



# Fairtrade Standards for UK Operators

In six parts

## Part 2 (of 6) – General registration requirements

*These requirements are relevant to all companies registered with the Fairtrade Foundation and include: registration requirements, labelling and license fees. Parts 3 to 5 relate to product certification and part 6 in the case of exceptions*

FLO Standards and guidance 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**

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## 2.01 Registration requirements

### THIS SECTION APPLIES TO ALL REGISTERED OPERATORS

*Foundation policy: The Foundation specifies the conditions for granting, maintaining and extending the registration of Operators to trade in Fairtrade certified products, the licensing of Operators to use the Mark and the conditions under which these may be suspended or withdrawn, partially or in total.*

- 2.01.01** (FLO 1.1) All Operators who take title to a Fairtrade ingredient or product, i.e. it is purchased and resold, will be subject to a certification regime to assess compliance to these standards. An Operator may use a Non-Registered Subcontractor to manufacture, process, re-label their products, or store unfinished products in bulk (not in sealed packages) on their behalf, subject to the requirements of **Section 2.02**.
- 2.01.02** The types of operation subject to the above requirement and the certification/registration bodies are set out in the table in **Annex 2.1.01**

*Guidance: FLO-CERT operates internationally and the Foundation operates in the UK. However there are some situations where a UK Operator must be registered with FLO-CERT or the overseas subcontractors of a UK Operator must be registered with the Foundation. Other national labelling initiatives carry out their own registration/certification. See Annex 2.1.01 for more details.*

### Conditions for issuing and maintaining the registration

- 2.01.03** The Operator shall implement and comply with the relevant sections of these standards and the relevant Standards and Policies as listed below:

Standard	Where available
Fairtrade Standards for UK Operators	<a href="http://www.fairtrade.org.uk">www.fairtrade.org.uk</a>
FLO Product Standards	<a href="http://www.fairtrade.net">www.fairtrade.net</a>
FLO Price and Premium table	<a href="http://www.fairtrade.net">www.fairtrade.net</a>
Fairtrade Packaging Manuals	<a href="mailto:artwork@fairtrade.org.uk">artwork@fairtrade.org.uk</a>
Trading Partnership Plan (cosmetics only)	<a href="mailto:commercial@fairtrade.org.uk">commercial@fairtrade.org.uk</a>

Existing Operators shall implement these standards and future amendments to the standards not less than three months from the date of notification, unless a later date is specified within the standard. New applicants shall implement these standards from the date they apply to the Foundation.

- 2.01.04** An Operator wishing to use the Mark on finished products shall make a formal application to the Foundation for each individual product, using the online system. See **Part 4** of these standards.
- 2.01.05** The Operator shall enter into the Registration, Licensing and Certification Agreement with the Foundation, agreeing to abide by the conditions for certification and comply with the Foundation's standards. The operator must inform the Fairtrade Foundation of any changes to their company name or address so that the agreement can be updated.
- 2.01.06** The Operator shall make claims of Fairtrade certified status or use the FAIRTRADE Mark only in respect of products which the Foundation has certified and which appear in the Schedules to the Registration, Licensing and Certification Agreement.

*Guidance: Operators will also be required to register all their activities in relation to the Fairtrade products (e.g. importing, processing and manufacturing) once the Foundation has established an online recording system. These activities will be included in the schedules to the Operator's agreement.*

- 2.01.7** The Operator shall pay all fees and costs related to the scheme according to the terms and conditions of the Foundation's Registration, Licensing and Certification Agreement.

- 2.01.8** The Licensee shall act as the sole distributor of the finished products in their retail or commercial catering packaging unless otherwise agreed with the Foundation.

*Guidance: The licensee is normally the last distributor selling the finished product to the retailer or*

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catering company who sells it to the end consumer.

- 2.01.9** The Operator shall ensure that no certification approval document or the Mark is used in a way which may be construed in a misleading manner or which may jeopardise the reputation of the Foundation or the Mark.
- 2.01.10** The Operator shall comply with the requirements of the Foundation when making reference to the Fairtrade certified status of their products or the Mark in communications media and materials such as documents, brochures or advertising.
- 2.01.11** The Operator shall not knowingly deliver, market or sell non-Fairtrade-certified products as Fairtrade certified products as though they were in compliance with these standards.
- 2.01.12** The Operator shall ensure that purchase contracts with their suppliers specify that the Fairtrade certified products and ingredients have been produced and traded in accordance with the relevant Fairtrade standards and shall be identified as Fairtrade, or by the agreed Fairtrade specific product code as permitted in **5.03.05**, on delivery documents and invoices.
- 2.01.13** Registration and certification documents, such as the Schedules to the Registration, Licensing and Certification Agreement, are the property of the Foundation and must be returned by the Operator in the event of a suspension or termination.
- 2.01.14** The Operator shall notify the Foundation if it has reasonable grounds to suspect a failure by another Fairtrade-registered Operator, such as a Processor and/or Importer to comply with these standards.

#### **Additional requirements for cosmetics**

- 2.01.15** All licensees of cosmetic products are required to complete a Trading Partnership Plan, which must be approved by the Fairtrade Foundation before a Registration, Licensing and Certification agreement can be confirmed. A copy of this can be provided by the Commercial Department of the Fairtrade Foundation.

*Guidance: A trading partnership plan is an agreement to additional measures to support producers of raw ingredients of their products, thus adding value to the producers by improved, longer term trading relationships.*

#### **International markets and cross-border sales**

- 2.01.16** The Operator shall market the certified products only in the UK or comply with paragraph **2.01.17** below if also selling into other countries.
- 2.01.17** The Operator shall not actively market the Fairtrade certified products in any other country or territory without either:
  1. Obtaining prior written approval from the Foundation that the relevant Labelling Initiative (LI) accepts the marketing of that product in its country or territory without a separate Licensing Agreement and that the use of the Mark meets the LI's requirements
  - or**
  2. Entering into a separate Licensing Agreement with the LI for that country.
- 2.01.18** Cross-border sales of finished products shall be accounted for in the report set out in **5.04**.

*Guidance:*

- 1. The Operator should contact the Foundation for further guidance on the cross-border marketing of Fairtrade certified products in either wholesale or retail packaging. The Foundation will arrange for the required agreements with the Labelling Initiative in the destination country on behalf of the Operator and for any fees to be paid to the LI from the fees paid to the Foundation.*
- 2. Sales of unfinished Fairtrade certified products to Operators in other countries may require registration with FLO-Cert as specified in paragraph **2.01.02**.*

#### **Complaints procedure**

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**2.01.19** All Operators must:

1. Keep a record of all complaints made to them by customers and others relating to the Fairtrade certified products and make these records available when requested.
2. Take appropriate action with respect to such complaints and any deficiencies found in products or procedures that affect compliance with these standards.
3. Document the investigations made and the corrective actions taken.

*Guidance: The Foundation requires that the Operator keep a record of complaints made by customers as a means of maintaining or raising the quality of the product. A written complaint from a customer should be recorded along with the investigations carried out and the outcome, including the actions put in place to avoid a repetition. Separate records are not required for the Fairtrade products in a non-dedicated operation provided that they can be identified. The records of complaints received may be checked when a physical audit is carried out.*

*The Foundation can supply the pro-forma record sheet **5.33 – Complaints Procedure & Record of Complaint Received**, for this purpose.*

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## 2.02 Registration and licensing fees

### THIS SECTION APPLIES TO ALL REGISTERED OPERATORS

*Foundation Policy: The Foundation has the necessary financial stability and resources required for the operation of certification activities and funds its activities through the levy of a licence fee proportional to the sales of Fairtrade certified products using the Mark or other registration fees as appropriate.*

### Fees for Operators using the Mark on finished products

**2.02.01** The Operator shall pay the fee for use of the Mark based on the following types of sale:

	Operator	Type of sale	Basis of the fee
1.	Processor/Manufacturer/Brand owner: 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 on the Schedule as Fairtrade certified products.	Sales of finished certified products to retailers or catering outlets	Net invoice value of the sales of the Fairtrade certified products
		NB. Clause 3.2 of the Registration, Licensing and Certification Agreement is applicable to Licensed Operators	
2.	Retailer: The retail company that has signed the Registration, Licensing and Certification Agreement with the Foundation and is licensed to apply the Mark to their 'own brand' certified products listed on the Schedule as Fairtrade certified products.	Sales of finished products to the end consumer	Net invoice value of the purchases of the Fairtrade certified products from the suppliers* <b>and/or</b> The value of the retail sales less an agreed normal retail margin
3.	In the case of a company that both sells products to retailers and also acts as a retailer in its own right selling to the end consumer.	Sales of finished certified products to retailers	Net invoice value of the sales of the Fairtrade products <b>plus</b>
		Sales of finished products to the end consumer	Net invoice value of the purchases of the Fairtrade-certified products from the suppliers* <b>and/or</b> The value of the retail sales less an agreed normal retail margin
4.	In the case of a company that sells finished products made from Fairtrade and Fairmined certified gold	Sales of certified finished products to retailers	Net invoice value of the <u>total cost price</u> of the consumer ready finished product multiplied by a factor of 1.5.
		Sales of certified finished products to the end consumer	Net invoice value of the <u>total cost price</u> of the consumer ready finished product multiplied by a factor of 1.5.
* In some situations, a retailer may delegate fee payment to the supplier at the discretion of the Foundation, in which case it will be based on the example 1 above.			

**2.02.02** The fee is calculated by multiplying the net invoice value of the sales or purchases (as appropriate) of Fairtrade certified products (as defined in **2.02.01** above) in the following bands by the percentage for that band and adding them together:

Sales of certified products	Fee payable	
	Standard rate	Reduced rate for 100% Fairtrade companies (see below)
Up to £5,900 sales per quarter (standard rate) or £11,800 sales per quarter (reduced rate)	£100.00 per quarter (minimum fee)	£100.00 per quarter (minimum fee)
On the first £5 million of annual sales	1.7%	0.85%
On incremental annual sales between £5 million and £10 million	1.6%	0.8%
On incremental annual sales between £10 million and £20 million	1.3%	0.65%
On incremental annual sales between £20 million and £40 million	0.9%	0.45%
On incremental annual sales between £40 million and £80 million	0.6%	0.3%
On incremental annual sales between £80 million and £160 million	0.4%	0.2%
On incremental annual sales above £160 million	0.2%	0.1%

*Guidance: When calculating license fee it is not necessary to include duty.*

**2.02.03** To provide a launch period for new Operators, the minimum fee will apply either from the first anniversary of the commencement date, or from the first quarter in which sales of all products exceeds the value which would generate £100 per quarter in license fee, whichever is the sooner. However, during the period before the minimum fee is applicable, the standard rates of 1.7% or 0.85% will apply.

*Guidance: In specific cases the minimum fee may not need to be applied e.g. trading only seasonally, not trading for a period of time (please contact the Foundation for further information on this).*

**2.02.04** All sales into other countries outside the UK will be charged at the standard rates of 1.7% or 0.85% without the discounts based on annual sales as detailed above.

**2.02.05** Raw materials or products purchased as Fairtrade certified but used in the products sold as non-Fairtrade are not subject to the licence fee provided that documentary evidence can confirm the sales as non-Fairtrade.

**2.02.06** The Foundation offers a 50% reduction in the licence fee to Operators who, by applying the Mark to all products that they sell in categories covered by Fairtrade standards, demonstrate a significant and long-term commitment to Fairtrade.

*Guidance: Operators who think they qualify for the reduced rate should discuss their situation with their Business Development Manager at the Foundation.*

### Fees for importing and/or wholesaling unfinished products

**2.02.07** The Registered Operator shall pay the following fees:

Operator	Registration/certification fee
Operators who only sell unfinished products	Currently there is no fee charged. However the Foundation reserves the right to introduce a fee at any time.

## Fees for distributing finished products

**2.02.08** The registered distributor shall pay the following fees:

Operator	Registration/certification fee
Voluntary registration	No fee
Registration required due to the use of the Mark	£100 application fee

## Fees for registering subcontractors

**2.02.09** The following fees apply to subcontractors:

Operator	Registration/certification fee
Subcontractor	Currently there is no fee charged. However the Foundation reserves the right to introduce a fee at any time.

## Fee invoicing and payment

**2.02.10** At the end of each invoicing period, the Foundation will request the net invoice value of the sales or purchases (as appropriate) of Fairtrade certified products (as defined in **2.2.01** above) and a Purchase Order number (if required). From this information, the licence fee shall be invoiced to the Operator. If the information is not received within 30 days of the end of the invoicing period, the Foundation reserves the right to invoice an estimated licence fee to the Operator. The Operator is required to pay the Foundation without deduction or set-off within the timeframe specified on the invoice. Invoice payment is due within 45 days of the end of the reporting period or 7 days of the invoice date if that has passed.

**2.02.11** The licence fee is subject to VAT where required under revenue and customs regulations at the rate prevailing when the invoice is raised. However if payment is made by BAC or cheque prior to invoicing, the invoice will be raised with the VAT applicable at the point when the payment was made.

**2.02.12** The Foundation shall issue an invoice as a request for payment or by way of receipt for any amount paid in advance by the Operator. The Foundation shall invoice based on reported, or estimated, sales or purchases (as appropriate). In any case, the issue of an invoice shall be without prejudice to the Foundation's right to verify the reported information and to seek payment of any underpayment of licence fees. In the event of any overpayment of licence fees, the Foundation shall issue a credit note to the Operator.

**2.02.13** The Operator's fee shall accrue on a daily basis and is payable quarterly or otherwise as agreed in arrears on sales up to and including the end of the reporting period from the commencement date.

**2.02.14** Any fee due to the Foundation and correctly invoiced by the Foundation which is not paid on the due date shall (without prejudice to the rights of the Foundation) bear interest from day to day at the annual rate of 2% above the Bank of England base rate.

## Additional Fees

**2.02.15** Licensees will be invoiced for costs incurred by The Fairtrade Foundation as a result of a Licensee's failure to operate to agreed standards or the creation of additional unscheduled work. This may include but is not limited to:

- a) Audit cancellation costs due to cancellation at short notice by the licensee
- b) Costs of a follow up audit where it was not possible to complete the initial audit because the relevant information or people were not available
- c) Costs of a spot audit if required to close out non-compliances
- d) Costs of a spot audit to resolve inaccuracies in reporting

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## 2.03 Labelling products

**THIS SECTION APPLIES TO OPERATORS WHO PROCESS, PACK AND LABEL THE PRODUCT IN ITS FINAL RETAIL, FOOD SERVICE, CATERING OR OUT OF HOME PACK**

*Refer to the appropriate Mark Manual for detailed requirements on using the FAIRTRADE Mark. All use of the Mark is subject to approval by the Fairtrade Foundation. See section 4.02 for details.*

**2.03.01** The Licensee shall be responsible for ensuring that all requirements (legal or otherwise) relating to labelling, packaging, advertising, and use of the FAIRTRADE Mark are complied with and that all claims and statements relating to Fairtrade and the Fairtrade premium are accurate, up-to-date at the time of printing and can be substantiated.

*Guidance: It is strongly recommended that all labelling and use of the FAIRTRADE Mark be cleared with the local Trading Standards Office to check that all legal requirements are observed, as the Foundation takes no responsibility for making this check.*

**2.03.02** The Licensee is responsible for notifying the Foundation's Mark Management team of any associated labelling changes by submitting the revised artwork and relevant submission form. The product must then be re-certified and the revised artwork approved prior to the changes being implemented and the product put on the market with the new packaging/ labelling.

**2.03.03** Labelling requirements are detailed in the relevant packaging manual which the Operator shall obtain from the Foundation and comply with.

### Labelling gold products

**2.03.04** The hallmarking of gold products and the labelling of the consumer packaging shall comply with the Foundation's Packaging Manual for Gold from Artisanal and Small Scale Mining. This includes:

- Gold products that require the Assay Mark shall also carry the FAIRTRADE/Fairmined Sponsor's Hallmark.
- Gold plated products shall not carry the FAIRTRADE/Fairmined Sponsor's Hallmark'
- The label on the final consumer product has to indicate clearly that only the gold is certified as 'FAIRTRADE and FAIRMINED'.

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## 2.04 Control of the FAIRTRADE Mark

### **THIS SECTION APPLIES TO OPERATORS WHO PROCESS, PACK AND LABEL THE PRODUCT IN ITS FINAL RETAIL, FOOD SERVICE, CATERING OR OUT OF HOME PACK**

*Foundation policy: The FAIRTRADE Mark is a Certification Mark owned by FLO e.V. and is licensed to the Foundation for its registered licensees to use on Fairtrade-certified products. The Foundation exercises proper control over ownership, use and display of the Mark to protect its integrity, the integrity of the products and the reputation of the Fairtrade name.*

*Where the Foundation authorises the continuing use of the Mark on products of a type which have been evaluated, it will periodically evaluate the marked products to confirm that they continue to conform to the standards.*

*Incorrect references to the certification system or misleading use of schedules, certificates or the Mark, found on advertisements, catalogues, etc, shall be dealt with by appropriate action.*

### **Conditions for use of the FAIRTRADE Mark (the Mark) on all products**

- 2.04.01** The Mark may be used on the packaging and labelling of products meeting the requirements of these standards as specified on the Schedule C/Product Schedule, and subject to the conditions specified below.
- 2.04.02** Prior to any product being placed on the market the artwork for all packaging, and any advertising & promotional material being produced for launch using or referring to the Mark must be submitted to the Foundation, using the relevant artwork submission form, for formal approval as to the manner and the context of the intended use of the Mark.
- 2.04.03** The Operator shall not make use of any such designs or materials until they have been approved by the Foundation.
- 2.04.04** The Mark must be used only in the form stipulated by the Foundation and shall be reproduced solely and without variation from the versions of the FAIRTRADE Mark approved by the Foundation. The instructions for use of the Mark are detailed in the manuals which will be provided upon signing of the Registration, Licensing and Certification Agreement. These manuals shall be strictly adhered to, unless specific exemption is granted in writing by the Foundation.
- 2.04.05** All directions given by the Foundation as to the colouring, size, manner and disposition of the Mark on packaging and on advertising and promotional materials shall be observed.

### **Misuse of the Mark**

- 2.04.06** Any packaging and/or advertising and promotional materials that, in the reasonable opinion of the Foundation, breach the conditions for use of the Mark or are a potential cause of confusion in the market shall be withdrawn from circulation.
- 2.04.07** The Licensee shall not, without prior written consent of the Foundation, employ any other device that certifies or endorses any of the licensee's products or part or all of its business in respect of fair, ethical or socially-responsible trading and that, in the reasonable opinion of the Foundation, competes with the Mark or is likely to cause confusion in the market.
- 2.04.08** The Mark shall not be used in association with any other initiative denoting in any way fair, responsible or ethical trading terms or other trading terms favourable or of benefit to any other persons or organisation without the prior written consent of the Foundation. Such consent will not be unreasonably withheld or delayed.
- 2.04.09** The Mark shall not be used as part of any corporate business or trading name or brand name or style of the licensee. In particular, the licensee shall avoid associating the Mark with any other of its products not covered by the Schedule to the Registration, Licensing and Certification Agreement, or implying in any way endorsement by the Foundation of such products.
- 2.04.10** The Licensee shall refrain from making claims beyond those audited by the Foundation or its

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partners in connection with Fairtrade standards, which may damage the reputation of the Mark or the Foundation or, in the reasonable opinion of the Foundation, be a potential cause of confusion in the market.

- 2.04.11** The use of the Mark shall at all times be in keeping with and seek to maintain the Mark's distinctiveness and reputation as determined by the Foundation. The licensee shall be required by the Foundation to cease or take any reasonable steps to rectify any use not consistent with these standards.
- 2.04.12** In the event of any actions by the licensee in respect of any part of the above standards, which, in the opinion of the Foundation are a cause of potential confusion in the market, the Foundation shall notify the licensee of such and, following consultation, shall have the right to require appropriate action from the licensee to remedy the potential confusion. The licensee shall be allowed a reasonable time to comply with such requests, failing which the Foundation shall have the right to issue notice of termination in accordance with the Registration, Licensing and Certification Agreement.
- 2.04.13** The use of the Mark must be used only in connection with the Fairtrade certified element of the product on the product labelling and in associated promotional materials, whether by the licensee or the licensee's customers.

### **International markets and cross-border trade**

- 2.04.14** The use of the Mark on products intended for sale in other countries is subject to the requirements of the Labelling Initiatives in those countries.

*Guidance: Seek advice from the Mark Management team regarding which manual will apply for the destination country.*

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## Annex 2.1.01: Table of registration/certification bodies

Operator	Registered by
<b>Operations outside the UK</b>	
1. Producer organisations in the country of origin	Certified by FLO-CERT to ISO65
Processors, Manufacturers and Exporters in the country of origin	Registered by FLO-CERT to ISO65
Overseas subcontractors not registered with FLO-CERT or another Labelling Initiative	Registered and audited by the Foundation as part of the Operator's enterprise and specified in the Schedule
Overseas Operators selling products only to the UK	Registered and audited by the Foundation as part of the Operator's enterprise and specified in the Schedule unless a special arrangement has been made with the local LI
<b>UK companies</b>	
UK Importers, Processors, Manufacturers and Wholesalers supplying unfinished products to companies registered with FLO-CERT	Contact the Foundation to confirm registration requirements
UK Importers, Processors, Manufacturers and Wholesalers supplying finished and unfinished products to companies in the UK or elsewhere not registered with FLO-CERT	Registered by the Foundation
UK Processors and Manufacturers applying the FAIRTRADE Mark and selling the finished products to Retailers and/or Distributors	Registered by the Foundation and licensed to use the Mark on the finished products
<b>Subcontractors</b>	
Subcontractors to the Foundation's Operators, who handle and process unfinished products, including bulk stores, manufacturers, processors and labelling operations but do not take title to the product	Registered and audited by the Foundation as part of the Operator's enterprise if relevant (see part 4) A company such as a logistics warehouse or bonded warehouse, that stores finished products and/or unfinished products in sealed packages or containers, is not considered to be a subcontractor under the above definition and the Agreement specified in <b>5.02</b> is not required.
Subcontractors such as a logistics warehouse or bonded warehouse, that stores finished products and/or unfinished products in sealed packages or containers	No registration required.
Overseas subcontractors to UK Operators involved in manufacturing of cotton products in the producer country	Registered by the Foundation as part of the Operator's enterprise
<b>Distributors, Retailers &amp; Catering establishments</b>	
Distributors trading in finished products Retailers trading in finished products Florists Food service companies trading in prepacked food service products Catering establishments selling food prepared on the premises to the end consumer	Registered by the Foundation on a voluntary basis unless re-Marking the product