



## Guidelines for the Fairtrade-labelling of composite food products

### 1. Objectives of these Guidelines

To ensure maximum benefits to Fairtrade-certified producer organizations, all ingredients of a product carrying a Fairtrade Certification Mark or label must be sourced from certified producers. Yet for a variety of reasons, this is not always possible, e.g. because FLO does not yet have standards for an ingredient. This policy defines the conditions that allow for the Fairtrade-labelling of products of which not all ingredients are Fairtrade-sourced, with the objectives of:

- increasing the market access for Fairtrade's producer target group;
- expanding the range of labelled Fairtrade products, and of
- ensuring the credibility and reputation of labelled Fairtrade by establishing transparency and worldwide consistency in the labelling of such so-called "composite products".

### 2. Scope

- These Guidelines indicate the conditions under which a food product composed of more than one ingredient may carry the international Fairtrade Certification Mark (CM) or other Fairtrade-label (known as "Max Havelaar", "Transfair", or under a national name).
- Composite products are defined as: manufactured or processed finished or end-consumer products that are composed of more than one ingredient of which at least one is not sourced from a Fairtrade-certified producer organization.
- This policy does not apply to blended products, defined as finished or consumer products composed of two or more similar products mixed together (such as blends of coffee or tea). A blended product may only carry the CM or other Fairtrade label when all ingredients are sourced from Fairtrade-certified producer organizations.
- In some cases, it may be difficult to determine whether a product should be considered a blended or a composite product. Coffee or tea with herbs, spices or other flavorings are considered as composite products, as are soluble mixes of coffee, milk powder and possibly other ingredients. Yet standard espresso coffee is a blend. When in doubt whether for the purposes of Fairtrade-labelling, a product is to be considered composite or blended, please contact FLO International or your national Fairtrade labelling organization.

### 3. Guidelines

3.1. For all Fairtrade-labelled composite products, all ingredients for which FLO-approved standards exist must be sourced from Fairtrade-certified producer organizations.

3.2. For ingredients for which no such standards existed when a product is launched, if subsequently FLO approves standards for any such ingredients, licensees must start sourcing these ingredients from Fairtrade-certified producer organizations as soon as possible, and have done so within two years after FLO first publishes the standards.

3.3. Exceptions to the stipulated in § 3.1. and 3.2. are allowed when:

- a. when launching/introducing a newly labelled composite product, issues of scale or supply make initial full compliance with these paragraphs impossible. In these cases, a temporary exemption may be given when there is a realistic perspective that the scale/supply problems will be solved within a reasonable period of time;
- b. it is proved that the net interest of Fairtrade-certified producer organizations are better served by excluding a particular Fairtrade-sourced ingredient.

Exemptions must be applied for in writing to the Operations Board of FLO International and may only be implemented after written approval has been received.

- 3.4. A Fairtrade Certification Mark or label may be put on a composite product if more than 50% of its ingredients, by dry weight, are sourced from Fairtrade-certified producer organizations.
- 3.5. In case of liquid composite products, a Fairtrade Certification Mark or label may be put on the product if more than 50% of its volume is sourced from Fairtrade-certified producer organizations. *Thus, for composite fruit juices made from juice concentrates, the ">50%" is to be applied to the volume% of the final juice, whereby each juice component must have at least the brix degree as fixed in the AIJN Code of Practice.*
- 3.6. Furthermore, a composite product qualifies for a Fairtrade Certification Mark or label if it has a significant ingredient and if this ingredient represents more than 20% of the product's dry weight. A "significant ingredient" is defined as one that meets at least one of the following requirements:
- i. eligible under appropriate trading standards to be part of a product's name;  
*ex. "orange juice drink" of which the main ingredient is water, but the significant ingredient is orange juice. For all juice beverages, the AIJN Code of Practice applies*
  - ii. an ingredient normally associated with the product;  
*ex. "cocoa" in drinking chocolate.*
  - iii. an ingredient crucial to the formulation of the product, without which the product would not be viable;  
*ex. "hibiscus" in "hibiscus teas".*
- 3.7. On all composite products with a Fairtrade Certification Mark or label, it is mandatory to indicate the percentage of Fairtrade ingredients by dry weight (or volume).
- 3.8. Regarding all composite products for which an industry interest and/or consumer demand for Fairtrade-labelling exists, and which contain ingredients that are customarily sourced in developing countries but for which no Fairtrade standards exist, FLO will consider the development of such standards. In case it decides to indeed develop such standards, for the purposes of Fairtrade-labelling, such ingredients will be considered as being Fairtrade-certified. Once FLO has first published such standards, the ingredients in question must be sourced from Fairtrade-certified producer organizations as soon as possible and within two years at the very latest (vgl. § 3.2.).  
*Ex. a composite product contains dried coconut, an ingredient that customarily is sourced in developing countries but for which currently FLO has no standards. Parties interested in launching a composite product containing dried coconut with a Fairtrade Certification Mark or label may ask FLO to investigate the feasibility to develop standards for dried coconut.*
- 3.9. Regarding composite products that cannot qualify for a Fairtrade Certification Mark or label because they contain > 50% ingredients customarily sourced in developed countries (ex. milk, wheat), manufacturers interested in Fairtrade are encouraged to replace such 'Northern' ingredients by ingredients that come from the 'South' – for example to replace milk by soy milk, wheat by maize, manioc/yucca and/or rice-flour, etc. When a manufacturer succeeds in doing so, FLO will seek to define relevant Fairtrade standards and certify relevant producer organizations. Parties interested in this option are invited to contact FLO or their national Fairtrade labelling organization.
- 3.10. To ensure the adequate monitoring and auditing of compliance with this policy,
- \* processors/manufacturers/licensees of composite products qualifying for a Fairtrade Certification Mark or label are asked to inform FLO Trade Auditing or their national Fairtrade labelling organization of the products' ingredients and their percentage of the products' dry weight/volume.
  - \* upon request, relevant parties may be asked to provide factory/processing records documenting compliance with these Guidelines for the Fairtrade-labelling of composite products, and/or accept an on-site audit.
- 3.11. In case of doubts regarding the applicability or interpretation of this policy, parties are invited to contact FLO and must obtain FLO's approval for putting a Fairtrade Certification Mark or label on products in question previous to doing so.
- 3.12. In exceptional cases, temporary or permanent waivers of parts of this policy may be granted. Reasons to do so may be that such a waiver allows to sign up a very important new licensee, allows

to complete a range of Fairtrade-labelled products, or leads to a significant expansion of the market for Fairtrade-products, i.e. to substantial additional Fairtrade-benefits to producers.

Requests for such waivers may be submitted to the FLO Operations Board, which will consider such requests on a case-by-case basis.

*An example of such an exceptional case could be: A bakery chain is interested in becoming a licensee.*

*Licensing the Fairtrade Certification Mark to the chain would expand Fairtrade to a completely new market segment. Several of the chain's composite products comply with these Guidelines, but some of its cakes don't, they contain 35% Fairtrade-sourced ingredients (honey, sugar, riceflour), and there is no way to increase this percentage. Yet the chain is willing to source all its honey from Fairtrade-certified producer organizations, also for products without the Fairtrade Certification Mark.*

*In such a case, expansion into a new market segment, signing up a chain as licensee and the fact that much more produce is Fairtrade-sourced than is needed for the Fairtrade-labelled products may justify a waiver of part of these Guidelines for some of the chain's composite products.*

#### **4. Implementation**

All licensees of a Fairtrade Certification Mark or label are encouraged to apply these Guidelines for composite products as soon as possible. Still, a transition period is provided for until the end of 2004, after which all composite products carrying a Fairtrade Certification Mark or label must comply with these Guidelines.

Bonn, Germany, July 31<sup>st</sup>, 2003.