

Revised Fairtrade Trader Standard

More transparency in Fairtrade supply chains, respect of labour rights and environmental protection, and an opportunity to go beyond core requirements

The challenge...

Sustainability is not just about production, but also about how products are traded. Fairtrade intends to promote sustainable trade practices that contribute to producers' development and empowerment. The challenge is to bring greater balance and fairness to trade practices, for both producers and traders, while recognizing the diversity of actors involved in Fairtrade supply chains, in terms of their capacities and roles.

Fairtrade responds...

Fairtrade has revised the Fairtrade Trader Standard (previously called the Trade Standard), to ensure greater transparency in Fairtrade supply chains, and to promote fairer trading practices.

Changes to the Fairtrade Trader Standard at a glance

Key changes: More clarity on which operator type each requirement applies to; Voluntary Best Practices in addition to Core requirements; and compliance with Labour rights and Environmental protection laws.

Who does the Standard applies to?

All Fairtrade Traders

Applicable from: September 1st, 2015

Applicable from January 1st, 2017: Labour and Environment sections

Where to get a copy:

www.fairtrade.net/standards.html



Core elements of fair trading in focus

One of the key purposes of the review of the previous Trade Standard was to solve technical problems and improve clarity. Contracts, payment of price and premium, access to pre-finance and sourcing plans remain the core elements of the revised Trader Standard. They have been clarified and adapted to better take into account the diversity of trade relationships. The focus is on greater transparency to enable Producers and Traders to have a sound and equitable trading relationship.

Engaging with the whole supply chain:

The revised Standard better defines to whom each requirement applies. The focus of the Trader Standard remains on the buyers having direct relationships with producers, with the aim to ensure greater transparency in Fairtrade transactions and benefits for producers. But it also strives to involve the rest of the supply chain in sustainable trade practices, by introducing new requirements and Voluntary Best Practices (VBP) for all actors throughout the chain.

Trading with integrity

A new requirement, banning “unfair trading practices” in general, provides Fairtrade with a tool to issue sanctions where flagrant cases of unfair trading practices have been discovered, which in turn could damage other operators’ businesses or Fairtrade’s reputation. A definition of unfair trading practices is provided¹, together with a non-exhaustive list of example cases to guide understanding of the requirement.

New Voluntary Best Practices going beyond Core requirements

In order to provide a continuous improvement framework for traders towards best trading practices, the new Standard introduces Voluntary Best Practices (VBP) in addition to the Core (compulsory) requirements. Although compliance with VBP is not compulsory, these practices will be audited with scores being available to the trader as a data set for further improvement. The VBP mainly relate to support for producers in terms of capacity building, financial support and improved market-access information. In addition, they also cover sourcing plans throughout the supply chain, long-term commitment, tripartite contracts, and reducing environmental impact (see below).



Labour rights and environmental protection

Labour: In order to ensure that the rights of workers participating in the supply chain of Fairtrade products are protected, all traders throughout the Fairtrade supply chains will be required to be aware of the applicable labour laws in their country and fundamental International Labour Organization (ILO)

¹ Trader Standard, Page 37

“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”.

conventions, and there should be no indications that they violate any of them. The relevant ILO conventions relate to freedom of association, child labour, forced labour and non-discrimination.

Environment: In order to minimize environmental impact in Fairtrade supply chains, all Traders will be required to be aware of the applicable environmental laws in their country and there should be no indications that they violate any of them. Also, Traders will not be allowed to use materials listed in the Fairtrade International Prohibited Materials List (PML) part 1 (Red List) on Fairtrade products. In addition, as part of the VBP, Traders will also be encouraged to understand and minimize their direct environmental impacts of Fairtrade production, use biodegradable packaging and make efforts to reduce their carbon footprint.

Auditing: Both the Labour and the Environment requirements will be audited as from 2017 via a “reactive assurance approach”; Traders need to comply at all times but the frequency of additional audits will be based on a combination of known risks, well-founded allegations and random sampling.

Rationale: These Labour and Environment requirements intend to level the playing field for producers and traders, and specifically between small producer organizations who export themselves, and exporters/processors. These requirements are already enshrined in local and national laws in most countries. Fairtrade has always advocated and expected Traders to comply with these laws. Adding the requirements to the Trader Standard gives Fairtrade a tool for action when breaches of Labour or Environmental law are identified, while keeping additional certification costs to a minimum.



The revised standard to come into force on 1st September 2015

All requirements (except on Labour and Environment) will become applicable from September 2015. This means that they will be used in audits from that date onwards. The Labour rights and Environmental protection requirements will be applicable from 1st January 2017, to give Traders adequate time to prove that they comply (especially in complex supply chains) as well as allowing the Fairtrade system to develop the appropriate procedures and training of auditors to ensure successful implementation.

For further information about the standard, please contact Fabienne Yver:
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About Fairtrade International:

Fairtrade International is a global non-profit organization that works with farmers and workers to improve lives through fairer trade. We lead the Fairtrade system, develop the Fairtrade Standards and support producers. Fairtrade International owns the FAIRTRADE Certification Mark, a registered trademark recognized around the world. Find out more at www.fairtrade.net.

Photos by Matt Crossick, Simon Rawles and KennethHavgaard