



Fairtrade Trader Standard

Current version: 16.04.2024 v2.0

Expected date of full review: 2029

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For further information and standards downloads: www.fairtrade.net/standards.html



FAIRTRADE
INTERNATIONAL



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Introduction

Purpose

Fairtrade is a strategy that aims to promote sustainable development and to reduce poverty through fairer trade.

The main goals of Fairtrade are making changes to the conventional trading system that aim to benefit disadvantaged small producers and workers and increasing their access to markets. These actions can lead to improvements in small producers' and workers' social and economic well-being, as well as to their empowerment, and to environmental sustainability.

Traders are welcome to join Fairtrade if they are committed to supporting these Fairtrade objectives.

Theory of Change

A Theory of Change describes the change that an initiative such as Fairtrade wishes to see in the world and its understanding of how it will contribute to that change. Below (Figure 1) is a brief explanation of Fairtrade's Theory of Change, highlighting the aspects most relevant for the Fairtrade Trader Standard. More information about Fairtrade's Theory of Change can be found Fairtrade International's webpage.

Fairtrade aims to support small-scale producers and workers who are marginalized from the benefits of trade. Fairtrade's vision is a world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. To fulfil this vision, Fairtrade has identified three long-term goals¹:

- Make trade fair
- Empower small producers and workers
- Foster sustainable livelihoods.

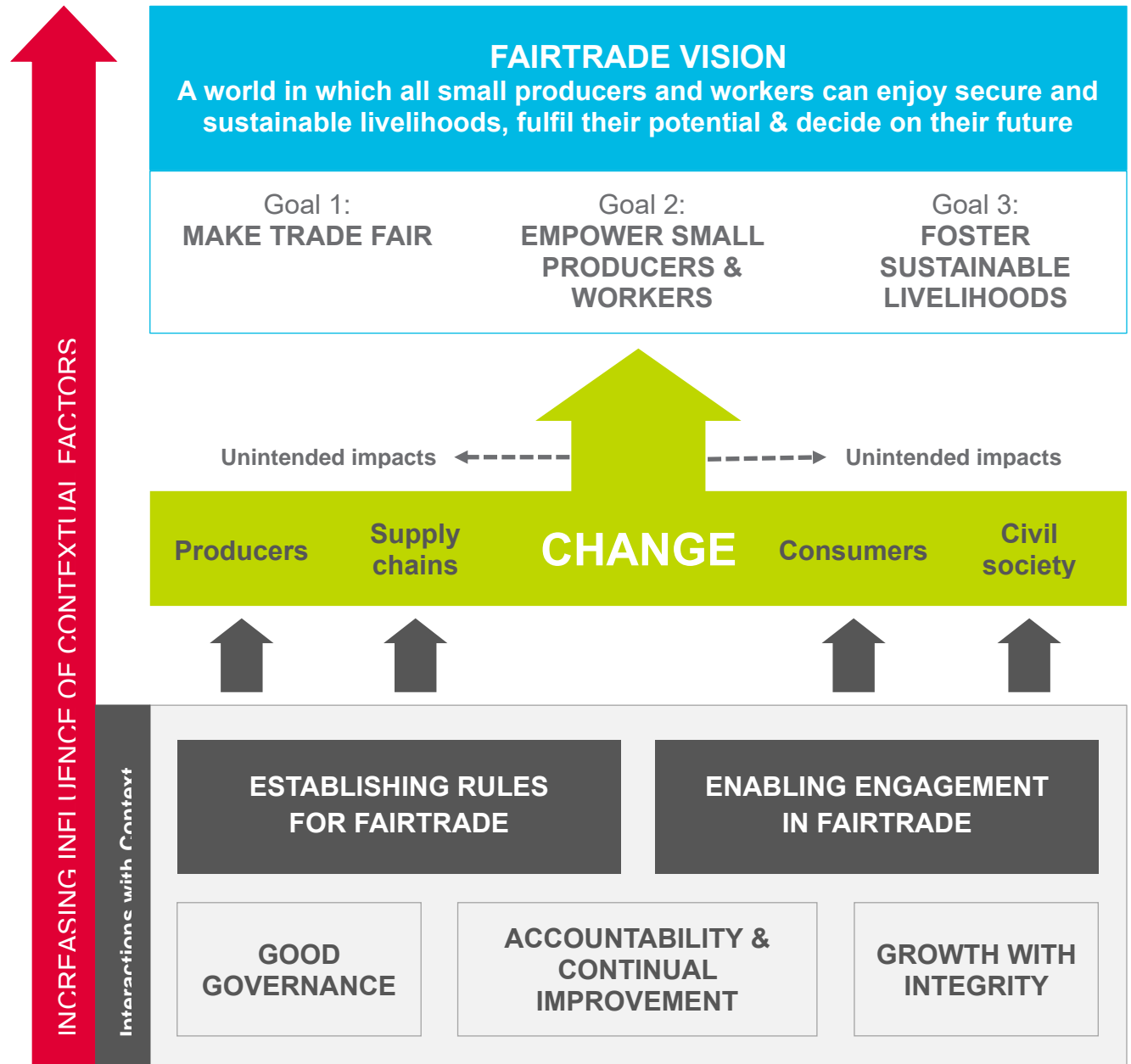
To achieve its goals, Fairtrade aims to bring about simultaneous change in four spheres:

- Small producer and worker organizations
- Supply chain business practices
- Consumer behaviour
- Civil society action

¹There are clear linkages and inter-dependencies between the three goals of Fairtrade. In particular, the combination of making trade fair and empowering small producers and workers is understood to be essential for the achievement of sustainable livelihoods.



Figure 1





References

When setting the Fairtrade standards, Fairtrade International follows certain internationally recognized standards and conventions, in particular those of the International Labour Organization (ILO). Fairtrade has a rigorous standard operating procedure for setting Fairtrade standards, which can be found [here](#). This procedure is designed in compliance with the [ISEAL Code of Good Practice](#) for Setting Social and Environmental Standards.

How to use this standard

Chapters

The Fairtrade Trader Standard has five chapters: General Requirements, Trade, Human rights and Environmental Due Diligence, Production and Business and Development.

- The **General Requirements** chapter defines requirements related to certification, and to the labelling and packaging of finished and unfinished products.
- The **Trade** chapter defines requirements related to trading practices.
- The **HREDD** chapter defines requirements on managing risks and adverse impacts that trader companies may have on people and the environment when they carry out human rights and environmental due diligence in their own operations and supply chains.
- The **Production** chapter defines requirements related to social and environmental practices along the supply chain.
- The **Business and Development** chapter defines requirements that make the unique Fairtrade approach to development more visible.

Structure

In each chapter and section of the standard you will find:

- The **intent and scope** which introduces and describes the objective and defines the scope of application of that chapter or section;
- The **requirements** which specify the rules that you must adhere to. You will be audited according to these requirements; and
- The **guidance** provided to help you to interpret the requirements. The guidance offers best practices, suggestions and examples of how to comply with the requirement. It also gives you further explanation on the requirement with the rationale and/or intention behind the requirement. You will not be audited against guidance.

Requirements

In this standard you will find two different types of requirements:

- **Core requirements** which reflect Fairtrade principles and must be complied with. These are indicated with the term 'Core' found in the column on the left throughout the standard.
- **Voluntary Best Practices (VBP)** which refer to the additional steps that all supply chain actors can take to foster even fairer trading conditions. They serve as your reference point for achieving best practise and contribute to greater sustainability in the entire supply chain. These practices are voluntary and not required in order for you to be in compliance with the Fairtrade Trader Standard. They will be however monitored on a regular basis in order to identify those actors that go beyond minimum compliance, and are indicated with the term 'VBP' found in the column on the left throughout the standard.

You are in **compliance** with the Fairtrade Trader Standard if **you fulfil all Core requirements** that are applicable to you.

Some requirements are assigned a number (1, or 3). This number represents the number of years your company has until it is audited against the requirement. Note that some requirements may not apply to your company. For example, if your company falls in the category of small trader it will not be audited against requirement on having Human Rights and Environmental policy, that is applicable to medium and large traders. Or, for example, if your company falls in the category of medium trader but is not a First Buyer, then it will not be audited against requirement on Supply chain dialogue on HREDD collaboration. In such cases, the certification body will consider these requirements as non-applicable.

The Fairtrade Trader Standard applies to you regardless of the product you want to certify. Fairtrade International also publishes product standards, which complement specific requirements to the Fairtrade Trader Standard. **The applicable product standards must also be complied with**, and should be read in conjunction with this standard. For some products, exceptions to specific requirements in this standard have been defined in the relevant product standards. Aside from these explicit exceptions, the Fairtrade Trader Standard supersedes the Fairtrade product standards.

Fairtrade Minimum Prices and Fairtrade Premium levels for Fairtrade products are published separately to the product standards. Fairtrade payers and conveyors should use the Fairtrade International website for details of the relevant Price and Premium levels (which can be found [here](#)) and ensure that they are in compliance with these. Producers should also ensure that they are informed about current Fairtrade Price and Premium levels for their products.

Scope and assurance

This standard applies to all companies that buy and sell Fairtrade products and fall under one of the four categories below. The method of assurance that is chosen to assess compliance with this standard is related to the role of the company in the supply chain and therefore the number and kind of requirements to comply with.

- The following companies must be **certified** and are therefore subject to physical audits:
 - Companies that buy and sell a Fairtrade product until the product is in its final packaging.
 - Companies that buy directly from producers and/or are responsible for paying or conveying the Fairtrade Price or Premium.
- The following companies must be **verified** and are therefore exempted from physical audits, unless deemed necessary, and are monitored through effective reporting tools:
 - Companies that have signed a licence agreement to use one of the FAIRTRADE Marks or make a reference to Fairtrade and do not fall under any of the two categories above. These are monitored by the respective licensing body. For these companies, the applicable requirements are defined in their license agreement.
 - Companies working under the Fairtrade Sourced Ingredient (FSI) model for Cotton after the Fairtrade payer, or after the ginning stage (if this comes earlier). These are monitored through the Fairtrade traceability tool, Fairtrace.

Different requirements apply to different companies depending on their role in the supply chain. You can find if a requirement is applicable to you in the column “applies to”:

- **All traders:** means all companies under the scope of application of this standard.



- **Fairtrade payer:** means the company that is responsible for paying the Fairtrade Price or Premium. Please see [Annex 1](#) for the default payer in your product.
- **Fairtrade conveyor:** means the company that is responsible for conveying the Fairtrade Price or Premium from the payer to the producer. Please see in [Annex 1](#) whether first buyers may be allowed to act as Fairtrade conveyors in your product.
- **First buyer:** means the company that buys directly from the producer
- **FSI traders:** are companies working under in the Fairtrade Sourced Ingredient model for all products except bananas
- **Small trader:** means the company employs fewer than 50 staff with annual turnover \leq €10 million (from Fairtrade and non-Fairtrade sales).
- **Medium trader:** means the company employs 50 to 249 staff and / or generates between € 10-50 million annual turnover (Fairtrade and non-Fairtrade sales)
- **Large trader:** means the company employs \geq 250 staff or generates \geq €50 million turnover (from Fairtrade and non-Fairtrade sales).

In general this standard does not apply to producer organizations, as the trading rules they need to fulfil are included in the Fairtrade Small Producer Organizations Standard, the Fairtrade Contract Production Standard or the Fairtrade Hired Labour Standard, respectively. It is still important for producers to know that buyers must comply with this standard when buying Fairtrade products and are encouraged to understand these rules to be in a better position when negotiating Fairtrade transactions.

Producer organizations that sell a product from another certified organization are considered traders and must comply with the requirements of the Fairtrade Trader Standard found in this document.

Producer organizations that sell final Fairtrade products to consumers, and producer organizations that sell composite products or composite ingredients must comply with the specific requirements on Use of Fairtrade trademark and Product Composition of the Fairtrade Trader Standard found in this document.

Definitions

Definitions for all key terms used in this standard are listed below. These include the current definitions of trade-related terms as used by the Fairtrade standard setter and the certification body. These terms may appear either in this Fairtrade Trader Standard, or in the Fairtrade product standards.

Agent is a juristic or natural person who provides marketing or logistic services to operators, but at no time takes legal ownership of a certified product.

Applicable date of requirement – is the date on which a requirement becomes applicable to operators. Any services and terms agreed prior to the applicable date but delivered/fulfilled after the applicable date of requirement, need to be in line with those stipulated in the requirement.

Audit means a process of verification to assess the compliance of an operator and/or a product with the Fairtrade standards.

Buyer means an operator that buys a certified product.

Certification means the process of issuing a confirmation by a certification body that an operator and/or a specific lot of products is found to comply with a Fairtrade standard.



Certification Body means an independent third party, or third parties, to whom Fairtrade International has delegated the function of inspection and certification.

Certificate means a written confirmation issued by a certification body that an operator or a specific lot of product(s) is found to comply with a Fairtrade standard.

Composite Ingredient is an ingredient made of several components (e.g., chocolate chips) not intended for consumer purchase.

Composite Product is a consumer ready product composed of more than one ingredient.

Consumer means the final end user of the product.

Contract means a written agreement between two or more parties.

Contract Production (CP) means individual farmers who are contracted to produce and sell their products to a service provider. In the Fairtrade context, CP also refers to a set of Fairtrade standards describing the relationship between the service provider (Promoting Body), the contracted producers, and their representatives (Producer Executive Body).

Conveyor means any operator that receives the Fairtrade price or Fairtrade Premium from a Fairtrade payer and passes it on to the certified producer.

Dairy means containing milk or milk products.

Derogation means a restricted facility to deviate from a specific requirement under specific conditions.

Exception is a formal granting of permission for an operator to use a non-certified ingredient in place of a certified ingredient in a product formulation for a defined period of time and under specific conditions.

Exceptions Committee is a committee responsible for providing guidelines for the granting of exceptions to product compositions. Type II exceptions may only be granted by the Exceptions Committee.

Ex Works means that delivery takes place when the seller places the goods at the disposal of the buyer at the premises of the seller or another named place (works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle.

Fairtrade refers to all or any part of the activities of Fairtrade International, FLOCERT, Fairtrade Producer Networks, National / Regional Fairtrade Organizations and Fairtrade Marketing Organizations.

Fairtrade International (FLO) is the Fairtrade Labelling Organizations International e.V., a non-profit organization that develops the Fairtrade standards, provides guidance to support Fairtrade producers and facilitates the development of Fairtrade markets.

Fairtrade Minimum Price (where it exists) is the lowest possible price that may be paid by buyers to producers for a product to become certified against the Fairtrade standards.

Fairtrade payer means the buyer responsible for paying the Fairtrade Minimum Price and the Fairtrade Premium. Buyers must check their potential status as Fairtrade payer with the certification body.

Fairtrade Premium is an amount paid to producers in addition to the payment for their products. The Fairtrade Premium is intended for investment in the producers' business and community (for a small



farmers' organization or contract production set-up) or for the socio-economic development of the workers and their community (for a hired labour situation).

Fairtrade price means the total price paid to producers and includes the Fairtrade Minimum Price (or relevant market price where applicable) and the Fairtrade Premium.

Fairtrade Sourced Ingredient (FSI) (formerly known as Fairtrade Sourcing Program, FSP) is a commodity-sourcing approach applicable to all products except bananas. The model focuses on the sourcing of Fairtrade commodities and is indicated by the use of the FSI Mark. FSI Licensees are offered a range of communication options including the FSI Mark on-pack of composite products as well as off-pack claims and / or communications.

Fairtrade supply chain – a Fairtrade supply chain includes Fairtrade certified/verified operators that sell and buy Fairtrade product. It starts with supply chain actors involved in the production of Fairtrade eligible product and ends with consumer-ready products which are not transformed or repacked any further before sale to the consumer.

Farm Gate price as used by FLO refers to the gate of the certified producer entity (e.g., the Small Producers' Organization), and not the gate of the individual producer's farm. Farm Gate therefore means that the seller (the certified producer entity) delivers when they place the goods at the disposal of the buyer at the premises of the seller.

Finished Product is a consumer-ready product, which is not further transformed or repacked before sale to the consumer.

FLO-ID is a unique customer identification number which is assigned to all Fairtrade operators by the certification body. The existence of a FLO ID does not necessarily imply that an operator is certified.

Force Majeure is a clause used in contracts to release a party from a contractual obligation in the event of a situation occurring that is not under its control, such as an act of war, civil commotion, strike and exceptionally severe weather.

Free on Board (FOB) means that the seller delivers when the goods pass the ship's rail at the named port of shipment. From that point forward, the buyer has to bear all costs and risks of loss or damage to the goods. Under FOB terms, the seller is required to clear the goods for export.

Ingredient is any substance, including a food additive, used in the manufacture or preparation of a food and present in the final product, although possibly in a modified form.

Licensee is a company licensed by a National Fairtrade Organization or Fairtrade International to use the Fairtrade Certification Mark.

Licensing Body is the agent which draws up and signs a licence contract with a licensee. In countries where a national Fairtrade organization (NFO) is located, the NFO serves as the Licensing Body. In non-NFO countries, Fairtrade International serves as the Licensing Body.

Market price means the price calculated under normal/ordinary conditions (including any differentials due to quality, variety or other factors), with no reference to any additional Fairtrade Premium.



National Fairtrade Organization (NFO) is a full member of Fairtrade International as defined by its Constitution. An NFO is mainly responsible for licensing, marketing, business development and awareness raising in a defined geographical area.

Non-certified product shall mean any product that has not been produced or traded under Fairtrade standards.

Operator means any producer, buyer, seller and conveyor certified against this standard.

Pre-finance means to provide finance against contracts in advance of delivery or receipt of the product.

Producer means any entity that has been certified under the Fairtrade International Fairtrade Standard for Small Producer Organizations, Fairtrade Standard for Hired Labour Situations, or Fairtrade Standard for Contract Production.

Product means any certified product that has been produced and traded according to both the specific requirements for that product and the requirements in the relevant Fairtrade standards. A product can be considered a main or secondary product. A **main product** is the principal product that comes out of a production process. The term “production process” applies to both agricultural production and agro-industrial processing. The Fairtrade Minimum Price and/or Premium are paid on the main product. A **secondary product** is a product that comes out of a production process in addition to the main product. A secondary product can be directly consumed, used as an input in another production process, disposed of or recycled. A secondary product can be a by-product, a co-product or a residue. A **derivative of a secondary product** is a processed secondary product.

Product Compensation is defined as when a buyer buys a product from a non-certified producer or conveyor under ordinary conditions (non-certified), and wants to convert that product into a certified product by purchasing the equivalent quantity and quality from a certified producer at a later date, which is then used as a non-certified product.

Product Standard means a set of product-specific requirements that apply only to those operators that are trading in one or more of the products included in that standard.

Promoting Body (PB) is a term used by Fairtrade International within the context of contract production. It can be any legally established intermediary organization, either a trader (exporter/trader) or non-trader (NGO or private) which forms a partnership with the producers it contracts with. The promoting body provides the individual producers with a range of services, including support for organization. It may receive the Fairtrade Premium on behalf of the producers.

Retroactive Certification (or ‘retro-certification’) is defined as when a buyer has bought product from a certified producer or conveyor under ordinary conditions (non-certified), and wants to convert it into a certified product.

Rotational Crops are varied crops that are generally grown in a definite planned order on the same field, especially to avoid depleting the soil and to control weeds, diseases, and pests. For the purpose of this standard, it also includes intercrops which are crops grown between the rows of another main crop.

Seller means the operator that sells a certified product.

Sourcing Plan means an outline of the potential quantities and qualities likely to be purchased during the year or season.



Subcontractor means an individual or company that provides processing and/or manufacturing services on behalf of an operator but does not take legal ownership of the product.

Supplier is any trader or producer organisation that takes legal ownership or control of a product during production, manufacturing/processing, transportation and retail (physically and/or administratively) and supplies products to their customer. A Fairtrade supplier is a Fairtrade certified/verified organisation and/or company that supplies products on Fairtrade terms. A Fairtrade supplier is could operate either within an integrated or not integrated supply chain. An immediate supplier is the tier one supplier

Sustainable purchasing is a set of responsible procurement practices that foster sustainable development in the supply chain and enable farmers and workers at the beginning of the supply chain to thrive. Such practices are rooted in the principles of fair prices, risk sharing, transparency and accountability.

Traceability is the ability to trace the history, application and/or location of a product.

Trader is any company subject to this standard.

Transitioning ingredient is an ingredient within a food composite product that is not fully sourced as Fairtrade, but has an agreed written plan for becoming 100% Fairtrade.

Unfinished Product is any product that is not a finished product.

Implementation

When undertaking audits monitoring reporting and making certification and verification decisions, the certification body will closely follow the exact wording of the requirement and the stated objectives. To this end the certification body develops technical **compliance criteria** for each requirement. In cases where there is doubt over whether an operator has correctly applied a requirement, the certification body will make its assessment according to the objectives set out in this standard.

When applied in a particular situation the stated objectives might not be achieve by following exactly the requirements. In those cases, the certification body shall consider flexibility in interpreting this standard through granting exceptions. Companies shall follow the applicable procedure for requesting exceptions.

Fairtrade reserves the right to conduct pilot projects in the scope of this Standard to test new requirements or alternatives to existing requirements. Pilots must follow a transparent procedure, which is described in the [Pilots SOP](#).

The Fairtrade International Standards and Pricing unit provides explanatory documents which contain further information related to this standard. These documents can be found on the Fairtrade International website: www.fairtrade.net/standards. You will not be audited against the explanatory documents.

Application

This version of the Fairtrade Trader Standard was published on 16 April 2024 and is applicable from 1 January 2025. This version supersedes all previous versions and includes new and changed requirements. New requirements are identified in this standard by the words "**NEW 2025**".



Companies that start their certification on or after 1 January 2025 will need to comply with all applicable requirements following their regular certification cycle. The timelines indicated in requirements refer to the number of years after first certification.

Companies that were certified or verified need to comply with all applicable requirements after a relevant transition period as follows:

- **Core Requirements** marked **NEW 2025***: applicable from 1 January 2026
- **Core Requirements** marked **NEW 2025****: applicable from 1 January 2027

Voluntary Best Practices are not mandatory for compliance with this standard, but are assessed during audits.

Monitoring of changes

Fairtrade International may change Fairtrade standards as explained in Fairtrade International's Standard Operating Procedures, see http://www.fairtrade.net/setting_the_standards.html. Fairtrade standard requirements can be added, deleted, or changed. If you are Fairtrade-certified, you are required to check the Fairtrade International website regularly for changes to the standards.

Fairtrade certification and verification ensure that you comply with Fairtrade standards. Changes to Fairtrade standards may change the requirements of Fairtrade certification and verification. If you wish to be or are already Fairtrade certified or verified, you are required to check the compliance criteria and certification policies on the certification body's website regularly at <http://www.flo-cert.net>.



Change history

Version number	Date of publication	Changes
01.05.2011_v1.0	01.05.2011	New Standards Framework (NSF) changes: (1) reorganization of the standard into 4 chapters, (2) inclusion of requirements on composite products and ingredients, (3) new section defining physical traceability, single site mass balance and group mass balance and (4) additional of requirements of the use of the Fairtrade Mark.
01.05.2011_v1.1	30.01.2013	Amendment of requirement 2.1.13 on group mass balance and intent section of 2.1.
01.05.2011_v1.2	13.12.2013	Amendments of sections 1.2 Use of the mark, 2.2 Product composition and of Definitions to cover the Fairtrade Sourcing Program and any reference to Fairtrade beyond use of the Mark on final product. Application of requirement 4.3.6 also for dried fruits and fruits juices where there is no Fairtrade Minimum Price.
01.05.2011_v1.3	01.07.2014	Amendments of section 2.1 Traceability to cover the Fairtrade Sourcing Program for Cotton.
01.03.2015_v1.0	01.03.2015	Full review of the standard. Addition of voluntary best practices. Addition of chapters Labour rights, Environmental protection, Capacity building and Trading with Integrity. Simplification of wording, reorganisation, deletion of redundancies, added or improved guidance.
01.03.2015_v1.1	30.07.2015	Correction of who the requirement applies to (4.1.8, 4.2.1, 4.2.3, 4.5.1), rewording of the intent of the sections, rewording of the introduction to Annex 1, deletion of requirement on contracts for operators along the supply chain.
01.03.2015_v1.2	1.12.2016	Revised Hazardous Materials List (HML), formerly the Prohibited Materials List, and related requirements. The transition period for compliance to the standards related to HML has been extended from 1/1/2017 to 1/1/2018. Definition of rotational crops added as well as the price and premium payer for rotational crops under contract production in Annex 1.
01.03.2015_v1.3	01.05.2017	Extension of the deadline for phasing out Group Mass Balance (GMB) for cocoa and sugar. Additional requirements on conditions for GMB and transparency on traceability models.
01.03.2015_v1.4	22.01.2018	Extension of FSP to all commodities except coffee and bananas. It includes amendments in scope, FSP definition, intent of traceability section and requirements 2.1.14 and 2.2.5. Fairtrade Sourcing Program (FSP) renamed as Fairtrade Sourced Ingredient (FSI).
01.03.2015_v1.5	01.09.2018	Deletion of Group Mass Balance deadline for cocoa and sugar (Mass Balance section, requirement 2.1.12.)



01.03.2015_v1.6	03.04.2019	Introduction of a new requirement (4.1.7) on transparency on provision of services.
01.03.2015_v1.7	16.08.2021	Extension of FSI to coffee. Modification of Intent in section 2.1. on traceability. Inclusion of tea in the B2B transparency on traceability model (2.1.13) Amendments of the guidance on exceptions for the use of non-Fairtrade ingredients (requirement 2.2.4)
01.03.2015_v1.8	15.12.2023	Amendments of section Implementation to clarify about Fairtrade's approach to pilot projects related to standard implementation
16.04.2024_v2.0	16.04.2024	Full standard review with focus on HREDD <ul style="list-style-type: none"> - Amendment of Introduction sections: Reference, Scope and Assurance, Definitions; - Reorganization of requirements in chapters: Production, Business and development; - Addition of new chapter Human Rights and Environmental Due Diligence (HREDD) with new requirements corresponding to HREDD steps – Commit, Identify, Address & Remediate and Track; - Addition of new requirement on compliance with national laws (1.1.10) and amendment of applicability for 4.2.4 requirement on management of environmental impact;

1. General requirements

Intent: The intent of this section is to have a robust process to ensure that all Fairtrade products, marks and claims are reliable.

1.1 Right to trade Fairtrade products

Intent: To ensure that all operators trading Fairtrade products are entitled to do so, and submit themselves to appropriate audit mechanisms to ensure they comply with all relevant rules.

1.1.1 Certification body permission

Applies to: All traders	
Core	You start trading Fairtrade products after you receive the relevant permission from the certification body.

1.1.2 Accepting audits and information requests

Applies to: All traders	
Core	You accept announced and unannounced audits of your premises, including additional entities (see 1.1.3), and you do all required reporting, to assess compliance with this standard. You provide the certification body with all information it requests to verify compliance with this standard.

1.1.3 Registration and contracts with additional entities

Applies to: All traders	
Core	<p>You contractually require that the additional entities that you work with comply with this standard, accept audits and do regular reporting, as requested by the certification body.</p> <p>When you start working with a new additional entity, you register the new additional entity with the certification body.</p>
Guidance: Additional entities do not take legal ownership of the Fairtrade product. Additional entities include subcontracted companies, affiliated branches etc. The certification body will determine which requirements in this standard are applicable to your additional entities and will only audit those requirements.	

1.1.4 Fairtrade sourcing partners

Applies to: All traders	
Core	You purchase Fairtrade products only from Fairtrade producers or traders with a valid certification or verification.



1.1.5 Fairtrade sales partners

Applies to: All traders	
Core	You ensure that Fairtrade products <u>not</u> in consumer-ready packaging are only sold to Fairtrade traders with a valid certification.

1.1.6 Sourcing from producer organizations

Applies to: First buyers except those who purchase from contract production set-ups	
Core	<p>You purchase certified products from producer organizations and not from individual members of the organization.</p> <p>In case this is not possible, you demonstrate why and you have a framework contract in place to regulate the following details between you and the producer organization: traceability, volume, price, delivery terms, payments terms and invoicing method.</p>

1.1.7 Suspension

Applies to: All traders	
Core	<p>You do not sign new Fairtrade contracts if:</p> <ul style="list-style-type: none"> • your supplier/buyer is suspended; or • you are suspended; <p>unless you can prove that you have existing trade relationships.</p> <p>If you do have existing trade relationships you can sign new contracts with these partners but the volume is restricted to up to a maximum of 50% of the volume traded with each partner in the previous year.</p> <p>In all cases you must fulfil existing Fairtrade contracts during the suspension period.</p>
Guidance: The certification body will determine whether an existing trading relationship exists.	

1.1.8 Decertification

Applies to: All traders	
Core	You do not make any Fairtrade transaction with a decertified trader, or if you are decertified, even if you have signed contracts. However you accept Fairtrade products that were traded before the date of decertification.
Guidance: For example, in a free on board (FOB) contract, if the product is on board before the decertification, then it must be accepted. Transactions that have not yet been delivered are no longer Fairtrade contracts.	

1.1.9 Fairtrade officer

Applies to: All traders	
Core	You designate one official contact for Fairtrade-related matters.



Guidance: The key contact (the Fairtrade officer) acts as the main contact person for certification and auditing issues. This person is responsible for ensuring your compliance with all requirements and for keeping the certification body updated with contact details and other relevant information.

1.1.10 **NEW 2025** Compliance with national law

Applies to: All traders

Core There are no indications that your company violates the national legislation of countries where your company is legally established and / or operates, and on the topics covered by this Standard.

Guidance: The topics of national legislation include those that are covered by Standard sections on labour rights, environmental protection, business and development.

Where national legislation is less stringent than this Standard, the requirement in the Standard will prevail.

1.2 Use of the Fairtrade trademark

Intent: To ensure that the Fairtrade Mark, claims, and reference to Fairtrade are used appropriately.

1.2.1 Contract for using the FAIRTRADE Mark

Applies to: All traders using a FAIRTRADE Mark or making a reference to Fairtrade

Core For the use of any FAIRTRADE Mark or any other reference to Fairtrade as defined in this standard (see [Definitions](#)) on a finished or unfinished product, on any packaging or in any other communications, you **agree** a contract in writing with a national Fairtrade organization or with Fairtrade International.

1.2.2 Artwork approval

Applies to: All traders using a FAIRTRADE Mark or making a reference to Fairtrade

Core You **ensure** that all artwork with a FAIRTRADE Mark on product packaging and in any other communications complies with the applicable “Trademark Use Guidelines” and is approved in writing prior to use by a national Fairtrade organization or Fairtrade International.

Guidance: Artwork can be product packaging, promotional materials or any print and electronic media.

1.2.3 Verification of claims

Applies to: All FSI traders making claims on sourcing

Core You **ensure** that all claims made on the sourcing of Fairtrade commodities (for example, as covered by the Fairtrade Sourced Ingredient (FSI) model) are verified by a national Fairtrade organization or Fairtrade International or a designated agent before these claims can be communicated publicly.

2. Trade

Intent: The intent of this section is to provide maximum benefits to producers, while being credible to consumers.

2.1 Traceability

Intent: To ensure that for each sale of Fairtrade product, an equivalent volume has been bought from Fairtrade producers under Fairtrade conditions, and that Fairtrade products sold as physically traceable can be traced back to Fairtrade producers.

In certain cases where enforcing physical traceability would currently compromise the aim to maximize benefits to producers, traders do not have to apply physical traceability. They however have to comply with mass balance requirements, to ensure that the volume they buy as Fairtrade corresponds to the volume they sell as Fairtrade. Traders with no physical traceability should aim to use Fairtrade inputs (sourced products) to process Fairtrade outputs.

The exemption from physical traceability requirements applies to cocoa, cane sugar, fruit juice and tea (*Camellia sinensis*). For these product categories, physical traceability is therefore advisable but not compulsory. Also, under the Fairtrade Sourced Ingredient (FSI) model for cotton and the Gold Sourcing Program, where the primary objective is to promote the sourcing of these Fairtrade commodities and the benefits for Fairtrade producers, physical traceability is not required, and mass balance is allowed. In the case of FSI model for cotton, mass balance is allowed for processing activities at and after spinning stage. The activities up to and including the ginning stage must be in conformity with the physical traceability requirements. For the FSI coffee model, physical traceability will be required and mass balance will not be allowed.

Documentary traceability

Intent: To ensure that Fairtrade transactions are identifiable and can be traced along the supply chain.

2.1.1 Identification of Fairtrade products

Applies to: All traders	
Core	<p>You clearly identify all Fairtrade products as Fairtrade in all purchase and sales documentation (e.g. invoices, delivery notes and purchase orders).</p> <p>You ensure that you and the certification body will be able to trace:</p> <ul style="list-style-type: none"> the name and FLO-ID of the traders involved in a Fairtrade transaction; the applicable dates of the transaction; the quantities and physical form of the product when transacted (purchase and sale); and the payment of the Fairtrade price and Fairtrade Premium and pre-financing (where applicable).



Guidance: The documentation related to the Fairtrade product must allow the certification body to trace back the product to its Fairtrade supplier.

2.1.2 Record-keeping

Applies to: All traders

Core You **keep** records of all entries, processing and sales of Fairtrade products. Records **must allow** the certification body to trace back from any given Fairtrade output to the Fairtrade inputs.

Guidance: 'Trace back' means that you and the certification body will be able to trace the alterations performed and the relevant recipes and yields..

Physical traceability

Intent: To ensure that Fairtrade products are physically differentiated from non-Fairtrade, so that Fairtrade products sold as physically traceable can be traced back to producers.

The following requirements are compulsory for all traders except for cocoa, cane sugar, fruit juice and tea (camellia sinensis), for activities carried out under the FSI model for cotton² after ginning stage and for traders operating under the Gold Sourcing Program. Those traders can choose whether or not to apply physical traceability. If they choose to apply physical traceability, they must comply with the following requirements. Other products are not exempted from physical traceability requirements regardless whether trading under the FSI model or not.

2.1.3 Physical segregation of Fairtrade products

Applies to: All traders that apply physical traceability

Core You **physically segregate** Fairtrade products from non-Fairtrade products at all stages of the supply chain.

2.1.4 Identification of products on-site

Applies to: All traders that apply physical traceability

Core You are **able to identify** Fairtrade products as Fairtrade at all stages (e.g. storage, transport, processing, packaging, labelling and handling) as well as in all related records and documents.

2.1.5 Identification of products when sold

Applies to: All traders that apply physical traceability

Core When you sell Fairtrade products you **clearly identify** the product as Fairtrade.

Guidance: The method of identification is at your discretion, but must be verifiable (e.g. with the FLO-ID or "FLO/Fairtrade" on the packaging and documentation).

² For cotton, this refers only to activities from spinning stage onwards in supply chains under the FSI model. Ginners must comply with physical traceability requirements.



2.1.6 Optional physical traceability

Applies to: Traders that apply physical traceability in cocoa, cane sugar, tea and fruit juice	
Core	You source Fairtrade cocoa, cane sugar, tea (camellia sinensis) or fruit juice from a Fairtrade trader certified against the physical traceability requirements. These products, when purchased, must be identified as a Fairtrade product with physical traceability.
<p>Guidance: The method of identification is at your discretion, but must be verifiable (e.g. with the FLO-ID or “FLO/Fairtrade” on the packaging and documentation).</p> <p>For legal reasons, claims and messaging allowed for products with and without physical traceability are different. Only those supply chains successfully audited against the physical traceability requirements 2.1.3 to 2.1.7 can use claims and messaging for products with physical traceability.</p>	

2.1.7 Physical traceability for composite products

Applies to: All traders that apply physical traceability	
Core	If you combine physically and non-physically traceable ingredients in Fairtrade composite products, the Fairtrade physically traceable ingredients must comply with the physical traceability requirements. If for technical reasons this is not possible, you must apply for an exception with the certification body.
<p>Guidance: Some Fairtrade composite products combine physically traceable ingredients with non-physically traceable ones (e.g. cocoa and vanilla), which in some cases cause the loss of physical traceability for all or some of the ingredients. In these specific cases you need to prove that traceability is lost due to technical reasons. Only for Fairtrade composite products and ingredients certified against the physical traceability requirements, are you allowed to use claims and messaging for products with physical traceability.</p>	

Mass balance

Intent: To ensure that for each product sold as Fairtrade on the consumer market, an equivalent volume has been sold by producers under Fairtrade terms.

Fairtrade differentiates between two types of mass balance practices:

Single site mass balance is audited per site (requirement 2.1.10): Fairtrade inputs must be delivered to and processed at the same site where the Fairtrade output is processed. Traders should aim to use Fairtrade inputs to process or sell Fairtrade outputs.

Group mass balance is audited per group of sites (requirement 2.1.12): Fairtrade inputs do not need to be delivered to the same site that the Fairtrade output is processed. Group mass balance is only allowed in cocoa and cane sugar.

The following requirements apply to traders with NO physical traceability whether trading under FSI model or not.



2.1.8 Mass balance: equivalent amounts of inputs and outputs

Applies to: All traders that apply mass balance

Core You **ensure** that the amount of outputs sold as Fairtrade is not more than the amount of inputs sourced as Fairtrade taking into account the processing yields and all losses.

Guidance: Losses is understood as all decreases in weight that the product might incur from its purchase (input) until its sale (output) e.g. during storage, repackaging, processing and transport.

2.1.9 Mass balance: purchase prior to sale

Applies to: All traders that apply mass balance

Core You **ensure** that Fairtrade inputs are purchased before the sale of the Fairtrade outputs.

2.1.10 Single site mass balance:

Applies to: All traders that apply mass balance (except as in 2.1.12)

Core You **ensure** that Fairtrade inputs are delivered to and processed at the same site where the Fairtrade output is processed.

2.1.11 Mass balance: like-for-like

Applies to: All traders that apply mass balance

Core You **ensure** that Fairtrade inputs are of the same kind and quality as the inputs used to process the Fairtrade output (like for like).

Guidance: The intent of this requirement is to ensure the correct and intended use of mass balance. For this purpose, purchases of Fairtrade inputs should be comparable to the inputs used in the actual Fairtrade products. The exchange of inputs should not be to the disadvantage of the producer.

The same kind and quality includes, but is not limited to, other certifications, speciality commodities, price, and quality.

E.g. If you sell Fairtrade chocolate made with high quality cocoa then the Fairtrade ingredient purchased cannot be low quality cocoa beans; if you sell Fairtrade organic sugar then the ingredient purchased cannot be non-organic Fairtrade sugar.

2.1.12 Group mass balance

Applies to: Cocoa and sugar traders that apply group mass balance

Core If you want to implement group mass balance, then you obtain permission from the certification body **before** implementing it. Any change in the sites involved in the group mass balance also requires permission of the certification body.

The certification body will grant permission to apply group mass balance only if the following conditions below are met:

- a. All sites involved in group mass balance belong to the same group.



	<ul style="list-style-type: none"> b. One site needs to be designated as the central administration site, where all relevant information on all purchases and sales of the entities of the group is available. c. The group has an adequate system in place, common to all entities of the group that centralizes all Fairtrade purchases and sales information. This system enables checking that the volume of Fairtrade output sold by the group is not more than the volume of Fairtrade input purchased by the group.
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2.1.13 B2B transparency on traceability model

Applies to: all cocoa, sugar and tea producers and traders	
Core	Whenever you sell cocoa, sugar or tea products as Fairtrade, you indicate in your sales documentation whether the product is segregated (physically traceable) or traded under mass balance.
Guidance: Sales documentation in this context could be either the contract, the invoice or delivery docket. Please note that the rules regarding Business to Consumer communication are not covered in this requirement, but are included in the Guidelines for the Use of the Mark .	

2.1.14 Traceability in FSI Model for Cotton and Gold Sourcing Program

Applies to: Traders working under the FSI model for cotton (excluding ginners) and under the Gold Sourcing Program.	
Core	Traders working under the FSI model for cotton (excluding ginners in cotton supply chains) and Gold Sourcing Program can apply physical traceability requirements or mass balance requirements. In both cases claims made on the sourced volumes or scale or sourcing are in accordance with physical volumes previously sourced, whether they are physically traceable or not.

2.2 Product composition

Intent: to provide the maximum benefit to producers, while being credible to consumers. This is to be achieved by ensuring that Fairtrade products have as much Fairtrade content as possible, and that this content is accurately reflected in Fairtrade claims on and off-pack.

For non-food products the rules for composites are either defined by the product specific standards or by the respective NFOs.

The intent of labelling composite products under the FSI model outlined in requirement 2.2.5 is to allow the use of the FSI Mark on products where a commodity is sourced from Fairtrade certified supply chains. This model aims to increase Fairtrade producers' sales of the commodities sourced under the FSI model.



2.2.1 All that can be must be

Applies to: All traders handling food composite products (except FSI traders)	
Core	You ensure that food composite ingredients and food composite products contain as many Fairtrade ingredients as available.
Guidance: This applies to: <ul style="list-style-type: none"> • composite ingredients (ingredients made of several components, e.g. chocolate chips) and • derivatives (an ingredient derived from a single component e.g. soya lecithin) A regularly updated Unavailable Fairtrade Ingredients List is available on the Fairtrade International website .	

2.2.2 Minimum Fairtrade content

Applies to: All traders handling food composite products (except FSI traders)	
Core	<p>Food composite products contain at least 20% Fairtrade content. You express the percentages of the Fairtrade ingredient/sin weight (or volume) relative to the total weight (or volume) of all the initial ingredients before processing.</p> <p>For products with >50% added water or dairy, you are allowed to exclude all added water and/or dairy from the percentage calculations. This also applies to juices from concentrate but not fresh juices.</p>
Guidance: This requirement only applies to food composite products (consumer ready product composed of more than one ingredient) and not to food composite ingredients (ingredient made of several components not intended for consumer purchase). The total concentration of Fairtrade ingredients must be calculated using the Fairtrade content of each ingredient. This means only the Fairtrade content of each ingredient should be counted as Fairtrade. Ingredients benefitting from an exception should not be counted as Fairtrade. For example if an ice cream contains 20% Fairtrade sugar, 10% Fairtrade cocoa, 9% cookies (50% of Fairtrade content), 3% organic almonds (unavailable as Fairtrade: automatic exception), and 2% Fairtrade vanilla, the total Fairtrade content is 20% sugar + 10% cocoa + 4.5% cookies + 0% almonds + 2% vanilla = 36.50%.	

2.2.3 Fairtrade content declaration

Applies to: All traders handling food composite products (except FSI traders)	
Core	You declare the percentage of Fairtrade content on the back of the pack, unless it contradicts national law.
Guidance: It is the responsibility of the licensee to ensure that product packaging complies with all relevant labelling laws within the jurisdiction of the area(s) where the product is being sold.	

2.2.4 Exceptions for the use of non-Fairtrade ingredients

Applies to: All traders handling food composite products (except FSI traders)	
Core	Exceptions for the use of a non-Fairtrade ingredient in place of a Fairtrade ingredient can be granted for a defined period of a maximum of 2 years.



	After that time, you provide evidence that Fairtrade ingredients are now in use or you submit a new exception application. The total Fairtrade content of the composite product must still reach the minimum threshold of 20%.
<p>Guidance: To apply for exceptions traders processing food composite products must refer to their Fairtrade licensing body and traders processing food composite ingredients must refer to the certification body. A request for an exception does not guarantee that an exception will be granted.</p> <p>As part of the terms for exceptions, and to ensure benefit for Fairtrade producers, traders may be required to provide payment (e.g. in Fairtrade Premium) to Fairtrade producers of the amount equivalent to the volume excepted from being sourced as Fairtrade.</p> <p>Traders can apply for the following types of exceptions, Category A Type I and Type II and Category B exceptions, following the principles and conditions outlined in the Fairtrade International Exceptions Policy.</p>	

2.2.5 Product composition for the Fairtrade Sourced Ingredient (FSI) model

Applies to: All FSI traders (except cotton FSI traders and Gold Sourcing Program traders)	
Core	Products under the FSI model contain 100% of the relevant commodity in the product, or for cocoa, sugar, fruit juice and tea (<i>camellia sinensis</i>) products when traded under mass balance, an equivalent volume as described in the requirements 2.1.8 through 2.1.13, is Fairtrade certified. Finished products carrying the FSI Mark are composite products.
<p>Guidance: Products refer to finished and unfinished products. The Brand Guidelines provide further guidance on the credible use of the FSI Mark on finished products.</p>	

3. Human Rights and Environmental Due Diligence

Intent and scope: the intent of this section is to ensure that trader companies manage the risks and adverse impacts that their business may have on people and on environment when they carry out human rights and environmental due diligence in their own operations and in Fairtrade supply chains.

The HREDD includes five steps: to commit to respecting human rights and the environment, to identify the salient human rights and environmental issues linked to its operations and supply chains, to take action to address and remediate those issues, to track progress and to communicate to stakeholders about this work

Fairtrade International regards [UN Guiding Principles Business and Human Rights](#) and [OECD Due Diligence Guidance for Responsible Business Conduct](#) as reference for Human Rights and Environmental Due Diligence

3.1 Commit

3.1.1 **NEW 2025*** Written commitment to respecting human rights and the environment

Applies to: All traders	
Core	<p>You have a written commitment to respect human rights and environmental sustainability, to conduct due diligence, and to recognise the importance of:</p> <ul style="list-style-type: none"> • Collaboration with suppliers and rightsholders in addressing human rights and environmental challenges • Having sustainable purchasing practices which favour long-term business relationships • Working towards living incomes and living wages • Providing for or co-operating in the remediation of identified harms you cause or contribute to <p>Your written commitment refers to internationally recognised human rights, including environmental rights, and is signed off by senior management.</p>
<p>Guidance: You appoint a responsible person or a team to develop the written commitment with support from senior management.</p> <p>The written commitment provides clarity on the goals and future work of your company and does not have to be extensive. It can be a short stand-alone statement or part of your value statement, sustainability policy or Environmental, Social and Governance (ESG) statement.</p> <p>For example, a commitment to the UN Guiding Principles on Business and Human Rights, or to the OECD Due Diligence guidance and to the four goals mentioned in the requirement could be recognized as equivalent.</p> <p>Internationally recognised human rights include those contained in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and on the environmental rights covered in the UN Resolution (48/13)5 for the right to a clean, healthy and sustainable environment.</p> <p>If you operate in conflict areas, it is best practice to commit to heightened due diligence on these two issues.</p>	



For more details, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

***Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2026.**

3.1.2 **NEW 2025**** Internal alignment with the commitment on human rights and environmental sustainability

Applies to: All traders

Core	You align your operational policies and procedures with the commitment and embed the commitment into your existing management systems.
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Year 3	You assign a responsible person(s) for due diligence related functions.
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Guidance: You may need to revise your pre-existing policies so that they align with and support the fulfilment of the human rights and environmental commitment.

Relevant policies can include those on health and safety, human resources, environmental management and/or protection, legal compliance, procurement/contracting, risk management and project approval.

For more details, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027.**

3.1.3 **NEW 2025**** Awareness raising

Applies to: All traders

Core	You raise the awareness to your management and staff about your commitment to respecting human rights and the environment, and its implications for your operations.
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Year 1	Your commitment is publicly available and you inform your immediate suppliers and subcontractors.
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Guidance: It is best practice that all employees are trained as per the relevance of their role for HREDD. The frequency of trainings is according to the needs and depends on the platform used. It is also best practice to make the commitment publicly available online. When informing all immediate suppliers is not possible then you inform at least all Fairtrade suppliers.

The scope and content of awareness-raising activities, such as trainings, should be aligned with existing legislations on HREDD applicable to your company and about grievance mechanism.

Awareness raising activities should be updated when changes are introduced. For example, when you are developing a new product or service line that varies significantly from existing lines; changing the inputs for a product or service; restructuring, or engaging in new forms of business relationships (e.g. mergers, acquisitions, new clients and markets).

For more details, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**



3.2 Identify

3.2.1 **NEW 2025**** Risk assessment

Applies to: All traders	
Core	You conduct a human rights and environmental risk assessment for your own operations and supply chains at least every three years, and you do the following:
Year 1	<ul style="list-style-type: none"> • Map the most common risks and challenges in your own operations and in the supply chains of your main commodities and countries, considering external data and research. • Assess which risks and challenges are most serious. • Identify which Fairtrade suppliers may have the highest risks and assess their root causes. • Identify the vulnerable groups of people who are or could be impacted more than others. • Identify which of your company's practices cause or contribute to these issues. • Consult your staff and your immediate suppliers (that include Fairtrade suppliers) to prioritize which risks and challenges to be addressed first. <p>You strengthen your assessment methods over time.</p> <p>The results of your assessments cannot be used to put pressure on supplier(s) to immediately address identified risks, nor do you make it a condition of purchase.</p>

Guidance: Acknowledging your risks and challenges allows you to address them before they grow bigger and builds your credibility among business partners and other stakeholders.

Companies need to prioritise the risks and challenges that are most severe and likely. These are often called “**salient issues**.” Include child labour, forced labour and deforestation in your salient issues if Fairtrade or another reliable source has indicated that these are a high risk in your country or sector.

In any organisation or society, some groups of people are disadvantaged. These may include, for example, migrant workers, women and girls, young people, minorities, indigenous peoples, etc.

In addition to suppliers and staff, you can also engage, for example, community members, buyers, local authorities and trade unions.

The types of environmental and human rights risks that should be considered in the assessment include: climate, deforestation, biodiversity loss, water, living incomes and living wages, working conditions, health, freedom of association and collective bargaining, forced labour, child protection and child rights, gender rights, non-discrimination, self-determination, freedom of speech, freedom of thought and public participation and privacy.

When you start the risk assessment you need to map your operations and supply chains. The effort you put into this risk assessment can be proportionate to your resources: A small traders' risk assessment can be a simple and straightforward exercise. Please refer to the Fairtrade HREDD Risk Assessment Tool for small traders (will be available soon).

Possible reasons for conducting an earlier risk assessment include the following: when you are developing a new product or service line that varies significantly from existing lines; changing the inputs of a product or service; restructuring, or engaging in new forms of business relationships (e.g. mergers, acquisitions, new clients and markets). These could also be reasons to strengthen the assessment methods.

You strengthen the assessment methods by engaging a more varied or larger group of stakeholders; considering more external data and research; more detailed mapping of your supply chains; making deeper assessment of the risks, suppliers, vulnerable groups or practices; or documenting and publishing your findings more comprehensively.



The [Fairtrade Risk Map](#) can offer relevant data and research findings for the second step (i.e. see the Requirement to “To map the most common risks and challenges”).

For more details, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

****Trader companies certified before 1 January 2025 have two transition periods to fully comply with this requirement:**

- **1 January 2026: Comply with mapping the risks and challenges in your own operations and supply chains, and assessing which risks and challenges are the most serious (first 2 points in the requirement).**
- **1 January 2027: Comply with full requirement.**

3.2.2 NEW 2025* Human rights-based grievance mechanism for medium and large traders

Applies to: Medium, large traders

Core	<p>You have or participate in a grievance mechanism which allows workers, suppliers and other individuals and groups to anonymously raise complaints of injustice, harm or fraud linked to your company, including environmental harms.</p> <p>The grievance mechanism:</p> <ul style="list-style-type: none"> is accessible in the language(s) spoken in your operations and the language(s) most common in your supply chains supports both written and verbal complaints respects the anonymity of the complainants and protects them from retaliation, threats or harm ensures resolutions are decided and remediation implemented by trained staff or an appointed expert in a timely manner ensures that all parties are kept informed about progress allows for an appeals process ensures confidential handling of sensitive grievances, such as sexual harassment aligns with internationally recognised human rights and national laws <p>Where you are unable by yourself to remediate the harm in full, you seek to engage other private, public or civil society actors.</p> <p>If relevant, you report human rights violations to the appropriate national agencies.</p>
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Guidance: A grievance mechanism is meant to help you hear about and address grievances early, before they grow bigger. It is best practice to review and update your grievance mechanism regularly, based on your analysis of the complaints and dialogue with key stakeholders.

“The remediation implemented in a timely manner” means that it is according to the timelines and responsibilities set out in the grievance mechanism/procedure.

If there is a shared grievance mechanism for your sector or country which fulfils this requirement, you can participate in that mechanism instead of establishing your own.

For further guidance, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

***Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2026**

3.2.3 **NEW 2025*** Human rights-based grievance mechanism for small traders

Applies to: Small traders	
Core	<p>You have a written procedure for managing any complaints of injustice, harm or fraud relating to your company. The procedure specifies timeframes. You handle and document complaints in line with this procedure and communicate your follow-up actions to all parties involved.</p> <p>Your procedure includes appointing a specific person responsible for the complaints process in the company and includes provisions to prevent retaliation, threats or harm against people who file complaints.</p>
<p>Guidance: If there is a shared grievance mechanism for your sector or country which fulfils this requirement, you can participate in that mechanism without establishing your own.</p> <p>For further guidance, please see A Guide for Small- and Medium-sized "First-buyers".</p> <p><i>*Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2026</i></p>	

3.2.4 **NEW 2025**** Raising awareness about the grievance mechanism

Applies to: All traders	
Core	You raise awareness to your staff and inform immediate suppliers about the grievance mechanism, and take annual measures to make the mechanism known and accessible to staff, suppliers and other stakeholders.
Year 1	You conduct regular analysis of grievance cases and consult your immediate suppliers and your worker representatives or, where applicable, trade unions. The results of the analysis of the grievance cases are used to improve your grievance mechanism and your operations.
<p>Guidance: It is best practice to make information about your grievance mechanism available online. It is also best practice to conduct analysis of grievance cases every year.</p> <p>For further guidance, please see A Guide for Small- and Medium-sized "First-buyers".</p> <p><i>**Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027</i></p>	

3.3 Address and Remediate

3.3.1 **NEW 2025**** Human rights and environmental policies

Applies to: Medium and large traders	
Core	<p>You develop and implement policies:</p> <ul style="list-style-type: none"> - to prevent, mitigate and remediate at least three of the most salient issues identified through your risk assessment, and - on sustainable purchasing
Year 1	

	<p>You communicate the policies to your senior management, staff and suppliers. You review and revise the policies at least every three years.</p>
<p>Guidance: You may have several policies or just one policy that integrates these issues.</p> <p>How frequently you revise your policy or policies depends on the results of your risk assessment, but reviews should take place at least every three years.</p> <p>It is also best practice to communicate the policy or policies to subcontractors.</p> <p>Your policy defines your objectives, principles and procedures related to HREDD risks, including sustainable purchasing practices. It may include, for example, objectives related to dialogue with suppliers; long-term business relationships; support to suppliers' human rights and environmental measures, collaboration in remediation; selection of responsible suppliers; responsible disengagement; use of living income reference prices and/or living wage benchmarks; fair payment timelines; sourcing plans; pre-finance and traceability.</p> <p>Your environmental objectives must be in line with private sector climate targets, such as those followed by UNFCCC's Race to Zero Campaign and, for example, SBTi, GHG Protocols, Accountability Framework or ISO 14067:2018 & 14064-1:2018 for assessing product's footprint based on the product's life cycle assessment.</p> <p>For further guidance, please see A Guide for Small- and Medium-sized "First-buyers".</p> <p>**Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027</p>	

3.3.2 NEW 2025** Action Plan for medium and large traders

Applies to: Medium and large traders	
Core	<p>You consult your staff, internal experts and immediate Fairtrade suppliers to identify effective activities. You develop and implement an action plan to prevent and mitigate the identified salient issues, and to co-operate in remediation of cases found.</p>
Year 3	<p>Your action plan includes <u>at least</u> two of the following activities:</p> <ul style="list-style-type: none"> • dialogue and collaboration with Fairtrade suppliers, other companies, public authorities and/or civil society actors • raising awareness to your management and staff on the salient human rights and environmental issues • support Fairtrade suppliers and/ or producers (see Support for producers on HREDD) <p>The action plan is informed by dialogue with at least one immediate Fairtrade supplier (see requirement "Supply chain dialogue on HREDD collaboration").</p> <p>The plan is approved by senior management and revised annually to keep it up to date.</p>
<p>Guidance: In addition to the activities mentioned above, your activities can include provision of services; improvement of tools, facilities or processes; partnerships with local organisations, negotiations with local authorities, etc.</p> <p>Awareness-raising can be through presentations, discussions and meetings; posters and leaflets; training programmes, sketches and role play and other.</p> <p>In relation to environmental aspects, the scope of awareness raising activities could include company's direct and indirect greenhouse gas emissions (i.e. when company sets the target to incorporate Scope 1, Scope 2 and Scope 3 emissions) or on other issues outlined in Requirement 4.2.4 Management of environmental impacts.</p>	



Companies need to prioritise the risks and challenges that are most severe and likely (see the requirement on [Risk assessment](#)). These are often called “**salient issues**.”

For further guidance, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**

3.3.3 NEW 2025** Action Plan for small traders

Applies to: Small traders

Core You develop and implement an action plan to mitigate and prevent the salient issues.

Year 3 The plan is revised annually to keep it up to date.

Guidance: Your action plan may include:

- having dialogue and collaboration with Fairtrade suppliers, other companies, public authorities and/or civil society actors;
- raising awareness and training your management and staff on the salient human rights and environmental issues,
- providing support to Fairtrade suppliers and/or producers.
- a contribution to or provision of services;
- improvement of tools, facilities or processes;
- partnerships with local organisations, or negotiations with local authorities, etc.

Awareness-raising can be through presentations, discussions and meetings; posters and leaflets; and training programmes, sketches and role play.

For further guidance, please see [A Guide for Small- and Medium-sized “First-buyers”](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**

3.3.4 NEW 2025** Remediation procedure

Applies to: All traders

Core You have a written procedure that guides your remediation work and includes measures on providing for, or co-operating in the remediation of any case found.

Year 1 If you have identified cases of human rights or environmental harms which your company has caused or contributed to, you remediate according to your procedure.

Guidance: Remediation measures can have many goals, including:

- ending the violation
- ensuring the prolonged safety of the affected person(s)
- restoring or rehabilitating the person(s) or environment to the situation prior to the violation
- enabling financial or non-financial compensation or other remediation that corresponds to the significance and scale of the violation
- preventing further cases

If the harm is in your supply chain, you can typically co-operate in remediation by providing financial support to your supplier’s remediation work. When determining the remedy, the affected person(s) and their representatives need to be consulted, unless this puts their safety and security in jeopardy.



It is best practice to engage suppliers, buyers and/or public authorities as they may have a responsibility to co-operate in remediation. You may also engage non-governmental organisations, human rights and expert environmental groups.

You report cases to the relevant public authorities. This should be in the best interests of the impacted parties and only if they give their consent.

For further guidance, please see [A Guide for Small- and Medium-sized "First-buyers"](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**

3.3.5 **NEW 2025**** Supply chain dialogue on HREDD collaboration

Applies to: Medium and large traders who are first buyers

Core	You share information about your prevention, mitigation and remediation activities with your Fairtrade producers (at least one producer), and invite producers to share theirs in order to reach a common agreement on collaboration and support.
Year 3	

Guidance: You also seek dialogue and collaboration on human rights and environmental issues with your buyers. It may also be useful to invite public authorities and/or civil society organisations to join the dialogue.

Many human rights and environmental issues in supply chains are complex and systemic, and it takes co-investment and collaboration between traders, suppliers and other stakeholders to address those issues and their root causes.

You cannot disengage based on information shared by a producer.

Since HREDD is an ongoing process, your producers' priorities and plans inform your risk assessment, policies and action plans, as well as the type and level of support you provide for your producers' human rights and environmental work (see requirement Support for producers on HREDD).

For further guidance, please see [A Guide for Small- and Medium-sized "First-buyers"](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**

3.3.6 **NEW 2025**** Support for producers on HREDD

Applies to: Large traders

Core	You support at least one Fairtrade producer with their efforts and the costs of prevention, mitigation and remediation. You agree on a mutually acceptable type of support.
Year 3	

Guidance: Support can be in the form of funding or facilitating external funding or partnerships, etc., and must not affect pricing. This funding is provided in addition to the Fairtrade Minimum Price and Fairtrade Premium. You agree the terms and conditions in advance and in writing with the producer.

A mutually agreed type of support is when for example you incorporate interpretation of salient risks from your suppliers into your own action plan, and support in those areas that the supplier indicated as necessary.

Producers may include costs of prevention, mitigation and remediation in their Fairtrade development plan or Premium plan.

Remember that where you have contributed to adverse human rights impacts – for example through low pricing – you have a responsibility to provide for, or co-operate in remediating those adverse impacts.



For further guidance, please see [A Guide for Small- and Medium-sized "First-buyers"](#).

****Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027**

3.4 Track

3.4.1 NEW 2025** Tracking due diligence activities

Applies to: All traders	
Core	You define and implement annual measures to track the implementation and effectiveness of your due diligence activities.
Year 3	<p>You amend and improve your HREDD policies, actions plans and activities according to results and lessons learned.</p> <p>You report key lessons learned to your senior management annually.</p>
<p>Guidance: For implementation of tracking you could use:</p> <ul style="list-style-type: none"> - the implementation report of your previous action plan - risk assessment indicators relating to your salient issues <p>It is best practice to draw on feedback from suppliers and other internal and external sources, and to pay particular attention to impacts on vulnerable groups or people. For small traders, it is sufficient to conduct tracking on the basis of staff knowledge.</p> <p>Note that the requirement on HREDD policies does not apply to small traders</p> <p>**Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2027</p>	

4. Production

Intent: The intent of this section is to contribute to greater social and environmental sustainability in Fairtrade supply chains.

4.1 Labour rights

Intent: to ensure that the rights of workers in Fairtrade supply chains are respected. Fairtrade expects that all traders embrace the International Labour Organization's call for decent work for all.

4.1.1 Compliance with labour law and ILO conventions

Applies to: All traders, except cotton FSI traders after ginning stage	
Core	You are aware of the applicable labour laws in your country and of the fundamental ILO conventions and there are no indications that you violate any of them .



Guidance: Fundamental ILO conventions are listed below. They apply to you regardless of whether they have been ratified by your country.

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

4.2 Environmental protection

Intent: to ensure that negative environmental impact in Fairtrade supply chains are minimized. Fairtrade expects that all traders are aware of their negative impacts on the environment and work towards minimizing them.

4.2.1 Compliance with environmental law

Applies to: All traders, except cotton FSI traders after ginning stage

Core	You are aware of the applicable environmental laws in your country and there are no indications that you violate any of them .
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4.2.2 Hazardous Materials List (HML)

Applies to: All traders, except cotton FSI traders after ginning stage

Core	<p>You do not use materials on the Fairtrade International Hazardous Material's List Part 1 (Red List) on Fairtrade products (see Hazardous Materials List). All synthetic materials are used only if officially registered and permitted for use on the crop/product in the country of use.</p> <p>You compile a list of the pesticides that are used on Fairtrade products and keep it updated. The list has the name of the active ingredients, commercial name, product on which they are used and the targeted pests. You indicate which of those materials are in the Fairtrade International Hazardous Materials List (HML), Part 1 (Red List), Part 2 (Orange List) and Part 3 (Yellow List).</p>
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Guidance: The Fairtrade International HML has three parts, Part 1 (Red List) which includes a list of prohibited materials, Part 2 (Orange List) which includes a list of materials that that can be used under conditions specified in the standard (see requirement 3.2.3) and the use of which will be monitored and Part 3 (Yellow List) which includes a list of materials which are flagged for being hazardous. You are encouraged to stop using materials on the Orange and Yellow List.

You may use materials listed on the HML on products that are not Fairtrade products, but will be asked by auditors for which products and pests they are being used. The company is encouraged not to use these materials on any of the products as they are dangerous for health and the environment.

There are many materials that are not approved for use in food industry especially for pest control, due to their extreme hazardous nature or because they are now considered obsolete and all of them are not listed in the HML. It is therefore extremely important that only officially approved materials are used for production and for the purpose for which they are approved. traditional pest control methods such as botanical preparations can be used even if they are not explicitly approved for use, provided they are not explicitly prohibited for use.



4.2.3 Use of materials in the Orange List

Applies to: All traders, except cotton FSI traders after ginning stage	
Core	<p>You use the materials in the Orange List on Fairtrade products only under the following conditions:</p> <ol style="list-style-type: none"> You fulfil the specific conditions of use indicated in the HML AND You only use a material in the Orange List: i) as part of avoiding pesticide resistance build up in pests, ii) in rotation with less harmful pesticides, iii) as part of Integrated Pest Management (IPM) and iv) includes non-chemical control measures AND You develop a plan for reducing/phasing out the use of the materials including information on the type of material (technical name/active ingredient (a.i.), formulation (% of a.i.), commercial name), the quantity used (spray concentration (a.i./ha or % or ppm etc.) and total consumed a.i./ha/year), actions taken for reducing/phasing out the material including details of other non-chemical controls which are part of the IPM strategy. The plan is implemented and made available to the certification body.

4.2.4 **NEW 2025*** Management of environmental impacts

Applies to: All traders, except cotton FSI traders after ginning stage	
Core	You understand and act to minimize your direct negative environmental impacts related to Fairtrade products with regard to land use and biodiversity, water use, energy use (including carbon footprint), wastewater effluents, emissions to air, waste, nuisances and incident prevention.
Year 1	
Guidance: <i>*Trader companies certified before 1 January 2025 have to comply with this requirement by 1 January 2026</i>	

4.2.5 Recycled or biodegradable packaging material

Applies to: All traders, except cotton FSI traders after ginning stage	
VBP	You maximize the use recycled or easily biodegradable materials for packaging.

4.2.6 Carbon footprint reduction

Applies to: All traders, except cotton FSI traders after ginning stage	
VBP	You take actions to reduce your carbon footprint within your Fairtrade supply chain(s).

5. Business and Development

Intent: The intent of this section is to ensure that Fairtrade transactions are carried out under transparent and fair conditions, in a way that lays the foundations for producer empowerment and development.

5.1 Contracts

Intent: to ensure transparency in trading relationships between the producers and their buyers, and also throughout the whole supply chain. Contracts set the framework for Fairtrade trade operations.

5.1.1 Role as payer or conveyor

Applies to: Fairtrade payers and conveyors	
Core	You are aware of your role as Fairtrade price and/or Fairtrade Premium payer and/or conveyor as defined in Annex 1 . You may make an alternative arrangement, if allowed in Annex 1 table, provided it is agreed with all affected parties (including the producer), documented in writing and reported to the certification body.

5.1.2 Fairtrade contracts for payers

Applies to: Fairtrade payers	
Core	<p>You sign a purchase contract for Fairtrade products with the producer (or with the conveyor, if applicable). Contracts follow industry regulations, and as a minimum clearly indicate:</p> <ul style="list-style-type: none"> • agreed volumes; • quality specifications; • price, defined according to the requirements of the pricing section; • amount of Fairtrade Premium to be paid (indicated separately from the price); • who is responsible for paying the Fairtrade price and the Fairtrade Premium, • the form of payment, which must be transparent, and traceable; • the date of the exchange rate to be used in case the payment of the Fairtrade price and the Fairtrade premium is made in a different currency than the one defined in the Fairtrade price table; • the terms and amount of pre-finance, if applicable; • procedures in case of quality problems; • terms of delivery using international commercial terms (Incoterms); • terms of payment according to Fairtrade product standards; • definition or mentioning of “Force Majeure”; • agreement on applicable jurisdiction; and • an alternative dispute resolution mechanism to resolve conflicts. <p>Both contracting parties have equal contract termination rights.</p>



Guidance: For contracts signed with a producer, responsibility for drawing up the contract should be mutually agreed on. Where no agreement can be reached, the responsibility to draw up the contract rests with the buyer, who should ensure that the contract reaches the producer in an agreed language.

Mediation is recommended as the form of alternative dispute resolution.

Contracts with the producer should be signed as soon as the negotiations are over and an agreement is reached.

5.1.3 Breakdown of price calculations in contracts

Applies to: Fairtrade payers and Fairtrade conveyors

Core	<p>In case the Fairtrade Minimum Price, the market price reference and/or the Fairtrade Premium are set at a different level or for a different product form than the one you are buying at, then you include in the contract with the producer (or the conveyor if applicable) a detailed breakdown of the price calculation (deducted or added cost items and their value, and conversion rate in case of processing), as well as calculation of the Fairtrade premium (conversion rate in case of processing).</p> <p>You may only deduct costs that are included in the Fairtrade Minimum Price. No discount can be made from the Fairtrade Premium.</p>
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Guidance: This will provide greater transparency on the calculation of the Fairtrade Minimum Price and/or the market price, and the Fairtrade Premium.

5.1.4 Fairtrade contracts for conveyors

Applies to: Fairtrade conveyors

Core	<p>If you are a conveyor, you sign a Fairtrade purchase contract with the producer, which includes all elements mentioned in 5.1.2, and additionally the modalities of payment of the price differential (if applicable) and Fairtrade Premium, including the timelines, and the system of reporting.</p>
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5.1.5 Quarterly reporting by conveyors

Applies to: Fairtrade conveyors

Core	<p>You send to the producer, on a quarterly basis, a report including, for each purchase contract, the exact volumes that have been sold, the price differential (if applicable) and Fairtrade premium due, and FLO ID of the buyer it was sold to.</p>
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Guidance: The intent of this requirement is to improve the transparency of Fairtrade sales, to enable the producer to know better when and to whom its products have been sold and when to expect a Fairtrade premium payment. The frequency of reporting can also be defined differently, upon mutual agreement between producer and buyer.



5.1.6 Honouring contracts

Applies to: Fairtrade payers and conveyors	
Core	<p>You ensure that all elements of the transaction fixed in the contract are honoured, unless you and the other party agree to a change.</p> <p>If you become aware that exceptional and unforeseen circumstances prevent you from buying the volume stated in the contract, you promptly notify the supplier and actively seek a solution.</p>
Guidance: In cases one party is not able to fulfil the contract due to exceptional and unforeseen circumstances the producer and buyer need to both demonstrate to the certification body that they are actively seeking to reach contract resolution.	

5.1.7 Service provision

Applies to: all traders	
Core	<p>If you provide any services such as training or other support activities to producers, you agree in advance and in writing with the producer, on all terms and conditions, including fees. You do not put pressure on producers to accept the services and the fee, nor do you make it a condition of purchase.</p>
Guidance: The intention of this requirement is to ensure that producers can decide for themselves on the services provided to their members and on the use of the Fairtrade Premium.	

5.1.8 Long-term commitments

Applies to: All traders	
VBP	<p>You have a long term commitment with the producer or with your suppliers, so they can in turn have a long term contract with producers.</p>
Guidance: The intent is to promote long-term relationships and to enable producers to plan. In this context long term means 2 years or more.	

5.1.9 Tripartite contracts with producers

Applies to: Fairtrade conveyors and Fairtrade payers	
VBP	<p>You sign a tripartite contract between the producer, the price and premium payer, and yourself, or you share with the producer the contract that you have with the Fairtrade payer.</p>
Guidance: The intent is to provide better transparency of Fairtrade operations and allows the producer to know the conditions under which the Fairtrade product is sold.	

5.2 Price and Fairtrade Premium

Intent: To ensure that the price producers receive for their Fairtrade products will enable them to cover their costs of production and invest in the sustainability of their businesses and their communities.

Price of Fairtrade products

Intent: To ensure that producers receive at least prevailing market prices, and at least a Fairtrade Minimum Price (when applicable), that will act as a safety net aiming at covering their costs of production.

For most products, producers benefit from a Fairtrade Minimum Price. For some products only the market price applies.

5.2.1 Payment and agreement on market price

Applies to: Fairtrade payers and conveyors

Core	<p>You pay at least the relevant market price to the producer (or the conveyor if applicable). In case the relevant market price is below the Fairtrade Minimum Price (if it exists), then the Fairtrade Minimum Price applies (see requirement 5.2.2).</p> <p>The relevant market price is the price that prevails on the non-Fairtrade market for equivalent products.</p> <p>You agree with the producer on the source of information for the market price. If available, you use the market price reference indicated in the product standard.</p> <p>If the price you pay for the Fairtrade product significantly deviates from the relevant market price, you are able to provide a rationale/justification.</p>
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Guidance: Sources of information for the market price can be, for example, official prices set by the national government, international market price references, a publication by a neutral source of market price averages, or agreements/contracts with other clients/suppliers for a similar time period (if and when required).

5.2.2 Payment of Fairtrade Minimum Price

Applies to: Fairtrade payers

Core	<p>You pay at least the Fairtrade Minimum Price for the Fairtrade product, as defined in the Fairtrade pricing database, to the producer (or to the conveyor, if applicable).</p> <p>The Fairtrade Minimum Price is an absolute minimum. Discounts for quality cannot be made on the minimum price.</p> <p>New Fairtrade Minimum Prices apply to contracts signed after the date of validity indicated in the pricing database. Contracts signed prior to that date are to be honoured at the price defined in the contract.</p>
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Guidance: Fairtrade Minimum Prices are listed in the pricing database, which is published on the Fairtrade website (<https://www.fairtrade.net/standards/price-and-premium-info.html>).

Fairtrade Minimum Prices are set at the level of the producer organization, not at the level of individual producers (such as members of a small producer organization).



5.2.3 Price adaptation to different levels in the chain

Applies to: Fairtrade payers and conveyors

Core In case the Fairtrade Minimum Price is set at a different level in the supply chain (different product, form, different incoterm), than the one you are buying at, then you **adjust** the Fairtrade Minimum Price accordingly. The calculations **are** transparent and reflect real costs.

In the same way, in case the producer is responsible for some additional costs that are NOT included in the Fairtrade Minimum Price (e.g. packing), then you **take** them into account when calculating the Fairtrade Minimum Price. Then the applicable Fairtrade Minimum Price is the Fairtrade Minimum Price plus the costs that the producer is responsible for.

Guidance: For example, if you buy the Fairtrade product at EXW level and the price is set at FOB level, then you may only deduct real export costs.

Likewise, if for example, a producer packs a product and the packing costs are not included in the Fairtrade Minimum Price, then you must add the packing costs to the Fairtrade Minimum Price.

5.2.4 Price for domestic sales

Applies to: Fairtrade payers in case of domestic sales

Core If you are buying Fairtrade products from producers for sale within the producer country, then you **pay** at least the Ex Works Fairtrade Minimum Price, if it exists.

In case there is only a FOB Fairtrade Minimum Price available, then you **may deduct** real transport and export costs from the price to calculate the Fairtrade Minimum Price at the level at which the producer sells.

5.2.5 Price for producer-processed products

Applies to: Fairtrade payers that buy a processed product from a producer

Core If you are buying a processed product from a producer and a Fairtrade Minimum Price only exists for the raw product, then you **take into account** the producer's processing costs and processing ratio in the calculation of the price of the processed product. This price **covers** at least the Fairtrade Minimum Price of all Fairtrade inputs and the processing costs.

This requirement **does not apply** if a Fairtrade Minimum Price is available for that processed product for the producer country. In that case, the Fairtrade Minimum Price and Premium for the processed product applies, as a minimum.

5.2.6 Price differential for conveyors

Applies to: Fairtrade conveyors

Core You **pay** the producer the price differential (difference between the Fairtrade Minimum Price and the price at which you initially bought the product from the producer) in case the Fairtrade Minimum Price is higher.



Guidance: The value of the Fairtrade Minimum Price might need to be adjusted if it is set at a different level to the one you are buying at (see 5.2.3).

Fairtrade Premium

Intent: To ensure that producers receive a Fairtrade Premium in addition to the price of their product, to make social or economic investment in their business or their community.

5.2.7 Payment of Fairtrade Premium by payers

Applies to: Fairtrade payers

Core	You pay the relevant producer (or the conveyor, if applicable) a Fairtrade Premium for the Fairtrade product, on top of the price of the Fairtrade product.
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Guidance: The premium value for each Fairtrade product is defined in the pricing table, on the Fairtrade website (<https://www.fairtrade.net/standards/price-and-premium-info.html>).

New Fairtrade Premiums **apply** to contracts signed after the date of validity indicated in the pricing database. Existing contracts are honoured at the Fairtrade Premium amount defined in the contract.

Discounts **cannot be made** from the Fairtrade Premium payment. The Fairtrade Premium comes on top of the price of the Fairtrade product.

Rules for payment apply differently to different types of Fairtrade producers and are as follows:

- For small producer organizations the payment is made to the small producer organization.
- For hired labour set-ups, the payment is made to the Fairtrade Premium Committee of the hired labour company.
- For contract production set-ups, the payment is made to a separate account for which the Promoting Body or its nominee is responsible.
- By derogation for all producer set-ups, payment may also be made to another agreed third party with the written permission of the small producer organisation, the Fairtrade Premium Committee or the Promoting Body.

5.2.8 Transfer of Fairtrade Premium by conveyors

Applies to: Fairtrade conveyors

Core	You pay the Fairtrade Premium to the producer, if the Fairtrade Premium is conveyed via your company.
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In case the Fairtrade Premium you receive from the Fairtrade payer was set for a different product form than the one you are buying, you **apply** a conversion ratio in order to calculate the premium due to the producer. Calculations made need to be fair, transparent and shared with the producer.

No discounts are allowed to be made from the Fairtrade Premium payment.

Guidance: When a conveyor is involved in a supply chain, the Fairtrade Premium is either paid directly by the Fairtrade payer to the producer, or via the Fairtrade conveyor. This requirement does not apply in case the Fairtrade payer pays the Fairtrade premium directly to the producer.

5.2.9 Fairtrade Premium for producer-processed products

Applies to: Fairtrade payers that buy a processed product from a producer	
Core	If you are buying a processed product from a producer, and the Fairtrade premium is only defined for the raw product, then you pay a premium amounting to the sum of premiums of all of the Fairtrade product inputs.

5.3 Timely payment

Intent: to ensure swift payment, while taking into account cost efficiencies of transactions.

5.3.1 Timely payment of Premium and price by payers

Applies to: Fairtrade payers	
Core	You pay the producer (or the conveyor, if applicable) the price and/or the Fairtrade Premium for the Fairtrade products in a timely manner. <i>Please refer to the product standards for specific timelines.</i>

5.3.2 Timely transfer of Premium and price differential by conveyors

Applies to: Fairtrade conveyors	
Core	You pay the price differential (if applicable) and the Fairtrade Premium to the producer no later than 15 days after receipt of payment from the Fairtrade payer. A different timeframe can be agreed in writing between you and the producer, in which case the payment must be made by no later than 30 days after the end of each quarter.
Guidance: A price differential might come into play in case the Fairtrade Minimum Price is higher than the price at which the conveyor initially bought the product from the producer. You then must convey to the producer the difference between the Fairtrade Minimum Price and the price paid, once the payment has been received from the Fairtrade payer.	

5.4 Access to finance

Intent: To help small producer organizations gain access to finance, in particular pre-finance to enable them to purchase from their members, but also to cover other types of financial needs.

5.4.1 Pre-financing Fairtrade contracts

Applies to: First buyers	
Core	You pre-finance the payment of the Fairtrade contracts, or facilitate that this is done via a third party, to enable small producer organizations to purchase the products from their members. You do not have to follow the requirement if: <ul style="list-style-type: none"> there is a proven high risk (e.g. risk of default of the contract, of non-repayment or of important quality problems);



	<ul style="list-style-type: none"> the producer declines this pre-finance in a verifiable way; or this is not legally allowed in the country you are operating in. <p>You do not put pressure on the producer to decline your offer of pre-finance, for instance, you do not make it a condition for signing a contract that the producer declines the pre-finance offer.</p> <p><i>Please see product standards for specific details.</i></p>
<p>Guidance: The pre-finance covers the period starting from payments by the producer organization to member-farmers for the crop received, up to the payment by the first buyer to the producer organization for fulfilment of the contract.</p> <p>A third party can either be a third party lender or another trader in your supply chain.</p> <p>See the interpretation note for more information on how the compliance to this requirement will be checked.</p>	

5.4.2 Provision of pre-finance

Applies to: First buyers that provide pre-finance	
Core	<p>If you provide pre-finance directly, you and the producer must agree in writing on the following:</p> <ul style="list-style-type: none"> Amount of the pre-finance, in line with the product standards Duration of the pre-finance, in line with the product standards Payment terms Interest charges, if any Other charges, if applicable Consequences in case of quality problems and/or non-delivery of product
<p>Guidance: The timing of pre-finance should coincide with the expected cash payments to member-farmers, and may involve several payments following the harvest cycle. It is best practice to offer conditions that are more beneficial than those from local money lenders.</p>	

5.4.3 Facilitation of pre-finance

Applies to: First buyers that facilitate pre-finance	
Core	<p>If you facilitate pre-finance via a third party lender, you take all actions that are needed to achieve effective facilitation, such as:</p> <ul style="list-style-type: none"> act as a reference to the lender on behalf of the producer; confirm that the Fairtrade contract is valid and can be used as collateral for providing pre-finance to the producer; and agree with the producer on how payment of the contract will be made (either to the producer or the third party lender).

5.4.4 Interest free pre-finance

Applies to: First buyers	
VBP	You provide or facilitate pre-finance at zero interest rate.



5.4.5 Access to other types of finance

Applies to: All traders	
VBP	<p>You provide or facilitate access, directly or through a third party, to credit (seasonal, harvest or in-kind or other types that are not the pre-finance of contracts) or loans for investment in order to respond to the financial needs of the producer, under the following conditions:</p> <ul style="list-style-type: none"> • The financial need must be defined by the producer. • You agree with the producer and document transparently the terms and conditions of the credit or loan (including the amount, duration, repayment instalments and interest charges).
<p>Guidance: "Facilitate" is described in requirement 5.4.3. It is best practice to offer conditions that are more beneficial than local money lenders.</p>	

5.5 Sourcing and market information for planning

Intent: To ensure producers can better understand the market prospects and better estimate the volume that they will be able to sell as Fairtrade, so that they can manage their business and their Fairtrade Development plan more effectively.

5.5.1 Sourcing plans for producers

Applies to: Fairtrade payers and conveyors	
Core	<p>You provide a sourcing plan to each producer (if you buy directly from them), or the conveyor (in case a conveyor is involved) that you plan to buy from. <i>Please refer to the product standards for the specific requirements.</i></p>
<p>Guidance: At minimum, the sourcing plan is a realistic estimation of future purchases. If these are difficult to plan this should be made clear in the sourcing plan but the requirement still applies. You are encouraged to contact your buyers to enable you to have a more realistic estimation.</p>	

5.5.2 Sourcing plans for other traders

Applies to: All traders	
VBP	<p>You provide a sourcing plan to your immediate supplier.</p>
<p>Guidance: At minimum, the sourcing plan is a realistic estimation of future purchases. If these are difficult to plan this should be made clear in the sourcing plan but the requirement still applies. You are encouraged to contact your buyers to enable you to have a more realistic estimation. This voluntary best practice applies to traders who do not buy directly from producers, but further down the supply chain. For traders buying directly from producers, the requirement 5.5.1 applies.</p>	



5.5.3 Market information for producers

Applies to: All traders	
VBP	You provide relevant market information to the producer on a regular basis, to enable the producer to better understand the market context and make informed business decisions.
Guidance: Market information can be, for example: market trends, quality specification, supply and demand, customer expectations, information about the final producer and its destination market, or any information requested by the producer. You are encouraged to contact your buyers to enable you to provide better information.	

5.6 Sharing risks

Intent: To ensure that quality issues are dealt with in a transparent and equitable way.

5.6.1 Quality claims

Applies to: First buyers	
Core	Quality claims must be documented in full detail and communicated to the producer as soon as they are identified. Please see product standards for further details. You do not make quality claims for quality problems generated beyond the responsibility of the producer.

5.7 Capacity building

Intent: To encourage traders to provide additional support to producers, beyond the commercial transaction, in order to contribute to their development and empowerment.

5.7.1 Supporting producers and workers' priorities

Applies to: All traders	
VBP	You support producers' or workers' Fairtrade development plan or Premium plan, or provide support for other operational, production or organizational capacity building activities that producers or workers chose.
Guidance: This contribution must be in addition to the Fairtrade Premium paid to the producer or to the workers. Areas of support must be chosen by producers/workers. They can include, but are not limited to, production techniques, product quality, productivity, storage techniques, value-addition, income diversification, market diversification, business and financial management, risk management, farming practices, internal management systems, business development, or training for workers or the Premium Committee. It can also be the payment of a higher Fairtrade Premium. Your support can either be direct or through a partnership. It can be in the form of funding, training, facilitation of partnerships or other ways.	

5.7.2 Sourcing from vulnerable groups

Applies to: All traders	
VBP	You source Fairtrade products from vulnerable producer organizations.



Guidance: Vulnerable producer organizations are understood as those with limited market access because, amongst other reasons, they are producers in the early stages of development/organization, belong to an ethnic minority or women's groups, they are very small organizations, or producers in post-conflict/catastrophe affected areas or in least developed countries (LDCs).

5.7.3 Market liaison for producers

Applies to: All traders

VBP	You act as a market liaison for the producers you source from.
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Guidance: Being a market liaison could mean, but is not limited to, offering market and commercial development services for the benefit of the producer, facilitating contact between the producer and another trader for the benefit of a new market opportunity for the producer, or facilitating the producer's participation at a trade fair.

5.8 Trading with integrity

Intent: To ensure that there is a mechanism to sanction unfair trading practices in Fairtrade supply chains.

Unfair trading practices mostly occur in cases of imbalance between trading partners, which can happen anywhere in the chain but most frequency at the expense of producers. This standard includes requirements that try to tackle some unsound trading practices directly, with, for example, the emphasis on written contracts. However, this standard cannot cover all possible situations where unfair trading practices may happen. The purpose of this section is therefore to provide the certification body with the capacity to sanction other practices that have been found to create unfair competition between Fairtrade actors.

5.8.1 Unfair trading practices

Applies to: All traders

Core	Fairtrade does not accept unfair practices that clearly damage producers' or other traders' capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards. There are no indications that you engage in such practices.
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Guidance: The EU Green Paper on unfair trading practices describe them as "practices that grossly deviate from good commercial conduct, are contrary to good faith and fair dealing and are unilaterally imposed by one trading partner on another". Unfair trading practices refer to situations of abuse of a relative dominant position and/or abuse of economic dependency, when a stronger party imposes unfair conditions to an economically dependent (and thus weaker) party.

Some examples of such practices are:

- Abusive contract terms such as bonded contracts or exclusivity contracts (unless clearly beneficial to the other party) and non-competition clauses.
- Generally disadvantageous contracts imposed by abusing the position of creditor.
- Excessive transfer of costs or risks to its counterpart such as demanding prices below costs or charging fees for services that are not demanded or are above value.
- Misuse of unspecified, ambiguous or incomplete contract terms.
- Sudden unfair termination or disruption of a commercial relationship, used as a means to bully a contracting party.
- Misuse of confidential information.
- Interfering with partner's business such as poaching members from producer organizations or otherwise attempting to weaken existing organizations.

See [the interpretation note](#) for more information on how the compliance to this requirement will be checked.

ANNEX 1 Fairtrade Payer and Conveyor

The Fairtrade Trader Standard defines to whom the requirements are applicable to. Some are applicable to Fairtrade payers, others to conveyors.

The intent of the table below is to explain, for each product category, which trader in the supply chain acts as the Fairtrade payer and in which cases a trader may act as a conveyor. Traders identified as Fairtrade payers have to comply with the requirements applicable to Fairtrade payers. Those identified as conveyors will have to comply with the requirements applicable to conveyors.

A Fairtrade payer is the trader who is responsible for paying at least the Fairtrade minimum price and the Fairtrade premium to the producer, and to report to the certification body.

In general, the first buyer is the Fairtrade price and premium payer.

But in some product categories, where the price is set at FOB level, when exporters are involved, the importer is the price and/or premium payer, and the exporter acts as a price and/or premium conveyor.

Fairtrade conveyor are buyers who buy directly from the producer, buy Fairtrade products under Fairtrade conditions, except that they pay the price differential (i.e. the difference between the Fairtrade minimum price and the price already paid, if applicable) and the Fairtrade premium only once they have received it from the Fairtrade payer.

Scenarios differ from one product category to the other, according to the specificities of the sector, as presented in the table below.

Product category	Who is the price and premium payer:
Cane sugar	The buyer of the Fairtrade sugar is by default the Fairtrade premium payer. A different arrangement may be made, provided it is agreed with all parties involved.
Cereals	<p><u>Quinoa</u> For quinoa (where the Fairtrade Minimum Price is set at FOB level only), the importer is the price and premium payer. If the producer sells quinoa to a processor/exporter, who sells to an importer, the processor/ exporter acts as a Fairtrade price and premium conveyor and the importer acts as the Fairtrade payer.</p> <p><u>Rice</u> For rice from small producer organizations, the first buyer (the mill) is by default the price and premium payer. But the first buyer may act as a price payer and premium conveyor and pass on the responsibility for premium payment to the next buyer, in which case the next buyer becomes premium payer. For rice from contract production, the Promoting Body is the price payer and premium conveyor, and the next buyer is the premium payer.</p>



Product category	Who is the price and premium payer:
Coffee	<p>If the producer sells directly to an importer, the importer is the price and premium payer.</p> <p>If the producer sells coffee (parchment or beans) to a processor/exporter, who sells to an importer, the importer is the price and premium payer, and the exporter is the price and premium conveyor.</p> <p>In all other cases, the first buyer is the price and premium payer.</p>
Cocoa	<p>If the producer sells directly to an importer, the importer is the price and premium payer.</p> <p>If the producer sells cocoa beans to an exporter, who sells to an importer, the exporter acts as a price and premium conveyor. The importer is the price and premium payer.</p> <p>In the case of integrated chains, where the exporter and the importer belong to the same company, the exporter is the price and premium payer.</p>
Fibre crops – Cotton	<p>If the producer is a SPO, the first buyer is the Fairtrade price and premium payer.</p> <p>If the first buyer is a ginner, buying seed cotton from producers, it may act as a conveyor. The next buyer becomes the price and premium payer.</p> <p>If the producer is a contract production set-up, the Promoting Body is the Fairtrade price and premium payer. The Promoting Body may also act as a premium conveyor, in which case the next buyer is the Fairtrade premium payer</p>
Flowers and plants	The importer is the Fairtrade price and premium payer.
Fresh fruit	<p><i>Fruit for export:</i></p> <p>The first buyer is by default the price and premium payer.</p> <p>If the producer sells fruit to an exporter, who sells to an importer, the exporter may act as premium conveyor. The importer then becomes the premium payer.</p> <p><i>Applicable when the producer sells fruit for processing:</i></p> <p>The first buyer is by default the price and premium payer.</p> <p>The processor may act as a premium conveyor, the buyer of the processed fruit then becomes the premium payer.</p> <p>A special rule exists for orange juice and oranges for juice. Please check the product standard.</p>
Fresh vegetables	<p>The first buyer is by default the price and premium payer.</p> <p>If the producer sells vegetables to a processor/exporter, then the processor/exporter may act as a conveyor. The importer then becomes the price and premium payer.</p>
Gold	<p>The first buyer buying from the ASMO is by default the price and premium payer.</p> <p>If the producer sells gold to a processor/exporter, then the processor/exporter may act as a conveyor.</p>



Product category	Who is the price and premium payer:
Herbal teas and herbs and spices and aromatic crops	The first buyer is by default the price and premium payer. If the producer sells herbs or spices to a processor/exporter, then the processor/exporter may act as a conveyor. The importer then becomes the price and premium payer.
Herbs and herbal tea	The first buyer is by default the price and premium payer. If the producer sells herbs or herbal tea to a processor/exporter, then the processor/exporter may act as a conveyor. The importer then becomes the price and premium payer.
Honey	The first buyer is by default the Price and Premium payer. If the producer sells honey to an exporter, who sells to an importer, the exporter may act as a price and premium conveyor. The importer then becomes the price and premium payer.
Nuts	The first buyer is by default the price and premium payer. If the producer sells nuts to a processor / exporter, the processor / exporter may act as price and premium conveyor, and the next buyer then becomes the price and premium payer. For cashew nuts from Africa, a special rule exists. Please check the product standard.
Oilseed and oleaginous fruit	The first buyer is by default the price and premium payer. If the producer sells oilseed or oleaginous fruit to a processor, the processor may act as a price and/or premium conveyor. The buyer of the oil then becomes the price and premium payer.
Prepared and preserved fruit and vegetables	<i>Applicable when the producer sells prepared and preserved fruit or vegetables:</i> The first buyer is the price and premium payer. If the producer sells prepared and preserved fruit or vegetables to an exporter, the exporter may act as price and premium conveyor. The importer then becomes the price and premium payer.
Rotational crops for amaranth, herbs and spices, soybean, sesame, peanuts, fresh vegetables, edible roots and tubers and pulses for which Fairtrade Prices exist.	Only for cotton and rice producers under contract production in India and Pakistan: The Promoting Body (PB) is the price payer and the premium conveyor. In cases where the PB is not purchasing the rotational crops from the producer, the first buyer can be the price and premium payer, if it is favourable for the producer and is agreed in writing by all parties involved.
Tea (Camellia Sinensis)	The first buyer is by default the Fairtrade price and premium payer. If the producer sells tea to an exporter, the exporter may act as price and premium conveyor. The importer then becomes the price and premium payer.



Product category	Who is the price and premium payer:
Sports balls	The first buyer of the sports balls is the premium payer. If the producer sells sports balls to an exporter, the exporter may act as price and premium conveyor. The importer then becomes the price and premium payer.
Vegetables incl. pulses and potatoes	The first buyer is the price and premium payer. If the producer sells vegetables to an exporter, the exporter may act as price and premium conveyor. The importer then becomes the price and premium payer.



The English version of the standard is the official version. Fairtrade offers translations into other languages for information purposes only. Although Fairtrade strives to ensure accuracy in translations, the English version of the standard is the basis for all certification decisions, particularly if conflicts on these decisions should arise.

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