

Comparison between the Food Composite Product guidelines and the current standard

Introduction

Guidelines for composite products were first published in 2003 and reviewed in 2007. However, they were not binding, leading to different interpretations of the rules by individual markets. This caused problems with cross-border sales. Moreover, the lack of clarity posed a reputational risk to Fairtrade worldwide. The challenge was to create a set of common international rules defining which composite products can use the FAIRTRADE Mark. With this aim the Food Composite Product (FCP) standard was created and became section 2.2. "Product Composition" of the Generic Fairtrade Trade Standard.

The following table compares the rules of the former guidelines with the current standard and explains the differences between both.

Guidelines for the Fairtrade-labelling of composite food products October 25th, 2007	Generic Fairtrade Trade Standard Section 2.2 Product Composition 1 st of May 2011	Comparison
<p>1. Objectives of these Guidelines</p> <p>To ensure maximum benefits to Fairtrade-certified producer organizations, all ingredients of a product carrying a Fairtrade Certification Mark or label should be sourced from such producers. Yet for a variety of reasons, this is not always possible. This policy defines the conditions that allow for the Fairtrade-labelling of products of which not all ingredients are Fairtrade-sourced, with the objectives of:</p> <ul style="list-style-type: none"> - increasing the market access for Fairtrade's producer target group; - expanding the range of labelled Fairtrade products, and of - ensuring the credibility and reputation of labelled Fairtrade by establishing transparency 	<p>Intent and scope</p> <p>The intent of labelling food composite products as Fairtrade certified is to provide the maximum benefit to producers. This means that the product must contain as many Fairtrade certified ingredients as possible.</p> <p>The requirements in this section apply to all food composite products and food composite ingredients certified and/or licensed after June 2011. Products previously certified and/or licensed under the Guidelines for the Fairtrade Labelling of Composite Food Products must transition to these requirements within 2 years of June 2011. Section 2.2 applies to the Fairtrade product.</p>	<p>Same objective (maximum benefit to producers) and scope extended.</p> <p>While the policy only mentions end consumer products the standard applies to both food composite products (FCP) (end consumer products) and food composite ingredients (business to business products).</p> <p>The standard and the policy do not apply to blends. This is specified in the policy but not in the standard as it is implied in the definition of FCP (section 2.2.2 and Annex 1 "definitions").</p>

<p>and worldwide consistency in the labelling of such so-called “composite products”.</p> <p>2. Scope</p> <ul style="list-style-type: none"> - These Guidelines indicate the conditions under which a food product composed of more than one ingredient may carry the international Fairtrade Certification Mark (CM) or other Fairtrade-label (known as “Max Havelaar”, “Transfair”, or under a national name). - Composite products are defined as: manufactured or processed finished or end-consumer products that are composed of more than one ingredient of which at least one is not sourced from a Fairtrade-certified producer organization. - This policy does not apply to blended products, defined as finished or consumer products composed of two or more similar products mixed together (such as blends of coffee or tea). A blended product may only carry the CM or other Fairtrade label when all ingredients are sourced from Fairtrade-certified producer organizations. - In some cases, it may be difficult to determine whether a product should be considered a blended or a composite product. Coffee or tea with herbs, spices or other flavorings are considered as composite products, as are soluble mixes of coffee, milk powder and possibly other ingredients. Yet standard espresso coffee is a blend. When in doubt whether for the purposes of Fairtrade-labelling, a product is to be considered composite or blended, please contact FLO International or your national Fairtrade labelling organization. 		
<p>3.1 For all Fairtrade-labelled composite products, all ingredients for which FLO-approved standards</p>	<p>2.2.1 Food composite ingredients and food composite products must contain as many certified</p>	<p>ALL THAT CAN BE FAIRTRADE NEEDS TO BE FAIRTRADE (ATCB): the principle is</p>

<p>exist must be sourced from Fairtrade-certified producer organizations. This rule does not apply to ingredients that make up <1% of a product's total dry weight, under condition that the total amount of such minor non-FT-sourced ingredients does not exceed 5% of a product's total dry weight.</p> <p>3.2. For ingredients for which no such standards existed when a product is launched, if subsequently FLO approves standards for any such ingredients, licensees must start sourcing these ingredients from Fairtrade-certified producer organizations as soon as possible, and have done so within two years after FLO first publishes the standards.</p> <p>3.3. Exceptions to the stipulated in § 3.1. and 3.2. are allowed when:</p> <ol style="list-style-type: none"> when launching/introducing a newly labelled composite product, issues of scale or supply make initial full compliance with these paragraphs impossible. In these cases, a temporary exemption may be given when there is a realistic perspective that the scale/supply problems will be solved within a reasonable period of time; it is proved that the net interest of Fairtrade-certified producer organizations are better served by excluding a particular Fairtrade-sourced ingredient. the quality of FT-ingredients available causes serious/unsurmountable technical problems. In such cases, the exemption will be granted for as long as the technical problem persist. Examples: conversion of FT-sugar into syrup for use in juices, grinding of FT-sugar for use in spreads or bars, etc. <p>Exemptions must be applied for in writing to the</p>	<p>ingredients as available.</p> <p>Guidance: "Must contain as many Fairtrade certified ingredients as available" includes:</p> <ul style="list-style-type: none"> • Composite Ingredients (ingredients made of several components, e.g., chocolate chips) • Derivatives (an ingredient derived from a single component, e.g., soya lecithin) <p>A regularly updated <i>List of Fairtrade Ingredients</i> will be published on the Fairtrade International website.</p>	<p>strengthened</p> <p>"As available": Written in the guidelines as "<i>all ingredients for which FLO-approved standards exist <u>must</u> be sourced from Fairtrade-certified producer organizations</i>" this requirement was commonly described as "<i>all that can be Fairtrade needs to be Fairtrade</i>". Consumer research and legal consultation alerted that this may be considered misleading, as exceptions can be granted for unavailable products. Therefore, the phrase "<i>as available</i>" was incorporated. The intention "maximum benefit to producers" remains constant and the implementation of the requirement has improved: food composite ingredients are now also audited against this requirement.</p> <p>Less exceptions: If the ingredient is available as Fairtrade, it must be sourced as such. If the ingredient is not available, an exception may be granted. The guidelines propose two exception cases to the "all that can be Fairtrade needs to be Fairtrade". The exception case 3.3.b from the guidelines has been deleted from the standard as it could be used as an excuse to avoid sourcing an ingredient as Fairtrade. For example, a chocolate company could claim that they would source FT cocoa but could not afford also sourcing FT sugar. The "net interest of Fairtrade-certified producer organizations (in this case cocoa organisations) would be better served" by certifying that chocolate as Fairtrade even if the sugar is not Fairtrade.</p> <p>"Less than 1%" ingredient rule deleted: Under the former FCP guidelines, ingredients that made up less than 1% of a product's total dry weight did not have to be Fairtrade certified, as long as the total amount of such ingredients didn't exceed 5%. However, this rule dramatically reduced the use of</p>
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<p>FLO–<i>Cert’s Trade Certification Unit</i> and may only be implemented after written approval has been received.</p>		<p>certified herbs, spices and vanilla in Food Composite Products and therefore has been removed.</p>
<p>3.4. A Fairtrade Certification Mark or label may be put on a composite product if more than 50% of its ingredients, by dry weight, are sourced from Fairtrade-certified producer organizations. Calculation base for this policy is a composite product’s <u>dry weight</u>, defined as: a product’s weight excluding added water, milk and fluid milk derivatives (i.e. yoghurt).</p> <p>3.5. In case of liquid composite products, a Fairtrade Certification Mark or label may be put on the product if more than 50% of its volume is sourced from Fairtrade-certified producer organizations. Thus, for composite fruit juices made from juice concentrates, the “> 50%”-rule is to be applied to the relative volume of juices’ components before they were concentrated.</p> <p>3.6. Furthermore, a composite product qualifies for a Fairtrade Certification Mark or label if it has a significant ingredient and if this ingredient represents more than 20% of the product’s dry weight. A “significant ingredient” is defined as one that meets at least one of the following requirements:</p> <ol style="list-style-type: none"> i. eligible under appropriate trading standards to be part of a product’s name; ex. “orange juice drink” of which the main ingredient is water, but the significant ingredient is orange juice; “muesli with Fairtrade fruit”, of which at least the fruit must be FT-sourced and represent at least 20% of the product’s total dry weight. ii. an ingredient normally associated with the 	<p>2.2.2 Food composite products must contain at least 20% Fairtrade content. The percentages used to calculate the concentration of Fairtrade ingredients on a food composite product shall be expressed in the following units of measurement:</p> <p>Products with ≤50% added water or dairy</p> <ul style="list-style-type: none"> • Normal weight/volume of the Fairtrade ingredient/s relative to the total weight/volume of all the initial ingredients before processing. The unit of measurement used to calculate the % should be the same unit of measurement as used on the pack. This type of product category includes fresh juices but not juices from concentrate. <p>Products with >50% added water or dairy</p> <ul style="list-style-type: none"> • Same as above, but excluding all added water and/or dairy. <p>Guidance: This requirement only applies to food composite products (consumer ready product composed of more than one ingredient) and not to food composite ingredients (ingredient made of several components not intended for consumer purchase).</p>	<p>UNITS OF MEASUREMENT & THRESHOLDS: more user-friendly, similar content requirements, open to new product categories.</p> <p>Under the former composite policy, dry weight was defined as a product’s weight excluding added water, milk and fluid milk derivatives. This definition contradicted the food industry’s concept of dry weight which excludes <i>all</i> moisture content from a product. This led to confusion amongst LIs and licensees alike. Under the new Standard, the concept of “dry weight” is no longer used. Instead, threshold percentages are calculated in weight for solids and volume for liquids.</p> <p>To avoid the decertification of most drinks and dairy licensees, (which would mean a considerable loss of sales for producers), products with more than 50% added water and/or dairy can exclude all added water and/or dairy from the calculations.</p> <p>Once these new units of measurement were defined it was clear that keeping the 50% threshold would cause many products to lose certification:</p> <ul style="list-style-type: none"> ▪ A product with 70% certified content using the former dry weight definition could easily drop to 30% certified content using the new units of measurement. ▪ Also under the old guidelines, the main threshold was 50% but products with 20% Fairtrade content in many cases had been certified as well. The “significant ingredient” rule was seen as inconsistent e.g. a spices with 20% of Fairtrade mint could use the label but a spices mix with 15% of Fairtrade mint and 15% of Fairtrade cinnamon could not

<p>product; ex. "cocoa" in drinking chocolate.</p> <p>iii. an ingredient crucial to the formulation of the product, without which the product would not be viable; ex. "hibiscus" in "hibiscus teas".</p> <p>Other examples of "significant ingredients": cocoa in "chocolate cookies/cakes", coffee in "instant cappucino powder", the relevant fruit pulp/concentrate in jams, marmelades, compotes, yoghurts.</p>		<p>(there is not ONE significant ingredient and even if there was one it does not reach 20%), so often the 20% was used as the only certification threshold.</p> <p>The current standard proposes only one threshold: 20% for all products. The threshold of 20% makes the rules for food composite products more consistent and transparent, and easier to communicate to businesses and consumers.</p> <p>Rules are not "watered down". The rule of "the product must contain as many Fairtrade ingredients as possible" applies at all times. So products that can potentially have a Fairtrade content of more than 50% will not be able to decrease to 20%. Thanks to the new 20% threshold new product categories that can only contain around 20-30% Fairtrade ingredients (ice cream, dairy beverages, baked goods) can now apply to be certified.</p>
<p>3.7. On all composite products with a Fairtrade Certification Mark or label, it is mandatory to indicate the percentage of Fairtrade ingredients by dry weight (or volume) and identify the ingredients which are Fairtrade.</p>	<p>2.2.3 The declaration of the minimum percent of Fairtrade certified content is compulsory on the back of the pack, unless it contradicts national law.</p> <p>Guidance: It is the responsibility of the licensee to ensure that product packaging complies with all relevant labelling laws within the jurisdiction of the area(s) where the product is being sold.</p>	<p>DECLARATION ON PACK: improved</p> <p>The caveat "unless it contradicts national law" is added.</p>
<p>3.8. Regarding all composite products for which an industry interest and/or consumer demand for Fairtrade-labelling exists, and which contain ingredients that are customarily sourced in developing countries but for which no Fairtrade standards exist, FLO will consider the development of such standards. In case it decides to indeed develop such standards, for the purposes of Fairtrade-labelling, such ingredients will be considered as being</p>		<p>RECOMMENDATIONS: deleted from standard</p> <p>Points 3.8, 3.9, 3.10 and 3.11 of the guidelines are not included in section 2.2 of the GTS as only rules and not recommendations or general information are to be included in section 2.2 of the GTS (allocated to other sections).</p>

Fairtrade-certified. Once FLO has first published such standards, the ingredients in question must be sourced from Fairtrade-certified producer organizations as soon as possible and within two years at the very latest (vgl. § 3.2.).

Ex. a composite product contains dried coconut, an ingredient that customarily is sourced in developing countries but for which currently FLO has no standards. Parties interested in launching a composite product containing dried coconut with a Fairtrade Certification Mark or label may ask FLO to investigate the feasibility to develop standards for dried coconut.

3.9. Regarding composite products that cannot qualify for a Fairtrade Certification Mark or label because they contain > 50% ingredients customarily sourced in developed countries (ex. milk, wheat), manufacturers interested in Fairtrade are encouraged to replace such 'Northern' ingredients by ingredients that come from the 'South' – for example to replace milk by soy milk, wheat by maize, manioc/yucca and/or rice-flour, etc. When a manufacturer succeeds in doing so, FLO will seek to define relevant Fairtrade standards and certify relevant producer organizations. Parties interested in this option are invited to contact FLO or their national Fairtrade labelling organization.

3.10. To ensure the adequate monitoring and auditing of compliance with this policy,

* processors/manufacturers/licensees of composite products qualifying for a Fairtrade Certification Mark or label are asked to inform FLO Trade Auditing or their national Fairtrade labelling organization of the products' ingredients and their percentage of the products' dry weight/volume.

* upon request, relevant parties may be asked to provide factory/processing records documenting compliance

<p>with these Guidelines for the Fairtrade-labelling of composite products, and/or accept an on-site audit.</p> <p>3.11. In case of doubts regarding the applicability or interpretation of this policy, parties are invited to contact FLO-Cert's <i>Trade Certification Unit</i>, and must obtain FLO's approval for putting a Fairtrade Certification Mark or label on products in question previous to doing so.</p>		
<p>3.12. In exceptional cases, temporary waivers of parts of this policy may be granted. Reasons to do so may be that such a waiver allows to sign up a very important new licensee, allows to complete a range of Fairtrade-labelled products, or leads to a significant expansion of the market for Fairtrade-products, i.e. to substantial additional Fairtrade-benefits to producers. Requests for such waivers may be submitted to FLO-Cert's Trade Certification Unit, which will consider such requests on a case-by-case basis and recommend a decision to FLO-Cert's Certification Committee, which formally takes the decision (but may delegate this responsibility entirely or in part to FLO-Cert staff). LIs that disagree with the decision may appeal to FLO-Cert's Managing Director. The MD's decision is final.</p> <p><i>An example of such an exceptional case could be: A bakery chain is interested in becoming a licensee. Licensing the Fairtrade Certification Mark to the chain would expand Fairtrade to a completely new market segment. Several of the chain's composite products comply with these Guidelines, but some of its cakes don't, they contain 35% Fairtrade-sourced ingredients (honey, sugar, riceflour), and there is no way to increase this percentage. Yet the chain is willing to source all its honey from Fairtrade-certified producer organizations, also for products without the Fairtrade Certification Mark.</i></p>	<p>2.2.4 Exceptions for the use of a non-certified ingredient in place of a certified ingredient can be granted for a defined period of a maximum of 2 years. After that time the operator must provide evidence that Fairtrade ingredients are now in use or must submit a new exception application. The total Fairtrade content of the composite product must still reach the minimum threshold of 20%.</p> <p>Guidance: To apply for exceptions operators processing food composite products have to refer to their Fairtrade licensing body and operators processing food composite ingredients have to refer to their Fairtrade certification body. A request for exception does not guarantee that an exception will be granted.</p> <p>As part of the terms for exception, and to ensure benefit to Fairtrade producers, operators may be required to provide payment (e.g., of the Fairtrade premium) to Fairtrade producers in the amount equivalent to the volume excepted from being sourced as Fairtrade.</p> <p>The following gives general conditions and reasons under which operators can apply for an exception:</p> <p>Type I exceptions are granted by the licensing body or certification body, based on the guidelines established by the Exceptions Committee. The following reasons are</p>	<p>EXCEPTION'S MODE: stricter and more consistent</p> <p>With the former guidelines exceptions to the rules were allowed if it: <i>“allows to sign up a very important new licensee, allows to complete a range of Fairtrade-labelled products, or leads to a significant expansion of the market for Fairtrade-products”</i>. This exception cases were very flexible and could be easily adapted to any situation.</p> <p>This is why the new standard defines specific exception cases. The need for an international body to control and centralise the decision making on exceptions was identified during the creation of the standard. The Exceptions Committee was created and makes sure that any exceptions to the FCP Standard are granted in a consistent and transparent way. The EC has made guidelines for LIs to follow when granting exceptions. Any exceptions concerning transitioning ingredients have to go through the EC. The EC has also developed a list of unavailable ingredients and is responsible for maintaining it.</p>

In such a case, expansion into a new market segment, signing up a chain as licensee and the fact that much more produce is Fairtrade-sourced than is needed for the Fairtrade-labelled products may justify a waiver of part of these Guidelines for some of the chain's composite products.

applicable:

Supply shortage

- Sourcing of certified ingredients is provisionally not possible for reasons beyond the manufacturer's or processor's control, e.g. drought, natural disaster, strikes, war or similar.

Inadequate quality

- The quality of Fairtrade ingredients available causes insurmountable technical problems.

New standard

- When a new product standard is published, an exception of 2 years is automatically granted to all currently certified operators to allow time for sourcing the new ingredient. If the sourcing problems persist after 2 years, operators may apply for an exception.

Unavailable ingredient

- Refers to an ingredient or derivative for which Fairtrade standards exist, but that is not currently being sold / processed by any operator as Fairtrade certified. A list of Fairtrade ingredients will be managed by the Exceptions Committee and published. Operators must source the ingredient once it becomes available.

Type II exceptions are granted by the Exceptions Committee. The following reasons are applicable:

Transitioning ingredient

- Refers to an ingredient within a food composite product that cannot be fully sourced as Fairtrade, due to issues of supply. The ingredient is available and being sold /

	<p>processed as Fairtrade by an operator, but sufficient volumes do not exist to supply 100% of the required quantity. The company must have an agreed written plan for the ingredient becoming 100% Fairtrade.</p> <ul style="list-style-type: none"> • At least 20% of each transitioning ingredient in a food composite product must be sourced as Fairtrade when the licence contract is signed. Within one year, this composition must increase to a minimum of 50%. The transitioning ingredient must become 100% in accordance with the agreed plan and as soon as enough supply is available. • The total concentration of Fairtrade ingredients must be calculated using the Fairtrade content of each ingredient. <p>Provenance</p> <p>Ingredients holding a provenance certification e.g., Appellation d'origine controlee, Denominación de origen, Districtus Austria Controllatus, Denominação de Origem Controlada, etc. The ingredient claiming provenance must be indicated as an exception on the back of the pack.</p>	
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28th October 2011 – Alba del Río Poza (consultant)