



Handbook on Fair Trade Standards

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How to use this handbook

This handbook is designed for ease of use with accessible information in order to make an assessment of fair trade standards, be it on a specific subject, an overall assessment or comparison between standards.

Each chapter in this guide covers one fair trade standard:

- » Chapter 1 | Fair for Life (ECOCERT Group)
- » Chapter 2 | Fairtrade (Fairtrade International)
- » Chapter 3 | Small Producers' Symbol (SPP Global)
- » Chapter 4 | WFTO Guarantee System (World Fair Trade Organization)

Every chapter starts out with a short introduction to the vision and mission, the history, and the specific vocabulary of the standard. This is followed by a detailed analysis of the standard, divided in benchmarks.

The benchmark column references the benchmarks described below. These benchmarks are the yardsticks against which the standards are tested and are subdivided by numbers, for example (1), and letters, for example (2b).

The description and argumentation column provides a short descriptive summary and a normative analysis of the standard regarding the benchmark.

Benchmark	Score	Description & Argumentation
Fair price	3	<p>This is an example of how the analysis is structured. In this segment, you will find a descriptive summary.</p> <p>Argumentation In the argumentation segment, you will find a normative analysis to substantiate the score.</p>

The score column provides a quantitative normative evaluation of the standard. Each standard will be awarded a number from zero to four on each benchmark described beneath.

Score	Meaning
0	No references are made to the benchmark throughout the standard.
1	The standard lacks critical elements regarding the benchmark or the criterion is designed in such a way that compliance is not credible.
2	The standard shows some shortcomings but generally adheres to the spirit of the benchmark. Compliance is credible.
3	The standard complies in a satisfying manner with the benchmark. It is formulated in a clear and unambiguous manner.
4	The standard performs above expectation. It pushes the boundaries of Fair Trade in a positive manner.

Disclaimer

The Fair Trade movement consists of many actors and is fundamentally diverse. The movement shares common values and acts on a common understanding of trade but many different interpretations exist. This handbook reflects but one such an interpretation and does not allege to make general claims about Fair Trade, nor can it be used to substantiate such claims.

This handbook is limited to the analysis of four major fair trade standards but there are many others. More will be included into the 2020 version of this handbook.

Benchmarks

Each standard is evaluated on the basis of aspects specific to Fair Trade. These aspects are referred to as benchmarks and were drafted on the basis of the Oxfam International Positioning Policy on Fair Trade values and the [International Fair Trade Charter](#).

The benchmarks described beneath often consist of subdivisions. These subdivisions are indicated with numbers in brackets, for example (1). Further subdivisions are marked by an additional letter, for example (1a). These indications will reappear in the analysis.

The benchmarks are grouped into six categories. The first category, product handling benchmarks, groups benchmarks that describe how a fair trade certified product should be handled, be it in the product development phase or in the distribution phase. The economic and commercial category bundles benchmarks that relate to the economic sphere. Likewise, the social and environmental categories cluster benchmarks that belong to the social and environmental sphere, respectively. The category, benchmarks relating to organization and governance, reflects how operations should be organized and managed. Finally, procedural benchmarks contain the meta-information on the standard in question. This includes benchmarks which ensure proper enforcement of the criteria in the standard, describe the organization that owns and manages the standard, and the scope of the standard.

Product handling benchmarks

Benchmark	Description
Traceability	Traceability is the ability to trace down all actors (and places) that were involved in the production of a certain ingredient or product through administrative procedures. This concept is often referred to as documentary traceability. Traceability should be respected to such an extent that the listed criteria in a standard can be effectively ensured for the ingredient or product in question.
Segregation	Segregation is honored when the standard-compliant version of an ingredient is kept separate from the standard-non-compliant version of that same ingredient at every stage of the production process. This concept is often referred to as physical traceability.
All that can be, must be	The <i>All that can be fair trade, must be fair trade</i> -principle states that -it is quite self-explanatory- every ingredient, whereof a fair trade version exists, cannot be replaced by a non-fair trade version. This rule empowers standard schemes to increase their impact and effectively prevents fairwashing.
Fifty percent	The <i>Fifty Percent</i> -rule states that, again self-explanatory, the total amount of fair trade ingredients in a product should amount up to 50%. This can be measured on the basis of the total weight of the finished product, the share in the total price, or through other methods. The rationale behind this rule is similar to the rationale of the All that can be fair trade, must be fair trade-rule: to increase impact and prevent fairwashing. Standards can combine this rule with other programs which allow a lower percentage with the aim to increase market opportunities for farmers.

Economic and commercial criteria

Benchmark	Description
Fair trade price	To ensure a fair price, four criteria should be met. (1) First of all, a fair price should cover at least all production costs. This characteristic is often referred to as the fair trade minimum price. Production costs entail (1a) direct costs following from a socially and environmentally sustainable production process (1b) but also indirect costs such as transport, the costs related to the democratic management of a producer organization, and other costs. (1c) On top of these costs, a profit margin must be factored in. (2) Secondly, a fair price should be calculated or negotiated in a transparent and direct manner. (3) Thirdly, to guarantee stability for producers and their organizations, a fair price should, as long as it is viable, fluctuate with prices dictated by the relevant world market, as long as it is not beneath the fair trade minimum price. (4) Finally, an organic premium should be added to the fair trade minimum price in the case where the product is compliant with an adequate organic standard. After all, compliance comes with an additional cost for the producer (organization). (The impact of a fair price, i.e. a profit margin contributing to a dignified life, is addressed in a separate benchmark 'living income & living wage').
Fair trade premium	Typically for the fair trade way of trading in agricultural supply chains is the transfer of a fair trade premium. The producer organization should be free to decide democratically and in a sensible way how to spend the premium. This assures maximum commercial autonomy (following the assumption that people know best what their needs are). The fair trade premium should be equal to or higher than 10% of the total purchasing value. This ensures that a substantial impact can be attained. It provides producer organizations with leverage for development.
Living income & living wage	The profit margin of a fair price should help to effectuate (1) a living income for producers and (2) a living wage for workers. A living income is defined as " <i>the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household</i> " ¹ . Many definitions can be given to a living wage, but it could be summarized by -and in clear reference to the definition above-: the level of net annual wage required for a household in a particular place to afford a decent standard of living for all members of that household ² . " <i>Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events</i> " ³ .
Pre-financing	At the request of the producer organization, pre-financing should be granted, or facilitated through a third-party, by an actor downstream of the producer (organization). (1) The amount is equal or higher than 50% of the total purchasing value in order to make substantial investment feasible or to make sure members are paid properly and in a timely manner for their produce. (2) Secondly, the creditor does not provide this financing with the aim to make profit. Interest rates must thus be absent or as low as possible, reflecting the inflation rate and exchange-rate risks.
Long-term relationships	Long-term relationships enable marginalized producers and their organizations to look ahead and plan for investment. (1) Long-term relationships should be included as a principle in the standard but should also be further defined (preferably, at least three years). (2) Early termination of a relationship should be well substantiated and communicated in time. (3) Costs following the termination should not be imposed upon the producer (organization). The producer (organization) should be sufficiently compensated for the work already done, that is, all the sunken costs related to the termination.

¹ The Living Income Community of Practice, 'Living Income. The Concept.', Living Income Community of Practice, The concept, accessed 12 March 2019, <https://www.living-income.com/the-concept>.

² John Hurley et al., 'Concept and Practice of a Living Wage' (Luxemburg: European Foundation for the Improvement of Living and Working Conditions, 2018).

³ The Living Income Community of Practice, 'Living Income. The Concept.'

Benchmark	Description
Unfair Trading Practices	Unfair Trading Practices are “ <i>practices that grossly deviate from good commercial conduct, are contrary to good faith, and fair dealing and are unilaterally imposed by one trading partner on another</i> ” ⁴ . This includes but is not restricted to: (1) late payments (more than 30 days after delivery), (2) returning or canceling deliveries without full compensation, (3) unfair and unfounded imposition of certain costs (for example marketing or wastage costs) upon the producer (organization), (4) unilaterally changing contract conditions, (5) refusing written contracts, (6) unfair competition, and retaliating against a supplier after a complaint (this aspect is addressed in the benchmark ‘infringement’ in the form of protection of whistleblowers).
Plantations	The use of products originating from the socio-economic system of plantations should be avoided. After all, owning the different factors of production empowers workers. This typically is not the case with plantations. When plantations are included in the standard, flanking requirements should be enforced to minimize risks.
Power concentration	Concentration of power in supply chains must be avoided. After all, the self-reinforcing concentration of power in contemporary supply chains and the misuse that stems from it are the source of many problems. To countervail this, fair trade standards should: (1) strive towards short supply chains (in terms of operations active in the chain), (2) ban the use of exclusive contracts, (3) stimulate diversification of distribution channels at producer (organization) level, and help producers and their organizations to reach full commercial autonomy.
Local economy	Fair trade standards should include provisions to (1) avoid local market disruption (for example through a general ban on dumping prices). In addition to this passive approach, (2) provisions must be included to facilitate support for the local economy. This could be reached by stimulating (2a) short supply chains (in terms of geographic distance), (2b) promoting local food strategies, and (2c) providing local employment opportunities (preferably for marginalized groups). Finally, in an attempt to reach beyond the North-South paradigm, fair trade standards should (2d) stimulate South-South trade. (The Northern aspect of fair trade is addressed in the benchmark ‘Global North’.)

Social benchmarks

Benchmark	Description
Core ILO conventions	Fundamental conventions of the International Labour Organization (ILO) must be respected. These include (1) a complete ban on forced labor (in its broadest sense), (2) a complete ban on child labor (<15 years) and protection of young workers (> 15 years), (3) freedom of association, (4) freedom of collective bargaining, and (5) adherence to the principles of non-discrimination. The fair trade standard should thus put a strict ban on (5a) discrimination based on gender, sexual orientation, political affiliation, cultural background, marital status, origin, nationality, ethnicity, social status (including class and caste), disability, union membership, illness (including HIV/AIDS status), religion, pregnancy or parenthood, or age. (5b) This ban is applied universally, including membership application, recruitment opportunities, remuneration and promotion, active and passive suffrage, access to training, or other benefits.
Promotion of equality	In addition to the non-discrimination principles described above, operations involved in the standard should support, stimulate or organize events, courses, or awareness-raising campaigns that address and counteract problems specific to marginalized groups. Discrimination must thus be counteracted through active measures, i.e. promotion of equality. This implies that positive discrimination for specific groups is allowed. Special attention must be given to gender-related issues including the promotion of the socio-economic position of women within the organization and within society. (Other issues related to gender equity are addressed in the benchmarks ‘core ILO conventions’ and ‘sexual harassment’.)

⁴ European Commission, ‘Proposal for a Directive of the European Parliament and of the Council on Unfair Trading Practices (UTPs) in Business-to-Business Relationships in the Food Supply Chain’, Pub. L. No. 2018/0082(COD), accessed 18 January 2019, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018PC0173&from=EN>.

Benchmark	Description
Sexual harassment	Sexual harassment should be specifically addressed by fair trade standards. [1] All operations should make sure that sexual intimidation is properly outlawed in their organization. [2] A confidential complaint mechanism should be in place and follow-up to complaints must be ensured. [3] In addition to these reactive measures, operations should work on proactive measures (sensitization campaigns, workshops) to prevent violence against women and girls. (Other issues related to gender equity are addressed in the benchmarks 'core ILO conventions' and 'promotion of equality').
Social security	Social security should be provided to workers of the operation. Trading partners and/or producer organizations should support, stimulate or organize social safety net schemes for individual producers and their families. Additionally, workers of producers should be covered too. Social security should consist of [1] special arrangements in case of pregnancy, [2] support in case of accidents, illness, disabilities and death, and [3] pension schemes.
Health & safety	Safe and healthy working conditions as described by the International Labor Organization should be assured by the fair trade standard. Additionally, all actors in the supply chain bear responsibility for creating safe and healthy working conditions. This implies that an operation does not only bear responsibility for its own workers but also for individuals further upstream and downstream the supply chain. Producer organizations or traders should thus also create a breeding ground for safe and healthy working conditions for their producers and workers, for example through capacity building.

Environmental benchmarks

Benchmark	Description
Reduction of inputs, residuals & impact	To minimize negative environmental impacts and ensure an efficient production process, fair trade standards should promote the reduction of avoidable inputs and residuals regarding the production process. This entails reducing [1] energy consumption, [2] water consumption, [3] the emission of greenhouse gases (GHGs) (including but not limited to the transition to renewable energy sources, the protection of natural carbon sinks, the usage of Carbon Capture and Sequestration (CCS) techniques, and environmentally friendly transportation methods), [4] food waste (including but not limited to the usage of environmentally friendly, reusable, or at least recyclable packaging methods, composting, and waste stream management), and [5] the use of chemicals (including agroecological techniques and a list of prohibited hazardous substances). Operations downstream the supply chain should provide (technical) education on this topic.
Protection of (local) ecosystems	Standards must ensure that operations protect their (local) ecosystems, also beyond their production process. References should, therefore, be made to the [1] protection of soil, [2] protection of water quality, [3] conservation of air quality, and [4] conservation of biodiversity. Operations downstream the supply chain are encouraged to provide (technical) education on this topic.
GMOs	Fair Trade principles must ban the use of Genetically Modified Organisms (GMOs) in both the end product as in the use of inputs. Genetically Modified Organisms, through the use of patents, often contribute to the concentration of market power. This in turn puts producers in a dependent position. Additionally, GMOs have the potential to threaten ecological biodiversity and human health.
Organic	Standards should include provisions or a system to promote credible organic certification. This, in addition to the previously mentioned criteria, stimulates the eco-friendliness of the production process and the end product.
Animal welfare	Animal welfare should be promoted when animals are involved in the production process or when they are present at the premises of the production process. All basic natural needs of the animals should be ensured: [1] sufficient space for living and comfortable places to rest, [2] adequate feeding and access to fresh water, [3] free from pain, injury, illness, anxiety and stress, and [4] the animals are able to exhibit normal and natural behavior.

Benchmarks relating to organization and governance

Benchmark	Description
Organizational objectives	The organizational objectives of actors involved in the standard should preferably be social and environmental, rather than being restricted to purely commercial gains. The standard should promote to take up Fair Trade principles in the constitution, bylaws, vision or mission statement of the organization. This helps to avoid fairwashing and effectuates the Fair Trade vision on the economy (e.g. participatory governance aimed at the common good).
Governance	The governance of the organizations involved, especially producer organizations and core fair trade organizations, (1) is characterized by participatory decision-making. At least the main stakeholders should have substantial decision-making power. (2) Preferably, the organization is democratically owned. This means that a majority of shares are controlled by the main stakeholders. (3) Finally, procedures and rules regarding the above-mentioned elements must be clearly written down in statutes or bylaws of the organization, i.e. a rules-based organization.
Capacity building	To strengthen and empower marginalized producers, workers, and their representative organizations, capacity building should be supported, stimulated or organized by actors further down the supply chain. Capacity building activities should cover the following topics: governance skills, commercial skills, technical skills related to the production process, environmental knowledge, and know-how in managing the standard in question.
Transparency	A standard should ensure that a certain level of transparency is maintained towards consumers and producers. (1) Transparency towards consumers entails (1a) a clear mention of which ingredients are certified fair trade, (1b) and a correct use of labels (if any are involved in the standard). (1c) Operations must refrain from using misleading advertising and marketing techniques. Preferably, to counteract commodity fetishism, (1d) an organization provides in some way information on the producers to the consumer. (2) Transparency towards producers consists of making relevant organizational, commercial, and financial reports accessible to all the members and workers of a producer organization. The operation must also clearly report on the result of any auditing. Finally, a culture of openness and transparency regarding information flows should be stimulated in every operation.
Promote Fair Trade	Fair trade organizations involved should advocate and campaign to promote the fair trade principles in a bid to increase the impact and scope of Fair Trade and to effectuate its vision. Additionally, fair trade organizations should make an effort to provide educational materials to interested parties. The general aim should be the transition to an international trade, food and agricultural system that is just and sustainable for people and planet.

Procedural benchmarks

Benchmark	Description
Verifi- cation Scope	The scope of the verification activities should (1) include all the actors in the supply chain needed to ensure credible compliance with all the different criteria listed by the standard in question, and (2) be based on credible verification mechanisms.
Independence & impartiality	Impartiality and independence of auditing must be assured for the monitoring body as well as for individual auditors. Best practice requires standard setting bodies to screen certifiers beforehand and compose a list from which operations can choose freely. Competition between certifiers stimulates economic efficiency and thus less costs for the operations seeking to get certified. Quality is guaranteed by the preselection of the certifiers. To guarantee quality certifying, the bodies should have ISO 17065 accreditation.

Benchmark	Description
Frequency of audits	The frequency of independent audits should be sufficient to ensure credible compliance with all the different criteria listed by the standard in question. Preferably, independent auditing is done every three years. This frequency should be increased if certain risk factors are at play. Potentially, this frequency can be decreased for non-risk actors.
Democratic governance & ownership	(1) The standard should be managed in a democratic way and preferably with parity. (1a) This means that all relevant stakeholders are involved and have substantial decision-power in the standard setting process. (1b) The balance between all groups involved should be safeguarded. (2) Additionally, the property rights of the standard should be diffused among many stakeholders. Any profits stemming from these property rights should flow back to the fair trade system and directly or indirectly to marginalized producers (and workers).
Cost	(1) Costs stemming from certification should be distributed fairly. (1a) This means that economically and financially stronger actors should take on more of the cost than marginalized actors. (1b) Especially vulnerable actors should be exempted from any cost. (2) Costs should be calculated in a transparent manner. Cost calculation is done according to predefined procedures. These procedures are freely consultable. (3) Finally, certification costs should be affordable. This means among other things that certification costs decrease as the size of the operation decreases.
Infringement	The standard should have a (1) clearly defined infringement procedure. This means that non-compliance will lead to appropriate disciplinary actions (suspension of certain rights, temporary decertification). Severe infringements should eventually lead to complete decertification if not properly addressed. (2) Appeal procedures should be in place to review decisions regarding non-compliance. (3) A complaint mechanism should be in place which can be easily accessed by all stakeholders. (4) Finally, whistleblowers, wherever in the supply chain, should enjoy a certain degree of protection from retaliation.
Compatibility	Fair trade standards are part of a broader Fair Trade movement. As such, they should contribute to the goals of this movement. To maximize the efficiency of certification schemes and avoid identical parallel processes, standards should accommodate other fair trade standards which are deemed as equal to its own. This should create synergies and avoid the need for double (or more) certification procedures for producers, their organizations, and other actors in the supply chain.
Focus	Fair trade is predominantly focused on the development of marginalized small-scale producers (and workers) in the South. Fair trade standards should thus encourage to trade predominantly with small-scale producers. Small-scale producers and their families provide in principle themselves all the labor that is needed in the operation. It is best practice to focus on marginalized small-scale producers who are still able to set up a viable economic project. (The Northern aspect of fair trade is addressed in the benchmark 'Global North'. South-south trade is included in the benchmark 'local economy'.)
Global North	There are parallels to be drawn between the struggles of farmers in the Global South and farmers in the Global North. After all, they are part of the same global agricultural and food system. Therefore, this benchmark checks if fair trade standards are open to products and producers from the Global North. However, given the vast imbalances between the Global South and the Global North, focus should be given to the Global South.



Photo: Andy Duplissy, member of the UNI VERT cooperative, France
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fair
for life

Chapter 1 Fair for Life Philosophy



Find the Fair for Life standard online.



Up until they completely switched to Fair for Life in 2017, ECOCERT managed another fair trade standard: the ESR Standard.



The ECOCERT Group also offers For Life, a standard for Corporate Social Responsibility.

“A world where trade, through ethical, fair and respectful partnerships, is a driving force for positive and sustainable change benefiting people and their environment. Producers and workers who are at a particular disadvantage – no matter the country where they work – are actors of their own development, together deciding on meaningful projects adapted to their local situation. Thanks to long-term partnerships, they are ensured fair remunerations and have a better overview of the opportunities for their future development. Organizations and companies are committed to building respectful relationships, ensuring fair working conditions and respecting the environment within and along their supply-chains. Consumers are enabled to make informed purchase decisions, in line with their expectations.”¹

History

The first version of the Fair for Life standard was developed by the IMO (Institut für Marktökologie) Group in collaboration with Bio-Foundation Switzerland in 2006. In 2010 the standard was revised for the first time. A second revision followed in 2013. A year later, the acquisition of the IMO Group was completed by the ECOCERT Group. In that same year, Bio-Foundation Switzerland handed over ownership rights of the Fair for Life standard to the ECOCERT Group. In 2016, the Fair for Life Social and Fair Trade Certification Program was split into two separate standards. The For Life standards, which guarantees Corporate Social Responsibility, and the Fair for Life standard. The last revision took place in 2017.

Vocabulary

Fair for Life vocabulary	Common vocabulary
Fair for Life Producer Floor Price	Fair trade minimum price
Fair for Life Producer Operation Floor Price	
Fair Trade Development Fund	Fair trade premium
Organic Quality Premium	Organic premium
Fund Decision Body (FDB)	Fair trade premium committee
KO criterion, MUST Year 0-1 criterion	Baseline criterion
MUST Year 2-4 criterion	Evolutive criterion
BONUS criterion	Voluntary criterion

¹ ECOCERT. ‘Fair for Life: Vision & Mission’. Text. Accessed 23 March 2019. [Http://www.fairforlife.org/pmws/indexDOM.php?client_id=fairforlife&page_id=root_2_2&lang_iso639=en](http://www.fairforlife.org/pmws/indexDOM.php?client_id=fairforlife&page_id=root_2_2&lang_iso639=en).

Analysis

Product handling benchmarks

Benchmark	Score	Description & Argumentation
Traceability	3	Full physical traceability is embedded in the objectives of Fair for Life. A binding criterion and specific procedures guarantee traceability from the receipt of the certified product up to the moment of dispatch. The certification status of the product must be mentioned on all invoices and delivery notes. In the case of composite products, the composition and certification status must be known. Exceptions are allowed under some conditions. These exceptions and inputs from other certified producers are accompanied by an additional set of binding criteria.
Segregation	3	In principle, Fair for Life products are fully segregated from non-fair trade certified products. This is translated into a binding criterion for all stages and actors in the supply chain. However, exceptions are allowed in case of technical constraints. These exceptions and inputs from other certified products are accompanied by an additional set of binding criteria, and a five-year improvement plan must be drawn up and carried out.
All that can be, must be	3	A list of all ingredients that must be certified fair trade is added in the annex. However, this list is limited. Food products like bananas, cocoa, coffee, cane sugar, mangoes, pineapples, and tea must be certified. In the case of textiles, only cotton must be certified. In the case of non-conformity, a two-year improvement plan must be drawn up and carried out. Argumentation This list is drawn up in the philosophy that the listed ingredients are available in sufficient quantity and quality within the fair trade system so that supply risks are not at play. Fair for Life thus makes use of a positive list approach, i.e. listing ingredients which are always available, as opposed to a negative list approach, i.e. listing ingredients which are temporarily unavailable.
Fifty percent	3	The Fair for Life standard uses two categories that are differentiated by the label on the final product: <i>Fair Trade Product</i> and <i>Made with Fair Trade ingredients</i> . The fair trade ingredient threshold rules are different for specific product categories. For food products to be labeled as <i>Fair Trade Product</i> , 80% of all agricultural ingredients must be certified. For artisan products in the same category 70% of the components must be certified. For food and artisan products to be labeled as <i>Made with Fair Trade ingredients</i> , 20% of all agricultural ingredients or components must be certified.

Economic and commercial benchmarks

Benchmark	Score	Description & Argumentation
Fair trade price	3	<p>(1) A binding criterion obliges the producer organization to calculate the production cost of the products supplied on a regular basis. This cost calculation must include (1a) direct costs as well as (1b) indirect costs. (1c) Fair for Life recommends adding a 10% safety profit margin on top of the production costs. These calculations should be taken as a starting point for negotiations on the fair trade price. The negotiated price may never be lower than the minimum price (which is based on the previously mentioned calculations of production costs). (2) Adequate evidence must be provided to prove that negotiations happened in an overt manner. The fair trade partner should have face-to-face contact with the producer organization every year if they are based in the same country. If not, this should take place every three years. (3) Non-fair trade and non-organic prices must be recorded. The fair trade price cannot be lower than a 5% mark-up above market price. (4) The price for fair trade and organic certified products must always be 10% higher than the price for conventional goods.</p> <p>Argumentation Fair for Life is based on a market-based price-setting approach where producer organizations are supported in calculating their own costs which serve as a basis for price negotiations. Additionally, some safeguard measures are built into the standard.</p>
Fair trade premium	2	<p>The producer organization must negotiate a <i>Fair Trade Development Fund</i> with the fair trade partner, which may only fall below a fixed margin (5% of the selling price at producer organization level or 10% of the price that members receive for their product, i.e. the farmgate price) under certain conditions (high price or volume, direct support, or good social context). In this case, both partners must present their request jointly which is then assessed by the Certification Body. The buyer must pay the fair trade premium at least once a year. The <i>Fair Trade Development Fund</i> is managed by a body which represents the interest of the beneficiaries (through election or delegate system). The use of the fund is prescribed by the standard but leaves enough room for the receivers to decide how to spend the amount.</p> <p>Argumentation The minimum amount can be lower than the 10% prescribed by the benchmark. Exemptions are granted in the spirit of maximizing the Fair Trade impact. For example, allowing trade without a premium in cases when very high market prices would otherwise make the product unmarketable due to the price differential with the conventional equivalent.</p>
Living income & living wage	1	<p>(2) The employer must be able to demonstrate that the wages (including social transfers and extra benefits) of all employees, given normal working hours, are equal to or higher than the living wage. Living wage is defined by Fair for Life as follows: "<i>an income enabling a person to cover the basic needs of half an average sized family. Basic needs include essential expenses such as food; clean drinking water; clothes; shelter; transport; education; energy/fuel; legally mandated social benefits, and discretionary income/savings. Basic needs are calculated on the basis of local prices.</i>"¹ Living wages are calculated by recognized civil society parties or the employer itself.</p> <p>Argumentation (1) No references are made to a living income for producers. Fair for Life relies on fair pricing mechanisms, diversification requirements and increased sales to reach this goal. (2) Note that the definition of living wage only covers half an average-sized family, in the understanding that a family consists of multiple wage or income earners. Fair for Life deliberately chose this interpretation so to have a practical and verifiable approach to the complex topic of living wages. Because third-party calculations are not always available, impartiality cannot always be guaranteed as the employer is allowed to calculate the living wage himself. However, objectivity is guaranteed since the employer will need to present the utilized methodology to the <i>Certification Body</i> in addition to a confirmation of the end result by the local auditor and through interviews with workers.</p>

¹ ECOCERT, 'Fair for Life. Certification Standard for Fair Trade and Responsible Supply-Chains', 31 July 2018, 34.

Benchmark	Score	Description & Argumentation
Pre-financing	3	<p>(1) The fair trade partner must provide pre-financing (up to 50% of the total purchasing volume) to producer organizations and <i>contract production companies</i> as long as they are mainly composed of small-scale producers. (2) It is recommended that no interest rates are charged. In the case when they are charged, they may not be higher than the interest rate the fair trade partner could obtain financing herself.</p> <p>Argumentation (2) Fair for Life allows interest rates because it is very well possible that the Fair Trade Partner himself must search for financing to be able to answer to the supplier's need. It is, however, possible for the fair trade partner to make profit from pre-financing if he does not have to seek for financing himself by granting an interest rate above the inflation rate but beneath the interest rate at which it is able to get access to the financing markets itself.</p>
Long-term relationship	3	<p>(1) All operations must make an effort to enter into and maintain long-term relationships (defined as longer than three years). Possible problems must be anticipated and communicated transparently. A long-term <i>Partnership framework Agreement</i> is concluded with the producer organization. The fair trade partner provides the producer organization with a multi-year projection of purchasing volumes. A bonus criterion stimulates contracts covering more than three years. (2) In the event of early termination of the relationship, a justification must be provided. (3) The conditions to terminate the contract must be defined in the very beginning of the partnership, by both operations, in the <i>Partnership Framework Agreement</i>. In the event of early termination of the relationship, the suppliers must be informed well in advance. When at short notice, support to adapt must be given.</p> <p>Argumentation (3) Giving support to producer organizations in the case of short-notice termination of relationships is required. However, 'support' is not further defined which makes it unclear if monetary compensation is required, in the case where this is not stipulated in the Partnership Framework Agreement.</p>
Unfair Trading Practices	3	<p>(1) Payments to the producer organization must be made within 30 days of receipt of the merchandise. The producer organization shall make payments directly to its producers within 14 days of receipt of the merchandise. (2) Dispute resolution procedures, including a mediation mechanism, and guarantees for stability and security must be defined in the very beginning of the partnership by both parties, in the <i>Partnership Framework Agreement</i>. (3) Commercial risk may not be unfairly transferred to the supplier. (4) Unilaterally changing contract conditions is prohibited as contracts must be established in written form. The Certification Body gives particular attention to unilateral modification clauses. (5) A written contract always serves as the basis for economic interactions. The producer organization must enter into a contract with its members concerning price, quantity and duration. (6) Unfair competition and other unethical business practices are dealt with in a criterion concerning trade margins. If trade margins exceed a 10% yardstick compared with regular trade margins, justification is required.</p>
Plantations	2	<p>Plantations are allowed under the Fair for Life certification system.</p> <p>Argumentation Plantations are not directly accompanied by additional requirements specifically dedicated to such a situation. However, as plantations often are bigger in size than smallholders' farms, they have to fulfill stricter criteria. Additionally, workers are in general quite well protected under the requirements of the Fair for Life standard.</p>

Benchmark	Score	Description & Argumentation
Power concentration	3	(1) The Fair for Life standard states in a bonus criterion that buyers should aim to be predominantly involved in short supply chain relationships (zero or one trader between the producer organization and the brand holder) and but a limited number of 'long' supply chains. (2) The fair trade partner is prohibited from denying the producer organization other sales channels, which effectively bans the use of exclusive contracts. (3) The producer organization should make reasonable efforts to promote product diversification at the organizational and individual producer level. As a bonus criterion, the fair trade partner should support its producer organization in search of new commercial opportunities. The producer organization should safeguard the commercial autonomy of its producers and, if necessary, effectuate it. Producers may not be obliged to grow a particular crop each year. They must have the freedom to at least choose from a predefined list to remain a member of the producer organization.
Local economy	3	(1) A binding standard prohibits the use of dumping prices. Additionally, the producer organization is prohibited from carrying out activities with a negative impact on local sustainable development. (2a, 2b) Animal feed should be provided as much as possible through in-house or local production. (2c) Producer organizations must provide significant local employment opportunities. If necessary, positive discrimination may be used. (2d) If small local artisan producers are suppliers of a substantial part of the producer organization's input without being members of the organization, a fair price should also be offered to this group. This should stimulate the willingness of local producers to supply to producer organizations and thus effectively supporting South-South fair trade. Argumentation (2a, 2b) Short supply chains and local food strategies (in geographic terms) are not supported beyond animal feed. (2d) South-South fair trade is not stimulated in terms of providing goods and services to the domestic market.

Social benchmarks

Benchmark	Score	Description & Argumentation
Core ILO conventions	3	(1) The prohibition of forced labor is described by five 'sine qua non' criteria: a prohibition on withholding wages or legal documents, the freedom of workers to terminate their professional relationship, relatives of the worker cannot be obliged to participate in the production process, and a prohibition on forced labor in general (including debt bondage). (2) Fair for Life explicitly prohibits the involvement of children (< 15 years) in the labor process. For young workers (> 15 years; < 18 years) flanking standards are included (no night work, no unhealthy work, no disruptive effect on school attendance and the combination of work, school and transport may not exceed 10 hours a day. Children (< 12 years) may only help for two hours a day in the family business. This must be very light and suitable work. (3) The right to association is guaranteed and must be communicated to the employees. Discrimination against employees who promote association is forbidden. Attempts at association may not be discouraged by employers. (4) Employees are free to enter into collective bargaining processes about wages and/or working conditions. Employers may under no circumstances manipulate employee meetings. (5a) Systematic discrimination (based on gender, origin, sexual orientation, illness, disability, marital status, age, religion, political affiliation, pregnancy or parenthood, social background or class, nationality or ethnicity) must be completely banned in all operational elements of the supply chain. (5b) The Fair for Life standard covers all listed fields of application, including a prohibition on discrimination within the producer organization in terms of access and membership, participation, voting rights, training and support, and other benefits related to membership.

Benchmark	Score	Description & Argumentation
Promotion of equality	3	Positive discrimination is permitted but subject to certain reservations. Companies are obliged to take proactive measures and set up programs to distribute opportunities more equally. The following non-binding standards are also included: flexible working hours to reconcile personal and professional life, special training and accommodation for people with disabilities and special programs (including job opportunities) for marginalized groups. [3] Included as a bonus criterion, the producer organization is stimulated to set up programs to improve the socio-economic position of women within the organization or to promote the position of all marginalized groups within society.
Sexual harassment	3	(1) No form of sexual harassment is tolerated. (2) A discrete complaint mechanism must be in place after one year. All cases of sexual harassment must be followed up by management within a reasonable time frame. (3) When work is frequently done at night by women, additional protective measures must be in place (including safe transportation to and from work).
Social security	3	(1) All actions must be in line with national regulations. Under no circumstances may there be deductions of pay for maternity leave. For medium and large entities, eight weeks of maternity leave must be guaranteed. (2) All employees must be covered by a simple insurance system regarding disability or death. Permanent workers shall receive health insurance sufficient to cover all health issues; this is not compulsory for temporary workers but organizations are recommended to provide this either way. Unemployment benefits or insurance against loss of income are recommended too. National legislation concerning sick leave must be adhered to. (3) In the case of larger organizations, five paid sick days should be provided to each worker. (3) Permanent employees must be covered by a pension plan drawn up by the employer. This benefit must not be offered to temporary employees. Argumentation Although social security standards are described in much detail, producer organizations are not directly stimulated to support social safety nets for their producers. However, if through the <i>Fair Trade diagnosis</i> a social safety net is identified as an important need for the beneficiaries of the <i>Fair Trade Fund</i> , the <i>Fair Trade Fund</i> should be used to implement actions to obtain this objective.
Health & safety	4	The Fair for Life standard includes a comprehensive set of measures to protect workers (and producers) including, the requirement of having a written health and safety policy, regularly conducting a risk analysis, the indication of risk areas with signs, appropriate training for workers and management, health examinations, maintenance of machinery, Personal Protection Equipments (PPEs), fire protection systems and emergency procedures, first aid equipment and staff, and recording of accidents. Training must be provided to producers when handling dangerous substances. Argumentation Even in the case of a complete absence of national law, the Fair for Life chapter on safety at work is so comprehensive that the most basic requirements to effectuate safe working conditions in a low-risk environment can be ensured.

Environmental benchmarks

Benchmark	Score	Description & Argumentation
Reduction of inputs, residuals & impact	4	<p>(1) The operation must be able to quantify its electricity and fuel consumption. Reasonable and adequate efforts must be made to reduce consumption from the third year. (2) The operation must know at least roughly the source and amount of the (in)directly used surface water and groundwater. The operation is bound to an appropriate and rational use of water from the third year onwards. Obvious wasting of water is prohibited. (3) Fair for Life promotes via a non-binding criterion the reduction (or compensation) of greenhouse gases (GHGs) through a reduction of energy use, protection of natural carbon sinks, carbon sequestration, and promoting the usage of renewable, sustainable, or low-carbon production methods of electricity. Additionally, GHGs are combated through freight optimization and looking into the impact work-related travels. (4) An integrated waste management strategy should be drawn up by the operation, i.e. identification of and procedures concerning the various waste streams. Producers and employees should receive the necessary training and/or information on waste management and reduction. The operation focuses on composting and recycling. Hazardous waste must be stored safely. Waste processing is done in line with local legislation and minimizes damage to the environment and people. The operation must aim to minimize the direct and indirect environmental impact of its packaging policy. Certain substances (PVC, styrene, GM0s) are strictly forbidden. (5) Each operation must have an up-to-date list of agrochemicals it uses. Fair for Life also maintains a list of products that are strictly prohibited and products that may only be used under certain circumstances. The operation must draw up an improvement plan with quantitative targets for the reduction of the use of chemical substances. Integrated Pest Management techniques are stimulated.</p> <p>Argumentation Fair for Life's environmental standards are exceptional. The standard ticks all the boxes and goes further. Criteria are often formulated in a binding way.</p>
Protection of (local) ecosystems	4	<p>(1) Technical and practical knowledge must be developed on soil management (irrigation, groundcover, fertilizers corresponding to the crop, maintenance of soil fertility and crop rotation). Synthetic fertilizers may not be the only way in which the soil is kept fertile. Soil management must guarantee long-term productivity. Soil erosion must be monitored. (2) Wastewater should be treated in such a way that discharging no longer poses any risks for people or the environment. A transition plan should be drawn up if local water management infrastructure is not available. Measures should be taken to prevent wastewater from ending up in drinking water supplies. (3) Air pollution must be monitored and minimized. (4) The operation should make an overview of the existing fauna and flora with attention to endangered species and associated risks. The operation is not involved in activities involving endangered species. An exception is made if this is done exclusively within the framework of the provision of necessities for living or after a thorough external risk analysis. Fair for Life does not grant certification if valuable forest or other land essential to the ecosystem has been converted into agricultural land (this rule is even retroactive). In the case of foraging and hunting, this should be done in a sustainable way so that the replacement rate is not exceeded. Biodiversity must be proactively supported through diversification into the species that are planted. Finally, the operation should be familiar with the practical and technical implementation of Integrated Pest Management (IPM).</p> <p>Argumentation Fair for Life pays tribute to its history as environmental certifier. All elements are extensively described and cover every aspect of environmental sustainability.</p>

Benchmark	Score	Description & Argumentation
GMOs	4	<p>All inputs into the agricultural process (seeds, feed, etc) may not stem from a genetically modified source. This criterion is defined in such a way that an operation can lose its certification immediately. Additionally, no GMOs may be used in the packaging of the product after the fourth year. Both the certified content and the non-certified content (in the case of a composite product) must be completely free of Genetically Modified Organisms after one year.</p> <p>Argumentation GMOs are completely banned at all stages of the production process (even packaging). The rules are defined in a very strict way.</p>
Organic	3	<p>Through a non-binding criterion, Fair for Life encourages organic certification for all products and sites included in the certification. Operations must set up a plan to reach organic certification within a defined time frame (or set up a plan to move to more environmentally sustainable practices). The fair trade partner is stimulated to support the producer organization in a process towards organic certification.</p>
Animal welfare	4	<p>The operation should ensure the following considerations regarding animals: (1) shelter and protection from the sun and rain, and sufficient open space, (2) access to fresh water, and (3) suffering must be avoided throughout the life cycle. Hygienic conditions must be maintained and access to care must be provided. (4) Animals must have the ability to maintain social structures.</p> <p>Argumentation Next to providing all the essential necessities for animals, the Fair for Life standard guarantees products free from animal testing (from the second year onwards). In addition, it prohibits the systematic use of antibiotics, hormones and amino acids.</p>

Benchmarks relating to organization and governance

Benchmark	Score	Description & Argumentation
Organizational objectives	2	<p>Applicants must show that their commitment to ethical certification is in line with the existing values and strategies. The operation (and its affiliates) may not have been the subject of ethical and environmental violation cases in the past ten years. If this has been the case, eligibility can still be ensured if the operation repaired the damages, implemented a strategy to avoid this happening again, and diminished the impact of the violations. A group company with more than 2000 employees worldwide must have a record of high standards and a good reputation concerning social and environmental issues. Fair trade partners and brand holders must compose and update regularly a business plan including a long-term strategic policy with regard to Fair Trade.</p> <p>Argumentation The eligibility criteria of Fair for Life should effectively deter non-ethical companies from joining the system. However, social and environmental goals do not have to be incorporated into the very core of operational objectives.</p>
Governance	2	<p>(1) Producers in a producer organization should be heard through a general meeting with universal suffrage, a representative delegation, and/or very open communication channels in the case where areas are very difficult to reach. The interests of the producers must be effectively represented, regardless of the form of participation. (2) As a non-binding criterion, Fair for Life encourages democratic ownership systems whereby the worker can acquire shares in the company.</p> <p>Argumentation (1 & 2) Only producer organizations are expected to be organized in a democratic way or stimulated to set up democratic ownership systems. Typical fair trade organizations do not have to adhere to these principles. (3) The standard does not refer to a requirement of putting democratic procedures and practices into writing and incorporating them in the constitution of the organization.</p>
Capacity building	3	<p>The fair trade partner is stimulated through a bonus criterion to improve the organizational, commercial, technical and environmental skills of the producer organization. Additionally, if financial literacy is insufficient, the producer organization should offer economic management training to its members. Furthermore, training should be provided in the areas of waste management, Integrated Pest Management, soil management, and optionally, organic farming. The producer organization should strengthen the social fabric through educational programs. A bonus standard encourages the employer to offer on-the-job training to increase the human capital in his organization.</p>
Transparency	3	<p>(1a) Labeling rules state that operations must clarify which ingredients are certified. (1b) Fair for Life has specific rules concerning the use of its label. (1c) All operations may only use honest advertising and marketing techniques that do not mislead the consumer. (1d) The producer organization is obliged to publish and communicate to its trading partners its name, location, organizational structure, brief overview of characteristics and use of the fair trade premium (including decision-making procedures). These are obliged to pass on this information throughout the entire supply chain. The trademark owners are obliged to make this information available to the consumer. (2) The use of the fair trade premium must be documented and communicated. The results of each audit must be communicated to the members of the producer organization. Because producers' interest must be represented in key business and development decisions, key commercial, financial and organizational documents should be accessible by members.</p>
Promote Fair Trade	3	<p>All brand holders are required from the fourth year onward to organize, participate or relay campaigns aimed at raising awareness and education on Fair Trade issues.</p>

Procedural benchmarks

Benchmark	Score	Description & Argumentation
Verification scope	3	(1) The producer, their organizations, the fair trade partner (negotiates the fair trade price and premium, and markets the product), and the trademark holder must be certified. Transporters, subcontractors and brokers should only be registered as long as Fair for Life accounts for less than 30% of the turnover. Retailers are exempted from inspection. (2) The Fair for Life program offers its guarantees based on two audit methods: third-party certification (subject to regular physical audits) and registration (exempted from regular physical audits).
Independence & impartiality	3	Certification is provided by an independent body accredited under ISO 17065. This body appoints an auditor and chooses an inspection time. The auditor must have free access to all locations and documents (as long as privacy is not violated) and is free to interview any employee. Fair for Life is currently seeking to co-opt an additional auditing company which will be eligible to conduct Fair for Life audits.
Frequency of audits	3	Every three years a complete analysis of the requesting party is carried out based on the full set of Fair for Life criteria. Annually, an on-site audit is performed based on the criteria which were indicated 'non-compliant' by the previous auditor, and criteria where improvement is expected. Additional checks can always be carried out if the certification body deems it necessary.
Democratic ownership & governance	0	(1a) The standard is managed with thorough consultation of all stakeholders for any substantial change to the Fair for Life Standard. (1b) It is maintained via the <i>Fair for Life Scheme Committee</i> , which consists of all stakeholders and decides in principle with consensus. Reports of the consultations are publicly available on the Fair for Life website. Argumentation (1a) ECOCERT reserves the right to make final decisions. The Fair for Life Scheme Committee takes up an advisory role. ECOCERT provides written justification in case it does not follow the advice of the <i>Scheme Committee</i> . (2) The property rights are in private hands.
Cost	1	(1) All organizations that are certified and audited bear the costs in the Fair for Life scheme (see subject of audit). No trademark rights must be paid for the use of the label. (3) Certification costs are linked directly to the size and complexity of the operation. Argumentation (1b) Especially vulnerable actors are not exempted from any cost. However, buyers may reimburse or pay the producer operations for the costs of certification. (2) Cost calculation methods are not freely consultable. ECOCERT is, however, planning to publish this on their website in the near future. In the meantime, the cost breakdown of the FFL audit and certification is detailed to clients when they request it.
Infringement	3	(1) Fair for Life criteria are divided into three categories: KO, MUST and BONUS. In the case of violations of the first category, approval is immediately jeopardized, in the case of violations of the second category, an action plan (corrective measures, responsible persons and implementation dates) must be drawn up within a week. Four months after submission of the action plan, proof of implementation must be provided. Certification cannot be retracted on the basis of non-compliance with BONUS standards. (2) A first appeal can be lodged with the <i>Certification Body</i> . A second appeal may be lodged with the <i>Advisory Committee</i> . A second appeal is subject to costs. (3) Everyone is free to submit a complaint to the Certification Body. Every complaint is required to be followed-up. The operation must inform employees and producers that they have the right to share information on a confidential basis with the auditor. (4) Employees who set up a complaints procedure may not be punished, intimidated or discriminated against. Their rights must be protected by a written document.

Benchmark	Score	Description & Argumentation
Compatibility	3	Fair for Life recognizes following fair trade standards: Fairtrade, FairWild, SPP, Fair Trade USA, and Naturland Fair. Additional requirements are in place to monitor the compatibility of these standards with Fair for Life. Spot-check audits can be requested when documentation proving traceability is absent, to guarantee segregation, and in the case of complex supply chains.
Focus	3	The Fair for Life standard is based on a <i>smallholders take priority</i> -approach: the standard is intended for socio-economically marginalized actors who need support for accessing and remaining in the market. Projects where the majority of producers cannot be considered smallholders or projects with very large firms will be selected with extra caution. It is not further defined how this selection is carried out.
Global North	3	The standard is intended for socio-economically marginalized actors who need support for accessing and remaining in the market, " <i>regardless of their country</i> ". Fair for Life is thus open for products from the South as well as from the North.



Photo: Dembele Mamdou, member of the Ecojad cooperative, Ivory Coast
© Fairtrade/Nabil Zorkot

Chapter 2 Fairtrade Philosophy



Find the Fairtrade standard online.

Fairtrade International's vision is as follows:

"Fairtrade's vision is a world in which all producers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future. We believe that trade can be a fundamental driver of poverty reduction and greater sustainable development, but only if it is managed for that purpose, with greater equity and transparency than is currently the norm. We believe that people can overcome disadvantage and marginalization if they are empowered to take more control over their work and their lives, if they are better organized, resourced and supported, and can secure access to mainstream markets under fair trading conditions. We also believe that people, businesses and civil society institutions in the developed world are supportive of trading in this way. This is particularly the case when they understand the needs of producers and the opportunities that Fairtrade offers to change and improve their situation. Our work is driven by informed consumer choices, and the desire of business to meet the expectations of their customers, both of which provide crucial support for wider campaigning to reform international trade rules and create a fairer economic system."¹

History



With its Fairtrade Sourced Ingredient program, Fairtrade International aims to provide producers with additional market access.

Fairtrade International has its roots in the Netherlands, where it started in 1988 as Max Havelaar, under the initiative of the Dutch development organization Solidaridad². The idea of labeling swiftly spread and other national initiatives sprouted up throughout Europe, North America and Japan. In 1997 they decided to coordinate their actions under the umbrella organization Fairtrade Labelling Organisations International (FLO). Five years later the international Fairtrade certification mark was launched. In 2004 FLO was split into two different and independently operating organizations: FLO, responsible for standard-setting and FLO-CERT, responsible for auditing and monitoring. In 2011 FLO simplified its name to Fairtrade International. Over the years new national initiatives were set up. Gradually, producer representatives gained more power in the Fairtrade scheme. In 2014, Fairtrade Internationally rolled out its Fairtrade Sourcing Program (since 2018 called Fairtrade Sourced Ingredient program), aimed at promoting one specific fair trade ingredient across a product line or the complete assortment of a company instead of focusing on just one product with multiple fair trade ingredients.

¹ Fairtrade International. 'Our Vision and Mission'. Fairtrade International, 2019. <https://www.fairtrade.net/about-fairtrade/our-vision>

² Fairtrade International. 'History of Fairtrade'. Fairtrade International. Accessed 15 April 2019. <https://www.fairtrade.net/about-fairtrade/history-of-fairtrade.html>

Vocabulary

Fairtrade vocabulary	Common vocabulary
Fairtrade Minimum Price (FMP)	Fair trade minimum price
Fairtrade Premium	Fair trade premium
Organic differential	Organic premium
Fairtrade Premium Committee; Producer Executive Body (PEB)	Fair trade premium committee
Core requirement (Year 0-1)	Baseline criterion
Development requirement	Evolutive criterion
Core requirement Year 3	
Voluntary Best Practices (VBP)	Voluntary criterion

Analysis

Product handling benchmarks

Benchmark	Score	Description & Argumentation
Traceability	3	<p>Producer organizations are required to record the product flow from their members to the first buyer. This document must include a description of the collection process from members, and the transaction process to the first buyers. Traders are required to continue this documentary traceability further down the supply chain.</p>
Segregation	2	<p>As a general binding rule physical segregation is obligated along the entire supply chain. Segregation during processing is verified, amongst other things, by registering the exact amounts before and after processing. If requested, an exception to this general rule of segregation is granted to producer organizations which directly or indirectly (through subcontracting) perform processing themselves and only for cocoa, cane sugar, juice and tea. In that case physical segregation is only guaranteed up until the processing stage. The commingling of certified and non-certified ingredients (so-called mass balance) is flanked by mass balance rules: volumes sold may not exceed volumes produced, the commingling must take place before the sale, processing of both ingredients must take place at the same site (<i>single site mass balance</i>), and both versions must be of the same kind and quality ("like for like"). An exception to the <i>single site mass balance</i> requirement can be made for cocoa and cane sugar when additional requirements are fulfilled (<i>group site mass balance</i>). Under the <i>Fairtrade Sourced Ingredient</i> (FSI) model for cotton and the <i>Gold Sourcing Program</i>, physical traceability is likewise not necessary, mass balance is thus allowed.</p> <p>Argumentation The Fairtrade standard does not guarantee physical segregation for all cocoa, cane sugar, juice and tea under its label. Gold and cotton are sourced as mass balance too under certain programs. Commingling is currently allowed with the aim to maximize benefits to producers.</p>

Benchmark	Score	Description & Argumentation
All that can be, must be	3	<p>All traders must ensure that food composite products contain as many Fairtrade certified ingredients as possible. This rule excludes products that are not available under the Fairtrade standard. The standard-setting body uses a negative list approach: an <i>Unavailable Fairtrade Ingredients List</i> is regularly updated. Ingredients on this list are exempted from the <i>all that can be, must be</i>-rule. Exemptions can be granted too under extraordinary circumstances. Traders trading under the Fairtrade Sourced Ingredient (FSI) program too are exempted from this rule except for the ingredient in question (in addition to the mass balance exception for cocoa, cane sugar, fruit juice and tea). The FSI program is open to all product categories except for coffee and bananas. A separate ingredient label was developed for this program so that transparency towards consumers is ensured.</p> <p>Argumentation The negative list approach, used by Fairtrade, makes full use of the <i>all that can be, must be</i>-rule while at the same time keeping it functional. The Fairtrade standard could, however, recognize other fair trade standards in light of the <i>all that can be, must be</i>-rule, i.e. when not available as Fairtrade, include an obligation to look at availability under other schemes. (Other issues related to the collaboration with other fair trade standards are addressed in the benchmarks 'compatibility').</p>
Fifty percent	2	<p>Food composite products must contain at least 20% certified content (water and dairy excluded), calculated on the basis of pre-processing weight (or volume). This rule does not apply to traders under the Fairtrade Sourced Ingredient (FSI) program, under which only the ingredient in question of a composite product needs to be 100% Fairtrade certified.</p> <p>Argumentation The standard falls short of 50%. In addition, no flanking measures are in place, except for the <i>all that can be, must be</i>-rule, in order to stimulate exceeding the 20% fair trade ingredients.</p>

Economic and commercial benchmarks

Benchmark	Score	Description & Argumentation
Fair trade price	2	<p>(1) In all cases, the <i>Fairtrade Minimum Price</i> is the absolute minimum that must be paid. This price reflects (1a) direct costs and (1b) indirect costs. (1c) Additionally, a profit margin is included in the minimum price. (2) The calculation of the cost of production is thoroughly described in the <i>Guidelines for estimating Cost of Sustainable Production</i>. The relevant world price must be agreed upon between the payer and the producer (organization). Adaptations to the predefined minimum price must be calculated in a transparent manner. (3) In case the world price is above the <i>Fairtrade Minimum Price</i>, a price must be paid that is at least equal to the relevant market price. Rationale must be provided if the price paid to the producer differs significantly from the market price. (4) An organic premium is not included separately in the Fairtrade system. However, prices published by Fairtrade International do in many cases reflect the difference in quality.</p> <p>Argumentation (1) For some selected products (cane sugar, some types of rice produced in a selection of countries, herbs and spices, some cereals, some fruits and flowers) a minimum price is absent, so only a negotiated market price applies. (4) For some products (typically those without a minimum price) an organic premium is not guaranteed, instead free market forces are trusted to provide this.</p>
Fair trade premium	3	<p>A fair trade premium must be paid to the producer organization, the <i>Fairtrade Premium Committee</i> or the <i>Producer Executive Body</i>. Fair trade premiums are predefined and publicly consultable. For a selected group of products without a minimum price (herbs and spices, cane sugar), the premium is set at 10 to 15% of the commercial price. For other products (for example cocoa, bananas, and pineapples) the premium is equal or close to 10%; other premiums are well above 10% (for example tea and coffee).</p>

Benchmark	Score	Description & Argumentation
Living income & living wages	2	(2) Fairtrade International developed a calculation method for living wages. The <i>Standard for Hired Labor</i> uses this method and requires that companies annually increase the level of wage to close the gap between the existing wage and a living wage. Argumentation (1) The Fairtrade standards for traders and small producer organizations do not make reference to living income or living wages. However, Fairtrade International has a living income strategy, including calculation methods. This strategy stipulates that <i>living income reference prices</i> will guide the price-setting procedures in the future. Additionally, the ambition is expressed to guarantee a living income for all average Fairtrade farmers.
Pre-financing	2	(1) For most products ¹ , pre-financing of up to 60% must be provided. Products in the category roots & tubers require a potential of 40% pre-financing. For cocoa and cane sugar, pre-financing is required but no minimum amount is defined. Pre-finance is not required for fresh fruits (except wine grapes). Additionally, a voluntary criterion stimulates traders to provide financing (directly or through third parties) beyond the pre-financing of contracts in order to respond to the financial needs of the producer. The Fairtrade standard includes a provision to avoid the pre-financing being pushed upon the producer organization. (2) A voluntary criterion stimulates creditors to provide their loan at zero interest rate. Argumentation (1) Producers of cocoa, cane sugar and fresh fruits (wine grapes excluded) are at risk of not receiving (sufficient) pre-financing. (2) No criterion prohibits or limits creditors from making a profit on the pre-financing provided.
Long-term relationship	2	(1) A voluntary criterion asks for long-term commitments of two years or more. (2) Both contracting parties have to demonstrate that they are willing to seek contract resolution in case of early termination. Suppliers must be promptly notified if adjustments are made to the expected purchasing quantities. Argumentation (3) Producers and their organizations are not specifically protected by a (financial) compensation mechanism in case of the early termination of contracts (other than the requirement of equality in termination rights).
Unfair Trading Practices	3	The Fairtrade standard bans unfair trading practices and makes reference to the definition used by the European Union. (1) Prices must be paid in a timely manner, which differs depending on the product category. (3) The imposition of certain costs or charging for unwanted services is not allowed. (4) Misusing unspecified, ambiguous or incomplete contract terms and not honoring contract terms (except when both parties agree to a change) is prohibited. (5) Written contracts are compulsory. (6) Unfair competition practices between fair trade actors are not allowed. Argumentation (2) No specific references are made to the need for compensation in case of returning or canceling deliveries.
Plantations	3	The Fairtrade scheme allows plantations to be certified. They developed a separate standard for the validation of such operations.
Power concentration	2	(2) Exclusivity contracts are prohibited (unless clearly beneficial to the weaker party). (3) A non-binding rule stimulates traders to provide capacity building and support in the field of market and income diversification, which should help tackle problems emerging from downstream market concentration. Argumentation (1) The Fairtrade standards do not aim to minimize the number of actors in a supply chain. No references to short supply chains are made.
Local economy	1	Argumentation (1-2) The Fairtrade standard does not include provisions to avoid local market disruption or provide support for the local economy, except for the Fairtrade premium.

¹ Cereals, coffee, fiber crops, wine grapes, herbs and spices, honey, nuts, oilseeds and oleaginous fruit, prepared and preserved food and vegetables, tea and pulses require 60% pre-financing if asked for.

Social benchmarks

Benchmark	Score	Description & Argumentation
Core ILO conventions	4	<p>(1) Fairtrade completely bans all forms of forced labor and includes a list of indicators that help to identify cases of forced labor. Operations must set up a due diligence and risk mitigation system to monitor, respond and prevent forced labor. (2) Employment of children under 15 is outlawed. The standard includes guidance in the case of child headed households. When there is a high risk of child labor, organizations are encouraged to take action in tackling the roots of child labor (including providing schooling opportunities). Workers under 18 must be excluded from doing hazardous work. Organizations must set up policies and procedures that remedy and prevent child labor. (3-4) Freedom of association and the right to collective bargaining are ensured by the Fairtrade standard. (5a) Discrimination based on race, color, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, membership of unions or other workers' representative bodies, national extraction or social origin is outlawed. HIV or pregnancy tests are banned in the recruitment process. (5b) The Fairtrade standard duly covers all fields of application including a reference to the universality of the non-discrimination principle.</p> <p>Argumentation (1-2) The Fairtrade criteria are composed in the spirit of 'victim-first'. The requirement for offering prolonged safety to victims illustrates this. This goes beyond a straightforward identify-and-punish system. (3-4) Organizations who employ a substantial amount of external labor are via a development criterion stimulated to support setting up workers' organization (in case this is absent) and delivering training on worker's rights during paid working time. (1-4) Traders must adhere to all fundamental ILO conventions, regardless of whether they have been ratified by the country in question or not.</p>
Promotion of equality	3	<p>Fairtrade encourages its small producer organizations to set up activities to address discrimination. Disadvantaged and minority groups within the producer organization must be identified. A development criterion stimulates the organization to set up specific activities for these disadvantaged and minority groups which improve their socio-economic position. Producer organizations must develop and implement a gender policy which aims to promote gender equality and women's empowerment, including their participation in the Fairtrade project. Best practices are listed as to ensure the proper functioning of gender policies.</p>
Sexual harassment	3	<p>Producers and their organizations must not tolerate behavior that is sexually abusive and intimidating, bullying or exploitative. Fairtrade includes a requirement of ensuring prolonged safety when cases of sexual harassment or abuse are identified. This entails that the victim must be kept free from any such risk, or actual harm or danger. (1) When <i>Gender Based Violence</i> (GBV) is endemic in the region, organizations are encouraged to develop a written policy that prohibits such things and (3) to set up activities that address these issues, including a monitoring system. (2) A development criterion recommends setting up a grievance mechanism and a whistleblower policy for addressing complaints.</p>

Benchmark	Score	Description & Argumentation
Social security	3	<p>The Fairtrade standards aims to provide social security for workers of producers and their organizations, for permanent hired labor, and for migrant, seasonal, and temporary workers. Producers themselves are free to use the premium to set up social safety nets. (1) Producer organizations and their members must ensure maternity leave and all other social security provisions that are prescribed by national law, or mentioned in collective bargaining agreements, or contracts with workers; whichever is the most favorable for the worker. A similar reference is made in the <i>Hired Labor Standard</i>. (2) Written contracts for hired labor must include provisions that offer protection in case of illness, disability or accidents, as well as a provision covering annual paid leave. (3) All permanent hired workers should be included in a provident pension scheme.</p> <p>Argumentation These requirements are only applicable to organizations if they or their members hire a substantial amount of labor (ten workers for more than thirty hours/week and more than one month/year) and only from the sixth year onwards.</p>
Health & Safety	3	<p>Producer organizations must offer their members and workers training in handling pesticides and other hazardous chemicals, focusing too on the hazards and risks. Additionally, appropriate personal protective equipment (PPE) and training must be provided when handling pesticides, hazardous chemicals or other hazardous work. Producers and their organizations are required to make "work processes, workplaces, machinery and equipment on [the] production site safe". First aid equipment must be in place and a sufficient number of workers must be trained in first aid. Safety instructions must be visibly present.</p>

Environmental benchmarks

Benchmark	Score	Description & Argumentation
Reduction of inputs, residuals & impact	3	<p>(1) Measures to use energy more efficiently must be taken. Record keeping is cited as a tool in order to achieve a more rational use of energy. (2) Producer organizations are asked to provide training on sustainable water use (rational and efficient use, methods to recirculate, reuse and/or recycle water). Members are expected to follow practices that improve water resource management. (3) Members must protect natural carbon sinks. The use of renewable energy sources is promoted. Furthermore, the reduction of Greenhouse Gases (GHGs) and increased carbon sequestration is stimulated. Traders are asked to reduce their carbon footprint and other emissions to air throughout the supply chain. (4) Re-using organic waste as input in the production process (composting) is stimulated. Additionally, traders are stimulated to maximize the use of recycled or easily biodegradable materials for packaging. (5) A set of rules prescribes the handling of hazardous materials including storage, risk-managing, labeling, and dealing with accidents and spills. Fairtrade International maintains a <i>Hazardous Materials List</i> which consists of materials that are prohibited and materials that are discouraged to use. Pesticides on the <i>orange list</i> must be reduced and eventually phased out. The use of herbicides should be minimized. This list is not applicable to cotton FSI traders after the ginning stage. Additionally, Fairtrade stimulates the use of Integrated Pest Management-techniques. A non-binding criterion states that if pesticides are used, members must be able to demonstrate that they have a certain degree of expertise.</p>

Benchmark	Score	Description & Argumentation
Protection of (local) ecosystems	3	(1) A development criterion stimulates producer organizations to offer training on Integrated Pest Management (including crop rotation, ground covers, mixing compost with the soil, and intercropping). Another development criterion stimulates the use of soil-fertility enhancing techniques. Furthermore, soil erosion must be monitored. The standard further stimulates to provide training on the prevention of soil erosion. A development criterion prescribes providing training on the use of fertilizers. (2) Fertilizers and pesticides must be stored in such a way that it minimizes risks of polluting water. Sources of water used for irrigating and processing must be listed. Additionally, producer organizations are stimulated to become informed on the availability of water in their area so that situations of scarcity can be avoided. It is expected that wastewater is treated properly as to avoid negative impact on water quality and soil fertility. (3) Finally, a buffer zone must be applied when spraying hazardous chemicals near water sources. (4) A voluntary criterion stimulates traders to understand and act to minimize their emissions to air. (4) Members must avoid negative impacts on protected areas and areas with high conservation value. Additionally, they are prohibited from causing deforestation (controlled by procedures of the producer organization) or destroying carbon storage ecosystems. Buffer zones must be applied around bodies of water and areas of high conservation value. Wild harvesting must allow for regeneration of the sort harvested. The producer organization must raise awareness to avoid the hunting or collecting of rare and threatened species. Producer organizations, their members and traders are stimulated to protect and take measures to enhance biodiversity (identification of risks, awareness-raising, agroforestry systems, restoring natural ecosystems, actively replanting native vegetation or enable its regeneration).
GMOs	3	The intentional use of Genetically Modified Organisms (GMOs) is prohibited. Producer organizations are asked to actively pursue this policy in their relationships with members.
Organic	2	A monetary stimulus (organic differential, higher minimum price or premium) informally stimulates organizations to move towards organic certification. Argumentation Producers and their organizations are not formally stimulated to move towards organic certification.
Animal welfare	0	Argumentation (1-4) Animal welfare is out of the scope of Fairtrade standards.

Benchmarks relating to organization and governance

Benchmark	Score	Description & Argumentation
Organizational objectives	3	The Fairtrade Standard for Hired Labor requires that the company's mission statement or policy includes commitments to achieve the aims and values of Fairtrade. Additionally, a commitment to social and sustainable production practices must be made. Fairtrade's requirements concerning democratic control should ensure that all activities are aimed at the social and environmental development of the members.
Governance	3	(1) A general assembly must be the highest decision-making body in producer organizations. All members have equal voting rights. Criteria are included to ensure a proper functioning general assembly which acts on the interests of the producers (and workers). (2) Democratic ownership is implied, following the general assembly requirement. (3) Producer organizations must adhere to their own internal rules (constitution, by-laws and internal policies) including those related to elections, decision making, delegate system, board term limit and membership processes.

Benchmark	Score	Description & Argumentation
Capacity building	3	A voluntary criterion asks traders to provide support in the form of capacity building activities in the field of operational, productional and organizational affairs. Producer organizations are obliged to inform their members of the environmental and labor requirements specific to the <i>Fairtrade Standard for Small Producer Organizations</i> . Additionally, producer organizations are stimulated to provide training in the field of handling hazardous substances and other work-related dangers.
Transparency	3	(1a) Fairtrade requires a declaration of the total percentage certified content on the back of the product. (1b) Fairtrade has set out vigorous requirements regarding the use of its label, including the need for a contract when using the label. (1c) Fairtrade forbids declarations and claims that cannot be substantiated by facts. (2) A producer organization must keep books and records which are freely accessible to all its members. Audit results must be shared. The Fairtrade standard requires to set up a surveillance committee that oversees the overall administration. This facilitates permanent control by and transparency for its members.
Promote Fair Trade	3	Organizations involved in fair trading are not required to promote the Fair Trade principles beyond the fair trading practices themselves. However, Fairtrade International is comprised of National Fairtrade Organizations (NFOs) which are responsible for raising awareness, education, and engaging with companies and governments and civil society actors.

Procedural benchmarks

Benchmark	Score	Description & Argumentation
Verification scope	3	(1) The Fairtrade standards are verified at the premises of the producers, their organization or the companies working with hired labor and traders. Producer organizations of the 2 nd and 3 rd grade must have an Internal Management System (IMS) in place to monitor and assess their members. Producer organizations of the 1 st grade are stimulated too through a development criterion to set up an IMS from the third year onward. (2) The Fairtrade Standard lists all general principles necessary for a functioning IMS. The Fairtrade system itself is based on independent third-party auditing by FLOCERT, the official certification body for Fairtrade. <i>Small licensees</i> are defined as: "not categorized as Fairtrade Minimum Price or Fairtrade Premium payer, activities limited to selling ready for consumer-packaged products, an annual global turnover not exceeding two million Euro [sic] and not having more than two additional entities." Small licensees are verified, not certified.
Independence & impartiality	3	FLOCERT is a completely separate legal entity from Fairtrade International, however, historic connections do exist. All certifiers are monitored by an Oversight Committee, composed of technical experts, which reports to the Standards Committee, this ensures high-quality auditing. FLOCERT is accredited against the ISO 17065 standard. Its auditors are fully impartial and regular rotation is ensured. Furthermore, auditor fees are solely paid by the certifier. It must be noted that FLOCERT holds almost a monopoly in the world of guaranteeing adherence to the Fairtrade standard. In some countries (Australia, New Zealand, and Japan) assurance is provided by their respective National Fairtrade Organizations (NFOs).
Frequency of audits	3	Actors that need certification receive on-site inspections at least every three years. More audits are carried out if the risk profile of the actor is medium or high. Very small traders with a low-risk profile receive auditing only every six years. Additionally, actors with a low or medium risk profile, and to a lesser extent high-risk profile actors, receive unannounced audits. All requirements are listed in Fairtrade International's <i>Requirements for Assurance Providers</i> .

Benchmark	Score	Description & Argumentation
Democratic ownership & governance	3	Fairtrade standard-setting procedures are in line with the ISEAL Code of Good Practice on Standard Setting. (1a) In this process, extensively described on the Fairtrade website, all stakeholders are involved for input and advise. (1b) The final decision lies in the hands of the <i>Standards Committee</i> , composed of producers, traders, <i>National Fairtrade Organizations</i> (NFOs), and external experts. A subcommittee of the <i>Standards Committee</i> , the <i>Oversight Committee</i> , consisting of the different interest groups in Fairtrade, decides on the regulations that govern the assurance program and check its effectiveness through the <i>Oversight Mechanism</i> . (2) The property rights of the Fairtrade standards are in the hands of Fairtrade International, which is managed by all stakeholders. Fairtrade International is a non-profit organization. Meaning that all profits will directly or indirectly flow back to the fair trade system.
Cost	3	(1a) The bigger and more complex the organization, the more it has to pay for certification. (2) FLOCERT provides an easy and accessible cost calculator on their website. (3) A very small producer organization marketing only one product without any processing costs is estimated to have to pay €2100 for the first year and afterwards a yearly €1200 to maintain the Fairtrade status. For more complicated organizations or companies, the estimation tool depicts amounts exceeding €10000. Argumentation (1b) No exemptions from cost are made for especially vulnerable actors.
Infringement	2	(1) Non-compliance can lead to <i>Denial of Certification</i> which entails an immediate cessation and desistance of all Fairtrade trading activities. A <i>Suspension of Certification</i> prohibits you from signing new Fairtrade contracts. <i>Decertification</i> leads to a complete ban on any Fairtrade trading activities; the certification process will have to be done over again. Finally, a financial sanction can be applied amounting up to €5000 when serious infringements on trading rules (for example trading without certification) take place. For less severe infringements suitable corrective measures have to be proposed. (2) FLOCERT has an appeal and review process open only to Fairtrade certified organizations to change certification decisions. A formal request by a Fairtrade organization to change an evaluation decisions is called a <i>Review</i> . (3) General feedback or any information on an operator not complying with the standards can be provided through the allegation and complaints process. A complaints procedure of a second instance can be filed with Fairtrade International if the alleging party is not satisfied as to how the allegation or complaint was handled by the assurance provider. Argumentation (4) The Fairtrade standard does not specifically mention procedures for protecting whistleblowers.
Compatibility	0	Argumentation Fairtrade does not recognize other fair trade standards as equal nor has it recognition procedures. However, Fairtrade International attempted multiple times to set up recognition procedures. One project is still running at the moment.

Benchmark	Score	Description & Argumentation
Focus	4	<p>Following the <i>Fairtrade Standard for Small Producer Organizations</i> (SPOs), at least two thirds or 66% of the members of an organization must be small-scale producers. Of the total volume sold as Fairtrade by an SPO, 66% must be produced by small-scale producers. Finally, a voluntary criterion stimulates traders to source their products from vulnerable producer organizations. An SPO is defined in two ways. For less labor-intensive products², a small-scale producer is defined on the basis of three criteria: farm management is done by members and their families, farm work is mostly done by members and their families, and workers are not hired on a continuous basis.</p> <p>For highly labor intensive products³, a small-scale producer who depends on hired workers is defined on the basis of two criteria: number of permanent workers, size of cultivated land. These criteria are further defined per country and per product. In any case, the cultivated land may not exceed 30 hectares per member. Small-scale producers of highly labor-intensive products who do not depend on hired workers have to fulfill the requirements of the first definition.</p> <p>Argumentation Non-organized farmers can enter the Fairtrade system through the <i>Fairtrade Standard for Contract Production</i>. An exporter, intermediary, NGO or other organization, called the <i>Promoting Body</i>, will support the group of farmers in getting organized into a cooperative.</p>
Global North	0	<p>Argumentation Fairtrade is not open for products of the Global North. Eligibility is defined by the <i>Fairtrade Geographical Scope Policy of Producer Certification</i>. Fairtrade International takes in its scope policy economic and social indicators into account (among others, income per capita and wealth disparity), as well as the long-term impact for producers. Members of the European Union and 68-countries are explicitly excluded from the standard.</p>

² Cocoa, coffee, herbs and herbal teas, spices, honey, nuts, oilseeds and oleaginous fruit, cereals, fiber crops are listed as less labor intensive products.

³ Cane sugar, prepared and preserved fruit & vegetables, fresh fruit, vegetables and tea are listed as highly labor intensive products.



Photo: Victoria Aguilar, chair of the Association of female cocoa-producers of Las Lomas, part of the Norandino cooperative, Perú
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Chapter 3

Small Producers' Symbol Philosophy



Find the SPP standard online.

SPP (Símbolo de Pequeños Productores, Small Producers' Symbol) was created in reaction to the decision of Fairtrade International to launch its Standard for Hired Labor. As CLAC (Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo, Latin-American and Caribbean Network of Small Fair Trade Producers) believed that fair trade and small-scale producers were "closely intertwined and inseparable"¹ they created this label in the image of this philosophy. As stated in their Frequently Asked Questions-document: "The model and vision of small producers' organizations are based on comprehensive, self-managing, democratic development and a fair, equal, solidarity and inclusive economy"². This standard was created for producer organizations by producer organizations.

Its vision statement is: "SPP is an intercontinental network of ecological small-producer organizations. In partnership with committed companies and consumers and legitimized by independent certification, we fight for the recognition of our work and high-quality products, a dignified life, and a healthy planet for all"³.

History



Almost all producers certified with SPP are certified organic too.

CLAC founded its own label, SPP, in 2006, a year after its own official legal establishment. At first, the management of SPP was fulfilled by an independent Board of Directors. Later on, in 2010, the SPP was transferred under the umbrella of FUNDEPPO (Fundación de Pequeños Productores Organizados, Foundation of Organized Small Producers), which was a subsidiary operation of CLAC at the time.

In 2011 Fairtrade International offered producer organizations 50 percent of its shares. A prerequisite was that members could not promote other labels, "in a clear reference to the SPP"⁴, and the support SPP enjoyed through CLAC. In 2014, CLAC thus ceded all legal rights to the SPP brand to FUNDEPPO and officially separated from FUNDEPPO, in a move to create more label autonomy and to show that "the CLAC takes serious co-ownership of Fairtrade International"⁵. As a founder, CLAC is a non-active honorary member of what is now SPP Global. During the fifth General Assembly in 2016, the organization changed its name from FUNDEPPO to SPP Global.

¹ Small Producers' Symbol, 'Frequently Asked Questions. SPP - Fundepo', 24 August 2015, 4, https://spp.coop/wp-content/uploads/2016/04/FAQ_SPP-FUNDEPPO_04-04-2016_vf.pdf.

² Small Producers' Symbol, 4.

³ Small Producers' Symbol, 'What is the SPP?', 2018, <https://spp.coop/the-spp/what-is-the-spp/?lang=en>

⁴ Raynolds and Bennett, Handbook of Research on Fair Trade, 486.

⁵ Raynolds and Bennett, 485.

Vocabulary

SPP vocabulary	Common vocabulary
Minimum Sustainable Price	Fair trade minimum price
Small Producers' Symbol Incentive	Fair trade premium
Organic Recognition	Organic premium
Critical criterion & Minimum criterion	Baseline criterion
Continuous Improvement criterion	Evolutionary criterion
Optional Complementary Criterion	Voluntary criterion

Analysis

Product handling benchmarks

Benchmark	Score	Description & Argumentation
Traceability	3	Verifiable records that follow the flow of products from the land plot to the warehouse and sales are kept at the producer organization level. Outsourced processes are supervised by the producer organization. Intermediaries must have a system in place to guarantee the physical traceability of the processed products bought and sold under the SPP standard. The agreements and contracts following this process should be filed.
Segregation	3	Following the rather strict <i>All that can be fair trade</i> [in this case SPP], <i>must be fair trade</i> [SPP]-principle in the SPP standard, products should effectively be segregated. Additionally, an intermediate supply chain actor sourcing a product with SPP certification is not allowed to produce that very same product.
All that can be, must be	3	Single ingredient products should be fully derived from SPP certified producer organizations. All ingredients that are available as SPP certified, should be SPP certified. If this is not possible these ingredients should be obtained from another small producer organization. If this also is not possible these ingredients can receive an exemption granted by SPP global. Argumentation The <i>all that can be, must be</i> -rule is formulated as a cascading binary decision tree, which is very rigorous. SPP could, however, recognize other fair trade standards in light of the <i>all that can be, must be</i> -rule. This could mean that when a product is not available as SPP, the inclusion of an obligation to look at availability under other fair trade schemes (in addition to the obligation of sourcing from small producer organizations). (Other issues related to the collaboration with other fair trade standards are addressed in the benchmarks 'compatibility'.)
Fifty percent	3	Every composite product should at least contain 50% SPP certified ingredients, calculated on the total mass excluding liquid vehicles. When the main ingredient represents less than half of the total product, this should be at least 25% of the total product. In a period of two years the standard of 50% should be reached.

Economic and commercial benchmarks

Benchmark	Score	Description & Argumentation
Fair trade price	3	The fair trade price can be found in the <i>List of Sustainable Prices</i> , which is maintained by SPP Global. (1) The fair trade price must cover all production costs including: (1a) direct costs of production, (1b) a decent remuneration allowing a dignified life for producers and workers, the costs of the democratic self-management of the producer organization, the costs of transport to the port, and cost related to development projects. (1c) Cost-plus pricing is also referred to in the Declaration of Principles and Values. (2) The calculation methods for producer prices and the way in which they should be paid are defined by policies set out by the general assembly. Suitable and good commercial behavior is prescribed by the <i>Code of Conduct</i> . (3) The fair trade price must fluctuate with the market price if the market price goes above the production costs mentioned above. This does not excuse the buyer from paying the fair trade premium or quality premiums. (4) Finally, a premium for organic production must be paid in all cases as organic certification is obligatory under the SPP standard since October 2018. The <i>Procedures Defining Standards and Procedures</i> stipulates that the organic premium must be in the range of 15% to 25% of the minimum price. Some exceptions are made to this range, when justified.
Fair trade premium	3	A <i>Small Producers' Symbol Incentive</i> , or the fair trade premium, must be paid to the producer organization. These premiums are non-negotiable and are clearly listed in the <i>List of Sustainable Prices</i> . The premium generally amounts up to 10% or higher of the purchasing prices. The <i>Procedures Defining Standards and Procedures</i> stipulates that the premium must be in the range of 10% to 15% of the minimum price. Some exceptions are made to this range, when justified.
Living income & living wage	2	(1-2) The minimum price should reflect a decent remuneration for producers and workers that enables a dignified life. The <i>Declaration of Principles and Values</i> refers to a source of employment that generates sufficient income as a prerequisite for a dignified life. Additionally, SPP Global carries out living income calculations on an ad hoc basis. Argumentation Although the SPP standard adheres to the concepts philosophically, it does not have an integrated strategy to reach a living income and a living wage for every farmer and worker.
Pre-financing	2	(1) An intermediary or buyer must facilitate pre-financing of the contract (direct or indirect), corresponding to at least 60% of the total purchasing volume. Argumentation (2) There are no clear indications if and how interest rates should be applied.
Long-term relationships	2	(1) The standard states that organizations and traders should work to maintain stable, long-lasting commercial relationships. Argumentation (1) The standard does not further define how long such a long-lasting relationship exactly is. (2) Early termination does not have to be substantiated and (3) the SPP standard does not offer protection to producers to compensate for sunken costs.

Benchmark	Score	Description & Argumentation
Unfair Trading Practices	2	<p>SPP Global aims to counteract unfair trading practices through its <i>Code of Conduct</i> which has to be signed by all parties involved in the scheme. [1] The SPP standard does, however, include a specific reference to timely payment. [5] Additionally, a contract needs to be signed containing all relevant information. Each contract must recognize the mediation entities and procedures established for the SPP standard.</p> <p>Argumentation The general values offer room to correct all unfair trading practices. However, the question remains if these are enforceable. Additionally, a trader with substantial bargaining power could potentially compel the producer organization to contractually bear the burden of all potential mediation costs. In such a situation a producer organization would be restrained to start up a mediation process. [1] The reference to timely payment does not provide an exact time. Additionally, a producer organization does not fall under this principle (i.e. paying their members in time). [2-4, 6] No reference is made to these specific unfair trading practices.</p>
Plantations	3	<p>The SPP effectively excludes plantations as each producer can but have a limited amount of hired labor. Additionally, only small-scale producer organizations can become certified under the SPP standard.</p>
Power concentration	4	<p>(1) The <i>Declaration of Principles and Values</i> refers to direct trading as the opposite of “excessive (many actors) or abusive (profit as the sole goal) intermediation”. It states that priority should be given to relations that are as direct as possible between producers and consumers. (2) The <i>Code of Conduct</i> prescribes “economic and social relationships based on the freedom of choice”. This broad but binding provision should exclude exclusive contracts. Additionally, a contract established under the SPP standard cannot be subject to compliance with other contracts outside the SPP system. (3) No allusions are made to diversification, however, the producer organization must strengthen its members to increase ownership of the productive-commercial chain, which should promote vertical market expansion.</p> <p>Argumentation Commercial autonomy and added-value creation are stimulated by a set of effective rules. Instead of relying on big traders, producer organizations must sell through other SPP certified organizations, in case an organization is not able to set up a trading operation itself. An exemption can be granted if this is also not feasible. The same goes for processing by third parties, however, this is not binding. A continuous improvement criterion states that intermediaries must buy products from the producer organization in its most advanced stage of production that the producer organization is adequately able to deliver. Additionally, when a finished product is directly bought from the producer organization the users’ fee is lowered 25% and calculated only on the basis of the price of the ingredients, excluding packaging and others, in a move to support direct sales of finished products. Finally, the <i>Declaration of Principles and Values</i> refers to the importance of keeping the added value as close as possible to the source of production as to increase the bargaining power of small-scale producers.</p>

Benchmark	Score	Description & Argumentation
Local economy	4	<p>(2) The fair trade premium should be invested in, among others, the local community. As a code of conduct, all operations must place a high priority on producer organizations and local or regional companies involved in any stage of production. (2a) The <i>Declaration of Principles and Values</i> refers to the importance of short supply chains for, amongst others, decreasing the environmental footprint. (2b-2c) The operation should promote local employment and the exchange of products in local markets. The <i>Declaration of Principles and Values</i> devotes a part to the importance of the local economy and the many positive elements of local food production and consumption. (2d) In the same document, South-South trade is cited as important for the reinforcement of regional economic and social development.</p> <p>Argumentation (1) The SPP standard does not offer, excepts for its <i>Code of Conduct</i>, protection for local market disruption. (2d) However, when products are destined for local markets, producer organizations are not charged a users' fee for using the label. On top of that no user' fee is to be paid by local retailers who buy directly from the producer organization without putting their brand on the product.</p>

Social benchmarks

Benchmark	Score	Description & Argumentation
Core ILO conventions	2	<p>All core ILO conventions are covered by a provision that states that when the producer organization hires workers, it should comply with the various ILO conventions that define workers' rights. Additionally, the producer organization encourages its members to provide their employees with "appropriate, dignified, and equal working conditions". (1) A more specific rule forbids forced labor, although it is not entirely clear if this applies to every operation. (2) Local regulations, as well as the UN Convention on the Rights of the Child (1989), must be respected. Work performed by children is allowed as long as it is carried out in an appropriate, enjoyable manner, given its importance in learning processes related to family, the economy and culture. Nevertheless, it may not impede their physical, mental, educational, and ethical development or well-being. Hiring the labor of children is forbidden. (3-4) Producer organizations with more than 25 employees must facilitate a committee of employees. (5a) The producer organization is prohibited to discriminate against its members based on gender, political orientation, social class, culture, clothing, language, religion, sexual preference, age or physical abilities. As a code of conduct, every operation should respect "the principles of respect for political, religious, sexual, cultural and ethnic diversity".</p> <p>Argumentation (1-5) In general, the SPP standard does not have any specific criteria in place that obligates traders and other intermediaries to adhere to the ILO conventions. However, the general spirit of these conventions is reflected in the <i>Declaration of Principles and Values</i>. (5b) The SPP standard does not specifically define the scope of application of the non-discrimination principle.</p>
Promotion of equality	3	<p>Included as a continuous improvement criterion, producer organization must institute processes that promote equitable participation of men and women in the organization. Externally, the organization must organize activities or do advocacy work focused on gender issues and issues related to minority groups. As a general code of conduct, every operation should encourage work, participation and equitable remuneration for men and women. As an optional criterion, an addition to the label can be made if it is made exclusively by women or by indigenous people.</p>
Sexual harassment	1	<p>A core criterion states that sexual harassment is forbidden.</p> <p>Argumentation Firstly, this criterion only applies to producer organizations. (1) Secondly, the producer organization is not required to include this principle in its constitution or by-laws. (2) Thirdly, no reference is made to the necessity of a complaint mechanism. (3) Finally, no active measures need to be taken to prevent violence against women and girls.</p>
Social security	1	<p>Some social security requirements should be covered by the reference to various ILO conventions. Additionally, small producer organizations have to adhere to local regulations. An evolutive criterion requires that producer organizations support their members to improve on working conditions. (1) Producers who are pregnant are allowed to hire more than half of the total labor force to compensate for the possible inability to work. (2) Producers over sixty are allowed to hire more than half of the total labor force to compensate for the possible inability to work.</p> <p>Argumentation Producer organizations are not actively encouraged to provide social security beyond local regulation. In addition, they do not have to support any schemes with regard to social security for producers. Producers or traders are not obliged to offer social security benefits to their workers. (1-2) Finally, the freedom to hire more workers does of course not guarantee that people are able to hire more workers, given potential financial restraints. (3) No specific references are made to pension schemes.</p>

Benchmark	Score	Description & Argumentation
Health & Safety	3	A continuous improvement criterion states that producer organizations are required to ensure that activities of members should help to conserve the health of producers. Potentially dangerous equipment and machinery must be handled with care and proper safety equipment must be available. The <i>Declaration of Principles and Values</i> adds a reference to the dangers of working with toxic substances. Although described quite broad, SPP covers both the working conditions of producers as well as workers.

Environmental benchmarks

Benchmark	Score	Description & Argumentation
Reduction of inputs, residuals & impact	3	(3) The producer organizations must demonstrate a genuine commitment to the environment, "via strategies focused on carbon capture capacity". (5) The SPP standard includes a <i>List of Prohibited Products</i> which consists of twelve products with accompanying explanation. Additionally, the producer organizations bear the responsibility to not let its members use products prohibited by local law in the country of production and sale. This rule applies to products covered by the certification and products not covered by the certification. Argumentation The SPP standard does not make any direct references to the reduction of (1) energy consumption, (2) water consumption, and (4) the reduction of waste. It must be noted that organic certification is required under SPP which should cover these principles.
Protection of (local) ecosystems	3	(1) By-products must be processed without causing damage to the environment. Additionally, the producer organizations must demonstrate a genuine commitment to the environment, "via strategies focused on soil conservation and fighting erosion", (2) "via strategies focused on care in water management and protection of groundwater", and (4) "the conservation of biodiversity, including fauna and flora, and caring for forests." Argumentation (3) No direct reference is made to the preservation of air quality. It must be noted that organic certification is required under SPP which should cover these principles.
GMOs	3	The use of GMOs or inputs derived from GMOs are prohibited. This criterion is canceled out when an organic certification is in place. The recognized organic certification does, however, exclude the use of GMOs too.
Organic	4	To sell products under the SPP standard, an organic certification must be in place. Members that became certified before 01/10/2018 and that did not have organic certification at the time are required to make gradual efforts to completely convert production to be certified organic. When the new environmental chapter of the SPP standard is finished, tentatively in 2020, the strict requirement for organic certification will be canceled. Argumentation At the moment, organic certification is a prerequisite to becoming SPP certified. Almost all current members are organically certified.
Animal welfare	1	The <i>Declaration of Principles and Values</i> states that "production processes should also avoid affecting the health of wild and domestic animals". Argumentation No requirements are set up in binding rules. (1-4) No references are made to the basic needs of animals.

Benchmarks relating to organization and governance

Benchmark	Score	Description & Argumentation
Organizational objectives	2	<p>Actors involved in the SPP standard must sign the <i>Code of Conduct</i>. In addition to this, the SPP standard includes a mechanism that requires buyers to commit to increasing gradually their purchases under the SPP standards: 5% of the total value of their purchases (in the relevant product category) after the first two years. After that, an increase of 5% per year is expected up until 25% of the total value of the purchasing is SPP certified. This model of increased purchasing, of course, deters buyers not committed to the SPP system (e.g. buyers without societal goals). However, it must be noted that societal or environmental goals can be achieved through other means than the SPP standard.</p> <p>Argumentation The SPP standard does not require that companies to include Fair Trade principles in their constitution or by-laws.</p>
Governance	3	<p>(1) The highest authority in each producer organization consists of a general assembly. This body needs to meet at least once a year and includes all members of the organization, “unless a system of representation has been agreed upon internally”. The organization’s structure is designed so that decision-making is based on democracy, participation and transparency.</p> <p>(2) No specific mentions are made to democratic ownership but the fact that producers must hold an absolute majority of votes in the highest authority, democratic ownership should be a given. (3) The organization’s structure and mechanisms should be implemented under organization-specific statutes and other regulations.</p>
Capacity building	2	<p>Mechanism must be developed, depending on the available resources of the producer organization, to facilitate capacity building processes in the productive, technical, social, organizational, commercial and public impact areas. Additionally, it must assist its members in taking up advocacy tasks.</p> <p>Argumentation Actors further down the supply chain are not stimulated or required to provide capacity building support to the producer organization.</p>
Transparency	3	<p>Transparency, honesty and integrity are included as values in the <i>Code of Conduct</i>. (1a) In the case of composite products, it should be made clear to the consumer which ingredients and what percentage of the total product is certified. (1b) Rules regarding the use of the label are in place. (1d) Intermediaries must provide information associated with their operation, the producer organization they source from and the product (lines) they manage. (2) The organization’s structure and mechanisms should be constructed in such a way so that decision-making, accounting and accountability are transparent. Regulation concerning the decision-making process must be accessible to all members.</p> <p>Argumentation (1c) Operations are not specifically prohibited from using misleading advertising and marketing techniques.</p>
Promote Fair Trade	4	<p>The producer organization must be able to demonstrate that it sensitizes its members. Additionally, it must advocate for public policy changes and influence other social movements with the goal of strengthening the small producers’ economy, fair trade and sustainable production.</p> <p>Argumentation It is worth mentioning that producer organizations are encouraged to assist their members in taking up advocacy tasks. Additionally, systemic change must be at the heart of the advocacy and campaigning attempts. It must be noted that only producer organizations and their members are expected to promote fair trade. Intermediaries are excluded from this requirement.</p>

Procedural benchmarks

Benchmark	Score	Description & Argumentation
Verification scope	3	(1) Producer organizations are subject to audits. Other actors in the supply chain, i.e. buyers, collective trading companies owned by producer organizations, intermediaries, and maquila companies must be registered. (2) The SPP scheme uses self-assessments, a (shortened) document-based evaluation and independent third-party field evaluations. Minimum and continuous improvement criteria will only be assessed during a field visit. Critical criteria will be assessed during field visits and desktop evaluations.
Independence & impartiality	3	The applicant may choose an auditing entity, as long as it is approved by SPP Global. Approval is among other things dependent on an ISO 17065 certification. When none of the approved certification entities are able to provide the service, SPP Global will do auditing. Argumentation In some exceptional cases it could be possible that the body that sets the standards, in this case SPP Global, is also responsible for the auditing.
Frequency of audits	3	Documents-based procedures are conducted every year except for the year in which a field visit is conducted, which is every three years. When transactions rise above USD 1.5 million an on-site audit will be performed every two years. Control evaluations can be carried out by the certification entity in order to increase the reliability of the standard.
Democratic ownership & governance	3	(1a) The <i>Standards and Procedures Committee</i> is responsible for developing standards and reviewing procedures for the SPP standard. The board of directors is responsible for the final approval of any changes. A large majority share of the votes in the day to day operations of the board of directors lies in the hands of the producer organizations. (1b) Most places in the different committees are reserved for producer organizations. There are places reserved for others, one of which, preferably though not compulsory, represents consumer interests. The predominance of producer organization representatives is justified by the idea that this group generally has less power than consumers or companies. (2) The label is 100% owned by its small producers members. SPP does have other categories of members, but they do not own the standard and subsequently, do not have voting rights in the general assembly.
Cost	3	(1) The producer organization must pay an annual membership fee to SPP global. In addition, it must pay a certification fee (costs of auditing). If they sell finished products, they must pay an additional <i>Fee for Using the Small Producers' Symbol</i> . Intermediaries and traders pay a registration fee and a user's fee. (1b) SPP Global manages a fund that supports small producer organizations in paying their certification costs. Additionally, small traders can request discounts on membership fees. (2) All calculations are outlined in the <i>Regulations on Costs</i> . This document can be found online. (3) The annual membership fee amounts up to USD 150 for producer organizations with less than 101 producer-members and USD 750 for producer organizations with more than 1000 producer-members. The certification and registration fees depend on the number of days needed for auditing. The number of days needed per procedure is strictly defined by the <i>Regulations on Costs and the Guidelines for defining the Work Plan for Evaluating Compliance</i> . The rates of different certification entities must be approved by SPP Global. In total, costs for a producer organization vary from USD 900 to USD 2650 per year. The users' fee amounts up to 1% of the total value of products purchased for sale under the SPP standard. Nevertheless, there are exceptions to these rules which can be found in the <i>Regulations on Costs</i> . Argumentation (1a) Although the membership fee is smaller for smaller organizations, cost-per-producer decreases as the operation gets bigger. The same goes for the established days needed for an audit, on which the certification fee is calculated.

Benchmark	Score	Description & Argumentation
Infringement	2	<p>(1) The SPP standard is divided into three categories of standards: Critical criteria, Minimum criteria, and Continuous Improvement Criteria. Failure to comply with the first two categories will directly impact certification and registration results. For the third category, the following applies: "unjustified failure to comply will impact certification and registration results". Additionally, failure to comply with the <i>Code of Conduct</i> may lead to suspension or decertification. In the case of non-compliance, the applicant has 30 days to present evidence that it has fulfilled all requirements. (2) An appeal process is possible 14 days after receiving the resolution. Dissents procedures are present. (3) Complaints can be filed through a certification entity or by contacting SPP Global.</p> <p>Argumentation (4) The SPP standard does not specifically mention procedures for protecting whistleblowers.</p>
Compatibility	0	<p>Argumentation SPP does not recognize other fair trade standards as equal nor has procedures for recognition of other standards.</p>
Focus	3	<p>The subject of this certification are producer organizations who consist minimally of 85% small-scale producers. What a small-scale producer entails is based on predefined levels of physical and labor capital. A maximum of 15% of producers may have up to two times the beforementioned predefined levels. Additionally, a buyer cannot be the owner of the means of production. The <i>Declaration of Principles and Values</i> reiterates this commitment to small-scale farmers.</p>
Global North	0	<p>The SPP standard is open for small producer organizations from Latin-America, the Caribbean, Africa and Asia. At the moment SPP Global is looking into the possibility of including Northern producers.</p>



Photo: Rice & Carry, Sri Lanka
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Chapter 4

WFTO Guarantee System Philosophy



Find the WFTO GS standard online.

The WFTO states that the primary goal of their guarantee system is “to improve Fair Trade practices in the supply chain.”¹ This fits neatly into their mission statement: “To enable producers to improve their livelihoods and communities through Fair Trade. WFTO is the global network and advocate for Fair Trade, ensuring producer [sic] voices are heard. The interest of producers, especially small farmers and artisans, is the main focus in all the policies, governance, structures and decision making within the WFTO.”²

WFTO aims for “a world in which trade structures and practices have been transformed to work in favour of the poor and promote sustainable development and justice”³.

History



The WFTO standard is a guarantee system, not a certification scheme. It focuses on enterprises rather than products.

The WFTO was founded in 1989 as the International Federation of Alternative Trade (IFAT). In 2008 the current name was adopted.

At the Annual General Meeting, in 2011, in Mombasa (Kenya), the members of WFTO decided to set up a new fair trade recognition scheme to guarantee the fair trade credentials of the members. In the developing phase, three values stood central: credibility, sustainability and robustness. Between January 2011 and May 2013, the system was developed enough to undergo a pilot phase.

In May 2013 the WFTO GS was approved and implemented by the WFTO members.



The WFTO is the author of the 10 principles of Fair Trade on which its guarantee system is based.

Vocabulary

WFTO GS vocabulary	Common vocabulary
Mandatory criterion	Baseline criterion
Continuous Improvement criterion	Evolutionary criterion

¹ Michael Saracuga, ‘Our Guarantee System’, Text, World Fair Trade Organization, 17 September 2014, <https://wfto.com/standard-and-guarantee-system/guarantee-system>.

² World Fair Trade Organization. ‘Vision and Mission’. Text. World Fair Trade Organization, 6 September 2014. <https://wfto.com/about-us/vision-and-mission>.

³ World Fair Trade Organization. ‘Vision and Mission’. Text. World Fair Trade Organization, 6 September 2014. <https://wfto.com/about-us/vision-and-mission>.

Analysis

Product handling benchmarks

Benchmark	Score	Description & Argumentation
Traceability	1	<p>The WFTO GS is based upon an integral supply chain approach. Operations must strive towards knowing the origin of the main ingredients, raw materials, components or constituents of their fair trade product. “For agricultural (...) products used as major ingredients, detailed information on the supply chain should be available”. This detailed information includes, among other things, to have an understanding of major sustainability risks or potential unethical practices in the supply chains (including subcontractors).</p> <p>Argumentation The above-described requirement does not further elaborate on what constitutes a main or major ingredient. Additionally, this criterion is labeled as ‘continuous improvement’ which means that members must show continuous improvement over time. However, no deadlines are defined for these criteria.</p>
Segregation	0	<p>Argumentation Segregation is not assured by the WFTO guarantee system.</p>
All that can be, must be	2	<p>A sourcing policy must be developed which aims at buying the majority of inputs from fair trade sources where possible, or otherwise predominantly from sustainable or ethical supply chains. The section on the sourcing policy further elaborates that all food products must uphold this principle. Exceptions must be justified.</p> <p>Argumentation Above-mentioned requirement is described by a continuous improvement criterion. Immediate compliance is thus not necessary. Additionally, Fair trade can be substituted by sustainable or ethical supply chains, which aren’t further defined. However, the general spirit of this benchmark is upheld.</p>
Fifty percent	3	<p>The WFTO product label may only be used on food products which are composed of at least 50% ingredients from sources verified as fair trade, calculated on the basis of dry weight or monetary value.</p>

Economic and commercial benchmarks

Benchmark	Score	Description & Argumentation
Fair trade price	1	<p>(1a, 1c) Fair prices that provide an income on the level of the Local Living Wage must be paid to producers. The Living Wage calculator does not include production costs. However, the different direct production costs are included in the WFTO GS Pricing tool which serves as a basis for negotiation. Furthermore, a fair price is defined as a fair wage and a fair profit. As profit only can be made if production costs are covered, this seems to stipulate that the principle must be covered. (2) Prices and wages must be regularly negotiated. It must be ensured that the participants of the negotiation can negotiate as equals. The way in which this has to be done is described in additional guidelines.</p> <p>Argumentation (1a-b) The pricing tool does not include indirect production costs (such as costs of managing the cooperation). Additionally, “serving as a basis for negotiation” does not offer watertight guarantees that the negotiated price is above production costs. (2) Not only is a fair negotiation process prescribed by a mandatory criterion but the accompanying guide also provides tools to make negotiations fair and open. Information and training must be provided if negotiation capital is not equal. This approach goes further than benchmark expectations. (3) Price calculations in the WFTO GS are completely decoupled from market prices, instead focusing on local living wage calculations. However, the tool does include food price inflation. When sourcing from a producer (organization) which is certified by a recognized fair trade standard, it is likely, depending on the certification system, that prices must fluctuate with the market price. (4) The WFTO does not include specifically an organic premium. When sourcing from a producer (organization) which is certified by a recognized fair trade standard, it is likely, depending on the certification system, that prices for organic products must include a premium.</p>
Fair trade premium	0	<p>Argumentation The WFTO GS does not require its members to pay a fair trade premium. However, as the system recognizes other fair trade standards and promotes their usage, it is likely that premiums often are paid. It must be noted that the WFTO focuses on living wages instead of relying on the ‘fair price & premium strategy’.</p>
Living income & living wage	3	<p>(1) The WFTO GS does not make references to a living income directly. However, producers must get a fair price that allows an income at the <i>Local Living Wage</i> level. WFTO developed a <i>Pricing Tool</i> to define the prices which incorporates all production costs. A <i>Local Living Wage</i> Tool helps with calculating what the living wage should be. When applying living wage calculations for producers, time spent on the production of the good is considered as are other household incomes. The standard actively promotes reaching this particular level of income. (2) A <i>Local Living Wage</i> is defined as a “remuneration received for a standard working week (no more than 48 hours) by a worker in a particular place, sufficient to afford a decent standard of living for the Worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events”. This must be calculated by the operation, based upon procedures described in the <i>Local Living Wage Tool</i>. Minimally, workers of member organizations must be paid the legal minimum wage.</p> <p>Argumentation Above-mentioned elements are described by evolutive criteria without a deadline.</p>

Benchmark	Score	Description & Argumentation
Pre-financing	3	<p>(1) Pre-financing must be provided by the buyer in the amount of 50% of the purchasing price. (2) For non-food products the charging of interest rates is not allowed. For food products, a reasonable interest rate can be agreed by the trading partners. This rate cannot be higher than the cost of borrowing from third parties.</p> <p>Argumentation For food products, it is possible for the fair trade partner to make a profit from pre-financing by granting an interest rate above the inflation rate but beneath the interest rate at which it is able to get access to the financing markets itself (given that the partner has enough liquid assets).</p>
Long-term relationship	2	<p>(1) The operation must maintain a long-term relationship with their suppliers. (2) Termination can only take place with due notice and justified reasoning. (3) In case of cancellation due to quality problems, a system of compensation must be in place.</p> <p>Argumentation (1) It is not defined what a long-term relationship entails. (3) WFTO GS does not guarantee that producers are reimbursed in case of early termination (due to other reasons than quality problems). A problem resolution system must, however, be included in the contract.</p>
Unfair Trading Practices	3	<p>(1) The operation must meet its commitments in a timely manner. Payment must be fulfilled on receipt or after a short period of time to allow for quality checks. (2) When a cancellation takes place, the buyers must consult the suppliers and must offer adequate compensation for the work already done. (3) Honest marketing and advertising techniques must be used. (5) All relevant trading information must be written out in a contract. (6) Operations must avoid unfair competition (dumping prices, intellectual theft, misuse of a dominant position, making defamatory remarks).</p> <p>Argumentation (4) There is no direct reference to a ban on unilaterally changing contract conditions. However, this is implied from context. (6) Unfair competition is only banned vis-à-vis other Fair Trade organizations. No references are made to other operations.</p>
Plantations	0	<p>Argumentation Plantations are not excluded by the WFTO GS. In addition, no flanking measures are demanded for this type of production.</p>
Power concentration	2	<p>(3) On the topic of diversification, the standard requires that the parties involved "seek to increase (...) the diversity of their product offer as a means of growing Fair Trade for the producers". However, this does not entail that support for producers and their organizations to diversify their economic assets is required.</p> <p>Argumentation (1) The WFTO GS does not adhere to the principle of short supply chains, (2) nor does it specifically ban the use of exclusive contracts.</p>
Local economy	2	<p>(1) The use of dumping prices is not permitted and described in a mandatory criterion. (2a) According to the WFTO GS standard, operations should source locally when appropriate, making an indirect reference to a geographically short supply chain. (2c) Local employment opportunities should be provided by the incorporation of traditional local skills in the production process.</p> <p>Argumentation (2d) The WFTO GS standard does not actively promote South-South trade (2b) nor does it refer to local food strategies.</p>

Social benchmarks

Benchmark	Score	Description & Argumentation
Core ILO conventions	3	(1) Human trafficking and all forms of forced labor are forbidden and defined by a mandatory rule. (2) It is forbidden to hire children under the age of 15 (or above if specified by local law) as workers. When child work is allowed by national law, monitoring needs to be in place to assure compliance with the UN Conventions on the Right of the Child. When children are taken out of the production process, appropriate measures must be taken so they do not end up as child laborers again. Additionally, young workers (15-17 years) must be protected from work that may harm their health, safety, moral or school attendance. For the involvement of the producers' children in production, a monitoring system should be in place to guarantee above-mentioned standards. (3) The right to freedom of association must be respected. Additionally, workers organizations should be supported. (4) The right to collective bargaining must be respected. (5a) Finally, discrimination on the basis of race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/Aids status or age must be outlawed. (5b) Women must have the right, and be supported, to become members of the organization. This ban on discriminatory practices is applied to all other employment practices. Particular attention is given to equal pay.
Promotion of equality	3	The operations must recognize, promote and protect the cultural identity and traditional skills, reflected in indigenous products. Positive discrimination is allowed. Equal pay and employment rights must be assured for women and men. Policy measures must be in place to guarantee and promote equal access for all genders to resources, decision-making and management positions. The operation must thus actively empower women by, amongst other things, promoting their participation in the organization or encourage women to organize in collective forms.
Sexual harassment	3	(2) There must be a system in place to enable confidential reporting of sexual harassment or violence. These complaints must be followed-up and resolved. (3) The operation must engage in the prevention of violence against women and girls in the community. Argumentation (1) No references are made as to the necessity of including a provision in the company law to completely outlaw all sexual harassment.
Social security	2	(1-3) All legal requirements (concerning pregnancy) must be respected. In addition, the operation must strive towards providing additional benefits concerning illness, death and disabilities, and retirement schemes. This only applies to direct workers of the organization. Argumentation No downstream operation is required to support, stimulate or organize social safety net schemes for producers and their families. Additionally, these requirements do not mention (temporary) workers of producers.
Health & safety	3	An assessment of health and safety risks must be in place. Incidents and 'near misses' must be recorded, analyzed and followed-up by corrective actions. A manager must be appointed who bears responsibility for Health and Safety risks. Supervisors and workers must be trained. Emergency and safety procedures (fire escapes, first aid, handling of chemicals) must be in place. Health and safety risks must also be monitored at the producer level. Good practices are stimulated through collaboration with producers.

Environmental benchmarks

Benchmark	Score	Description & Argumentation
Reduction of inputs, residuals & impact	2	<p>A written policy must be in place to monitor and minimize (1) energy usage, (2) water usage, (4) and the impact of waste on the environment. Concerning packaging, operations are stimulated to use recycled or easily biodegradable materials. Partnerships must be set up with producer organizations to provide environmental education and stimulate the reduction of energy consumption and waste. In principle, production technologies that reduce energy consumption, (3) and if possible, renewable energy or low-carbon technologies should be used. Where possible, goods are dispatched by sea.</p> <p>Argumentation (5) The WFTO GS does not maintain a list of prohibited hazardous substances. It does, however, prohibit chemicals banned by international conventions. Through a guiding principle, producers are stimulated to use organic or low pesticide use production methods whenever possible. However, this is not compulsory nor is it stimulated. (3) Currently, the WFTO is reworking its tenth principle to increase the focus on climate change.</p>
Protection of (local) ecosystems	3	<p>First of all, legal environmental requirements must be met. Secondly, partnerships must be set up with producers and their organizations to provide environmental education and (1) prevent contamination of soil, (2) water and (3) air. Thirdly, a written policy must be in place to monitor and minimize negative impacts on water conservation, protection of water bodies and natural ecosystems, air pollution and (4) biodiversity.</p>
GMOs	1	<p>The checklist prohibits producers to not intentionally use genetically engineered seed or planting stock. They too must avoid Genetically Modified Organism (GMO) contamination in seed stock.</p> <p>Argumentation This prohibition is not reflected by the standard itself and only referenced to in the checklist. Additionally, the wording could be stronger: requiring operations to actively avoid GMOs in the production process.</p>
Organic	2	<p>The WFTO GS does not actively promote organic certification. However, operations should through their sourcing policy give priority to organic certification or other credible sustainability certification schemes for their most important raw materials. In addition, it is stated that "Fair Trade agricultural commodity producers minimize environmental impacts by using organic (...) production methods whenever possible". However, this is included as a guiding principle. Adherence to it is thus not ensured. For Northern producers consisting of (a group of) farmers, an organic certification must be in place or an organic transition must be ongoing. This last requirement is not applicable if the operation is involved in a participatory guarantee system (PGS)</p>
Animal welfare	0	<p>Argumentation (1-4) The WFTO GS does not make reference to, nor does it provide any protection for animals.</p>

Benchmarks relating to organization and governance

Benchmark	Score	Description & Argumentation
Organizational objectives	4	<p>All WFTO members must be committed at the highest level to poverty reduction through trade and focused on improving socio-economic conditions for economically marginalized producers and workers. This must be reflected in their mission statement or constitution, publicly communicated, and carried out by those in senior management positions.</p> <p>Argumentation The WFTO GS is exclusive to organizations who take up Fair Trade in the core of their operations. Fairwashing will effectively be avoided. Additionally, a substantial part of the profits must be reinvested into Fair Trade activities.</p>
Governance	3	<p>(1) Workers, producers or members must be included in the decision-making process. Membership organizations must at least hold one annual general assembly. (3) Organizational and governance structures must be defined.</p> <p>Argumentation (1) It is not required that members hold a majority in votes or have real decision-making power, i.e. confined to an advisory function. (2) No references are made to democratic ownership.</p>
Capacity building	4	<p>There must be a <i>Training Plan</i> in place to provide capacity building for producers, their organizations and workers in the following areas: improving production, management & business skills, basic information for fair price and wage setting, gender equity and leadership, health & safety issues, Fair Trade awareness, and minimizing the impact on the environment. Additionally, support must be provided to suppliers (producer organizations) in a range of commercial and economic domains. Also, support in meeting the WFTO GS standards must also be provided.</p> <p>Argumentation The WFTO GS reserves a special role for Fair Trade Networks and Fair Trade Support Organizations (normally not a direct subject of certification) in the education of other fair trade actors.</p>
Transparency	3	<p>(1b) Any fair trade label must be used correctly and only well-founded claims to fair trade are allowed to be made on the products. (1c) Only ethical and honest advertising and marketing techniques may be used. (1d) Transparent and well-founded information on the fair trade activities, including supply chains and membership requirements, must be communicated to the public. (2) Transparent and well-founded information on the fair trade activities, including price developments and membership requirements, must be communicated to the trading partners. Effective internal communication must be in place to reach workers and producers.</p> <p>Argumentation (1a) Following the WFTO GS, it is not necessary that individual ingredients are identified as fair trade or non-fair trade on the packaging. This is in line with the primary focus of the WFTO GS: organizations rather than products.</p>
Promote Fair Trade	4	<p>Fair Trade Networks and Fair Trade Support Organizations must educate their trading members in the Fair Trade principles and in the following areas: market access for and, capacity building and empowerment of economically marginalized producers, labeling initiatives, decent working conditions, raising consumer awareness and advocacy. Together with fair trade organizations, they must raise public awareness on Fair Trade. All WFTO members must engage in the WFTO community and advocate on important fair trade issues. Additionally, the WFTO GS requires to look into the relationships with subcontractors to potentially demand better practices.</p> <p>Argumentation The WFTO GS requires that all participants do engage in raising awareness, education, campaigning or advocacy, according to their respective capabilities.</p>

Procedural benchmarks

Benchmark	Score	Description & Argumentation
Verification scope	3	(1) Every operation that wants to enter the WFTO GS must undergo evaluations. If there are upstream suppliers who do not participate in the guarantee system or who are not certified by a recognized system, the operation should have an Internal Monitoring System (IMS) in place. Non-monitored supply chains must be excluded from the label. The WFTO GS has a checklist in place to monitor the performance of the IMSs. (2) During a monitoring audit, the auditor decides which supplier under the IMS he wishes to visit. The number of suppliers to be controlled is determined. Non-trading members are completely excluded from monitoring audits. Peer visits are conducted alternating with monitoring audits to stimulate peer learning. The WFTO also relies on first-party assessments (self-assessments).
Independence & impartiality	3	Monitoring audits are conducted through an independent third-party actor. The WFTO will preapprove a certain list of auditors. For the peer visit, auditors can be proposed by the operation that is the subject of the assessment. For the monitoring audit, in the case of a marketing operation with suppliers in other countries, the WFTO is responsible for locating an auditor in that country. In other situations, the operation may choose an auditor from a list proposed by the WFTO. Ultimately, the WFTO is responsible for the training of a pool of auditors. Operations must pay the full cost prior to the audit, as to ensure impartiality.
Frequency of audits	3	A self-assessment needs to be conducted every two years. The frequency of monitoring audits and peer visits are determined through a risk assessment. Criteria within the risk-assessment are: number of trading partners, number of different product lines, level of control of the supply chain, use of the WFTO label, and the importance of non-fair trade certified purchases in the assortment. When assessed being low risk, audits and visits happen every four years but can be stretched to every six years in the case of two consecutive good audits/visits. Medium risk operations are checked every four years. High-risk operations every two years.
Democratic governance & ownership	3	(1a) The standards of the WFTO GS are set by its members. (1b) Its member organizations range from producers and their organizations in the South to fair trade trading companies in the North. Parity is thus ensured by the diverse membership. (2) Property rights lie ultimately in the hands of the General Assembly, which is composed of the members.
Cost	3	(1) Operations are responsible for their own auditing costs. (1a) In its <i>Membership Fee Policy Paper</i> , a solidarity principle is included: members from southern producing countries face lower maximum membership fees (EUR 2600) than members from northern importing countries (EUR 10400). (2) The calculation policy of membership fees is clearly described in the <i>Membership Fee Policy Paper</i> . A daily rate for auditors is determined by the WFTO. Costs are calculated on the basis of the complexity of the organization. (3) One-time application costs range from EUR 100 to EUR 750. Annual membership fees range from EUR 400 to EUR 10400. Individuals can join too, with students and the unwaged facing lower fees (EUR 35) than others (EUR 100). Additionally, regional fees have to be paid ranging from EUR 50 for Latin America to a maximum of EUR 850 in Europe. Finally, auditing costs have to be paid by the operation subject to the auditing process.
Infringement	4	(1) Non-severe infringements are dealt with through an improvement plan. Serious infringements can lead to suspension of membership, restrictions on the use of the label, demotion to a provisional member, and complete termination of membership. (2) An appeal procedure is in place. (3) Complaints may be submitted to the WFTO in any form. (4) Complainants can request to stay strictly anonymous in a complaint procedure. Argumentation (3) The <i>Fair Trade Accountability Watch</i> (FTAW) allows all stakeholders and even the public if they have a relation with the member in question to raise issues or concerns. This can be very easily done through an online form.

Benchmark	Score	Description & Argumentation
Compatibility	3	WFTO explicitly states that it wants to create synergies with other fair trade certification schemes in order to avoid duplication in the field of monitoring. If a supplier or member is certified by a recognized scheme, supplier monitoring or WFTO monitoring is not necessary. WFTO GS recognizes following schemes as being equivalent: Fair for Life, Fairtrade, SPP, Naturland Fair. Others may be accepted. These standards are also recognized for reaching the 50% ingredient threshold.
Focus	3	The WFTO GS does require an operational focus on socially and economically marginalized producers and workers. No specific attention is given to the South. It is not further defined what socially and economically marginalized entails.
Global North	3	The WFTO Guarantee System is open for all fair trade organizations, regardless of their home country.



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