



**FAIRTRADE  
FOUNDATION**

## **Fairtrade Standards for UK Operators**

**In four parts**

### **Part 1 (of 4) – Introduction and definitions**

*This gives an explanation of the four parts and identifies what is relevant to your company. This also includes the definitions used throughout the standards.*

**All companies registered with the Fairtrade Foundation must meet the relevant requirements and will be audited against them.**

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## 1.1 Introduction

This document gives you all the information you need to be registered to trade in Fairtrade products in the UK. These requirements ensure that the 400 plus producer groups in developing countries which currently supply the UK market benefit from their Fairtrade sales and that consumer trust in the FAIRTRADE Mark is maintained.

Read on to find out which parts are relevant to you.

### Registration to trade in Fairtrade products (Part 2 of this document):

Your company and all those in a supply chain of a Fairtrade product; from the certified producer group to the company licensed to apply the FAIRTRADE Mark; must have a **FLO-ID**. Your company and your suppliers will get a FLO-ID when you are registered with one of the FLO family of Fairtrade organisations (the Foundation is the UK-based organisation). Details of the other Fairtrade organisations can be found in section **2.1**

If your company uses any subcontractors or other agent that does not take legal ownership of your Fairtrade product they will not require a FLO-ID but will be part of your registration. See section **2.2**.

If you intend to trade in any Fairtrade products you will need to demonstrate **physical traceability** – see section **2.3**. This is currently not required for tea, sugar, cocoa and juices but is recommended best practice.

The Foundation will monitor your trade in Fairtrade products in the following ways:

1. By your **submission of reports detailing your Fairtrade transactions, movement and production** of Fairtrade products – details of this can be found in section **2.4**
2. By carrying out **physical inspections** of your site – using a checklist based on the requirements laid out in this document

If you are a **retailer** buying a ready-to-retail product and selling on to the consumer without changing it, the Foundation will only need to monitor your purchases and goods in. Therefore not all the clauses on traceability and reporting sections **2.3** and **2.4** will be relevant to you.

If you are responsible for the manufacture of **cotton garments** (either directly or using a subcontractor) there are additional requirements for social compliance which you must follow and these are detailed in section **2.1** and **Annex 2.3.04**.

The Foundation is a registered charity but aims to operate a sustainable business through being largely financed from licence fees. The **registration/licensing fees** you will be required to pay are detailed in section **2.5**.

Please note you can **only** use the FAIRTRADE Mark on finished, consumer ready products if these are **licensed** by the Foundation and are in compliance with the requirements of **Part 4** of this document.

### Purchasing from certified producer groups – direct or via an exporter (Part 3 of this document):

If you purchase directly from a producer group (small producer organisation or hired labour) with a FLO-ID there are specific requirements for **contracts, sourcing plans, pre-finance, payment of minimum price and premium** and other areas. Full details of this are in **part 3** of this document and its **Annexes**.

If you purchase from an exporter in producer country you will also have responsibility for the price and premium in some cases, see **section 3.1** of this document for more information.

### Applying for a license to use the FAIRTRADE Mark (Part 4 of this document):

Every product sold with the FAIRTRADE Mark must be licensed with one of the Fairtrade Labelling Initiatives (the Foundation is the initiative for the UK).

To develop a product for sale in the UK, please refer to the requirements in **part 4** of this document. You will need to submit details and artwork to the Fairtrade Foundation for approval for each product you wish to have licensed before the product can sold.

Details on how the FAIRTRADE Mark can be used are in sections **4.01** and **4.02** of this document and in the relevant **FAIRTRADE Mark Manuals**.

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If your product contains components which are not Fairtrade you will also need to comply with the requirements for **product composition** in section **4.03** to **4.07**.

### How to read this document:

**Definitions** are in **Section 1.2** following this introduction.

The sections of the standard in **parts 2, 3** and **4** in black standard font are **mandatory standards**.

*The sections in blue italics are guidelines.*

#### Source of the content

- (S.T&C Article 5.1) – identifies an existing or amended requirement in the former Standard Terms and Conditions of the Foundation’s Licence Agreement, now replaced by the Registration, Licensing and Certification Agreement.
- A clause without a prefix in brackets identifies a new standard, introduced by the Foundation to strengthen the Fairtrade certification system in the UK and ensure that it conforms to ISO65/EN45011 criteria.
- (FLO 5.1) – identifies a FLO policy or standard.

### Consultation and implementation

The Foundation’s Registration, Licensing and Certification Agreement specifies that Operators shall be consulted on changes to the agreement and the standards. The consultation period shall not be less **than 30 days**. Details on the implementation of changes are given in section **2.1.03**.

### Explanation of the Fairtrade standards

The FAIRTRADE Mark on products gives consumers an independent guarantee that producers in developing countries are getting a better deal from international trade.

Fairtrade Labelling is an international system for applying a FAIRTRADE Certification Mark to products that comply with international Fairtrade standards for producers and terms of trade for their goods and ensure that farmers and workers in developing countries are adequately protected and can build a more sustainable future.

International policies and standards for production, processing, importing, manufacturing and labelling of Fairtrade products are set by the Fairtrade Labelling Organisations International (FLO e. V.) which acts as the umbrella organisation for the national Fairtrade Labelling Initiatives in the various market countries and the Fairtrade certified producer organisations in the developing countries in Central and Latin America, Africa and Asia. The FLO policies and standards have been incorporated into this document for implementation by the Foundation in the United Kingdom.

The Foundation is licensed by FLO to control the FLO Certification Mark in the UK and operates a certification scheme based on, but not currently accredited to, ISO65/EN45011 criteria, for Operators who trade in Fairtrade products and/or wish to use the Mark on their finished products.

FLO is the sole shareholder of the certification body – FLO-CERT – which inspects producer organisations and traders internationally, including some in the UK. FLO-CERT is accredited to ISO65/EN45011.

Fairtrade products and their derivatives are the products for which FLO e.V. has established a Product Trade Standard and pricing structure. The FLO standards are listed on the FLO website – [www.fairtrade.net/standards.html](http://www.fairtrade.net/standards.html) and in **part 3** of this document.

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## 1.2 Definitions

Term	Source	Definition
Advertising and promotional materials	ST&C	All materials produced by the Operator to market the products including (among others) leaflets, brochures, catalogues, press and broadcast advertising, press releases and information published via the internet.
Agent	FLO	A juristic or natural person who provides marketing or logistic services to an Operator, but at no time takes legal ownership of a certified product.
Agreement		See <i>the Registration, Licensing &amp; Certification Agreement</i> .
Artwork	ST&C	Electronic images or photographic artwork of the Mark supplied by FLO, or produced with its authorisation.
Audit	FLO	A process to assess the compliance of an Operator and/or a product against the Fairtrade standards.
Buyer	FLO	The Operator that buys a certified product.
Bulk consignment		Bulk consignments are raw or semi-finished materials which are transported in a container that cannot be physically labelled. An example would be a road tanker transporting a load of beer from a brewery to a bottling plant. The beer is identified by the accompanying documents rather than on the tanker.
Certificate	FLO	A written confirmation issued by a certification body that an Operator or a specific lot of product(s) is found to comply with the standards. See also <i>Schedule</i> .
Certification	FLO	The confirmation, by a certification body, that an Operator or a specific lot of product(s) is found to comply with the standard.
Certification Mark		See <i>the Mark</i>
Certification body	FLO	An independent third party or third parties (such as the Foundation and FLO-CERT) to whom FLO has delegated the function of an audit and certification.
Certification scheme	ISO	Certification system as related to specific products to which the same particular standards and rules, and the same procedures apply. The Foundation operates or is developing schemes for food products, cotton products, flowers, non-food products and cosmetics and personal care products.
Certification system	ISO	System that has its own rules of procedure and management for carrying out certification. The system as operated by FLO through FLO-CERT and the Labelling Initiatives, including the Foundation.
Certified producer	FLO	A company or group of farmers in the developing world subject to the certification programme operated by FLO-CERT.
Certified product		See <i>Fairtrade certified product</i> .
Chain of Custody		The trading of certified products solely between Operators subject to certification by FLO-approved certification bodies, demonstrated by a paper trail of sales and purchase invoices.
Compliance	ISO	The conformance by an Operator as measured against the standards.
Composite product	FLO	A manufactured, finished or end consumer product that is composed of more than one ingredient of which at least one is sourced from a Fairtrade certified producer organisation.
Consignment sale		The situation where an importer orders a quantity of Fairtrade fruit or vegetables from a producer organisation or exporter but does not sell all of it as Fairtrade, the balance being sold as conventional fruit. The Fairtrade price and premium is paid only on the proportion sold as Fairtrade.
Consumer	FLO	The final end user of the product.

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Contract	FLO	A written agreement between two or more parties – see also the <i>Registration, Licensing &amp; Certification Agreement</i> .
Contract Production (CP)	FLO	Individual farmers who are contracted to produce and sell their products to a service provider. In the Fairtrade context, CP also refers to a set of Fairtrade standards describing the relationship between the service provider (Promoting Body), the contracted producers, and their representatives (Producer Executive Body).
Conventional or ordinary product		See <i>Non-Fairtrade-certified product</i> .
Conveyer	FLO	Any Operator that receives the Fairtrade price or Fairtrade premium from a Fairtrade payer and passes it on to the certified producer.
Cost, Insurance and Freight (CIF)	FLO	The seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer's risk of loss of or damage to the goods during the carriage. The CIF term requires the seller to clear the goods for export.
Derivative		A derivative is produced from a product listed under the FLO Part C Trade Standards for Fairtrade Products by a secondary processing operation, including but not restricted to milling, grinding, evaporation, freeze drying, distillation and solvent extraction and for which there is not a FLO standard for the Fairtrade price and/or premium.
Exception	FLO	A restricted facility to deviate from a specific standard under specific conditions. Requires specific approval from the Foundation.
Distributor		An Operator, other than a licensee, that distributes finished products without changing the form, nature, packaging or labelling.
Exemption		A facility to deviate from a policy or standard subject to the conditions specified. Does not require approval from the Foundation.
Ex-works (EXW)	FLO	A delivery takes place when the seller places the goods at the disposal of the buyer at the premises of the seller or another named place (works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle.
Fair Trade	FLO	The generic term for the activities of organisations sharing the mission and values of a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. Fair Trade contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.
Fairtrade	FLO	All or any part of the standards and certification systems of FLO and its Labelling Initiatives.
Fairtrade-certified product	FLO	A certified product that has been produced and traded within the specific standards for that product.
FAIRTRADE Mark	FLO	The International FLO Mark.
Fairtrade minimum price	FLO	The price (where it exists) is the lowest possible price that may be paid by buyers to producers for a product to become certified against the Fairtrade standards.
Fairtrade payer	FLO	The buyer responsible for paying the Fairtrade minimum price and/or the Fairtrade premium. Buyers must check their potential status as Fairtrade payer with the certifier.

Fairtrade premium	FLO	An amount paid to producers in addition to the payment for their products. The Fairtrade premium is intended for investment in the producers' business and community (for small farmers' organisations or contract production projects) or for the socio-economic development of the workers and their community (for hired labour situations).
Fairtrade price	FLO	The total price paid to producers and includes the Fairtrade minimum price (or relevant market price where applicable) and the Fairtrade premium.
Fairtrade standards		See <i>Generic Standards</i> and <i>the Standards</i> .
Farm gate price	FLO	As used by FLO refers to the gate of the certified producer entity (e.g. the Small Producers' Organisation), and not the gate of the individual producer's farm. Farm gate therefore means that the seller (the certified producer entity) delivers when they place the goods at the disposal of the buyer at the premises of the seller.
FCA/ Free Carrier		The seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named price.
Finished product		A product that is packed into the retail pack intended for sale to the consumer or a catering pack ready for sale to a catering organisation.
FLO, (FLO e.V.)	FLO	Fairtrade Labelling Organizations International e.V., a non-profit organisation that develops the Fairtrade Standards, provides guidance to support Fairtrade producers and facilitates the development of Fairtrade markets.
FLO-CERT		The certification body, based in Bonn, established by FLO to inspect and certify producers and processors internationally. FLO-CERT is contracted by some Labelling Initiatives to audit and certify their Operators.
Force Majeure	FLO	A clause used in contracts to release a party from a contractual obligation in the event of a situation occurring that is not under its control, such as an act of war, civil commotion, strike and exceptionally severe weather.
Free Alongside Ship (FAS)	FLO	The seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the seller to clear the goods for export.
Free on Board (FOB)	FLO	The seller delivers when the goods pass the ship's rail at the named port of shipment. From that point forward, the buyer has to bear all costs and risks of loss or damage to the goods. Under FOB terms, the seller is required to clear the goods for export.
Free on Truck (FOT)		The seller delivers when the goods are loaded onto the truck at the producer's warehouse. From that point forward, the buyer has to bear all costs and risks of loss or damage to the goods. Under FOT terms, the buyer is required to clear the goods for export.
Generic Standards for Producers		The FLO standards for producer organisations in the developing world.
Generic Trade Standards (GTS)		The FLO standards for Operators who trade in Fairtrade certified products up to the point at which the products are finished prior to sale to the consumer. These have been incorporated into the Foundation's Fairtrade standards for Operators.
Fairtrade Trade Standards for (e.g. Coffee)		The term encompassing all the FLO standards and including: Part A – Generic Fairtrade Standards for Small Farmers' Organisations. Part B – Product Specific Standards for Fairtrade Products (e.g. Coffee). Part C – Trade Standards for a specific product (e.g. Coffee).
Hired Labour		Employed workers who work for somebody else, for example a commercial farm or a factory

International Fairtrade Certification Mark		See <i>the Mark</i> .
Labelling Initiative (LI)	FLO	Any and all full member Labelling Initiatives of FLO as defined in the FLO constitution. The Labelling Initiative has the exclusive right to license the Mark in its home country.
Licensee		The company or individual that has signed the Registration, Licensing and Certification Agreement with the Foundation and is licensed to apply the Mark to certified products listed in the schedule of finished products.
(The) Mark (International)	ST&C FLO	The international trademark registered by FLO {No. 0026 06 994 for the European Union, No. 806 431 at the World Intellectual Property Organisation (WIPO)} used to denote compliance with the Fairtrade standards.
(The) Mark (Foundation's)		See <i>the Mark</i> .
Marked product		A Fairtrade certified product carrying the Mark.
Market price	FLO	The price calculated under normal/ordinary conditions (including any differentials due to quality, variety or other factors), with no reference to any additional Fairtrade premium.
Non-Fairtrade-certified product	FLO	Any product that has not been produced or traded under Fairtrade standards.
Non-compliance		Deviation by the Operator from the standards.
Non-relevant ingredient		An ingredient in a composite product for which FLO has not developed a Generic Product Specific Standard or a Generic Trade Standard.
Operator		Any company, such as an importer, processor, manufacturer, buyer, seller, or conveyer registered with the Foundation and responsible for ensuring that registered enterprises and products meet the requirements of the standards.
Packaging	ST&C	All materials normally supplied as part of the product including (among others) all containers, wrappers, labels and transit packaging.
Packaging manual(s)		The detailed requirements for the use of the FAIRTRADE Mark on certified products
Payer	FLO	See <i>Fairtrade payer</i> .
Policy		The statement of intention adopted by the Foundation as the principles by which it operates.
Pre-finance	FLO	To provide finance against contracts in advance of delivery or receipt of the product.
Premium channel	FLO	An organisation which does not deal in Fairtrade certified products but which is requested to receive the Fairtrade premium on behalf of producers. The premium channel is responsible for forwarding the Fairtrade premium to the relevant producer organisation or Joint Body account.
Procedure		The detailed work instructions by which the Foundation's policies are implemented.
Processing		Processing activities include any change to the product such as a change to the packaging, labelling or breaking down of packs.
Producer	FLO	Any entity located in a producing country that has been certified under the FLO Generic Fairtrade Standards for Small Farmers' Organisations, Generic Fairtrade Standards for Hired Labour Situations or Fairtrade Standards for Contract Production Projects.
Product		See <i>Fairtrade certified product</i> .

Product compensation	FLO	When a buyer buys a product from a non-certified producer or conveyor under ordinary conditions (non-certified), and wants to convert that product into a certified product by purchasing the equivalent quantity and quality from a certified producer at a later date, which is then used as a non-certified product.
Product standard / trade standard	FLO	A set of product-specific requirements that apply only to those Operators that are trading in one or more of the products included in that standard.
Promoting Body (PB)	FLO	In the context of contract production can be any legally established intermediary organisation, either a trader (exporter/trader) or non-trader (NGO or private) forming a partnership with the producers it contracts with. The promoting body enables the individual producer to gain autonomy and to organise itself. It is responsible for the current management of the Fairtrade premium for individual producers.
Registered Operator		See <i>Operator</i> .
Registration, Licensing & Certification Agreement		The contract between the Foundation and the Operator which defines the operations subject to registration, licences the Operator to apply the Mark to the Fairtrade certified products and outlines the legal obligations of both parties. This includes the Schedule to the Agreement, which details the registered operations and certified products. See <i>Schedule</i> .
Specific Product Standard		See <i>Generic Standards</i> .
Retroactive certification	FLO	Retroactive certification can be defined as either: <ul style="list-style-type: none"> <li><b>a)</b> When an importer has bought a product from a Fairtrade certified producer or exporter and now wishes to convert it into a Fairtrade certified product by paying the FLO Fairtrade price and/or premium.</li> <li><b>b)</b> Where an importer has purchased a product from a producer who subsequently became Fairtrade certified. The product from the current and previous harvest is eligible to be converted to Fairtrade certified by paying the FLO Fairtrade price and/or premium</li> </ul>
Seller	FLO	The Operator that sells a certified product to the Operator or licensee.
Semi-finished product		A partially processed product, which may be used or sold for further processing or packing.

Schedule (to the Agreement)		<p>The Schedule to the Registration, Licensing and Certification Agreement, which specifies the scheme, operations and products covered by the agreement. The schedule is composed of seven sections:</p> <ul style="list-style-type: none"> <li>• <b>Schedule A</b> specifies the category(ies) and activity(ies) for which the Operator is registered</li> <li>• <b>Schedule B</b> specifies the Unfinished and/or Finished Products the Operator is registered to import from Producer Countries into the UK and for which the Operator is required to pay the Fairtrade Minimum Price and/or Premium (as relevant)</li> <li>• <b>Schedule C</b> specifies the Unfinished Products the Operator is registered to produce and/or trade in and/or the Finished Products the Operator is licensed to produce and/or trade in having applied the Mark in accordance with the Standards</li> <li>• <b>Schedule D</b> specifies the additional sites the Operator is registered to use, the suppliers from which the Operator is registered to purchase and the companies to which the Operator is registered to sub-contract for the processing, manufacturing, packing, labelling, storage or distribution of the Products</li> <li>• <b>Schedule E</b> specifies the countries outside the United Kingdom (N.B. Republic of Ireland is outside the United Kingdom) to which the Operator is registered to market Finished Products carrying the Mark (Cross-border Sales)</li> <li>• <b>Schedule F</b> specifies the non-Fairtrade-certified Ingredient(s) for the use of which the Operator has been granted an exception and any other exception from the Standards that the Operator has been granted.</li> </ul>
Scope		The range of application of a document.
Small Producers' Organisation		A group primarily consisting of organised small producers who work for themselves, for example a co-operative or organisation
Sourcing plan	FLO	An outline of the potential quantities and qualities likely to be purchased during the year or season.
Standard	ISO	Document established by consensus and approved by a recognised body that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context (ISO/IEC Guild 2). See the <i>Standards</i> .
(The) Standards		The Foundation's Fairtrade Standards for Operators who import, process, manufacture, store, wholesale or distribute Fairtrade-certified products.
Subcontractor		An individual or company that provides services to the Operator but does not take ownership of, or title to, the product. The services can include, but are not restricted to, storage and handling of raw materials, processing and manufacturing, packing and labelling and storage and distribution of semi-finished and finished materials.
Audit	ISO	An evaluation to determine the continued conformity of the certified product against the Standards, carried out on site by an auditor.
Trade standards		See <i>Generic Trade Standards</i> .

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Trader		See <i>Operator</i> .
Traceability	FLO	The ability to trace the history, application and/or location of a product and trace it back through the supply chain to its source by means of documentation and labelling.
Unfinished product		A product that has not been packed into its retail pack intended for sale to the consumer or a catering pack ready for sale to a catering organisation. Includes loose fresh fruit and vegetables, any consignment traded in bulk, sacks, containers, etc. between the producers in the South up to the point at which it is packed for retail or catering sale.