



# Fairtrade Climate Standard

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**FAIRTRADE**  
INTERNATIONAL



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## Introduction

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### Purpose

Fairtrade is a strategy that aims to promote sustainable development and to reduce poverty through fairer trade. It targets vulnerable and disadvantaged producers, many of which are greatly affected by climate change.

Droughts, floods, temperature variability and crop diseases are some of the many consequences felt in developing countries because of rising global temperatures. Climate change is a multi-dimensional phenomenon that disrupts not only the environment but also economic, social, and even cultural dimensions of the lives of producers and their communities.

### The Fairtrade climate change strategy

Fairtrade has developed a climate change strategy aiming to support producers to adapt to climate change and reduce their carbon emissions, recognizing on the one hand the devastating impacts of climate change on the most vulnerable populations in developing countries, and on the other hand the necessity to develop more sustainable ways of production in the face of increasing depletion of natural resources. Through its climate change strategy, Fairtrade aims to secure the sustainable livelihoods of disadvantaged producers by developing projects that enhance their resilience to climate change (climate change adaptation), while developing more sustainable production activities and reducing their environmental footprint (climate change mitigation).

As part of the climate change strategy, Fairtrade International developed the Fairtrade Climate Standard, as a way to support smallholders and rural communities to develop more sustainably and become more resilient to the effects of climate change. The Fairtrade Climate Standard aims to enable smallholders and rural communities to gain access to the carbon market by producing Fairtrade Carbon Credits (FCCs), provide information and facilitate training so that smallholders and rural communities play an increasingly active role while receiving technical support, and generate climate finance opportunities to fund both mitigation and adaptation activities.

The Fairtrade Climate Standard was developed and will be implemented in collaboration with the Gold Standard, an internationally recognized organization with expertise in climate and development projects. The Fairtrade Climate Standard is an add-on standard to Gold Standard certification of carbon emissions reductions and sustainable development benefits. This certification generates carbon credits that can be sold in the voluntary carbon market to buyers interested in making a positive impact in climate and development.

The joint ambition between Fairtrade and Gold Standard is to create an enabling, fair, and empowering carbon market ensuring that Fairtrade producers and rural communities benefit from climate change mitigation and adaptation activities.

The Fairtrade Climate Standard represents new investment opportunities for small-scale producers and rural communities into their own sustainability agendas. Projects eligible under the Fairtrade Climate Standard include renewable or energy efficiency projects that reduce energy consumption and generate new energy opportunities, while reducing carbon emissions, as well as reforestation projects that capture



carbon by planting trees, which when relevant, are conducted in connection with agricultural production, as an integral part of a sustainable landscape. The standard covers requirements for producers, project facilitators, traders and end buyers, and promotes transparent and equitable trading conditions.

Under the Fairtrade Climate Standard, carbon emissions must not only be reduced by the producers in developing countries, but also by the organizations and businesses who buy the Fairtrade Carbon Credits (the end buyers). Organizations and businesses that purchase Fairtrade Carbon Credits must also assess their carbon footprint and put in place credible carbon reduction measures. The aim is to build a partnership for sustainability between producers and buyers, increasing efforts to reduce emissions where both parties have an interest in building long-lasting partnerships for mutual benefit and enhanced investment in adaptation.

The Fairtrade Climate Standard aims to bring about long-term developmental changes and positive impacts on the rural communities. To this end, it covers key Fairtrade principles such as: good governance in producer organizations (democracy, participation and transparency); respect for human rights (particularly labour and children's rights) and gender equality; protection of the environment, and sustainable and equitable trading relations.

This standard also sets economic protection policies which aim to compensate carbon price volatility and risks for projects targeting smallholders and rural communities. These include a Fairtrade Minimum Price to ensure producer organizations receive a fair share of the price, access to finance, and purchase plans from their buyers. The Fairtrade Premium which is paid to producer organizations based on FCC sales enables them to invest in climate change adaptation activities to increase their resilience. It may also be used to invest in economic, social and environmental development, in line with their democratically-agreed priorities.

## 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 is a brief explanation of Fairtrade's Theory of Change, highlighting the aspects most relevant for the Fairtrade Climate Standard. More information about Fairtrade's Theory of Change can be found on Fairtrade International's webpage.



IMPACTS								
Improved income, well-being and resilience among small-scale producers	Less risk and vulnerability, increased food security	Improved access to basic services	Increased environmental sustainability & resilience to climate change	Reduction of carbon emissions	Increased cooperation & gender equity within communities	Increased dignity, confidence, self-esteem, control and choice	Enhanced influence & status of small-scale producers in the carbon sector	Fairer and more sustainable carbon trading systems
<i>Contributing to</i>								
OUTCOMES								
Resilient and viable producer organizations	Strong and inclusive producer organizations	Decent work in carbon projects	Protection of the environment and adaptation to climate change	Improving carbon project performance	Enhanced influence and benefits for producers and their communities	Growing proportion of carbon credit trade is on Fairtrade terms	Values and principles of Fair Trade increasingly mainstreamed in business practices and policy framework in the carbon sector	
<i>Contributing to</i>								
OUTPUTS								
Enhanced access to fair trading conditions and fair prices for producer organizations	Increased investments in producer organizations and their communities	Organizational strengthening and empowerment of producer organizations	Enhanced knowledge and capacity among small-scale producers and their organizations and networks	Increased networking and collaboration within and beyond Fairtrade around common goals	Increased awareness and commitment to fair and sustainable carbon trade among citizens, business and policy makers			
<i>Contributing to</i>								
FAIRTRADE INTERVENTIONS								
Fairtrade Climate Standard and certification for producer organizations, project facilitators, traders and end buyers.	Support for producer organizations, and project facilitators	Developing network and alliances	Marketing and communication					



## How to use this Standard

### Chapters

The Fairtrade Climate Standard has five main chapters:

- The **General Requirements** chapter defines requirements related to certification and carbon accounting.
- The **Social and Business Development** chapter defines what producers must do to generate FCCs. It also defines requirements for project facilitators, describing what they must do to enable producer empowerment, so that producers can increasingly manage FCC projects over time.
- The **Labour Conditions** chapter intend to ensure decent working conditions.
- The **Environmental Development** chapter intend to make certain that environmental practices contribute to a more sustainable production system
- The **Trade** chapter defines requirements related to buying and selling FCCs.

### 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 that must be complied with. These are indicated with the term 'Core', found on the left throughout the standard.
- **Development requirements** which refer to the continuous improvements that certified organizations must make on average against a scoring system used by the certification body. These are indicated with the term 'Development', found on the left throughout the standard.

Fairtrade producer organizations are in compliance with the Fairtrade Climate Standard if they fulfil all core requirements and reach a minimum score on the development requirements. Traders are in compliance with the standard if they fulfil all requirements applicable to them (all are core).

Each requirement is assigned a number (0, 1, 3 or 6). This number represents the number of years you have until you are audited against the requirement. Note that some requirements may not apply to you. For example, if you and the members of your organization do not hire workers, then you will not be audited against requirements related to workers. In such cases, the certification body will consider these requirements as non-applicable.



## Scope and assurance

This standard applies to FCC producer organizations, project facilitators, traders and end buyers.

An FCC project can be run within a [Component Project Activity](#) and as part of a [Programme of Activities](#).

FCC traders do not need to additionally comply with the Fairtrade Trader Standard; all requirements for all FCC operators, including traders, are in this standard. Traders sign a contract with a national Fairtrade organization or Fairtrade International and pay a fee.

End buyers (only those who source over 1000 carbon credits per year; considering all carbon credits sourced, including non-Fairtrade certified) also sign contracts with a national Fairtrade organization or Fairtrade International, who verify that they are fulfilling the requirements applicable to them in this standard.

Different requirements apply to these different operators depending on their role in the supply chain. You can see if a requirement is applicable to you by looking at the symbol in the “applies to:” line in every requirement. The following symbols are used in this standard:

Producer organizations:

Project facilitators:

Traders:

End buyers:

Below are descriptions of the different operators.

### **Producer organizations**

**Producer organization:** An organization producing FCCs through a carbon project. This producer organization can be a small producer organization, a community based organization or any kind of organization following the rules laid out in this standard<sup>1</sup>.

In order to be eligible for the Fairtrade Climate Standard, producer organizations must:

- be based in countries falling under Fairtrade’s [geographical scope of producer certification](#), and
- be small-scale carbon credit producers (see below for definition).

Producer organizations’ carbon projects must aim at bringing sustainable benefits to producers and their communities and focus on one of the following areas:

- energy efficiency,
- renewable energy, i.e. for domestic purposes or agricultural production, or

<sup>1</sup> In the Gold Standard system, this would be the “Project Proponent” or “Project Owner”. The Fairtrade Climate Standard introduces the notion of producer organization because it aims to bring increased socio-economic and community empowerment elements into the carbon market, and put producers at the heart of the decision-making for their projects.



- afforestation/reforestation

Producers must make use of approved carbon calculation methodologies. These methodologies are published [here on the Fairtrade International website](#).

In practice, these producer organizations can be:

- Fairtrade certified producer organizations willing to additionally develop Gold Standard certified carbon projects to improve their ecosystems and livelihoods, and diversify their source of income;
- Gold Standard certified projects where producer organizations and communities (certified under Gold Standard or Gold Standard/CDM schemes: both are eligible) are willing to further develop their organizational capacities, produce FCCs, and have access to the FCC market; or
- producer organizations currently not certified with either of the two schemes but willing to pursue both certifications and aiming at producing and selling FCCs.

As in requirement 1.1.5 **small-scale carbon credit producers** in this standard are characterized by the following:

- In the case of energy projects, a small-scale producer does not generate an output higher than 15 megawatts (for renewable energy projects) or 60 gigawatt hours per year (for energy efficiency projects) through an FCC project activity.
- In the case of afforestation and reforestation projects, a small-scale producer carries out at least 50% of the work itself, or has it carried out by family members, cooperative members or neighbours.
- For all types of projects, small-scale producers are characterized by a marginalization in terms of market access, resources, information, technology, capital and assets, etc.

Small-scale producers can be households, smallholders, micro-enterprises, etc.

### **Contracts between producer organizations and project facilitators**

The activities related to the requirements in this standard can be outsourced to the project facilitator, if the producer organization has not developed capacities and resources to handle them yet. In practice, “outsourcing” means that the producer organization mandates the project facilitator to organize and manage these activities on its behalf. The outsourcing terms and its possible duration, are stipulated in the contract signed between the project facilitator and the producer organization (see requirement 2.2.11).

Even if the activities are outsourced, the producer organization remains the certificate holder, accountable for these requirements to the certification body, and the project facilitator’s activities are covered within the certificate of the producer organization. When activities are outsourced, it means that their practical implementation is managed by the project facilitator. In case of outsourcing, the project facilitator should be present during the audits, together with the producer organization, and agree with the producer organization on any activities needed to achieve or maintain full compliance with this standard.

In cases where it is not possible for the producer organization to be the certificate holder (because it is not a legal entity), the project facilitator can be the certificate holder on behalf of the producer representatives.



## Project facilitators

**Project facilitators:** External entities that support the producer organization to develop FCC projects, while strengthening their capacity and skills in implementing and running carbon projects. Commonly known in the carbon sector as project developers, the project facilitators can be independent consultants, NGOs, companies, technology providers etc. Project facilitators are key for the developmental aspect of this standard, since they facilitate producer organizations' empowerment and enable them to benefit from a transfer of skills and knowledge, and contribute to the intended impact as shown in the Theory of Change.

Project facilitators have:

- the competencies and skills to implement the FCC projects, and
- the willingness to transfer, over time, FCC project management tasks to the producer organization.

Certain project facilitators can also hold trading functions, in which case, they also have to abide by the trade requirements of this standard.

If there are no project facilitators involved in a project (because the producer organization does all the project management itself), the requirements specifically for project facilitators do not need to be fulfilled.



## Traders

**Traders:** Authorized Fairtrade Carbon Credits Supplier who buy FCCs under the conditions laid down in this standard from producer organizations (or via the project facilitator) and sell them on. The traders certified in this standard are the Fairtrade payers, meaning that they are responsible for paying the Fairtrade Minimum Price and the Fairtrade Premium.

In practice, these traders can be:

- Fairtrade certified traders willing to purchase and sell FCCs;
- traders already buying carbon credits generated through projects registered by Gold Standard, willing to buy FCCs; or
- traders who are new to both Fairtrade and the Gold Standard.

If a project facilitator buys the FCCs from the producer organization to sell them as a trader, then the project facilitator is certified as a trader.

If an end buyer buys the FCCs directly from the producer organization, then the end buyer is also certified as a trader.

Other potential traders in the supply chain are not certified against the standard.



## End buyers

**End buyers:** The end buyer of FCCs is a business, an organization or an individual that purchases FCCs in order to compensate for its emissions and invest in sustainable projects in developing countries.

The section 5.7 “End buyer engagement” is addressed to end buyers of FCCs, who buy over 1,000 carbon credits per year (considering all carbon credits sourced, including non-Fairtrade certified). The end buyers of FCCs can be:

- Organizations already buying Fairtrade agricultural products and willing to invest more in the development and empowerment of their Fairtrade suppliers and the sustainability of their supply chain through FCC projects. By doing so, they can reduce the carbon footprint of their Fairtrade supply chains over time, and compensate other remaining emissions.
- Organizations or individuals who want to invest in FCC projects developed by disadvantaged producers. These investors are conscious of climate change issues, and of the carbon impacts of their own operations. By investing in FCC projects, they contribute to compensating their own carbon emissions.

As stated in this standard, companies willing to buy FCCs must also engage in assessing their carbon footprint and reducing their carbon emissions over time by identifying their most carbon intensive activities and finding effective ways to reduce their impacts. Fairtrade International and the national Fairtrade organizations can provide information and links to organizations that can help them achieve these objectives.

## References

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

Fairtrade International requires that producer organizations always abide by national legislation, on the topics covered by this standard, whenever the legislation sets higher requirements than this standard. The same applies to regional and sector-specific practices.



## Definitions

**Additionality:** A project activity is additional if anthropogenic greenhouse gas emissions are lower than those that would have occurred in the absence of the project activity.

**Agricultural project:** Category of carbon project with activities related to farming (crop switching, farm restoration, use of bio fertilizer, etc.). Fairtrade Carbon Credits (FCC) cannot be generated from these projects. The Fairtrade Climate standard does not cover agricultural projects.

**Afforestation:** The process of establishing and growing forests on bare or cultivated land that has not been forested in recent history (50 years). Fairtrade Carbon Credits can be generated from these projects.

**Carbon credit:** A carbon credit is a tradable certificate or permit representing an emission reduction or sequestration equivalent to one metric tonne of carbon dioxide, or the mass of another [greenhouse gas](#) equivalent to one metric tonne of carbon dioxide (mtCO<sub>2</sub>e).

**Carbon dioxide (CO<sub>2</sub>) or carbon:** The most prevalent greenhouse gas (GHG) emitted in the atmosphere through the burning of fossil fuels and deforestation.

**Carbon offset:** Reduction in emissions of CO<sub>2</sub> or GHG made in order to compensate for or offset carbon emissions made elsewhere.

**Carbon sequestration:** Process of capturing and storing of carbon from the atmosphere into a reservoir (such as trees, soils, swamps, etc.).

**Clean Development Mechanism (CDM):** The CDM is one of the three [flexible mechanisms](#) defined in the [Kyoto Protocol](#). It sets the rules and framework for carbon emissions reduction projects in developing countries.

**Climate change:** Climate change refers to any significant change in the measures of climate lasting for an extended period of time. In other words, climate change includes major changes in temperature, precipitation, or wind patterns, among others, that occur over several decades or longer<sup>2</sup>. Climate change has major repercussions at a global level, including rising seas, increased risk of drought, fire and flood, risks for wildlife, economic losses, increased heat-related diseases, etc. It has been agreed and demonstrated by the scientific community that an increasing presence of carbon dioxide in the atmosphere has a direct impact on climate change.

**Climate change adaptation:** Climate change adaptation is the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities<sup>3</sup>.

**Climate change mitigation:** Mitigation refers to efforts to reduce or prevent emission of greenhouse gases. This can be achieved by using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behaviour. Protecting

<sup>2</sup> EPA: [www.epa.gov/climatechange/glossary.html](http://www.epa.gov/climatechange/glossary.html)

<sup>3</sup> IPCC 2007. Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, Annex 1, 976 pp



natural carbon sinks like forests and oceans, or creating new sinks through reforestation or green agriculture are also elements of mitigation. Mitigation is essential to meet the UNFCCC's objective of stabilizing GHG concentrations in the atmosphere.<sup>4</sup>

**Community-based organization:** Organization whose members are composed of small-scale carbon credit producers, community representatives and individuals that operate in the same local community, and who join together to solve common issues in areas such as community service and action, sustainable resource management, gender equality, income generation, health, educational, personal growth and improvement, social welfare and self-help for the disadvantaged. Some community-based organizations are formally incorporated, while others are much smaller and more informal.

**Compliance criteria:** The term compliance criteria describes a translation of the requirements of the Fairtrade Standards into verifiable control points. These criteria are evaluated in the certification process to determine compliance with the Fairtrade Standards and with certification requirements. All compliance criteria are published by FLO-CERT on the public compliance criteria lists.

**Component Project Activity:** Activity which is part of a Programme of Activities.

**Coordinating/managing entity:** The entity that is responsible for proposing and overseeing the implementation of a Programme of Activities.

**Costs for transferring knowledge and management responsibilities:** Costs of activities ensuring the transfer of knowledge and management responsibilities from project facilitators to producer organizations. These costs cover both the training needed to transfer the knowledge and also, additional costs needed so that producer organizations can actually take on more responsibilities over time. Project facilitators transfer knowledge so that producers take on responsibilities in two areas: 1. Project activities, which covers tasks such as production, distribution and maintenance (for example of cookstoves), and 2. Carbon management, which cover activities related to carbon certification such as carbon monitoring, managing the carbon account and audits.

Costs for transferring knowledge and management responsibilities were included when calculating the Fairtrade Minimum Price since they are necessary additional costs for enabling producer empowerment.

**Emission Reduction Purchase Agreements:** Carbon offsets contracts that underlie the sale and purchase of carbon credits from carbon projects.<sup>5</sup>

**Energy project:** Project category with activities related to renewable energy (solar thermal heating/electricity, solar photovoltaic, wind energy, hydropower, biogas heating/electricity, etc.) or end-use energy efficiency (improved cookstoves, water filtration/purification systems, energy-saving/fluorescent lamps, etc.). FCCs can be generated from these projects.

**Fairtrade Carbon Credit (FCC):** A carbon credit produced and traded under the conditions laid out in this standard.

**Fairtrade Carbon Credit project:** A single or set of interrelated projects to reduce carbon dioxide or equivalent GHG emissions, or to remove (sequester) carbon dioxide from the atmosphere, and

<sup>4</sup> UNFCCC: <https://unfccc.int/focus/mitigation/items/7169.php#intro>

<sup>5</sup> Definition adapted from CDM rulebook: <http://www.cdmmrulebook.org/84.html>



empower producers and their communities by securing fair, social and economic benefits and regulating the trading of the carbon credits generated. Fairtrade Carbon Credit projects follow Gold Standard criteria and the additional requirements laid out in the Fairtrade Climate Standard.

**Fairtrade Carbon Credits Lock-up:** The Fairtrade Carbon Credits Lock-up is the key signifier and communications asset representing the innovative partnership between Gold Standard and Fairtrade to deliver a unique carbon credit offering to the market.

**Fairtrade Premium:** Sum of money, in addition to the price, paid into a communal fund for producers to improve their social, economic and environmental conditions. The use of this additional income is decided on and managed democratically by the producer organization. .

**Food security:** Situation with access to sufficient, safe and, nutritious food to maintain a healthy and active life.

**Forestry project:** Project category with activities related to afforestation/reforestation<sup>6</sup> (for example forest plantations on degraded land), or improved forest management (for example rotation forestry, forest with selective harvesting etc.).

**Gold Standard:** An international carbon offset standard, set by the Gold Standard Foundation, that develops and manages certification schemes that promote best practice, assure strong governance and provide robust impact measurement. It is best known for its carbon market certification scheme, which operates in the international compliance and voluntary markets. The Gold Standard supports energy, land use based and waste management projects that have the particularity to focus on co-benefits such as environmental benefits and local stakeholder involvement. The Gold Standard Foundation is the key partner of Fairtrade International in the development and implementation of the Fairtrade Climate Standard.

**Greenhouse gas (GHG):** Atmospheric gas that contributes to the greenhouse effect. There are six primary categories of greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and sulphur hexafluoride (SF<sub>6</sub>). When emitted in large quantities, they contribute to climate change.

**Primary market:** A market in which producer organizations and buyers negotiate and transact business directly, without any intermediary such as resellers. The producers organizations is the original owner (or issuer) of the carbon asset.

**Programme of Activities:** A set of individual Component Project Activities (voluntary or CDM-registered) that apply the same baseline and monitoring methodologies, and involve technologies or a set of interrelated measures that reduce or remove GHG emissions.

**Project area:** The project area is a spatial area with clearly defined boundaries submitted for certification managed to a set of explicit long term management objectives and encompassing all anthropogenic emissions under the control of the project participants. The area does not need to be contiguous, e.g. it could be a mosaic of the areas owned/managed by different small producers.

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<sup>6</sup> CDM rulebook: <http://www.cdmrulebook.org/287.html>



**Project manager:** Person from the producer organization who is responsible for managing the design, implementation, and monitoring of the project. This person is different from the project facilitator, since it is internal to the producer organization.

**Registry account:** Account that needs to be opened to receive the carbon credits. Registration is a key stage in the carbon credit project cycle, representing the point where a project activity is accepted, making it eligible to generate carbon credits. The Markit registry is a public database (<https://mer.markit.com/br-reg/public/index.jsp?s=ca>) where FCCs will be issued, transferred, labelled, and retired.

**Reforestation:** The conversion of land that was not forested on 31 December 1989 to forested land. In other words, it's replanting of forests on land that previously contained forests but that had been converted to another land use.

**Resilience:** Ability of a system to resist, absorb, and recover from the effects of climate change in a timely manner, preserving or restoring its essential basic structures, functions and identity.<sup>7</sup>

**Risk and Opportunity Assessment:** Participatory process through which a producer organization identifies the risks and opportunities presented by climate change. It is based on local knowledge and expertise and leads to a course of action allowing the organization to become more resilient to climate change.

**Risk buffer:** Amount of the contracted FCCs used to cancel out losses that can occur within the project, especially in case of underperformance (for example, if the project does not generate as many FCCs as expected).

**Secondary market:** Market where carbon credits are traded after having initially been sold (on the primary market) by the original owner or issuer.

**Suppressed demand:** The situation where energy services provided are insufficient to meet the needs of stakeholders given their human development needs due to poverty or lack of access to energy. The CDM and the Gold Standard have incorporated this notion in some of their methodologies: it is a concept accounting for the situations of poverty.

**Training of trainers:** Training people to be able to train more people. In the context of climate change adaptation, this activity multiplies knowledge through training and dissemination of best practices across a region with a similar set of activities and similar socio-economic conditions.

**Vulnerability to climate change:** Vulnerability to climate change is the degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change variability extremes.<sup>8</sup>

**Workers:** Workers are waged employees; permanent or temporary, migrant or local, subcontracted or directly employed. Workers include all hired personnel whether they work in the field, in processing sites, or in administration.

<sup>7</sup> Adapted from: UNISDR, 2009. Terminology: Basic terms of disaster risk reduction and IISD et al, 2007. Community-based Risk Screening – Adaptation and Livelihoods (CRiSTAL) User's Manual, Version 3.0

<sup>8</sup> Intergovernmental Panel on Climate Change, Working Group 2, 2001, Third Assessment Report, Annex B: Glossary of Terms



## Application

This version of the Fairtrade Climate Standard was published on 1 October 2015 and is applicable from 1 January 2016.

## Monitoring of changes

Fairtrade International may change Fairtrade Standards as explained in Fairtrade International's Standard Operating Procedures: [www.fairtrade.net/setting-the-standards.html](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 ensures that you comply with Fairtrade Standards. Changes to Fairtrade standards may change the requirements of Fairtrade certification. If you wish to be or are already Fairtrade certified, you are required to check the compliance criteria and certification policies on the certification body's website regularly at [www.flo-cert.net](http://www.flo-cert.net).



# 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 Certification and right to trade

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

### 1.1.1 Accepting audits

<b>Applies to:</b>	
<b>Core</b>	You accept announced and unannounced audits within the scope of the standard, including in the project areas, on your premises and, when applicable, on subcontracted premises. You do all required reporting and provide the certification body with all information it requires to assess compliance with this standard.
<b>Year 0</b>	

### 1.1.2 Initial Fairtrade officer

<b>Applies to:</b>	
<b>Core</b>	You have a person appointed for all certification matters, called the Fairtrade officer. This person keeps the certification body updated with contact details and relevant information. This person is preferably internal to the producer organization, but can also be the project facilitator until the producer organization builds this capacity internally (see requirement 1.1.3).
<b>Year 0</b>	

### 1.1.3 Fairtrade officer for producer organizations

<b>Applies to:</b>	
<b>Core</b>	You have an <b>internal</b> person appointed for all certification matters, called the Fairtrade officer. This person can either be an individual producer, or an employee of the producer organization.
<b>Year 3</b>	
<b>Guidance:</b> The Fairtrade officer can also be the project manager (see requirement 2.2.1) but this is not obligatory. The purpose of this requirement is that, over time, the producer organization takes a leading role in the management of its certification. It is expected that by taking the lead on certain tasks such as audit preparation, compliance implementation or monitoring, the producer organization will take ownership of the overall project over time.	



### 1.1.4 Fairtrade officer for project facilitators and traders

<b>Applies to:</b>	
<b>Core</b>	You have a person appointed for all certification matters, called the Fairtrade officer.
<b>Year 0</b>	

### 1.1.5 Producer organization members

<b>Applies to:</b>	
<b>Core</b>	A majority of members of your producer organization are small-scale carbon credit producers.
<b>Year 0</b>	
<p><b>Guidance:</b> This means more than 50% of your members are small-scale carbon credit producers.</p> <p><b>Small-scale carbon credits producers</b> in this standard are characterized by the following:</p> <ul style="list-style-type: none"> <li>• In the case of energy projects, a small-scale producer does not generate an output higher than 15 megawatts (for RE projects) or 60 gigawatt hours per year (for EE projects) through a FCC project activity.</li> <li>• In the case of afforestation and reforestation projects, a small-scale producer carries out at least 50% of the work itself, or has it carried out by family members, cooperative members or neighbours.</li> <li>• For all types of projects, small-scale producers are characterized by a marginalization in terms of market access, resources, information, technology, capital and assets, etc.</li> </ul> <p>Small-scale producers can be households, smallholders, micro-enterprises, etc.</p>	

### 1.1.6 Mission statement

<b>Applies to:</b>	
<b>Core</b>	You include the Fairtrade principles in your policy or mission statement.
<b>Year 0</b>	
<b>Guidance:</b> You are expected to make positive social and economic contributions beyond legal obligations.	

### 1.1.7 Certification body permission

<b>Applies to:</b>	
<b>Core</b>	You receive the relevant permission from the certification body before starting to trade FCCs.
<b>Year 0</b>	



### 1.1.8 Contract with an NFO or Fairtrade International

<b>Applies to:</b>	
<b>Core</b>	You have a contractual relationship with a national Fairtrade organization (NFO) or with Fairtrade International.
<b>Year 0</b>	

### 1.1.9 Sourcing from certified producer organizations

<b>Applies to:</b>	
<b>Core</b>	You purchase FCCs only from Fairtrade certified producer organizations with a valid certification.
<b>Year 0</b>	
<b>Guidance:</b> This means that you purchase FCCs from producer organizations and <b>not</b> from individual producers of the organization.	

### 1.1.10 Suspension

<b>Applies to:</b>	
<b>Core</b>	<p>You <b>do not sign</b> new Fairtrade contracts if:</p> <ul style="list-style-type: none"> <li>• your supplier/buyer is suspended; or</li> <li>• you are suspended;</li> </ul> <p>unless you can <b>prove</b> 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 <b>fulfil</b> existing Fairtrade contracts during the suspension period.</p>
<b>Year 0</b>	
<b>Guidance:</b> The certification body will determine whether an existing trading relationship exists.	

### 1.1.11 Decertification

<b>Applies to:</b>	
<b>Core</b>	You do not make any Fairtrade transaction with a decertified supplier/buyer, or if you are decertified, even if you have signed contracts.
<b>Year 0</b>	
<b>Guidance:</b> The requirement is applicable from the date of decertification.	

## 1.2 Carbon accounting

**Intent:** To ensure the relevant carbon accounting methodologies are used for FCC projects. Carbon accounting is a key foundation element of the Fairtrade Climate Standard. It defines how much [greenhouse gas](#) emissions were avoided or greenhouse gases sequestered through the projects. It determines the amount of carbon credits produced. The applicable methodologies for carbon accounting depend on the type of project.

Fairtrade International works with methodologies developed by the [Clean Development Mechanism](#) or the [Gold Standard](#).

The approved methodologies are published [here on the Fairtrade International website](#).

### 1.2.1 Carbon accounting

<b>Applies to:</b> 	
<b>Core</b>	You have the status 'registered' with the Gold Standard and only apply <a href="#">carbon accounting methodologies approved by Fairtrade International</a> .
<b>Year 0</b>	

## 1.3 Use of the Fairtrade trademark

**Intent:** To ensure that the [FCC Lock-up](#), claims, and references to Fairtrade are used appropriately.

### 1.3.1 Communications approval for producer organizations

<b>Applies to:</b> 	
<b>Core</b>	If you want to use the <a href="#">FCC Lock-up</a> on your external promotional material (such as brochures or websites) you must first contact Fairtrade International at <a href="mailto:artwork@fairtrade.net">artwork@fairtrade.net</a> to request information.
<b>Year 0</b>	

### 1.3.2 Communications approval for traders

<b>Applies to:</b> 	
<b>Core</b>	You sign a usage contract with a national Fairtrade organization or Fairtrade International for the right to use the <a href="#">FCC Lock-up</a> in promotional communications or artwork, prior to use. All artwork and/or communications comply with the "Partnership Lock Up and Communications Guidelines" and are approved before use.
<b>Year 0</b>	
<b>Guidance:</b> End buyers who want to use the FCC Lock-up must also sign a usage contract with an NFO - see requirement 5.7.7.	



# 2. Social and Business Development

**Intent:** This section intends to ensure that individual producers are part of an organization, so that the benefits of the project reach them. This organization is democratic and runs in a transparent and non-discriminative way, to maximize the producers' participation and their sense of ownership over the organization.

## 2.1 Organizational development

### 2.1.1 Producer organization set-up

<b>Applies to:</b>	
<b>Core</b>	Producers of FCCs are part of a producer organization. Your producer organization can be of any form or setup (association, <a href="#">community-based organization</a> , small producer organization as defined by Fairtrade), or any other form of structure where:
<b>Year 0</b>	<ul style="list-style-type: none"> <li>individual members are able to make democratic and transparent decisions about Fairtrade issues, including the use of the <a href="#">Fairtrade Premium</a>;</li> <li><b>representatives are democratically elected (via documented elections)</b> to represent all individual producers taking into account gender, location, community membership, and, where applicable, temporary or migrant workers;</li> <li>an <b>established communication and feedback system</b> is in place between the representatives and the producers, so that information and concerns can be shared between all parties and documented in a timely manner.</li> </ul> <p>Topics addressed through this <b>communication and feedback system</b> include FCC project investments and developments, progressive transfer of knowledge and management responsibilities and <a href="#">climate change adaptation</a>. You have clearly written member/participant records, project participation <b>rules</b> and records, including contact names, dates and details of project implementation (e.g. purchasing a stove, receiving a water filter, planting trees, etc.).</p>
<b>Guidance:</b> The structure should be able to engage in commercial activities. Depending on the local context, it is recommended that this structure is legally registered. If it is not legally registered, the project facilitator can be the certificate holder on behalf of the producer representatives.	

### 2.1.2 Bank account

<b>Applies to:</b> 	
<b>Core</b>	A bank account is in place under the name of the producer organization, with more than one signatory.
<b>Year 0</b>	If it is not possible for the producer organization to open a bank account (if the producer organization is not legally registered), the project facilitator opens a separate bank account to receive the Fairtrade income on behalf of the producer organization, with at least a producer organization representative and a project facilitator representative as joint signatories. In this case the project facilitator stands as a trustee of the funds and ensures they are used in line with the applicable rules.
<b>Guidance:</b> If the project facilitator opens a bank account on behalf of the producer organization, this role should be clearly explained in the contractual agreement (see requirement 2.2.11)	

### 2.1.3 Increasing producer participation

<b>Applies to:</b> 	
<b>Dev</b>	You take ongoing measures to promote the producers' participation in the internal control of the organization. Measures include at least training and education for producers to explain how they can participate in the organization so that they are more involved. You share audit results with members once the audit is closed, in a format and language accessible to them.
<b>Year 3</b>	
<b>Guidance:</b> Sharing the results of the audit means providing an explanation or a summary of non-compliances and corrective measures. The results can be shared via the established communication and feedback system (see requirement 2.1.1) or in other ways. This is an opportunity for producers to have more awareness of and involvement in the process.	

### 2.1.4 Non-discrimination of members

<b>Applies to:</b> 	
<b>Core</b>	You do not discriminate against producers or restrict new inclusion on the basis of race, colour, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, language, property, nationality, ethnicity or social origin. You do not discriminate with regard to participation, voting rights, the right to be elected, access to markets, or access to training, technical support or any other benefit.
<b>Year 0</b>	
<b>Guidance:</b> Fairtrade follows the Universal Declaration of Human Rights on ending discrimination. The declaration rejects "distinction of any kind such as, race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status" (Article 2). Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit. The aim is to ensure that producers from disadvantaged or minority groups are protected and defended.	



### 2.1.5 Gender policy

<b>Applies to:</b>	
<b>Core</b>	You have a gender policy in place. More specifically, you proactively protect women’s rights, foster the participation of women in the project, and monitor the benefits received by women.
<b>Year 3</b>	
<p><b>Guidance:</b> The gender policy is a written document with concrete measures that needs to be implemented by the producer organization. The producer organization is expected to show how it directly supports its female producers to participate actively in the organization, for example by delegating to them organizational responsibilities and the means to carry them. The gender policy should foster the participation of women in projects, regulate income according to gender when relevant, and ensure that women can move away from low-value activities (such as carrying water, gathering fuel, etc.) to higher-value activities. Training and awareness-raising sessions can be organized. Monitoring the benefits received by women can be based on the indicators and guidance provided by the Fairtrade Climate Standard Theory of Change. In contexts where women are particularly hit by the effects of climate change, the organization is encouraged to show progress addressing this through its climate change adaptation plan.</p> <p>You can refer to the <a href="#">W+ Standard</a>, in case your project targets women.</p>	

## 2.2 Fairtrade Carbon Credits project management

**Intent:** This section intends to ensure that projects are viable and lead to sustainable development for producers and their communities, and that the producer organization increases ownership of the project over time and develops continuous capacities to manage the project.

The intent is also for project facilitators to be accountable for developing producers’ capacities and supporting them in terms of project design, development, and management as well as market information, best practices and other useful information . The project facilitator commits to assisting small-scale producers in managing the project and is responsible for supporting the producers to comply with this standard.

### 2.2.1 Project management

<b>Applies to:</b>	
<b>Core</b>	You designate at least one person from your organization to take responsibility for project management and implementation. This person is called the <a href="#">project manager</a> and is in a position to influence decision making at the organizational level.
<b>Year 3</b>	
<p><b>Guidance:</b> This person is internal to the producer organization and can be the same as the contact person mentioned in requirement 1.1.3 but there can also be several persons who handle different functions in terms of project management (project manager, carbon finance manager, etc).The chosen person(s) do(es) not need to have a background on subjects such as climate change and carbon accounting or monitoring, but should be experienced in project management. This/these person(s) work closely with the external project facilitator as well as hand in hand to ensure that the project is correctly implemented and managed. The role of the project facilitator is to transfer capacities and skills to the project manager (see also requirement 2.2.15).This does not mean that the project facilitator will fully disengage from the process over time, but that her/his role should decrease over time, while the project manager continuously develops her/his capacities and skills.</p>	

### 2.2.2 Legal compliance

<b>Applies to:</b> 	
<b>Core</b>	Your project complies with national and local rules and regulations and you have obtained all relevant permits (infrastructure, land exploitation, etc.), also for customary rights. Before the project starts, you identify and document any rules and rights as well as laws and regulations that have an impact on the project. You keep up-to-date on and document any changes to these rules on a regular basis during the implementation of the project.
<b>Year 0</b>	
<b>Guidance:</b> This requirement only applies to land, infrastructure etc over which producers have ownership, long-term user rights, or authorization. The permits allow the implementation of the project and its management.	

### 2.2.3 Project risks and opportunities

<b>Applies to:</b> 	
<b>Core</b>	You identify and continuously re-evaluate project risks and opportunities to ensure that sufficient human, technical and financial capacities are available for the project to run, and potential project risks are mitigated.
<b>Year 0</b>	
<b>Guidance:</b> To cover for those risks, a risk buffer is introduced (see requirement 5.1.2). Project risks refer to environmental risks, such as natural constraints or even natural disasters that could deteriorate the project (such as drought, disease, etc.). But it also refers to business risks (evaluation of the viability of the project from a business perspective) to political risks, and to risks and opportunities to each individual which may come about as a result of participating in the project. A careful estimation of the assets and spending, and of financial capacities of the project in the long-run is made. This evaluation is key as carbon projects have a long life cycle, and sometimes only become profitable after years of implementation. For a project to be viable, it is important that these risks continue to be identified, monitored and mitigated over time. A significant amount of time and money needs to be invested to develop carbon projects. It is always important to analyse why it would be attractive to engage in undertaking a carbon sequestration or carbon emissions reduction project and what the driving motivations for it are. You are encouraged to develop a business plan taking into account all project costs and benefits; secure sufficient funding for the initial setup of the project according to its type and business case; and use tools to account for the carbon emissions.	

### 2.2.4 Minimizing environmental impact

<b>Applies to:</b> 	
<b>Core</b>	Your project does not lead to environmental damages such as loss of biodiversity, deforestation, forest degradation, reduction of water quality or soil erosion.
<b>Year 0</b>	
<b>Guidance:</b> Whenever there is a risk identified for such negative impacts, the producer organization is encouraged to liaise with local authorities and experts who can conduct an assessment of the situation and the risks. Consultation with all stakeholders potentially affected by the project can also be a good trigger for such an assessment (see requirement 2.2.7).	

## 2.2.5 Indigenous rights, human rights and sites of cultural importance

<b>Applies to:</b> 	
<b>Core</b>	You respect indigenous rights, human rights and sites of cultural importance. The project does not lead to involuntary resettlement. Producers have legal, legitimate and/or customary rights to land use and land tenure and respect the rights of local and indigenous peoples. Disputes on land are resolved responsibly and transparently before project certification is granted.
<b>Year 0</b>	
<p><b>Guidance:</b> This requirement is based on ILO convention C169 (Indigenous and Tribal Peoples Convention), Part II. Having legal, legitimate and/or customary rights to land use means that the producer organization has appropriate official documentation demonstrating legal rights to the land, or, if there is no such documentation, the organization is required to show either:</p> <ul style="list-style-type: none"> <li>a. The absence of significant disputes on land use, tenure and access, or;</li> <li>b. The consent of local communities, regarding the land, natural and agricultural resources. Respecting the rights of indigenous peoples refers to respecting their human rights, fundamental freedoms, and cultural rights.</li> </ul>	

## 2.2.6 Food security

<b>Applies to:</b> 	
<b>Core</b>	Your project does not directly or indirectly jeopardize the <a href="#">food security</a> of the members of the producer organization and their communities.
<b>Year 0</b>	
<p><b>Guidance:</b> If not well thought through or carried out, projects can, although well-intended, result in a depletion of natural resources, which may be key for the livelihoods of the communities. This is not the intent of this standard. On the contrary, projects should actively address these issues where applicable.</p> <p>Food insecurity is a sustainable development issue, recognized and addressed by Fairtrade since it particularly hits poor and rural communities. If food insecurity in the surrounding community seems to be an effect of climate change, it may be addressed by the climate change adaptation plan (see requirement 2.3.3)</p>	

## 2.2.7 Local project endorsement

<b>Applies to:</b> 	
<b>Core</b>	You have the Free, Prior and Informed Consent (FPIC) of all communities who are not part of the producer organization, but can be affected by the project, before the project is developed. This includes surrounding communities and neighbourhoods that will potentially be affected by the project (for example the inhabitants who can suffer from noise generated by the project or from reduced access to water sources) but are not part of the producer organization.
<b>Year 0</b>	
<p><b>Guidance:</b> The process is self-directed by the community from whom consent is sought ("Free"). The community is given the opportunity to form their opinion and make their decision before the carbon project starts, and also before a final decision is taken that the project will be implemented ("Prior"). The type of information provided prior to decision ensures that there is clear and confirmed understanding that rights holders are aware of the specific question which they are being asked. Information is delivered in appropriate language and format; this could include radio, video, theatre, graphics, documentaries or photos .</p>	



("Informed"). The decision is freely given by local communities and reached through an agreed-upon process of dialogue, deliberation, and decision making ("Consent").<sup>9</sup>

The producer organization regularly informs the communities about the project and all its implications, through the most effective way of communication. Other stakeholders (government, local authorities, NGOs, research institutes, etc.) are also consulted.

Fairtrade and the Gold Standard will determine whether and how they make use of the Gold Standard Local Stakeholder Consultation: <http://www.goldstandard.org/sites/default/files/3.2 - template - local stakeholder consultation.docx>. This tool could be used as a base, and improved to further reach stakeholders, on more systematic basis.

### 2.2.8 Project grievance mechanisms

Applies to:

<b>Core</b>	You have a grievance mechanism in place for solving any disputes, and keep a record of all grievances.
<b>Year 0</b>	The grievance procedure <b>includes</b> : <ul style="list-style-type: none"> <li>• A responsible person in charge of grievances nominated by the producer organization</li> <li>• Processes to document grievances, concerns and corrective measures</li> <li>• Processes for the investigation and decision-making within ninety days after the receipt of a grievance</li> <li>• Transparent, legitimate, accessible and effective procedures</li> </ul>

**Guidance:** The grievance mechanism is a source of continuous learning and drawing lessons from harms occurred in order for the grievance not to be repeated.

### 2.2.9 Experience in carbon project development

Applies to:

<b>Core</b>	You have at least one year of practical experience in developing carbon projects at a small-scale level, and experience in carbon finance and carbon monitoring, either through training or through practical work.
<b>Year 0</b>	

### 2.2.10 Project facilitator competency

Applies to:

<b>Core</b>	You have the competency to provide the necessary services and trainings to support the development of a producer organization.
<b>Year 1</b>	

**Guidance:** The project facilitator possesses or develops knowledge in local capacity building in rural and less developed contexts and areas. The project facilitator is aware of participative and developmental approaches or projects, and has a good knowledge of local laws regarding the building of a legal organization of producers.

<sup>9</sup> Source: Forest Stewardship Council FPIC guidelines, <https://ic.fsc.org/download.fsc-fpic-guidelines-version-1.a-1243.pdf>

## 2.2.11 Contractual agreement

<b>Applies to:</b> 	
<b>Core</b>	<p>You sign a written agreement with the producer organization, or with the producer representatives (see requirement 2.1.1) if the producer organization is not a legal entity. The terms and conditions of the contract and fees are written in understandable language for the producer organization. This agreement specifies the following elements:</p> <ul style="list-style-type: none"> <li>• The total duration of the agreement (see requirement 2.2.12)</li> <li>• That the producer organization commissions the project facilitator to perform a support role (only applicable if the producer organization is the certificate holder)</li> <li>• Which parties carry out which specific activities and tasks (including management of funds) and for what duration</li> <li>• That the producers are able to select another project facilitator in case of need, or in case the project facilitator does not fulfil its function.</li> <li>• The remuneration that the project facilitator receives for the services provided</li> <li>• How the ownership of the assets is defined</li> <li>• How much the project facilitator eventually invests in the project and which elements remain the project facilitators' property</li> <li>• Which material is distributed or sold to the producer organization (for example cookstoves), the quantity and at what price.</li> <li>• That any documents developed by the project facilitator within the agreement on behalf of the producer organization are the property of the producer organization</li> <li>• That the project facilitator will transfer knowledge and skills so that producer organizations can increasingly take on more project activities and carbon management responsibilities.</li> <li>• How and when knowledge and management responsibilities will be transferred, and for which activities</li> <li>• The costs incurred by the project facilitator and producer organization are clear so that the payments for the FCCs are shared between the project facilitator and producer organization according to the tasks carried out.</li> <li>• That the project facilitator regularly informs the producer organization and its individual members about the risks and opportunities they bear by participating in the project</li> <li>• Regular meetings between the project facilitator and the producer organization to discuss how project funds are managed, knowledge transferred and management responsibilities taken on</li> <li>• That if the project facilitator is also the trader or if it manages the funds on behalf of the producer organization, the Fairtrade Premium and the share of payment received is paid/transferred in full to the producer organization according to agreed timelines (see requirements 5.5.5 on transfer of Fairtrade Premium and price by project facilitators and 5.5.3 on deductions).</li> </ul>
<b>Year 0</b>	
<p><b>Guidance:</b> If there is also a trading relationship between the producer organization and the project facilitator, then the project facilitator is also certified as a trader and the two parties must also comply with requirement 5.1.1 and sign a business contract agreement.</p>	

### 2.2.12 Duration of contractual agreement

<b>Applies to:</b> 	
<b>Core</b>	The contractual agreement between the producer organization and the project facilitator respects the duration for the relevant project type, as explained below:
<b>Year 0</b>	<ul style="list-style-type: none"> <li>• For energy efficiency projects: The agreement can last as long as the crediting period, and cannot be repeated.</li> <li>• For renewable energy projects: The agreement can last as long as the crediting period, and cannot be repeated.</li> <li>• For afforestation/reforestation projects: The agreement cannot last for longer than one fifth of the crediting period (e.g. 6 years for 30 years and 8 for 40) years. It cannot be renewed.</li> </ul>

### 2.2.13 Plan for transfer of knowledge and skills

<b>Applies to:</b> 	
<b>Core</b>	You develop a plan with clear objectives and success indicators for the transfer of capacities and knowledge from project facilitator to producer organization.
<b>Year 1</b>	
<p><b>Guidance:</b> Project facilitators should share knowledge on carbon projects and certification management with the producer organization. This transfer can happen in the form of one or several trainings, and any other means of capacity development and skill transmission. The training needs to be documented for the audit. The costs of such training or activities for skills transfer can be deducted from the price (see requirement 5.5.3).</p>	

### 2.2.14 Progressive transfer of project management

<b>Applies to:</b> 	
<b>Core</b>	You progressively transfer project management to the producer organization.
<b>Year 3</b>	
<p><b>Guidance:</b> The two parties can decide which tasks can be transferred under the responsibility of the producer organization and which ones remain under that of the project facilitator. This division of tasks is stipulated in the contractual agreement (2.2.11). Examples of tasks the producer organization can take on are the calculation of sample sizes, random sampling, use of CDM/Gold Standard methodologies, emissions reductions calculations, designing tests and surveys, etc. In some cases it could also be communication with the UN as CDM projects representatives.</p> <p>The project should show that there is a high level of community engagement and participation, and that producers are building capacity to manage and monitor the project. The project facilitator must manage the flow of communication so that all members know about the project. After the defined period of time, the producer organization should be able to decide on project implementation, monitoring and evaluation, and other aspects related to project management.</p>	

### 2.2.15 Progressive take-over of responsibilities

<b>Applies to:</b> 	
<b>Core</b>	You progressively take over project management responsibilities from the project facilitator,



<b>Year 3</b>	including those related to the carbon performance monitoring of the FCC project.
<p><b>Guidance:</b> The producer organization should monitor increasingly over time by itself how its project performs in terms of CO<sub>2</sub> sequestration or emissions reduction. This may include the management of a monitoring system and of a database to store all figures and tools to sample and undertake carbon measurement. This may start with a few tasks.</p> <p>This is the core activity of the project, for which strong knowledge and capacity building of the producer organization is needed. Therefore this requirement is expected to be increasingly fulfilled over time, according to producer organizations' capacities and objectives. This may happen through a gradual process during which the project facilitator hands over the responsibilities and tasks relative to carbon monitoring.</p> <p>By definition, this requirement cannot be outsourced to the project facilitator, since it is about the transfer of responsibilities.</p>	

### 2.3 Climate change adaptation

**Intent:** Reducing [greenhouse gas](#) emissions and/or removing them from the atmosphere (sequestration) are key aims of this standard.

Fairtrade also recognizes the urgent need to support disadvantaged communities to in adapting to climate change impacts. Enabling producers to do this by supporting them to build up climate change resilience is therefore also a key objective of this standard. This is particularly relevant for small-scale producers who are often hit first and hardest by the effects of climate change - although they are the least responsible for it.

The intent of this section is to foster climate change adaptation activities, by ensuring that small-scale FCC producers have the support and means to increase their [resilience](#) to climate change, to improve their livelihoods and those of their communities.

#### 2.3.1 Climate change awareness

<b>Applies to:</b>	
<b>Core</b>	You organize and take part in information sessions for you and your members on climate change awareness to better understand the underlying causes of climate change and its repercussions on the region/community.
<b>Year 0</b>	
<p><b>Guidance:</b> This information can be provided by an expert organization of any choice, preferably local. The regularity of the sessions should be defined based on factors such as producers' needs, complexity of the sessions, and membership increase of your producer organization.</p> <p>In order to anticipate the adverse effects of climate change it is crucial for you and your members to understand its causes and effects so that you can better anticipate them and build paths to stronger resilience.</p>	

#### 2.3.2 Risk and Opportunity Assessments

<b>Applies to:</b>	
<b>Core</b>	Representatives from your producer organization are trained to take part in and carry out <a href="#">Risk and Opportunity Assessments</a> , so that they are able to identify local / regional climate change risks and suitable adaptation options to address them for you and your communities.
<b>Year 1</b>	
These are participatory assessments, called Risk and Opportunity Assessments. The trained	



	representatives from your producer organization replicate these assessments for other members of the organization (concept of training of trainers).
<p><b>Guidance:</b> The regularity of the assessments should be defined based on factors such as producers' need, complexity of the sessions, and membership increase of the producer organization.</p> <p>The Risk and Opportunity Assessments are participatory sessions that may last for one or several days, depending on needs, number of members, and availabilities. Where possible, this assessment can be facilitated by Fairtrade staff or externals and the sessions should be carried out in a way that allows active participation through positive group dynamics. This process should also help you develop an understanding of the challenges related to changing climatic conditions and develop your own ideas for solving them through the climate change adaptation plan (see requirement 2.3.3 below). It is crucial for this process to take place at the local level, since climate change impacts differ according to location, vulnerability of your members and communities and your capacities to adapt to changing climatic conditions.</p> <p>For more information/advice on Risk and Opportunity Assessments and methodologies contact <a href="mailto:standards-pricing@fairtrade.net">standards-pricing@fairtrade.net</a></p>	

### 2.3.3 Climate change adaptation plan

<b>Applies to:</b>	
<b>Core</b>	You develop a climate change adaptation plan, and begin to implement its activities once the project starts to generate income.
<b>Year 1</b>	<p>The plan includes the following elements:</p> <ul style="list-style-type: none"> <li>• The description of the activity (what you plan to do)</li> <li>• The objective of the activity (why you are planning to do it)</li> <li>• The timeline of the activity (by when you plan to implement it)</li> <li>• The responsibilities (who will be in charge of doing it)</li> <li>• The budget of the activity (how much you plan to spend)</li> </ul>
<p><b>Guidance:</b> This plan should be based on the results of the Risk and Opportunity Assessment (see requirement 2.3.2 above) and focus on the adaptation measures envisioned and identified during the Risk and Opportunity Assessment process. These measures should anticipate the adverse effects of climate change and be appropriate actions to prevent or minimise the damage it can cause, or to take advantage of opportunities that may arise.</p> <p>If well planned, such early adaptation action can save money and lives later. Examples of adaptation measures include: using scarce water resources more efficiently, adapting buildings to future climate conditions and extreme weather events, building flood defences and raising the levels of dykes, developing drought-tolerant crops, choosing tree species and forestry practices less vulnerable to storms and fires, and setting aside land corridors to help species migration.</p> <p>Fairtrade International does not limit the options for adaptation measures. Adaptation measures can range from environmental to social or economic activities that minimize impacts of climate change on your organization, communities and surroundings. Agricultural practices, such as soil management, diversification of income and production as well as food security issues may be considered when prioritising adaptation measures.</p> <p>Adaptation measures can be financed by FCC Premium funds (or premium from other Fairtrade products), other FCC project income, as well as from external funding, where available, from the private or public sector.</p>	

### 2.3.4 Use of Fairtrade Premium

<b>Applies to:</b>	
<b>Core</b>	You use the <a href="#">Fairtrade Premium</a> to invest in activities from the climate change adaptation plan



<b>Year 1</b>	(see requirement 2.3.3).  The Fairtrade Premium can also be used for activities outside of the climate change adaptation plan if they correspond to greater needs of your organization and communities.
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### 2.3.5 Decision-making process

<b>Applies to:</b>	
<b>Core</b>	All decisions related to the climate change adaptation plan are made by your members. You document decisions and regularly report on them to your members. You track all expenses accurately through an accounting system.
<b>Year 1</b>	
<b>Guidance:</b> The aim of the climate change adaptation plan is to set up activities that ensure that the needs of the members and their communities are addressed and sustainable benefits are attained. Planning, implementing and evaluating activities in the climate change development plan should lead to increased participation of members in their own organization and community, and ensure their needs are considered.	

### 2.3.6 Activities for vulnerable groups

<b>Applies to:</b>	
<b>Dev</b>	Vulnerable groups benefit from at least one activity of the climate change development plan.
<b>Year 3</b>	
<b>Guidance:</b> The aim is that you demonstrate solidarity with all your members and communities, by supporting vulnerable groups, for example women, young adults, migrant workers, or people with disabilities. Benefiting these groups can mean any action that is directed at improving their living conditions, welfare or capacities. The actions do not need to be addressed to them only, but should benefit them. Ideally, these communities should be consulted to express their needs and preferences. These activities may particularly target the groups that are vulnerable to the effects of climate change and affected by them in terms of health, security, or in their settlements.  Where relevant, the benefits should reach people who are affected by climate disasters, and suffer from physical, social and psychological impacts as a result of these events. You should give priority in the plan to those who face extreme situations such as displacement or need to migrate because of adverse climate patterns.	

### 2.3.7 Review of adaptation activities

<b>Applies to:</b>	
<b>Dev</b>	Towards the end of the project, you present and discuss the results and lessons learned of the implemented adaptation measures with the producers.
<b>Year 6</b>	
<b>Guidance:</b> In order to be able to present lessons learned it is necessary to install basic monitoring activities during the implementation phase covering what worked well / not so well and why.	



# 3. Labour conditions

**Intent and scope:** This section intends to ensure good working conditions for workers. Fairtrade International regards the core ILO conventions as the main reference for good working conditions.

Workers are waged employees, whether they are permanent or temporary, migrant or local, subcontracted or directly employed.

In practice, for afforestation/reforestation projects, these workers are hired for land preparation, tree planting, seeding, nursing, harvesting, etc. In energy projects, they are employed to run and maintain installations but also for implementation and monitoring of the project (such as cookstoves distribution, trainings, etc).

This section applies to workers employed by the producer organization in the project area, to generate the FCCs. Nevertheless Fairtrade International expects that all operations outside the project area unrelated to Fairtrade are also conducted in a way that upholds national law, including international human rights treaties ratified by the respective government. Therefore, if Fairtrade International identifies or receives information on any violation of rights of children or vulnerable adults, this will trigger Fairtrade’s internal protection procedures that include reporting to relevant national protection bodies.

The section on conditions of employment is only applicable to you if you employ a significant number of workers, and to your members that employ a significant number of workers. “Significant number” is defined by the certification body and may vary according to region, requirement, project type and identified risk.

## 3.1 Freedom from discrimination

**Intent and scope:** This section intends to prevent discrimination against workers based on the content of ILO Convention 111 on Discrimination. The Convention defines discrimination as “any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation” (Article 1).

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

This section is applicable to all workers employed by you and by the members of your organization.

### 3.1.1 No discrimination

<b>Applies to:</b>	
<b>Core</b>	You do not discriminate on the basis of race, colour, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, membership of unions or other workers’ representative bodies, national extraction or social origin in recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement or
<b>Year 0</b>	



	other activities. During the recruitment of workers there is no test for pregnancy, HIV/AIDS or genetic disorders.
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### 3.1.2 No abuse of any kind

<b>Applies to:</b>	
<b>Core</b>	You do not engage in, support or tolerate the use of corporal punishment, mental or physical coercion, verbal abuse or behaviour against workers, including gestures, language, and physical contact that is sexually intimidating, abusive or exploitative.
<b>Year 0</b>	

## 3.2 Freedom from forced or compulsory labour

**Intent and scope:** This section intends to prevent forced or bonded labour, including trafficking and sexual exploitation based on [ILO Conventions C29](#) (Forced Labour Convention) and [C105](#) (Abolition of Forced Labour Convention) and Protocol 029 (Trafficking in persons).

This section is applicable to all workers employed by you and by the members of your organization.

### 3.2.1 No forced labour, freedom for spouses

<b>Applies to:</b>	
<b>Core</b>	You do not engage in forced labour, including bonded or involuntary prison labour. You explain this to all workers. The employment of a worker or an offer of housing is not conditional on the employment of their spouse. Spouses have the right to work elsewhere.
<b>Year 0</b>	
<b>Guidance:</b> Slavery, misuse of prison labour, forced recruitment, debt bondage, human trafficking for labour and/or sexual exploitation are some examples of forced labour. It is considered forced labour if any part of the workers' salary, benefits, property or documents are retained in order to force them to remain in their employment. If use of any physical or psychological measure is used to retain workers, that is considered forced labour. If you demand unreasonable notice period for termination of the contract of employment, it is also considered forced labour. The term "bonded labour" or "debt bondage" refers to workers who have received loans from employers, where these loans are subject to unreasonable and/or unjust terms and conditions for repayment, where the worker and/or their families are held to pay off the loan through their labour against their will.	

## 3.3 Child labour and child protection

**Intent and Scope:** This section intends to prevent labour that is harmful to children based on ILO Convention 182 on the Worst Forms of Child Labour addressing "work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children" and on ILO Convention 138 on Minimum Age. "The minimum age specified in pursuance of paragraph 1 of this Article shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years".

This section is applicable to all workers employed by you and by the members of your organization.



### 3.3.1 No children under 15 employed

<b>Applies to:</b>	
<b>Core</b>	You do not employ children below the age of 15 or under the age defined by local law, whichever is higher.
<b>Year 0</b>	
<p><b>Guidance:</b> In the case of child-headed households where all members of the household are below the age of 18 years, a child's right approach should be used to interpret the minimum age requirements, giving priority to the best interest of the child. If the age of a child is unknown, all efforts must be made to identify the age following child rights guidelines.</p> <p>When there is a high likelihood of child labour as defined by ILO Convention 138 (Minimum age) and ILO Convention 182 (Worst forms of child labour) you are encouraged to address this and include actions that tackle root causes of child labour such as ensuring safe schooling. If there are no schools available in the area where children live, all effort should be given to work with national authorities and/or other relevant partners to build schools for children or provide safe transportation so children can attend the nearest schools. If children migrate temporarily with their working families to areas where no schools are available, temporary schooling alternatives could be sought and provided so children can attend school and receive a quality education.</p> <p>In all circumstances child rights should be given primary consideration, as reflected in the guiding principles of the UN Convention of the Rights of the Child (UNCRC).</p>	

### 3.3.2 Work in the family

<b>Applies to:</b>	
<b>Core</b>	Your members' children below 15 years of age are allowed to help under strict conditions: you make sure that they only work after school or during holidays, the work they do is appropriate for their age and physical condition, they do not work long hours and/or under dangerous or exploitative conditions and their parents supervise and guide them.
<b>Year 0</b>	
<p><b>Guidance:</b> This can be particularly relevant for projects at the household level, such as the development and use of clean energy for household lighting or cooking for example. This requirement acknowledges the difference between situations when a child helps his/her family members with certain household tasks which are not to the detriment of his/her educational, psychological or physical development, and situations of child labour that are exploitative and abusive.</p>	

### 3.3.3 No dangerous or exploitative work for children under 18

<b>Applies to:</b>	
<b>Core</b>	You and the members of your organization do not submit workers of less than 18 years of age to any type of work which, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety, morals or their school attendance.
<b>Year 0</b>	
<p><b>Guidance:</b> Examples of work that is potentially damaging includes work that takes place in an unhealthy environment, involves excessively long working hours, night hours, the handling or any exposure to toxic chemicals, work at dangerous heights, operation of dangerous equipment and work that involves abusive punishment or is exploitative.</p>	



### 3.3.4 Remediation of and preventing child labour

<b>Applies to:</b>	
<b>Core</b>	If in the past you or your members employed children under 15 for any type of work, or children under 18 for dangerous and exploitative work, you ensure that those children do not enter or are not at risk of entering into even worse forms of labour. You and the members of your organization implement relevant procedures to prevent children below the age of 15 from being employed for any work and children below the age of 18 from being employed in dangerous and exploitative work.
<b>Year 0</b>	
<p><b>Guidance:</b> In order to ensure children do not enter worse forms of work you could develop a rights based remediation policy and program within a UNCRC protective framework that covers how to withdraw the children and how to prevent that they enter into worse forms of labour.</p> <p>This policy and program should include a clear statement against child labour and remediation projects to ensure the immediate and continued protection of children.</p>	

### 3.4 Freedom of association and collective bargaining

**Intent and scope:** This section intends to protect workers against discrimination when defending their rights to organize and to negotiate collectively based on ILO Convention 87 on Freedom of Association and Protection of the Right to Organize, ILO Convention 98 on the Right to Organize and Collective Bargaining and ILO Recommendation 143 on Workers’ Representatives.

“Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation. Workers’ and employers’ organizations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes.”

This section is applicable to all workers employed by you and by the members of your organization.

#### 3.4.1 Freedom to join a workers’ organization

<b>Applies to:</b>	
<b>Core</b>	All workers are free to join a workers’ organization of their own choosing, and to participate in group negotiations regarding their working conditions. These rights are not denied in practice, and have not been opposed in the last two years.
<b>Year 0</b>	
<p><b>Guidance:</b> “Workers organization” is any organization of workers with the objective of “furthering and defending the interests of workers” (ILO Convention 110, Article 69). If there has been opposition to these rights in the last two years, this requirement is still fulfilled if circumstances have changed substantially, for example in case of a change of management.</p>	

#### 3.4.2 Allowing trade union representatives meetings with workers

<b>Applies to:</b>	
<b>Core</b>	Trade unions that do not have a base in the organization are allowed to meet workers and to



<b>Year 0</b>	share information. There is no interference in these meetings.
<b>Guidance:</b> Workers are free to participate or not in these meetings. The meetings can be requested by the workers. External union officials can request the meetings if the union is involved in a Collective Bargaining Agreement (CBA) within the relevant industry or at national level. Time and place for these meetings have to be agreed in advance.	

### 3.4.3 No discrimination against unionized workers

<b>Applies to:</b>	
<b>Core</b>	You do not discriminate against workers and their representatives for organizing, joining (or not) a workers' organization, or for participating in the legal activities of the workers' organization.
<b>Year 0</b>	<p>If a workers' organization representative is dismissed, it is immediately reported and explained to the certification body.</p> <p>There is a record of all terminated contracts. These records include the reason for termination and indicate if workers are members of a workers' organization.</p>
<b>Guidance:</b> "Discrimination" means that workers are treated differently or suffer any negative repercussions. Some actions that could indicate discrimination against workers who form a workers' organization or who are trying to form one are closing production, denying access, longer working hours, making transport difficult or dismissals.	

### 3.4.4 Electing a workers' organization

<b>Applies to:</b>	
<b>Dev</b>	If there is no union that is recognized and active in the region, if unions are forbidden by law, or if unions are managed by government and not by members, then workers are encouraged to democratically elect a workers' organization, if there are enough workers employed to do so. The workers' organization will represent workers in their negotiations to defend their interests. Training is provided to workers for improving their awareness about workers' rights and duties. Training takes place during paid working time.
<b>Year 3</b>	
<b>Guidance:</b> Fairtrade International defends the rights of freedom of association and collective bargaining and believes that independent trade unions are the best way for achieving this. Therefore, this requirement only applies if there are no recognized unions that are active in your area, if unions are forbidden by law or if unions are managed by government and not by members. "Recognized union" means that the union is affiliated with a national or international trade secretariat (for example the Global Union Federation).	

## 3.5 Conditions of employment

**Intent and scope:** This section intends to provide for good practices regarding the payment of workers and their conditions of employment based on ILO Convention 100 on Equal Remuneration and on ILO Convention 110 on Conditions of Employment of Workers.



This section is only applicable to you if you employ a significant number of workers, and to your members that employ a significant number of workers. "Significant number" is defined by the certification body and may vary according to region, requirement and identified risk.

### 3.5.1 Wages

<b>Applies to:</b>	
<b>Core</b>	You set salaries for workers according to Collective Bargaining Agreements regulations where they exist or at regional average wages or at official minimum wages for similar occupations, whichever is the highest. Wages are specified for all employee functions.
<b>Year 0</b>	

### 3.5.2 Production, quotas and piecework

<b>Applies to:</b>	
<b>Core</b>	For work based on production, quotas and piecework, during normal working hours, you pay the proportionate minimum wage or the relevant industry average, whichever is higher. Information about this pay rate is available for all workers and worker organizations.  For pay based on piecework, the worker agrees that the rate is fair, and the method of calculation is made transparent and accessible to the worker.  Production, quotas and piecework employment is not used as a means to avoid time-bound contracts.
<b>Year 0</b>	

### 3.5.3 Regular payments in legal tender

<b>Applies to:</b>	
<b>Core</b>	You make payments to workers at regularly scheduled intervals and document them with a pay slip containing all necessary information. Payments are made in legal tender. Only if the worker explicitly requests for it, payment in kind may be made.
<b>Year 0</b>	

### 3.5.4 Maternity leave, social security provisions and other benefits

<b>Applies to:</b>	
<b>Dev</b>	You set maternity leave, social security provisions and non-mandatory benefits according to national laws or according to CBA regulations where they exist, or according to the agreement signed between the workers' organization and the employer, whichever is the most favourable for the worker.
<b>Year 3</b>	

### 3.5.5 Employment contracts

<b>Applies to:</b>	
<b>Dev</b>	You have a legally binding written contract of employment with all permanent workers that



<b>Year 3</b>	includes at least the following: the job duties related to the position; protection of the worker from loss of pay in the case of illness, disability or accident; and a notice period for termination that is the same as the notice period of the employer.
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### 3.5.6 Worker’s copy of the contract

<b>Applies to:</b>	
<b>Dev</b>	You provide a copy of the signed contract to the worker.
<b>Year 3</b>	

### 3.5.7 Gradual salary increase

<b>Applies to:</b>	
<b>Dev</b>	You gradually increase salaries above the regional average and the official minimum wage.
<b>Year 3</b>	

### 3.5.8 Permanent employment

<b>Applies to:</b>	
<b>Dev</b>	Where possible, you assign all regular work to permanent workers.
<b>Year 3</b>	
<b>Guidance:</b> Regular work excludes all seasonal work, work that is added to usual work levels during peak periods, and special tasks. The intention of this requirement is that you do not avoid legal obligations by using continuous fixed-term employment contracts.	

### 3.5.9 Equitable remuneration

<b>Applies to:</b>	
<b>Dev</b>	Local, migrant, seasonal and permanent workers receive the same benefits and employment conditions for the same work performed. Where this is not possible, an alternative and equivalent benefit is provided to them.
<b>Year 3</b>	

### 3.5.10 Subcontracted workers

<b>Applies to:</b>	
<b>Dev</b>	If you employ migrant or seasonal workers through a contracting agency or person, you put effective measures in place to ensure that their hiring and working conditions also comply with this standard.
<b>Year 6</b>	



**Guidance:** The standard covers all workers whether they are local, migrant, directly contracted or subcontracted. As subcontracted migrant or seasonal workers are in an especially vulnerable position, the organization needs to ensure that the requirements are equally applied to them. Effective measures may include: referring to guidelines to select contracting agencies or persons, and procedures to monitor the working conditions of migrant or seasonal subcontracted workers.

### 3.6 Occupational health and safety

**Intent and scope:** This section intends to prevent work-related accidents by minimizing hazards in the work place. It is based on ILO Convention 155 on Occupational Safety and Health.

This section is applicable to all workers employed by you and by the members of your organization.

#### 3.6.1 Workplace safety

<b>Applies to:</b>	
<b>Core</b>	Work processes, workplaces, machinery and equipment on production site are safe.
<b>Year 0</b>	

#### 3.6.2 Restrictions on engaging in hazardous work

<b>Applies to:</b>	
<b>Core</b>	Children under the age of 18 years, pregnant or nursing women, mentally disabled people, people with chronic, hepatic or renal diseases and people with respiratory diseases do not carry out any potentially hazardous work. Alternative work is provided for them.
<b>Year 0</b>	

#### 3.6.3 First aid equipment and training

<b>Applies to:</b>	
<b>Core</b>	You provide workers with first aid boxes and equipment and a sufficient number of people trained in first aid in the workplace at all times.
<b>Year 0</b>	

#### 3.6.4 Access to clean drinking water, toilets and hand washing facilities

<b>Applies to:</b>	
<b>Core</b>	You provide workers with clean drinking water and clean toilets with hand washing facilities close by, and clean showers for workers who handle pesticides. These facilities are separate for women and men and the number of facilities is in proportion to the number of workers.
<b>Year 0</b>	



### 3.6.5 Health and safety issues representative

<b>Applies to:</b>	
<b>Dev</b>	You enable workers to nominate a representative who knows about health and safety issues and who will raise workers' concerns on health and safety issues with the organization's management.
<b>Year 3</b>	

### 3.6.6 Training hazardous work

<b>Applies to:</b>	
<b>Core</b>	You train workers who carry out hazardous work on the risks from this work to their health, and to the environment, and on what to do in case of an accident.
<b>Year 3</b>	

### 3.6.7 Visibility of safety instructions

<b>Applies to:</b>	
<b>Core</b>	You display all information, safety instructions, re-entry intervals and hygiene recommendations for hazardous work clearly and visibly in the workplace in the local language(s) and with pictograms.
<b>Year 3</b>	

### 3.6.8 Provision of personal protective equipment

<b>Applies to:</b>	
<b>Core</b>	You provide and pay for personal protective equipment (PPE) for all workers who perform hazardous work. You make sure that PPE is used and that replacement equipment is ordered and distributed when the existing equipment wears out.
<b>Year 0</b>	



# 4. Environmental Development

**Intent and scope:** This section intends to ensure that the production of FCCs is sustainable and contributes to the protection of the environment, e.g. natural resources, biodiversity, health of the communities, etc.

The requirements of this section apply to the FCC project area.

Parts of the requirements, where indicated, are only applicable for afforestation/reforestation projects, while others are also applicable to energy efficiency/renewable energy projects.

## 4.1 Pest management

**Intent and scope:** This section intends to minimize risks from handling pesticides and promote the use of integrated pest management tools, and aims at reducing the amounts of pesticides used as much as possible. When pesticide use is necessary, you and the members of your organization are encouraged to use pesticides that are the least toxic as economically and technically feasible.

Pest management requirements are applicable to the FCC project area.

### 4.1.1 Prohibited materials list

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	You do not use any of the materials on the <a href="#">Fairtrade International prohibited materials list</a> (PML) part 1 (Red List) on FCC production.
<b>Year 0</b>	Prohibited materials are clearly marked as not for use in FCC project areas.

### 4.1.2 Derogations from the prohibited materials list

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	By derogation from the requirement 4.1.1 above, you may apply certain materials from the Fairtrade International PML part 1 (Red List). You may use materials only if you have previously requested the use with the certification body and received permission. This requirement only applies when the certification body allows the use of a material specified in the Fairtrade International PML Red List of Materials by derogation. The certification body only grants permission for materials and their scope in the Fairtrade International PML part 1 (Red List). You demonstrate that the use of these materials is minimized and undertaken only in case of definite need, used under appropriate health and safety conditions and using advanced techniques. You develop and implement an appropriate plan and record to substitute these materials.
<b>Year 0</b>	



### 4.1.3 Buffer zones for application of hazardous chemicals

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	You do not apply pesticides and other hazardous chemicals within 10 meters from ongoing human activity (housing, canteens, offices, warehouses or the like with people present) or above and around water sources. A buffer zone of at least 10 meters is kept unless there is a barrier that effectively reduces pesticide drift. Alternatively appropriate re-entry intervals are applied so that people are not affected by pesticide drift.
<b>Year 0</b>	
<b>Guidance:</b> The size of a reduced buffer zone may depend on the density of the barrier and on the spraying or application methods.	

### 4.1.4 Labelling hazardous chemicals

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You have all pesticides and hazardous chemicals clearly labelled.
<b>Year 3</b>	
<b>Guidance:</b> Containers should be labelled indicating contents, warnings, and intended uses (preferably in the original container when possible).	

### 4.1.5 Equipment for accidents and spills

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You have equipment to handle accidents and spills in the areas where pesticides and other hazardous chemicals are prepared or mixed, in order to prevent pesticides and other hazardous chemicals from seeping into soil or water. Members plan spraying in such a way as to have no or very little spray solution left.
<b>Year 6</b>	
<b>Guidance:</b> The equipment can be very simple, such as absorbent material.	

### 4.1.6 Cleaning, storing and disposal hazardous waste

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You triple rinse, puncture and store empty containers properly. You clean and store all equipment that has been in contact with hazardous materials properly.
<b>Year 3</b>	
<b>Guidance:</b> To “store properly” means to reduce risk of hazards by keeping away from people, animals and water sources. “Equipment” refers to other material that has been in contact with pesticides, such as personal protection equipment (PPE), filters, measuring and application equipment. You are encouraged to contact chemical suppliers and/or local authorities for disposing of these materials.	



### 4.1.7 Integrated pest management

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You provide training to members on the subject of integrated pest management. Training includes: the monitoring of pests and disease, alternative ways to control pests and diseases, preventive measures against pests and diseases, measures to avoid that pests and diseases build up resistance to pesticides.  You raise awareness of the hazards and risks related to pesticides and other hazardous chemicals amongst all members and workers, even if they are not directly handling these materials.
<b>Year 3</b>	
<b>Guidance:</b> Alternative controls refer to methods other than the use of chemical pesticides. These can include biological controls such as the introduction of natural enemies or physical controls such as sticky traps to capture pests, as well as other means that serve to reduce and/or control the population of the pest. Preventive measures refer to cultivation techniques that may reduce the presence or the effects of pests. These can include crop rotation, ground covers, mixing compost with the soil, removing pest infested plants and plant parts and intercropping.	

### 4.1.8 Ensuring proper and safe handling of chemicals through training

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	You provide training to producers and workers who handle pesticides and other hazardous chemicals on the risks of handling these materials and on how to handle them properly.  Containers are labelled indicating contents, warnings, and intended uses (preferably in the original container when possible).  Training addresses: <ul style="list-style-type: none"> <li>• how to properly store pesticides and hazardous chemicals, especially so these cannot be reached by children;</li> <li>• how to understand the product label and other safety instructions made available by the manufacturer;</li> <li>• how to handle accidents and spills when preparing and applying;</li> <li>• how to properly handle and dispose of empty containers, including triple rinsing and puncturing containers; and</li> <li>• intervals of time when people are not allowed to enter a sprayed area or field without any personal protection equipment.</li> </ul>
<b>Year 0</b>	

### 4.1.9 Awareness of hazardous chemicals

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	You raise awareness amongst all producers and workers of the hazards and risks related to pesticides and other hazardous chemicals, even if they are not directly handling these materials.
<b>Year 0</b>	



#### 4.1.10 Pesticides and hazardous chemical storage

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	<p>You maintain storage areas for pesticides and other hazardous chemicals in a way that minimizes risks, especially so that chemicals are not reached by children. Containers of pesticide and other hazardous chemicals are not reused to store and transport food or water.</p> <p>The storage area:</p> <ul style="list-style-type: none"> <li>• is locked and accessible only to trained and authorised personnel;</li> <li>• is ventilated to avoid concentration of toxic vapours;</li> <li>• has equipment, such as absorbent materials, to handle accidents and spills;</li> <li>• does not contain food;</li> <li>• contains hazardous materials clearly labelled and indicating contents, warnings, and intended uses, preferably in the original container when possible, and</li> <li>• contains information on proper handling (safety sheets).</li> </ul>
<b>Year 0</b>	
<p><b>Guidance:</b> To further reduce risks, the least amount of stock necessary should be stored, depending on need, season, and distance to suppliers. It is good practice to keep obsolete materials in the storage area until they can be disposed of properly.</p>	

#### 4.1.11 Documenting pesticide use

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	<p>A list of pesticides that are used on FCC production is compiled and updated, at a minimum every 3 years. This list indicates which of those pesticides are in the <a href="#">Fairtrade International Prohibited Materials List</a> (PML), part 1, Red List and part 2, Amber List.</p>
<b>Year 0</b>	
<p><b>Guidance:</b> Producers can update the list often. The list can be compiled through interviews and informal communication with groups of members, or by collecting records of use kept by members.</p> <p>The Fairtrade International PML has two parts, part 1, the Red List, which includes a list of prohibited materials and part 2, the Amber List, which includes a list of materials which will be monitored and by 2015 decided whether or not they will be included in the Red List. Producers are encouraged to abandon the use of materials in the Amber List.</p>	

#### 4.1.12 Procedure for compliance with prohibited materials list

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	<p>You set up a procedure to ensure that producers do not use any of the materials on the <a href="#">Fairtrade International PML</a> part 1 (Red List) on FCC production.</p> <p>The procedure includes at least activities that raise the registered producers' awareness of the PML.</p>
<b>Year 0</b>	
<p><b>Guidance:</b> The procedure can describe any series of measures that are effective for the producers. It may also include activities such as keeping and communicating an updated list of the commercial names of the materials on the PML part 1 (Red List) and identifying those materials that may be critical to the producers, as well as activities that aim at an exchange of best practices based on the producers' experiences.</p>	



### 4.1.13 Personal protective equipment use

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Core</b>	You implement measures so that people, including members and workers, wear appropriate personal protective equipment (PPE) when handling pesticides or hazardous chemicals.
<b>Year 3</b>	
<p><b>Guidance:</b> PPE is protective clothing that effectively limits exposure to hazardous chemicals. PPE includes garments or equipment which covers the arms and legs, footwear (shoes or boots), a mask when applicable and, if spraying trees above your head, a hat. Specific garments will vary according to local context. The product labels may provide further guidance on the type of PPE that should be used when mixing and applying.</p> <p>Exposure may also be reduced by choosing certain formulations and modes of application. Advice can be sought from the supplier or manufacturer.</p>	

### 4.1.14 Minimizing herbicide use

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You minimize the use of herbicides by implementing other weed prevention and control strategies.
<b>Year 3</b>	
<p><b>Guidance:</b> Strategies may include activities to avoid favourable growing conditions for weeds, to bring competition to weeds or to promote alternative control measures such as mechanical weeding, manual weeding, using herbivores or biological control.</p>	

### 4.1.15 Amount of fertilizer used matches nutrient need

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You provide training to producers on the appropriate use of fertilizers. This training includes: <ul style="list-style-type: none"> <li>• measures to ensure that fertilizers (organic and inorganic) are applied in amounts that respond to the nutrient needs of trees, and</li> <li>• measures to store fertilizers separately from pesticides in a way that minimizes risks of polluting water.</li> </ul>
<b>Year 6</b>	
<p><b>Guidance:</b> Nutrient content of soil may be determined by producers based on their knowledge. If soil samples are sent to laboratories for analysis, the samples should represent all cultivated land and be analysed as often as possible. Cross contamination with fertilizers and pesticides can lead to tree damage. However, if the label or the instructions allows mixing, they can be stored together.</p>	

## 4.2 Soil and water

**Intent and scope:** Soil and water are vital resources. Healthy soils and availability of clean water are important for the sustainability of the production system.

Soil and water requirements are applicable to the FCC project area.



### 4.2.1 Prevention and reduction of soil erosion

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You identify land at risk of soil erosion and land that is already eroded in fields. You provide training on practices that reduce and/or prevent soil erosion to those members of your organization where risk of soil erosion or already eroded land has been identified.
<b>Year 3</b>	
<b>Guidance:</b> The training may include information on preventive measures to avoid erosive conditions, remedial actions, establishing groundcovers or other kinds of vegetation.	

### 4.2.2 Enhancing soil fertility

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You prepare a report on measures that were implemented to improve soil fertility and condition.
<b>Year 3</b>	
<b>Guidance:</b> Measures can include practices such as essence mixing, reduced impact logging techniques, incorporating compost or green manures into the soil or mitigating fragmentation by reducing numbers of skid trails and haul roads.	

### 4.2.3 Sources of irrigation water

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You compile a list of water sources and use the water sources in the list for irrigating trees of the FCC project area and locating the project according to local watershed.
<b>Year 3</b>	
<b>Guidance:</b> You can also use maps to show the location of the water sources.	

### 4.2.4 Sustainable use of water

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You stay informed about the situation of water sources in the project area. In case local environmental authorities or other entities consider that water sources are being depleted, are in a critical situation, or are under excessive pressure, you engage in a dialogue with the authorities or local initiatives in order to identify possible ways to be involved in research or solution finding. In no case does the project lead to the depletion of water sources that are used by the local communities.
<b>Year 6</b>	
<b>Guidance:</b> You are encouraged to monitor existing knowledge and information about the sustainability of the water sources among local authorities, universities or organizations that are working in your region.	



### 4.2.5 Training on sustainable water use

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You train producers on measures to use water efficiently. This includes:
<b>Year 3</b>	<ul style="list-style-type: none"> <li>• estimating how much water is needed in the production process;</li> <li>• measuring (or estimating) how much water is extracted from the source;</li> <li>• optimizing and maintaining the water distribution system; and</li> <li>• adopting, where applicable, methods to recirculate, reuse and/or recycle water.</li> </ul>

### 4.2.6 Handling waste water from processing facilities

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You handle waste water from central processing facilities in a manner that does not have a negative impact on water quality, soil fertility or food safety.
<b>Year 6</b>	
<b>Guidance:</b> Waste water from processing facilities includes water contaminated by the processing itself and waste water from sanitary facilities. A plan may be defined to monitor the water quality of the waste water discharged from processing facilities. Such a plan may include: baseline levels of acceptable waste water quality, method(s) of analysis of water quality, a specified frequency of monitoring and means to correct any incidence of contaminants down to adequate levels. Water filtration or other treatment systems may be installed in the processing facilities.	

### 4.2.7 Training on waste water and health risks

<b>Applies to:</b> afforestation/reforestation projects only	
<b>Dev</b>	You provide training to producers on waste water and its related health risks as well as on the risks related to waste water treatment methods.
<b>Year 6</b>	
<b>Guidance:</b> Plans to improve the sanitary conditions at member level could complement the training.	

## 4.3 Waste

**Intent and Scope:** Reducing, reusing, handling and recycling waste in a manner that is appropriate to the respective materials reduces risks from hazardous waste and leads to an improved environment and work place. The waste management requirements in this section are applicable to the project area.

### 4.3.1 Storage and disposal of hazardous waste

<b>Applies to:</b>	
<b>Core</b>	You ensure that members keep project areas free of hazardous waste.
<b>Year 1</b>	



**Guidance:** You explain to your members which waste is hazardous, which operations involve hazardous waste and what procedures exist to handle and store hazardous waste properly in order to minimize risks.

### 4.3.2 Raising awareness about recycling waste

**Applies to:**

<b>Dev</b>	You raise awareness among your members about re-using waste when possible. In agriculture and forestry, organic waste can be reused through the implementation of practices that allow nutrients to be recycled. Organic waste may be burned only if it is required by applicable legislation for sanitary purposes, or if it is clearly a more sustainable practice.
<b>Year 3</b>	

**Guidance:** Examples of good practices in agriculture are composting, mulching and using green manures. Feeding animals with organic waste contaminated with pesticides and burning organic waste are not sustainable practices. If burning organic waste for sanitary reasons is undertaken, it should be done in a strictly controlled manner to minimize risk of wildfires and smoke production.

Using organic waste as fuel could be considered a more sustainable practice.

### 4.3.3 Handling of waste materials

**Applies to:**

<b>Dev</b>	You reduce, re-use, handle and recycle waste in a manner that is appropriate to the respective materials.
<b>Year 3</b>	

**Guidance:** This reduces the risks from hazardous waste and leads to an improved environment and work place.

### 4.3.4 Waste storage and disposal

**Applies to:**

<b>Dev</b>	You have designated areas for the storage and disposal of hazardous waste by producers. In the absence of appropriate disposal facilities, small amounts of hazardous waste can be burned in a well-ventilated area away from people, animals or crops. Producers only burn hazardous waste if it is allowed by local regulation and all safety recommendations are followed.
<b>Year 3</b>	

**Guidance:** You are encouraged to provide central areas for disposal and storage of hazardous waste so that producers avoid unsafe disposal, or indefinite storage. You could also contact suppliers and local authorities to help identify hazardous materials and improve handling and disposal practices.

## 4.4 Genetically Modified Crops

**Intent and Scope:** Genetically Modified (GM) crops do not contribute to sustainability in the long run. GM crops increase dependencies on external inputs and discourage an integrated approach in the production system thus inhibiting resiliency. GM crops may also have potential negative impacts on human health and to the environment.



GMO requirements in this section are applicable to all trees grown in the FCC project area. This means that the parallel production of a GMO variety and a non-GMO variety inside the project area, even if not intended for the Fairtrade market, is not allowed.

#### 4.4.1 No intentional use of genetically engineered seed or planting stock

<b>Applies to:</b> afforestation/reforestation only	
<b>Core</b>	You do not intentionally use genetically engineered seed or planting stock in the FCC project area. You implement practices to avoid GM contamination in seed stocks.
<b>Year 0</b>	
<p><b>Guidance:</b> The potential risk to use genetically modified seed stock and/or planting material may be evaluated. An awareness raising program may be established about the GM species and non-GM varieties which are registered in the country or region and are to be sold as Fairtrade. For species identified as at risk, additional measures may be established to avoid use of these seed lots.</p> <p>You could make a list of GMOs being marketed in the country, by species, trait, and brand names. You could monitor publicly available lists to know what products are available on the market as GMOs. For any trees that producers grow that are of known GMO species, you could set up a standardized procedure for requiring documentation, analysis and other non-GMO verification for the seed in question.</p> <p>In cases where there is a risk of GMO contamination of the tree of the FCC project area, you are encouraged to:</p> <ul style="list-style-type: none"> <li>• have a plan to actively seek out and request non-GMO seed;</li> <li>• keep records that show the distribution of the seed – by individual producer’s name, quantity, lot number(s) of the seed, brand/source; and</li> <li>• check if amount of seed distributed to the producers matches theoretical planting density for the stated planted acreage.</li> </ul> <p>If you save/produce your own seed, you could monitor the species and essences, field production techniques and post-harvest practices to ensure contamination is avoided. You could put a sampling and testing protocol in place, with a rationale given for the frequency and types of tests.</p>	

### 4.5 Biodiversity

**Intent and scope:** Biodiversity supports natural ecosystems. The loss of natural ecosystems is a threat to the sustainability of the production system because the benefits they provide can be lost. These benefits include enhanced water conservation, soil fertility, energy production and using potential alternative productions, hosting of natural enemies, and a reserve of products important to local communities. Natural ecosystems also provide a buffer to mitigate and adapt to the effects of climate change.

Biodiversity requirements in this section are applicable to the project area.

#### 4.5.1 Conservation of protected areas

<b>Applies to:</b>	
<b>Core</b>	You avoid negative impacts on protected areas and in areas with high conservation value within or outside the project area. The project area complies with national legislation in relation to agricultural land use.
<b>Year 0</b>	
<p><b>Guidance:</b> “Protected areas” are a clearly defined geographical space, recognized, dedicated and managed, through legal or</p>	



other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values (IUCN 2008). Protected areas can be public or private biological conservation areas.

You are encouraged to identify protected areas with the help of local, regional or national authorities.

“Areas with high conservation value” is a concept developed by Forest Stewardship Council –FSC- and refers to areas that are worth conserving because they are important on a local, regional or global scale and which may include social value such as the benefits that an area provides to a community in terms of its cultural importance or economic resource. Biological value includes ecosystems or habitats of an endangered species. These areas can usually be identified through natural vegetation with low disturbance from agriculture, forestry, industry, urbanism or other. You could initially identify areas with high conservation value based on available knowledge within your organizations and neighbouring communities. You may wish to consult with elders and people in the community who may have knowledge of the natural vegetation in the region.

For more information see: FSC International website (<https://ic.fsc.org/>) and High Conservation Value network ([www.hcvnetwork.org](http://www.hcvnetwork.org))

“Negative impact” refers to partial or complete destruction of the protected area or loss of the conservation value.

### 4.5.2 Observation of buffer zones

Applies to:

<b>Dev</b>	You maintain buffer zones around water bodies and watershed recharge areas and between production areas and areas of high conservation value, whether protected or not. You do not apply pesticides, other hazardous chemicals or fertilizers to buffer zones.
<b>Year 6</b>	

**Guidance:** Buffer zones lead to better management and sustainability of adjacent protected areas which thus enhances biodiversity. Clusters of small production areas can be considered a single production site with buffer zones at its perimeter only. It is recommended to avoid using all of the land for crop production. It is also recommended to connect buffer zones, where feasible, in order to create ecological corridors.

Restoration of ecological corridors may take place by actively reintroducing the native vegetation or by protecting it in order to allow regeneration of native vegetation. This requirement does not specify a minimum size for the buffer zones.

### 4.5.3 Reporting on biodiversity activities

Applies to:

<b>Dev</b>	You report on activities that are carried out to protect and enhance biodiversity.
<b>Year 6</b>	

**Guidance:** You are free to choose how you report on your activities carried out to identify and address key biodiversity issues in the region. Examples of activities include:

- Raising awareness among producers about biodiversity or training in techniques to protect it.
- Maintaining and restoring natural ecosystems in areas that are not suitable for cultivation or exploitation, and in buffer zones (see above requirement).
- Actively replanting native vegetation or by actively protecting it to allow regeneration of native vegetation

You may find valuable knowledge within local communities regarding further activities. Local experts (such as authorities, universities, NGOs or online databases) can be good sources of advice.



#### 4.5.4 Raising awareness about rare or threatened species

<b>Applies to:</b>	
<b>Dev</b>	You raise producers' awareness so that no collecting or hunting of rare or threatened species takes place.
<b>Year 3</b>	
<b>Guidance:</b> You can make an initial classification of rare and threatened species based on your own knowledge. You are also encouraged to contact local experts on biodiversity who could provide support in identifying rare and threatened species and in adjusting the initial classification. In addition to regional or local information, you may want to look at IUCN red list of threatened species at <a href="http://www.iucnredlist.org/">www.iucnredlist.org/</a> for further reference.	

#### 4.5.5 Raising awareness about alien invasive species

<b>Applies to:</b>	
<b>Dev</b>	You raise awareness among producers so that alien invasive species are not introduced.
<b>Year 3</b>	
<b>Guidance:</b> Producers may make an initial classification of alien species based on their own knowledge. You are encouraged to contact local experts who could provide support in identifying alien species and ways in which their introduction and propagation may be avoided. For further information see the Convention of Biological Diversity at <a href="http://www.cbd.int/invasive">www.cbd.int/invasive</a>	



# 5. Trade

**Intent and scope:** The purpose of this section is to ensure that producers receive an equitable and secured benefit from selling FCCs.

The trader, the Authorized Fairtrade Carbon Credits Supplier, is the certificate holder for the trade of FCCs. Other potential traders in the supply chain are not certified against this standard.

The FCCs are sold by the producer organization to the trader(s), either directly, or through the project facilitator (if it manages funds on behalf of the producer organization). The activities related to selling FCCs can be (sub-)contracted from the producer organization to the project facilitator, if the producer organization has not developed capacities and resources to manage them yet.

In cases where the project facilitator manages funds on behalf of the producer organization, the ownership of the FCCs still remains with the producer organizations, if they are the certificate holder.

If a project facilitator buys the FCCs from the producer organization to sell them as a trader, then the project facilitator is certified both as a project facilitator and as a trader.

If an end buyer buys the FCCs directly from the producer organization, then the end buyer is also certified as a trader.

## 5.1 Contracts

**Intent and scope:** Fairtrade aims to create sustainable trade partnerships between producers' organizations and traders, which enable producers to have long-term access to markets under viable conditions. Above and beyond requirements in this standard, it is important that these relationships grow stronger over time and are based on mutual respect, transparency and commitment.

Contracts between producer organizations and traders set the framework for Fairtrade operations. It is important that the contractual obligations are mutually agreed, well documented, and clearly understood by the contracting parties. This section intends to ensure transparency and clarity in the contracts. Furthermore, it aims to regulate the sales, and provide security to both producers and traders.

### 5.1.1 Binding purchase contracts

<b>Applies to:</b>	
<b>Core</b>	Traders and producer organizations sign binding purchase contracts with each other. This contract is signed as early as possible during the FCC project cycle.
<b>Year 0</b>	<p>This contract indicates clearly as a minimum:</p> <ul style="list-style-type: none"> <li>• that the contract would become invalid if the project is never implemented;</li> <li>• agreed volumes;</li> <li>• the price, defined according to the requirements of the pricing section (see 5.5);</li> <li>• that the potential differential of prices due to inflation or exchange rate between the date of</li> </ul>



	<p>signature of the contract and date of the payments are to be adjusted according to the inflation and exchange rates of the date of payments</p> <ul style="list-style-type: none"> <li>• any amounts of sales income retained by the trader for eventual administrative services</li> <li>• the amounts of Fairtrade Premium to be paid (indicated separately from the price);</li> <li>• who is responsible for paying the Price and the Fairtrade Premium;</li> <li>• the form of payment, which must be transparent and traceable;</li> <li>• the date of the exchange rate to be used in case the payment of the price and the premium is made in a different currency to that defined in the Fairtrade price table;</li> <li>• the terms and amounts of pre-finance, if applicable;</li> <li>• procedures in case of problems with the projects;</li> <li>• agreement on applicable jurisdiction; and</li> <li>• an alternative dispute resolution mechanism agreed by both parties to resolve conflicts (separate from jurisdiction).</li> </ul> <p>The contract covers the period during which monitoring is carried out and payments are made, and includes a delivery schedule.</p>
<p><b>Guidance:</b> 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 trader who should also ensure that the contract reaches the producer organization in an agreed language.</p> <p>The trader is encouraged to help solve conflicts or issues if it is within reach, for example in cases of delays due to bank transfers or language barriers between producers and the standard.</p>	

### 5.1.2 Risk buffer

<b>Applies to:</b>	
<b>Core</b>	The contract includes a risk buffer in case a lower amount of FCCs is produced over the course of the project than forecast. The contract contains a clause mentioning that the trader cannot step out of the contract unless it pays penalties.
<b>Year 0</b>	
<p><b>Guidance:</b> The producer organization may propose measures to compensate any eventual underperformance. Measures which the producer organization could take to compensate underperformance could be for example planting more trees or replacing damaged cook stoves.</p> <p>Underperformance means that the project does not lead to as much emissions reduction/carbon sequestration as expected. This is measured during certification cycles.</p> <p>The risk buffer is there as a security in case the underperformance of the project cannot be mitigated by the producer organization. It involves putting aside a certain amount of FCCs as a provision for risks. Concretely, at the beginning of the contract, the producer organization signs for an amount of FCCs that is lower than that expected by the project. If the project underperforms, FCCs are transferred from the “risk buffer” to the trader, so that the balance between sold and generated FCCs can be maintained.</p> <p>If the project performs as expected and the buffer is not needed, the producer organizations should inform the trader on time and can find new traders interested in purchasing the credits.</p>	



### 5.1.3 Long-term commitments

<b>Applies to:</b>	
<b>Core</b>	You have long-term commitments to the producer organization or to the project facilitator on behalf of the producer organization.
<b>Year 3</b>	

### 5.1.4 Managing underperformance

<b>Applies to:</b>	
<b>Core</b>	If the project under performs or is delayed this underperformance can be compensated by the risk buffer (see 5.1.2). The trader does not impose financial penalties on the producer organization.  The producer organization informs the trader as soon as it becomes clear that a project is underperforming, so that the trader is able to plan accordingly. Only in exceptional circumstances can the trader step out of the contract, if the delays are unjustifiable.
<b>Year 0</b>	
<b>Guidance:</b> Delays can occur for many reasons, including some that are not in the hands of producers. In any case though, traders should be informed by the producer organization.	

## 5.2 Sourcing

### 5.2.1 Sourcing plans and delivery schedules

<b>Applies to:</b>	
<b>Core</b>	Traders provide their sourcing plans to the producer organizations. Producer organizations provide their delivery plans to traders (delivery schedule).
<b>Year 0</b>	
<p><b>Guidance:</b> Such plans help both producers and traders to schedule the expected dates of transfer of payment for FCCs. The purpose of this requirement is to allow both parties to schedule their operations, make provisions for eventual delays with the delivery schedule and avoid discontinuation of projects. A delivery schedule lays out quantities, dates of delivery of purchase and price. The delivery schedule is included in the contract (see requirement 5.1.1). Traders are encouraged to use the buying patterns of similar projects as a guide for the development of their sourcing plans. In cases where no prior buying patterns exist (i.e. when the trader has established a trading relationship with a new producer organization), the trader should make a reasonable estimate.</p> <p>A delivery plan encompasses also the schedule of monitoring, and verification and issuance processes, taking into account minimum and average administrative timelines for verification contracting and audits, including possible delays in case of incomplete information or corrective action requests. The producer organization should conservatively plan its expected monitoring and verification timeline, so that each step can be assessed and any delays quickly anticipated.</p> <p>Templates can be drafted from Emission Reduction Purchase Agreements that include a delivery schedule for carbon credits, as should be agreed upon between producer and traders. These are used by both parties for better planning of their activities and management of risks.</p> <p>Exchange of information is one important element of the trade relationship, in particular for producers. Traders are also encouraged to give any additional assistance they can mutually agree on with producers. Tools such as information sharing, price updates, quality training, risk sharing plans and others should be considered.</p>	

## 5.2.2 Selling carbon credits in stock with new Fairtrade certification

<b>Applies to:</b> 	
<b>Core</b>	When you become Fairtrade certified you can sell the carbon credits as Fairtrade that were issued by the Gold Standard within one year before Fairtrade certification.
<b>Year 0</b>	
<b>Guidance:</b> This requirement means that a producer organization which has recently obtained Fairtrade certification may begin selling carbon credits issued by Gold Standard during the last 12 months without having to wait for the next Gold Standard issuance.	

## 5.3 Traceability

**Intent:** This section aims to ensure that FCCs can be traced back to Fairtrade producers. This section requires traders to ensure that FCCs are identifiable as Fairtrade. The documentation related to FCCs must allow the certification body to trace back the FCCs.

### 5.3.1 Documentary traceability

<b>Applies to:</b>  	
<b>Core</b>	You identify FCCs as Fairtrade in all purchase and sales documentation for example in invoices and purchase orders.
<b>Year 0</b>	

## 5.4 Access to finance and upfront payments

**Intent:** Access to finance is one of the core benefits for producers within the Fairtrade system. The intention of this section is to help producers gain access to financial assistance and to bridge the usual gap between investment into project development and implementation and revenue from the issuance and sales of carbon credits.

### 5.4.1 Access to finance

<b>Applies to:</b>  	
<b>Core</b>	You make finance available to producer organizations if the project requires it.
<b>Year 0</b>	
<b>Guidance:</b> Traders or project facilitators may provide finance opportunities through their own funds, or facilitate funding opportunities by connecting producer organizations to funders (public or private).	

### 5.4.2 Upfront payments

<b>Applies to:</b> 	
<b>Core</b>	You provide upfront payments if the producer organization requires them and if there are



<b>Year 1</b>	proven guarantees that emission reductions are taking place.
<b>Guidance:</b> In certain cases producer organizations may need upfront payments. Traders should make these upfront payments as long as there is justification and they receive guarantees through carbon monitoring reports that the emissions reductions are taking place as planned (these are sometimes called ex-ante credits, or validated CO <sub>2</sub> certificates.)	

## 5.5 Price and Fairtrade Premium

**Intent:** The intent of this section is:

- To ensure that trade is carried out under fair and transparent conditions, and that producer organizations receive at least prevailing market prices.
- To provide producer organizations with a Fairtrade Minimum Price safety net for FCCs, in case market prices fall below projects' costs of production.
- To ensure that producer organizations receive a Fairtrade Premium in addition to the price of their product.

### 5.5.1 Payment and agreement on market price

<b>Applies to:</b>	
<b>Core</b>	You pay at least the relevant market price for carbon credits (non-Fairtrade) to the producer organization, or the project facilitator (if a contract has been signed for the project facilitator to manage payments on behalf of the producer organization). If the relevant market price for the related project types (and covering the costs of production of the project), is below the Fairtrade Minimum Price, then the Fairtrade Minimum Price applies (see requirement 5.5.2).  If the price you pay for the FCCs significantly deviates from the relevant market price, you are able to provide a rationale/justification.
<b>Year 0</b>	
<b>Guidance:</b> The relevant market price is the price that prevails on the non-Fairtrade market for carbon credits.	

### 5.5.2 Payment of Fairtrade Minimum Price

<b>Applies to:</b>	
<b>Core</b>	You pay at least the Fairtrade Minimum Price for the FCCs, as defined in the Fairtrade pricing table for the applicable type of project, to the producer organization, or the project facilitator (if a contract has been signed for the project facilitator to manage payments on behalf of the producer organization). The Fairtrade Minimum Price is an absolute minimum. Discounts cannot be made on the Fairtrade Minimum Price.
<b>Year 0</b>	
<b>Guidance:</b> Fairtrade Minimum Prices are listed on the Fairtrade website: <a href="http://www.fairtrade.net/price-and-premium-info.html">www.fairtrade.net/price-and-premium-info.html</a> . Fairtrade Minimum Prices are set at the issued FCCs level. This means it covers the costs needed to produce FCCs including the work of the project facilitator, where applicable.	



### 5.5.3 Payment deductions

<b>Applies to:</b>	
<b>Core</b>	If you receive payments on behalf of the producer organization, or if you are a trader who also carries out project facilitator tasks for the producer organization, you deduct service fees and other costs for your project facilitator role in a transparent manner from the price, before transferring the amount intended for the producer organization. The amounts of these deductions are stipulated in the contractual agreement that you have with the producer organization (see requirement 2.2.11). No deductions are allowed to be made from the Fairtrade Premium payment.
<b>Year 0</b>	
<b>Guidance:</b> This only applies to situations where the project facilitator receives price and premium payments from the trader for the producer organizations, or where the trader also performs a project facilitator role. Over time the share of the Fairtrade price transferred back to the producer organization should increase, as it takes on more project activities and carbon management responsibilities.	

### 5.5.4 Payment of Fairtrade Premium

<b>Applies to:</b>	
<b>Core</b>	You pay the Fairtrade Premium for the FCCs, as defined in the Fairtrade pricing table for the applicable type of project, to the producer organization, or the project facilitator (if a contract has been signed for the project facilitator to manage payments on behalf of the producer organization), on top of the price for the FCCs.  No deductions are allowed to be made from the Fairtrade Premium payment.
<b>Year 0</b>	
<b>Guidance:</b> The Fairtrade Premium value for each type of project is available here: <a href="http://www.fairtrade.net/price-and-premium-info.html">www.fairtrade.net/price-and-premium-info.html</a>	

### 5.5.5 Transfer of Fairtrade Premium and price by project facilitators

<b>Applies to:</b>	
<b>Core</b>	If you receive the payment of the premium and price on behalf of the producer organization, you transfer the premium in full and agreed proportion of the price (see 5.5.3 on payment deductions) to the producer organization.  No deductions are allowed to be made from the Fairtrade Premium payment.
<b>Year 0</b>	

## 5.6 Timely payment

**Intent:** The objective of this section is to define payment modalities that are fair and that will enable parties to run their businesses sustainably.



### 5.6.1 Timely payment of premium and price by traders

<b>Applies to:</b> 	
<b>Core</b>	You pay the producer organization, or the project facilitator if applicable, the price and the Fairtrade Premium for the FCCs in a timely manner, and no later than 30 days after receiving the FCCs.
<b>Year 0</b>	
<b>Guidance:</b> The timelines of these payments are agreed on between the two parties and stipulated in the contract (see requirement 5.1.1).	

### 5.6.2 Timely transfer of premium and price by project facilitators

<b>Applies to:</b> 	
<b>Core</b>	If you receive the payment of the premium and price on behalf of the producer organization, you transfer the premium and agreed proportion of the price to the producer organization in a timely manner. You agree on this timeframe in writing with the producer organization, and in all cases you make the transfer no later than 30 days after receiving the payment from the trader.
<b>Year 0</b>	
<b>Guidance:</b> The timelines of these payments are agreed on between the two parties and stipulated in the contractual agreement (see requirement 2.2.11).	

## 5.7 End buyer engagement

**Intent and scope:** The requirements 5.7.1 – 5.7.6 apply to end buyers of FCCs who source over 1,000 carbon credits per year (considering all carbon credits sourced, including non-Fairtrade certified). These end buyers are not certified against these requirements but sign an agreement with the national Fairtrade organization of their country or Fairtrade International, in which they commit to fulfilling the below mentioned requirements. Requirement 5.7.7 applies to all end buyers wishing to communicate publicly about their involvement with FCCs.

### 5.7.1 Contract with an NFO or Fairtrade International

<b>Applies to:</b> 	
<b>Core</b>	You have a contractual relationship with a national Fairtrade organization (NFO) or with Fairtrade International (for countries where there is no NFO).
<b>Year 0</b>	

### 5.7.2 Carbon emissions report

<b>Applies to:</b> 	
<b>Core</b>	You quantify and report all the carbon emissions you produce, coming from all your business activities and operations.
<b>Year 1</b>	



**Guidance:** Carbon emissions to be reported include emissions from owned or controlled sources, from the generation of purchased energy, and emissions that occur in the value chain of the reporting company, including at upstream and downstream level.

Inventories and monitoring are based on high quality standards that are internationally recognized such as:

- GHG Protocol Corporate Standard
- ISO 9004
- Carbon Trust Standard

The report will help identify the most effective ways to reduce carbon emissions (see requirement 5.7.3)

### 5.7.3 Carbon reduction plan

**Applies to:**

<b>Core</b>	You have a carbon reduction plan, committing to reducing your carbon emissions over time.
<b>Year 1</b>	

**Guidance:** The purchase of FCCs should be part of an overall comprehensive GHG management strategy with a commitment to reducing GHG emissions at the source through FCC purchase and using an offsetting mechanism only for emissions that cannot be tackled at the source and by other means (e.g. emissions caused by business related activities).

This commitment is further detailed in the contractual agreement signed by the end-buyer with the Fairtrade Organization (see requirement 5.7.1). Fairtrade will require end buyers to send copies and proofs of their carbon footprints, carbon reduction plans and evidence that these have been verified by an external body to the NFO who will either check these documents or ask the certification body to check them.

### 5.7.4 Verification of carbon emissions calculations

**Applies to:**

<b>Core</b>	You have your GHG emissions calculation and report verified by a third party.
<b>Year 3</b>	

**Guidance:** The third party organization can be any auditing company that has expertise in GHG calculation verification. The external verification increases the pertinence and accuracy of the report.

### 5.7.5 Plan for buying increasing amount of FCCs

**Applies to:**

<b>Core</b>	You buy an increasing amount of your carbon credits as FCCs to compensate your emissions, when supply is available.
<b>Year 3</b>	

**Guidance:** Fairtrade acknowledges that the supply of FCCs may not always be available, especially during the initial phase of launching the Fairtrade Climate Standard. Fairtrade recommends sourcing Gold Standard carbon credits, when the supply of FCCs is not available/sufficient. Also in general, for any carbon credits you are not sourcing as FCCs, Fairtrade recommends buying Gold Standard carbon credits.





### 5.7.6 Direct buying

<b>Applies to:</b>	
<b>Core</b>	You limit as much as possible the number of traders in your supply chains and purchase FCCs as directly as possible from the producer organizations.
<b>Year 6</b>	
<b>Guidance:</b> This means purchase arrangements between an end buyer and a seller/producer in the primary market with a view to reduce the costs or avoid brokerage fees for intermediaries acting in the secondary market. In the case of contracts, these are directly negotiated and signed between FCC end buyers and producer organizations, the producer organizations need to be able to reliably guarantee delivery of credits or fulfil their liability obligations in the case of non-delivery.	

### 5.7.7 Communications approval for end buyers

<b>Applies to:</b>	
<b>Core</b>	You sign a usage contract with a national Fairtrade organization or Fairtrade International for the right to use the Fairtrade Carbon Credits Lock-up in promotional communications or artwork, prior to use. All artwork and/or communications complies with the “Partnership Lock Up and Communications Guidelines” and are approved before use.
<b>Year 0</b>	



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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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