
Fairtrade International Exceptions Policy

Version 1.2

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1. Purpose of this document

This document defines Fairtrade International's policy regarding exceptions **against the Fairtrade Standards and standards-related policies and guidelines**¹.

Fairtrade International defines this policy with the intention to:

- Foster harmonization and rigor around exception decisions in Fairtrade.
- Provide clarity regarding roles and responsibilities around exceptions.
- Be transparent to the wider community around the need for and existence of exceptions.
- Comply with ISEAL Assurance Code.

2. Definitions and references

Exception: Exceptions are a decision to temporarily exempt an operator from compliance with a particular requirement in the standards. These decisions bring the necessary flexibility of the standard to adapt to the dynamic reality of operators. This Exceptions Policy defines and regulates Fairtrade International approach and processes regarding exceptions in line with [ISEAL Assurance Code](#).

Exceptions Committee: Is a subcommittee of the Standards Committee. It has a multi-stakeholder representative membership and has the responsibility to take decision on exceptions as defined in its terms of reference.

Interpretation: See point 7 of this Exceptions Policy.

Oversight (Procedure): Oversight refers to the bodies, functions and processes put in place by Fairtrade International to ensure the effectiveness of both assurance and licensing activities, as reflected in [Fairtrade's Oversight Procedure](#).

Oversight Committee: is a subcommittee of the Standards Committee. It has a multi-stakeholder representative membership and has the responsibility oversee Fairtrade' assurance and licensing processes as defined in its [terms of reference](#).

(Requirements for) Assurance Providers: any organisation, or part of it, that is allowed by Fairtrade International to perform assurance against Fairtrade Standards. Their activities are regulated by [Fairtrade's Requirements for Assurance Providers](#) in compliance with ISEAL Assurance Code.

(Requirements for) Licensing Bodies: any organisation, or part of it that is allowed by Fairtrade International to perform specific licensing activities related to the FAIRTRADE Marks. Their activities are regulated by [Fairtrade's Requirements for Licensing Bodies](#).

¹ It does not cover the Mark Use Guidelines. Exceptions on these guidelines are given the Brand Integrity Committee.

3. Fairtrade approach towards exceptions

- Exceptions can be good and necessary to meet Fairtrade's mission.
- Exceptions shall not be abused, should not be the norm and should only be used as a last resort and should be eventually reduced as much as possible.
- The need for exceptions in the scheme shall be transparent and made subject to public scrutiny.
- Not all exceptions are equal in nature and therefore should not follow the same process. These differences shall be defined.
- The scheme owner shall assume its responsibility in this process but avoid interfering with the impartiality of certification and licensing decisions.
- Consistence within and amongst assurance providers and licensing bodies shall be ensured.

4. Types of exceptions

4.1 Exceptions - Category A:

Category A exceptions are recurrent situations that Fairtrade accepts as deviations from base rules provided certain criteria are met. These cases, and the criteria to accept such exceptions, are defined in the relevant standard, relevant policies or guidelines or in Fairtrade International Exceptions Policy (this document).

Cases:

- Product composition exceptions, as defined in the Trader Standard (2.2.4)
- Physical traceability for composite products, as defined in the Trader Standard (2.1.7)
- Worktime exceptions as defined in the Hired Labour Standard (3.5.10 and 3.5.11) Textiles Standard (3.5.12) and Gold Standard (3.3.29 and 3.3.36)
- Premium distribution as defined in the Hired Labour Standard (2.1.20)
- Use of products in Hazardous Materials List (HML) in all standards
- Mining in protected areas as defined in the Gold Standard (3.2.21)
- Retro-certification as defined in this Exceptions Policy (see below)
- Product compensation as defined in this Exceptions Policy (see below)

4.2 Exceptions - Category B:

Category B exceptions can be granted when there are exceptional and particular circumstances in a given case that make full application of a Fairtrade standard requirement or requirements contrary to the intention of the standard or the mission of Fairtrade.

Cases

- Force majeure situations (natural or manmade disasters),
- Other unforeseen events outside of the control of the organization (such as changes in legislation, pest outbreaks, abrupt prices changes)
- Specific organizational, environmental, social or technical conditions of a particular case that make it exceptionally and justifiable different from other cases.
- Opportunity to bring substantial benefits to producers and workers via Fairtrade sales are made impossible by the application of a standard or standards requirements.

5. Criteria to grant exceptions

5.1 Criteria for all exceptions

5.1.1 All decisions on exceptions shall ensure:

1. To bring Fairtrade mission forward.
2. To be used only as a last resort.
3. To ensure overall and long term benefit for producers and/or workers.
4. To assess and minimize risk to credibility of Fairtrade.
5. To avoid altering significantly a level playing field amongst operators.
6. Not to create a precedent that does not want to be repeated in similar circumstances.
7. To have a deadline and therefore an obligatory review before extension.
8. To be communicated publicly (respecting confidentiality of the name of involved operators).
9. To be renewed (if still necessary) if the standard requirements for which an exception is granted are amended.
10. To include conditions that shall be met and demonstrated by the operator.
11. To be followed by analysis whether a standard change is necessary, as part of standards regular review process.
12. To be properly documented and conditions imposed for the exceptions monitored and also documented.

5.2 Additional criteria for exceptions covered in standards

5.2.1 All decisions on exceptions that are explicitly mentioned in standards shall meet the specific criteria for these exceptions defined in the respective standard, as well as additional criteria in the assurance provider or licensing body exceptions procedure, if any.

5.3 Additional criteria for retro-certification exceptions²

5.3.1 The operator can demonstrate that they were not able to source a product as Fairtrade and that this is a temporary measure (e.g. related to the launch of a new product, product from a newly certified producer bought before certification of the producer).

5.3.2 Price differential and premium is paid to the corresponding supplier before the product is retro-certified.

5.4 Additional criteria for product compensation exceptions³

5.4.1 The operator can demonstrate that they were not able to source a product as Fairtrade due to reasons beyond his control (force majeure such as extreme weather conditions) or that planning was not possible also for reasons beyond the operator's control AND retro-certification is not possible.

² Retro-certification directly regulated in a product standard (Cane sugar 4.8 and Tea 4.1.2) is not considered an exception.

³ Product compensation directly regulated in a product standard (Fiber crops 2.2.1) is not considered an exception.

5.4.2 Purchase of the compensating Fairtrade certified product is of the same kind and quality (like for like) and is done within a timeframe that is relevant for the type of product, which cannot be longer than one year after the product compensation.

6. Process requirements for exceptions

6.1 All exceptions

6.1.1 Assurance providers shall develop an exception procedure, in line with this policy, to define the specific procedures for granting all types of exceptions (see Requirements for Assurance Providers 2.12.1) and if necessary further defining the criteria for granting exceptions.

6.1.2 Licensing bodies shall follow the Exceptions Committee guidelines (see Requirements for Licensing Bodies normative documents) and this policy.

6.1.3 Exceptions can only be requested in writing directly by the operator who needs to comply with the standard for which the exception is sought.

6.1.4 The request shall specify:

- the requirement(s) for which an exception is requested
- a justification for the need of the exception
- actions to remove the need for an exception

6.1.5 Decisions are made with a clear rationale and as soon as possible.

6.1.6 Granted exceptions shall be communicated to the operator in writing, specifying:

- the requirement(s) for which there is an exception
- a justification for the exception
- the validity of the exception (from/to date, product scope etc.)
- the conditions for the exception, i.e. specific additional requirements that shall be met such as the implementation of phase out plan or specific reporting.

6.1.7 Denied exceptions shall also be communicated to the operator in writing, with an explanation of the reasons for denial.

6.1.8 An exception decision cannot be appealed. However complaints can be lodged (see Oversight Procedure 6.2).

6.1.9 As defined in the Oversight Procedure the Oversight Committee can take actions if the process is not followed or the decisions do not meet the standards, the Exceptions Committee guidelines or the exceptions policy, as relevant.

6.2 Category A exceptions

6.2.1 Fairtrade International delegates the responsibility to grant category A exceptions to the assurance provider or licensing body as relevant (with the exception of product composition Type II, see 6.2.7).

6.2.2 The assurance provider or licensing body, as relevant, evaluates the case, determines if the criteria for the exception are met, and defines the deadline for the exception as well as the actions that the operator must take to eliminate the need for such exception when necessary.

6.2.3 Assurance providers shall report to the Oversight Committee on an annual basis on these exceptions (see Oversight Procedure Annex 1) who will oversee the correctness of the process and decision.

6.2.4 Licensing bodies shall report to the Exceptions Committee as defined in the Exceptions Committee guidelines. The Exceptions Committee in turn reports its conclusions to the Oversight Committee annually.

6.2.5 Fairtrade International will publish annually an anonymized summary of category A exceptions granted for public information.

6.2.6 Fairtrade International Assurance Manager is in charge of communicating the overview of granted exceptions on an annual basis to all assurance providers and licensing bodies within the standards system so that these exceptions are applied consistently.

6.2.7 Product composition Type II exceptions decisions are taken by the Exceptions Committee (see Trader Standard 2.2.4).

6.3 Category B exceptions

6.3.1 Fairtrade international delegates the capacity to grant category B exceptions to the assurance provider or LB as relevant but retains the capacity to grant category B exceptions itself if the assurance provider or licensing body refers the decision taking on a case to Fairtrade International's Exceptions Committee (see 6.3.5).

6.3.2 The assurance provider or licensing body as relevant evaluates the case and preliminarily decides if an exception is justified.

6.3.3 If the evaluation is positive the assurance provider, or licensing body as relevant, grants the exception, defining the deadline for the exception as well as the actions that the operator must take to eliminate the need for such exception.

6.3.4 Assurance providers and licensing bodies shall report to the Oversight Committee on an annual basis on these exceptions (see Oversight Procedure Annex 1) who will oversee the correctness of the process and decision.

6.3.5 If the assurance provider or licensing body, following its internal decision-making process, identifies the case as significantly complex or sensitive, they can refer it to the Exceptions Committee for decision. If the case is referred to the Exceptions Committee the following applies:

6.3.5.1 The assurance provider or licensing body informs the operator that their request for exception is being referred to the Exceptions Committee for decision and that the operator needs to obtain endorsement of the request by the senior management of at least one Fairtrade member (Producer Networks, National Fairtrade Organizations or Fairtrade International).

6.3.5.2 The assurance provider or licensing body presents the request and the obtained endorsement to the Exceptions Committee. Requests without endorsement cannot be presented.

6.3.5.3 The Exceptions Committee evaluates the case, decides if an exception is justified, and defines the deadline for the exception as well as the actions that the operator must take to eliminate the need for such exception.

6.3.5.4 The Exceptions Committee shall instruct the relevant assurance provider to communicate this exception decision to the relevant operator and to administer it.

6.3.5.5 The Exceptions Committee, without delay after decision-making, shall report to the Assurance Manager in writing.

6.3.5.6 The Exceptions Committee shall report to the Oversight Committee on an annual basis who will oversee the correctness of the process and decision.

6.3.6 Fairtrade International will publish at least annually an anonymized summary of category B exceptions granted for public information.

6.3.7 Fairtrade International Assurance Manager is in charge of communicating at least annually the overview of granted exceptions to all assurance providers and LBs within the standards system.

7. Interpretations

The application of standard to a real case always implies certain level of interpretation of reality against theory. In some cases it is necessary that the interpretation of a standard is different in different situations so the same objective is met.

An interpretation cannot be considered an exception. An exception is always limited in time and assumes eventual compliance with the standard, while an interpretation is permanent, as it assumes compliance with the standard, but with a different understanding than generally implied in a given requirement(s).

Interpretations are included in this policy in order to showcase how they differ from exceptions, and how these cases shall be treated,

Interpretations of the standard are necessary when:

- A requirement does not apply to a particular case: in these cases requirements are treated as non-applicable.
- A requirement cannot be applied as written due to a particular situation in the region/country or organization: in these cases this is clarified in the audit report and with a team of analysts/certifiers working in the same region so it is clear and consistent in future. Additional measures to get as close to the standard as possible can be requested from the operator.

The interpretation is communicated to the Assurance Manager for monitoring of the relevant standard and/or publication of the interpretation. The Assurance Manager is in charge of communication these interpretations internally for consistency and externally for transparency.

When unsure about interpretations, assurance providers and licensing bodies can request official standard interpretation to Standards & Pricing unit at Fairtrade International, although the answer will be generic and never case-specific. This process is described in the document Standards Interpretation Process.

OVERVIEW OF RESPONSIBILITIES

Type of exception	Who requests?	Who decides?	Who oversees?	Report to	Communication within scheme
CATEGORY A EXCEPTIONS					
Allowed in standard 1. Food composition <i>Type I</i> <i>Type II</i> 2. Others	Operator	AP or LB EC AP	AP or LB EC and OC OC	EC OC OC	AM
Recurrent (retro certification and product substitution)	Operator	AP	OC	OC	AM
CATEGORY B EXCEPTIONS	Operator	AP (or LB as relevant) or EC with endorsement from Fairtrade member	OC	AM/OC	AM
Interpretations (NOT EXCEPTIONS)	N/A	AP or LB (can request advice from S&P)	OC	AM	AM

AM= Assurance Manager
AP= Assurance Provider
EC= Exceptions Committee
LB= Licensing Body
OC= Oversight Committee