



Protecting forests with Fairtrade and EU regulation





1. Background of the EU Deforestation Regulation

The European Union has committed to making sure products causing deforestation or forest degradation are not sold in the EU.

From the end of 2024, the EU Deforestation Regulation will start to phase into operation. Its objective is to foster sustainable and responsible behaviour throughout global supply chains by promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation.

The rules mean that businesses importing and exporting cocoa and coffee products in and out of the European market or taking part in other business activities with these products, will be required to undertake a full due diligence process in their supply chain. Businesses will also need to ensure that the relevant information about this due diligence is readily available.

The EU regulation will apply to Fairtrade products – initially affecting Fairtrade coffee and cocoa, before gradually being expanded to other products.

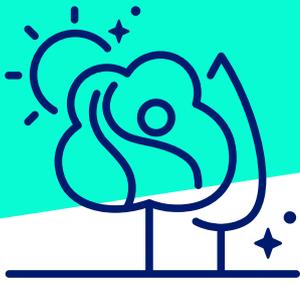
This document sets out how Fairtrade certification contributes to companies' due diligence efforts through the Fairtrade Standards and our programmes, and what support we can offer beyond certification.

Why coffee and cocoa? The EU regulation refers to a study published in 2020¹ where researchers identified the seven **commodities** that represent the largest share of deforestation driven by European Union consumption. These include coffee and cocoa.

Product	Contribution to deforestation
Palm oil	34%
Soy	32.8%
Wood	8.6%
Cocoa	7.5%
Coffee	7%
Cattle	5%
Rubber	3.4%

This list will be revised and updated in 2025.

¹ Pendrill F., Persson U. M., Kastner, T. 2020. Deforestation risk embodied in production and consumption of agricultural and forestry commodities 2005-2017 (Version 1.0). Zenodo.



What businesses will be affected by the regulation? The scope of the new rules is understood to cover importers, exporters, manufacturers, brands, and retailers. Small and Medium Enterprises (SMEs) have responsibilities too, but not as detailed as non-SMEs. Businesses are requested to fulfil the full due diligence procedure as defined by the EU Deforestation Regulation. Companies must: submit a due diligence statement; collect and provide information, including geolocation data, about the product to the EU; and carry out a risk assessment and implement risk mitigation measures.

Given the requirements in the regulation are now needed for access to market, businesses will need this information to accompany any purchase of cocoa or coffee **from producer organisations, whether Fairtrade or not**. This information must be saved in records for at least five years.

What are the root causes of deforestation? The destruction of forests and illegal logging is grounded in desperation, worsened by poor land and forest governance. Due to low prices and low incomes, poverty is widespread among many smallholder farming communities producing cocoa and coffee. This pushes people into the forest to meet their basic needs, such as food, using wood to cook, boil water and provide warmth and in search of new agricultural land to increase their income.

And so, starts a vicious cycle as degraded and deforested land leads to lower yield (due to the loss of ecosystems provided by trees - with loss of shade, insects, soil health among others), a situation made worse by climate change. Farmers face stunted plant growth, increased pressure from weeds and pests, poor soil health, flooding, depleted water basins, and damaged and low-quality crops. This again results in low incomes, and farmers have no choice but to clear more forest in search of new agriculturally productive land.

Lower incomes can lead to food security issues and affect people's ability to look after their health. It also increases the risk of child labour and reduces farmers' capacity to mitigate and adapt to negative environmental impacts.

Protecting the planet's forests means preserving the crucial part these ecosystems play in sustaining human life, from absorbing carbon to maintaining soil health. But deforestation-free production also means combating the root causes of deforestation in an inclusive way, to build sustainable livelihoods, more equal value distribution and greater resilience for cocoa and coffee farming communities.





2. Fairtrade, certification, and your company's due diligence

The Fairtrade Standards complement the EU deforestation law. They promote sharing the burden of meeting regulation more fairly among all stakeholders in the supply chain, from farmers, exporters and importers to manufacturers, brands, and retailers. Meanwhile, Fairtrade programmes contribute to smallholder farmers protecting forests and promoting biodiversity.

The deforestation regulation states that certification may be used in the risk assessment procedure. However, a certification cannot "substitute the operator's responsibility as regards due diligence. Certification schemes are recognised as good practice to be used in the risk assessment procedure."

Fairtrade can therefore work with supply chain actors to provide information that can be used to contribute to the risk assessment carried out along the value chain.

However, there can be no sustainable production until farmers earn a living income. As highlighted, structural poverty and deforestation are linked. And so, it is significant that the Fairtrade Standards include the Fairtrade Minimum Price, which acts as a vital safety net for smallholder farmers when prices drop. Meanwhile, the Fairtrade Premium is an extra sum of money paid on top of the selling price which the cooperative and its members invest in projects of their choice. Recognising the additional costs of organic production, Fairtrade also has an additional payment for organic cocoa and coffee.





The Fairtrade Standard on deforestation has four interventions:

- **Farming on land with no deforestation.** Fairtrade does not allow the certification of farms on which deforestation or forest degradation occurred after 31 December 2018 for Fairtrade cocoa farms and 31 December 2018 or 1 January 2014² for Fairtrade coffee farms.
- **No mixing of Fairtrade produce with non-Fairtrade produce.**³ The Fairtrade Standards require small-scale producer organisations to separate certified and non-certified produce – from farm to first buyer for first-mile traceability. This is designed to stop cocoa and coffee that is not compliant with Fairtrade Standards from mixing with Fairtrade products.
- **Cooperative, exporter and importer have farm-level geolocation data.**⁴ The EU Deforestation Regulation makes the geolocation data of farms a requirement for market access. Exporters and importers are asked to share this data with cooperatives. It is important to note that besides collecting geolocation points for all individual owned farm units, the regulation also makes it mandatory to provide polygon data for those farms measuring four hectares or more.

Fairtrade's cocoa small-scale producer organisation standards have been amended to require producer organisations to have and own the relevant geolocation data for market access, including the same polygon specifications as in the regulation.

- **Cooperatives assess and monitor deforestation via satellite.** It is essential that cooperatives can assess and monitor deforestation and have prevention and mitigation plans in place. It is vital that they are supported with the necessary investments, particularly when it comes to resource-intensive ongoing monitoring and mitigation.

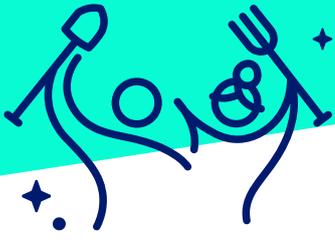
We aim to have all georeferencing data of Fairtrade cocoa farms in Africa, Asia, Pacific by the end of 2024, and for Fairtrade cocoa farms in Latin America as well as all Fairtrade coffee farms by the end of 2025.

Review the product-specific deforestation interventions in Fairtrade cocoa while those in Fairtrade coffee will be updated after the standards review.

² For coffee, a limited review of the Coffee Standard to address this regulation is currently on-going. The two dates mentioned have been proposed in the consultation. It is expected that the amendments will be submitted to the Standards Committee for approval before the end of 2023.

³ Mass Balance in Cocoa will continue to be allowed only if, all farm units provide their respective geolocation information. The updated cocoa standard now, includes a criteria to facilitate digital tools so country identification can be offered even in mass balance scenarios.

⁴ For coffee, part of the requirements submitted in the Coffee Standard limited review (see above).



3. Fairtrade programmes supporting producers and protecting forests

Access to geolocation data

Fairtrade has partnered with a geolocation provider in Côte d'Ivoire, to support cocoa cooperatives and their members to benefit from the power of data-driven decision-making.

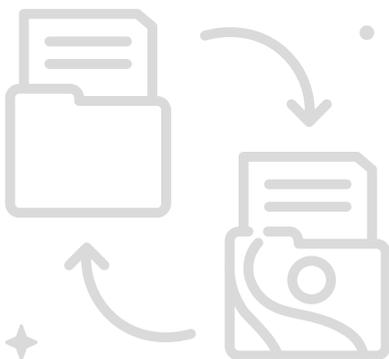
Participating cooperatives are trained on the geolocation programme, which can be used to digitalise the traceability of cocoa from farm to cooperative, and map members' farms, along with many more business benefits. The initial hardware, software and training costs have been partly financed by Fairtrade and donor partners for the first year. We plan to extend geolocation service to more cooperatives in need of support and we welcome more commercial partnerships to help roll it out, along with other tools.

Access to satellite deforestation monitoring data

To better understand the risk of deforestation for cooperatives, Fairtrade has tested several approaches for identifying cases of deforestation using high-quality satellite imagery. As a result of a pilot project in 2022, Fairtrade has developed a process for receiving geolocation data from cooperatives, analysing the data against deforestation data and returning the information to the cooperatives, which they can use as part of their risk assessment.

From 2023-2026 we are increasing the number of cooperatives that will receive this information and will be working with the company Satelligence, who will monitor deforestation based on cooperatives' geolocation data. The data may also be used by our auditing body FLOCERT as part of their audit activities connected with the new standard requirements.

This information is critical for cooperatives' market access as it provides a better understanding of risk and allows for risk management and prevention. Cooperatives choose who they share their risk analysis with, for instance trade partners. Over time, governments may intervene in some countries and support smallholders. But for now, many more cooperatives are in need of access to this critical information, and we welcome the support of commercial partners in scaling this up.





Promotion of smallholder farmers as forest protectors

The narrative of smallholder farmers as a risk to forests does not match the reality. Our experience is that smallholders and the communities they live in are conscious of the value of forests to them and the wider global community. However, we know that poverty can increase the risks to forests. This is how we are working with farmers in this area:

- **Our Fairtrade Standards provide a framework to understand deforestation risks and prevent and mitigate those risks to forests.** We combine the Standards with programmes that work with smallholders. This involves collaborating with cooperatives to assess and monitor the risk of deforestation and degradation in primary or secondary forests, protected areas and areas of High Conservation Value or High Conservation Storage, when conducting their human rights and environmental risk assessment.
- **We work with cooperatives to put in place a deforestation prevention and mitigation plan.** This entails raising awareness among their members on identified risk areas and activities, or production practices that have negative impacts. Cooperatives promote the implementation of production practices that have a positive impact.



4. What partnering with Fairtrade means

Supporting data ownership and sharing the costs. By partnering with Fairtrade, you are supporting cocoa and coffee small-scale producer organisations to own their geo-mapping data. Your business is also sharing in the cost of this, which would otherwise be borne by small-scale producer organisations and their members.

Supporting the review and impact assessment of due diligence legislation. Market access, geo-mapping and monitoring need to be assessed to ensure they have favourable outcomes for smallholders.

Supporting you in your due diligence statements. Fairtrade and the Fair Trade Advocacy Office have contributed to the OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains to support businesses in their due diligence statements.





Beyond certification

Fairtrade offers companies support with their due diligence commitments in the following ways:

Training for your team on your due diligence obligations: We offer tailored guidance and best practice on Human Rights and Environmental Due Diligence (HREDD). This includes action plan templates and policy models, along with advice for engaging in meaningful dialogue with stakeholders. For example, you can read our detailed [HREDD implementation plan for small- and medium-sized 'first buyers'](#).

Support for smallholder farmers on geolocation points data collection and deforestation monitoring: We can expand our work to support small-scale producer organisations to own their geo-mapping data that will inform the requirements of the deforestation due diligence reporting for their buyers.

Guidance in carrying out your risk assessments: We can offer support to identify deforestation risk in your supply chain. We can provide feedback on your existing risk assessment processes, advise on how to include meaningful rightsholder engagement and share recommendations on next steps. Our recent risk assessment work has resulted in the [Fairtrade Risk Map](#) and [HREDD guides](#) tailored to different supply chains.

Support in identifying and implementing risk mitigation measures: Fairtrade can support your company's continuous deforestation due diligence efforts using our expertise over the years. Larger businesses will need to make more effort than smaller companies. We will, for example, recommend programmes and activities that your company could support to tackle any risks with a pragmatic approach that considers your resources, network, and leverage.

Fair is working together

Fairtrade offers many ways that companies and brands can put their values into action. Work with us to transform your supply chain and discover what is fair. Visit fairtrade.net/act/fairtrade-for-business or contact your local national Fairtrade organisation. Please view our portfolio of [HREDD advisory services](#) for commercial partners.



The Fairtrade Standards provide a tool to support the assessment of deforestation risks. Our programmes connect cooperatives and farmers with more resources so they can accelerate progress in preventing deforestation, monitoring land use, and championing forest protection.

There are many more cooperatives where these programmes could be implemented. Fairtrade welcomes the support of commercial partners in making this happen. For more information, contact your local national Fairtrade organisation.



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