Annex 1 - Mandatory Principles of Humanitarian Aid Procurement

1. Principle of ethical procurement
   a. Avoidance of child labour,
   b. Respect of basic social rights and working conditions based on international labour standards,
   c. Inclusion of environmental aspects,
   d. Avoidance of any connection with a party to a conflict,
   e. Avoidance of involvement in the supply or transport of illicit arms and land mines and unethical exploitation of natural resources.

2. Principle of Sound Financial Management
   a. Sound financial management means that the partner ensures that it has taken all steps to secure the best price quality ratio available in the quantity and within the timeframe required
   b. While, sometimes rapid delivery was more important than high quality, a minimum quality level needs to be maintained to guarantee that the assistance given is appropriate to the circumstances
   c. A thorough drafting of the Terms of Reference or Technical specifications is essential for the respect of this principle

3. Principles of equal treatment, non-discrimination and untied aid
   a. Treatment of all interested parties in the same situation in the same way
   b. No discrimination or unjustified differentiation between legal or natural persons, regardless of the origin or the nationality

4. Principle of Transparency and Right of access
   a. Right of access: the donor has full access to premises and documents referring to procurement procedures, documents, evaluations, award recommendations and contract (regardless of whether these belong to Fairtrade International e.V. or to the partner or contractor),
   b. Fair Trade International is obliged to immediately inform the donor if it becomes aware of any corrupt, fraudulent or coercive practice, the breach of the principles or a situation that is likely to constitute a conflict of interest

5. Principle of Proportionality
   a. The principle of Proportionality requires that procedures followed for awarding a contract must be proportionate to the value of the contracts; this generally means more demanding procedures for higher value contracts

6. Principle of avoiding conflicts of interest

a. Measures have to be taken to prevent any conflict of interest (impartial and objective implementation is compromised for reasons involving on economic interest, political or national affinity, or family or emotional ties)

7. Principle of supporting the local economy

a. Whenever it is possible local human or material resources have to be used. Before it has to be ensured that this will not distort the local market, increase prices or unduly burden the local natural resources or the environment

8. Principle of due diligence

a. Timely delivery and satisfactory quality of the received supplies, works or services have to be followed up and in case this is not fulfilled appropriate measures have to be taken to mitigate negative consequences for the beneficiaries

I have received, read, and understood the Mandatory Principles of Humanitarian Aid Procurement. By signing this document, I confirm that my company is complying with these principles.

_____

Name and Signature / Date

Annex 2 - Questionnaire for Tender

All requested information will be treated confidentially.

Company name			
Address	Street + house number	City / District	Zip code
Owner(s)	Name	First Name	
Tax and registration no.	Tax number	registration number	
Legal form of Company	Ltd., Inc.,..		
Contact person	Name	First Name	Contact information Phone: E-Mail:
Which goods or services does the company offer?			
Have you already worked with NGOs?	Yes ☐ / No ☐	If yes: Name(s)	
Annual Turnover for the last 12 months			
Number of employees			
Average delivery time of goods offered			
Standard terms of payment			
Do you offer support services for the goods provided	Yes ☐ / No ☐	If yes, please specify:	
Do you give a guarantee for your goods /services?	Yes ☐ / No ☐	If yes, how long and in which scale:	
How do you ensure the quality of the products/services offered?	☐ Sample inspection ☐ Quality agreements ☐ Product know-how ☐ Supplier visits ☐ Reference check ☐ Work trials ☐ Others:		
Do you offer a standard price list for your goods/services?	Yes ☐ / No ☐	Attached to file ☐	
Are there ties between you and any employee of Fairtrade International e.V. or any Fairtrade certified producer organisations/cooperatives?	Yes ☐ / No ☐	If yes, whom and in which relationship:	

We declare, that

- the information provided in this tender is correct
- we have not been subject to bankruptcy, receivership, court-ordered winding up or cessation of activities, or any analogous situation
- we do not and have never participated in a criminal organisation
- we do not engage in corruption
- we do not engage in fraud
- we do not support or are in any way affiliated with terrorism, terrorist financing, or other offenses linked to terrorist activities
- we do not engage in money laundering
- we do not make use of child or forced labour
- we do not engage in human-trafficking and related offenses
- we fulfil, have fulfilled, and will fulfil our obligations regarding the payment of any applicable taxes, duties, charges, and social contributions etc. related to the products or services provided
- we have not terminated a contract within the last five years for significant or persistent failure to comply with contractual obligations during the period of performance
- we have received the document “Mandatory Principles of Humanitarian Aid Procurement”, and we - and any applicable subcontracted parties - will respect the principles of humanitarian aid procurement

Representative of the organisation	Place & Date	Signature

THE CODE

FAIRTRADE ORGANIZATION CODE

VERSION 0.1

Approved by the FI General Assembly on 4th July 2019

FAIRTRADE

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INTRODUCTION

Fairtrade International has adopted this Fairtrade Organization Code (hereinafter referred to as the "Code") to provide a clear framework for how we implement our values, principles, policies and procedures across all of our work as a Global System, and to ensure that we operate with high standards of behaviour, accountability and ethics.

The Code aims to deliver on Fairtrade's vision and mission to make international trade work better for farmers and workers, drive positive impact in achieving better livelihoods for producers and uphold and promote human rights and dignity for all, delivering Fairtrade's contribution to the achievement of the Sustainable Development Goals.

The Code sets out standards for our practice, rather than goals or targets, which are covered by our Theory of Change and Strategic Plans. The Code is approved and overseen by the Fairtrade International Board of Directors and the General Assembly.

Purpose and Objectives

The purpose of the Code is to deliver Fairtrade's vision and mission to transform international trade in favour of disadvantaged small farmers and workers by building greater trust and credibility with our stakeholders, partners, funders and the general public through the adoption of greater transparency, accountability and effectiveness in how we operate as a global System.

Objectives

1. To clarify and deliver against agreed standards of good practice expected of all Fairtrade Members (including Fairtrade International, licensing and marketing operations, producer networks and FLOCERT).
2. To provide assurance to Fairtrade stakeholders: partner organizations, business partners, licensees and trading partners, funders and donors, country governments where we operate, members of our national organizations, farmers' and workers' organizations, supporters of our movement, consumers and members of the general public.
3. To enable effective self-regulation and compliance, and deliver continuous strengthening and improvement of our system and operations.

Compliance with the Code

Once approved by the General Assembly, the Code is binding on all Members[1]. It applies equally to Fairtrade International, FLOCERT, National/Regional Fairtrade Organizations, Fairtrade Marketing Organizations and Producer Networks who are part of Fairtrade's global governance system. Small Producer Organizations, Hired Labour Organizations or Traders are covered by our Standards and Certification System, and as such are not covered by the Code.

The Code contains commitments requiring Members to adopt certain policies and procedures to implement the Code (as specified in the support package described below) and to ensure that such policies and procedures are compliant with relevant national or international legislation and regulations. Members are encouraged to include references to local legislation or regulations in their own policies and procedures as part of interpreting the Code within the context of their own local or national situation.

Alongside the Code, there will be a support package for Members, including a Fairtrade Organization Code Assurance Framework document, which will provide indicators to support Members to be able to demonstrate and report compliance with the Code. Further, the support package will include a schedule showing where a Policy/Procedure is (i) mandatory (MP), i.e. must be implemented by Members within a certain timeframe, or (ii) recommended (RP), i.e. is recommended to be adopted by Members voluntarily at their own discretion. Some sections will not require separate or additional policy/procedure development at Members' level but will reflect organizational Good Practices (GP) by Members. Finally, also part of the support package, the Guidance Manual plus model policy templates for agreed mandatory policies or procedures will aid Members in their implementation of the Code.

Each Member is required to designate a senior staff member to act as their organizational champion of Code compliance, and to work with their own Boards/ Governance bodies and leadership teams to deliver compliance and ensure timely and accurate reporting against the compliance indicators contained in the Code Assurance Framework.

1 When referring to "Members" or "Fairtrade Members" this means a reference every organization contributing to the delivery of Fairtrade's governance and goals: Fairtrade International Central Office; FLOCERT; Regional and sub-regional Fairtrade Producer Networks and offices; National or Regional Fairtrade Organizations and Fairtrade Marketing Organizations.

Annual Reporting

Member organizations are required to report annually to Fairtrade International on their implementation of the Code. This annual reporting will cover:

- the adoption of agreed mandatory Policies and Procedures, including progress since the previous report
- any breaches of the Code identified or investigated during the previous 12 months and remediation measures taken
- actions and priorities to improve compliance against the Code, provide training or further capacity building to enable its effective implementation.

Fairtrade International's Ethics and Compliance Manager will facilitate the process of reporting and collation of a global report drawing on each Member Organization, against the Code Assurance Framework. Fairtrade International will provide System-wide oversight of reporting deadlines, and provide recommendations to the Governance Committee, based on the global report. The Governance Committee will review the report and submit any recommendations to the Fairtrade International Board.

Failure by any Member to submit an annual report will be addressed as part of the annual Compliance reporting process above. Fairtrade International will designate a responsible person to explore the reasons with the Member concerned, and agree a plan of action.

Code Review and Oversight

Oversight of the contents of the Code and Member compliance will be provided by Fairtrade International's Governance Committee, who will provide an annual report to the Board on overall Member compliance, and make recommendations to the Board and General Assembly for any revisions of the Code or other actions arising from Member non-compliance with the Code.

Every three years, the Governance Committee will conduct a full review of the Code itself, and of compliance and reporting patterns, and make recommendations to the General Assembly via the Board. Decisions over changes to the Code or compliance process are taken by the General Assembly.

Members wishing to propose any amendments or revisions to the Code should raise these in the first instance with Fairtrade International's Ethics and Compliance Manager.

FAIRTRADE'S VISION, MISSION & VALUES

All Members of Fairtrade International commit to work towards achievement of the global Fairtrade Vision and Mission, and embed these appropriately into their own statutes/constitutions, ways of working and internal and external communications.

Definition of Fair Trade

As a partner in the global Fair Trade movement we also share the following vision and definition for Fair Trade as a whole, of "a world in which justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full potential".

"Fair trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and security the rights of, marginalized producers and workers – especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade."[2]

Fairtrade's Vision is of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

Fairtrade's Mission is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take control of their lives.

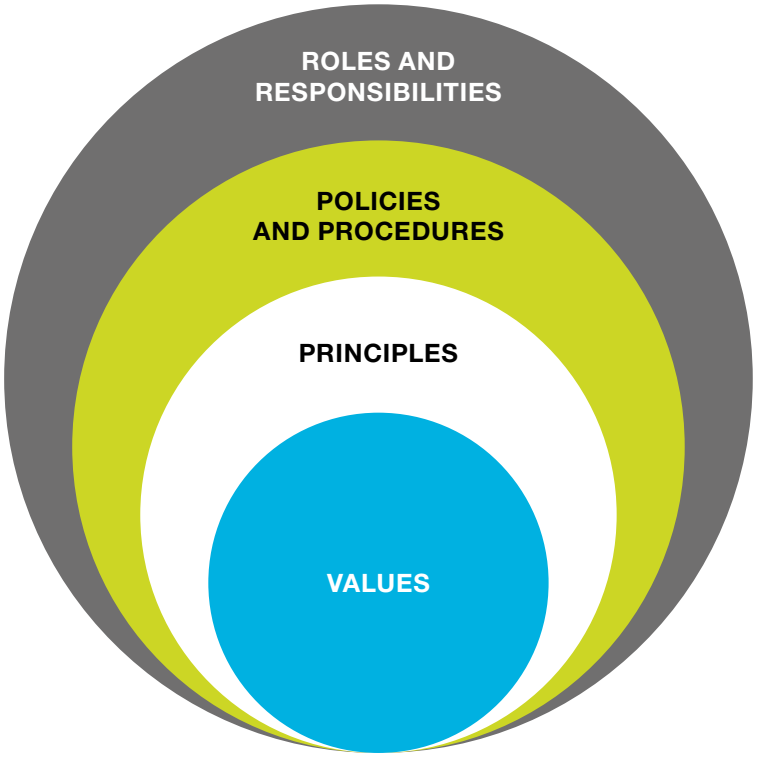
Our vision and mission are reflected in the values, by which we commit to work together so that we set an example for the changes we seek in others. Therefore we will work collaboratively and seek to empower those who wish to be partners in our mission. Trust is a crucial factor in our work and we will be mindful of our responsibilities to those who place their trust in us. Embracing transparency and stakeholder participation is an important way that we will be accountable for our work.

It is from our vision and mission statements, and other fundamental documents of the Fairtrade System (the Fairtrade International Constitution, our Theory of Change, our Brand Guidelines) that we draw the four values and ten principles that sit at the heart of the Code. These are not meant to be an exhaustive list of the values that we as individual members may have within our own organizations, but are values that govern the way that we work together, fulfil our responsibilities, are accountable to our stakeholders, and drive effective collaboration and trust with each other.

2 Definition of Fair Trade as adopted by Fairtrade International and World Fair Trade Organization, and now incorporated into the International Fair Trade Charter **https://www.fair-trade.website**

VALUES AND PRINCIPLES UNDERPINNING THE FAIRTRADE ORGANIZATIONAL CODE

Four values sit at the heart of our Code: accountability, respect, integrity and partnership. From these we draw 10 principles for how we act responsibly to live out these values in practice. These principles in turn drive the commitments to follow agreed policies and procedures, and ensure that all parts of the Fairtrade System are clear about their roles and responsibilities.



VALUE	PRINCIPLE
ACCOUNTABILITY	1. We manage our resources responsibly and ethically.
	2. We strive to be effective and deliver positive impact.
	3. We take responsibility for our actions.
RESPECT	4. We respect, protect and champion human rights, and fight for those disadvantaged in international trade.
INTEGRITY	5. We value, respect and nurture the people who work for us.
	6. We are honest, trustworthy and transparent about how we work.
	7. We govern our affairs in a responsible, democratic and transparent way.
	8. We practise what we preach in relation to fair and sustainable trade.
PARTNERSHIP	9. We collaborate and coordinate our efforts as one global system.
	10. We build partnerships and collaborate for greater global impact.

ACCOUNTABILITY

Accountability for our action and impact lies at the heart of trust and confidence in the Fairtrade System. This requires us to:

- manage all financial resources and other assets responsibly and ethically (Principle 1)
- continually monitor that we are achieving the goals and objectives of the Fairtrade System, and are effective in what we do, so that our work delivers positive impact (Principle 2)
- address any issues, concerns or allegations that may be made about Fairtrade, and have appropriate mechanisms to deal with them responsibly (Principle 3).

PRINCIPLE 1. WE MANAGE RESOURCES RESPONSIBLY AND ETHICALLY

ACCOUNTABILITY	
PRINCIPLE	**1. We manage resources responsibly and ethically**
	1.1 Financial Management and Reporting 1.2 Maintaining Responsible Levels of Reserves 1.3 Fraud and Corrupt Practices 1.4 Value for Money 1.5 Ethical Investment and Fundraising 1.6 Trademark Protection

1.1 Financial Management and Reporting

Fairtrade is committed to effective and accountable financial management, and transparency in our financial operations. This includes:

- Managing financial resources responsibly, accounting for all monies received and expended
- Producing budgets, forecasts and quarterly and annual accounts, and regularly reviewing and updating these
- Taking action to identify and reduce financial risk
- Ensuring financial management systems are legally compliant, and adopt best practices as relevant to their country/ies of operation and regulatory guidance
- Being effective in the use of resources, and minimising financial wastage
- Producing and publishing annual audited financial statements.

1.2 Maintaining Responsible Levels of Reserves

Reserves are needed for working capital and to cover temporary shortfalls in income and unforeseen increases in expenditure so that Members can continue to operate at all times, or can withstand sudden financial shocks.

As part of any financial and risk management process, the governance bodies of each Member of Fairtrade International are responsible for setting out a reserves policy as appropriate to the size of the organization, the nature of its work, and any local regulatory requirements associated with organizational registration or legal status. Members are required to report to their own governance bodies, members or key funders on the level of any reserves held as part of statutory annual reporting.

1.3 Fraud and Corrupt Practices

The Fairtrade System recognises its responsibility to safeguard resources in an economical and ethical manner. The Fairtrade System is committed to taking a robust and systematic approach to the prevention and detection of fraud and other corrupt practices, and maintaining a culture of honesty, integrity and opposition to fraud and corruption.

Fairtrade Members should adopt clear policies and control plans to prevent, detect and act on any evidence presented of fraudulent or corrupt practices. Commitments must apply to all persons acting on behalf of the Member, such as officers, employees, consultants, contractors and agents or other intermediaries. Every individual and organization contracted by Fairtrade should be made aware of their personal responsibility and obligation to conduct Fairtrade activities ethically and in compliance with the law. Members have a duty to report any and all suspected cases as part of compliance with this Code, including reporting to relevant authorities or regulatory bodies where necessary.

1.4 Value for Money

We are committed to delivering value for money as an integral part of our organizational strategy and will pursue efficiency, effectiveness and economy aligned with Fairtrade's ethics and values in order to deliver sustainable impact. The Fairtrade System will seek to adopt good practice and incorporate Value for Money principles in all of its activities, recognising the need to balance between ethical and sustainable practices and financial considerations. The responsibility for pursuing value for money lies with the governance bodies of each Member. Members are required to develop and implement a Value for Money Policy or statement documenting how they ensure they drive value for money. All individuals contracted by Fairtrade, should also be made aware of their responsibilities to deliver value for money.

1.5 Ethical investment and fundraising

Fairtrade International and its Members will seek to ensure that money raised and invested by their organizations do not conflict with the stated values and principles of the Fairtrade System.

Members are responsible for laying out clear policies for where and how they apply ethical criteria to applications for, or acceptance of, monies. Such policies should reflect any consensus agreement on specific sectors or issues, which may represent significant risk for the global system. Members shall seek where possible to hold and invest their money with financial institutions that can demonstrate that they operate satisfactory ethical investment policies of their own.

1.6 Trademark Protection

The name Fairtrade, the Fairtrade symbol and the registered FAIRTRADE certification and brand trademarks are valuable assets registered in over 160 countries, and their correct usage is central to the integrity of the Fairtrade System, and the trust placed in it.

Members of Fairtrade's Association have the right to use the Mark and to license usage by third parties according to the approved Guidelines and Manuals. Fairtrade Members are required to sign a Licence Agreement with Fairtrade International in order to licence the use of the FAIRTRADE Mark for an agreed territory, and commit to protecting the ownership, use and intellectual property of the FAIRTRADE Mark (and relevant brand, program or ingredient labels) at all times. Fairtrade Members must ensure they implement a control system to ensure correct use of Fairtrade's name, brand and certification Marks in their own materials, by third parties, and to correct any misuse of Fairtrade's name or trademarks.

PRINCIPLE 2. WE STRIVE TO BE EFFECTIVE AND DELIVER POSITIVE IMPACT

ACCOUNTABILITY	
PRINCIPLE	**2. We strive to be effective and deliver positive impact**
	2.1 Global Strategy
	2.2 Key Performance Indicators
	2.3 Impact Reporting and MEL

2.1 Global Strategy

In line with our vision, mission and values, Fairtrade sets out long term strategic plans over 3-5 year horizons, in a participatory process involving the Members and key stakeholders, overseen by the International Board, with final decision making on the strategic framework approved by the Members at the General Assembly. Each Fairtrade Member is responsible for developing and adopting its own strategic plan, for engaging with their stakeholders in its development, approval and dissemination, and ensuring sign off by their respective governance bodies and/or memberships.

2.2 Key Performance Indicators

Fairtrade is committed to establishing and monitoring its own performance and progress in relation to the agreed Global Strategy. This is done through identification and agreement of tangible key performance indicators (KPIs) reflecting the specific agreed outcomes and impact of the Global Strategy (in line with our Theory of Change framework), as well as indicators for assessing the Fairtrade System's operational effectiveness.

The Fairtrade International Board is responsible for establishing agreed KPIs in line with the Global Strategy, to guide operational decision-making and inform the allocation of system-wide financial resources and investments. Members are responsible for establishing and monitoring data collection systems including KPIs to monitor progress relevant to their roles and responsibilities, and for reporting into the global system according to their assigned KPIs and agreed timelines.

2.3 Impact reporting and MEL

As part of Fairtrade's commitment to delivering positive impact, it is critical to understand where and how the global Fairtrade System is delivering progress against its Vision and Mission. Fairtrade's Theory of Change (TOC) provides a clear Monitoring, Evaluation and Learning (MEL) framework for identifying the expected types of outputs, outcomes and impact generated through our own interventions in global markets and supply chains. This system is also designed to identify and learn where Fairtrade is not making sufficient progress, so as to support evidence-based changes to the way we work, and identify additional or alternative approaches to take.

Responsibility for reviewing or updating the TOC lies with the global MEL team, with final decisions taken by the Fairtrade International Board and the General Assembly. Fairtrade Members commit to establishing effective monitoring and evaluation processes in order to contribute to reporting on the size and scope of Fairtrade, provide evidence of benefits and impact, and support independent evaluations of Fairtrade's effectiveness.

Fairtrade's MEL Programme is committed to following the principles of ISEAL's Impacts Code and to external evaluation of compliance with the Code.

PRINCIPLE 3. WE TAKE RESPONSIBILITY FOR OUR ACTIONS

ACCOUNTABILITY	
PRINCIPLE	**3. We take responsibility for our actions**
	3.1 Complaints and Allegations
	3.2 Whistleblowing
	3.3 Risk Management

3.1 Complaints and allegations

Upholding credibility in the Fairtrade System requires our organizations to act swiftly and professionally to deal with any complaints or allegations about the quality or delivery of our services, or actions of our staff or any consultant or contractor acting on Fairtrade's behalf. Allegations may result from a breach of Fairtrade values, policies and procedures or the Code of Conduct by a staff member, consultant or contractor. Complaints may also include expressions of dissatisfaction with the quality or delivery of Fairtrade's services.

Members must have in place clear processes and procedures for dealing with allegations and complaints received either internally or from third parties, including analysing the nature of the allegation or the complaint, escalating issues within the Fairtrade System or with relevant authorities as required, protecting the identities of complainants, and communicating the process and outcome of any investigation triggered.

3.2 Whistleblowing

Fairtrade encourages all staff and contractors to raise any concerns that they may have about the conduct of others or the way in which the organization or global system is run.

Members commit to establishing and implementing a Whistleblowing Policy designed to ensure that concerns about possible inappropriate conduct, illegal or dangerous activities or other forms of malpractice are brought swiftly to management's attention, and reported into Fairtrade International's global Whistleblowing scheme. The policy will enable and encourage employees to raise genuine concerns about possible wrongdoing at work without fear of reprisal and to reassure them that such matters will be dealt with professionally and effectively. Policies should designate responsible individual(s) with whom employees may safely raise their concerns, and ensure those receiving reports are fully trained in the procedures to follow, including where and how to report into the global Whistleblowing scheme.

All Members are committed to ensure any Whistleblowing Policy takes into account any national regulations governing reporting to authorities, public information disclosure, and best practice in not-for-profit sector governance.

3.3 Risk Management

Fairtrade is committed to creating an organizational culture that enables the global System to achieve its objectives through appropriate management of risk. Sound risk management practices help to ensure that we take advantage of opportunities whilst also mitigating threats to our strategic objectives and business. All Fairtrade Members commit to establishing and operating a system of risk oversight and management to identify, assess, monitor and manage risks related to the conduct of their own activities. Members also have an obligation to contribute to Fairtrade's global risk management system, reporting any known System-wide risks arising from their own activities or assessments or actions being taken to mitigate or obviate these.

RESPECT

Fair trade is a trading partnership built on mutual respect, and respect for the human dignity and rights of all people is a core value we live by in the Fairtrade System. This means Fairtrade Members should:

- uphold and champion the human rights of those involved in international trade, in particular the men, women and children in communities around the world who are associated with Fairtrade supply chains (Principle 4)
- respect, value and nurture all those working for Fairtrade organizations as employees, contractors or volunteers (Principle 5).

PRINCIPLE 4. WE RESPECT, PROTECT AND CHAMPION HUMAN RIGHTS, AND FIGHT FOR THOSE DISADVANTAGED IN INTERNATIONAL TRADE

RESPECT	
PRINCIPLE	**4. We respect, protect and champion human rights, and fight for those disadvantaged in international trade**
	4.1 Human Rights 4.2 Protection of Children and Vulnerable Adults from Violence and Abuse 4.3 Gender Equality and Women's Economic Empowerment 4.4 Workers' Rights

4.1 Human Rights

All Fairtrade Members commit to demonstrating an organizational commitment to human rights, as enshrined in the United Nations (UN) Convention on Human Rights, and embedded in frameworks such as the UN Guiding Principles on Business and Human Rights. Fairtrade should seek to operate to the same standards on human rights as we expect of the businesses and supply chains with whom we work through our standards, certification and programmes. Members' human rights statements and policies should reflect the universal nature of human rights for all regardless of race, religion, ethnicity, disability, age, displacement, caste, gender or gender identity, sexual orientation, poverty, class or socio-economic status.

4.2 Protection of Children and Vulnerable Adults from violence and abuse

Fairtrade Members are committed to upholding all human rights and ensuring that our actions are in accordance with the principles enshrined in the UN Declaration of Human Rights and the UN Convention on the Rights of the Child, especially those articles focussing on the protection of children and vulnerable adults. These principles, along with relevant International Labour Organization (ILO) Conventions on Forced and Child Labour and commitments in the UN Global Compact are enshrined in Fairtrade Standards for Small Producer Organizations, Hired Labour, Contract Production and Traders.

In the framework of this code, all Members commit to developing and implementing internal policies and procedures designed to protect the wellbeing of children and vulnerable adults in communities associated with Fairtrade supply chains, and to safeguard them from any form of violence or abuse and that are in line with international conventions, good practices and domestic law.

All individuals acting or travelling on Fairtrade business must be made aware of their responsibility to follow procedures, including timely reporting of any suspected cases of breach of standards and/or policies designed to protect children and vulnerable adults. (See also Sections 5.2 and 5.3 below on Child Protection and Sexual Exploitation and Abuse.)

4.3 Gender Equality and Women's Economic Empowerment

Gender inequality remains a major barrier to human development globally. Fairtrade is dedicated to promoting equality and enabling women and men to access the benefits of Fairtrade equally.

The Fairtrade Gender Strategy seeks to promote gender equality and women's empowerment in producer organizations by building women's and girls' power and autonomy, and to deliver a transformative approach to gender mainstreaming in the Fairtrade System.

Fairtrade Members are encouraged to demonstrate their commitment to achieving gender equality in global supply chains and in the Fairtrade System itself, showing where and how their strategies, plans, programmes and/or partnerships contribute to the achievement of the goals in the Gender Strategy, as appropriate to the size and resources of their organization, their role in Fairtrade and the nature of their work. (See also Section 5.6 below on Diversity and Equal Opportunities.)

4.4 Workers' Rights

As a movement dedicated to ensuring every person can, through their work, maintain a decent standard of living, Fairtrade is committed to promoting and protecting workers' rights, as enshrined in the Conventions of the International Labour Organization.

Members should publish their commitment to championing workers' rights, including the right to freedom of association and collective bargaining, and to listening to and disseminating the perspectives of workers in Fairtrade supply chains. Members should seek opportunities to collaborate internally and with external partners, trade unions and workers' rights organizations to address the continuous improvement of workers' rights and working conditions as laid out in Fairtrade Standards, and Fairtrade International Workers' Rights and Living Wages strategies. (See also Section 5.7 below on workers' representation within our own organizations.)

PRINCIPLE 5. WE RESPECT, VALUE AND NURTURE THOSE WHO WORK FOR US

RESPECT	
PRINCIPLE	**5. We respect, value and nurture those who work for us**
	5.1 Code of Conduct
	5.2 Child Protection
	5.3 Sexual Exploitation and Abuse
	5.4 Harassment and Anti-Bullying
	5.5 Human Resources
	5.6 Diversity and Equal Opportunities
	5.7 Workers' Representation

5.1 Code of Conduct

All Members commit to developing and implementing a Code of Conduct, which requires those employed by, contracted to or representing them externally to uphold the values, principles, policies and procedures of the organization. Members must ensure that all individuals commit to comply with their Code of Conduct, have procedures in place to deal with any breaches of their Code of Conduct, and ensure high-level oversight including through their own governance bodies.

The Code of Conduct should apply to Board members, Board Committee members, directors, employees and staff members, contracted consultants, individual contractors, volunteers, student assistants, interns, and implementing partners and responsible parties engaged by Members of the Fairtrade System for the delivery of projects or activities and therefore working in Fairtrade's name. Members must ensure that any incidence of breaches of their own Code of Conduct are also reported in a timely manner into Fairtrade International's global compliance system, and any other affected Members should be alerted where necessary.

5.2 Child Protection

The Fairtrade System upholds children's rights to survival, development, protection, and participation as set out in the United Nations Convention on the Rights of the Child. We believe that child protection is both a corporate and an individual responsibility, and every person who shares in the work of Fairtrade also shares in the responsibility to take every precaution to protect the children and families we serve.

All Members commit to developing and implementing an internal Child Protection Policy and Procedure for all staff, consultants or others working on an employed or voluntary basis, which lays out clear guidelines for safeguarding children's wellbeing. The policy and procedure should be clearly referenced in any Code of Conduct as per Section 5.1 above.

5.3 Sexual Exploitation and Abuse

Fairtrade has a zero-tolerance towards sexual exploitation and abuse, and is committed to the prevention and protection of all individuals from all forms of sexual exploitation and abuse. We understand sexual exploitation as the actual or attempted abuse of a person in a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse refers to the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. All sexual activity with a minor is considered as sexual abuse.

Fairtrade Members must adopt policies laying out the responsibilities of staff, Board and Committee members, consultants and contractors, volunteers or interns to contribute to the prevention of sexual abuse. These shall include clear procedures for addressing any allegations or concerns, ensuring the safety and protection of any potential victim of abuse, and for preventing any future harm. A commitment to uphold policies and procedures should be part of the Member Code of Conduct.

5.4 Harassment and Anti-Bullying Policy

Fairtrade Members are committed to providing a safe and suitable working environment, in which there is mutual trust, respect and confidence. Members must operate zero-tolerance towards any form of harassment or bullying that causes employees or other persons to feel intimidated, insecure or offended.

Bullying may occur face-to-face, by email, telephone or letter and can take the form of spreading malicious rumours, unfair treatment, aggressive behaviour towards another person, picking on or regularly undermining another person, or unfairly denying someone training or developmental opportunities. Bullying can take place between senior and junior people, or between peers.

Members commit to adopting clear policies to prevent harassment and bullying, and integrating these into their staff Code of Conduct. Members' policies should ensure appropriate mechanisms are in place for detecting, reporting and remediating any report of harassment or bullying, with clear procedures for staff and managers to follow.

5.5 Human Resources

As a Fairtrade System committed to upholding the human dignity and value of all those work, or who wish to work, in our organizations, Members commit to operating human resource policies designed to:

- recruit and retain a skilled and diverse workforce
- enhance workforce competencies through effective professional development and training
- provide effective leadership and performance management for the organization
- drive organizational effectiveness and change programmes, adapting to the external environment, financial forecasting, emerging strategies and directions
- provide appropriate remuneration and benefits to employees and contracted organizations and individuals
- ensure compliance with relevant employment, health and safety legislation and drive best practice.

Members should demonstrate how they operate professional human resources management, as appropriate to their size, income and nature of their work. All Members should put in place a core set of human resource policies.

5.6 Work force Security

Fairtrade International and its members agree to adopt appropriate measures to protect workers, consultants, and contractors working in conflict countries or regions, or in places where their physical integrity and life can be put in danger.

5.7 Diversity and Equal Opportunities

Members commit to practising inclusion and non-discrimination on the basis of sex, age, religion, race, ethnicity, economic status, caste, citizenship, sexual identity, ability/disability and urban/rural locality.

Members will be able to demonstrate a clear policy commitment to equality of opportunity for all employees, and aim to ensure their workplaces are free of all forms of discrimination. These should be embedded within their core employment policies and procedures, applied to recruitment processes, and reported and monitored as part of organizational governance systems. The objective is to create and sustain a work environment that supports and assists every person to reach his or her maximum potential.

Members are encouraged to adopt policies suitable to their own organizational size, role and national legislative frameworks to contribute to the achievement of gender equality within their own organizations and employment practices, as a complement to commitments to driving gender equality in Fairtrade supply chains and producer communities (as outlined in Section 4.3 above).

5.8 Workers' Representation

As part of Fairtrade commitments promoting and protecting workers' rights, as enshrined in the Conventions of the International Labour Organization, we seek to ensure fair working conditions and constructive relationships between management and employers within our own organizations, based on mutual trust, respect and regular dialogue.

According to their size and the nature of their work, Fairtrade organizations should establish an official system for representation of workers' voices with management, and ensure employees are freely able to join trade unions or other forms of worker association, according to their own choice. Members commit to operating transparent systems and processes for negotiating any changes to working conditions, policies or procedures affecting employees.

INTEGRITY

Operating with integrity means that Fairtrade follows its own principles and values, and that we:

- are honest and transparent in sharing truthful information about who we are, what we are doing and how well we are performing (principle 6)
- organise and govern our organizations and decision making processes in a transparent, responsible and democratic manner (principle 7)
- hold ourselves to at least the same standards that we expect of others in terms of fair and sustainable trade practices (principle 8).

PRINCIPLE 6. WE ARE HONEST, TRUSTWORTHY AND TRANSPARENT ABOUT HOW WE WORK

INTEGRITY	
PRINCIPLE	**6. We are honest, trustworthy and transparent about how we work**
	6.1 Annual Reporting
	6.2 Communication / Public Information Disclosure
	6.3 Working with the Media
	6.4 Data Governance
	6.5 Conflict of Interest

6.1 Annual Reporting

Transparency is a core principle of Fairtrade's way of working, and Fairtrade is committed to providing clear and accessible information about our strategy, our plans, what we are achieving, how we are spending monies entrusted to us in pursuit of agreed goals, and where we need to change and improve what we do and how.

Members must publish annual reports according to best practice on reporting in their respective sectors and national regulatory requirements. Annual reports must include summaries of audited financial accounts, comply with reporting requirements of regulatory bodies in their countries of registration, and be approved by their Boards of Directors and Trustees. Members must disseminate their Annual Reports to stakeholders and make them publicly available.

6.2 Communication / Public Information Disclosure

Fairtrade aims to speak out powerfully and with one voice as a global movement. Our communications seek to drive the conversation about the need for change in international trade and about Fairtrade's own role as a credible and significant actor driving positive impact for farmers and workers.

All Fairtrade communications should be aligned with the principles and guidelines outlined in Fairtrade Communications Strategy, Fairtrade's Brand Handbook and Mark Management guidelines, as well as the Media Crisis Management Procedure (see section 6.3 below). It is vital to Fairtrade's integrity that our communications are open about the context of poverty, inequality, human rights and the realities of Fairtrade's work, acknowledging problems as well as providing evidence in support of positive impact messages. This puts the Fairtrade System on the front foot, being honest about those challenges, rather than being defensive and reacting to criticism as it comes.

6.3 Working with the Media

Fairtrade recognizes the important role of the media in driving public engagement and understanding of the need for fairer global trade and the work we do. The development of professional contact with journalists locally, nationally or internationally is an important part of managing Fairtrade's outreach and reputation. Fairtrade seeks to work proactively with the media to bring stories to their attention, as well as respond in a timely manner to any stories, requests for information, or in response to allegations about the impact and effectiveness of our own work.

Fairtrade Members should deal openly and transparently with the media, insofar as this is in line with policies and procedures regarding protection of vulnerable people, data protection and commercial confidentiality. Members must ensure that there is a clear point of contact responsible for dealing with media enquiries swiftly and efficiently. Individuals should be trained in good practice media management, and be familiar with Fairtrade's media crisis and risk management policy and procedure.

6.4 Data Governance

Fairtrade collects, processes, transfers and uses producer, licensee and trader data for the purpose of compliance with our standards and certification processes, for assessing the impact of Fairtrade, creating reports and providing support to Fairtrade Producer Organizations. Members also collect data in relation to market-based activities, from individual supporters, organization representatives, funders and donors, and from suppliers and other contracted partners.

Members shall treat any information received from another Party, including any reported data, internal policies and training documents, as confidential. Members must ensure that their employees, representatives, consultants and or other contracted partners adhere to policies regarding confidentiality. Confidentiality obligations do not apply where disclosure may be required by law or by governmental authorities, or if information has already been made public elsewhere.

Members must have a clear data protection and privacy policy in place, and be transparent in the purposes and processes for any data collection, data use and processing or data sharing within the Fairtrade System. Data protection and privacy policies must be compliant with national and/or international legislation.

6.5 Conflict of Interest

The Fairtrade System works with many different stakeholders to achieve secure and sustainable livelihoods for Farmers and Workers. As such, employees and consultants of Fairtrade Members often work with producers and traders, receive confidential information from both sides and may even act as a mediator for negotiations. Employees, Directors, Board or committee members or consultants must exercise the utmost good faith in all transactions involved in their duties, and they must not use their positions with Fairtrade International or with its Members, or knowledge gained from their position, for their personal benefit or to benefit one party to the disadvantage of the other.

Members must implement an approved Conflict of Interest policy, which defines certain typical conflicts of interest that could arise within their operational context and the appropriate procedures and possible remedies to be applied.

PRINCIPLE 7. WE GOVERN OUR AFFAIRS IN A RESPONSIBLE, DEMOCRATIC AND TRANSPARENT WAY

INTEGRITY	
PRINCIPLE	**7. We govern our affairs in a responsible, democratic and transparent way**
	7.1 Global Governance and Ownership 7.2 Member Governance 7.3 Legal Compliance 7.4 Decision Making Roles and Responsibilities 7.5 Membership

7.1 Global governance and ownership

Fairtrade International's General Assembly is the highest authority within the Fairtrade System, and is the body through which Members exercise their responsibilities and powers as owners of the Association. 50% of decision-making votes are held by Producer Networks and 50% by National/Regional Fairtrade Organizations. All Members have the right of representation by way of Delegates at the General Assembly via their membership groups. The Board of Fairtrade International is elected by the General Assembly to provide year-round governance of the global Fairtrade System. Its membership is based on nominations representing Producer Networks, National/Regional Fairtrade Organizations and independent members.

Members commit to actively participate and exercise their ownership rights and responsibilities through the General Assembly and International Board, according to the rules and procedures laid out in Fairtrade International's Constitution.

7.2 Member Governance

All Members are responsible for establishing and operating their own effective governance bodies. Good governance is accountable, transparent, compliant with laws and regulations, responsive to stakeholder needs, efficient, equitable, inclusive and participatory, and in line with relevant statutory guidance and best practices for organizations of similar nature and size.

7.3 Legal Compliance

Ensuring Fairtrade organizations operate according to the laws and regulations of their country/region is central to the integrity of our global Fairtrade System. All Fairtrade Members are required to be legally registered entities in their own country of operation and must ensure they meet legal obligations and reporting requirements with regard to relevant authorities. Members should ensure that they include professional legal advice and oversight in all relevant organizational, financial, policy development, human resources, contract development or dispute resolution processes.

Fairtrade Members respect anti-trust and competition law when engaging in discussions with competitors (eg. other certification, licensing and labelling bodies or commercial suppliers working in the same sectors, product categories and markets), as well as the implications of competition law for any negotiations leading to licensing, trading deals or commercial partnership development.

7.4 Decision Making Roles and Responsibilities

The Fairtrade System respects the autonomy of Members to freely make decisions relating to their own organization, provided that such decisions do not conflict with the overall direction of Fairtrade, or resolutions and decisions of the General Assembly, and respect the Policy and procedures on territorial rights and interests (see section 9.3 below).

7.5 Membership

Membership of Fairtrade International is open to National or Regional Fairtrade Organizations or Producer Networks operating within a defined geographical location. The process and criteria for applications for membership, and the rights and obligations of Members are laid out in Section 4 of the Fairtrade International Constitution. The Governance Committee and the Board are responsible for reviewing any application for new membership. Decisions on membership are taken by the General Assembly. Members may be subject to sanctions by the Board or the General Assembly for any major breach of the rights, membership obligations or compliance reporting requirements of the Fairtrade System.

PRINCIPLE 8. WE PRACTICE WHAT WE PREACH IN RELATION TO FAIR AND SUSTAINABLE TRADE

INTEGRITY	
PRINCIPLE	**8. We practice what we preach in relation to fair and sustainable trade**
	8.1 Procurement Policy 8.2 Ethical and Fairtrade Sourcing 8.3 Living Wages 8.4 Environmental Management and Impact

8.1 Procurement Policy

Members will operate clear, transparent and open processes when procuring (or issuing tenders where these apply) for supplies, equipment and services, and ensure that contracts are managed with good administrative practices and sound business judgement. Members commit to dealing fairly and transparently with their suppliers, including paying fair prices for services.

Fairtrade Members' own Code of Conduct will apply to procurement of goods and services (including management of contracts and grants) to govern the performance, behaviour and actions of Members' governance bodies, employees or related parties, and to ensure vested interests or conflicts of interest are avoided. Members' procurement policies will ensure open and transparent processes for all contracting or tendering for goods or services above an agreed value, as set by their own governance structures.

8.2 Ethical and Fairtrade Sourcing

Members are encouraged to model best practice in procurement of ethical, Fairtrade and sustainably certified goods and services for their offices, events or other activities, wherever these are available in their local market.

Where Fairtrade certified goods are not available, or for products and services not currently covered by Fairtrade standards, Members should apply ethical and sustainability criteria, or other relevant recognised certifications wherever they can. Members are encouraged to seek to source goods and services from companies able to demonstrate their commitment and actions to drive positive social, environmental and economic sustainability, alongside other considerations on value for money, as part of any contracting or evaluation of supplier options.

8.3 Living Wages

Members will uphold and promote payment of living wages both internally and in relation to any service providers and procurement policies. As a minimum, Members will ensure they source from, and partner with, organizations able to demonstrate full compliance with relevant national legislation governing minimum wage levels. Recognising that in many countries, national minimum wage levels still sit below poverty lines, Members will seek to pay above minimum or industry standard rates where necessary and possible, and apply available calculations of living wages where these exist.

Members are encouraged to support coalitions and platforms established in their own main country/region of operation, to improve wage levels to close any gap between existing levels and benchmarks for living wages, to the best of their ability, according to their own size and capability.

8.4 Environmental Management and Impact

In recognition of the global environmental and climate emergency, Members commit to environmental sustainability and climate change prevention, and to improved environmental outcomes in their work towards Fairtrade's goals to improve livelihoods for small-scale farmers and workers through better trade.

Given the need for urgent action to address environmental and climate impacts, Members will demonstrate an organizational commitment to environmental sustainability and improved environmental outcomes in their own internal operations, seeking to minimise negative environmental impacts wherever possible in relation to their size, nature of work and influence. This includes travel, office and property management, procurement of goods and services, events, meetings, or use of vehicles and equipment. Members will encourage all employees or other contracted parties to be responsible in their own behaviour and their use of natural resources to the best of their own ability.

PARTNERSHIP

PRINCIPLE 9. WE COLLABORATE AND COORDINATE OUR EFFORTS AS ONE GLOBAL ORGANIZATION

PARTNERSHIP	
PRINCIPLE	**9. We collaborate and coordinate our efforts as one global organization**
	9.1 Strategic Planning
	9.2 Membership roles and responsibilities
	9.3 Territorial Rights and Interests
	9.4 Resourcing the Global System

9.1 Strategic Planning Processes

The global Fairtrade System is committed to a participatory and democratic approach to strategic planning, and to ensuring the effective collaboration and co-ordination of Members in the establishment, monitoring and reporting, and review and evaluation of strategic plans. Members commit to actively participate in global strategic planning processes, and to a spirit of cooperation and solidarity in the interests of building consensus over contextual analysis, strategic directions, priorities and plans. Members shall support the full participation of Producer Networks and their membership through the strategic planning process to ensure the voices and reality of small farmer organizations and workers in Fairtrade are clearly heard. Members should respond to requests for information or feedback in a timely manner, and collaborate within their membership groups and relevant working parties to facilitate the process of final decision by the General Assembly.

9.2 Membership roles and responsibilities

Members commit to fulfilling their own stated responsibilities as laid out in the Fairtrade International Constitution, this Code and any existing or future Members' Agreements or relevant resolutions of Fairtrade International's General Assembly or Board. In order to maximise efficiency, and focus skills and experience, Fairtrade Members seek to respect the roles of other parts of the Fairtrade System, bring in relevant expertise from others when needed for their own work, and avoid duplicating the roles of others.

9.3 Territorial Rights and Interests

When it comes to territorial matters, Fairtrade Members commit to treating each other fairly and respectfully, and to following the policy on Territorial Rights and Interests adopted at the General Assembly in 2018, and the processes laid out therein for consultation and information sharing.

9.4 Resourcing the Global System

In order to ensure a robust global system, Fairtrade is reliant on collaboration and partnership amongst Members to provide sufficient resources to deliver the core functions and programmes agreed as part of the global strategy. Members are required to pay annual membership fees as determined by the Fairtrade International Board in accordance to the Constitution. Members will not withhold or make any offset against their membership fees, unless agreed by the Fairtrade International Board. Members are encouraged to collaborate with each other and with Fairtrade International to secure major partnership funding for agreed programmes and initiatives, and to leverage relationships with governments and major funders in the service of the global System, especially where collaboration could result in greater resources being mobilised than would be possible by an individual Member. Members may also mutually provide financial or in-kind assistance to each other without any intervention by the Board of Fairtrade International, but in the interests of full transparency all Members should declare any assistance received or provided by other parts of the Fairtrade System.

PRINCIPLE 10. WE BUILD PARTNERSHIPS AND COLLABORATE FOR GREATER GLOBAL IMPACT

PARTNERSHIP	
PRINCIPLE	**10. We build partnerships and collaborate for greater global impact**
	10.1 Farmers' and Workers' Organizations
	10.2 Movement for fair and sustainable trade
	10.3 Stakeholder engagement and participation
	10.4 Fairtrade Supply Chain Partners
	10.5 Corporate Partnerships
	10.6 Policy and Advocacy
	10.7 Professional Networks and Forums

10.1 Farmers' and Workers' Organizations

As an organization whose vision and mission is to secure better livelihoods from international trade for farmers and workers, Fairtrade works in close partnership with organizations of small producers and workers, and is proud to be the only global product certification scheme that is 50% owned by Fairtrade producer networks.

Fairtrade seeks wherever possible to collaborate with the wider movements representing small-scale farmers and artisanal miners, with the cooperative movement and with workers' rights and trade unions in pursuit of a common vision to improve the livelihoods and terms of trade, wage and income levels, safe and secure working conditions, fulfilment of human rights and actions to reduce negative environmental or social impacts from international trade. We are committed to listening to the voices of small scale farmers' networks and movements and to internationally recognised workers' rights platforms and trade unions, in the development of our standards, policies and programmes. We value and support common platforms and partnerships to drive systemic change at local, national and international level.

10.2 Movement for fair and sustainable trade

The organizations that make up Fairtrade International are part of a bigger Global Fair Trade Movement, united by a common vision, purpose and set of shared principles as laid out in the International Fair Trade Charter. We are committed to collaborating across our movement to campaign for trade justice for farmers and workers, and secure more opportunities for disadvantaged producers to secure a fairer deal for their products. We work together to advocate the principles and practices of Fair Trade towards government and intergovernmental organizations and as part of established public procurement processes.

The Fair Trade Movement is also part of a wider platform for ethical and sustainable trade, and for responsible, trustworthy certification of supply chains and products made, grown or harvested in line with credible and robust social, environmental and economic standards. Fairtrade International works closely with partners as part of the ISEAL Alliance to develop and implement common codes of good practice in managing credible sustainability standards. Members collaborate locally, nationally or regionally with a range of producer platforms, civil society and NGO networks, other certification or ethical labelling bodies, ethical trade initiatives and academic institutions to build common good practice, share insight and learning, advocate for shared policy goals, drive public awareness and consumer behaviour change, or engage with government in supporting innovative alternative models of trade and production.

10.3 Stakeholder engagement and participation

Fairtrade has a partnership approach to trade, and the contribution of many stakeholders to its development ensures that we remain rooted in the real experiences of producers, businesses, civil society organizations, government policy makers, researchers and members of the public.

Fairtrade therefore seeks to ensure the meaningful participation and listen to the experience and insight of key stakeholders in our governance, our standard and policy setting processes, business innovation approaches, programme development, advocacy and campaigning initiatives. Members commit to ensuring effective and timely communication with stakeholders in relation to new information or developments in the global Fairtrade System.

10.4 Fairtrade Supply Chain Partners

Fairtrade's partnership approach to working with businesses in global supply chains relies on building relationships that are mutually respectful, accountable and responsive. Maintaining effective customer relations with licensees, traders and other private sector partners is critical to the trust they place in us, and to value for money for businesses engaging with the Fairtrade System.

Members commit to operating high standards of customer service for supply chain partners and timely involvement in any standards, policy or other development that may impact upon their business, ensuring their voices are heard alongside others. Fairtrade Members must also fulfil their duties to challenge business partners when necessary, always maintaining a culture of respect.

Fairtrade Members are encouraged to collaborate with Fairtrade corporate partners to develop and leverage appropriate insight and learning from their supply chain experience, and to inform the ongoing strengthening of the Fairtrade System. Where there is good alignment of policy and vision, Fairtrade organizations may work with private sector partners on joint platforms for influencing industry, government or other stakeholders for the benefit of farmers and workers.

10.5 Corporate Partnerships

The Fairtrade System respects the autonomy of Members to freely make decisions relating to the funding of their own organization and to enter into corporate partnerships, provided that such decisions do not conflict with the Constitution and decisions of the General Assembly and respect the Policy and procedures on territorial rights and interests of other members.

10.6 Policy, Advocacy and Global Campaigning

To achieve the radical shift Fairtrade seeks to a fair, sustainable global trading system, Fairtrade must work with others who share our vision to bring about greater systemic change, and bring its own insight and experience from practising an alternative approach to the attention of government and other decision makers and influencers.

At the heart of Fairtrade's approach to policy and advocacy, Members commit to amplify the voices of farmers and workers in key policy debates, supporting them to confront policies at the national, regional and global level that impede fair trade and sustainable business. Fairtrade will also support platforms for producers, civil society and consumers to work together for government policies that create an enabling environment for fairer trade. Fairtrade Members also seek to engage the public in thinking about the actions they can take individually, or within families and communities, including purchasing and product choices and the actions they can take to influence greater change, and to champion and support local communities in forging their own local campaigns for Fair Trade.

10.7 Professional networks and forums

The global Fairtrade System is part of a wider movement of professional, standards and certification, agricultural and manufacturing, not-for-profit, social enterprise and civil society organizations engaged in building social justice, global sustainability and more equitable trade. As such, we have much to contribute to, and learn from, our peers at local, national and international level.

Fairtrade Members are encouraged to contribute to professional networks and forums relevant to their status, size and the nature of work, and to draw on training, best practice or codes of conduct within their own sector. Fairtrade Members are encouraged to join and take part in initiatives or common cause campaigns where these could contribute to addressing opportunities or threats facing the Fairtrade System and the communities we represent.

APPENDICES

APPENDIX 1: GLOSSARY OF TERMS

Accessible: easy to reach, approach, speak to or use. Presented in a form, format, language or media that is appropriate to the audience and readily usable.

Accountability: the processes through which an organization makes a commitment to respond to and balance the needs of stakeholders in its decision making processes and activities, and delivers against this commitment (Pathways to Accountability, the GAP Framework One World Trust, 2005).

Advocacy: a systematic and strategic approach to influencing governmental and institutional policy and practice change. In Fairtrade it refers to policies and practices that create an external environment in which fairer trade practices can flourish, and which provide a platform for the needs and voices of marginalised small-scale producers and workers to be heard and understood.

Allegation: an accusation, made by a third party, claiming that a Fairtrade operator is violating Fairtrade policies and procedures, is damaging Fairtrade International's reputation or is misusing the FAIRTRADE Certification Mark. Furthermore an allegation can include claims against a Fairtrade operator not certified by FLO-CERT to violate the Fairtrade standards.

Anything of Value: includes cash, gifts, gratuities, travel, meals, entertainment and offers of employment. Also may include event sponsorships, consultant contracts, and charitable contributions made at the request of, or for the benefit of, a Third Party's employee, their family, or other relations, even if made to a bona fide charity.

Association: the Association of Fairtrade Labelling Organizations International (or Fairtrade International) acting collectively through its Central Office or one or more of its Members.

Bribery: the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of Anything of Value, including gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.). (See also definition for Anything of Value)

Board: the Board of Fairtrade International elected through the General Assembly.

Brand Mark: the Association's corporate identity symbol and trademark.

Campaign: a project designed to mobilise public or other stakeholder support towards a defined change goal.

Central Office: the Central Office of Fairtrade International, which provides professional and administrative support to the governance bodies of the Association and which coordinates specific tasks to support and encourage global system functioning and any other functions as directed by the Board.

Child Labour: work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development (IPEC/ILO). See also glossary terms: Worst Forms of Child Labour; Hazardous Child Labour.

Child Protection: actions, policies and procedures that create and maintain environments in which children are protected from all forms of exploitation, violence or abuse, and their rights and needs are respected.

Child Rights: the rights as listed in the 54 articles of the United Nations Convention on the Rights of the Child (UNCRC).

Civil Society/Civil Society Organization (CSO): civil society is "the arena, outside of the family, the state and the market, where people associate to advance common social interests" (CIVICUS Civil Society Index). Civil Society Organizations (CSOs) include Non-Governmental Organizations (NGOs), not-for-profit organizations, charities, community-based organizations, religious organizations, trade unions, foundations and other institutions outside of the corporate or government sectors.

CLAC: the Cooordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo, or the Latin America & Caribbean network of Fairtrade farmers and workers.

Collective Bargaining: a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers.

Complaint: an accusation, made by a third party, against Fairtrade services, Fairtrade conduct and/or Fairtrade staff/representative and/or consultant claiming that this person or organization violated Fairtrade policies, procedures and regulations or Fairtrade Services, or damaged Fairtrade's reputation.

Confidentiality: a state of keeping information private or process of protecting it from disclosure that could be harmful to an individual or organization.

Consent to Release: a document in which a producer organization, or other certified entity, authorizes, upon request, any member organization to release its individual data to a third party outside the Fairtrade System.

Constitution: the Constitution of Fairtrade International, as amended from time to time by the international Board, and approved by the General Assembly.

Corruption: the abuse of entrusted power for private gain.

Data: data collected, processed and used by Fairtrade International whether this be individual organizational, operational or business data of certified producer organizations (POs) in which the identity is clearly shown.

Development: process of bringing about positive and sustainable change or progress.

Dignity: the feeling of having decision making power, freedom and autonomy over life choices, of having self-worth and self-confidence, and having the respect of others.

Disability: a long term physical, mental, intellectual or sensory impairment which in interaction with various barriers may hinder full and effective participation in society on an equal basis with others (UN Convention on Rights of People with a Disability).

Disadvantaged: those who are in a social or economically unfavourable position in relation to others, or are excluded from opportunities available to others. In international trade disadvantaged farmers and workers are those who face barriers in accessing markets and/or employment on fair terms delivering a decent livelihood.

Diversity: recognition of every individual as unique and respect for differences, in relation to issues including race, ethnicity, gender, sexual orientation, socio-economic status, age, physical or mental abilities, religious or political beliefs, or other social or cultural background or ideology.

Due Diligence: research and analysis of an organization in preparation for a programme, business transaction or activity, prior to signing any contractual agreement.

Effectiveness: the degree to which actions and interventions are successful in delivering the desired result.

Efficiency: performance against time and resource parameters, measuring inputs and outputs, including value for money, and the quality of outcomes delivered.

Ethical: in accordance with rules or standards for correct conduct and practice, whether they be social, financial/ economic or environmental.

Expert Body: an independent expert body in which the composition is solely based on the expertise needed on a particular subject matter under discussion without a requirement for membership group representation.

Fairtrade Activities: the collected activities to be performed by Fairtrade International and its Members in pursuance of Fairtrade, as reserved to Fairtrade International or allocated to any of its membership groups (NFOs and PNs), all as described in the Constitution and as resolved by the General Assembly from time to time.

Fair Trade Advocacy Office: a joint initiative of Fairtrade International and the World Fair Trade Organization based in Brussels, which co-ordinates advocacy and campaigning in favour of fair trade and trade justice.

Fairtrade Africa: the member organization of Fairtrade International representing the network of Fairtrade Producers in Africa and the Middle East.

Fairtrade Association: Fairtrade Labelling Organizations International e.V., acting collectively through its Central Office or one of more of its Members (Fairtrade International Constitution).

Fairtrade Assurance Scheme: the rules and procedures established by Fairtrade International ensuring adequate and credible oversight of implementation, verification and use of the Fairtrade Standards and the licensing of Intellectual Property of Fairtrade International.

Fairtrade Intellectual Property: any Fairtrade Trademarks and any other intellectual property of Fairtrade International, including the Fairtrade Standards, the Fairtrade Assurance Scheme, the domains and websites of Fairtrade International, any studies, reports, overviews and other materials created by or for Fairtrade International.

Fairtrade International: the abbreviated term used to refer to Fairtrade Labelling Organizations International e.V.

FAIRTRADE Mark/Fairtrade Certification Mark: the registered trademark owned by the Association.

Fairtrade Marketing Organization (FMO): an organization with the main purpose of promoting Fairtrade in territory where no National/ Regional Fairtrade Organization is registered, and which has a contractual relationship with the Association.

Fairtrade Member: organization contributing to the delivery of Fairtrade's governance and organization including Fairtrade International's Central Office; FLOCERT; Regional and sub-regional Fairtrade Producer Networks and offices; National or Regional Fairtrade Organizations and Fairtrade Marketing Organizations.

Fairtrade Products: finished products certified to Fairtrade standards, or product categories eligible for certification.

Fairtrade Proprietary Assets: any Fairtrade Intellectual Property and any entities owned or controlled, in whole or in part, by Fairtrade International, as well as any financial assets, real estate and any other tangible or intangible assets owned or controlled, in whole or in part, by Fairtrade International.

Fairtrade Producers: farmers and workers involved in the producer organisations that are certified to Fairtrade's Producer Standards.

Fairtrade Standards: the Fairtrade International Standards, including Producer and Trader Standards, Product Standards and Guidance Documents, established and amended by Fairtrade International from time to time.

Fairtrade System: the organizational structures, existing from time to time, for the purpose of realizing Fairtrade and the Fairtrade Activities, with such organizational structures being currently composed of Fairtrade International, its subsidiaries, its Members, Applicant Organizations and Fairtrade Marketing Organizations**.**

Fairtrade Trademarks: any registered or non-registered trademark owned by Fairtrade International.

Farmers and Workers: individual farmers, workers, artisans or equivalents; including those who are members or employees of Fairtrade Producers and Producer Organizations.

FLOCERT: the global certification body for Fairtrade, offering verification services to Fairtrade organizations globally. It operates as a subsidiary to Fairtrade International, to act independently of the standard-setting side of the organization, ensuring quality and credibility of the Fairtrade certification system.

Fraud: a deliberate deception to secure unfair or unlawful gain, or to deprive a person or organization of a legal right. Fraud includes false representation, failure to disclose information or abuse of position.

Freedom of Association: the right of workers and employers to establish and join organizations of their own choosing, and to organize freely and not be liable to be dissolved or suspended by administrative authorities.

Gender: the socially ascribed characteristics and opportunities associated with being a man or a woman, and the relationships between them. In contrast, sex refers to the physical characteristics and differences between males and females as determined by biology.

Gender equality: The concept that all human beings, men and women and boys and girls, are free to develop their personal abilities and make choices without the limitations set by stereotypes, rigid gender roles, or prejudices.

Gender equity: Fairness in the distribution of responsibilities and benefits between women and men; this may require temporary positive measures to compensate for the persistent disadvantages women experience.

Gender mainstreaming: the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making the concerns and experiences of women as well as of men an integral part of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres, so that women and men benefit equally, and inequality is not perpetuated. The ultimate goal of mainstreaming is to achieve gender equality.

Gender sensitivity: The demonstrated ability to take into account gender issues in development strategies and actions.

General Assembly (GA): the General Assembly of Fairtrade International, which brings together representatives of all Member organizations, Producer Networks and subsidiary bodies, according to the rules and procedures laid out in the Constitution and terms of reference.

Good Practice: a recommended technique, methodology or approach that has been shown through previous experience or research to work well, reliably, produce desirable results.

Governance: the way in which an organization is managed at the highest level, and the systems for decision making over its policies and practices.

Guidelines: information and advice to aid the establishment of a particular area of work or course of action, which can include rules, principles, checklists, examples, model planning documents or procedures.

Human Rights: the basic rights and freedoms that belong to every person in the world from birth to death, as laid out in the Universal Declaration of Human Rights and reflected in international conventions, and in regional and national legislation.

ISEAL: also known as ISEAL alliance, the global membership organization for driving credibility of global sustainability standards, of which Fairtrade International is a member.

Legislation: a law or set of laws adopted by a Government.

KPIs: Key Performance Indicators which are related to certain measurable criteria, and which are used to evaluate the performance of the Fairtrade International Central Office, Fairtrade Members and Fairtrade International's CEO.

Licence Agreement: a contracted agreement between a Fairtrade Member and a business which sets out the terms and conditions for the use of the FAIRTRADE Mark (or other trademark) on products certified to Fairtrade standards.

Licence Fee: the fee paid by a business or other partner to a Fairtrade Member for use of the FAIRTRADE Certification Mark (or other Fairtrade Ingredient/Program Mark) on products certified to agreed Fairtrade standards.

Licensee: a business or organization who has signed a Licence Agreement with a Fairtrade Member.

Media Crisis: a situation that exists in the media or social media that has, or risks having, a serious, negative and long-term impact on an organization, or an organization's reputation.

Member: see Fairtrade Member.

Membership: the legal status of being a full member of Fairtrade International from the date of acceptance as such by Fairtrade International until termination of such status, both in accordance with the Constitution.

Monitoring, Evaluation and Learning (MEL): the programme of monitoring and impact assessment that Fairtrade uses to assess progress against our vision and strategy, and which supports learning and improvement in the Fairtrade System. Fairtrade's MEL system is compliant with ISEAL's Impacts Code.

National/Regional Fairtrade Organization (NFO): a member of Fairtrade International operating the Fairtrade Mark which includes awareness raising for Fairtrade, licensing of the Fairtrade Mark and representing Stakeholders within a defined geographical territory in which Fairtrade Products are sold or where the market for Fairtrade Products may be developed and with support from businesses and civil society organizations.

Network of Asian and Pacific Producers (NAPP): the member organization of Fairtrade International representing the network of Fairtrade Producers in Asia and the Pacific Region.

Non-disclosure Agreement (NDA): means an agreement signed between an individual or organization (either internal or external) for the purpose of sharing specific data relating to Fairtrade's operations, producer and trader partners with that particular member organization, in line with Confidentiality policies.

Non-discrimination: fair and unprejudiced treatment of all categories of people.

Non-governmental Organization (NGO): an organization on a local, national or international level that is independent of government or international governmental organizations. NGOs usually operate on a not-for-profit basis, are typically rooted within civil society networks, and exist to further a particular social, political, economic or environmental cause.

Not-for-profit (NFP): an organization with rules that do not allow it to distribute profits or assets to its members, management or anyone else with whom it is operating, but which reinvests on an ongoing basis into its mission and objectives.

Participatory: allowing opportunities for individuals or groups to join in with a process of decision making or development.

Partner: individuals, groups of people or organizations that collaborate with Fairtrade Members to achieve mutually agreed objectives.

Partnership: an ongoing working relationship with one or more Fairtrade Members and/or stakeholders, rooted in a shared vision, with mutually agreed objectives, programmes and resource allocation.

Personal Data: any information concerning the person or material circumstances of an identified or identifiable natural person.

Policy: a document outlining principles, rules and guidelines that have been formulated or adopted by an organization to guide its overall conduct, decisions or a specific course of action, in line with its vision and long-term goals.

Producer Network (PN): a regional network of Fairtrade Producers who work together to advance their common interest, providing technical support, shared policy, advocacy and joint programming, and who represent Fairtrade Producers in the governance of the Fairtrade System.

Producers: see Fairtrade Producers.

Standards: see Fairtrade Standards.

Stakeholders: any or all individuals or groups with an interest in Fairtrade's success in delivering its intended results, which can affect or are affected by Fairtrade's policies and/or actions. For the purposes of this constitution it shall include (without limitation) all those who contribute to its work financially or in kind, or have a mandate to represent Farmers and Workers and can help the Association address the needs of those groups. It shall also include other Fair Trade networks and employees of the Association.

Strategy: Fairtrade's Global Strategy, usually adopted for 3-5 years, and approved by the General Assembly.

Supply Chain: see Value Chain.

Sustainable development: development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Theory of Change: a method that explains how an intervention, or set of interventions, may be expected to lead to a specific development change, drawing on causal analysis based on available evidence. Used to guide the development of evidence-based strategies, with assumptions and risks spelled out, as well as for evaluation and learning about what is working or hindering progress, so that approaches may be adjusted for better impact.

Third Party: Any stakeholder or partner organization with whom Fairtrade interacts in the course of their Fairtrade activities, including but not limited to: ministries and government officials, producer organizations, member organizations (Producer Networks and National Fairtrade Organizations), Fairtrade Marketing Organizations, companies, NGO's, Donors, UN organizations and other partners and individuals.

Trade Union: an organised association of workers in a workplace, profession, trade or group of trades formed in order to protect and promote their rights and interests. Trade unions are usually independent of employers, but have close working relationships with them.

Trader: any individual or enterprise actively engaged in the buying, selling or processing of Fairtrade products, or any operator who takes legal ownership of Fairtrade products.

Transparency: an organization's openness about its activities, providing information on what it is doing, where and how this takes place and how it is performing.

Value Chain: the process by individuals and enterprises produce and receive raw materials, add value to them through various processes to create a finished product, and sell the finished product to customers. Also often referred to as a supply chain.

Volunteer: a person who willingly gives their time for the common good and without financial gain. This includes formal volunteering that takes place within organizations in a structured way, and informal volunteering acts by supporters giving their time outside of a formal organizational system.

Whistleblower: a member of staff, volunteer, contractor or partner who reports suspected wrong-doing, including suspicion of fraud, misuse of resources, neglect of duties, breach of human rights or risk to health and safety.

Workers' Rights: the legal rights and claimed human rights relating to labour relations between workers and their employers, and enshrined in labour and employment laws – covering issues such as pay, benefits and safe, respectful working conditions.

Worst Forms of Child Labour (WFCL): the forms of child labour as defined by Article 3 in ILO Convention 182, including slavery, trafficking, debt bondage, forced or compulsory labour, forced recruitment for armed conflict, prostitution, pornography, illicit activities, drug production and trafficking, or any work likely to damage the health, safety or morals of children.

Youth Inclusive Community Based Monitoring and Remediation (YICBMR): a local community and child/young person centred approach (used in several Fairtrade producer communities) for establishing locally-owned and implemented systems for identifying and remediating risks to child wellbeing, and protecting the rights of children and young people.

APPENDIX 2 – BACKGROUND TO VALUES AND PRINCIPLES

Fairtrade International's Constitution lays out some important principles in managing a global Fairtrade System:

- Equity – recognizing the rights and responsibilities of all Members towards furthering the objectives of the Association in relation to their capacity to do so.
- Fairness – recognizing the need for all Members to be treated reasonably and to have their views heard in decision-making processes.
- Transparency – recognizing the need for Members to share information with each other and to respect the confidence of such information shared by others.
- Non-discrimination – recognizing the need for rules to apply consistently to all Members.
- Mutual respect – recognizing that a diversity of opinions and experiences can strengthen the ability of the Association to further its objectives.
- Justice – recognizing the responsibilities of all Members towards the prevention and elimination of unfair trade practices affecting Fairtrade Producers.

Fairtrade's Brand Handbook from 2010, is also rooted in the following set of values underpinning how we express our brand in behaviours, words and imagery both internally and externally:

- Action
- Integrity
- Respect
- Challenge
- Optimism

FAIRTRADE

General Conditions of Purchase
of Fairtrade Labelling Organizations
International e.V., Bonn (Germany)
Constituted: November 2020

§ 1
General, Application

1.1 These Terms and Conditions of Purchase (ToP) shall apply exclusively. Differing or contrary terms shall not apply except if expressly agreed upon in writing.

1.2 These ToP apply to all business relations with our business partners and suppliers ("Seller"). The ToP shall only apply if the Seller is an entrepreneur (§ 14 German Civil Code), a legal entity under public law or a special fund under public law.

1.3 In individual cases, individual agreements with the seller (including side agreements, additions and changes) have priority over these ToP. For the content of such agreements, subject to the contrary evidence, a written contract or our written confirmation shall prevail. Legally relevant declarations and advertisements of us with respect to the contract (e.g. setting of a deadline, notification of a defect, withdrawal or reduction) are in writing, that means in written or textual form (e.g. letter, e-mail, fax).

§ 2
Offer, Acceptance

2.1 We are entitled to change the time and place of delivery at any time by giving written notice with at least 14 days prior to the agreed delivery date. We will reimburse the seller for the proven and reasonable additional costs incurred by the change.

2.2 We are entitled to terminate the contract at any time by giving a written statement stating the reason, if we can no longer use the products we have placed in our business because of circumstances occurring after conclusion of the contract. In this case, we will compensate the seller for the partial service provided by him. The same right is reserved if the payment by our grantor is completely or partially suspended and this purchase contract should be financed completely or partially by the affected grant funds.

2.3 Where applicable, the General Terms of Contract for the Provision of Supplies and Services (VOL/B) (Allgemeine Vertragsbedingungen für die Ausführung von Leistungen) shall apply to the execution of the contract in addition to these ToP. If the Seller does not have his place of business in Germany and is therefore unfamiliar with VOL/B, we undertake to make them available to the Seller free of charge.

§ 3
Prices, terms of payment

3.1 The price stated in the order is binding.

3.2 Prices include delivery, the respective statutory VAT and any and all costs for packaging, except as otherwise expressly agreed upon. The Seller shall at its own expense insure the delivery against transport risks to a reasonable and customary extent.

3.3 Unless otherwise noted on the proposal or purchase order, payment will not be due until 30 days after all services have been completed, or all items have been delivered, inspected and accepted or the invoice has been received, whichever is later.

3.4 All order confirmations and delivery papers must state our order number, article description, delivery quantity and delivery address. All invoices must include: the date of issue, a unique sequential number, the VAT or the Tax number of the supplier / service

provider, Full address of the supplier / service provider and the customer (Fairtrade International Labelling Organizations International e.V. OR Fairtrade International e.V.), full description of the goods or services provided, details of quantities of goods, if applicable, the date of the supply or the date of the service provided, the net taxable value of the supply / service. Additionally, invoices shall contain the words “reverse charge procedure” (where appropriate). Any import duties that may be incurred shall be indicated separately on the invoices. Should one or more of these details be omitted and, as a result, the processing by us be delayed as part of our normal business, the payment period referred to in § 3.3 shall be extended by the period of the delay.

3.5 All claims to be paid to us by the Seller or an insurance company on the basis of these ToP (e.g. due to breach of warranty according to § 8) must be transferred to a separate bank account named by us in advance.

§ 4
Offset, Retainer

We reserve all rights to offset or retain payment provided by applicable law.

§ 5
Delivery

5.1 All delivery dates stated in the order or otherwise agreed upon are binding. Premature deliveries are not permitted.

5.2 The seller shall immediately inform us of any threatening or existing delay in delivery, the reasons for such delay and the anticipated duration of such delay. The foregoing shall not affect the occurrence of a default in delivery.

5.3 In the event of a delay in delivery, we are entitled to all statutory claims.

5.4 The seller is not entitled, without our prior written consent, to partial deliveries.

§ 6
Passing of risk, Shipment

The risk of loss or damage to the goods passes to us upon delivery at the agreed place of delivery. If formal Acceptance has been agreed, this shall be decisive for the passing of risk. The statutory provisions of the German Law on Contracts for Work and Services shall also apply accordingly in the case of acceptance. If we are in default of acceptance, this shall be equivalent to handing over or formal Acceptance.

§ 7
Reservation of ownership

Reservations of ownership of the seller are only valid, as far as they refer to our payment obligation for the respective products, on which the seller reserves the property. In particular, the extended, the forwarded and the extended retention of title for further processing are inadmissible.

§ 8
Warranty

8.1 In case of defects we reserve all rights and remedies for non-conformity provided by applicable law. We are especially entitled, upon our election, to claim remedy of defects, re-delivery of conforming goods or damages.

8.2 In accordance with the statutory provisions, the Seller shall be liable in particular for ensuring that the goods have the agreed quality at the time the risk passes to us. In any case, those product descriptions which - in particular by designation or reference in our order - are the subject matter of the respective contract or have been included in the contract in the same way as these ToP, shall be deemed to be an agreement on the

quality. It makes no difference whether the product description originates from us, the seller or the manufacturer.

8.3 We are not obliged to examine the goods or to make special inquiries about any defects at the time the contract is concluded. Partially deviating from § 442 para. 1 sentence 2 German Civil Code, we are therefore entitled to claims for defects without restriction even if the defect remained unknown to us at the time of conclusion of the contract due to gross negligence.

8.4 Warranty claims shall be time-barred after 36 month of the passage of risk.

8.5 Quality and quantity deviations are in any case reprimanded in good time if we inform the seller within 2 working days since the documented receipt of the goods by the responsible person in charge, who has previously been communicated on behalf of us. Hidden material defects are in any case reprimanded in good time, if the notification takes place within 2 working days after discovery to the seller.

8.6 Supplementary performance shall also include the removal of the defective goods and their reinstallation, provided that the goods have been installed in or attached to another item in accordance with their nature and purpose of use; our legal claim to reimbursement of corresponding expenses shall remain unaffected. The Seller shall bear the expenses necessary for the purpose of inspection and subsequent performance even if it turns out that there was actually no defect. Our liability for damages in the event of unjustified requests for the removal of defects shall remain unaffected; however, in this respect we shall only be liable if we have recognized or grossly negligently failed to recognize that there was no defect.

8.7 In case of imminent danger, we are entitled, after giving notice to the seller, to remedy the defects at the seller's cost.

8.8 Upon receipt of our written notice of defects by the seller, the limitation period of warranty claims is suspended until the seller rejects our claims or declares the defect remedied or otherwise refuses to continue negotiations on our claims. In the case of replacement delivery and remedy of defects, the warranty period for replaced and repaired parts begins again, unless we had to assume, based on the behaviour of the seller, that he was not obliged to take the measure, but only for reasons of goodwill or similar reasons.

§ 9
Property Rights

9.1 In accordance with § 10.2, the seller warrants that products supplied by him shall not infringe any third-party property rights in countries of the European Union or other countries in which he makes or manufactures the products.

9.2 The seller is obliged to indemnify us from all claims by third parties against us for the infringement of industrial property rights referred to in § 10.1 and to reimburse us for all necessary expenditures in connection with such claims. This entitlement is independent of any fault of the seller.

9.3 Our further legal claims due to legal defects of the products delivered to us remain unaffected.

§ 10
Warranty of Title

10.1 The seller warrants that the goods are free from rights of third parties and that delivery of the goods does not violate any rights of third parties. The seller shall indemnify us, upon first demand, from any claims of third parties in this regard.

10.2 Claims based on defect in title shall be time-barred pursuant to § 8.4 above.

§ 11
Confidentiality

11.1 The seller is obliged to keep the terms of the order as well as all information and documents made available to him (with the exception of publicly available information) secret for a period of 3 years after conclusion of the contract and only to execute the order use. He will promptly return them to us after completing requests or processing orders.

11.2 Without our prior written consent, the seller may not refer to the business relationship in promotional material, brochures, etc. and cannot issue delivery items manufactured for us.

11.3 The seller will oblige his subcontractors according to this § 12.

§ 12
Assignment

The seller is not entitled to assign his claims from the contractual relationship to third parties. This does not apply, as far as it concerns money demands.

§ 13
Final Provisions

13.1 These General Conditions of Purchase and the contract between us and the seller shall be governed by the law of the Federal Republic of Germany. The application of the UN Sales Convention is excluded.

13.2 If the Seller is a merchant as defined in the German Commercial Code, a legal entity under public law or a special fund under public law, the exclusive - also international - place of jurisdiction for all disputes arising from the contractual relationship shall be our registered office in Bonn. The same applies if the seller is a businessman as defined by § 14 of the German Civil Code. In all cases, however, we are also entitled to bring an action at the place of performance of the delivery obligation in accordance with a prior individual agreement or at the general place of jurisdiction of the Seller. Priority statutory provisions, in particular those relating to exclusive jurisdiction, shall remain unaffected.

13.3 If individual provisions of the contract with the purchaser, including these general terms of purchase, are or become wholly or partially invalid, this shall not affect the validity of the remaining provisions. The wholly or partially ineffective regulation shall be replaced by a regulation whose economic success comes as close as possible to the ineffective regulation.

Bundesamt für Wehrtechnik und Beschaffung **Koblenz, 12.01.2004**
Z3.2 - 76-10 Nr. 305 ☎ 35 15
hn--[VOL-B-e.doc]

Englische Fassung

der

Verdingungsordnung für Leistungen, Teil B:

"Allgemeine Vertragsbedingungen für die Ausführung von Leistungen

(VOL/B)"

- Fassung 2003 -

vom

05.08.2003

(Veröffentlicht [in deutscher Sprache] im Bundesanzeiger Nr. 178a vom 23.09.2003)

English Version

of the

Conditions Concerning Contracts for Supplies and Services, Part B:

"General Terms of Contract for the Provision of Supplies and Services

(VOL/B)"

- Version 2003 -
of
5 August 2003

(Published in Federal Gazette No. 178a of 23 September 2003)

VOL Part B
General Terms of Contract
for the Provision of Supplies and Services
(VOL/B)

- Version 2003 -
of 5 August 2003
(Published in Federal Gazette No. 178a of 23 September 2003)

Preamble

The following General Terms of Contract shall apply to contracts for supplies and services, particularly to service, purchase and work performance contracts as well as to contracts concerning the delivery of movables which are still to be manufactured or produced.

§ 1
Type and Scope of Supplies and Services

1. Type and scope of mutual supplies and services are governed by the contract.

2. In the event of inconsistencies in the contract, the following shall apply in sequential order:

   a) Statement of Work
   b) Special Terms of Contract
   c) any Supplementary Terms of Contract
   d) any Additional Terms of Contract
   e) any general Technical Terms of Contract
   f) General Terms of Contract for the Provision of Supplies and Services (VOL/B).

§ 2
Alterations of Supplies and Services

1. The procurement office may subsequently request alterations of the supplies and services within the scope of the contractor's capabilities as far as this can be reasonably expected from the contractor.

2. If the contractor has reservations concerning such alterations of supplies and services, he shall inform the procurement office accordingly in writing and without delay. If the procurement office fails to share the contractor's reservations, it shall retain responsibility for its specifications and instructions. The contractor shall only be obliged to substantiate his reservations by an advisory report if this has been agreed separately.

3. If the basis of pricing for the supplies and services to be provided under the terms of the contract is changed as a result of alterations of supplies and services, a new price shall be agreed, taking into account additional costs or price reductions as the case may be. The agreement shall cover possible effects of the alteration of supplies and services upon other contractual terms, especially execution deadlines. This agreement shall be concluded without delay.

4. (1) Supplies and services provided by the contractor without specific order or arbitrarily outside the terms of the contract will not be remunerated. Upon request, the contractor shall take back or remove such supplies and services within a reasonable period of time, otherwise they may be returned or removed at his expense and risk. The contractor shall, however, be entitled to remuneration if the procurement office subsequently accepts such supplies and services.

   (2) Additional claims of the procurement office shall not be affected.

§ 3
Documents for the Provision of Supplies and Services

1. The contractor shall be furnished, free of charge and in good time, those documents required for the provision of supplies and services that are not generally available.

2. Documents exchanged by the contracting parties may not be published, reproduced or used for any purpose other than that agreed without the originator's consent. Unless otherwise agreed, they shall be returned on request.

§ 4
Provision of Supplies and Services

1. (1) The contractor shall provide supplies or services on his own responsibility and in accordance with the contract. In doing so, he shall observe commercial practices, the accepted standards of technology as well as current legal and administrative regulations.

   (2) The contractor shall bear sole responsibility for complying with the legal and administrative requirements as well as the standards laid down by the employers' liability insurance association (*Berufsgenossenschaft*) vis-à-vis his employees. It is solely his responsibility to see to whatever arrangements and steps are relevant to his employee relations.

2. (1) If an agreement has been reached allowing the procurement office to verify that the supplies and services are being provided in conformity with the contract, access during business or working hours shall be granted to the workplaces, workshops and facilities where components forming part of the relevant supplies and services are made or designated materials are stored. It shall be furnished with all pertinent information, written or spoken, as requested.

   (2) In this connection, the procurement office shall have no right to any manufacturing or business secrets of the contractor being disclosed to him.

   (3) Any knowledge of contractor's manufacturing or business secrets acquired during visits from documents or other sources of information shall be treated confidentially. The procurement office will be liable for any misuse.

3. Unless otherwise agreed, the procurement office shall be responsible for the quality of supplies and materials provided by it, as well as for the quality of supplies and materials made available by third parties. The contractor shall give the procurement office prompt and written notification of any defects, established with ordinary care, in materials supplied by the procurement office or in supplies and services furnished by other parties on the procurement office's behalf. Failure to do so will render the contractor responsible.

4. The contractor must not entrust third parties subcontracted by him with the provision of supplies and services or a large part thereof unless he has been given the procurement office's consent. Consent shall be dispensable for minor partial supplies and services or such outside the contractor's line of business operations. This provision must not be construed to prejudice commercial contractors.

§ 5
Impediments to and Interruption of Performance

1. If the contractor feels impeded in the due provision of supplies and services, he shall send the procurement office immediate and written notification to this effect. Any such notification may be waived if the facts and resulting obstructions are obvious.

2. (1) Deadlines for the provision of supplies and services shall be extended within reason if the contractor's commercial operations are impeded as a result of force majeure, circumstances beyond the contractor's control, industrial action or a legal lockout. The same holds true for impediments affecting subcontractors and suppliers as far and as long as the contractor is actually or legally hindered from seeking replacements.

   (2) If an impediment beyond the contractor's control as provided in sub-section 1 persists for more than three months from receipt of the notification as per para 1, sentence 1 or from the occurrence of the obvious event as per para 1, sentence 2, the parties shall be entitled, unless otherwise agreed, to terminate the contract with immediate effect or to withdraw from it in its entirety or in part within thirty days from the end of said period by written notice.

3. As soon as impediments cease to exist, the contractor shall send a written notification to that effect to the procurement office and resume work without delay.

§ 6
Type of Delivery and Shipment

If shipping costs are borne separately by the procurement office, the contractor shall safeguard the latter's interests while observing its shipping instructions. This applies especially to the chosen route of transportation, the choice and utilization of the means of transportation as well as to the most favorable tariff classification for the goods.

§ 7
Breaches of Duty by the Contractor

1. In case of breaches of duty of the contractor, statutory regulations shall, subject to the regulations of § 14 of VOL/B, apply in accordance with the following provisions.

2. (1) In case of losses due to breaches of duty caused by slight negligence, the contractor shall not be liable to compensate the procurement office for any loss of profit incurred. The contractor shall also be excluded from liability to compensate for any such losses if the default was caused by subcontractors assigned to the contractor by the procurement office.

   (2) In addition, liability for damages may be further limited in individual cases. Customary terms of delivery, for instance, shall be taken into account whenever liability is to be limited to a total sum or to restitution of additional costs incurred by replacements.

(3) If the procurement office makes a claim for damages instead of the entire performance or, instead of that, for reimbursement of outlays, the contractor shall, without delay, return any documents (drawings, calculations etc.) made available to him. The procurement office shall promptly submit to the contractor a specification of its claims. The procurement office shall inform the contractor of the additional costs for the provision of supplies and services by a third party within three months after the settlement of accounts with that third party. The procurement office shall specify any remaining claims to the contractor without delay.

(4) If, in the event of supplies and services provided in part, the procurement office submits a claim for damages instead of the performance or, instead of that, for reimbursement of outlays for those supplies and services still outstanding only, the contractor shall, without delay, furnish the procurement office with a verifiable account of those supplies and services actually provided. For any other purpose, sub-section 3 will apply.

3. If the procurement office exercises its right of withdrawal from contract, para 2, subparagraph 3, sentences 1 and 4 will apply; in the event of partial withdrawal, para 2, subparagraph 4, sentence 1 will apply also.

4. (1) If the contractor defaults, the procurement office, before exercising its right of withdrawal from contract, sets the contractor a reasonable time limit for performance or subsequent performance.

   (2) The procurement office undertakes, at the request of the contractor, to state whether it withdraws from the contract due to the delay in work or insists on the performance. This request shall be submitted before expiry of the time limit under sub-section 1. Up to the receipt of the response by the contractor, the latter shall be entitled to perform.

§ 8
Termination of Contract by the Procurement Office

1. The procurement office may withdraw from the contract, or terminate it with immediate effect if insolvency proceedings, or comparable legal proceedings have been instituted against the contractor, or if the institution of proceedings has been applied for, or if such application has been rejected for lack of assets, or if the contract is at risk of not being duly fulfilled as a result of the contractor suspending his payments not only temporarily.

2. The procurement office may also withdraw from or immediately terminate the contract if, with regard to its awarding, the contractor has employed unlawful restrictive practices as defined by the German Act Against Restraints of Competition.

3. In case of termination, any supplies and services already provided and that the procurement office can make use of shall be invoiced at the contract prices or according to ratio of the completed part against the overall supplies and services contracted based on the contract prices; any supplies and services not required shall be returned to the contractor at his expense.

4. Any other rights or claims of the procurement office shall not be affected.

§ 9
Default of the Procurement Office, Termination of Contract by the Contractor

1. In case of default of the procurement office as debtor and creditor, statutory regulations shall apply in accordance with the following provisions.

2. (1) If the procurement office, through no fault of its own, fails to cooperate in compliance with its contractual obligations, thereby preventing the contractor from providing supplies and services as laid down in the contract, the latter may set an appropriate deadline for the procurement office to make up its omission by, while emphasizing that he, the contractor, will reserve the right to terminate the contract with immediate effect should the procurement office fail to meet its contractual obligations by the deadline given.

   (2) In case of termination, any supplies and services already provided by that time shall be invoiced at contract prices. For any other purpose, the contractor shall be entitled to adequate compensation to be determined by appropriate application of § 642, sub-section 2 of the German Civil Code.

3. Contractor's claims arising from the negligent non-fulfillment of its duty to cooperate by the procurement office shall not be affected.

§ 10
Duty to Exercise Proper Care

Up to the passing of the risk, the contractor shall protect against damage or loss the supplies or services provided by him and any equipment made available to him for the execution of the work.

§ 11
Contractual Penalty

1. If contractual penalties are agreed, the provisions of § 339 to 345 of the German Civil Code shall apply. A reasonable ceiling shall be established.

2. If a penalty is agreed for exceeding the time allowed for fulfillment of the contract, the amount for each completed week must not exceed 0.5% of the value of that part of the supplies and services that cannot be used. The maximum penalty is 8%. If the penalty is computed by the number of days, only working days will count; if it is computed by weeks, each working day of a new week will count as 1/6 of a week.

   The procurement office may assert claims resulting from an incurred penalty until final payment.

§ 12
Quality Inspection

1. Quality inspection is the examination of supplies and services for their fulfillment of the technical and related organizational requirements laid down in the contract by the procurement office or a contractually appointed representative. It shall not affect the acceptance of supplies and services.

2. If the contract contains an agreement to specify the type, scope and venue of quality inspection, the following provisions shall, unless otherwise agreed, apply additionally:

   a) Upon the procurement office's or contractor's request, partial supplies and services may be examined, especially in those cases where an inspection would be rendered unduly complicated or even impossible by continued execution.

b) The contractor shall inform the procurement office or its representative in good time and in writing of the point in time when the supplies and services or parts thereof will be available for the agreed inspection. The contracting parties shall then agree without delay on a period of time within which the inspections shall be conducted. If this period expires without the agreed inspections being carried out for reasons to be answered for by the procurement office, the contractor may grant the procurement office a reasonable period of grace, requesting that either the inspections be carried out within that period or the procurement office declare whether it intends to waive the quality inspection. If the procurement office does not carry out the inspections within the set period and fails to waive the inspection altogether, it shall pay damages upon expiration of said period in accordance with the regulations governing debtor's delay.

c) The contractor shall furnish the manpower, rooms, machines, equipment, inspection and measuring devices as well as POL supplies as required for the inspection.

d) If, on the basis of the quality inspection, there is agreement on the rejection of the supplies and services or parts thereof as not being in conformity with the contract, the contractor shall replace them with supplies and services that meet the terms of the contract.

e) If there is no agreement on the rejection of the supplies and services due to divergences of opinion on the inspection procedures applied, the contractor may request a further inspection to be carried out at a materials testing agency to be agreed on by both parties whose findings shall be considered final. The costs thus incurred shall be borne by the losing party.

f) Prior to delivery of the supplies and services, the contractor shall issue a release note. This release note is the precondition for delivery to the procurement office.

g) The contract price shall include the expenses incurred by the contractor for the agreed quality inspection. Items rendered unusable as a result of the quality inspection shall not be deducted from the overall supplies and services.

§ 13
Acceptance

1. (1) Unless otherwise agreed, the passing of risk shall be governed by statutory regulations.

   (2) If shipment or the handing over of the completed items is delayed upon the procurement office's request beyond the final deadline stipulated in the contract, the risk for the period of delay shall pass to the procurement office provided no other date has been agreed.

2. (1) Acceptance becomes effective with the procurement office's declaration that the contract has been fulfilled in substance. If acceptance is legally provided for or stipulated in the contract, the procurement office shall declare within the given period of time whether or not it will accept the supplies and services.
   In case of a minor defect the procurement office cannot refuse acceptance if the contractor explicitly recognizes his obligation to remedy the defect.

   In the event of nonacceptance, the procurement office shall inform the contractor about the reasons and shall - especially if subsequent performance is possible and reasonable for both parties - set a deadline for submission for acceptance without prejudice to the procurement office's claim arising from noncompliance with the original deadline for contract performance.

(2) Upon acceptance, the contractor's liability for recognized defects will cease to exist unless the procurement office has reserved the assertion of rights due to a specific defect.

(3) If the procurement office has started to make use of the supplies and services, acceptance is deemed to be effected with the commencement of use unless otherwise agreed.

(4) The aforementioned paragraphs shall apply accordingly to the acceptance of partial supplies and services.

3. The procurement office may grant the contractor a reasonable period of time for the removal of items which it has rejected as being nonconforming. Upon expiration of that period, the procurement office may sell these items at the contractor's expense, safeguarding the latter's interests to the extent possible.

§ 14
Deficiency Claims and Limitation

1. If a defect is attributable to a request by the procurement office for alterations in the nature of the supplies and services (§ 2, para 1), or to materials furnished or specified by it or supplied by any subcontractor upon the procurement office's request, the contractor shall be exempt from claims for such defects, provided he has sent written notification as stipulated under § 2, para 2 or § 4, para 3, or the defects in materials furnished by the procurement office were not apparent even when taking customary care.

2. In the case of deficiency claims arising from material defects, the statutory regulations shall apply subject to the following conditions:

   a) If the supplies and services show defects, the contractor shall first of all be granted the opportunity for subsequent performance within a reasonable time limit. The contractor shall, at his own choice and free of charge, rework, resupply or reprovide all parts or services which, within the limitation period, show a redhibitory defect the cause of which already existed at the time of the transfer of risk.

      Upon expiration of the time limit, the procurement office may remedy the defects itself at the contractor's expense or arrange for subsequent performance by a third party.

      The procurement office may also set a reasonable time limit, stating its refusal to accept remedial action once said period has expired; in this case, the procurement office, in accordance with statutory regulations, may

      1. reduce remuneration or withdraw from the contract as well as
      2. claim for damages or reimbursement of futile outlays.

   b) The procurement office's claim for compensation refers to damage with respect to the subject matter of the contract itself unless

      aa) the damage sustained is caused willfully or by gross negligence on the part of the contractor, his legal representatives or his agents (§ 278 of the German Civil Code),

      bb) the damage is caused by non-fulfillment of a guaranty for the quality of the supplies and services, or

      cc) the damage results from fatal injury, bodily harm or impairment of health.

In case of the contractor not being liable in accordance with aa to cc the claim for reimbursement of futile outlays shall be limited to the value of supplies and services affected by defects.

Liability for compensation and reimbursement of outlays in accordance with aa shall not be applicable if the contractor can prove that sabotage is involved or if the procurement office provided the personnel for fulfillment of the obligation or if the contractor was not decisively involved in the selection of such personnel.

c) The procurement office may grant the contractor a reasonable time limit to remove defective items. Upon expiration of said period, the procurement office may sell these items at the contractor's expense, safeguarding the latter's interests to the extent possible.

d) The contractor shall not be liable for modifications or repair work carried out by the procurement office incompetently and without the contractor's consent, nor shall he be liable for any consequences thereof.

3. Unless otherwise agreed, the statutory periods of the German Civil Code shall apply to the limitation of deficiency claims. Other regulations shall be allowed for if required due to the special character of the supplies and services; in this connection, the regulations customary in the respective industrial sector may be taken into account. The procurement office shall notify the contractor without delay and in writing of defects.

§ 15
Invoicing

1. (1) The contractor shall account for his supplies and services in a verifiable form. To this effect he shall prepare traceable invoices, observing the sequence of items as agreed in the contract and using the designations contained in the contract documents; moreover, he shall meet other requirements with regard to invoice forms as stipulated in the contract and provide evidence of the type and scope of supplies and services by means of supporting documents in the customary form. Invoiced amounts to be paid for alterations and additional supplies shall be listed separately or specifically identified by reference to the relevant agreements.

   (2) Unless specified otherwise by the contractor, this invoice shall be the final invoice.

2. If a verifiable invoice in accordance with para 1 is not submitted within a set reasonable time limit, the procurement office may draw up the invoice on the contractor's behalf and at his expense, provided it had previously warned the contractor accordingly.

§ 16
Hourly Paid Work

1. Hourly paid work shall only be reimbursed if so provided for in the contract or if ordered by the procurement office prior to the commencement of work.

2. The procurement office shall be informed of the commencement and conclusion of such work. Unless otherwise agreed, weekly returns of hourly paid work shall be submitted, specifying the number of hours worked, any raw, basic and auxiliary materials and POL products to be paid separately, as well as any remuneration agreed separately for the provision of scaffolding, tools, equipment, machinery and the like.

3. Unless otherwise agreed, such returns shall be submitted weekly, beginning 12 working days after commencement of work.

§ 17
Payment

1. Payment of the invoiced amount shall be made upon provision of the supplies and services. It may be effected at an earlier point in time in accordance with the agreed terms of payment. In the absence of such agreements, payment of the invoiced amount shall be made within thirty days of presentation of the verifiable invoice. As a rule, payments shall not be cash. Punctuality of payment shall be based on the date of presentation of the transfer order to the procurement office's bank.

2. If the contract provides for partial payments, such payments shall be made, upon request, within appropriate time limits and in amounts corresponding to the value of the items supplied. The supplies and services shall be evidenced by a verifiable statement. Partial payments shall not constitute acceptance of partial supplies and services.

3. If divergences of opinion arise at the time of final settlement, the amount indisputably due to the contractor shall nevertheless be paid to him.

4. The unconditional acceptance of final payment identified as such shall preclude any additional claims. A proviso shall be stated within two weeks from the receipt of final payment.
   A proviso shall become null and void unless a verifiable invoice concerning the claims under proviso is submitted within another month or, if this is not possible, the proviso is substantiated in detail.

5. If errors in the accounting documents are ascertained after receipt of the final payment, the final invoice shall be corrected. Such errors are errors in the determination of supplies and services provided and in the application of general calculation rules, decimal and transmission errors including balances brought forward faultily. Both the procurement office and the contractor are obliged to reimburse any amounts arising from errors.

§ 18
Security

1. (1) Unless otherwise agreed, provisions of security shall, under the prerequisites of § 14 of VOL/A, only be admissible for contract values exceeding 50,000 Euro. If the provision of a security has been agreed, the conditions of §§ 232 to 240 of the German Civil Code shall apply unless stipulated otherwise in the following provisions.

   (2) The provision of security serves to guarantee that supplies and services are furnished and deficiency claims enforced as stipulated in the contract.

2. (1) Unless otherwise agreed in the contract, security may be provided in the form of a deposit or guarantee given by a financial institution or credit insurer officially authorized in the European Union or in a country that is a contracting party of the Convention on the European Economic Area or a member of the WTO's General Agreement on Trade in Services (GATS). If in a specific case the procurement office has reasonable reservations about the guarantor's suitability, the contractor shall provide evidence to the contrary.

(2) The contractor has a choice between the various types of security; he may replace one type of security by another.

3. In the case of a guarantee provided by credit institutions or credit insurers other than those officially authorized, the procurement office must have accepted the guarantor as being suitable.

4. (1) The statement of guarantee shall be made in writing with the explicit provision that the guarantee is subject to German law, with the defense of setoff, voidability and failure to pursue remedies (§§ 770 and 771 of the German Civil Code) being waived; it must not be limited to a certain period of time and has to be drawn up in accordance with the procurement office's instructions. Under the conditions of § 38 of the Code of Civil Procedure (*Zivilprozessordnung*), the guarantee must include the explicit stipulation of a domestic place of jurisdiction selected by the procurement office for all disputes on the validity of the guarantee agreement and those arising from the agreement itself.

   (2) The contractor may not demand a guarantee as security which commits the guarantor to payment upon first request.

5. If security is provided by way of a deposit, the contractor shall pay the amount into a blocked account with a jointly selected financial institution and with only a joint right of disposition. The contractor shall be entitled to any interest accrued.

6. Unless otherwise agreed, the contractor shall furnish security within 18 working days after conclusion of the contract.

7. The procurement office shall return the security without delay according to the total or partial cessation of the purpose of security.

§ 19
Disputes

1. In the case of divergences of opinion, the procurement office and the contractor shall first try to reach an amicable agreement, if possible within two months.

2. Given the preconditions for an agreement on jurisdiction in accordance with § 38 of the Code of Civil Procedure, jurisdiction for all disputes on the validity of the contract and those arising from the contract shall be determined only by the location of the agencies responsible for representing the procurement office unless otherwise agreed. Upon request, the procurement office shall be obliged to name the agency representing it in any action.

3. Disputes shall not entitle the contractor to cease work under contracts awarded to him if the procurement office declares that the continuation of work is required for reasons of special public interest.