



# Towards a New Fair for Life Scheme



PHASE 1  
Preconsultation results

*June 2016*



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## Introduction

As any other standard, the Fair for Life Scheme is regularly updated and revised to account for new developments in the social and fair trade sector and to ensure continuous improvement of the scheme.

During the past years, there has been close cooperation, including mutual recognition, between Fair for Life and ESR (ECOCERT's social and fair trade scheme). This cooperation has been further strengthened since the acquisition of IMO by ECOCERT in 2013. Since then, the two Social & Fair Trade schemes have coexisted within the ECOCERT group. The 2016 revision of the Fair for Life Scheme will:

- Ensure that the revised version of the Fair for Life Scheme represents a continuation of the current scheme, while at the same time taking the best of both standards; Fair for Life and ESR.
- Be an opportunity to review the structure of the scheme with the aim of improving its clarity and readability as well as the standard requirements.

Within the context of the FFL special revision, the first phase of pre-consultation is now closed. During this phase, all IMO Fair for Life (FFL) and Ecocert ESR clients were invited to share their thoughts on the suggested major elements of the revision. The feedback channels were twofold: 1) an online questionnaire with questions organized around seven major trends and 2) three thematic discussion groups hosted by ECOCERT Group via teleconference.

This document is organized in two sections. The first part summarizes the questionnaire results including a profile of the participants and a trend analysis. The second section gives an overview of each of the three thematic group discussions.

# PART 1 Questionnaire results

This section begins by summarizing the profiles of the participants according to the type of operation (producer, handler or registered handler), the geographical location, the current fair trade certification scheme and the level of engagement with organic production.

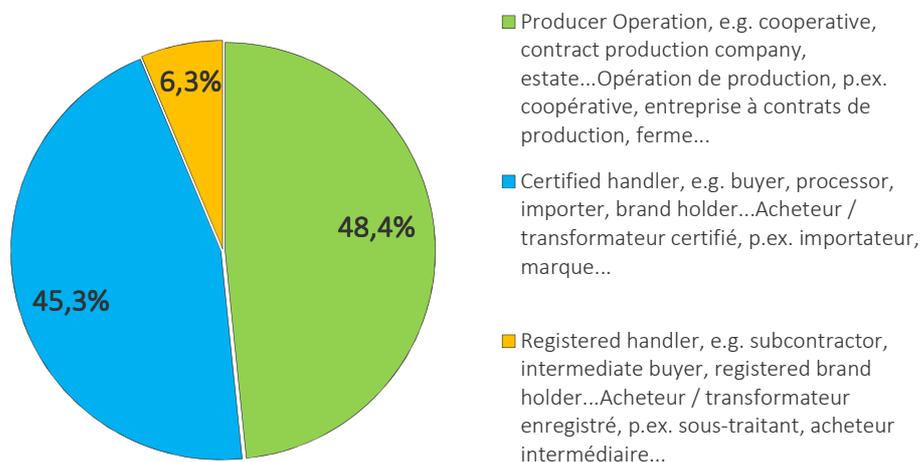
Then, an overview is provided of the seven major trends resulting from the questionnaire. These trends concern: the For Life baseline of FFL, auditing frequency, organic production, buying from other schemes, labeling and composition rules, rating and criteria, and impact measurement.

## 1.1 PROFILE OF PARTICIPANTS

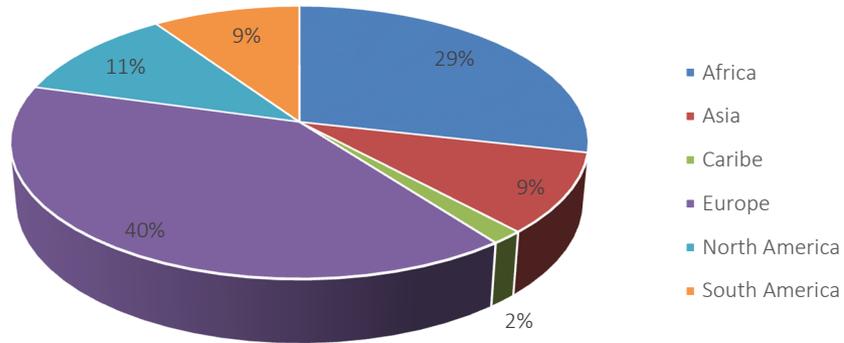
Of the people invited to participate, 15% responded to the questionnaire.

### 1.1.1 General profiles of the companies

The sample of people who responded to the questionnaire is fairly representative of the Fair Trade market considering the profiles of the companies. The breakdown of the respondents is as follows: 48.4% producer operations, 45.3% handlers, and 6.3% registered operations.



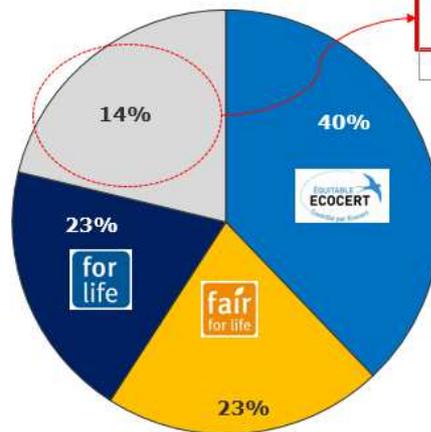
With regards to the geographical repartition of the respondents, 49% of the respondents are located in “producing countries” and 51% in “importing countries”. It is important to note that one third of the operators located in the “producing countries” are also handling, and a third of the operators located in "importing countries" are also producing. Most of production operations in Europe are located in France (62%).



### 1.1.2 Current certification scheme

The FFL/FL and ESR schemes are equally represented.

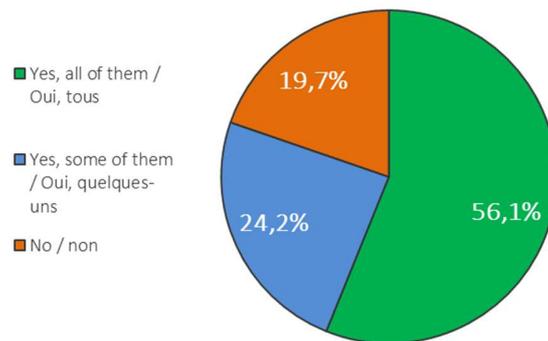
- "ESR", Social Responsibility or Fair Trade / Responsabilité Sociale et Commerce Equitable
- "Fair for Life", Fair Trade / Commerce Equitable
- "For Life", Social Responsibility / Responsabilité Sociale
- Several, please specify/Plusieurs, veuillez préciser



| Current certification programme | Total     |
|---------------------------------|-----------|
| ESR                             | 27        |
| FFL                             | 15        |
| FL                              | 15        |
| ESR & FFL                       | 5         |
| FFL & FL                        | 4         |
| <b>Total général</b>            | <b>66</b> |

### 1.1.3 Organic certification

Of the total number of participants, 80% have some or all of their production certified as organic.



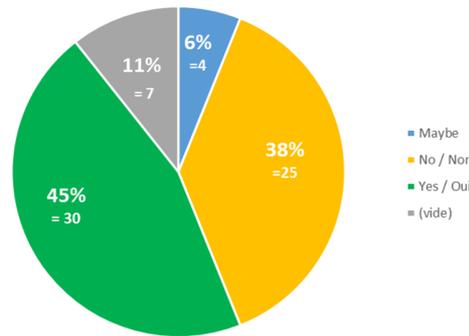
## 1.2 TRENDS ANALYSIS

Given the great diversity of qualitative answers, the pre-consultation questionnaire results are represented in a quantitative way. It was therefore possible to group the results around trends on the following topics:

- 1.2.1 For Life basis, what about an additional logo?
- 1.2.2 A multiyear control cycle for For Life criteria?
- 1.2.3 The question of encouraging organic production in the fair trade sector
- 1.2.4 Buying from other schemes
- 1.2.5 Labelling and composition rules
- 1.2.6 Rating and criteria level system
- 1.2.7 Measuring the fair trade impact

### 1.2.1 FOR LIFE BASELINE, What about an additional logo?

It has been proposed that a fundamental baseline of FL criteria is required to obtain the FFL certification. The opinions are split regarding the question: “Should this fundamental base be associated with a specific "For Life" logo, enabling companies to highlight a first level of Corporate Social Responsibility commitment in their corporate communication?”:

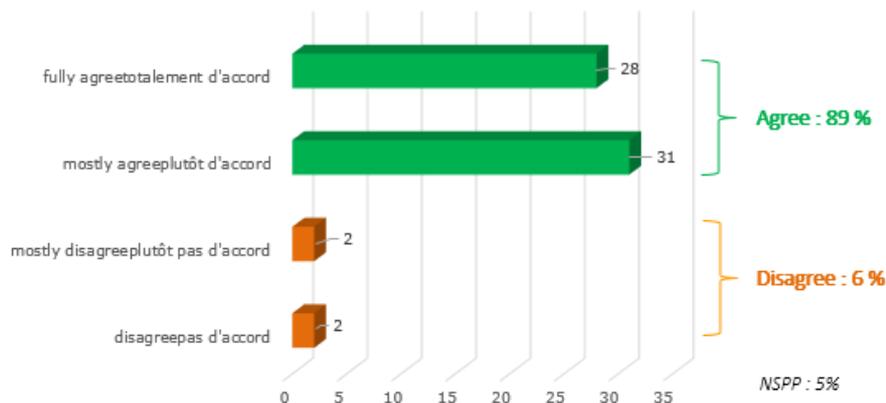


The main reason why the participants express hesitation with regards to this proposal is the concern that this second logo would potentially enhance consumer confusion in the market place (50% of the “no” answers).

Among the “yes” answers, some of the participants think that FL and FFL should be combined in one certification whereas others underline the importance of making a clear difference between FL and FFL.

### 1.2.2 A multiyear control cycle for For Life criteria?

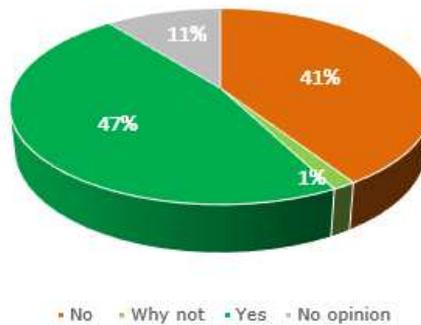
In response to the proposal that the For Life criteria be controlled on a yearly alternating basis between on-site audits and documentary reviews, 89% of participants fully or mostly agree.



It is interesting to note that 20% of those who agree underline the necessity of having a risk-based approach. This would imply that an annual onsite audit would be necessary during the first years of implementation, and then a multiyear control cycle could be initiated for the For Life criteria once the project is judged mature.

### 1.2.3 The question of encouraging organic production in the fair trade sector

For non-organic raw materials, it has been proposed to set an objective to reach organic certification after a certain period. The answers are mitigated with 48% of the respondents agreeing with the proposal and 41% disagreeing. The participants, agreeing or not, underline the importance of being able to contextualize the organic objectives.

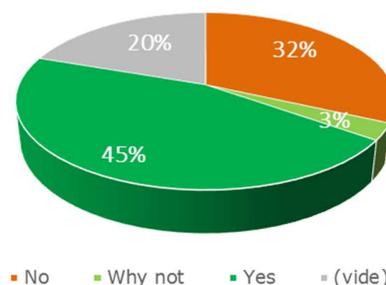


\* These results were obtained thanks to text analysis of the answers

About the transition time that could be defined in the scheme in order to reach this objective, most of the respondents agree with a 3 to 4 year period (50%), but a significant portion would prefer more time (30%). The trend is to leave more time for new applicants than for already certified operations:

| Organic transition period                                      | Organic transition period for new non organic producer operations | Organic transition period for existing non organic producer operations |
|--|---|--|
| A: 3 years / P: 4 years (= organic conversion period + 1 year) | 38  | 33   |
| Less   | 6   | 6  |
| More   | 14  | 18   |
| No opinion   | 8   | 9  |
| <b>TOTAL</b>   | <b>66</b>   | <b>66</b>  |

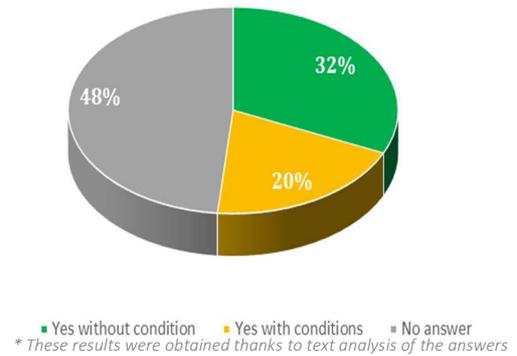
For handlers, it has been proposed to include in their Fair Trade procurement policies the objective to PROGRESSIVELY increase the number of organic ingredients or products. The answer is similar to the response on the previous topic regarding the raw materials:



### 1.2.4 Buying from other schemes

The participants were invited to share their opinion regarding the conditions of acceptance of other schemes (FLO, FT USA, etc.), in the FFL scheme.

Forty-eight percent chose not to answer the question, 32% think that FFL scheme should accept a full equivalence with other fair trade schemes and 20% think that it should recognize other schemes only if additional conditions are respected, the main one concerning traceability. The high percentage of “no answer” is due to the fact that only very few producers gave an answer to this question (as they are not directly concerned by the “buying from other schemes” issue).

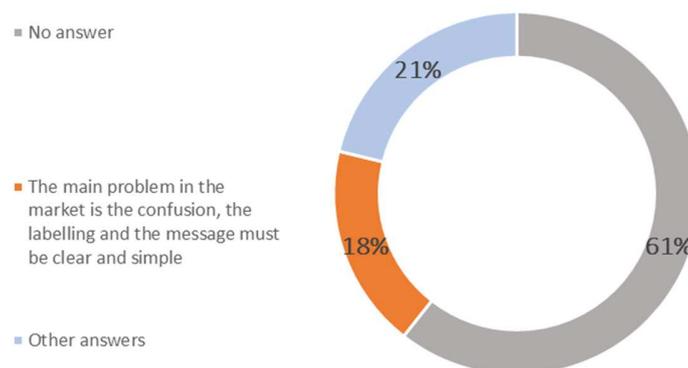


### 1.2.5 Labeling and composition rules

The participants were invited to share their opinion regarding the labelling and associated composition rules for final consumer products.

Several answers were given but the main trend that can be noted is that 46% of the participants who answered the question agree to underline the importance of having a clear and simple message.

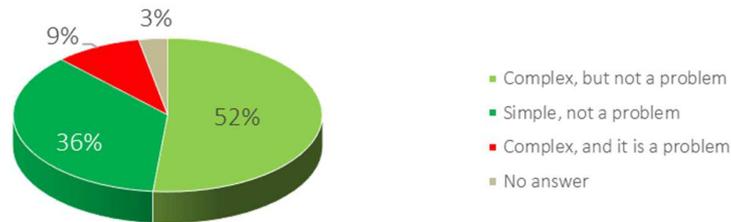
The high percentage of “no answer” is due to the fact that only very few producers gave an answer to this question (as they are not directly concerned by the labelling issue).



\* These results were obtained thanks to text analysis of the answers

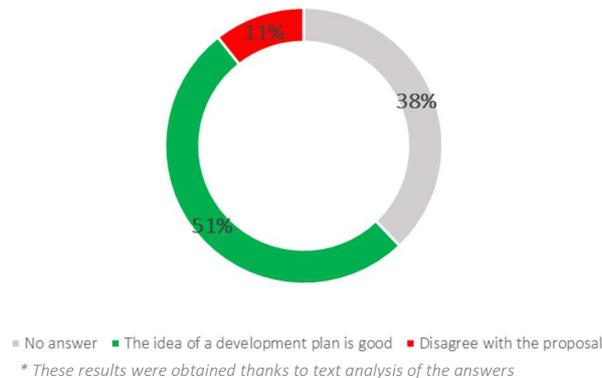
### 1.2.6 Rating and criteria level system

In response to the question: "What do you think of the rating and criteria level system of your current certification scheme?" 88% of the respondents consider that the rating and criteria level system is not a problem.



### 1.2.7 Measuring the fair trade impact

The set-up of a development plan by PRODUCER OPERATIONS has been proposed. This development plan would serve as a management tool for the planned Fair Trade projects. The implementation of this plan and its effectiveness would be evaluated during the audit.



It is interesting to note that 30% of the respondents who agree with the idea of a development plan mention that this requirement should be adaptable and that ECOCERT – IMO should provide clear mechanisms and tools for operators to make that possible.

Most respondents conclude by confirming and highlighting the need for a simplification of the scheme’s rules in a context of growing complexity of trade relations.

## PART 2 Thematic Group Discussions

Certain themes were identified as requiring more in-depth input and discussion from ESR and FFL Stakeholders. Five discussions took place via teleconference surrounding three different themes. Both Group 1 and Group 2 had one subgroup in English and one in French.

The following subsections highlight the context and the discussion trends from each thematic group, beginning with the fair trade and commercial commitments, then recognition of other schemes and finally composition and labeling rules.

### 2.1 FAIR TRADE & COMMERCIAL COMMITMENTS

ESR and FFL have similar approaches to monitor the fair trade terms of negotiation. Nevertheless, it is important to review certain aspects in the pursuit of continual improvement.

#### 2.1.1 Formalized Long-term Commitment

##### Context

We believe that fair trade must rely on long-term commercial partnerships and contractual agreements. In practice:

- It is difficult to define the DURATION of this "long-term" commitment.
- This commitment should normally enable both the supplier and his buyer to have a good forecast of the MINIMUM VOLUMES to be sold / purchased in the years to come.
- However, it is often difficult for the buyers to have a clear idea of their market development in the long-term, particularly in LONG SUPPLY-CHAINS when they are not the brand holders.
- Some buyers prefer "TESTING" the relationship for a limited period before making a long-term contractual commitment, particularly for international exchanges (e.g. "testing period" of 1 year, mainly to test the quality of the product).
- Some buyers are reluctant to establish an ADDITIONAL AGREEMENT (long-term partnership agreement, to be added to existing commercial agreements).

##### Long-term commitment

For producers, it is essential to have a long-term commitment with their trade partners, especially in the case of perennial crops which require extensive long-term planning and investments.

For buyers / brand holders, it is crucial to ensure stable sourcing of the fair trade product/ingredient, especially if the product in question has already been successfully introduced to the market as fair trade.

There is a general consensus that both trade partners must commit to building a trusting, mutually beneficial and healthy relationship.

However, there were different opinions with regards to the necessity of an official and binding agreement and the minimum duration of the partnership (e.g. 3 years; to be firmly agreed on in writing).

In any case (a binding minimum duration or a more loosely controlled, long-term commitment), a clearly defined exit route for both parties is essential and should be agreed upon together.

### Test period

A test period can represent a significant challenge for producers, especially in the case of crops which require high investments at the beginning. It is therefore essential to have a firm, long-term commitment from their trade partners including specified minimum volumes.

However, it can be meaningful for both parties to see whether the trade relation “works”.

It gives buyers the possibility to check viability in terms of market demand (acceptance of new products by consumers); or in case of intermediate buyers, demand by other companies / brand holders.

There is an overall consensus that this is meaningful, but it has to be based on the firm intention of both parties to work towards a long-term trade relation and the exit route has to be well defined.

### Minimum volumes

It is essential for producers to know the minimum volumes to be sold throughout the year. There is a risk, however, that trade partners keep these minimum volumes to very low, unrealistic levels and this risk needs to be managed. To safeguard sustainable development, it is important that producer operations have a firm commitment regarding volumes by their buyers. Buyers should then be able to manage fluctuations in volumes (e.g. good harvest year vs. poor harvest year).

There is an overall consensus that good communication and forecasting is essential, however buyers often find that a firm commitment to minimum volumes is a challenging risk to manage. This is especially true if the buyer is an intermediary (not the final brand holder) or if new products are launched with unknown market acceptance. It can be difficult for buyers to be reliable trade partners for their suppliers, when they have no security themselves.

In conclusion, one perspective encourages “firmly agreed upon” and “sufficiently high” volumes, with clear sanctions in cases of non-compliance. Another perspective considers that good volume forecasts (over 3-5 years) with yearly running contracts could be deemed sufficient in the context of a trusting and respectful trade relationship.

## 2.1.2 Floor Prices

### Context

The negotiation of floor (or minimum) prices based on a sound production cost study will continue to be an essential component of the FFL scheme.

In practice, this means that suppliers should be relatively transparent about their own costs and about the minimum level of profit margin they would accept. But this transparency is not easily accepted by some operations that have strong "bargaining power".

### Considerations about floor prices

Floor prices are a key pillar of fair trade. It is widely considered a strength of ESR and FFL schemes that the floor prices can be mutually defined to remain considerate of local contexts, product quality, etc. It should be kept in mind that floor prices are more important for some products / commodities than for others:

- Commodities for which world market prices exist and prices fluctuate (e.g. cocoa, coffee): it is key to define floor prices as safety nets for producers.
- Commodities for which no real market prices exist: definition of floor prices could be rather artificial and not as meaningful.

The rigor of the production cost study should depend on the given context. Sometimes it may be required to be more detailed, other times perhaps a cost study is not even relevant. In the context of long-term trade relations, it is obvious that the trade relationship will not be sustainable nor fair if the paid price does not cover the costs of production plus a certain profit margin.

Some producers perceive a risk whereby the floor price could automatically become the sales price (transparency is misused to justify lower prices). This explains why producers can be reluctant to reveal their costs of production and could potentially result in a biased production cost study.

The current approach by FFL and ESR requires trade partners to review production costs together in order to cooperatively define adequate floor prices. In practice though, buyers often rely on the certification body to make sure that the floor price proposed by the supplier is acceptable. It is important that this does not replace the discussions and negotiations directly with the supplier.

Production cost studies are complex and not an easy exercise – adequate prices for smallholders (farm-gate floor prices) are key; but costs for processing and administration are more difficult to analyze. Also, productivity is an important factor which does not only depend on production methods / good organization, but also on e.g. climatic / regional conditions.

In sum, floor prices and production costs are perceived as useful tools, particularly in highly fluctuating markets. The methodology to calculate production costs shall be treated with caution, and shall consider yearly or individual productivity variations.

### 2.1.3 Fair-trade Premium

#### Context

Currently, the minimum fair-trade premium amount is calculated differently in ESR than in FFL:

a. ESR:

- 3-5% of sales prices paid to the producer operation (i.e. in the majority of international cases, FOB prices).

b. FFL:

- producer group operations: 5-10% of farm-gate sales prices
- plantations / hired labor: 7-10% of non-management labor costs

A unique approach shall be adopted, keeping in mind that the minimum amount should:

- ✓ help finance the identified fair trade development projects (notion of "impact", also depending on the scale of the volumes purchased)
- ✓ be easy to calculate, for both the supplier and the buyer (premium payer)

#### Considerations about both methods

The fair trade premium is an essential element which differentiates fair trade products and fair trade supply chains from the conventional market.

The aim of the fair trade premium must not be forgotten: enabling development at the level of the producer operation. The use of the premium and its impacts are important and it should truly contribute to community development.

Other investments by the fair trade partner should equally be acknowledged, for example for business support or additional social projects. Some buyers note that a high fair trade premium can be challenging to sustain in addition to other support that is offered.

There were some comments regarding the involvement of the buyer in the decision-making of premium fund use. Of course, the producer operation ultimately decides, but the option for the fair trade partner to make proposals regarding the premium use should be explored.

The volumes sourced as fair trade also need to be considered when agreeing on the fair trade premium level.

The ESR approach seems adequate and is easier to calculate, but:

- ✓ It is challenging in case of high market prices (either because of highly processed products such as essential oils, or because market prices are exploding).
- ✓ It is challenging in case of strongly fluctuating market prices: difficulties for the producer operation to plan social projects if future premium funds are unclear.

The FFL calculation approach requires a level of transparency which is not always given.

- ✓ The calculation method could be seen as a trigger for more transparency and this would encourage producer operations to define and pay good farm-gate prices (i.e. the premium will be higher too).
- ✓ Producers are sometimes reluctant to reveal the farm-gate prices as this may create a wrong impression of their overall costs (and the sales price they thus demand from their fair trade partner).

For domestic fair trade, the requirements regarding fair trade development premiums should be further discussed.

No consensus was found on the formulation of a unique Fair Trade premium calculation approach. It was underlined that the possibilities to recognize direct investments made by the Fair Trade partner in the Fair Trade premium should be further explored.

### Spending of the fair trade premium by producers

All companies have experienced difficulties with the spending of the premium:

- ✓ It can be difficult to spend the money in a balanced and fair way (ie. One village benefits from a well, but surrounding villages do not receive anything).
- ✓ At the producer level, farmers are often intensely involved in farming and may lack the human resources and experience to efficiently implement social projects.
- ✓ Choosing the most strategic social projects can be very difficult.

That explains why some companies have hired external parties to support the producer operation with the management of the fair trade premium projects.

One of the concluding recommendations is that it would be very useful to share best practices and communicate between different producer operations and with trade partners.

## 2.1.4 Level of Purchase Prices

### Context

Fair trade purchase prices should normally be higher than the corresponding "non-fair-trade" market reference prices. The future scheme will maintain this rule, with clear indicators in order to compare "fair trade" prices with "non-fair-trade" prices. E.g.:

- Organic & fair-trade price > 10% conventional market price (non-organic & non-fair-trade),
- Non-organic & fair-trade price > 5 % conventional market price (non-organic & non-fair-trade).

In some cases (highly fluctuating markets / markets with no pricing reference), such rules are difficult to apply.

### Fluctuating market prices

The fair sharing of benefits is an essential element of fair trade. The reference to market prices is often difficult, for example in the case of new products where no real market price reference exists. However, there is consensus that as long as both trade partners are content with the agreed price, this is not seen as a big issue.

The challenge is mainly to determine how to handle fluctuating market prices.

In case of high market prices, some flexibility regarding the requirement that fair trade prices have to be superior to non-fair trade market prices has been mentioned. A possible solution that was put forward was to allow prices to be sometimes higher, sometimes lower than current market prices, but overall superior to the year's average market price.

It was agreed that healthy and trusting partnerships are at the heart of fair trade. The importance of these relationships should not be lost in too many difficult and complex technical rules and issues. Ultimately, it should be assessed if the pricing agreement was acceptable for both parties at the end of the season.

## 2.2 RECOGNITION OF OTHER SCHEMES

There is a high demand to recognize products and ingredients that are certified under schemes other than ESR and FFL. So far, the possibility of recognition of other schemes has been granted, as long as certain basic conditions are fulfilled. Since the number of certification schemes has evolved a lot over the past few years, the list of recognized schemes and the controls around them need to be reviewed and some aspects may need to be strengthened.

### 2.2.1 Physical Traceability Control

#### Context

Fair for Life requires full traceability and physical separation of products along the entire supply chain. Other fair trade schemes allow Mass Balance (certain commingling of fair trade and conventional products) for specific commodities such as cocoa, cane sugar, tea and juices.

To ensure full physical (and not only documentary) traceability, FFL requires that FFL handlers and their non-FFL certified suppliers always sign a Memorandum of Understanding (MoU), confirming that physical separation of conventional and fair trade ingredients has been maintained along the entire chain of custody and that the supplied products originate from the certified scope of production.

#### Mass balance

Most participants agreed that full traceability should continue to be required and that Mass Balance should not be accepted within FFL supply chains. For cases where full physical traceability represents a challenge, it was proposed to grant a transition period during which Mass Balance could be accepted.

#### Memorandum of Understanding

The following issues were discussed:

- ✓ The interface between FFL handlers and their non-FFL suppliers should be managed by a more legally binding document, such as the full traceability agreement being part of the trade contract, or using an affidavit instead of a MoU.
- ✓ Some of the suppliers don't want to reveal the supply chain information. The opinions differed on the acceptability of this confidentiality in a scheme that encourages transparency and partnerships.
- ✓ In some cases (long supply chains / certifications requiring an individual equivalence assessment), the procedure was perceived as being too complicated (therefore costly and time consuming).

There were mixed reviews concerning the efficiency and adequacy of the MoUs to confirm traceability. Certain people believed that it would be insufficient as a meaningful control, whereas others thought that the MoU is an adequate method, but could be strengthened.

## Control

Ideally, all of the supply chain should be controlled and certified FFL. Normally the supply chains in fair trade are not very long, but in some cases and in specific commodities, it can occur.

For products that are also organic certified (in addition to FFL), the physical traceability has also been confirmed during the organic audit therefore reducing the risk of commingling in FFL as well.

For several other schemes' certified products, traceability has also been checked during the respective scheme's audit; for those commodities where Mass Balance is allowed, a voluntary additional traceability certification has been recently introduced in by FFL.

The possibility of emitting a Transaction Certificate (as is done for organic products) was also suggested as a possible way for ensuring traceability, but was deemed to be too complex and costly.

It was agreed that based on a case-by-case risk analysis, controls to guarantee traceability among non-FFL supply-chains should be strengthened.

### 2.2.2 Ingredient origin in long supply chains

#### Context

In connection with the previous topic, FFL requires that all ingredients must be traceable to origin (raw material production). In very long supply chains certified by recognized schemes, big/several distributors are often used. In this case, the ingredient origin is sometimes difficult to determine and can limit some companies' access to participation in the FFL scheme.

In an attempt to be accepting, FFL currently offers an option for non-FFL certified suppliers to confidentially disclose their supplier information to ECOCERT Group.

#### Considerations about transparency on origin in supply chains

Supply chains where ingredients are not traceable to origin (generally long-supply chains) are not the "ideal" scenario for fair trade certification. Indeed, fair trade players should favor a supply chain approach over a market approach, i.e. act as partners within a transparent and clearly defined supply chain where the final brand holder knows the primary producer to a meaningful extent.

However, in a growing market scenario, requirements on supply chain transparency that are too restrictive could become barriers to the growth of fair trade, and thus ultimately barriers for producer operations to sell their products under fair trade terms.

Fair trade is about cooperation, trust and partnerships. While the market reality is that ingredient origin is often confidential information, there are concerns that, within fair trade supply chains, this can be contradictory to what fair trade is trying to achieve.

Those who support the option of confidentially disclosing ingredient origin to the control body note that some handlers have experienced unfortunate situations in the past after divulging their ingredient origin to a buyer, i.e. they were cut out of the supply chain even though the company had strongly invested in building up and supporting the cooperative.

As a conclusion, two different views emerged:

- Information about the origin shall be transferred within the supply-chain
- It seems sufficient if the requested information is disclosed to ECOCERT Group. A system similar to the MoU system facilitates this option.

### 2.2.3 Requirements of other schemes

#### Context

The other fair trade schemes currently accepted as equivalent by FFL are:

- ✓ FLO at handler and producer levels,
- ✓ Fair Trade USA at handler level only.

Other schemes are potentially eligible pending an equivalence assessment.

Since the last revisions, there are new and growing players in the fair trade certifying market. Each scheme has different ways of functioning, but with the same general intention of respecting people and the environment.

Bearing in mind differences like:

1. The FLO model sets floor prices and premium levels by region, whereas FFL encourages negotiations (within a set framework).
2. Fair for Life has a 'Fair for all' system where handlers along the entire supply-chain are controlled for responsible labour practices and good environmental practices. These aspects are generally not controlled as closely in other schemes.
3. Certain other certifications have different auditing methods like peer-auditing, whereas FFL requires an external inspector that is trained and approved by ECOCERT Group.
4. Control requirements for certain types of operations are not as demanding as what is required in FFL.

#### General considerations

As long as a “high bar” basis is maintained in the accepted standards, then it can be redundant to ‘re-check’ every detail. ‘Equivalency’ is not intended to mean that the accepted standards are identical, but rather that the other certifications are accepted even with some differences. This is why it is more accurate to speak about ‘recognition’ rather than ‘equivalence’.

The recognition approach is a means to fight unnecessary multi-certification. Multi-certifications are a financial burden and especially challenging for producer operations.

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### Price and premium

The negotiated price system established by FFL is generally regarded as being fairer than other approaches because it is based on specific production costs. Nevertheless, schemes that have pricing systems where minimum prices are set by the standard can be considered as acceptable.

### “Fair for all” requirement

The participants confirmed that they consider that this is a very good feature of FFL, and it should be implemented as far as possible within supply chains with actors certified according to other schemes. However, it is difficult to determine how this requirement could be fulfilled in practice, but some additional requirements should be applied (that surpass those included in the other fair trade certification schemes).

### Audit methods

The ISEAL parameters for fair trade should be met. Thus schemes that rely on methods like peer review and internal audits should not be accepted.

### Control requirements

While it is generally agreed that it is not useful nor economical to ‘re-check’ of all or many criteria that have already been verified by another control body, it is important that the core values of the FFL program are respected as a minimum.

Some additional requirements would have to be controlled (defined on a case-by-case basis, according to the content of the other fair trade standard) – however, a good balance has to be found concerning where to accept minor differences and where to request additional verifications due to meaningful shortcomings.

## 2.3 COMPOSITION AND LABELLING RULES

The FFL and ESR schemes share the same principle regarding composite products: products which are marketed to consumers as fair trade products contain a meaningful percentage of fair trade certified ingredients. Otherwise, specific labelling rules ensure that consumers are not misled. There are different approaches how this principle can be implemented in detail.

### 2.3.1 Minimum percentage of fair trade ingredients

#### Context

Composite products have clearly defined and set requirements regarding the fair trade content to determine in which labeling category they fall. First of all, it is important to determine what minimal fair trade percentage is required for food, cosmetics, textiles and artisanal products in order to be marketed as a fair trade product. Secondly, when the minimum percentage is not reached, comprehensive yet clear labeling requirements are required to ensure consumer confidence.

For the following examples it can be good to reflect on whether the logo should be permitted on the front panel and if additional information should be required:

- Milk chocolate containing 70% fair trade ingredients (cocoa, sugar and vanilla in fair trade quality; milk in non-fair trade quality)
- Carrot-orange juice, containing 60% fair trade ingredients (orange juice fair trade certified; carrot juice in non-fair trade quality)
- Aloe vera hair rinse: 33% fair trade certified aloe vera juice, 1% non-fair trade essential oil, 66% added water.

#### Minimum percentage

To use the logo on the front panel, a high minimum fair trade content requirement should be maintained (i.e. the existing FFL requirements of 70% for cosmetics and 80% for food should continue) without any possibility for exemptions. Even though it can be difficult for certain products which have composites that are not 'readily available' in fair trade quality, the requirements should be strict in order to remain transparent to consumers and to ensure fairness among FFL clients.

In any case, the percent of fair trade content should be indicated visually close to the FFL logo for all multi-ingredient products, regardless of their labeling category.

It remains to be seen what role domestic fair trade can play for the ingredients that are not 'readily available' in fair trade quality.

### 2.3.2 Obligation to source in Fair Trade quality wherever possible

#### Context

Currently, FFL encourages operations to achieve as high levels of fair trade ingredients as possible. Fair for Life currently defines the availability of a fair trade ingredient as *“the product being readily available in the required quality, quantity, technical specification, and provenance from producers certified under the Fair for Life scheme or equivalent other fair trade certification schemes”* (Module 1, page 38). Clear labeling requirements are needed to ensure consumers are not misled about the fair trade quality of an entire product, especially if key or name-giving ingredients are not sourced in fair trade quality.

Some examples would be in the treatment of a dark chocolate bar with fair trade cocoa and vanilla but not sugar (the sugar being a major ingredient) versus a coconut chocolate bar with fair trade cocoa and sugar but not coconut (the coconut being a minor ingredient).

#### Sourcing of all ‘readily available’ fair trade ingredients

Generally speaking, all ingredients that can be sourced in fair trade quality should be sourced in fair trade quality. However, it should be kept in mind that it takes trust and time to build relationships with suppliers, so fair trade relationships should not be further imposed on already committed companies.

While the idea of the highest possible sourcing of fair trade ingredients is supported in principle, it requires a clearer definition and should be subject to some conditions. In this case, clear requirements on recognized schemes should be helpful.

It is important to reflect on how existing operations can be encouraged to increase the fair trade ingredients. A possible avenue would be to work with already existing suppliers to add a new ingredient to their approved product list within a set timeframe. With this being said, it should be mentioned that the relative size of companies is important as some small companies do not yet have the power to influence their supply chain so a fair solution should be found.

#### Labelling and consumer transparency

There are two somewhat contrasting views regarding the importance of the percent threshold and the name-giving ingredients:

- On one hand, the name-giving ingredient(s) should always be fair trade in order to remain transparent and not mislead the consumer.
- On the other hand, the consumer is able to understand the fair trade content percent and would not be as concerned about ‘major’ and ‘minor’ ingredients or if one of the ingredients in the name of the bar wasn’t fair trade, as long as the minimum percent requirements are respected. In any case, the fair trade ingredients are indicated in the ingredient list.

### 2.3.3 Fair for Life logo

#### Context

The current FFL scheme offers different versions of the FFL logo with the intention of giving brand holders some choice and flexibility. It would also be important to find a way to differentiate between domestic and traditional fair trade on labels. However, certification fatigue is a real problem in the food, cosmetics, textiles and artisan markets and must be considered within FFL's own labeling schemes.

#### Versions of the FFL Logo

The number of versions of the FFL logo should be very limited to only one / potentially two versions. This restriction would help public recognition and the popularity of the logo. If only one logo version were to be kept, the add-on of 'Fair Trade' below the FFL logo is preferred. An ample transition time would, of course, be available to existing clients.

To differentiate between domestic and traditional fair trade, logo versions would not be helpful because it becomes too complex with blending of both types of fair trade. Instead, some mention on the product in writing would be better.

### 2.3.4 Calculation of the fair trade content in the case of non-agricultural ingredients

#### Context

The current FFL requirements specify that only 'agricultural ingredients' are calculated in the total fair trade percentage. Non-agricultural ingredients like sea salt and aromas can now potentially be certified fair trade and so the inclusion of these ingredients should be reviewed.

#### General consideration

The fair trade content should continue to be calculated based only on agricultural ingredients with salt and water excluded in the calculation. To ensure that labeling is transparent, there could be additional requirements for name-giving ingredients.

## Conclusion

The information gathered in the pre-consultation period via the online questionnaire and teleconference group discussions is invaluable in the FFL revision process. This information will be used by the scheme committee, the revision project team and the revision steering committee in order to write a first draft of the revised standard.

The pre-consultation phase is followed by a consultation period of the draft scheme which will be available to identified stakeholders and the public, without restriction.