



# Fairtrade Standards for UK Operators

In six parts

## Part 1 (of 6) – Introduction and definitions

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

FLO Definitions are identified by the prefix:  
(FLO - followed by the reference).  
All other Standards are requirements of the Foundation.

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

## 1.01 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.

### Using the FAIRTRADE Mark and being registered to trade in Fairtrade-certified products

Every finished product sold with the FAIRTRADE Mark must be certified and it must be licensed with one of the Fairtrade Labelling Initiatives. The Fairtrade Foundation is the Labelling Initiative for the UK and also the certifier in the UK. To trade in Fairtrade products and/or use the Mark on a product in the UK you must first apply for and sign the Registration, Certification and Licensing Agreement with the Foundation.

To develop a finished product for sale in the UK, please refer to the requirements in **part 4** of this document. You will need to submit product details and artwork to the Fairtrade Foundation for approval for each product you wish to have certified and licensed before the product can be sold. If you wish to market some products outside of the UK you will also need to seek approval for this.

Details on how the FAIRTRADE Mark can be used are in **Part 2** and the relevant **FAIRTRADE Mark Manuals**. Requirements for product composition are in **Part 4**.

### Certification to Fairtrade Standards and audits to them

FLO has developed Standards which regulate trading relationships with Fairtrade producer groups and maintain the integrity of the Fairtrade Mark. Each company trading in Fairtrade products from the producer to the final company applying the FAIRTRADE Mark must comply with the relevant standards. Each operator in the supply chain is registered with a Fairtrade certified, issued with a FLO-ID number and subject to audit against the Standards. As a licensee you will need to demonstrate that your suppliers are certified and have a valid FLO-ID, and that your subcontractors are applying the relevant standards.

The Fairtrade Foundation has consolidated these Standards and Foundation requirements into this 6 part document (Fairtrade Standards for UK Operators) and as a Licensee you will be subject to **physical audit** and **reporting** against them. These audits and reports will include review of Fairtrade transactions and where relevant a mass balance (see **part 5**).

Please note physical traceability is currently a requirement for all products except tea, sugar, cocoa and juice where FLO is carrying out further research (see **5.03**).

### Purchasing from certified producer groups – direct or via an exporter

If you purchase directly from a producer group (small producer organisation or hired labour) with a FLO-ID, there are specific Standards relating to the trading relationship including those for **contracts, sourcing plans, pre-finance, payment of minimum price and premium**. Full details of this are in **part 3** of this document. In addition to complying with these Standards **the FLO Product Specific Standards** must also be complied with. These are available on the FLO website [www.fairtrade.net](http://www.fairtrade.net).

If you purchase from an exporter in producer country you will also have the above responsibilities in the case where the FLO published Fairtrade price is set at FOB (Free on Board).

### License fee

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 **Part 2**.

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## How to read this document:

**Definitions** are in **Section 1.02** following this introduction.

The sections of the standard in **parts 2, 3, 4** and **5** 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 our Quality Management System
- (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 **2.01.03**.

## 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 through 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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## 1.02 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> .
ASMO - Artisanal and Small-scale Miner's Organisation):	FLO	An Artisanal and Small-scale Miners' Organisation (ASMO) is a member organisation comprised of self-employed miners who are members or shareholders. The majority of the members are active miners in the ASMO. The ASMO is legally entitled to carry out artisanal and small-scale mining activities and is responsible for all mining activities within its mining area(s). The ASMO usually has an operation run by its members, with Production Partners and/or with contracted workers. The ASMO has responsibility for Fairtrade certification (see also under 0.2.1).
Artwork	ST&C	Electronic images or photographic artwork of the Mark supplied by FLO, or produced with its authorisation.
Audit	ISO	An evaluation to determine the continued conformity of the certified product against the Standards, carried out on site by an auditor.
Bonded Warehouse		A secure area in which dutiable goods are stored without payment of duty.
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	In the context of Fairtrade this is 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 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 of an Operator or of a product against the standards.
Composite product	FLO	A product that is composed of more than one ingredient of which at least one is sourced from a Fairtrade certified producer organisation.
Compound ingredient		An ingredient within a Fairtrade product which the operator purchases already composing of more than one ingredient. For example chocolate chips purchased by a chocolate chip biscuit manufacturer.
Consumer	FLO	The final end user of the product.
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.
Cross Border Sales		An operator's sale into a territory which the Labelling Initiative they are registered with is not responsible for
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 trade. Fair Trade contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers in the developing world.
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-certified Gold	FLO	Fairtrade certified gold is mined, processed and traded according to the FLO Fairtrade and Fairmined Standard for Gold from Artisanal and Small-scale Mining, including associated precious metals
Fairtrade consignment sale		Fairtrade Consignment Sales are defined as where an Importer, payer, orders a quantity of product from a Fairtrade certified producer, with the agreement that they shall make their best efforts to sell as much as possible as Fairtrade. The balance is sold as, non-Fairtrade Product. It is important to note that the payment of the minimum price must be paid to the producer on the entire consignment within the timeframes specified in the Fairtrade Standards. It is only the premium that can be paid later according to what has been sold Fairtrade.
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 or labelled ready for sale to the consumer or catering organisation.
FLO, (FLO e.V.)	FLO	Fairtrade Labeling 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, 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		The seller delivers when the goods are loaded onto the truck at the

(FOT)		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 " <i>Fairtrade standards for UK Operators</i> ".
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
INCI		The official dictionary for cosmetic ingredients is the <b>INCI system</b> (International Nomenclature of Cosmetic Ingredients) which has been established in the early 1970's by the Personal Care Products Council.
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.
LASer		Licensee Application Service. The online system used by the Foundation for Licensee applications, Fairtrade product and artwork approvals, Report submission and physical audit compliance.
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.
Logistics Warehouse		A warehouse solely for storage and movement of packed product. NB. This is used in the context of subcontractor requirements.
The International Mark	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 Foundation's Mark		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		Failure by the Operator to meet 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 (Organisation)	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		A partially processed product, which may be used or sold for further

product		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 UK Operators who import, process, manufacture, store, wholesale or distribute Fairtrade-certified products.
Subcontractor (Non-Registered)		<p>A company NOT registered with the Foundation, FLO-CERT or other Labelling Initiative, that provides services to the Operator and does not take ownership of, or title to, the ingredients or end product. The services can include, but are not restricted to, storage and handling of loose raw materials, processing and manufacturing, packing and labelling.</p> <p>A company that takes title to, or ownership of, Fairtrade ingredients or end product is not considered to be a subcontractor and must be directly registered with the Foundation, FLO-CERT or other Labelling Initiative if outside the UK. Contractors working at the operators site are not considered to be subcontractors nor do they require certification.</p>
Trade standards		See <i>Generic Trade Standards</i> .
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.

Traceability - Documentary		The means by which a Fairtrade ingredient in a Fairtrade product can be demonstrated to have come from an equivalent quantity of a Fairtrade ingredient purchased by an operator but which has not necessarily been physically used in the product. This shall be through the identification of quantities used and sold, on the related documents and the demonstration that the quantities used match the quantities purchased, allowing for production conversions and losses.
Traceability - Physical		The means by which a Fairtrade ingredient in a Fairtrade product can be demonstrated to have come from the producer organisation responsible for its production. This shall be through the physical separation of the ingredient and identification of its Fairtrade status on the product packaging and/or related documentation at all stages of the storage, processing or manufacturing within a registered operation and in the transfer between registered Operators. This applies to all Fairtrade products with the temporary exception of Tea, Cocoa, Fruit juice and Sugar.
Unfinished product		A product not yet in the state in which it will be offered to Consumers.