



FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL

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# FAIRTRADE STANDARDS

FOR

## Fresh Vegetables

FOR

## Hired Labour

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[www.fairtrade.net/standards.html](http://www.fairtrade.net/standards.html)**

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Refer to the generic standard for Hired Labour as a separate document as updated by FLO on its website. Note that the following parts B and C are only applicable in connection with the generic standard.

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The product specific standards for Fresh Vegetables apply to Africa, Latin America and the Caribbean only and to all products for which a Fairtrade price and/or premium is set in part C below. However, the scope is limited to certain types of Hired Labour companies as described in part B below. Part BI and BII apply to Africa only. Part BIII applies to Latin America and the Caribbean only.

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## **PART B Product Specific Standards for Fresh Vegetables**

### **0.1 Scope**

**Part BI and BII** of the product specific standards for Fresh Vegetables for Hired Labour apply to Africa only, to all products for which a Fairtrade Price and/or Premium is set in part C below.

**Part BIII** of the product specific standards for Fresh Vegetables for Hired Labour apply to Latin America and the Caribbean only, to all products for which a Fairtrade Price and/or Premium is set in part C below.

### **0.2 Definitions**

**Company:** in this standard, company refers to the Hired Labour operator certified to sell fresh vegetables as Fairtrade. For Part BI and BII (Africa only), company refers to the Hired Labour company certified to sell fresh vegetables as Fairtrade and sourcing from Small Producers' Organizations or Outgrowers.

**Small Producers:** in line with the Generic Fairtrade Standards for Small Producers' Organizations, for the purposes of these standards, small producers are understood as those who meet **all** of the following criteria:

- The number of permanent hired workers does not exceed a specific factor per hectare per crop, as defined by the certification body in its compliance criteria.
- Most of their working time is spent undertaking agricultural work on their own farm.
- Revenues from their agricultural activities constitute the major part of their total income.
- The production area under cultivation is below or at the level of the average range of farm size in the district or region.

**Outgrower:** outgrowers are understood as all small producers not yet certified under the Fairtrade Generic Standards for Small Producers' Organizations from whom Fairtrade Fresh Vegetables are being sourced by the certified Hired Labour operator.

**Outgrower organization:** the outgrower organization refers to the group of outgrowers, as a developing small producer organization.

### **Part BI Additional requirements applicable to Hired Labour companies in Africa only**

#### **BI.1 Social Development**

##### **BI. 1.1 Fairtrade adds to development**

###### **Intent**

FLO recognizes that small producers play a key part in the supply chains of fresh vegetable exports from Africa. Companies wishing to participate in the trade of Fairtrade fresh vegetables from African origins must work to support the participation of small producers in vegetable export supply chains on fair terms and in ways which support the empowerment and sustainable social, economic, and environmental development of those small producers.

Where these small producers are not already certified under the Generic Fairtrade Standards for Small Producers' Organizations, they should be willing and able to work towards this aim and achieve certification over a maximum period of six years, with the support of the certified company.

### **BI. 1.1.1 Minimum requirements**

BI. 1.1.1.1 During the first year of certification, the company must source at least 10% by volume of the total product (calculated as an average across all Fairtrade vegetable products sold) sold as Fairtrade from small producers.

These small producers must either:

1. Be certified under the Generic Fairtrade Standards for Small Producers' Organizations

**OR**

2. Be certified as outgrowers together with the company according to these standards. The company and all of the outgrowers meet the following standards and the standards for outgrowers.

BI. 1.1.1.2 Where the outgrowers are not already certified under the Generic Fairtrade Standards for Small Producers' Organizations (SPO), the company must support these small producers to meet the Generic Fairtrade Standards for Small Producers' Organizations within a maximum period of six years from certification. The period for certification under the Small Producers' Organization Standards shall be jointly determined by the company and the outgrowers.

*Prior to the initial audit, the certification body may carry out a pre-assessment against the minimum requirements in part BII below. After the first year of certification, the certification body will carry out a gap analysis of the progress requirements in part BII below. This will enable the company, outgrowers, and eventual support organization to identify the steps required to achieve SPO certification within 6 years of initial Fairtrade certification.*

*The company is responsible for providing the necessary capacity building, training, resources and other support for the outgrowers to meet the requirements of these standards and over time the SPO requirements.*

BI. 1.1.1.3 The company creates and implements an Internal Control System (ICS) in order to monitor the implementation and compliance of all standards requirements relating to the outgrowers.

*The company is held overall accountable for the implementation and monitoring of these standards. As a minimum, the company should use the appointed Fairtrade officer to ensure the implementation, compliance with and monitoring of these standards.*

### **BI. 1.1.2 Progress requirements**

BI. 1.1.2.1 During the second year of certification, the company must source at least 20% by volume of the total product (calculated as an average across all Fairtrade vegetable products sold) sold as Fairtrade from small producers.

From the third year onwards, the company and the small producers from whom Fairtrade fresh vegetables are being sourced will jointly determine a sourcing plan, with the intention of increasing the percentage sourced from the small producers.

These small producers must either:

1. Be certified under the Generic Fairtrade Standards for Small Producers' Organizations

**OR**

2. Be certified as outgrowers together with the company according to these standards. The company and all of the outgrowers meet the following standards and the minimum standards for outgrowers.

BI. 1.1.2.2. Within one year of certification, the company submits an Organizational Development Plan (ODP), developed together with the outgrowers, which clearly defines the timescales and activities required to enable the outgrowers to comply with these standards and become certified under the Fairtrade Generic Standards for Small Producers' Organizations within the period jointly determined by the company and the outgrowers, as required in BI.1.1.1.2.

*The plan must clearly indicate the different steps required to support the organization of outgrowers and how the benefits of Fairtrade (including the Fairtrade Premium) are used to promote the environmentally sustainable social and economical development of the outgrowers.*

*This plan must analyse what is required for the outgrowers to meet each of the minimum requirements in the Fairtrade Generic Standards for Small Producers' Organizations within the specified timescale, and set out what interim steps and activities are required to achieve this.*

*This plan is based on democratic and transparent decision-making by the outgrowers.*

BI. 1.1.2.3 The company is responsible for supporting the outgrowers to meet the standards and the targets defined in the Organizational Development Plan (ODP).

In the event of outgrowers not meeting the agreed targets of the ODP, the company must contract an independent party (person or organisation) to support the outgrowers in their organisation, according to the ODP.

*The company is responsible for providing the necessary capacity building, training, resources and other support for the outgrowers to meet the targets defined in the Organizational Development Plan and ultimately Small Producers' Organizations certification.*

*If the company and outgrowers do not meet the organisational targets laid down in the Organisational Development Plan, the company must contract an independent party to help the outgrowers meet these targets and to support their capacity building. The company must demonstrate that the chosen independent party, whether person or organisation, has the requisite experience and skills to provide this support.*

*It is expected that the outgrowers are consulted during the process of hiring this independent party.*

## **BI. 1.2 Democracy, Participation and Transparency**

### **Intent**

Organization is an instrument for the social and economic development of the small producer outgrowers and the benefits of Fairtrade must reach them. Therefore, the outgrowers have to organize into a democratic structure with a transparent administration, enabling effective control by its members.

### **BI. 1.2.1 Minimum requirements**

BI. 1.2.1.1 The company provides and updates a list of outgrowers who have agreed to supply the company with fresh vegetables, and who are in compliance with standard BI. 2.1.2 below.

*An updated list of all outgrowers participating in Fairtrade has to be made available at all times.*

BI. 1.2.1.2 The outgrowers indicate their interest in and commitment to participating in Fairtrade and forming an organization that can over time comply with the Fairtrade Generic Standards for Small Producers' Organizations and to cooperate with the company in this regard.

*The outgrowers should have basic knowledge of the Fairtrade concept. In particular, the outgrowers should, with the support from the company, be aware of:*

- *the benefits of Fairtrade, especially the Fairtrade Minimum Price (where applicable) and Premium*
- *the rights and duties of the company and of the outgrowers*
- *the implications on organizational development, the concept of the outgrower organization, and the need to over time comply with the Generic Fairtrade Standards for Small Producer Organizations.*

*The company undertakes all necessary efforts to inform and train the outgrowers. All training and information activities should be recorded. Records can include information on topics discussed, names of attendees and trainers, time, duration and location.*

BI. 1.2.1.3 The company ensures that the outgrowers have a minimal decision-making and representation structure in place and supports them to achieve this structure. This structure should

enable them to take decisions about Fairtrade issues, including the Fairtrade Premium, in a democratic and transparent way, and to represent these decisions to the company.

*The company supports the outgrowers to organize themselves into a structure allowing them to take decisions regarding Fairtrade issues, including the use of the Fairtrade Premium, and allowing them to represent their interests.*

*The requirements for the structure are indicated in standard section BII. below.*

BI. 1.2.1.4 The company ensures there is an established communication and feedback system in place between the company and the outgrowers, ensuring that information and concerns can be shared between all parties in a timely manner.

*Established communication channels between the outgrowers and the company have to be in place. In particular, it is intended that the company informs the outgrowers on Fairtrade Premium availability. The company should also ensure that the producers are aware of the purpose of the Fairtrade Premium and of the system by which Fairtrade Premium receipts and expenses are accounted for.*

## **BI. 1.3 Non Discrimination**

### **Intent**

FLO follows the Universal Declaration of Human Rights on ending discrimination. The Declaration rejects “distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status” (art. 2). FLO expects the company to apply these principles.

As these Fairtrade standards are a voluntary social standard aiming at supporting the development of its beneficiaries, the “positive discrimination” of small producers or members of disadvantaged or minority groups is intended.

### **BI. 1.3.1. Minimum requirements**

BI. 1.3.1.1. The company does not discriminate against outgrowers or restrict their participation in Fairtrade on the basis of race, colour, sex, sexual orientation, disability, marital status, age, religion, political opinion, language, property, nationality, ethnicity or social origin.

*Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit. Where particular forms of discrimination exist within the economic sector or geographical region, the company is expected to show progress towards removing them.*

*There must be no discrimination regarding participation, voting rights, rights to be elected, access to market, training or technical support, or any other benefit of participation in Fairtrade.*

*Who may become an outgrower and the process for it must be made explicit. These may not include restrictions that discriminate against particular social groups on the grounds listed in this standard.*

## **BI. 2 Economic Development**

### **BI. 2.1 Contracts**

#### **BI. 2.1.1 Minimum Requirements**

BI. 2.1.1.1 The company must agree and sign a contract with each outgrower. The contract must include the following:

- Reference to Fairtrade as an integral part of the contract
- Date of the contract
- Duration of the contract
- Product description
- Volumes of product that will be purchased from the outgrower (minimum and maximum, or fixed volume)
- Quality specifications of the product

- Specific Fairtrade Price and Premium for each product
- Terms and conditions of payment of Fairtrade Price and Premium
- Reference to sourcing plans
- Timing of purchase
- Terms of delivery
- Description of any pre-finance mechanisms
- Description of the liability of each party and the quality check procedure
- Description of the handling of rejections
- Definition or mentioning of “Force Majeure”
- Description of mechanisms for dispute resolution
- Description of inputs and services and services provided and indication of any deductions that may be relevant as a result of the provision of these inputs and services

*The company must ensure that a written contract exists for products bought and sold under this standard.*

*Responsibility for drawing up the contract should rest on the company, unless otherwise demanded by the outgrowers.*

*The standard also requires that a mechanism for arbitration is written into contracts between the outgrower and the company.*

BI. 2.1.1.2. The company must ensure that the outgrowers understand the terms of the contract. This should be ensured by providing the contract in a language that the small producers can understand, and by providing verbal explanation of the contract where required.

BI. 2.1.1.3. Where the company provides credit or pre-finance to the outgrowers, any interest rates or conditions attached to this provision must be agreed with the small producers in advance. Interest rates should not exceed the lender’s current cost of borrowing (including administrative costs) and the company is encouraged to make these provisions available on better terms (at lower interest rates) to the outgrowers.

BI. 2.1.1.4. Where the company charges for the inputs or services that it provides to the small producers, it must demonstrate that the prices of these inputs or services have been declared in a transparent manner, and that the prices are not higher than the normal market prices for such inputs or services.

## **BI. 2.2 Fairtrade Minimum Price**

### **BI. 2.2.1. Minimum requirements**

BI. 2.2.1.1. The company must pay the small producers the Fairtrade Minimum Price for their product (if it exists), or the relevant market or contractually agreed price where no Fairtrade Minimum Price exists.

When the relevant market price (or contractual price) for a product is higher than the Fairtrade Minimum Price, then at least this market price (or contractual price) must be paid.

Payment must be made to the producer within 7 days after delivery of the product.

*The Fairtrade Minimum Price of a product, where it exists, is the lowest possible price that the company may pay the outgrowers. The Fairtrade Minimum Price is the starting point for price negotiations between the outgrowers and the company. When the relevant market price (or contractual price) for a product is higher than the Fairtrade Minimum Price, then at least this higher market price must be paid.*

*Both parties must keep evidence of the price level and how it was agreed. Either party can demonstrate the market price based on agreements/contracts with other clients/suppliers for a similar period (if and when required).*

*The Fairtrade Minimum Prices are published separately in the Fairtrade Minimum Price and Premium table.*

BI.2.2.1.2 The company ensures that any deductions to be made to the Fairtrade price – for example as a result of the provision of credit, inputs, or services - have been made clear to the small producers in advance of the production cycle, and are included in the Fairtrade contract.

## **BI. 2.3 Fairtrade Premium**

### **Intent**

The Fairtrade Premium is an amount paid to the outgrower organization in addition to the payment for their products. The Fairtrade Premium is a tool for development, supporting the outgrower organization to realize their development objectives as laid down in their Organizational Development Plan. It is meant for investment in the social, economic and environmentally sustainable development of the outgrower organization and its members, and through them, their families, workers and surrounding community. It is for the outgrower organization and its members to analyze and evaluate the possible options for spending the Fairtrade Premium. Choices should be made and priorities set depending on the specific situation of the outgrower organization and the available amount of Fairtrade Premium. Decisions on the use of the Fairtrade Premium are taken democratically by the outgrowers, following principles of transparency and participation. It is the joint responsibility of the outgrower organization and its members to take wise and fair decisions.

### **BI. 2.3.1. Minimum requirements**

BI. 2.3.1.1 Until the organization of outgrowers is able to register its own bank account, the company sets up a separate bank account for receipt of the Fairtrade Premium on behalf of the outgrowers.

*The Fairtrade Premium is the legal property of the outgrowers..*

*Until the outgrowers organize into a formal organization, the outgrowers might not be legally able to open a bank account. In that case, the company opens a separate bank account on behalf of, and in the name of, the outgrowers. It is expected that at least one representative of the outgrowers becomes signatory of the bank account.*

BI. 2.3.1.2. The company stands trustee of the Fairtrade Premium funds until such time as the outgrowers are certified under the Generic Fairtrade Standards for Small Producers' Organizations. It is responsible for ensuring that no embezzlement or misuse of the funds occurs.

*The company accepts in writing that it stands trustee for the safe custody of the Fairtrade Premium. The company recognizes the outgrowers as the rightful recipients of the Fairtrade Premium.*

BI. 2.3.1.3. The company will demonstrate that the outgrowers receive the correct amount of Fairtrade Premium, based on the volume of their product sold as Fairtrade.

The company ensures that the correct amount of Fairtrade Premium is passed on to the small producers within 7 days after receipt by the company.

*The company is responsible for making sure the outgrowers receive the correct amount of Fairtrade Premium.*

*Discounts on the Fairtrade Premium by the company are not allowed. No discounts are allowed to pay for costs for support or trainings provided by the company to the outgrowers, for facilitating the setting up of the outgrower organization or for any other use.*

*The company must document the Fairtrade Premium availability and inform the outgrowers.*

BI. 2.3.1.4 The company demonstrates that the outgrowers make decisions about the use of the Fairtrade Premium on a democratic, participatory and transparent basis, in line with the guidelines given in the *Explanatory Document for the Fairtrade Premium in Small Producers' Organizations*, and supports the outgrowers in this respect.

The company and the external third party capacity building organization, where applicable, provide appropriate support to the outgrowers to enable them to meet this standard.

*The company should document the processes by which decisions on the use of the Fairtrade Premium are made and ensure these are democratic, participatory and transparent.*



*The company makes available capacity building services so that not merely the decision making process on Fairtrade Premium use but also the processes for implementing these decisions, recording these systematically and providing reports and audited accounts are gradually taken over by the outgrowers.*

## **BI. 3 Environmental Development**

### **Intent**

The company ensures that the outgrowers protect the natural environment and makes environmental protection a part of farm management. The company is expected to facilitate the development, implementation and monitoring of outgrowers' operational plans with the aim of establishing a balance between environmental protection and business results through the use of a combination of measures including crop rotation, cultivation techniques, crop selection, careful use of inputs such as fertilizers and pesticides and, as relevant, shade production. The company is expected to maintain a management system consistent with its size in order to ensure organizational control of those areas for which it is responsible and to monitor production of the outgrowers through the use of recognized inspection and verification methodologies.

### **BI. 3.1 Impact Assessment, Planning and Monitoring**

#### **Intent**

The company is expected to assess the environmental impacts of the outgrowers' operations, to develop plans designed to mitigate those impacts and to monitor the implementation of those plans.

#### **BI. 3.1.1 Minimum Requirements**

BI. 3.1.1.1 A person within the company is given responsibility for ensuring the production of a plan giving details on how the outgrowers will comply with the environmental standards specified in this document.

*A resource person, or preferably a team is needed to oversee that outgrower and on-farm processing operations are meeting the requirements of this standard. Their duties should be specified in a written job description. Initially, the plan will focus on the minimum requirements of the environmental standards presented in part BII.*

## **Part BII: Additional requirements applicable to the outgrowers (Africa only)**

The following requirements apply to the outgrowers. As certificate holder, the company takes responsibility for supporting the outgrowers to meet these standards and is held accountable for the compliance to these requirements.

They are based on the minimum requirements of the Generic Fairtrade Standards for Small Producers' Organizations with which the outgrowers have to comply over time, in a maximum period of 6 years after initial certification.

### **BII. 1 Social Development**

#### **BII. 1.1 Members are small producers**

##### **BII. 1.1.1 Minimum Requirements**

BII. 1.1.1.1 The outgrower organization provides and updates a list of its outgrower members and makes it available to all members.

*An updated list of all outgrower members of the organization has to be available at all times. These outgrowers have indicated their interest and commitment in line with requirement BI. 1.2.1.2*

BII. 1.1.1.2. The majority of the members of the outgrower organization are small producers.

*More than 50% of the members of the outgrower organisation must be small producers according to the definition defined in the introduction of this standard.*

BII. 1.1.1.3 Fairtrade products may only be sourced from members of the outgrower organization. The outgrower organization must therefore ensure that products from members are kept separate from non-members' products. Where an outgrower organization wishes to sell products produced by non-members, these must not be sold as Fairtrade products.

BII. 1.1.1.4 For every Fairtrade product sold by the outgrower organization, more than 50% of the volume must be produced by small producers.

*On a yearly average, smaller outgrowers must provide more than 50% of the volume sold under Fairtrade conditions, to minimise the risk of dominance of a single or a few members of the outgrower organization.*

##### **BII. 1.1.2 Progress Requirements**

BII. 1.1.2.1. The outgrower organization has membership criteria as defined in its own stated rules and regulations (organization's constitution or by-laws).

*Regulations for registration of members of the outgrower organization must be specified in the by-laws and statutes of the outgrower organization.*

*Transparent and consistent application of the criteria and recording of members is fundamental for the participation of the outgrower organization in Fairtrade and the selling of Fairtrade products.*

*Membership data must be kept by the outgrower organization and regular updates should be given to members about their membership status.*

### **BII. 1.2 Democracy, Participation and Transparency**

#### **Intent**

Organization an instrument for the social and economic development of the outgrowers and the benefits of Fairtrade must reach the outgrowers. Therefore, the outgrowers must put in place an outgrower organization with democratic structures and a transparent administration, enabling effective control by its members.

The outgrower organization strives to improve its structures and practices continuously in order to maximise the participation of members and their sense of ownership of the outgrower organization.

## **BII. 1.2.1 Minimum requirements**

BII. 1.2.1.1. The outgrowers organize into an outgrower organization. The outgrower organization should have a minimal decision-making and representation structure in place allowing its members to take decisions about Fairtrade issues, including the Fairtrade Premium, in a democratic and transparent way, and to represent these decisions to the company.

*The outgrowers, with support from the company, organize themselves into a structure allowing them to take decisions regarding Fairtrade issues, including the use of the Fairtrade Premium, in a democratic and transparent manner and allowing them to represent these decisions and their interest to the company.*

*This structure should allow all outgrowers to be represented. All outgrowers are eligible to be elected and to represent the outgrowers in the organization*

BII. 1.2.1.2 The outgrower organization holds a General Assembly at least once a year.

*The General Assembly means the assembly of all the members of the outgrower organization and is the supreme decision-making body of the outgrower organization. It is intended to enable all members to control the organization's activities and to participate in defining the future strategies and activities of the outgrower organization.*

*For the General Assembly to function effectively, it must meet at least once a year.*

*The meetings must be properly minuted, signed by the organizations' elected representatives and recorded. The minutes must contain a list of participants*

## **BII. 1.2.2. Progress requirements**

BII. 1.2.2.1. An organizational structure is in place which enables effective control by the members. There is a General Assembly with direct or delegated voting rights for all members as the supreme decision taking body and an elected Board. The staff answers to the General Assembly via the Board.

*Fairtrade wants to work with organizations that see themselves as a tool for supporting the social and economic development of small producers. The way in which an organization works can be a key factor in supporting development.*

*It is expected that the initial organizational structure put in place according to BII. 1.2.1.1 develops to allow effective control of the organization by its members. Members must be enabled to participate in free, fair and transparent Board elections and to become involved in discussions about major decisions.*

*Where the outgrower organization considers it appropriate, an elected delegate system can be put in place.*

*The certification body will check whether the outgrower organization abides by its own stated rules and regulations (constitution, by-laws and internal policies, including the election processes).*

BII. 1.2.2.2 The organization's annual report, budgets and accounts must be presented to and approved by the General Assembly.

*This is a requirement common in most legal regulations for organizations of this kind.*

*For members to be able to hold the organization's Board and staff accountable, the presentation and approval of the annual report and the accounts during the General Assembly are essential.*

BII. 1.2.2.3 Administration is in place.

*Participating in Fairtrade requires that the outgrower organization has an adequate administration.*

*There is at least one person (or committee) in the outgrower organization responsible for managing the organizational administration and book-keeping.*

*The outgrower organization also needs to have a bank account with usually more than one signatory.*

*The official records and documentation of the outgrower organization must be maintained in a central place and be accessible to all members.*

## **BII. 1.3 Non-Discrimination**

## **Intent**

FLO follows the Universal Declaration of Human Rights on ending discrimination. The Declaration rejects “distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status” (art. 2). FLO expects the outgrowers to apply these principles.

As these Fairtrade standards are a voluntary social standard aiming at supporting the development of its beneficiaries, the “positive discrimination” of small producers or members of disadvantaged or minority groups is intended.

### **BII. 1.3.1 Minimum requirements**

BII. 1.3.1.1 The outgrower organization does not discriminate against members or restrict new membership on the basis of race, colour, sex, sexual orientation, disability, marital status, age, religion, political opinion, language, property, nationality, ethnicity or social origin. Furthermore there must be no discrimination regarding participation, voting rights, the right to be elected, access to markets, access to training, technical support or any other benefit of membership.

*Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit.*

*Where particular forms of discrimination exist within the sector or geographical region, the outgrower organization is expected to show progress towards removing them.*

*Who may become member of the outgrower organization, and the process for joining, must be made explicit. These may not include restrictions that discriminate against particular social groups on the grounds listed in the standard.*

## **BII. 2 Economic Development**

### **BII. 2.1 Fairtrade Premium**

#### **Intent**

The Fairtrade Premium is an amount paid to the outgrower organization in addition to the payment for their products. The Fairtrade Premium is a tool for development; it is meant for investment in the social, economic and environmentally sustainable development of the outgrower organization and its members, and through them, their families, workers and surrounding community. It is for the outgrower organization and its members to analyze and evaluate the possible options for spending the Fairtrade Premium. Choices should be made and priorities set depending on the specific situation of the outgrower organization and the available amount of Fairtrade Premium. Decisions on the use of the Fairtrade Premium are taken democratically by the outgrowers, following principles of transparency and participation. It is the joint responsibility of the outgrower organization and its members to take wise and fair decisions.

#### **BII. 2.1.1 Minimum Requirements**

BII. 2.1.1.1 The use of the Fairtrade Premium is decided by the General Assembly in a democratic and transparent manner and properly documented

*The General Assembly is the supreme decision-making body of the outgrower organization. The General Assembly decides on the use of the Fairtrade Premium.*

*All outgrowers can propose specific uses of the Fairtrade Premium.*

*The needs of all groups (including workers) should be taken into account as far as possible.*

*“Transparency” also means that information regarding the status of the Fairtrade Premium must be accessible to members within a reasonable timeframe.*

#### **BII. 2.1.2 Progress requirements**

BII. 2.1.2.1 The outgrower organization administers and manages the Fairtrade Premium transparently.

*The outgrower organization must show that it has systems in place to administer the Fairtrade Premium in a transparent way for the benefit of the members and according to the Fairtrade Premium plan. For the same purpose the organization is required to do separate accounting of the Fairtrade Premium.*

## **BII. 3 Environmental Development**

### **Intent**

The outgrower organization ensures that its members protect the natural environment and makes environmental protection a part of farm management. The outgrower organization is expected to facilitate the development, implementation and monitoring of outgrower' operational plans with the aim of establishing a balance between environmental protection and business results through the use of a combination of measures including crop rotation, cultivation techniques, crop selection, careful use of inputs such as fertilizers and pesticides and, as relevant, shade production. The outgrower organization ensures that its members minimize the use of synthetic and other off-farm fertilizers and pesticides, partially and gradually replacing them with non-synthetic and on-farm fertilizers and biological methods of disease control. FLO encourages small producers to work towards organic practices where socially and economically practical. Outgrowers are encouraged to minimize the use of energy, especially energy from non-renewable sources. The outgrower organization is expected to maintain a management system consistent with its size in order to ensure organizational control of those areas for which it is responsible and to monitor production by its members through the use of recognized inspection and verification methodologies.

### **BII. 3.1 Impact Assessment, Planning and Monitoring**

#### **Intent**

The outgrower organization is expected to assess the environmental impacts of its members' operations, to develop plans designed to mitigate those impacts and to monitor the implementation of those plans.

#### **BII. 3.1.1 Minimum requirements**

BII. 3.1.1.1 The outgrower organization, with support from the company, ensures that for certified products no plant material is gathered from protected areas or is propagated in contravention of national and international regulations.

*The organization's members should be able to prove the source of their planting stock (all plant material excluding seeds).*

### **BII. 3.2 Agrochemicals**

#### **Intent**

Outgrowers are expected to continually reduce the volumes and types of agrochemicals used in production to the maximum possible extent. The term agrochemicals as used in this document includes all synthetic inputs directly or indirectly used in the production of agricultural products or in the maintenance of processing equipment. This includes pesticides, fertilizers and coadjutants such as cleansing substances, detergents and mineral oil products.

#### **BII. 3.2.1 Minimum requirements**

BII. 3.2.1.1 Materials on the FLO Prohibited Materials List may not be used or otherwise sold, handled, or distributed by the outgrower organization.

*FLO publishes a list of materials that cannot be used, comprising data from the WHO Class I A&B, PAN's 'Dirty Dozen' and FAO/ UNEP Prior Informed Consent Procedure Lists plus FLO specific additional materials.*

*The FLO Prohibited Materials List is an integral part of this standard. The FLO Prohibited Materials List stipulates which materials are prohibited for all products and which are prohibited for specific products.*

*Toxic chemicals that persist in the environment are a threat to all species inhabiting the region. They circulate through water supplies, soils, plants, and animals, often creating cumulative toxic effects. The use of such chemicals is contrary to Fairtrade's objectives and standards for environmental protection and human safety. A range of alternatives to the chemicals on these lists exists; if a producer or organization cannot find a suitable alternative, it is a sign that the overall plan for land use and crop production should be reviewed.*

BII. 3.2.1.2 This standard only applies to the materials that are exceptionally allowed in certain products and in certain countries, as specified in the tables of the FLO Prohibited Materials List. The use of the exceptionally allowed materials are minimized and undertaken only in case of definite need, in appropriate Health and Safety conditions and using advanced techniques. An appropriate plan and record to substitute these materials must be developed and operated. Evidence of need must be demonstrated by the outgrower, with support from the company.

*The outgrowers shall demonstrate on the basis of credible evidence the definite need to use the exceptionally allowed materials. Exceptions are reviewed periodically by the certification body.*

BII. 3.2.1.3 With support from the company, the outgrower organization ensures that agrochemicals are used, handled and stored correctly according to their specific characteristics (toxicity) in order to avoid danger to people and the environment.

*The outgrower organization ensures that agrochemicals are applied only by persons who take part in an education and control system as described below.*

*The company should develop an internal education and control system for agrochemical issues, in order to effectively comply with this standard. The outgrower organization's plan should specify an estimated timeline for implementing such a system. The control system should ensure at a minimum that:*

- *the outgrower organization has a procedure for identifying all of the chemicals potentially in use by its producers, and a means of periodically verifying this*
- *outgrowers are educated as to the effects to human health of each chemical (through whatever exposure), and best practices for avoiding such exposure*
- *re-entry times appropriate to the type of biocide and crop-specific conditions are made known, with efficient mechanisms for notifying members and the community in case of aerial sprayings*
- *outgrowers have a way of communicating real mishaps (i.e., unintentional use or accidental exposures, spills, etc.) to the organization without fear of undue hardship*
- *the outgrower organization has a way of recording infractions and implementing remedial actions Whenever feasible, communal storerooms should be locked and accessible only by authorised personnel.*

BII. 3.2.1.4 The outgrower organization ensures with support from the company that all products and packages are clearly labelled.

*Whenever practical, storage should be in the original container.*

BII. 3.2.1.5 The outgrower organization ensures that all agrochemicals are only used for the crops for which they are specifically labelled and/or registered in the producer's country.

*The company should have an awareness-raising programme in place to ensure outgrowers receive the appropriate guidance to be able to comply with this standard.*

BII. 3.2.1.6 The outgrower organization maintains safe storage and disposal of all agrochemicals and their containers.

*The company should have an awareness-raising programme in place to ensure outgrowers receive appropriate guidance to be able to comply with this standard.*

*The outgrower organization's plan should specify an estimated timeline for implementing the awareness-raising programme and the actions to become compliant with this standard.*

*Outgrowers should have a safe means of disposal for used containers or leftover materials no longer in use, and the outgrower organization should make it known to outgrowers what their individual options are.*

*The outgrower organization should control and restrict reuse of agrochemical bags and containers: these should not be used for food and product storage/transport.*

All potentially hazardous containers, (e.g. pesticide-treated bags used in banana production) should be included in the outgrower organization's plan.

BII. 3.2.1.7 The outgrower organization or a subcontractor avoids air spraying of agrochemicals over rivers and other water sources of significant size.

## **BII. 3.3 Soil and Water**

### **Intent**

Outgrowers are expected to maintain and enhance the fertility and structure of soil. Water resources are managed with the objectives of conservation and non-contamination.

### **BII. 3.3.1 Minimum requirements**

BII. 3.3.1.1 The outgrower organization, with support from the company, ensures that its members have undertaken procedures and practices designed to reduce and/or prevent soil erosion caused by wind, water, and/or human or animal impact.

*The conservation of soil is a primary tenet of sustainable agricultural production. Soil serves as the basis of human livelihood and should be protected to the maximum extent possible.*

*The company should set up an education and control system concerning soil erosion, so that awareness is raised and actions are taken to become compliant with this standard. The outgrower organization's plan should specify an estimated timeline for implementing such a system.*

*The system should ensure that:*

- *The outgrower organization evaluates the possible causes of erosion on any of the land or affected water resources under its scope where products for Fairtrade labelling are produced.*
- *All pieces of land are individually inspected by the outgrower organization and existing problems identified and documented. Remedial actions appropriate to the problem should be imposed and followed up on a pre-decided timeline to ensure that the situation is improved.*
- *Land that is at risk of erosion is noted by the outgrower organization, and monitored regularly to ensure that activities or phenomena (e.g., grazing, tillage, bare areas, water runoff, etc.) do not result in the creation of erosive conditions. Remedial actions appropriate to the problem should be imposed and followed up on a pre-decided timeline to ensure that the situation is improved.*

BII. 3.3.1.2 The outgrower organization ensures that its members have undertaken procedures and practices designed to enhance fertility and soil structure.

*Understanding of the basic agronomic principles of tillage and irrigation practices, building of soil fertility, and crop rotation (as applicable) should be part of every organization's operating plan. The organization should set up with support from the company an education and control system concerning fertility and soil structure, so that awareness is raised and actions are taken to become compliant with this standard. The outgrower organization's plan should specify an estimated timeline for implementing such a system. The system should ensure that:*

- *A person or persons with adequate expertise in these areas are part of the organization's management team. He/she should be able to critically evaluate individual members' fields and practices, and have the authority to recommend or impose conditions for improvement as appropriate to each situation.*
- *The outgrower organization establishes its own internal guidelines for minimum requirements to ensure soil fertility and improved soil structure. These requirements are based on techniques/practices that are known to be successful over the long term.*
- *The outgrower organization has a way of monitoring, measuring or otherwise evaluating how outgrowers are complying with the standard. The need for corrective measures should be documented and followed up to ensure that improvements are made as required.*

## **BII. 3.4 Genetically Modified Organisms (GMO)**

### **Intent**

Outgrowers do not use Genetically Modified Organisms in either the production or processing of products.

### **BII. 3.4.1 Minimum requirements**

BII. 3.4.1.1 The outgrower organization ensures that its members do not grow any GMO products.

*Genetically engineered seed or planting stock should not be used. If certain members or parts of the outgrower organization produce products that are not destined for Fairtrade labelling, none of those products may be GMOs.*

## **BII. 4 Labour conditions**

### **Intent**

FLO regards the ILO Conventions as the authority on working conditions, and expects all small producers' organizations to meet the ILO requirements as far as possible.

Fairtrade should lead to the demonstrable empowerment and environmentally-sustainable social and economic development of the outgrower organization and its members, and through them the workers employed by the outgrower organization or by the members.

Standard sections BII. 4.1 and BII. 4.2 on Freedom from Discrimination and Freedom of Labour are applicable to all workers employed by the outgrower organizations or by members.

The term "workers" refers to all waged employees of the outgrower organization and of its members. It includes migrant, temporary, seasonal, sub-contracted and permanent workers.

Where family labour of members of the outgrower organization is employed directly by the organization, the term "workers" also includes them.

The term "workers" is not limited to field workers but includes all other hired personnel, e.g. employees working in the organization's administration. However, the term is limited to personnel that can be unionised.

Standard sections BII.4.3 on Conditions of Employment is only applicable where a significant number of workers are employed by the outgrower organization or a member of the organization and where these workers are involved in producing a Fairtrade product (e.g. in a processing facility). These standards are only applicable where the outgrower organization, an individual member or a group of members own at least 75% of the facility.

The focus of the compliance criteria as set by the certification body will be on the permanent workers. The certification body interprets "significant" number of workers on the basis of national labour law.

### **BII. 4.1 Freedom from Discrimination**

Applicable to all workers employed by outgrower organizations or by members.

#### **Intent**

FLO follows ILO Convention 111 on ending discrimination of workers. The Convention rejects "any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation" (Art. 1).

#### **BII. 4.1.1 Minimum requirements**

BII. 4.1.1.1 The outgrower organization ensures that there is no discrimination on the basis of race, colour, sex, sexual orientation, disability, marital status, age, religion, political opinion, membership of unions or other workers' representative bodies, national extraction or social origin in recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement or other activities.

*Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit.*

*Where discrimination is endemic within a sector or region, the organization is expected to address this, e.g. within the framework of the employment policy (see. 4.1).*

*During recruitment, pregnancy, HIV and genetic tests are prohibited.*

BII. 4.1.1.2 The employer does not engage in, support or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse.



*Where discrimination is endemic within a sector or region the organization is expected to establish and implement a clear policy and system to prevent improper disciplinary practice. The policy shall be in line with the principle of non-discrimination. Workers should be aware of this policy. The outgrower organization should have in place an adequate system of records.*

**BII. 4.1.1.3** The employer does not engage in, support or tolerate behaviour - including gestures, language, and physical contact - that is sexually intimidating, abusive or exploitative.

*Where discrimination is endemic within a sector or region an appropriate policy and system should be put in place to prevent any behaviour that is not in line with this requirement.*

*The outgrower organization should have in place an adequate system of records.*

## **BII. 4.2 Freedom of Labour**

Applicable to all workers employed by the outgrower organization or by its members.

### **Intent**

FLO follows ILO Conventions 29, 105, 138 and 182 on child labour and forced labour. Forced or bonded labour must not occur. Bonded labour can be the result of different forms of debt owed by the workers to a company or to intermediaries. Children may only work if their work is structured so as to enable them to attend school. For children who work outside of school hours, their work should not be so demanding as to undermine their educational attainment. If children work, they shall not execute tasks that are particularly hazardous for them because of their age.

Family labour in the form of children helping their parents after school and in holidays is not considered as child labour within reasonable limits and if guided by a family member.

### **BII. 4.2.1 Minimum requirements**

**BII. 4.2.1.1** Forced labour, including bonded or involuntary prison labour, does not occur.

*As defined by ILO conventions 29 and 105, forced labour includes work that is exacted from any person under the menace of any penalty and for which the said person has not offered him or herself voluntarily.*

*The employer must not retain any part of the workers' salary, benefits, property or documents in order to force them to remain in that employment. The employer must also refrain from requiring or forcing workers to remain in employment against their will through the use of any physical or psychological measure.*

*The employer must explain to all workers that each worker is free to leave at any time, giving a due notice period as per his or her contract.*

*The term 'bonded labour' also refers to workers having received loans from employers, when these loans are subject to unreasonable terms and conditions (such as excessively high interest rates).*

**BII. 4.2.1.2** Child labour does not occur.

*Children below the age of 15 are not employed (contracted). Where children help their parents at individual member level after school and during holidays this is not considered as child labour under the following conditions:*

- *The child's work does not jeopardise her or his attendance at school, and is not so demanding as to undermine her or his educational attainment.*
- *The work does not jeopardize the child's social, moral or physical development and does not constitute a hazard to the child's health,*
- *Working hours are maintained within reasonable limits.*
- *A member of the family must supervise and guide the child.*

*Where children have worked or been employed in the past, it is expected that the organization has put in place a remediation policy. The objective of the remediation policy is to ensure that any children who once worked for the employer and who no longer do so do not enter into worse forms of work.*

*Wherever applicable – and particularly in contexts where there is a high likelihood of child labour occurring – the organization considers the underlying social and economic context in its development plan for effectively eliminating child labour. One example of an appropriate response might be to implement community projects to improve children's access to schooling.*

BII. 4.2.1.3 Working does not jeopardise the school attendance, the educational attainment, or the social, moral or physical development of the person under 18 years of age.

BII. 4.2.1.4 Persons under 18 years of age shall not be admitted to any type of work which, by its nature or the circumstances under which it is carried out, is likely to jeopardise their health, safety or morals.

*Persons under 18 years of age shall not handle chemicals or perform other duties that constitute a health hazard. Persons under 18 years of age shall not be allowed to undertake work during the night.*

BII. 4.2.1.5 Employment of a worker is not conditional on the employment of their spouse. Spouses have the right to work elsewhere.

*This also applies where housing is provided to the worker and his/her family*

## **BII. 4.3 Conditions of Employment**

Applicable to outgrower organizations where a significant number of workers are employed and to individual members of outgrower organizations who employ a significant number of workers.

### **Intent**

FLO follows ILO Conventions 100 on equal remuneration and ILO Convention 110 on conditions of employment of workers.

### **BII. 4.3.1 Minimum requirements**

BII. 4.3.1.1 Conditions of employment and in particular salaries are equal to or exceed sector regulations where they exist, regional average wages or official minimum wages for similar occupations, whichever is higher. The employer shall specify wages for all functions.

*National laws and applicable Collective Bargaining Agreement (CBA) terms must be complied with. Where national laws and applicable CBA terms exceed this standard, they supersede the standard. Where the provisions in this standard exceed national laws and CBA terms then this standard shall apply.*

*For remuneration based on production, quotas, or piecework, the pay rate allows the worker to earn the proportionate minimum wage or relevant industry average (whichever is higher) during normal working hours. This pay rate is made public. Such remuneration should not occur as a means to avoid time-bound contracts. Where rates for piecework are applied, workers should agree that these rates are fair and the method of calculation is transparent and obtained through suitable means.*

BII. 4.3.1.2 Payment is made regularly and in a timely manner, in legal tender, and is properly documented.

*Documentation should consist of pay slips bearing all necessary information.*

*Mutually agreed payment practices such as remuneration of daily activities in cash or in cash and kind are acceptable if the worker explicitly agrees and this is the typical method of payment in the local context.*

## **Part BIII. Additional requirements applicable to Hired Labour companies in Latin America and the Caribbean**

### **BIII. 1 Social Development**

#### **BIII. 1.1 Employment policy**

##### **BIII. 1.1.1 Minimum Requirements**

There are no minimum requirements

##### **BIII. 1.1.2 Progress requirements**

BIII. Within one year from certification, management implements a development plan for migrant and seasonal workers.

*To take into account the needs of the migrant and seasonal workers, the company, starts putting in place the development plan by carrying out a needs assessment of the migrant and seasonal workers and how to improve their working conditions. The assessment should identify and prioritize the needs of the migrant and seasonal workers in terms of freedom from discrimination, freedom of labour, freedom of association and collective bargaining, conditions of employment, occupational health and safety as well as economic development, following the respective sections of the Generic Fairtrade Standards for Hired Labour. The company may also identify additional areas for improvement.*

*In particular, the implementation of the development plan for migrant and seasonal workers could include:*

- *Specific awareness raising trainings or tools for migrant and seasonal workers*
- *A plan for increasing participation of the migrant and seasonal workers in the Joint Body and eventual worker's committees*
- *Taking into account migrant and seasonal workers' needs when deciding on Fairtrade Premium projects*
- *Implementing a reasonable method of paying for or reimbursing migrant employees for the cost of their travel to and from their home communities. This may not be deducted from worker's wages.*
- *Supporting migrant and seasonal workers in obtaining the necessary legal documents (e.g. identity cards) to benefit from social security provisions.*

*It is expected that the Joint Body, migrant and seasonal workers are consulted during the drafting process. The development plan for migrant and seasonal workers is also explained and discussed with the Joint Body and General Assembly of workers.*

### **BIII. 2 Economic Development**

#### **BIII. 2.1 Minimum requirements**

There are no additional requirements

#### **BIII. 2.2 Progress Requirements**

BIII. 2.2.1. If migrant workers make up more than 25 % of the entire workforce, including seasonal employees, the company must complete a needs assessment of the home community from which most workers come.

*The company is responsible to carry out a needs assessment of the home community from which most migrant workers come from. The Joint Body may then suggest developing Fairtrade Premium projects in this community.*

### **BIII. 3 Environmental Development**

There are no additional requirements.

# **PART C Trade Standards for Fresh Vegetables**

## **1. Product Description**

Fairtrade Fresh Vegetables are all varieties of fresh vegetables for which Fairtrade prices exist.

Fairtrade Fresh Beans refer to the species *Phaseolus spp* and *Vigna spp*.

Fairtrade Fresh Peas refer to the species *Pisum sativum*.

## **2. Scope**

These standards cover the purchase and sale of Fresh Vegetables. For the sections under certification and traceability (only), the standards also cover any derivatives.

## **3. Certification**

There are no additional requirements.

## **4. Traceability**

There are no additional requirements.

## **5. Contracts**

Contracts between producers and buyers must include the following:

- FLO IDs of operators
- Reference to Fairtrade as an integral part of the contract
- Date of the contract
- Duration of the contract
- Product description
- Quality specifications of the product
- Specific Fairtrade Price and Premium for each product
- Payment conditions for Fairtrade Price and Premium
- Terms of delivery using Inco Terms
- Volumes of Fairtrade products (minimum and maximum or fixed volume)
- Reference to sourcing plans
- Description of how the system of orders will function
- Description of the liability of each party and the quality check procedure
- Definition or mentioning of “Force Majeure”
- Description of mechanisms for dispute resolution
- Description of pre-finance mechanisms

## **6. Sustaining Trade**

Fairtrade Payers must provide a sourcing plan on either a seasonal or quarterly basis. Sourcing plans must be renewed a minimum of two weeks before they expire.

## **7. Pre-finance**

The Generic Fairtrade Trade Standards on pre-financing (section 5) do not apply. Pre-finance terms and conditions are negotiated between the producer and Fairtrade payer and are included in the contract (see also 5.)

## **8. Pricing**

Fairtrade Minimum Prices and Fairtrade Premium levels for Fairtrade products are published separately to the product standards.

### **Payment terms**

If the vegetable is accepted by the importer after inspection in the port of destination, payment must be made within seven days of the arrival of the shipment at the destination.

For purchases made at farm gate or ex works levels, payment must be made upon receipt of the product.

## **9. Other product requirements**

There are no additional requirements.