farming, FGP does not require individual producers to gather in an intermediary committee responsible for relationships with the contracting company.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	Most of the members of the organizations are expected to be smallholders (farm size below than 20 hectares).



## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; CAPACITY BUILDING</b>			
✓		★ ★ ★	<i>Producers' organization</i> To strengthen the capacity of producers, technical training must be offered on various topics such as optimization of the analog forest, organic farming or livestock.
✓		★ ★ ★	<i>Contract farming</i> The previous measures listed above have to be implemented. However, the FGP standard does not require the individual producers to establish an independent organization in the medium term.
✓		★ ★ ★	<i>Plantations</i> Organizations employing more than 50 workers have to set up trainings and educational programs.
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	FGP label has created specific measures to enable indigenous peoples to benefit from certification. They receive special help and support for the creation of the work plan of their organization. Moreover critical measures allow the requirements to be less challenging during a set period of time, until the capacity building plan for indigenous people's has been developed.
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
⊘	N/A	★ ★ ★	FGP mostly focuses on the management of the premium and do not mention other aspects of the management of the producers' organization.
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	The producers' organizations must develop an internal control system (ICS) in order to monitor the implementation of FGP requirements. This standard and the ICS must be known by all the producers/workers. The management of the producers' organization must provide transparent information on pricing to its members.
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	The producers' organization must present to the auditor a document in which rights and obligations of group members are listed in a language understandable to the producers. Organizations employing more than 50 workers have develop together with the workers or their representatives all the rules related to safety and hygiene conditions on the workplace. FGP standard does not mention other measures to foster producers' participation over time.

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; NON-DISCRIMINATION</b>			
✓		★★★	Interview sessions with workers during the audits must ensure that no discrimination practices are implemented.
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS<sup>3</sup></b>			
✓		★★★	<i>Producers' organization</i> The premium has to be democratically administered and its use must concern topics of general interest. The FGP certification system expects the monitoring of the premium for group projects to be as independent as possible from the commercial partners of the producers' organization. However, these requirements are not included in the control checklists.
✓		★★★	<i>Contract farming and Hired labor</i> The premium has to be democratically administered and its use must concern topics of general interest. No specific criteria have been created to check the use of the premium for group projects in contract farming and plantations.

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★★★	FGP standard encourages the reduction of carbon footprint by the cultivation of plants for carbon sequestration. Numerous analysis of soil, animal and plant biodiversity are planned to control the evolution of all criteria. The certified body must implement procedures to minimize waste water.
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★★★	Beyond the prohibition of the use of pesticides and chemical fertilizers, FGP standard requires sustainable management and restoration of the original ecosystem. The fertility and the biological activity of the soil must be maintained/increased by cultivation of legumes or deep-rooting plants. FGP standard encourages crop-rotation protection against natural enemies or pests through provisions favorable to them (hedges, nesting sites).
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★★★	Usage of non-organic substances is restricted to specific products identified by FGP and is only possible in cases of immediate threat to the crop and submitted for approval to the certification body. FGP guarantee scheme controls the use of pesticides according to a hierarchy of practices: prevention and then physical, mechanical and biological methods, and in last resort use of pesticides.
<b>&gt; BAN ON GMOS</b>			
✓		★★★	GMOs* are banned.



MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE MEASURES	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ★
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

- › **Auditors.** FGP certification body is based in Sri Lanka and has an international body of inspectors in India, Philippines and Latin America.
- › **Meetings**
  - An opening meeting must be planned during the on-site inspection. The auditors have to present the methodology of the evaluation and provide an evaluation plan. A closing meeting must be planned and needs to include a presentation of the results of the evaluation and of the non-compliances identified.
  - Workers and producers’ representatives are allowed to attend these meetings if they want to.
- › **Documentary review.** The review must include paperwork, book keeping, status and all documents linked to fair trade activities.
- › **On-site inspection.** The auditor(s) must organize a very complete site tour of the employment site in order to verify health and safety aspects, physical working conditions and implementation of procedures
- › **Producer/workers interviews.** All concerned producers and workers must be interviewed but FGP has not elaborated clear guidelines yet.
- › **Frequency.** Full audits are carried out annually.
- › **Surprise audits.** The certification body may organize an unforeseen on-site inspection if necessary.

## SCORING AND RULES

- › **Scoring**
  - FGP scoring is based on a “yes/no” system to control compliance with the standard. FGP does not provide for progressive scoring.
  - FGP label identifies 2 types of criteria:
    - The non-conformity rank 1: The operator has to comply with these requirements to get the certification.
    - The non-conformity rank 2: These criteria are still core criteria but less determinant.
- › **Corrective measures.** In the event of a non-conformity recorded, the certification body has to organize a follow up before the FGP certification is issued. However the standard does not specify a set time limit for the implementation of these measures.
- › **Suspension/withdrawal of the certification.** No policy or guidelines have been elaborated yet.

## CERTIFICATION COSTS AND ANNUAL FEES

### > Transparency

- Inspection and certification costs are not advertised. They are communicated when requested. An offer is sent when an application is received. The cost is a fixed cost based on an inspection & certification day.
- Annual fees are not levied.

> **Financial assistance.** FGP does not provide financial assistance to certification.

## PROCEDURES

### > Complaints, Appeals And Allegation Procedures

- Any complaints can be directed in the first instance to the certification body, FGP-IC by filling out a specific document available on demand.
- In the event of serious complaints that are not dealt with in a satisfactory manner by FGP-IC, the complainant can direct their complaints to the standard-holder, IAFN, through email, phone or postal contacts, which are freely accessible online (<http://www.analogforestry.org/contact-us/>). However the complaints procedures is not formalized in this case.

## SUMMARY

Label from a Southern country (Sri Lanka), Forest Garden Products focuses on organic agriculture and biodiversity regeneration.

A label of excellence in the field of environmental issues, FGP has gradually been integrating new requirements on production (compliance with the ILO conventions) and trade commitment (references to a fair price or premium for group projects). However these positive changes do not really remove the ambiguity on the ambitions of the

label on fair trade. Indeed, the monitoring sometimes lacks accuracy and some fundamental criteria that are distinctive features of fair trade relationship (pre-financing and long-term commitment from buyers) are not included in the standard. Moreover, FGP website makes no reference to fair trade.

In terms of the logo, it is regrettable that the label can be affixed to a product regardless of the percentage of certified ingredients.

The label FGP is not yet a guarantee of fair trade as defined by the movement. Its partnership with the company Guayapi Tropical may strengthen the economic criteria of the label.

### › MAIN INFORMATION ABOUT NATURLAND FAIR



#### › CONTACT

Naturland Association for Organic Agriculture  
 Kleinhaderner Weg 1- 82166 Gräfelfing, Allemagne  
 Phone: +49 (0) 89-89 80 82-0  
 naturland@naturland.de - www.naturland.de

#### › STANDARD OWNER

Naturland e.V. is the standard owner of the Naturland Fair

#### › CERTIFICATION BODY

Naturland as the certification body

**ACCREDITED BY THE IOAS  
 ACCORDING TO ISO 17065**

#### › HISTORY

A pioneer in the German organic sector in the 1980s, Naturland is now an international association active in many areas: sustainable forest management, sustainable fishing, cosmetics, and textiles. Based on the three pillars of sustainability - agriculture, social interaction and fair relationship, the label "Naturland Fair" was launched in 2010. It is optional for companies already using the organic label "Naturland".

The association Naturland includes 43,000 farmers, ca. 270 000 ha and about 100 cooperatives engaged in organic farming in Germany and around the world. It develops frameworks, organizes the certification audits and carries out advocacy activities.

#### › GOVERNING BODY AND PARTICIPATION

- Every member of Naturland association is involved in decision making. Only farmers can become members, while processors or trader enter into a non-voting Naturland partnership.
- The general assembly gathers all Naturland members and indirectly controls the standards elaboration by nominating a guidelines committee, which proposes standard amendments, and an approval committee, which validates the changes.
- Certification and thus the decision as to whether a farmer or enterprise is entitled to sell products with a reference to production in conformity with Naturland's standards is the responsibility of Naturland's certification committee. The certification committee comprises of up to 20 members from various professions (such as the sciences and research, production, processing and

consumer protection). The intention is to have various professional and social spheres represented, besides the requisite experts in the field of organic agriculture and processing and fair trade.

- Naturland Association is not a member of the ISEAL Alliance.

#### › EQUIVALENCE AND RECOGNITION

Naturland does not recognize other labels as equivalent.

#### › RULES REGARDING USE OF LABEL ON PRODUCT PACKAGING

##### › PRODUCT CERTIFICATION

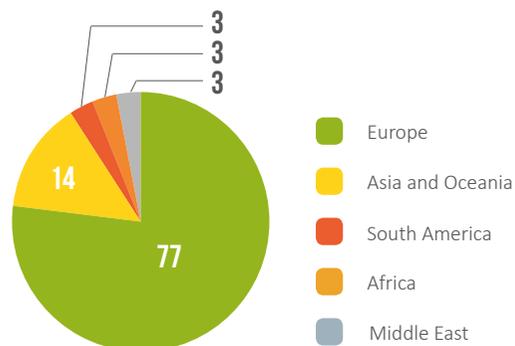
- A product can be certified "Naturland Fair" as soon as the proportion of raw materials from fair trade sources exceeds 50% (dry weight) of the product and the remaining raw materials can be proven not to be available in fair trade form.
- In this case the logo is used to label the products.



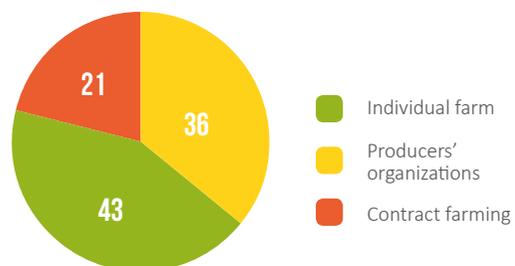
#### PROMOTION AND AWARENESS-RAISING ADVOCACY

Naturland Association is involved in consumer protection activities and awareness-raising on environmental issues. Naturland expects its members to show real social commitment (educational and health programs funding, etc.).

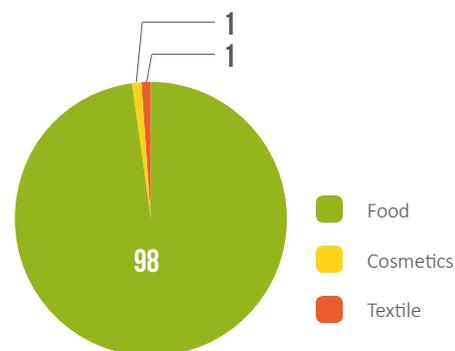
**GEOGRAPHICAL DISTRIBUTION OF PRODUCERS BY CONTINENT (%)**



**TPOLOGY OF THE CERTIFIED ORGANIZATIONS (%)**



**DISTRIBUTION OF SALES (%)**



## > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
<b>Developing Countries</b>	✓	The label applies to production sectors and organizations located in both southern and northern countries.
<b>OECD Countries</b>	✓	In order to define which southern countries are eligible Naturland bases its criteria on the Development Aid Committee list to determine the countries eligible for its certification. They are producers from “economically disadvantaged regions”.  For northern countries, Naturland states OECD member countries as reference.
SPECIFIC REQUIREMENTS		
<b>Organic Certification</b>	✓	To be eligible for Naturland Fair certification, every organization has to comply with the requirements of the Naturland label, including: ■ Compliance with organic farming requirements (full farm conversion)
<b>Social Responsibility</b>	✓	■ Compliance with “Social Responsibility” standards
TYPE OF ORGANIZATION		
<b>Producers' Organizations</b>	✓	Naturland certification is open to producers' organizations (with or without processing plants), individual producers and plantations.
<b>Contract Farming*</b>	✓	Naturland developed a unique standard for the three situations (Producers' organization, contract farming, hired labor).  Naturland has a less restrictive definition for smallholder than other labels and does not address size, turnover or number of employees, but only specifies that smallholders must manage their farm mainly with their family's labor force.
<b>Hired Labor*</b>	✓	Contract farming and hired labor is not restricted to some products in specific geographical zones.
SUPPLY CHAIN INSPECTION		
<b>Production</b>	✓	Production group (producers' organization, plantations and contract farming) must be inspected.
<b>First Buyers</b>	✓	First buyers and traders are audited in all cases. They are inspected against the “Buyers/processors of goods from economically disadvantaged regions” checklist, and the “Processors of goods from OECD countries” checklist, which include corporate social responsibility requirements.
<b>Traders</b>	✓	The certified buyers/processors have to give preference to social disadvantaged groups.
<b>Brand Owner</b>	✓	Retailers are inspected if their own brand products are Naturland Fair certified.
<b>Retailers</b>	✓	
Each stage of the supply chain is fully inspected: traceability and social responsibility aspects are checked. Naturland requires full commitment from the certified organizations. Social responsibility requirements are incorporated into all standards.		
TRACEABILITY REQUIREMENTS		
<b>Physical Traceability* and Documentary Traceability</b>	✓	Physical and documentary traceability are required.

1. The standards analyzed in the following document are the last versions of Naturland Processing Standards (05/2013), Naturland Production Standards (05/2013) and Naturland Fair Trade Standards (05/2012).

## > ANALYSIS OF THE LABEL

### ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE*</b>			
✓		★ ★ ★	Naturland considers three different situations: <ul style="list-style-type: none"> <li>■ If an internationally set minimum price exists (orientated towards the price set by Fairtrade International), it has to be paid, at least.</li> <li>■ If this price does not exist, Naturland buyers and producers start price negotiations on the basis of the costs of production + 10%.</li> <li>■ If local average production costs are not known, the buyer has to pay a price at least 10% higher than the market price.</li> </ul>
<b>&gt; PREMIUM FOR GROUP PROJECTS*</b>			
✓		★ ★ ★	Where an internationally established premium exists (orientated towards the premium set by Fairtrade International), it has to be paid. Otherwise, the buyers have to pay in addition to the fair price, a minimum premium of 10%. As a transition measure, Naturland allows buyers to pay the premium directly included in the fair price. In that case, the fair price including the premium is at least 10% higher than market prices.
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING</b>			
✓		★ ★ ★	Pre-financing* must be granted by the buyers if the producers' organization requests it. Where necessary, the minimum percentage of prefinancing must be defined by the producers. Pre-financing represents maximum 60% of the ordered volume.
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★ ★ ★	The Naturland Fair standards mention "long term commitment" from the buyers as a requirement but the checklists are not precise on this aspect. However, Naturland insists on the reliability of the partnership. The trade partners must prove to have regular communication and must jointly plan the quantities exchanged each year.
<b>&gt; TRACEABILITY</b>			
✓		★ ★ ★	Naturland has specific processing standards for most of the raw materials and requires full traceability of the products.

## SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOR ORGANIZATION CONVENTIONS</b>			
✓		★ ★ ★	Naturland standards require the respect of the 11 ILO conventions*. Naturland includes special requirements in the countries where the right to freedom of association and collective bargaining is restricted by law. In that case, the employer facilitates the development of parallel means for independent and free association. Certified body with more than 10 workers has to implement a policy on safety in the work place.
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		★ ★ ★	The certified organization has to provide social security for all workers.
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC)</b>			
✓		★ ★ ★	The auditor must check if employers hires and fires workers on a continuous basis to avoid responsibility for social security. Naturland explicitly focuses on protection of women workers concerning sexual harassment.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★ ★ ★	<i>Producers' organization</i> The production group must have legal status. The auditor has to keep watchful eyes on elements linked to book-keeping.
✓		★ ★ ★	<i>Contract farming and plantations</i> Naturland requires individual producers/workers (plantations) to hold regular group meetings. However, the standard lacks accuracy as no detail is given on the status of these groups. Individual producers/workers (plantations) have to elect a premium management committee.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	Preference must be given to products from small producers' organizations in economically disadvantaged regions. The standards specify that the majority of the members of the producers' organization are expected to be small-scale producers who are managing their farms mainly with their own and their family's labor force.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; CAPACITY BUILDING</b>			
✓		★ ★ ★	<i>Producers' organization</i> With the support of the buyers, the producers' organization has to implement capacity building measures to promote the producers' capabilities. Naturland provides a list of activities as a guideline for producers' organization.
✓		★ ★ ★	<i>Contract farming</i> Even though capacity building must be implemented, Naturland standard does not require, unlike other labels, the individual producers to improve their collaboration in order to organize as an operational small producers' organization in the medium term.
✓		★ ★ ★	<i>Plantations</i> The certified body must provide further education, training and apprenticeship program to workers (continuous improvement).
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	Every certified organization must comply with the United Nations Declaration on the Rights of Indigenous Peoples. A product created under conditions violating basic human rights, under gross violation of social justice or infringing indigenous land rights cannot be traded as a product certified by Naturland.
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	The auditor must check that a democratic general assembly is held each year. However, beyond this requirement the standards do not include specific requirements on the general governance of the certified organizations.
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	Prices for producers must be based on a clear and transparent system available to all producers. The "organic and fair trade policy" of the organization has to be known by farmers and employees.
<b>&gt; PRODUCER PARTICIPATION</b>			
✓		★ ★ ★	In a joint quality assurance approach, the producers' organization has to create a forum/platform where the certified organization's management and the producers/workers communicate problems and quality requirements.
<b>&gt; NON-DISCRIMINATION</b>			
✓		★ ★ ★	Naturland insists on the necessity to take cultural and religious matters into account in order to check compliance with this criterion.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	<i>Producers' organization</i> The use of the fair trade premium has to be managed by a decision-making body democratically elected in a plenary meeting of producers and/or employees. An annual report on all activities financed by the premium must be written each year by the decision-making body and transmitted to the producers.
✓		★ ★ ★	<i>Contract farming and plantations</i> Naturland standard does not have additional requirements to the one listed above for democratic management of the premium in hired labor and contract farming situations.

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★ ★ ★	Naturland fair standards are precise and comprehensive on these aspects: <ul style="list-style-type: none"> <li>■ Energy should be used as efficiently as possible and renewable energy resources are preferred.</li> <li>■ Natural water resources are to be used carefully and with particular respect to sustainability.</li> <li>■ Wherever waste is unavoidable, it should be disposed of in an eco-friendly manner or recycled. Organic residues should be re-used and preferably composted.</li> <li>■ Preference is to be given to procuring raw materials and goods from suppliers in close proximity.</li> </ul>
<b>&gt; PROTECTION OF BIODIVERSITY (ON THE FARM AND ON LOCAL ENVIRONMENT)</b>			
✓		★ ★ ★	Damage to ecosystems are expected to be kept to a minimum. Measures linked to protection of biodiversity are detailed for each products covered by Naturland Fair certification. To encourage healthy plants, measures such as crop rotation or humus management as well as the selection of healthy and resistant plants and seeds are the most important considerations according to Naturland Fair standards.
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★ ★ ★	The use of synthetic chemical substances and growth regulators is prohibited.
<b>&gt; BAN ON GMOS</b>			
✓		★ ★ ★	GMOs are banned. The unintentional contamination of products certified by Naturland with genetically modified organisms may lead to withdrawal of Naturland fair certification.

MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE ACTIONS	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ☆
<b>CERTIFICATION COSTS AND MEMBERSHIP FEES</b>	
TRANSPARENCY	★ ★ ☆
FINANCIAL ASSISTANCE	★ ★ ☆
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

- › **Auditors.** Naturland entrusts certification bodies with the inspection. These certification bodies are selected according to their experience over the years and their knowledge on different cultures way of living. Equality is a criterion taken into account when auditor teams are created.
- › **Meetings**
  - Inspection’s methodology is based on the “Recommendations for Inspection of Social Standards” by IFOAM.
  - An opening meeting must be planned during the on-site inspection. The auditors have to present the methodology of the evaluation and provide an evaluation plan. A closing meeting must be planned and needs to include a presentation of the results of the evaluation and of the non-compliances identified
- › **Documentary review**
  - The review includes: inspection of the internal control system; all documents related to staff files and management (contracts, personnel records, etc.); check of purchase records and supplier certificates and sales documentation; annual report of the use of the premium; follow-up products records.
  - The inspection of grower groups mainly focuses on the group’s internal control system and evaluates whether the internal control system is functional and provides necessary information to evaluate the growers’ compliance with Naturland standards.
- › **On-site inspection**
  - A comprehensive inventory is carried out by the auditors to check how the products are processed, labeled and transported.
  - The auditor is expected to meet workers and management staff, and to attend one of the meetings of the organization.
- › **Producer/workers interviews.** All concerned producers and workers must be interviewed (precise guidelines).
- › **Frequency.** The external inspection is carried out on an annual basis.
- › **Surprise audit.** Unannounced audits may be organized if Naturland decides it.

## SCORING AND RULES

- › **Scoring.** There is a 0 – 4 ranking, the norm of 2 must be achieved by each indicator. The organization must comply with the criteria identified as "minima" at all time.
- › **Corrective actions.** In case of non-compliances, appropriate corrective or mitigating measures must be taken and added to the internal control system by the production group. There is no pre-determined deadline for the implementation of corrective measures but a particular attention has to be paid to non-compliances identified during the previous audit and to the efficiency of corrective measures implemented.
- › **Suspension/withdrawal of the certification.** Depending on the seriousness of the non-compliances (linked to the criteria included in the checklists), certification may be granted or denied. However, rules on suspension/withdrawal of the certification are not specified.

## CERTIFICATION COSTS AND MEMBERSHIP FEES

### > Transparency

- External inspection costs are made up of a daily fee for the time the inspector spends in the field, travels and writes the report. Furthermore, direct expenses such as travel costs, accommodation and postage for reports also have to be paid. Daily fees charged by inspection bodies vary between US\$150 and 350.
- The amount of membership fees is not available online.

> **Financial assistance.** Naturland does not mention any financial assistance to support production groups in their application. However, the buyer can pay the certification for the producers' organization. In this case it owns the certification of the producers' organization.

## PROCEDURES

> **Complaints, appeals and allegation procedures.** Anybody (consumers, the Naturland Fair target group, all kind of workers, smallholders etc.) can complain to Naturland (or the respective inspection body) about non-compliances.

## SUMMARY

A pioneer in the German organic sector, Naturland has become an international association active in many areas (sustainable forest management, sustainable fishing, cosmetics, textiles, etc.) and has elaborated various standards dedicated to commodities not covered by the "Organic Agriculture" label.

Naturland Fair, launched on 2010, is the result of a partnership with German company GEPA. The standard is based on the three pillars of sustainability- agriculture, social interaction and equitable relationship - the label "Naturland Fair" certifies products processed by

companies already certified through "Naturland" standards, which cover requirements on corporate social responsibility and organic production.

Naturland Fair was one of the first labels, along with Bio Solidaire and Fair for Life, to open its certification to producers from OECD countries and since then has certified innovative products made of fair trade ingredients from Northern and Southern countries (starting with the launch of the first fair trade chocolate with fair trade milk in 2011).

Naturland pushes for a global commitment by its members and enhances this commitment with a specific logo "Naturland Partner".

Particular attention is paid to agricultural models and to food security issues: the process encourages support for small farms and requires that 80% of product ingredients come from local sources.

The Naturland association conducts advocacy and awareness-raising to change the international rules governing agricultural production and trade relations.

### › MAIN INFORMATION ABOUT SPP



#### › CONTACT

FUNDACION DE PEQUEÑOS PRODUCTORES ORGANIZADOS A.C. (FUNDEPPO)  
Guanajuato 131 int. 302, Colonia Roma Norte.  
Delegación Cuauhtémoc, México D.F.  
info@spp.coop

#### › STANDARD OWNER

FUNDEPPO (non-profit organization).

#### › CERTIFICATION BODY:

Certification entities appointed by FUNDEPPO on the basis of authorization procedure, similar to accreditation. Eight entities authorized as ISO-65 accredited certification bodies (open list): Certimex, Biolatina, Mayacert, BCS-Öko Garantie, IMO-LA, Biotrópico, Control Union Peru and ICEA Ecuador.

## SMALL PRODUCERS' SYMBOL (SPP)

### › HISTORY

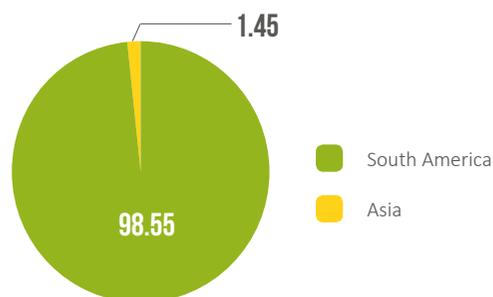
- The Small Producers' Symbol (SPP- from its Spanish acronym) is an initiative launched in 2006 by the Latin American and Caribbean Network of Small Fair Trade Producers (Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo - CLAC). Currently members of Fairtrade International, the CLAC decided to create and manage its own label, only directed to organized small producers after the opening of the Fairtrade label to plantations and contract farming. FUNDEPPO (Foundation of Organized Small Producers) was created in order to administrate the SPP label. The CLAC transferred the full property of the label to the FUNDEPPO in 2012.
- FUNDEPPO worked on building a very precise definition (exposed in the next section) of "small producers" so as to ensure that SPP label benefits small producers. The main specificity of the SPP label is to work only with small producers' organizations and exclude private plantations and unorganized small producers.

### › GOVERNING BODY AND PARTICIPATION

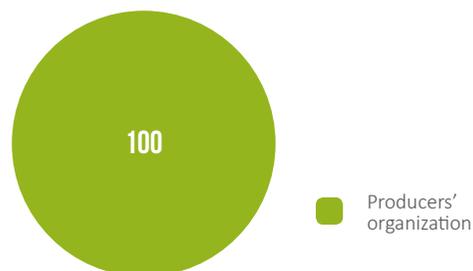
FUNDEPPO has specific bodies involved in decision-making, and small producers' organizations are represented in those entities.

- **The General Assembly** of FUNDEPPO is composed of the SPP certified small producers' organizations as owner-members. Members include producer networks, buyers, civil society organizations and solidarity (with voice only).
- **The Standards and Procedures Committee** is the entity responsible for developing the standards and procedures for SPP. Representatives of small producers' organizations must fill at least 66.67% of the total positions in this committee, composed of representatives from other sectors (companies registered with the Small Producers' Symbol, consumer and/or civil society organizations). Candidates for the Standards and Procedures Committee who will represent small producers' organizations are proposed by the General Assembly of FUNDEPPO. When a process for formulating a standard is initiated, a working group must be formed, consisting of at least one person representing small producers' organizations and a member assigned by the standards and procedures committee's secretariat. This working group is expected to formulate a standards draft that then is submitted for consultation of the standards and procedures committee, certified small producers' organizations and registered final buyers and certification entities. The ordinary period for presenting observations consists of 60 calendar days, in case of urgencies for small producer's organizations there is a shortened procedure in place.
- If the standards and procedures committee validates the second draft of the standard, the chairperson for this committee passes it on to FUNDEPPO's Board of Directors as the final draft ready to be authorized as a standard. Supporting materials from the consultation process and the substantiated decision made by the standards committee are annexed.
- **The Board of Directors** has the authority to make decisions in the following areas: legal representation, administration, general representation, banking matters, appointments in executive committees. Members of the Board of Directors are designated by FUNDEPPO's General Assembly.

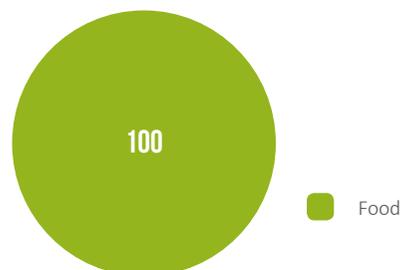
**GEOGRAPHICAL DISTRIBUTION OF PRODUCERS  
BY CONTINENT (%)**



**TYPOLGY OF THE CERTIFIED ORGANISATIONS %**



**DISTRIBUTION OF SALES %**



## > EQUIVALENCE AND RECOGNITION

If a producers' organization or a final buyer is certified against Fairtrade International standards, this operator is exempted from the on-site visit during the first year of certification. If a final buyer is a member of the US Fair Trade Federation, this operator is exempted from the on-site visit during the first year of certification.

## > RULES REGARDING THE USE OF LABEL ON THE PRODUCTS PACKAGES

### > SINGLE INGREDIENT PRODUCTS

Finished products consisting of a single ingredient are made exclusively (100%) with raw material from certified small producers' organizations.



### > COMPOSITE PRODUCTS

- In the case of finished products composed of various fundamentally different ingredients or materials, all the ingredients, both the main ingredients and the secondary ingredients, must have SPP certification, as long as they are available\*.
- A specific ingredient is considered to be available if there is information regarding its existence, if it has the necessary characteristics, and if it is possible to obtain it within a reasonable time period and at a cost that is not disproportionate.
- At least 50% of the products' total weight-excluding the weight of liquid vehicles-must be certified under the SPP label.
- Transitional measures for products whose main ingredient represents less than half of the finished product's total weight:
  - The product is SPP certified if the main ingredient represents at least 25% of the finished product and,
  - After two years the SPP certified ingredients must represent at least 50% of the product's total weight.

## PROMOTION AND AWARENESS RAISING/ADVOCACY

Producers' organization certified against SPP standard must demonstrate, to the extent of its capabilities and resources, that its activities assist the small producers' organization and its members in influencing public policies concerning the small producers' sector.

## > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
Developing countries	✓	The standards are applicable to agricultural, handicrafts and beekeeping products from small producers' organizations in Latin America and the Caribbean, and developing countries in Africa and Asia.
OECD countries	∅	
SPECIFIC REQUIREMENTS		
Organic certification	∅	Organic certification is not a requirement to be SPP certified. SPP does not deliver organic certification. However, producers are paid a premium (added to the price) in case of organic agriculture, which is called 'organic recognition'.
TYPE OF ORGANIZATION		
Producers' organizations	✓	<ul style="list-style-type: none"> <li>■ The main specificity of the SPP label is to work only with producers' organizations where at least 85% of producers do not exceed the following unit sizes:                             <ul style="list-style-type: none"> <li>a) Agriculture: 15 hectares in production. / b) Indoor agriculture: 1 hectare in production. / c) Beekeeping: 500 hives in production.</li> </ul> </li> <li>■ A maximum of 15% of producers may have up to 2 times the parameters defined in a), b) and c)</li> <li>■ If there are some isolated producers who exceed these parameters of size, a request for a special permission must be submitted to FUNDEPPO, with proper justification, so that the organization may eventually be subject to certification.</li> <li>■ For some products, exceptions are made to the size-limits in the Specific Parameters attachment to the standard: bananas (&lt;10 ha.), herbs (&lt;1 ha.), quinoa (&lt;3 ha.)</li> <li>■ The means of production used by producers cannot be owned by a buyer.</li> </ul>
Contract farming*	∅	
Plantations*	∅	
SUPPLY CHAIN INSPECTION		
Production	✓	Small producers' organizations are certified (social, organizational and trade issues are checked).
First Buyers	✓	Documentary and on-site inspection (called evaluation) alternate annually.
Traders	✓	Intermediaries, maquila companies and collective trading companies owned by small producers' organizations are registered. Only trade and traceability is checked.
Brand owner	✓	
Retailers	✓	If retailers are brand-owners, they must be registered by the SPP in order to be able to use the SPP on the brand, they cannot delegate this to the provider, unless the provider is the small producers' organization. There is an option for final buyers to share their registration with small buyers-retailers who cannot afford a registration on their own, so they can use the SPP on their products and in store.
TRACEABILITY		
Physical traceability*	✓	Physical and documentary traceability are required.
Documentary traceability	✓	

1. The standards analysed in the following document are the last versions of the SPP Standards (12/11/2014)

## > ANALYSIS OF THE LABEL

### ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE*</b>			
✓		★ ★ ★	Minimum prices for the different products are stipulated by FUNDEPPO. They are reviewed every two years or when necessary. Producers are paid a premium (added to the price) in case of organic agriculture, which is called 'organic recognition'.
<b>&gt; PREMIUM FOR GROUP PROJECTS*</b>			
✓		★ ★ ★	As for minimum prices, a fixed amount incentive is established by FUNDEPPO for each certified product. The incentive must be specified in the purchase and sale agreement.
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING</b>			
✓		★ ★ ★	If required by the small producers' organization, a buyer or intermediary must facilitate pre-financing* of the contract, corresponding to at least 60% of the total of the contract.
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★ ★ ★	All buyers must commit to purchasing at least 5% of the value of their purchases, of all products for which there are producers' organizations SPP certified, by the end of the second year of certification. After the second year of registration, SPP label requires a continuous improvement approach, buyers to increase their purchases under SPP label by 5% each year until reaching a level of a least 25%. FUNDEPPO requires (as a continuous improvement requirement) the organizations and the buyers to commit themselves to promoting local economy and creating local opportunities for work.
<b>&gt; TRACEABILITY</b>			
✓		★ ★ ★	The small producers' organization must elaborate methods and records that show the flow of products from the land plot to the warehouse, and the sale of products by the small producers' organizations. Internal records related to the flow of products are managed by the small producers' organization and can be verified at any time. When processes are outsourced, SPP expects the producers' organization to supervise the subcontracted entity. The buyer must have a system for recording purchases, processing and sales, to make it possible to physically trace the products processed, bought and/or sold.



## SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOR ORGANIZATION CONVENTIONS *</b>			
✓		★ ★ ★	Regarding labor conditions, FUNDEPPO requires producers' organizations to comply with existing labor laws but does not make any specific reference to ILO conventions.
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT SCHEME</b>			
✓		★ ★ ★	The certified organizations have to comply with national laws. SPP standard requires the producers' organization to implement adequate (adapted to the context) working conditions for its employees. The auditor evaluates the applicability of this requirement.
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		★ ★ ★	The certified organization has to comply with national laws. However guidance and indicators to assess the compliance to these criteria are lacking.

*SPP label limits the size of the production units of each farm and restricts the hiring of labor force. In most cases, labor force is limited to family labor. This is one of the reasons why the requirements regarding social criteria are less developed than in the standards of the other labels.*

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★ ★ ★	Each small producers' organization must be legally incorporated and have a current listing of all its members. SPP is the only label that states small producers' organizations are not formally subjected to any decisions made by political parties, government entities or businesses.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	SPP label is directed towards small producers. As highlighted before, the eligibility conditions to the SPP certification restricts membership to production units smaller than 15 hectares. Producers operate their production units mostly with their own labor and family labor. However producers with disabilities or illnesses that prevent them to carry out production work, and producers over 60 years old are allowed to hire over half of the total labor force working in their farm.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; CAPACITY BUILDING</b>			
✓		★ ★ ★	<p>The small producers' organizations must delegate the activities in which they do not have capacity (exporting, trading) to other certified small producers' organizations so as to strengthen the small producers' sector, if possible.</p> <p>The small producers' organization must demonstrate, to the extent of its capabilities and resources, that its activities assist the small producers' organization and its members in influencing public policies concerning the small producers' sector.</p>
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	<p>SPP "Code of conduct" includes an explicit reference to respect of political, religious, sexual, cultural and ethnic diversity. In case of non-compliance to this requirement, the producers' organization / company may be suspended.</p> <p>Even though interviews with workers and producers must be organized to ensure that the rights of indigenous peoples are respected, the checklists do not control this aspect with a proper indicator.</p>
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	<p>A yearly general assembly with producers as the highest authority is required.</p> <p>SPP label insists on democratic functioning of the producers' organization and on its necessary independence from political or economical lobbies.</p> <p>As a continuous improvement criterion, FUNDEPPO requires the certified producers' organization to develop mechanisms to ensure that decision-making is based on democratic procedures.</p>
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	<p>The board of directors of the organization must present an activities report at least once a year to its members.</p> <p>The organizations must elaborate policies to define the way in which prices and mechanisms for payments to members are calculated.</p>
<b>&gt; PRODUCER PARTICIPATION</b>			
✓		★ ★ ★	<p>Producers must be personally involved in productive activities and in the activities of the small producers' organization.</p> <p>SPP "Code of conduct" explicitly mentions participatory democracy as permanent consensus building within the producers' organization. Self-management is a central objective of the SPP label.</p>
<b>&gt; NON-DISCRIMINATION</b>			
✓		★ ★ ★	<p>SPP "Code of Conduct" and standard banish all kind of discrimination (ethnic, sexual, clothing, etc.) in the certified producers' organizations. Non-compliance with this requirement may lead to the withdrawal of the certification.</p>
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
✓		★ ★ ★	<p>Each producers' organization must have general policies regarding the way in which the resources from the premium are handled, and these policies must be approved by the general assembly.</p> <p>The organizations must establish an authority regarding the concrete use of the premium.</p> <p>The producers must use the resources from the premium to strengthen the organizational and commercial development of the organizations and for activities that benefit the well being of producers.</p>



## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★ ★ ★	SPP label requires the small producers' organization to show its commitment to care for, respect, conserve and, where applicable, restore the environment.
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★ ★ ★	Soil water and waste management issues are not addressed.  <i>The SPP has not developed full environmental standards since they have been focusing on economic and organizational criteria. At this time 90% of their certified producer organizations are certified organic.</i>
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★ ★ ★	The standards contain a list of prohibited substances. If national laws are more demanding, the producers' organization has to comply with those laws. The small producers' organization is expected to promote and take concrete actions to eliminate the use of products harmful to the environment and human health in all its production units.
<b>&gt; BAN ON GMOS</b>			
✓		★ ★ ★	The use of GMOs is prohibited.

MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE ACTIONS	★ ★ ★
SUSPENSION/WITHDRAWAL OF THE CERTIFICATION	★ ★ ☆
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ★
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

› **Auditors.** Auditors, called ‘evaluators’, are qualified by FUNDEPPOO or by the authorized certification bodies to evaluate the small producers’ organizations and trade-companies. Auditors are selected with regard to their knowledge of the sector, language, gender and national culture.

### › Meetings

- An opening meeting is planned during the on-site inspection. The auditors have to present the methodology of the evaluation and provide an evaluation plan.
- A closing meeting is planned including: presentation of the results of the evaluation, presentation of the non-compliances identified.

### › Documentary review - On-site inspection

- The first part of the certification process is a self-evaluation sent by the producers’ organization to the certification body.
- The first time when an operator applies for certification, the certification body applies a risk determination procedure based on the following criteria: number of organizations, level of organization (1st, 2nd or 3rd degree), internal control system.
- After the applicant has been classified, the certification procedures to be applied are defined according to the risk determination procedure.
  - If the results indicate “normal risks”, the document-based procedure will be applied. Only compliance with “critical criteria” is controlled. The second year of certification a complete procedure will be applied.
  - If the results indicate “high risks”, the complete procedure will be applied. It normally (except in cases of low sales volumes) includes field visit.

### › Producer/workers interviews

- Evidence should be gathered through interviews.
- Information gathered through interviews must be confirmed by other independent sources of information.
- SPP has full regulations to determine how many producers/workers are to be interviewed (sample) depending the level of organization (1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> degree), number of members and working groups.

### › Frequency

On-site inspection and document-based procedure alternate annually. However if the risk determination procedure indicates “high risks”, the complete procedure must take place annually.

### › Surprise audit

The certification body conducts random control evaluations based on the risk determination procedures. These evaluations are carried out through field visits to the organizations, which are not charged for the visits, since a portion of payments for the certification process is used to contribute to a fund for conducting these control evaluations.

## SCORING AND RULES

### > Scoring

- SPP labels identified 3 different criteria levels:
  - Critical criteria: they are mandatory and will be evaluated in all cases, including as part of document-based evaluation
  - Minimum criteria: they are also mandatory but will only be evaluated through full evaluations (generally including a field –visit)
  - Continuous improvement criteria: they are evaluated in the framework of possibilities for compliance in a particular context and will only be evaluated through on-site inspection.
- All entities subject to evaluation by these standards must in all cases comply 100% with the critical, minimum and continuous improvement criteria that are applicable.
- SPP label does not have a ranking, but only «yes/no» for each criterion, supplemented with comments from the auditor.

### > Corrective actions.

- If cases of non-compliance are identified, the applicant will have a maximum of 30 days from the date on which it was notified to present evidence of further corrective actions.
- The monitoring evaluation must be carried out in a maximum period of 90 days.

### > Suspension/withdrawal of the certification

A suspension, cancellation, and inactivate status-policy is being developed and will be published in January 2015.

## CERTIFICATION COSTS AND ANNUAL FEES

### > Transparency. Producers' organization pay two different type of fees:

- Certification fee: these amounts are available on the “Regulations on Costs” document (available on-line) as work days. They depend on the size of the producers' organization.
- Annual enrollment fee: these amounts are available on the “Regulations on Costs” documents (available on-line). They depend on the number of producers that produce products included in the certification.

### > Financial assistance. The producers' organizations can request a support to pay the costs of certification or the annual enrollment fee. It is called SPP Support Fund. The maximum ceiling of the support is \$500 US per request. Each organization can only apply to this fund once every 2 full years.

## PROCEDURES

### > Complaints, appeals and allegation procedures

- Documents regarding these procedures are available online.
- In case of dissent, the operator has to fill a dissent report form and send it to the “Dissent Committee” composed by the chairs of the Board of Directors, the Standards and Producers Committee and the chair of the Surveillance Committee, and is chaired by the latter).

## SUMMARY

The Small Producers' Symbol (SPP) label recently emerged within the fair trade sector. This fair trade label is the first one created and managed by producers, which are majority stakeholders (2/3, at least) in all decision-making bodies (standards committee, price committee).

SPP label, initially founded by the CLAC (network affiliated with Fairtrade International) and recently transferred to the independent organisation FUNDEPPO, is born from the opposition by the CLAC to the opening of the Fairtrade label to actors perceived as direct competitors of small producers: hired labor production and unorganized producers contracted by companies. SPP aligns itself with the historical principles of fair trade by only working with organized small producers (based on a precise and restrictive definition of small producer).

The label therefore fundamentally excludes plantations and unorganized producers in its certification.

SPP standard places emphasis on the economic (ensuring commitment from the buyers) and organizational aspects of fair trade. Capacity building and producers' empowerment measures are the core of SPP requirements.

However, SPP requirements related to environmental (few requirements on reduction of environmental impacts of fair trade activities) and labor rights (ILO conventions\* are not explicitly mentioned) issues are less formalized than in other labels. This is not a major problem until the certified organizations are no longer mainly based on family agriculture and involved in organic certification as they are for the moment.

However, from the perspective of further development of the label, requirements for environmental and labor rights aspects should probably be reinforced in order to guarantee the full relevance of the label within the fair trade sector.



### › MAIN INFORMATION ABOUT WFTO



### › CONTACT

World Fair Trade Organization (WFTO)  
 Godfried Bomansstraat 8-3- 4103 WR Culemborg  
 The Netherlands  
 Phone: +31(0) 345 536 487

### › STANDARD OWNER: WFTO

### › CERTIFICATION BODY

Independent auditors trained by WFTO.

### PROMOTION AND AWARENESS RAISING/ADVOCACY

WFTO members are expected to organize activities to promote fair trade and its principles through awareness raising, education, campaigning or advocacy. The standards are demanding regarding this issue.

# WORLD FAIR TRADE ORGANIZATION

### › HISTORY

The World Fair Trade Organization is a global network of organizations founded in 1989.

Originally, producers' organization members of WFTO were organizations founded to support marginalized populations and preserve traditional skills. This historical background is the reason why most of the WFTO members are craft groups.

WFTO developed a monitoring system for fair trade organizations. The WFTO Fair Trade Organization Mark was launched in January 2004 and cannot be used on products.

In May 2013, WFTO strengthened its guarantee system. Two major changes were introduced: the inclusion of third-party audit and the use of the WFTO Mark on the products. Self-assessment and peer visits were however maintained, in order to keep the monitoring costs at an affordable level for small organizations. The alternation between third-party audit and peer audits also highlights WFTO political will to foster as much as possible its members' commitment to the network.

### › GOVERNING BODY AND PARTICIPATION

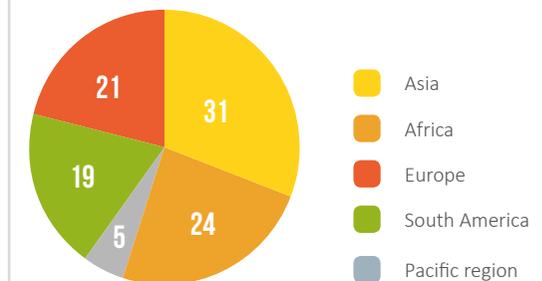
- Fair trade organizations that comply with the standard requirements and successfully pass through the different stages of the audit process are "members."
- The WFTO annual general assembly makes all strategic decisions. It gathers all WFTO members. Any change in the standard must be approved by the general assembly.
- Control and monitoring are done by the guarantee system manager with the support of the standard and guarantee system committee (a group of experts).

The WFTO board makes final approval regarding new membership.

### › EQUIVALENCE AND RECOGNITION

- Currently, no organization certified against fair trade standards can become a WFTO member without passing through all the stages of the WFTO member audit process also.
- However, WFTO recognizes the following fair trade labels: Ecocert Fair Trade, Fair for Life, SPP, Fairtrade, Naturland Fair (open list). That means that WFTO members can use the WFTO trademark on products certified by these labels.
- If WFTO members have trade partnerships with unverified suppliers that are not members and have not been otherwise audited, they have to implement an internal monitoring system so as to ensure that these suppliers meet the 10 basic principles of WFTO standard.

GEOGRAPHICAL DISTRIBUTION OF WFTO MEMBERS (%)



## > ELIGIBILITY CONDITIONS<sup>1</sup>

GEOGRAPHICAL SCOPE		
Developing countries	✓	WFTO mainly works with marginalized producers and handicraft producers from “developing countries” but does not mention a specific geographical scope in its standard.
OECD countries	✗	
SPECIFIC REQUIREMENTS		
Organic certification	✗	Organic certification is not delivered by WFTO and is not compulsory to be WFTO guaranteed. However, the standards include a specific section on environmental criteria.
TYPE OF ORGANIZATION		
Producers’ organizations	✓	No organization can become a member of WFTO unless they have fair trade at the core of their activity and are committed to the 10 WFTO Fair Trade Principles. WFTO developed a single standard that applies to: ■ Producers’ organization. ■ Fair trade units (companies) contracting individual small-scale producers. In WFTO system, contract “farming” mostly applies to handicraft.
Contract farming*	✓	
Plantations	✗	
SUPPLY CHAIN INSPECTION		
Production	✓	Each organization has to comply with WFTO membership criteria. WFTO members are either categorized as: ■ trading members (producers’ organization, contract farming companies, exporters, wholesalers, importers), or ■ non trading members: fair trade support organizations or fair trade networks and other member organizations who do not produce or trade fair trade products as their main activity.
First buyers	✓	Each member has to control its suppliers by implementing an internal monitoring system. Each stage of the supply chain is fully inspected: traceability and social responsibility aspects are checked. WFTO requires full commitment from its members.
Traders	✓	
Brandowners	✓	WFTO has a separate voluntary standard to monitor retailers, the “Fair Trade Retailer Standard”. This is currently being implemented in Italy and Germany. The Retailer Standard is not based on WFTO membership.
Retailers	✓	
TRACEABILITY REQUIREMENTS		
Physical traceability*	✓	Documentary and physical traceability are required.
Documentary traceability	✓	

1. The standards analysed in the following document are the last versions of WFTO Fair Trade Standards (02/2014)

## > RULES REGARDING THE USE OF LABEL ON THE PRODUCTS PACKAGES

### > WFTO PRODUCT LABEL FOR FAIR TRADE ORGANIZATIONS



- This product label may only be used by full members of the WFTO who have successfully performed their first external audit.
- Food products must contain at least 50% ingredients (in dry weight or value) from verified fair trade sources.
- In multi-ingredient products, the fair trade content or minimum fair trade content must be displayed on the product packaging or on the product tag.
- If the product predominantly contains ingredients from another WFTO member, the organization of the supplying fair trade entity may be displayed with added information about the marketing organization.



### > WFTO LABEL FOR BUYERS

- This product label may only be used by direct buyers of WFTO members and only if the fair trade organization makes an agreement with the buyer and WFTO.
- If the buyer is not a member of WFTO, they must sign a labeling contract with WFTO and pay a small fee (1% of the purchase value or 100€ minimum).
- This label may only be used on products that contain at least 95% of ingredient from a fair trade organization. This means that a direct buyer is not allowed to sell multi-ingredient products.
- This label must only be used by the first buyer of a fair trade organization.

## > ANALYSIS OF THE LABEL

### ECONOMIC CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FAIR PRICE*</b>			
✓		★ ★ ★	<p>The fair trade organizations (buyer or producers' organizations) must implement a mechanism to set the fair trade product price based on transparent and verifiable costs, taking into consideration:</p> <ul style="list-style-type: none"> <li>■ the production costs, prevailing market prices, and</li> <li>■ other fair trade minimum prices (e.g the fair price set by Fairtrade International).</li> </ul> <p>WFTO does not set a minimum percentage to be added to the conventional price. However the control checklists includes precise criteria to allow the auditor to control how the fair price is set and if its amount is justified.</p>
<b>&gt; PREMIUM FOR GROUP PROJECTS*</b>			
⊘	N/A	★ ★ ★	In the WFTO system the premium is directly included in the fair price. WFTO does not set what percentage of the fair price the premium must represent
<b>&gt; ACCESS FACILITATED TO FINANCE / PRE-FINANCING</b>			
✓		★ ★ ★	<p>The buyers have to provide a minimum of 50% pre-financing* if requested by the producers'. The fair trade organizations that receive the pre-payment must ensure that this payment is passed on to the producers.</p> <p>For handicraft fair trade products, an interest-free pre-financing of a least 50% of the order is provided if the producers/artisans request it.</p>
<b>&gt; LONG TERM COMMITMENT FROM BUYERS</b>			
✓		★ ★ ★	<p>The auditor has to make sure that the operator (producer or buyer) has kept transparent and trustful trade relationships with its partners over the 2 years preceding the verification.</p> <p>Written trade agreements and contracts between fair trade partners must give details of product specifications, delivery and lead times, price and payment terms.</p> <p>In a continuous improvement approach and, where possible, the commercial partners try to:</p> <ul style="list-style-type: none"> <li>■ Increase the value or diversity of products to benefit producers and suppliers.</li> <li>■ Buy the majority of their products from suppliers who comply with the core fair trade principles.</li> </ul>
<b>&gt; TRACEABILITY</b>			
✓		★ ★ ★	Physical and documentary traceability are required

## SOCIAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; INTERNATIONAL LABOR ORGANIZATION CONVENTIONS</b>			
✓		★★★	The 11 International conventions must be observed, as well as local legislation if more demanding. WFTO formulates specific requirements to ensure that production groups working with unverified producers maintain an overview of working conditions in the field. From the 2 <sup>nd</sup> year of verification, buyers purchasing from unverified suppliers must have in place an internal monitoring system to verify their compliance (an on-site visit is organized by the WFTO member at least once in 3 years).
<b>&gt; POLICY FOR MATERNITY, SICKNESS AND RETIREMENT</b>			
✓		★★★	The WFTO member must provide to its employees all legally required social benefits. Over time the production groups are expected to provide additional social benefits to their members/workers (health insurance, retirement scheme, sick leave).
<b>&gt; EQUAL TREATMENT OF ALL WORKERS (WOMEN, RELIGIOUS MINORITIES, SEASONAL WORKERS, ETC.)</b>			
✓		★★★	In a continuous improvement approach, the operator must implement a clear policy to promote gender equality. The auditors have to check that the WFTO member does not use limited term contracts to avoid social security for employees.

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; FORMALIZED COLLECTIVE STRUCTURE</b>			
✓		★★★	<i>Producers' organizations</i> The guaranteed organization has to provide a description of its organizational structure and a working financial administration system.
∅	N/A	★★★	<i>Contract farming</i> WFTO does require individual producers to gather in order to create a body designed to be the intermediary between them and the contracting company. However, the fact that only 100% committed organizations can be WFTO members limits potential imbalances of power between the producers and their partners.
<b>&gt; ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS</b>			
✓		★★★	The producers' organization is expected to primarily work with marginalized producers. The fair trade organization is required to have a policy expressing its organizational commitment to improve social and economic conditions of marginalized producers. In a continuous improvement approach, the organization needs to demonstrate commitment through its actions and trading activities.



## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; CAPACITY BUILDING</b>			
✓		★ ★ ★	<p><i>Producers' organizations</i></p> <p>From the second year of membership the organization (buyer or producers' organization) has to develop a plan and budget for capacity building of producers and employees according to their needs.</p> <p>In a continuous improvement approach the producers' organization working directly with small producers must develop specific activities: management skills, production capabilities, marketing capabilities. The buyer shall provide capacity building assistance to the producers' organization.</p>
✓		★ ★ ☆	<p><i>Contract farming</i></p> <p>WFTO requirements are similar to the ones elaborated for producers' organizations.</p> <p>The WFTO standard does not include any specific criteria related to organizational capacity building measures. The WFTO standard does not require that the individual producers gather themselves in the medium/long term in a democratic body in order to make collective decisions.</p> <p>Nevertheless, the nature of organizations joining this network (100% committed to fair trade) and strength of the control ensure that real support for producers is implemented. Furthermore given that most of WFTO members are crafts groups, contract production (also called piece work) is relevant in that case.</p>
<b>&gt; RIGHTS OF INDIGENOUS PEOPLES</b>			
✓		★ ★ ★	<p>Several criteria of the standard deal with the support for minorities.</p> <p>Where possible the buyers and the producers' organization make efforts to use traditional local skills, material and products.</p>
<b>&gt; DEMOCRATIC DECISION-MAKING</b>			
✓		★ ★ ★	<p>The WFTO guarantee system focuses on the continuous and progressive participation of producers and workers over time but the standard and the checklists do not give precise requirements on the governance of the producers' organization.</p>
<b>&gt; TRANSPARENCY OF INFORMATION</b>			
✓		★ ★ ★	<p>The producers' organization commits to transparent communication with its producers and suppliers, including communication on the structure of fair trade pricing.</p> <p>Over time the producers' organization must develop a good process for internal communication (regular meetings and internal newsletter).</p>
<b>&gt; PARTICIPATION OF PRODUCERS AND WORKERS</b>			
✓		★ ★ ★	<p>Over time the producers' organization must implement appropriate and participatory ways to involve its members and employees in its decision-making process.</p>

## GOVERNANCE CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; NON DISCRIMINATION</b>			
✓		★★★	In its employment practices the guaranteed organization (buyer or producers' organization) must not practice any discrimination. The organization must demonstrate that it takes measures to ensure that no discrimination is tolerated. Organizations must provide women with equal opportunities for training, participation in decision making and access to positions of responsibility.
<b>&gt; MONITORING OF THE DEMOCRATIC MANAGEMENT OF THE PREMIUM FOR GROUP PROJECTS</b>			
⊘	N/A	★★★	Premium is included in the fair price. As explained above, WFTO focuses on concrete measures of capacity building.

## ENVIRONMENTAL CRITERIA

STANDARDS	CHECKLISTS	ADEQUACY	COMMENTS
<b>&gt; REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>			
✓		★★★	The organization must comply with relevant key local and national rules and regulations on environmental aspects that concern fair trade activities. In a continuous improvement approach, the fair trade organization understands and strives to minimize negative environmental impacts of production of fair trade products with regard to water conservation, protection of water bodies and natural ecosystems, energy usage and waste by taking additional measures. Producers' organization is expected to improve education of the producers and employees about best production practices to minimize energy consumption and emissions into water, air, soil or waste.
<b>&gt; PROTECTION OF BIODIVERSITY</b>			
✓		★★★	Protection of biodiversity is not included as such in the standard. However, in a continuous improvement approach (no mandatory criteria), the producers' organizations and its trade partners are expected to prioritize sustainable agricultural methods and products, and those produced with least overall impact on the environment and buying locally if possible.
<b>&gt; PROHIBITION OF HAZARDOUS SUBSTANCES</b>			
✓		★★★	Producers are expected to use organic or low pesticide methods if possible. However, WFTO standard does not contain a list of prohibited hazardous substances.
<b>&gt; BAN ON GMOS</b>			
⊘	N/A	★★★	This issue is not included in WFTO standard. However, the nature of organizations joining this network (100% involved in fair trade), eligibility conditions to WFTO membership and strength of the monitoring, limits to a very low probability the use of GMOs by WFTO members.



MONITORING MEASURES	ADEQUACY
<b>AUDITS</b>	
AUDITORS	★ ★ ★
MEETINGS	★ ★ ★
DOCUMENTARY REVIEW	★ ★ ★
ON-SITE INSPECTION	★ ★ ★
PRODUCER/WORKERS INTERVIEWS	★ ★ ★
FREQUENCY	★ ★ ★
SURPRISE AUDIT	★ ★ ★
<b>SCORING AND RULES</b>	
SCORING	★ ★ ★
CORRECTIVE ACTIONS	★ ★ ☆
SUSPENSION/WITHDRAWAL OF MEMBERSHIP	★ ★ ★
<b>CERTIFICATION COSTS AND ANNUAL FEES</b>	
TRANSPARENCY	★ ★ ★
FINANCIAL ASSISTANCE	★ ★ ☆
<b>PROCEDURES</b>	
COMPLAINTS, APPEALS AND ALLEGATION PROCEDURES	★ ★ ★

## AUDITS

### > Auditors

- Though WFTO will be the body awarding the guarantee, the audits will be done by independent, qualified auditors (these may come namely from recognized certification bodies such as FLOCERT, IMO, Naturland, TUV, ...)
- These auditors are actually training and approving a pool of WFTO Guarantee System auditors in all membership regions.

### > Meetings

- The opening meeting normally includes the responsible manager, as well as key personnel involved in the audit. It should also include a worker and/or producer representative.
- At the end of the audit, the auditor takes 1-2 hours to prepare a first preliminary report and summary of findings. A special focus is given to the final section of the report: identification of non-conformities and proposal of corrective actions.

> **Documentary review.** A screening of relevant policies and documentation provided by the organizations is made by the auditor, e.g.: governance & decision making procedures; fair price calculations; policies on child labor, health and safety, fair employment conditions; training /producer assistance policy; environmental policy; Self Assessment Report (SAR) & Profile form every 2 years.

### > On-site inspection

- On-site inspections are alternatively auditors' visits and peer visits.
- The audit length is estimated depending on the size of the operation (number of workers), the complexity of production (high risk production), number of supply chains (and specifically number of unverified fair trade suppliers) and number of products. It varies between 1-5 days including reporting and supplier visits.
- In a producers' organization with supplying producer groups, the auditor will need to visit a number of producers' groups to assess the producers' organization's monitoring system and application of fair trade principles. The supplier visits do not always need to be done by the auditor, WFTO may appoint local contacts in the case of dispersed geographical location.

> **Producer/workers interviews.** The visit includes interviews with producers (at least 2 individual interviews, at least 1 more interview in small groups with max 5 producers and bigger group discussions).

### > Frequency

- Every 2 years, all WFTO members must fill out a Self Assessment Report. This document is then used as a basis for the on-site audits.
- The risk category of a member influences the depth and frequency of on-site monitoring (1 to 3 years). Control alternates between peer visits and audits.

> **Surprise audit.** WFTO may also add an audit in the case of a raised alert through the Fair Trade Accountability Watch (an online tool that allows anyone to send an alert in case of knowledge on compliance issues of one of WFTO members).

## SCORING AND RULES

> **Scoring.** WFTO standard contains three degrees of criteria:

- **Mandatory:** the criteria must be met for approval as a WFTO member.
- **Mandatory by year XX:** the criteria must be met at the latest 1, 2 or 3 years after approval of the first self-assessment report by WFTO.
  - > Non-compliance with these criteria may lead to suspension of the membership.
- **Continuous improvement:** the organization is expected to improve its performance over time. The lack of progress may constitute a non-conformity.

### > Corrective actions

In case of serious non-compliance (with mandatory criteria) the FTO receives the corrective actions required with a timescale indicated. FTOs have to build an "improvement plan" including the weaknesses and non-compliance.

### > Suspension/withdrawal of membership

- If the timescale is not respected, or if the non-compliance is too severe, a sanctions procedure is engaged.
- Depending on the severity of the issue different sanctions are taken: a temporary suspension of membership, the restriction on use of label, a demotion to provisional membership or termination of membership.

## CERTIFICATION COSTS AND ANNUAL FEES

### > Transparency

- This information is available online.
- The application fees are paid once and for all for the application (between 100€ and 750€).
- Annual fees are divided composed of:
  - Annual membership fees (from 375€ to 1875€ for producers' organizations/ from 375€ to 9375€ for OECD buyers and traders). These fees depend on sales turnover and membership type (as fair trade networks and support organizations also have to pay membership fees). They are approved by the WFTO Annual General Assembly.
  - Regional fees (50€ in Latin America, 75€ in Asia, 100€ in Africa)
  - Monitoring fees: audit costs are invoiced and paid directly to the auditor. WFTO will negotiate fees but is not a party in the contract between member and auditor.

### > Financial assistance

- WFTO does not provide financial assistance to help producers' organizations to pay the various fees.
- However, WFTO Guarantee System is explicitly designed to keep monitoring costs as low as possible.

## PROCEDURES

### > Complaints, appeals and allegation procedures

- FTOs have the right to appeal against the approval decision or sanction decision or the guarantee system approval itself. The appeal must be logged within three months of the contentious decision.
- WFTO proposed an online tool called Fair Trade Accountability Watch where everyone who has knowledge on compliance issues on one of the WFTO members can send an alert.

## SUMMARY

This pioneer guarantee system of the fair trade sector, founded to support marginalized populations and preserve traditional skills, was historically based on peer audits and self-assessment, and for a long time only accessible to 100%, or dedicated, fair trade organizations (FTOs).

However, this long-standing development has recently implemented three important changes.

Firstly, WFTO has significantly strengthened its guarantee system by introducing third-party audits, which will complement peer audits in its monitoring process, and recognition of other fair trade labels. WFTO has worked to identify what they considered as the best compromise between improving the quality of the control and keeping

certification costs at accessible levels for small producer organizations.

Secondly, WFTO launched a new label that can be used on product packages (as previously, association with the WFTO could only be represented on general branding).

Thirdly, the WFTO has opened its guarantee system to organizations that are not members (called "First Buyers"), mainly in order to offer market opportunities to producers and handcrafters beyond those currently available from FTOs. This last evolution, currently in the testing phase and not fully documented in the standard, will have to come along with a relevant monitoring of the practices from these "first buyers".

The main strength of WFTO lies in the fact that in

addition to the mandatory criteria listed in the standard, WFTO expects its members to show full commitment to fair trade activities and keeps watchful eyes on the continuous improvements of practices.

However, WFTO would improve the overall relevance of its guarantee system by strengthening and by formalizing more its environmental requirements (especially criteria related to reduction of environmental impact of activities and respect of biodiversity).

WFTO places advocacy and awareness-raising activities at the heart of its mission.

The 8 labels studied in this chapter all claim to be fair trade labels. The analysis evidences that they all (with one exception) integrate the basic criteria of the Charter of Fair Trade Principles in their standards but with different degrees of requirements. Only **Forest Garden Products (FGP)**, despite precise requirements on environmental and social aspects, **does not fulfill most of the fair trade economic requirements** and is less demanding on organizational issues.

## ECONOMIC CRITERIA

**As far as economic requirements are concerned, minimum prices\* and premium for group projects\* are two fundamental fair trade issues included in every standard of the studied labels.**

Regarding those criteria, we can distinguish two approaches. For Fairtrade International, Small Producers' Symbol (SPP) and Fair Trade USA those prices apply for products and are the result of a consultation between all stakeholders within the value chains. For the other labels (Fair for Life, Ecocert Fair Trade, Naturland Fair and WFTO) prices

are developed through consultation between producers and buyers for each partnership.

In both approaches **minimum prices** must be above market prices and must be based on an assessment of the production costs. Fair for Life, Fair Trade International, Ecocert Fair Trade, SPP, Naturland Fair and Fair Trade USA standards provide that a specific additional premium must be paid to the producer group in case of organic agriculture production (around 5% additional).

The majority of the studied labels require the buyers to pay a **premium for group projects**, in addition to the fair price, to producers and workers. Only the WFTO directly integrates the premium into price calculations.

In the specific case of FGP, there is no minimum price guaranteed by the guarantee scheme, or methodology for calculating a fair price. On these points, the standard is vague and states only that prices should be above the conventional purchase price. As a consequence, FGP cannot be considered as a fair trade label.

As regards with **long-term commitment** from the

buyers, the analysis demonstrates that most of the studied labels based their requirements on sourcing plans, which buyers must provide to producers' organizations. Only Ecocert expects buyers to commit to their suppliers for a determined period (3 years). Only FGP lacks any requirements on these aspects.

**Traceability aspects** are well checked by the 8 studied labels, as separation between fair trade and non-fair trade ingredients/products is compulsory all along certified supply chains (producers, traders, processors, brand owner are inspected).

Nevertheless, even though both Fairtrade International and Fair Trade USA labels require physical traceability as a general rule, both also allow mass balance for cocoa, tea, cane sugar, fruit juice. Mass balance is also allowed for cotton by the Fairtrade label, through its Fairtrade Sourcing Program.

## SOCIAL CRITERIA

**The 8 studied labels require 11 International Labor Organization\* (ILO) conventions identified**

**in the analytical framework to be respected.**

Most of them keep watchful eyes on discrimination issues: for example, Fairtrade International, Fair for Life, Naturland Fair, WFTO, FGP, Fair Trade USA and Ecocert Fair Trade all expect certified operators to elaborate policies for gender equality among the payroll.

One exception can be mentioned regarding that the Fairtrade International standards for contract farming, which do not tackle 2 aspects of the ILO conventions: safety and health of workers and freedom of association/collective bargaining.

In terms of additional social benefits (social security, sick leave and retirement scheme), most of the studied labels consider national laws as a minimum to be respected. Naturland Fair, Fairtrade International, Fair for Life, Ecocert Fair Trade and Fair Trade USA go beyond national laws and expect, especially in hired labor situations, the certified organization to implement specific measures (like extra maternity leave, for instance, or further education) as a continuous improvement requirement.

We can observe that fair trade labels created by

organic certification bodies, like Naturland, Fair for Life and Ecocert, have included "corporate social responsibility" as a precondition to be fair trade certified.

**ORGANIZATIONAL CRITERIA**

This guide mentions **three kinds of production organization: producers' organization, contract farming and plantations.**

SPP is the only label that restricts eligibility to producers' organizations. This label is also the most demanding regarding the size of production units and works only with producers' organizations composed of at least 85% of smallholders.

The other labels have opened their certification to new actors. Some of them like Fairtrade International and Fair for Life have elaborated new standards to cover these situations. Others have included specific requirements within their existing standards.

As a general trend, we can observe that **as far**

**as producers' organizations are concerned, democratic and participatory requirements are comprehensive and precise.** Monitoring is efficient and relevant; it includes documentary review and regular on-site visits with interviews with producers and management to triangulate sources. Every label elaborated specific requirements for the transparent and efficient management of the premium for group projects. In addition to the premium, all the studied labels expect the certified organizations to implement regular capacity building activities for their members.

As regards with contract production and hired labor, Fairtrade International, Ecocert Fair Trade, Fair for Life and Fair Trade USA expect individual producers and workers to gather into a collective body, in charge of the management of the premium for group projects and of the dialogue with the contracting company / management of the plantations. However, the possibility given to representatives of the contracting company to take part in the producers meeting dedicated to the monitoring of the premium for groups projects should be questioned regarding the core values of producers' independence defended through fair trade.



### ENVIRONMENTAL CRITERIA

**Four of the 8 studied labels are specialized in organic certification** (Fair for Life, Naturland Fair, Ecocert Fair Trade, FGP) and base their requirements on organic norms. Related standards and control checklists are relevant and accurate.

**Fairtrade International, WFTO and Fair Trade USA have their own criteria for assessing environmental aspects.** They broadly cover the main issues linked to biodiversity and environmental impacts, with an emphasis on continuous improvement rather than mandatory requirements. They encourage producers to improve their environmental practices by granting a special premium to the production group in case of organic certification. **SPP also has their own requirements**, though they are weaker than other labels; at this time about 90% of producer groups that are members of SPP also have organic certification.

### CONCLUSION

As a general trend, **the monitoring measures implemented by fair trade labels are relevant and trustworthy.** Every label based its certification on a third-party audit run by professional inspectors and control on a regular basis the certified organizations in order to monitor the respect of core requirements and evaluate improvements over time. This analysis highlighted that WFTO, an historical actor of the fair trade sector, has recently strengthened its monitoring measures by introducing external audits in addition to its peers visits and "Self Assessment Report".

In **terms of promotion, advocacy and awareness-raising** on fair trade issues, we can observe **significant differences between pioneers of the fair trade sector and new labels** (except Naturland). While all accepted definitions of fair trade insist on these dimensions, only WFTO and Fairtrade International and Naturland invest in the promotion of policies and practices that support the fair trade sector and the producers from developing countries.

# SUSTAINABLE DEVELOPMENT LABELS VS. FAIR TRADE LABELS: CLARIFYING THE DIFFERENCES

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> 4C ASSOCIATION

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> BONSUCRO

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> PROTERRA FOUNDATION

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> RAINFOREST ALLIANCE

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> UTZ CERTIFIED

Since the Earth Summit of Rio in 1992 and following the call for a greater focus on sustainable consumption and production, many of the actors of the world economy have sought mechanisms to integrate sustainable development\* priorities within their activities. Thus, the last decade has witnessed the rapid expansion and the development of the use of **voluntary labels for sustainable development**. Their standards specify the requirements necessary to meet by producers, traders, manufacturers, retailers or service providers **for a better integration of sustainable development within globalized supply chains**. These requirements are represented by a wide range of measures related to sustainable development, including the respect for human rights, health and worker safety, environmental impact, community relations, land use, etc. Today there are about **435 of these labels worldwide** (COSA, 2013<sup>1</sup>).

However, the evolution and proliferation of these labels are not uniform because the private standards landscape has changed, both in terms of the geographical areas and products covered by these labels. Djama M. and al. (2013) pointed out

that the sustainability labels have been developed in three consecutive waves:

- One **emerged from social movements and were more militant than others**, for instance the birth of organic production and fair trade labels;
- A second one has witnessed the emergence of **business to business initiatives** (B2B), particularly with the implementation of GlobalGAP<sup>2</sup> private standards.
- Recently, a third one gave birth to **sustainability development labels that combine both social and environmental dimensions**, while resolutely focused on meeting the needs of a globalized food market, affecting an increasing number of consumers. This is, for example, the case of the Rainforest Alliance or UTZ Certified labels.

The multiplication of such labels **leads to the enhancement of consumers' (citizens, businesses and governments) confusion**, for which the differences between the various labels are **not always clear**.

## " TODAY, THERE ARE ABOUT 435 OF THESE LABELS WORLDWIDE. "

In this chapter, we will review five sustainability development labels which intervene within the same supply chains as fair trade labels (coffee, tea, cocoa, sugarcane, etc.) and are regularly confused with fair trade certification : **4C Association, Bonsucro, ProTerra Foundation, Rainforest Alliance and UTZ Certified**.

Among them, only 4C Association operates as business to business (B2B) while others use the business to consumer (B2C) approach.

After a brief description of the studied sustainability development labels, a comparative analysis will be provided with regard to the criteria grid used for the study of fair trade labels so as to better distinguish the existing differences between these two approaches.

1. The Committee On Sustainability Assessment, COSA measuring sustainability report : Coffee and cocoa in 12 countries (2013)

2. GlobalGAP, formerly EurepGAP, is a common set of specifications related to the management of farms that has been developed in the late 90s by European retail chains with their major suppliers. This reference was then spread worldwide and became GlobalGAP. GAP is an acronym for "Good Agricultural Practices". Many developing countries are developing their own GAP which is the case for Kenya and Thailand.

## CONTACT



Secrétariat 4C  
Adenauerallee 108, 53113 Bonn, ALLEMAGNE  
Phone: +49 228 850 50 0  
www.4c-coffeeassociation.org

## STANDARD OWNER

### 4C Association

The 4C Association has 290 members representing by coffee producers (both big and small), traders (importers and exporters), industry players (coffee roasters and retailers) and civil society (non-governmental organizations, standard setting initiatives and trade unions). Members are divided into 5 main categories: producers, trade and industry actors, civil society, associate members, and individual members.

## CERTIFICATION BODIES

This [open list](#) is updated regularly by the 4C Association (last update: 22/10/2014). **They must be 3rd party certification bodies licensed by 4C Association (no ISO 65\* accreditation).**

CERES GmbH, Café Control JSC, AfriCert Ltd., MayacertS.A., IMO do Brasil, PT BIOCert Indonesia, Bio Latina Certificadora Ecologica, Control Union Indonesia, SAVASSI Café certificações agrícolas do Brasil, BCS Oko-Garantie GmbH (Peru), Sustainable Development Services (SDS), Productos y Procesos Sustentables, IMO India, Control Union Peru, Ugocert, IMO-LA, Vietnam Commodity Control & Certification Joint Stock Company (VCC&C), BCS Oko Garantie Colombia S.A.S., IBD Certificações, IGCert Genesis Group, VSCB Vietnam Limited Company, WQS Certificações Ltda.

## LABEL CREATOR AND HISTORY

### 4C Association (2006)

The Common Code for the Coffee Community (4C) project kicked off in 2003 and was set up with support from the German Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the German Coffee Association (DKV). Shortly afterward, the Swiss State Secretariat for Economic Affairs (SECO), the British Development Cooperation and the European Coffee Federation (ECF) joined the project.

Between 2004 and 2006, a multi-stakeholder steering committee developed the 4C standard, the rules of participation for producers, trade and industry. Then in 2006, the 4C Association was established.

**The 4C Association is a member of the ISEAL Alliance\*.**

## GOVERNANCE

**The general assembly** includes all members and is the supreme authority of the 4C Association.

**The council** which is elected by the general assembly and is the organization's representative decision-making body. It is made up of 10 members who represent three categories (producers, trade and industry and civil society). The producer group has the strongest representation within the council.

**The technical committee** which is appointed by the council recommends modifications and revisions of the 4C standard.

**The mediation board** is responsible for settling disputes within the 4C system.

**The 4C secretariat** which administers the association, intensifies cooperation with existing initiatives, coordinates support activities and makes proposal to the council.

## MEMBERSHIP FEES AND CERTIFICATION COSTS

Membership fees vary. They depend on the position each member holds in the coffee supply chain and the total volume of green coffee produced, traded or purchased. Farmers pay the least and final buyers pay the most.

In average, costs of certification are 2,700€. Producers, producers' associations, traders and supply chain intermediaries, buyers and retailers are all responsible for paying these costs.

## LOGO AND RULES OF LABELING

4C Association operates in a **business to business approach\* (B2B)**.



The above 4C logo cannot be applied to on-package communication and can only be used by members and associate members of the 4C Association. This is not a product certification mark but it can be used on websites and members publications (brochures, press releases, annual reports, etc.).

However, a 4C membership statement through a short text claim can be applied on products as following:

We are a member of the  
**4C ASSOCIATION** and  
support its sustainability  
approach.  
www.4c-coffeeassociation.org

## CERTIFIED CROPS

Green coffee

## SUPPLY CHAIN INSPECTION AND TRACEABILITY

4C Association requires both physical and documentary traceability of certified products within its standards.

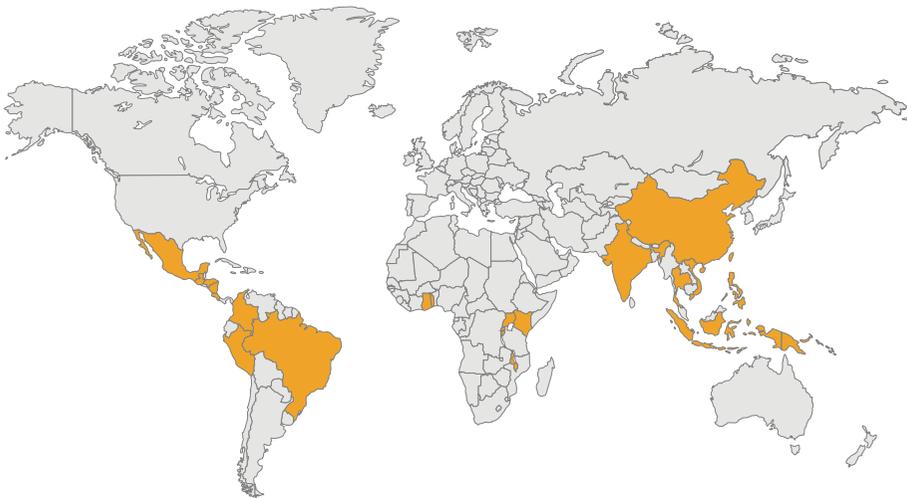
### STANDARD INFORMATION

> **4C standard** (version of May 2009) includes the 10 unacceptable practices which generally reflect international conventions (ILO\* Conventions, WHO\* list for pesticides, etc.)

Moreover, the 4C standard is divided into **28 principles** and, for each, three criteria: green yellow and red (“traffic light system”) which illustrate the concept of **continuous improvement**.

### GEOGRAPHICAL DISTRIBUTION OF CERTIFIED PRODUCERS

In 2013, 4C Association was present in **22 countries** all over the world with a total of **1,462,884 hectares certified**. In the same year, approximately **360,604 certified producers** were identified in the 5 major coffee producing countries (Brazil, Colombia, Indonesia, Kenya and Vietnam). Their combined potential production amounts were about **25 % of actual global coffee production** in crop year 2012/2013. **For a global production of 1,782,058 tons in 2012, 152,708 tons have been sold as 4C Association certified coffee.**



### MAIN BRANDS USING THE LABEL

Aldi, Nestlé S.A., Kraft Foods Global, Mondelēz International



In 2010, Nestlé announced the NESCAFÉ Plan, which assures 4C compliance for all coffee purchased through their farmer connect/direct procurement network by 2015.

Kraft Foods also announced an ambitious goal of sourcing 100 % sustainably-produced coffee beans for all its coffee brands sold in the European Union by 2015. Thus, Kraft Foods will considerably increase its sourcing of 4C compliant coffee and certified coffees from other recognized sustainability standards.

### EQUIVALENCE / RECOGNITION

Fairtrade International and UTZ Certified are members of the 4C Association, but there is no mutual recognition between these three programs.

4C recognizes other initiatives as fully equivalent. For example, the Sustainable Agriculture Standard of the Sustainable Agriculture Network (SAN) is certified by Rainforest Alliance. A benchmark was created between Rainforest Alliance and 4C and the equivalence between the two guarantees is made possible (but without reciprocity). This opens up new marketing opportunities for producers who cannot sell their entire production under a specific certification scheme. Rainforest Alliance is also member of the 4C Association.

### MONITORING MEASURES

There is no adaptation of 4C standard to local specificities (world region, size of the farm, etc.).

The majority of the audit process is carried out on-site and includes interviews with the person or people in charge of the 4C Unit and 4C system implementation. Additionally, 4C Unit’s business partners are interviewed. Sometimes, verifiers may judge it necessary to interview other local stakeholders (e.g. teachers in nearby schools) to confirm or refute certain information. The certification can be possible only if there is a prior approval by the 4C Secretariat.

The 4C Association certificate is valid for a 3 year period on average, during which unannounced audits\* are performed.



## CONTACT



### Bonsucro

20 Pond Square- Londres N6 6BA, ROYAUME UNI  
Phone: +44 (0) 208 341 006 0  
www.bonsucro.com

## STANDARD OWNER

### Bonsucro

Bonsucro represents the first global label\* for sugarcane. Currently, Bonsucro has over 200 members from 27 countries representing all areas of the supply chain. Members are divided into 5 categories: industrial, intermediary, civil society, end user and farmer (since 2012).

## CERTIFICATION BODIES

This is an open list. They must be a **3rd party ISO 65\* accredited certification body and licensed by Bonsucro**.

Cert-ID, Control Union, IG-Cert, LRQA, OIA, SCS, SGS, TUV, WQS.

## LABEL CREATOR AND HISTORY

### Bonsucro (2008)

Bonsucro is an international non-profit multi-stakeholder organization (NGOs, civil society, industries, producers, producer associations, traders, buyers, retailers and public sector) established in 2008 to promote sustainable sugar cane. Bonsucro's aim is to reduce the negative environmental and social impact of sugarcane production while recognizing the need for economic viability.

### Bonsucro is a member of the ISEAL Alliance\*.



Bonsucro is one of a few certifications to have developed measures for greenhouse gas emissions, and consequently the European Commission has stated that the Bonsucro standard can be used to demonstrate compliance with the EU Renewable Directive (EU RED\*) when importing ethanol fuel, although the standard had to be altered to comply fully.

## GOVERNANCE

**The board of directors** consists of 12 individuals, with each category of membership represented.

**The members** are at the heart of Bonsucro insofar as they elect the Bonsucro board of directors. Members help to develop the standards through expert groups, and actively participate on committees, working groups and taskforces, working on a variety of topics such as ethanol, governance and guarantee systems.

## MEMBERSHIP FEES AND CERTIFICATION COSTS

Annual member fees vary for membership category (farmer, industrial, intermediary, end-user and civil society), location, size or annual turnover.

Audit costs depend on the scope, the characteristics of the farm (world region, size, production volume, etc.) and the chosen certification body.

Producers and companies are responsible for these costs.

## LOGO AND RULES OF LABELING

Bonsucro operates in a **business to consumer\*(B2C)** approach but has no on-package seal for its certification. Here is the Bonsucro logo:



## CERTIFIED CROPS

Sugarcane (ethanol, sugar and molasses)

## MAIN BRANDS USING THE LABEL

**Unilever, Ferrero, Harwood**

## SUPPLY CHAIN INSPECTION AND TRACEABILITY

**Bonsucro only requires documentary traceability of certified products within its standards.** Bonsucro standards allow certified operators to mix certified and non-certified products as long as they use percentage-based claims (mass balance\*).

## EQUIVALENCE / RECOGNITION

Bonsucro does not recognize nor have equivalence with other standards.

### STANDARDS INFORMATION

> **Bonsucro “production” standard** applies to the mill and its sugarcane production areas. The standard is divided into 5 principles, 28 criteria and 69 indicators. The first five principles assess sustainability in the sugarcane industry, addressing social, environmental and economic challenges:

- Obey the law
- Respect human rights and international labor standards
- Manage input, production and processing efficiencies to enhance sustainability
- Actively manage biodiversity and ecosystem services
- Continuously improve key areas of the business

The indicator used to measure compliance with the criteria either applies to the mill or to the farm, or to both. Moreover, Bonsucro has developed a tool to measure compliance: the Bonsucro calculator which uses production data that mills and farms must collect. Once certified, mills are entitled to sell Bonsucro products to the market.

> **Bonsucro “mass balance chain of custody” standard** applies to any company after the mill that buys certified products. It ensures the traceability of products and of the sustainability claim. Certification against this standard is compulsory for any companies that wish to publicly make a claim on the purchase of certified products.

In summary, sugar and ethanol mills and their supplying cane growers are evaluated against the Bonsucro “production” standard and the Bonsucro “mass balance chain of custody standard” is used to evaluate downstream processors.

### MONITORING MEASURES

There is no adaptation of Bonsucro standards to local specificities (world region, size of the farm, etc.).

The validity of a certification is 3 years with annual surveillance audits. After the initial audit, 2 surveillance audits shall be conducted within the next 2 crop years.

For certification against the Bonsucro production standard, the audit must cover the full annual harvest cycle. The monitoring audit comes with 2 surveillance audits with at least one per year of harvest. This sequence of 3 years shall be repeated.

These operations are mainly performed on-site and there is no unannounced audit\* requirement within Bonsucro standards. During the on-site inspection, interviews are performed with workers and management representatives. Interviews with key staff and workers have to be done during the implementation audit (after the audit of the documented management system).

### GEOGRAPHICAL DISTRIBUTION OF CERTIFIED PRODUCERS

In 2013, Bonsucro was present in **2 countries** (Brazil and Australia) with a total of **880,668 hectares certified**. In the same year, **39 production certificates** have been identified in these 2 countries. Their combined production potential amounts were about **3.37 % of actual global sugarcane production** in crop year 2012/2013, which represents a production of 2,960,000 tons of Bonsucro certified sugarcane.



## CONTACT



### ProTerra Foundation

Jan Steenlaan 5  
3723 BS Bilthoven- PAYS BAS  
Phone: +31 (0) 302 282 750  
www.proterrafoundation.org

## LABEL CREATOR AND HISTORY

### Cert-ID (2006)

The ProTerra certification program was created in 2006 within Cert ID (part of Global ID Group), a global certification body that provides accredited certification programs to the food and agricultural industry. The standard is based on the basic criteria for responsible soy (created by Coop Switzerland and the World Wildlife Fund).

Today the ProTerra standard is applicable to all sectors of the food and agricultural system worldwide and to all stages of the food chain.

Global-ID, transferred in January 2012 full ownership and responsibility for its certification scheme to ProTerra Foundation.

**ProTerra is not a member of the ISEAL Alliance\*.**

## SUPPLY CHAIN INSPECTION AND TRACEABILITY

ProTerra requires both physical and documentary traceability of certified products within its standard.

## STANDARD OWNER

### ProTerra Foundation

The ProTerra Foundation is an independent non-governmental and non-profit foundation. The initial ProTerra standard was developed through an informal, but broad multi-stakeholder process, that engaged the following:

- Agricultural and food industry members from both supplier and consumer countries
- Trade organizations
- Government representatives
- Civil society, including grassroots advocates for the environment and social issues across Europe and South America.

## GOVERNANCE

**The board** is responsible for the strategic development of the ProTerra Foundation.

**The committee** consists of representatives of all stages of the agricultural value chain and all stakeholders in those chains: producers, traders, industries (including processors of raw agricultural commodities, manufacturers of consumer products), retailers and consumers. The committee is responsible for:

- The regular revision and update of the ProTerra standard ; the conformity to the guidelines mentioned within the standard setting code of the ISEAL Alliance,
- The choice of the organizations that accredit the certification bodies ; the conformity to the guidelines mentioned within the accreditation code of the ISEAL Alliance,
- The correct handling of complaints related to the implementation of the ProTerra certification scheme.

## CERTIFICATION BODIES

This is an [open list](#). The applicant must be a **3<sup>rd</sup> party, ISO 65\* accredited certification body**.

Cert-ID LTDA Brazil, Cert-ID Europe LTD, Cert-ID LC USA.

## MEMBERSHIP FEES AND CERTIFICATION COSTS

**Annual membership fees vary between 250 to 1,950 € according to the actor who wants to be a member of the ProTerra Foundation**

**Certification costs are not available online.** Producers, companies, traders, supply chain intermediaries are responsible for the certification costs.

## MAIN BRANDS USING THE LABEL

Information not available

## CERTIFIED CROPS

All agricultural commodities (raw materials, ingredients or multi-ingredient products)

## EQUIVALENCE / RECOGNITION

ProTerra Foundation does not recognize nor harmonize with other standards.

### STANDARD INFORMATION

> **ProTerra standards** covers the following challenges:

- Protection of the Amazon and other high conservation value areas,
- Good labor practices (through the respect of ILO\* Conventions) including workplace safety, equal opportunity, protection of children, and forced labor,
- Protection of the rights of communities, indigenous people, and small holder farmers,
- Good agricultural practices with regard to soil fertility, water management and reduced input of fertilizers and pesticides
- According to buyers request : rigorous non-GMO\* requirements (< 0,1 % adventitious GMO)



**ProTerra** does not prohibit the use of GMOs. If trading partners require or accept genetically modified products so the producers cannot meet the requirements related to the ban on GMOs.

### LOGO AND RULES OF LABELLING

ProTerra operates in **business to consumer\* (B2C)** approach.

The certified operators may use the following labels:



ProTerra recognize national GMO-free schemes such as “ohne Gentechnik“ in Germany, “Nourri sans OGM“ in France and “gentechnik-frei hergestellt“ in Austria.

### GEOGRAPHICAL DISTRIBUTION OF CERTIFIED PRODUCERS \*



\* Statistics on the number of hectares certified and amount of the global production are not available.

### MONITORING MEASURES

There is no adaptation of ProTerra standard to local specificities (world region, size of the farm, etc.).

ProTerra distinguishes three levels of organization:

- Level 1 represents agriculture production.
- Level 2 represents handling, transport and storage.
- Level 3 represents processing and manufacturing.

For each level, an annual audit is required. Onsite visual inspections exist and shall include the verification of the scope of certification process and location, and related regulatory aspects and compliance (social, environmental, labor, health and safety).

To this extent, interviews with key staff and workers, and other professionals and people involved in or affected by the operation are performed. There is no unannounced audit\* within the ProTerra Foundation standard.



## CONTACT



### Rainforest Alliance

233 Broadway  
New York, NY 10279- USA  
Phone: +1 (212) 677-1900  
Fax: + (212) 677-2187  
www.rainforest-alliance.org

## STANDARD OWNER

### Sustainable Agriculture Network (SAN)

The SAN is the oldest and largest coalition of non-profit conservation and rural development organizations in the Americas, Africa, Europe and Asia, promoting the environmental and social sustainability of agricultural activities through the development of good practice standards\*, certification and training of rural producers throughout the world.

## CERTIFICATION BODIES

This is a closed list and **they must be 3<sup>rd</sup> party certification bodies (no ISO 65\* accreditation).**

Sustainable Farm Certification, Intl, Productos y Procesos sustentables, RA-Cert, SalvaNATURA, Instituto para la Cooperacion y Autodesarrollo, Natura-Cert, IMAFLORA, NEPCon, Africert.

## LABEL CREATOR AND HISTORY

### Rainforest Alliance (1986) and Sustainable Agriculture Network (1997)

Rainforest Alliance is an NGO founded in 1986 which aims to preserve biodiversity and improving workers' social conditions. In 1989, Rainforest Alliance launched its first sustainable forestry program to conserve biodiversity and provide economic incentives to businesses that practice responsible forestry. The Forest Stewardship Council (FSC) was created. Then, this NGO created a certification program in agriculture so as to increase producers' profitability and sustainability. This program yielded to the creation of a label jointly managed by Rainforest Alliance and the Sustainable Agriculture Network (SAN).

**Rainforest Alliance is a member of the ISEAL Alliance\*.**

## GOVERNANCE

**The General Assembly** which consists of all members of the network, is the supreme authority of the SAN. It has one representative for each one of the member organizations and presents motions to the board of directors.

**The Board of Directors** is composed of a maximum of 12 representatives of the members elected during general assembly.

**Secretariat** executes the decisions made by the SAN board.

**The International Standards Committee (ISC)** is a group of 12 international experts from diverse countries who provide technical input for the development of the SAN standards.

## MEMBERSHIP FEES AND CERTIFICATION COSTS

**Certification costs and membership fees are not published online.**

**The certification costs depend on the local characteristics of farms** (world region, size, etc.).

They are covered by the client (producers, traders or supply chain intermediaries) except for the unforeseen audit which is covered by the certification body.

## MAIN BRANDS USING THE LABEL

Chiquita, Marks and Spenser, Mars, Mondelēz International, Nescafé, Danone, Tata Global Beverages, Unilever

## LOGO AND RULES OF LABELLING

Rainforest Alliance operates in a **business to consumer\* (B2C)** approach.

The Rainforest Alliance Certified™ seal could be applied on both single and multi ingredient products by following some rules.

For single ingredient certified product:

- Products have to contain 30% of Rainforest Alliance certified ingredient.
- If the product contains between 30-90 % of ingredient sources from Rainforest Alliance certified farms then businesses must have a qualifying statement included to use the seal.

For multi-ingredients product:

- To use seal there must be at least 30% of a core ingredient certified.
- Indications about the % of certified ingredients may be applied on package.



Another seal exists, the Rainforest Alliance Verified™ which communicates a business' commitment to reducing its environmental impact. This mark is awarded to tourism and certain forestry enterprises and projects that meet Rainforest Alliance criteria. The following verification mark may only be used on off-product marketing and promotional materials.

## CERTIFIED CROPS

39 crops including coffee, cocoa, banana, tea, rooibos, seeds, flowers and foliage, vegetables and spices

## EQUIVALENCE / RECOGNITION

Rainforest Alliance does not recognize nor harmonize with other standards.

### SUPPLY CHAIN INSPECTION AND TRACEABILITY

The Rainforest Alliance label requires both physical and documentary traceability of certified products within its standards. Note that SAN and Rainforest Alliance have approved an exemption for small volume operators within the chain of custody from certification requirements. The operators who wish to apply to this exemption must have the following business characteristics:

- Operators who process, sell or package a final product in their own or contracted facilities, ready for distribution to consumer, or
- Operators, who take ownership but do not change, modify or process the product within the supply chain.

The volumes for the exemption have been approved for coffee, cocoa, and tea and are as follows (based on the amount of product purchased from Rainforest Alliance Certified farms within a 12 month period): 50 tons of coffee beans, 50 tons of cocoa beans, 50 tons of made tea. Rainforest Alliance also practices controlled blending for cocoa and does not require complete physical traceability in this case, but does require a disclosure.

### MONITORING MEASURES

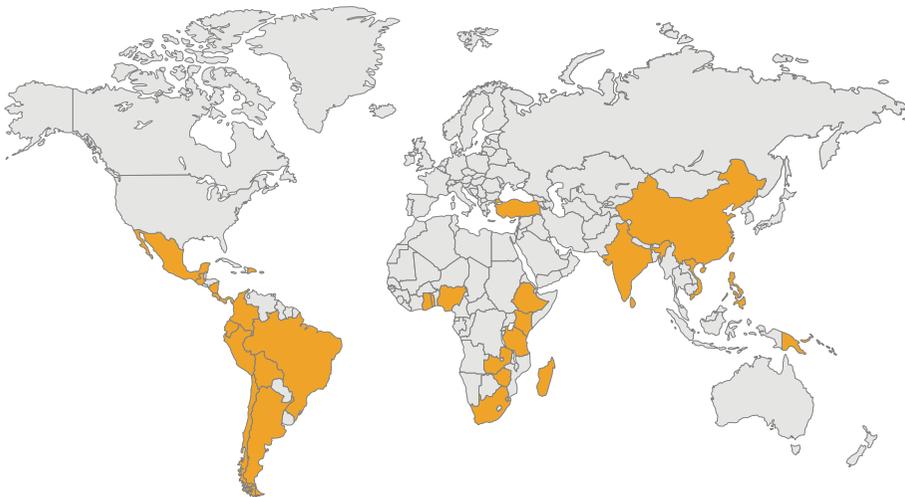
There are adaptations of SAN's standards to local specificities (world region, size of the farm, sectors, etc.).

Certification is valid for 3 years.

After the initial certification, the operator starts the first 3-year certification cycle. One physical surveillance audit is carried out per year. Certification body may decide to conduct an unannounced audit at any time during the audit cycle. If during on-site audit the operator does not comply with some of the critical criteria, a verification audit shall not be authorized and no certification shall be issued. Only Critical nonconformities shall be evaluated. Moreover, Rainforest Alliance includes interviews on-site within its standards.

### GEOGRAPHICAL DISTRIBUTION OF CERTIFIED PRODUCERS

In 2013, Rainforest Alliance was present in **101 countries** all over the world with approximately **77 million hectares certified**. In the same year, some **4.7 million people** (1 million workers and their families) have been directly impacted by the Rainforest Alliance programs. In 2012, Rainforest Alliance certified production counts for **4.5 % of global coffee production, 10% of global cocoa production, 11.5 % of global tea production and 15% of global bananas production**.



### STANDARDS INFORMATION

SAN's sustainable agriculture standard is divided into the two following standards:

- **The standard for sustainable cattle production systems** which covers sustainable practices for cattle farming in Africa, Asia, Oceania, and Latin America.
- **The farm standard** which represents the main **sustainable agriculture standard** of Rainforest Alliance. This standard is structured into 10 main principles: social and environmental management system, ecosystem conservation, wildlife protection, water conservation, fair treatment and good working conditions for workers, occupational health and safety, community relations, integrated crop management, and soil management and conservation. These principles are subdivided into 94 criteria and 14 of them are critical criterion, which means that they are compulsory to obtain the Rainforest Alliance certificate.

This standard may be applied to individual producer or groups of producers. SAN completes its sustainable agriculture standard by formulating specific requirements for group administrator(s) on internal management systems, how to strengthen producers capacity building and on risk management.

## CONTACT



**UTZ Certified**  
Ruyterkade 6  
1013 AA, Amsterdam- PAYS BAS  
Phone: +31 20 530 8000  
www.utzcertified.org

## STANDARD OWNER

### Foundation UTZ Certified

The UTZ Certified Foundation elaborates standards for its own label and also provides chain of custody for two different associations: the Roundtable on Sustainable Palm Oil (RSPO) and the Better Cotton Initiative (BCI).

## CERTIFICATION BODIES

There is no formal list of certification bodies within UTZ Certified certification system. However they must be a **3<sup>rd</sup> party accredited certification body**. The choice of the certification body is left to the producer on condition that the chosen certification body complies with one of the following requirements:

- Have a valid ISO 65\* or EN 45011 accreditation with the scope of the UTZ Certified standard,
- Have another relevant agricultural accreditation\* that includes Good Agricultural Practices, such as GlobalGAP or International Federation of Organic Agriculture Movements (IFOAM) accreditation.

## LABEL CREATOR AND HISTORY

### UTZ Certified (Utz Kapeh, 1999)

In the 90s two business partners, a Belgian-Guatemalan coffee grower, Nick Bocklandt, and a Dutch coffee roaster, Ward de Groot, initiated the idea of the UTZ program after observing the benefits and limitations of the coffee market and consumer labels available at that time. The UTZ program has been initiated to implement "sustainable quality" on a large scale in the worldwide market. They chose the name "Utz Kapeh", which means "good coffee" in the Mayan language Quiché. An office was opened in Guatemala City in 1999. In 2002, the head office was opened in The Netherlands.

The program promotes responsible trade, especially oriented on social and environmental criteria and by guaranteeing an efficient and professional management of farms, food security and traceability. Originally founded for the coffee supply chain, the program progressively integrates other supply chains as tea, cocoa, and palm oil.

**UTZ Certified is member of the ISEAL Alliance\*.**

## GOVERNANCE

**The supervision board** should, at a minimum, have members drawn from the following groups: production, the supply chain (including brands, processors, traders, retailers), civil society/ non-governmental organization, and representative trade unions.

**The executive team** is formed by the executive director, the markets director, emerging markets director, and the UTZ Certified standards director.

In 2011 the **standards committee** was set up. Their task is to adopt, on the basis in information and data provided by the stakeholders, new standards as well as revise existing ones.

**The product advisory committees** (PACs) support and advise both the supervisory board and UTZ Certified staff on the development, implementation and revision of product specific programs.

## MEMBERSHIP FEES AND CERTIFICATION COSTS

Membership fees cover a part of the organization's operating costs and allow members to access services such as traceability, technical support, or marketing. Producers are exempt from membership fees.

Certification costs depend on the chosen certification body and local characteristics of farms (production volume, volume of product to be certified, size, etc.) A study made by the Belgian Technical Cooperation (BTC) Trade for Development Center informs that these costs may vary between 500 and 4,500 USD for large group certification.

Producers, traders, and supply chain intermediaries are responsible for paying these costs and those related to unforeseen audits.

## LOGO AND RULES OF LABELLING

UTZ Certified operates in a **business to consumer\* (B2C)** approach. There are three logos according to the country where the UTZ Certified product is sold.



USA & Canada



Japan



Worldwide

### STANDARDS INFORMATION

UTZ-developed standards consist of product-specific standards for cocoa, coffee, tea, and rooibos. These standards are divided into two parts:

- A standard for individual producers
- A standard for group of producers

These standards are subdivided into four blocks of criteria related to: management, farming practices, working conditions, and environment.

UTZ Certified also elaborates a standard exclusively devoted to chain of custody.

### MAIN BRANDS USING THE LABEL

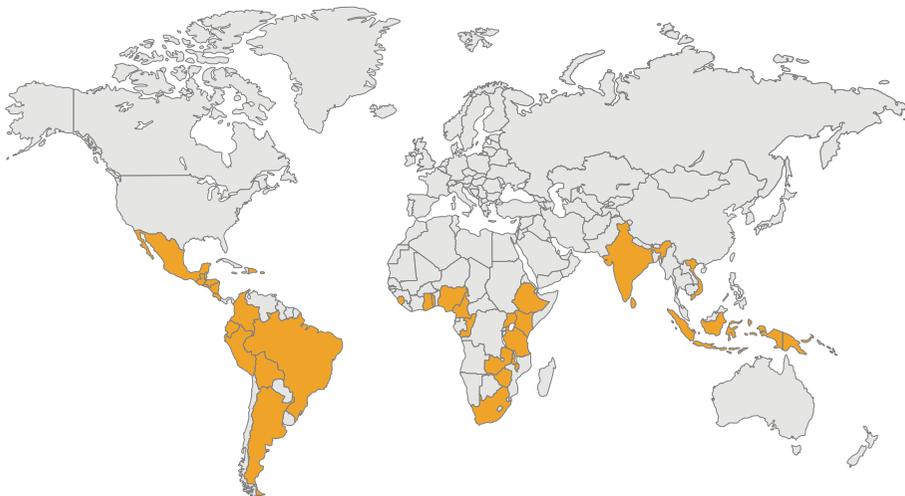
Ikea, Senseo, Lavazza, Lidl, HEMA, McDonalds, MIGROS, Burger King, Douwe Egberts, Mars



Mars commits to purchasing annually 100,000 tons of UTZ Certified cocoa by 2020.

### GEOGRAPHICAL DISTRIBUTION OF CERTIFIED PRODUCERS

In 2013, UTZ Certified was present in 34 countries all over the world with approximately 1.5 million hectares certified (including 902,360 hectares for cocoa, 508,661 hectares for coffee, 65,132 hectares for tea). In the same year, some **500,000 smallholders and 800 farms/estates were certified**. In 2012, UTZ Certified production accounts for 8 % of global coffee production (715,648 tons), 13 % of global cocoa production (534,614 tons) and 1.4 % of global tea production (65,132 tons).



### CERTIFIED CROPS

Cocoa, tea, coffee, rooibos, palm oil, and hazelnut.

### EQUIVALENCE / RECOGNITION

UTZ Certified does not recognize nor harmonize with other standards.

### SUPPLY CHAIN INSPECTION AND TRACEABILITY

UTZ Certified requires both physical and documentary traceability of certified products within its standards.

### MONITORING MEASURES

There are adaptations of UTZ Certified standards to local specificities (world region, size of the farm, sectors, etc.).

An annual audit must be performed each calendar year. The UTZ Certified label is valid for a period of 365 days. Every certification body is required to conduct unannounced audits on at least 10 % of the certificate holders who are annually certified by this certification body. UTZ Certified standards mention the existence of an on-site inspection and discussions/interviews with key staff.



# SUSTAINABLE DEVELOPMENT LABELS VS. FAIR TRADE LABELS: CLARIFYING THE DIFFERENCES.

## ECONOMIC CRITERIA

	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
1. FAIR PRICE	∅	∅	∅	∅	∅
2. PREMIUM FOR GROUP PROJECTS	∅	∅	∅	∅	∅
3. ACCESS FACILITATED TO FINANCE/ PREFINANCING	∅	∅	∅	∅	∅
4. LONG TERM COMMITMENT FOR BUYERS	∅	∅	∅	∅	∅
5. PHYSICAL TRACEABILITY	✓	∅	✓	✓	∅ ✓
6. DOCUMENTARY TRACEABILITY	✓	✓	✓	✓	✓

### 1. FAIR PRICE \*

UTZ Certified includes a price policy within its standards through a better price paid to producers; which is referred to as the “UTZ premium”. This better price is negotiated between buyer and seller and must reflect the "intrinsic value of more efficiency, better quality and better yields" resulting from implementing the UTZ Certified code of conduct.

Nevertheless, the UTZ Certified premium policy differs significantly from the fair remuneration for economic actors evoked in the fair trade principles. Indeed, in fair trade, the fair remuneration must allow economic operators to cover their production costs, meet their daily needs and improve their living conditions in the long run and allow them to cover their production costs. Moreover, a minimum price is implemented so as the producers or group of producers can protect themselves from global market prices fluctuations. The UTZ policy is as follows:

- Does not provide a minimum price to economic producers/workers to overcome market variations.
- Does not require productions costs to be, at least, covered by the set price.
- Is more oriented to added value than in improving producers/workers living conditions or in protecting them from market prices variations.

In fact this better price is a way to differentiate the certified product from conventional product in the market insofar as it must reflect the return on investments of producers for being compliant with UTZ certified standards.

No other sustainable development labels adress price at all.

**2. PREMIUM FOR GROUP PROJECTS \*****3. ACCESS FACILITATED TO FINANCE/PREFINANCING \*****4. LONG TERM COMMITMENT FOR BUYERS**

The 5 sustainability development labels do not include in their requirements a premium paid to producers for group projects. They do not include pre-financing either and do not cover long-term commitment for buyers.

Even though 4C Association provides financial assistance and facilitates linkages between applicants and financial institutions to extend loans or create savings plans, this standard does not provide more information about the conditions necessary for compliance in order to obtain this kind of assistance.

**5, 6. PHYSICAL TRACEABILITY AND DOCUMENTARY TRACEABILITY \***

Among the studied standards only 4C Association and ProTerra require documentary and physical traceability of products at every stage of the supply chain. Certified commodity must remain entirely independent from conventional commodity throughout the supply chain (segregation\* or identity preservation\* models for chain of custody). Indeed, concerning 4C Association, if a compliant coffee is sold to a non-4C member it loses its status as 4C compliant coffee. Proterra insists on updating records and ownership of the ProTerra certificate along the supply chain.



The Rainforest Alliance label requires the implementation of a system in farms for avoiding the mixing of certified products with non-certified products in their facilities, including harvesting, handling, processing, packaging and transportation. Moreover, to be compliant with this standard, the operator has to keep records of all transactions involving certified products and the identification of products leaving the farm with documentation indicating a certified farm as the origin. However, if we look at the terms of use of the Rainforest Alliance Certified™ seal, we can notice that this label allows certified operators to mix certified products as long as they use percentage-based claims (see Rainforest Alliance evaluation). In this case, if the final products contain between 30 and 90 % of Rainforest Alliance certified ingredient so the operator is allowed to use the label on its packaging.

UTZ Certified also allows mixing between certified and non-certified ingredients under the same conditions as Rainforest Alliance (mass balance\* model for chain of custody). This label has elaborated two standards. The first one requires documentary and physical traceability. The other one only requires documented traceability. It applies mass balance model for chain of custody. In addition, so as to differentiate final products according to the model used within the chain of custody, UTZ Certified provides different labels. This particularity may explain why UTZ Certified worked out a traceability system called the Good Inside Portal (GIP) for cocoa, tea, coffee and also palm oil (for the Roundtable for Sustainable Palm Oil). Finally, only Bonsucro requires documentary traceability of certified products with no physical traceability requirement.

## SOCIAL CRITERIA

	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
7. INTERNATIONAL LABOR ORGANIZATION CONVENTIONS	✓	✓	✓	✓	✓
8. ADDITIONAL SOCIAL BENEFITS	∅	∅	✓	✓	∅

### 7. INTERNATIONAL LABOR ORGANIZATION CONVENTIONS

All the studied initiatives use the 11 ILO Conventions (taken on in this guide) as a baseline to develop their specific social criteria. Nevertheless, some of them go further with additional social benefits (see the following criterion).

### 8. ADDITIONAL SOCIAL BENEFITS: SOCIAL SECURITY, PENSIONS, PARENTAL LEAVE

The 4C Association, Bonsucro and UTZ Certified standards do not provide additional social benefits to producers and groups of producers.

Indeed, concerning social security, only ProTerra and Rainforest Alliance mention it in their guidance and request it if the country's legislation does not demand it.

Regarding pensions, none of the studied standards include it within their requirements. However, the majority of them require the compliance with national/local regulations.

ProTerra is the only standard that gives the opportunity to take parental leave. This can be explained by the fact that their certified producers are mainly concentrated in Canada and Brazil, which are respectively a developed country and an emerging country where these kinds of criteria must be mandatory by law.

## GOVERNANCE CRITERIA

	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
9. FORMALIZED COLLECTIVE STRUCTURE	∅	∅	∅	∅	∅
10. ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS	∅	∅	∅	✓	✓

### 9. FORMALIZED COLLECTIVE STRUCTURE

The studied standards do not require that producers must organize themselves within a formalized collective structure like a producers' organization. This point is one of the specific elements that differentiate these standards from those of fair trade.

### 10. ACCESSIBLE TO MARGINALIZED PRODUCERS AND WORKERS

Among the different labels, only Rainforest Alliance and UTZ Certified make their schemes accessible to marginalized producers/workers. Rainforest Alliance, sometimes adapts its requirements to the level of vulnerability of the producers/workers. Regarding UTZ Certified standard, it provides more specific elements for including marginalized producers/workers within its scheme: actions to support literacy and numeracy skill-building for group staff, group members, and their families; programs for young workers.

GOVERNANCE CRITERIA	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
11. CAPACITY BUILDING OF PRODUCERS	✓	∅	∅	✓	✓
12. RIGHTS OF INDIGENOUS PEOPLES	✓	✓	✓	✓	∅

### 11. CAPACITY BUILDING \*

Bonsucro and ProTerra standards do not mention requirements regarding capacity building.

Rainforest Alliance elaborated a wide variety of technical assistance and support activities to help farmers and other members to implement the best agricultural practices. These activities include training, fields’ schools for farmers, farm assessments, building management systems for farms and groups, and the provision of templates, forms and other tools for best practices.

Regarding 4C Association, 4C members who are active in trading, exporting, roasting and coffee retailing are encouraged to implement capacity building activities for stakeholders associated with 4C activities (fields and farm education, training programs, quality improvement, organizational development, managerial tools, access to market information, diversification, etc.). Thus, 4C goes further than Rainforest Alliance inasmuch as its standard encourages producers to be more independent with respect to other economic operators of the supply chain. However, these requirements are

optional, while they are mandatory in fair trade standards.

Meanwhile, UTZ Certified provides capacity trainings and since 2013, this label increased the effectiveness of the UTZ train-the-trainer programs and also training material. In addition, together with Hivos (Humanist Institute for Cooperation), SECO (Swiss State Secretariat for Economic Affairs), 4C Association and IDH (Sustainable Trade Initiative), UTZ Certified also supported the development of SustainabilityXchange, an online platform that enables producers to access training and resources on sustainable farming and to share experiences. This platform was launched in 2014.

### 12. RIGHTS OF INDIGENOUS PEOPLES

Except for UTZ Certified, all these schemes requires at least the respect of the ILO 169 Convention on the rights of indigenous people. Even though, UTZ Certified does not mention the ILO 169 Convention within its standard, it requires that the certified operator must not have significant land use disputes with the local community.

The standards used by Rainforest Alliance go further and clearly focus on this criterion through the promotion of local legislations and specific procedures toward local communities. It insists on building relations with local communities by identifying and considering them especially through communication and complaints procedures. The ProTerra Foundation also quotes land rights and goes further by providing project support for local communities.



## GOVERNANCE CRITERIA

	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
13. DEMOCRATIC DECISION-MAKING	N/A	N/A	N/A	N/A	∅
14. TRANSPARENCY OF INFORMATION	N/A	N/A	N/A	N/A	✓
15. PARTICIPATION OF PRODUCERS AND WORKERS	N/A	N/A	N/A	N/A	∅
16. NON-DISCRIMINATION	✓	✓	✓	✓	✓
17. MONITORING OF THE DEMOCRATIC MANAGEMENT OF PREMIUM FOR GROUP PROJECTS	N/A	N/A	N/A	N/A	N/A

### 13. DEMOCRATIC DECISION-MAKING

Unlike fair trade labels, small producers' organizations are not the main targets of 4C, Bonsucro, ProTerra and Rainforest Alliance. That is why their standards do not include any requirement linked to management of producers' organizations.

UTZ Certified conceived specific standards for producer organizations; called group certification and multi-group certification (see UTZ Certified evaluation). However, neither one requires democratic decision-making within the producer organization.

### 14. TRANSPARENCY OF INFORMATION

For the same reasons as those mentioned above, this criterion is not applicable to 4C Association, Bonsucro, ProTerra and Rainforest Alliance. UTZ requires the management entity to make all documents related to the management system (contracts, accounts, reports, etc.) available to all producers.

### 15. PARTICIPATION OF PRODUCERS AND WORKERS

For the same reasons as those mentioned above, this criterion is not applicable to 4C Association, Bonsucro, ProTerra and Rainforest Alliance. Concerning UTZ Certified, even if it identifies producer organizations within its standards, it does not require producer participation within the management of its organization. Once more, this is a criterion that differentiates these labels from those of fair trade.

### 16. NON-DISCRIMINATION

All the standards require this aspect, especially by adherence to the ILO Convention 111.

### 17. MONITORING OF THE DEMOCRATIC MANAGEMENT OF PREMIUM FOR GROUP PROJECTS

Not applicable because there is no premium for group projects required within these standards.

## ENVIRONMENTAL CRITERIA

	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
<b>18. REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)</b>	✓	✓	✓	✓	✓
<b>19. PROTECTION OF BIODIVERSITY</b>	✓	✓	✓	✓	✓

### 18. REDUCTION OF THE ENVIRONMENTAL IMPACTS OF ACTIVITIES (ENERGY, SOIL, WATER AND WASTE MANAGEMENT)

All of these standards insist on the respect of laws and regulations within the country where activities take place.

Rainforest Alliance and UTZ Certified specifically note in their standards that if national rules and regulations prove to be stricter than their standards, the auditor shall verify if the regulation related to environment has been respected rather than control the compliance with the environmental criterion listed within their guidance.

All of the studied sustainability standards include sustainable management of resources within their guidance. However some of them are stricter than others, this is the case of Rainforest Alliance which clearly emphasizes this point. Meanwhile, Bonsucro is more focused on viability and productivity of the farm's activities than on the reduction of the environmental impacts of activities.

### 19. PROTECTION OF BIODIVERSITY

All the standards mention biodiversity principles within their requirements. Indeed, 4C requires the development and implementation of a program to conserve and enhance the wildlife and native flora of sensitive areas which at least meets national laws. It also asks individual farms to have a map indicating land use.

Concerning Bonsucro, the requirement related to biodiversity represents a mandatory criterion to obtain the certificate. In fact, the applicant farm has to actively manage biodiversity and ecosystem services, assess impacts of sugarcane enterprises on biodiversity and ecosystem services, and prevent expansion of new sugarcane development into areas of critical biodiversity (high conservation value areas).

Regarding ProTerra standards, biodiversity is a part of the social and environmental impact assessment (SEIA) that the economic operator has to submit to the auditor in order to pass the audit. Furthermore, the applicant has to develop documents and implement a plan to maintain and maximize biodiversity within and surrounding the area.

Rainforest Alliance possesses the most complete standards concerning biodiversity. Indeed, it requires that natural ecosystems are integral components of the agricultural and rural countryside. Moreover, certified farms should protect these natural ecosystems and conduct activities to restore degraded ecosystems, protect natural areas that contain food for wild animals or habitats for reproduction and raising offspring. Rainforest Alliance includes several critical criteria around the conservation of natural ecosystems, conservation areas, threatened species and ecological corridors.

UTZ Certified standards require the certificate holder to have a conservation plan or participate in a regional biodiversity or forest management plan.

ENVIRONMENTAL CRITERIA	4C ASSOCIATION	BONSUCRO	PROTERRA FOUNDATION	RAINFOREST ALLIANCE	UTZ CERTIFIED
20. PROHIBITION OF HAZARDOUS SUBSTANCES	✓	✓	✓	✓	✓
21. BAN ON GMOS	✓	∅	∅	✓	∅

## 20. PROHIBITION OF HAZARDOUS SUBSTANCES

All of the standards mention this criterion within their standards. However, we note that some of them (4C Association, Rainforest Alliance, UTZ Certified, Proterra Foundation) provide their own list of prohibited hazardous substances and also quote the list of the World Health Organization (WHO)\* as a baseline. Meanwhile, Bonsucro standards only base its requirements on the WHO List of hazardous products. Proterra bans the use of the pesticides listed in the Rotterdam Convention and in the Stockholm Convention.

## 21. BAN ON GMOS

Regarding the ban on GMOs, we see a clear gap between the different studied labels. On one hand, Bonsucro and UTZ do not prohibit this type of agriculture. This is one of the points that differentiate these labels from fair trade.

On the other hand, even if the Rainforest Alliance makes this point an essential criterion for obtaining his label, it allows farmers to grow genetically modified crops and non-genetically modified crops within the same holding providing that there is no mixing performed during harvesting, handling, processing or storage of products. However, Rainforest Alliance does not make traceability and labeling requirements for products containing genetically modified raw materials.



ProTerra integrates these features within its standard, but allows producers to remove these criterion related to the ban on GMOs if the market demands it.

4C is the only studied standards that integrates the complete ban on GMOs and remains strict on this requirement by including management and monitoring, risk prevention, and traceability of genetically modified varieties.

In this chapter we see that sustainable development labels **mainly differ from fair trade labels because:**

- **Their requirements do not address issues related to a more equal relationship between producers and buyers.**
- **Producers' organizations are not their main target.**

### ECONOMIC CRITERIA

As regards with economic criteria, **the sustainable development labels** discussed in this chapter **do not require buyers to guarantee a minimum purchase price that covers production costs** of the certified organizations and which enables them to overcome market variations, meet their daily needs or contribute to improve their living conditions in the long run.

**Similarly, these standards do not implement any criteria relating to the payment of a premium for group projects\***, which constitutes an important principle of fair trade because it provides opportunities for producers to carry out collective projects for their communities. The significant issue of pre-financing\* of orders from buyers (on request

of producers) is also absent from the requirements written in sustainable development standards.

Sustainability is thus considered only from the point of view of producers, for which better production practices are expected to improve their income. The **nature of the relationship** and terms of contracts **between producers and the downstream industries are few or not questioned.**

In terms of support to producers, fair trade labels promote capacity building (commercial, productive, management) of cooperatives and the empowerment vis-à-vis of their trading partners. This question is only partially treated within the sustainability development standards, which are mainly focused on improving the knowledge and skills of farmers (through support programs) to enhance their ability to negotiate their production on the global market.

By shifting requirements to producer organizations, the **sustainability labels do not seek to change the practices of companies that buy certified products.** They are motivated by global trade consequences rather than the root causes. In contrast, in fair trade the relationship with business partners is expected to change. The criteria of fair

## " THE SUSTAINABILITY LABELS DO NOT SEEK TO CHANGE THE PRACTICES OF COMPANIES THAT BUY CERTIFIED PRODUCTS. "

trade entail rights and obligations for both parties: Southern producers and Northern buyers. It is this relationship that must strive for more equity.

### GOVERNANCE CRITERIA

The criteria related to the governance of producer organizations contribute to the confusion that can sometimes exist between the approaches of fair trade and those of sustainability development labels.

Unlike fair trade labels, sustainability **development labels** discussed in this chapter **do not aim to promote and strengthen producer organizations in the South.** Therefore, these labels open their certification scheme to any type of actor, whatever their size or turnover, whereas in the case of fair trade, most labels implement specific eligibility

criteria that aim to address priority groups (producers in developing countries, organized small producers, etc.). This is why the set of criteria related to the governance of producer organizations (producer participation, democratic decision-making within the organization, etc.) is very poor and sometimes not sufficiently developed within the analyzed sustainable development standards.

### ENVIRONMENTAL CRITERIA

The sustainability labels studied in this chapter are characterized by their **strong commitment to the protection of the environment** through the reduction of environmental impacts or the preservation of biodiversity. Sustainable development labels strongly emphasize these criteria. Their requirements sometimes go beyond those mentioned in fair trade standards. This gap may be explained by the fact that many sustainable development labels appeared following the environmental criticisms of agribusiness (deforestation, monoculture, etc.) and thus attempt to curb these controversies through certification.

However, only Rainforest Alliance and 4C Association ban the use of GMOs. Furthermore, contrary to fair

trade labels, sustainable development labels do not provide premiums to producers except in the case of conversion to organic farming.

### SOCIAL CRITERIA

Finally, **in terms of social criteria, this chapter brings up a convergence between the requirements listed within sustainability development standards and those of fair trade.** Indeed, like fair trade, all the standards discussed in this chapter refer to at least 11 of the ILO Conventions\* as minimum criteria to be complied with.

Sustainable development labels often use, like fair trade labels, **national laws as a basis for their requirements.** Some of them go further (Rainforest Alliance, ProTerra) by requiring certified operators to provide social protection if the current legislation in the country does not provide it.

# FAIR TRADE AND SUSTAINABLE DEVELOPMENT LABELS: WHAT DO WE KNOW ABOUT THEIR IMPACTS?

*Alastair Smith (FairNESS United Kingdom)*

This chapter of the guide aims to **summarize independent and largely academic research** that analyzes the impact of fair trade and other sustainability guarantee systems. Given that the majority of existing research has focused on Fair trade, this offers the focus of the section and is broken down into a discussion of **economic, social, organizational and environmental impacts**. Analysis has aimed to summarize general trends in the evidence. However, there is only still a very limited amount of research in comparison with the number of certified producer organizations covered by all sustainability guarantees, and this has been concentrated both geographically and by commodity types. Therefore, trends are summarized as indicative of the evidence, not universal real-world impacts, and actual outcomes for all guarantee systems will always be heavily reliant on local and specific circumstances of producers.

## 1. THE IMPACTS OF FAIR TRADE GUARANTEE SYSTEMS

The majority of academic research and analysis, which has been reviewed for this summary, finds **positive impacts from fair trade guarantee systems**. In many cases, fair trade is found to bring financial benefits to individual farmers, producer organizations and wider communities. Evidence also suggests that fair trade can **facilitate investments** in health and education infrastructure, deepen business and livelihood development, and **stimulate more responsible environmental practices**.

However, this is not universal and recent work has suggested more complex ways to understand outcomes. Indeed, given the **variety of organizational models used by fair trade** (small farmer producer organizations, hired labor production and contract farming) and the complexity of the local, regional and national

situations in which they are applied, outcomes will vary significantly. Overall though, while fair trade guarantee systems are constantly evolving to account for real work complexity, significant gains can and do emerge from their appropriate application.

### › Economic Impact

Many studies on the impact of fair trade **identify increased and less variable levels of income for producer families and producer organizations**<sup>[1, 9]</sup>, particularly when world market prices are low compared to fair trade minimum prices<sup>[10]</sup>. For example, in Mexico, even after significant administrative cost and debt repayments were accounted for, producers still reported "greater economic stability and security, in addition to identifying material changes"<sup>[3]</sup>. Importantly, the most positive cases usually see high volumes of sales under fair trade conditions, where less

impressive outcomes often result from a lower proportion of fair trade sales. Good returns are also potentially contingent on increased yields resulting from improved practices<sup>[11]</sup>.

Given the complexity, some studies find only modest changes in income<sup>[12]</sup>, and other accounts conclude that returns from involvement in Fair Trade are lower than other livelihoods<sup>[13]</sup>. However, care needs to be taken in making such comparisons, as producers are often excluded from other, theoretically more advantageous alternatives, and **fair trade therefore offers a significant safety net**<sup>[14]</sup>. Of more concern are cases where investment in **fair trade certification and other associated costs result in net financial losses**<sup>[15, 17]</sup>. This has occurred where more stringent environmental standards have been introduced, either requiring additional labour<sup>[18, 19]</sup> and/or resulting in lower yields that erode income benefits and imply a lack of productivity gains<sup>[20, 21]</sup>. In some cases however, poor incomes result from case specific factors (such as the failure to replace chemical inputs with organic treatments<sup>[21]</sup>), and not a fundamental limitation of guarantee systems. Any evaluation should also consider how increased short-term costs (which must be considered as significant for producers in vulnerable situations) should be balanced against any longer term benefits,

for example in the preservation of environmental resources that allow more sustainable incomes over time. In one of the few cases where workers' hourly wages are investigated, fair trade created a notable increase<sup>[22]</sup>, although in other cases workers' wages are not found to be more than wider averages<sup>[23]</sup>.

**The wider impacts of fair trade guarantees are little researched due to the complexity of the processes involved**<sup>[24]</sup>. However, some have made theoretical arguments that fair trade will incentivize producers to remain in low-value sectors, and not invest in activities with higher potential returns<sup>[25, 26]</sup>; and some evidence suggests **fair trade production can be insufficiently diversified** to protect against disruptions to narrow markets<sup>[27]</sup>. Others apply more nuanced frameworks and cite case study examples to show that fair trade can promote higher return activities<sup>[14, 28]</sup> and improve the quality of products, which then command a higher price<sup>[29]</sup>. For example, the Tz'utujil Maya community in Guatemala improved the quality of their coffee with support from their involvement with fair trade<sup>[30]</sup>. **Wider still, research finds fair trade challenges the concentration of power among intermediaries such as roasters and buyers to create more even power relationships within the international economy**<sup>[31]</sup>. Despite these changes however, the

## " [...] FAIR TRADE THEREFORE OFFERS A SIGNIFICANT SAFETY NET. "

wider structures of supply chains<sup>[32]</sup> mean that in many cases the majority of additional consumer spending, on fair trade as opposed to non-certified products, remains with Northern stakeholders (retailers and intermediaries) and do not reach the developing world<sup>[33]</sup>. However, theoretical analysis also suggests that under certain assumptions, fair trade offers a more efficient means of supporting marginalized agricultural producers than buying non- fair trade products and instead attempting to give money directly to producers through a charity<sup>[34, 35]</sup>.

### > Social Impact

Research identifies **many improvements in social conditions through the economic benefits brought by improvements in efficiency and product quality**<sup>[36]</sup>. For example, the higher incomes brought by fair trade in randomly selected producer groups in Nicaragua, Peru, and Guatemala,

although uneven across families, were found to correlate with 1) the likelihood of children being in school, 2) educational attainment and 3) the generally improved health<sup>[37]</sup>. However, evidence also shows that **premium for group projects\* are used for a variety of community investments**. The development of general **educational facilities** is almost always noted by impact work<sup>[3, 38]</sup>, and health inputs are also common through investment in water supplies, **improved sanitation and medical provisions**<sup>[38, 39]</sup>. Another common use of premium for group projects identified in research is the **creation of microfinance services** to help producers manage fluctuations in incomes and raise money for social and business investments<sup>[14]</sup>.

Following the declared aim of fair trade to work with poor and marginalized producers, **some analysis has focused on the degree to which such practices help the poorest and most marginalized**. At the first level, there are considerable formal barriers to entry to the fair trade market, such as the geographical restriction of Fairtrade International certification<sup>[43]</sup> and the often prohibitive level of associated costs<sup>[44, 45]</sup>. The economic barriers to entry are also identified in less costly certification, for example that offered by the World Fair Trade Organization, where **the bureaucratic burden can**

**still be significant for producers with little business capacity**<sup>[46]</sup>. Once producers are technically part of fair trade networks, power does still work against the poorest. For example, it is noted that buyers at various stages of the supply chain have a preference for higher quality produce where supply outweighs demand. As the lower quality produce tends to come from the poorest actors they find themselves less able to benefit from fair trade practices<sup>[47, 48]</sup>. Given **ultimate reliance on trade**, certification does not guarantee sales and access fair trade markets tends to be dictated by market and retailer demands, rather than producer need<sup>[43, 49]</sup>. However, it is important to remember that such patterns result from the current size of fair trade markets, and increase demand would contribute to wider access for the poorest. At the lowest scale of investigation a wide range of mediating factors and producer characteristics (including gender and length of involvement in fair trade organizations/networks) produce both positive inclusions as well as negative exclusion and obstruction<sup>[9, 12, 50, 55]</sup>. Work focusing on women's groups identifies **positive processes of empowerment** and suggests providing practical models for other socially responsible forms of employment<sup>[42]</sup>. However, in other cases, the nature of production models required by fair trade excludes those with less capacity. In some cases

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women are no longer able to undertake culturally expected tasks, and this can result in family tensions and other repercussions<sup>[22]</sup>; although broader analysis suggests that **cultural transitions** are an inevitable part of **longer term** restructuring that improves material conditions. This work suggests that organizations should develop strategies for addressing gender-specific constraints, and to build women's capabilities and confidence<sup>[56]</sup>.

### › Organizational Impact

In some research the broader relationship between fair trade participation and social organization has been considered. It is identified that in some cases producer organizations are strengthened<sup>[40]</sup> and their governance improved<sup>[24]</sup>, although in others, community leadership has declined with participation in fair trade<sup>[41]</sup>. Other work compliments investigation of income to find that there are "**significant changes in organization, input use, wealth and assets, and risk attitudes**"<sup>[12]</sup>.

Where the application of Fairtrade International's Hired labour Standards are investigated, it is found that, "Where unions are absent, fair trade's greatest impact may be in **the establishment of workers' committees that can build collective**

**capacity**"<sup>[36]</sup>. Indeed, the strengthening of social organization among marginalized workers arguably offers one of the most sustainable pathways to the enhancement of their position, in reference to their immediate employers, the industries in which they work, but also the wider political context in which this economic activity takes place.

### › Environmental Impact

Research has only recently focused on environmental outcomes from fair trade guarantees. Of the evidence that is available, in some cases **fair trade farmers reduce reliance on synthetic inputs**<sup>[37, 57]</sup> **and elsewhere they engage more in agroforestry**<sup>[58]</sup>. Some of the best gains have been identified when producers are incentivized to switch to organic production methods<sup>[59]</sup>. In some cases, premium for group projects payments have been channelled into improvements in environmental practices<sup>[6]</sup>. For instance, the Coocafé coffee cooperative in Costa Rica uses the Fairtrade premium from its coffee sales to fund sustainable production and conservation projects through a not-for-profit organization<sup>[5]</sup>. Having said this, in other cases the financing required for significant improvements in environmental conditions is hard for fair trade producers to access<sup>[57]</sup>, and as noted

above, environmental requirements can reduce financial gains due to the creation of new costs<sup>[18]</sup>.

## 2.REMAINING QUESTIONS ABOUT THE IMPACT OF FAIR TRADE GUARANTEE SYSTEMS

**Most impact research on fair trade guarantee systems focuses on larger-scale commodity agriculture** (largely coffee) certified to Fairtrade International standards. Comparatively, there is little research on other sectors, for example herbs and spices, or other fair trade systems, particularly that of the WFTO and the associated handicraft production<sup>[61]</sup>. Studies are also largely **focused in Latin America**. While this does mirror the concentrations of fair trade activity, **knowledge of specific areas is still needed**.

Of more significance is that while the practices of fair trade were developed by mission-driven **Fair Trade Organizations (FTOs - those 100% dedicated to the principles of fair trade** as the reason for their existence, and therefore deal in 100% fair trade goods), the advent of third-party certification allowed fair trade to be adopted by profit-focused

commercial companies e.g. supermarkets (the so-called **mainstreaming of fair trade**).

Overall, it is believed that fair trade guarantees achieve better outcomes for producers when practiced by mission-driven FTOs. However, while there are celebrated examples of the impact that FTOs can have<sup>[38, 62]</sup>, **the relationship between mission, practices and outcomes has also been questioned**<sup>[63]</sup>. Likewise, although some commercial players treat fair trade suppliers in the same way as other non- fair trade supply chains, others have more differentiated and therefore supportive practices<sup>[64, 65]</sup>. Although there is some evidence that FTO participation in supply chains has additional value for producers<sup>[66]</sup>, including through contract farming models<sup>[67]</sup>, there is insufficient evidence to draw rigorous conclusions.

At the scale of individual producer organizations, although investments of the premium for group projects are well documented, **the longer term effects and value of these is little explored**. For example, although it is identified that educational inputs might increase<sup>[68]</sup>, the longer term impact of such education have not been traced<sup>[69]</sup>. Although knowledge to environmental outcomes under fair trade governance is growing, it is still very limited<sup>[60]</sup>.

### 3. THE IMPACT OF SUSTAINABILITY CERTIFICATION: HOW DO THEY COMPARE TO FAIR TRADE?

**There is much less independent research into other sustainability certification than fair trade guarantee systems.** Much of the knowledge that does exist focuses on environmental issues. For example, Rainforest Alliance (RFA) certification is considered to have strong potential to improve practices given that its standards are still initially accessible by producers with poor environment practices, but who are then expected to increase compliance<sup>[70]</sup>. **One of the limited empirical studies available finds that RFA does improve environmental practices**, although in some areas, such as cover of native vegetation, standards are still found to be poor<sup>[71]</sup>.

**In terms of the economic impact**, unlike Fairtrade International certification, **other sustainability guarantees rely on markets to increase producer incomes**, under the assumption that compliance will increase quality and hence price vis-à-vis non-certified alternatives. Assessing this expectation, a comparison of the maximum, average and minimum price differentials for coffee identify that Fairtrade guarantee offered the highest gains for

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producer organizations<sup>[72]</sup>. Indeed, the majority of the limited comparative studies find that **prices under Fairtrade certification are generally higher than under other sustainability certification** <sup>[2, 73, 74]</sup> across a range of commodities <sup>[75]</sup>.

There are exceptions to this general pattern, and Starbucks' Café Practices guarantee system was found to pay higher prices compared to fair trade<sup>[76]</sup>. However, all sustainability guarantee systems require investment in both certification costs and compliance<sup>[71, 72]</sup>. This can mean that higher prices do not translate into higher net gains. Indeed, due to the requirements of Starbucks' Café Practices system, fair trade was ultimately found to be the most financially advantageous of the two schemes<sup>[76]</sup>. In other analysis, it is concluded that increasing the ratio between the amount of produce and the level (or cost) of inputs is the best way to raise producer incomes, so while price increases are beneficial, improvements in growing practices can be more fundamentally valuable<sup>[11]</sup>.

**Ultimately, the gain from any certification is influenced by the level of demand for that particular guarantee system, and the sales volumes achieved.** Here, interview evidence suggests that farm managers feel sustainability certification does

increase access to often more direct markets- with the opportunity to cut out dealing with auction houses for example<sup>[71]</sup>. Also, RFA and Starbucks Café Practices are found to offer more incentives for quality upgrading than Fairtrade certification, as price is more strongly linked to the physical quality of produce<sup>[40]</sup>. However, **unlike fair trade, these guarantees offer no additional income streams to fund such investments**, so are only useful to those producers with sufficient resources for investments in improving quality<sup>[75]</sup>.

**Unfortunately, there is little work on the social impact of sustainable development labels.**

Focusing on the question of workers' wages and labor conditions, some work finds that RFA does improve conditions; although 29% of wages remained below recommended minimum wage rate, and "there were no differences between certified and non-certified farms in a number of aspects, including access to health services and employee living conditions"<sup>[71]</sup>. It was also found that employees still experienced inadequate housing<sup>[71]</sup>.

## " THERE IS MUCH LESS INDEPENDENT RESEARCH INTO OTHER SUSTAINABILITY CERTIFICATION THAN FAIR TRADE GUARANTEE SYSTEMS. "

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## CONCLUSION

The independent evidence suggests that there are positive impacts from both fair trade and other types of sustainability certification. However, **fair trade is unique in targeting the conditions of trade between producers and buyers, as well as promoting improved social and environmental standards at the site of production.** This means **that fair trade actively and directly guarantees all three of the social, environmental and economic pillars of sustainable development.** Having said this, the value of any given guarantee is strongly mediated by **contextual factors**, such as the volumes of produce ultimately sold as a certified product and the local decisions made by producers about the application of environmental requirements for example.

## ➤ ACCREDITATION

A certificate issued by a third party organization to an independent certification body, which constitutes a formal recognition of the competence of the latter to carry out audits for specific standards. The accreditation most widely recognized and respected for the accreditation of certification bodies is accreditation according to ISO 17065 standard for audits of conformity assessment systems.

## ➤ ADVOCACY

In politics, advocacy is the defence of a written or oral opinion, a cause, policy or group of persons. In fair trade this term is used to designate the activities implemented by fair trade organizations and their partners in civil society to encourage decision makers to develop policies that improve the situation of producers in Global South. The areas of intervention in advocacy are varied: they may concern the transformation of global trade rules, issues of global warming, agricultural policy, regulation of prices of raw materials, etc. Efforts by fair trade organizations and their partners to engage consumers in these areas of interventions is also considered advocacy.

## ➤ ALL THAT CAN BE

Rule included in the standards of the main fair trade labels: in a composite product, all ingredients that can be fair trade certified (available on the market) should be fair trade certified.

## ➤ AUDIT

An audit describes an evidence-gathering process that

aims to assess the compliance of an operator and/or a product with certain standards. There are three types of audit: first-party audit, second-party audit (see p.11) and third-party audit (see definition p.124).

## ➤ AWARENESS-RAISING

Awareness-raising is an educational process that aims to provide an analysis and critical reflection on the mechanisms that govern the North-South relations. Beyond its missions of education and information, awareness-raising aims to encourage everyone to change their values and behaviors, to think about the consequences of our day to day actions to achieve a just distribution of power and resources worldwide.

## ➤ BUSINESS TO BUSINESS

Business-to-business (B2B) describes commercial transactions between businesses (i.e., between a manufacturer and a wholesaler or between a wholesaler and a retailer).

## ➤ BUSINESS TO CONSUMER

Business-to-consumer (B2C) describes commercial transactions between businesses and individual consumers.

## ➤ CERTIFICATION BODY

A certification body is an independent entity authorized by a specific standard setter to certify that its clients comply with the requirements of the respective standard.

## ➤ CODE OF CONDUCT

A document to identify some principles and norms of behavior that an organization decides to apply to the conduct of its business or operations. It is a non-binding commitment made voluntarily by an economic actor. It is a tool that is often found as part of corporate social responsibility policies.

## ➤ CONTRACT FARMING

Type of production organization characterized by a wide definition (see "Contract farming in Developing Countries, a review"; The French Agency for Development, A savoir 12) and includes numerous realities. In the specific case of fair trade "contract farming" can be characterized by a contractual arrangement between unorganized producers (but gathered in informal bodies) and intermediate organization (intermediate company, exporter, NGO) in charge of the products commercialization.

## ➤ CORPORATE SOCIAL RESPONSABILITY

Voluntary commitment that reflects a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.

## ➤ FAIR PRICE

The fair price must allow a producer organization to cover the costs of production and logistics, to pay remuneration adequate to meet the basic needs of producers and disadvantaged workers and their families and improve their standard of living (education, culture, health,

housing, recreation, etc.), a margin to make investments (production tools, etc.) and contribute to the satisfaction of collective needs (organization, education, culture, health, recreation, infrastructure, structuring of producer organizations, etc.).

This price must be at least equal to the reference price (set for certain products and geographical areas), recognized by the international federations of fair trade.

### > GMO

A Genetically Modified Organism (GMO) is any organism whose genetic material has been altered using genetic engineering techniques.

### > GUARANTEE SYSTEM

A guarantee system is a mechanism that ensures that the facts and practices are consistent with the values and principles of fair trade. These principles are usually included in standards. The monitoring of the compliance with these principles is carried out by an independent certification body but is sometimes directly incorporated within the organization governance (internal monitoring).

### > ILO CONVENTIONS

The International Labor Organization (ILO) is a United Nations agency dealing with labor issues, especially international labor standards and decent work for all. This guide covers 11 of the Conventions formulated by the ILO, which are the following ones:

- n°001: addresses working time.
- n°29, n°105: includes the elimination of all forms of

forced or compulsory labor.

- n°87, n°98: allows for freedom of association and the effective recognition of the right to collective bargaining.
- n°100, n°111: addresses the elimination of discrimination in respect with employment and occupation.
- n°131: provisions for minimum wage.
- n°138, n°182: addresses effective abolition of child labor.
- n°155: provisions for safety and health of workers.

### > ISEAL ALLIANCE

ISEAL is a non-governmental organization whose mission is to strengthen sustainability standards systems for the benefit of people and the environment. Its membership is open to all multi-stakeholder sustainability standards and accreditation bodies that demonstrate their ability to meet the ISEAL Codes of good practice and accompanying requirements, and commit to learning and improving their systems.

### > ISO

The International Organization for Standardization (ISO) is the largest producer and publisher of international standards. It comprises a network of national standards institutes from 160 countries. ISO is a non-governmental organization that builds bridges between the public and the private sector. Many of its member institutes are indeed part of their country's public institutions or are mandated by the state to carry out public standards activities.

### > INTERNATIONAL STANDARD ISO 17065

ISO 17065 is the ISO standard for "Conformity assessment

Requirements for bodies certifying products, processes and services." It describes the criteria for ensuring the competence, independence and impartiality of certification bodies.

### > LABEL

A label is a special mark, created by a professional body or a parastatal, and whose logo is affixed to or directly associated with a product for sale, to certify the origin, quality and production conditions in accordance with standards.

### > MASS BALANCE

Mass balance is an accounting model which administratively monitors certified products all along the supply chain. Physical traceability (identity preservation) is not ensured. When a producer or a company delivers a quantity of certified ingredients to a factory or site, only the equivalent amount of processed certified product leaving that site may be sold as certified.

### > ON-SITE INSPECTION

A physical audit conducted on the premises of a business or other organization. An on-site audit may involve inspecting records, assets or security procedures.

### > PLANTATIONS

The term plantations describes producing companies that are not membership-based and where the main share of the work is carried out by a hired work force.

## ➤ PRE-FINANCING

The practice of providing funding in advance of delivery or receipt of a product is known as pre-financing.

## ➤ PREMIUM FOR GROUP PROJECTS

Granted in addition to a fair price or directly integrated into prices calculations, the development premium should enable capacity building and empowerment of farmers, particularly small and marginalized producers and workers in developing countries, their organizations and their respective communities. Its use is restricted to investment in the producers' business, livelihood and community. Its specific use is democratically determined by the producers/workers.

## ➤ SEGREGATION

Segregation of products along the supply chain assures that all certified products delivered to the end user come only from certified sources. It permits the mixing of certified products from a variety of sources and does not provide full traceability as is found with identify preservation.

## ➤ STANDARD

A standard is a written, technical document that defines the characteristics (processes use or physical characteristics) that must be present in a product or service and the procedures to control the conformity of the product or service to these characteristics.

## ➤ SUSTAINABLE DEVELOPMENT

Sustainable development is development that meets present needs without compromising the ability of future generations to meet theirs. This definition, stated by the Prime Minister of Norway Gro Harlem Brundtland in 1987, was adopted by the international community in the Agenda 21 of the Rio Conference of 1992. Sustainable development rests on three pillars: economic, social and environmental. A fourth pillar of political and cultural development is often added.

## ➤ THIRD PARTY CERTIFICATION

Third-party certification is a process of allocating licenses (certificates) by a trusted third party, who finds evidence that a product complies with the requirements of the standard or technical specifications.

## ➤ TRACEABILITY

The ability to identify and trace the history, location, use and processing of products and materials is known as traceability. There are two types of traceability:

- **documentary traceability** is the means by which a certified ingredient in a finished product can be demonstrated to have come from an equivalent quantity of a certified ingredient purchased by an operator but which has not necessarily been physically used in the product. This shall be through the identification of quantities, used and sold, on the related documentation

and the demonstration that the quantities used match the quantities purchased, allowing for production conversions and losses.

- **physical traceability:** certified products must be separated from non certified products and market with a label at each stage of production and processing.

STANDARDS		CHECKLISTS		ADEQUACY		COMMENTS
✓	This criterion is covered by the standard(s).		0 point - The auditor's checklist does not address the standard or the standard is not part of the certification system.	☆☆☆	<b>The adequacy reflects the opinion of the authors of this guide:</b> The certification process is not adequate.	<b>Comments clarify and specify systematically the opinion of the authors.</b>
∅	This criterion is not covered by the standard(s).		1 point - The auditor's checklist checks for compliance with this standard, but criteria is weak.	☆☆☆	The certification process leaves out some major objectives of fair trade.	
			2 points - The auditor's checklist checks for compliance with this standard and criteria is moderate.	☆☆☆	The certification process is adequate but lacks accuracy in some elements.	
			3 points - The auditor's checklist correctly and adequately ensures compliance with this standard.	☆☆☆	The certification process is fit for purpose.	

### CHECKLISTS

#### Methodology:

- For each criterion included in the standards, is there at least one relevant control point in the audit checklists?
  - If yes: 1 point
  - If no: 0 point
- Does the audit protocol mention the need to triangulate sources (interviews, farm on-site visit, documentary review, etc.) to obtain information?
  - If yes: 1 point
  - If no: 0 point
- Does the audit protocol include guidance for the auditor to make it clear how to monitor criteria and check sources?
  - If yes: 1 point
  - If no: 0 point

> Max: 3 points

> If 0 to question 1 > 0 to the "checklists" column



**AVAILABLE ONLINE ON: [WWW.COMMERCEQUITABLE.ORG](http://WWW.COMMERCEQUITABLE.ORG) & [WWW.FAIRWORLDPROJECT.ORG](http://WWW.FAIRWORLDPROJECT.ORG)**

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# INTERNATIONAL GUIDE TO FAIR TRADE LABELS

**W**hy are labels and guarantee systems necessary to guarantee fair trade practices? What are the main fair trade criteria controlled by the labels? Are the certification processes relevant to ensure that the basic fair trade principles have been fulfilled? What are the main differences existing between fair trade labels and sustainable development labels? What do we know about fair trade impacts?

In order to meet all these issues, this guide examines 8 labels and guarantee systems claiming to be fair trade labels - **Ecocert Fair Trade, Fair for Life, Fairtrade International, Fair Trade USA, Forest Garden Products, Naturland Fair, Small Producers' Symbol and World Fair Trade Organization** - and offers a comparison with 5 sustainable development initiatives which are sometimes confused with fair trade labels - **4C Association, Bonsucro, ProTerra Foundation, Rainforest Alliance and UTZ Certified**.

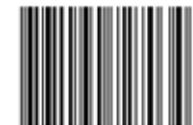
This publication is the result of an international collaboration between four stakeholders involved in the fair trade sector: **the French Fair Trade Platform (PFCE), Fair World Project, FairNESS France and FairNESS United Kingdom**.

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