

## Interpretation Notes Fairtrade Standard for Cocoa

### Version 27.09.2023\_2.2

Date	23 May 2023					
Reference	<i>Fairtrade Standard for Cocoa for SPOs</i>					
Affected standard requirement(s)	<p>1.1.1 <b>NEW July 2022</b> Entry requirement for producer organizations</p> <table border="1"> <tr> <td colspan="2">Applies to: SPOs</td></tr> <tr> <td>Core</td><td rowspan="2"> <p>You demonstrate that you are an established organisation of at least two years prior to requesting certification, with administrative, technical, commercial and financial capacity by providing all of the following documents:</p> <ul style="list-style-type: none"> <li>• legal registration,</li> <li>• financial statements,</li> <li>• records of commercialization,</li> <li>• business development plan,</li> <li>• General Assembly records</li> </ul> <p>You demonstrate that there is Fairtrade market potential for your product of at least two years. Market potential or demand can be demonstrated through a letter of intent or a similar document from an (prospect) end buyer that indicates a two years' commitment and estimated volumes to be bought under Fairtrade terms.</p> </td></tr> <tr> <td>Year 0</td></tr> </table> <p>Guidance: This requirement replaces requirements 1.1.3 and 1.1.4 in the SPO standard. The certification body will check this requirement during the application process.</p>	Applies to: SPOs		Core	<p>You demonstrate that you are an established organisation of at least two years prior to requesting certification, with administrative, technical, commercial and financial capacity by providing all of the following documents:</p> <ul style="list-style-type: none"> <li>• legal registration,</li> <li>• financial statements,</li> <li>• records of commercialization,</li> <li>• business development plan,</li> <li>• General Assembly records</li> </ul> <p>You demonstrate that there is Fairtrade market potential for your product of at least two years. Market potential or demand can be demonstrated through a letter of intent or a similar document from an (prospect) end buyer that indicates a two years' commitment and estimated volumes to be bought under Fairtrade terms.</p>	Year 0
Applies to: SPOs						
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Interpretation	<p><b>Who is an end buyer in the context of this requirement?</b></p> <p>Here is a list of end buyers according to the context of the requirement:</p> <ul style="list-style-type: none"> <li>• Licensees - as they are the end buyers in a supply chain.</li> <li>• Manufacturers - who are manufacturing finished products.</li> <li>• Retailers buying (or planning to buy) Fairtrade from certified manufacturers or licensees.</li> </ul> <p><b>What does a business development plan include?</b></p> <p>The business development plan is expected to include all information related to technical assistance capacities and priorities, work plans, membership development plan and information on production and sales estimates. This document can also serve as the business plan, given sale estimates and buyer name are included; demonstrating the aforementioned market potential.</p>					
Date	16 May 2023					
Reference	<i>Fairtrade Standard for Cocoa for SPOs</i>					
Affected standard						

requirement(s)	<p><b>2.1.1 NEW JULY 2023 Recording Member and Organization Production</b></p> <table border="1"> <tr> <td colspan="2">Applies to: SPOs</td></tr> <tr> <td>Core</td><td>Once a year you record individual member production and the total production of your organization. This includes both estimated and actual production.</td></tr> <tr> <td>Year 1</td><td> <p>When estimating member yield you use a consistent and credible methodology that uses farm level data.</p> <p>You compare estimated production with actual production and/or sales at both member and organisational level to check there are no significant differences. If significant differences are recorded at either the individual member or organizational level, you investigate why and take measures to prevent recurrence as applicable.</p> </td></tr> </table> <p><b>Guidance:</b> Having accurate information on member production is essential for an organization to operate as a successful farmer business with clear oversight of its cocoa supply. Accurate member production records enable organizations to: forecast their total available supply of Fairtrade certified volumes for the next cocoa trading season, target training and support needs to members for cocoa productivity improvement and provide confidence to buyers of Fairtrade cocoa supply and legitimacy. Members' production and sales information are embedded in the SPOs' internal regulations, therefore there are measures in place in case a member is detected selling more than its estimated production volumes. "Significant difference" refers to a deviation of no more than 20% from the originally estimated production to the actual production and/or sales to the SPO.</p> <p>Guidance document "Estimating Member Production" will be available <a href="#">here</a>.</p>	Applies to: SPOs		Core	Once a year you record individual member production and the total production of your organization. This includes both estimated and actual production.	Year 1	<p>When estimating member yield you use a consistent and credible methodology that uses farm level data.</p> <p>You compare estimated production with actual production and/or sales at both member and organisational level to check there are no significant differences. If significant differences are recorded at either the individual member or organizational level, you investigate why and take measures to prevent recurrence as applicable.</p>
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Interpretation	<p><b><i>What is a credible methodology when estimating member production?</i></b></p> <p>To effectively estimate a member's total production of Fairtrade certified cocoa volume, the producer organization needs to:</p> <ol style="list-style-type: none"> <li>1. determine the member's cocoa farm size (certified production area in ha) X estimated member production (see details on estimating member production below) per ha AND/OR</li> <li>2. determine the member's number of trees X estimated production per tree</li> </ol> <p>The only way to know the exact farm size is by GPS polygons. In case those are lacking, you need to rely on estimates from the farmer or field officers. Because farms are seldom square or rectangular, it is not easy to make an accurate estimation of the farm size. In that case, you need to divide the farm into smaller parts and estimate the surface of each smaller plot and then add everything together.</p> <p>The next step is to estimate how many trees there are on the farm. The easiest way to estimate the total number, is to count the number of trees in a few sample areas and then calculate the total number on the farm. To estimate the total production, you need to know the average production per tree and multiple that with the estimated number of trees. To verify your data, you can compare it with yields of previous years.</p> <p>Fairtrade encourages SPOs to use credible methods when estimating member production which take into account farm observational data collected in the field by SPO staff as opposed to relying solely on SPO staff estimations and farmer recall. Data points to consider include:</p>						

	<p>Farm Size/Number of Trees: GPS mapping, tree counting and density. Production: Previous year harvest(s), density/tree count, tree age, input use (fertilizers), pests and diseases, plant variety. In the absence of farm data collected in the field, Fairtrade recommends that SPOs use known national averages to provide conservative estimations of member production.</p> <p><b>What is a significant difference?</b> “Significant difference” refers to a deviation of no more than 20% from the original estimated production to the actual production and/or sales to the producer organization. Productivity improvements due to targeted interventions along with changing weather conditions were considered when determining this threshold.</p>				
<b>Date</b>	<b>04 December 2023</b>				
<b>Reference</b>	<b>Fairtrade Standard for Cocoa/ Traders</b>				
<b>Affected Standard requirements</b>	<p><b>3.3.3 NEW JULY 2024 Supporting Producers to Address and Remediate Child Labour and Forced Labour</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> Traders</td></tr> <tr> <td><b>Core</b></td><td>You provide resource and support to producer organizations who have identified they are operating in areas of high risk of child labour and/or forced labour. This contribution is in addition to the Fairtrade Premium paid to the producers. Your support is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways.</td></tr> </table> <p><b>Guidance:</b> See requirements 3.2.6 and 3.3.1/3.3.2 for more detail on Action Plans and Monitoring and Remediation Systems and Guidance Document <a href="#">“Implementing Human Rights and Environmental Due Diligence (HREDD) – Guide for Smallholder Farmer Organizations”</a>.</p>	<b>Applies to:</b> Traders		<b>Core</b>	You provide resource and support to producer organizations who have identified they are operating in areas of high risk of child labour and/or forced labour. This contribution is in addition to the Fairtrade Premium paid to the producers. Your support is either direct or through a partnership. It is in the form of funding, training, facilitation of partnerships, advocacy with government, or other ways.
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<b>Interpretation</b>	<p><b>What is the rule?</b> Traders, defined as exporters, importers, manufacturers, brands and certified retailers, are required to support producers to address and remediate child labour and forced labour when sourcing from producers located in a high-risk area. This contribution is in addition to the Fairtrade Premium. Support can be direct or through a partnership and in the form of funding, training, advocacy with government, or other ways.</p> <p><b>How does it work?</b> Support to producer organizations is evidenced annually either via direct interventions or via partner initiatives with relevant government agencies, expert human rights NGOs, traders or similar. Support can also take the form of contributions to Fairtrade's Child Labour and Forced Labour Prevention and Remediation Programme. For further information, please contact the local National Fairtrade Organisation.</p> <p><b>How can a trader fulfil the requirement to support producers to address and remediate Child Labour and Forced Labour?</b> Fairtrade Cocoa Standard requirement 3.3.3 lists a number of methodologies that the trader can use to fulfil the requirement. This interpretation note provides further details on</p>				

	<p>how each of the methodologies can be enacted by the trader.</p> <ol style="list-style-type: none"> <li> <p><b>Funding</b> - a defined amount paid by a trader to SPOs. The amount can be paid in the following ways:</p> <ul style="list-style-type: none"> <li>To the Fairtrade Child Labour and Forced Labour Prevention and Remediation Programme directly to Fairtrade International. The trader will provide certification body with evidence of payment. Any payment would be valid as meeting compliance for the 12 months stated by Fairtrade International.</li> </ul> <p>It is possible that a National Fairtrade Organisation makes this payment on behalf of the trader and provides the trader with a proof of payment to the programme.</p> <ul style="list-style-type: none"> <li>Funding can be paid by a trader to another trader for passing onto an SPO. The trader receiving the funding must issue a receipt detailing the following: which SPO received the funding; the value; the 12-months period for which the payment was due; and the date it was paid. This can be submitted as evidence to the certification body by the traders.</li> </ul> </li> <li> <p><b>Training</b> – a defined training activity provided to specific SPOs.</p> <ul style="list-style-type: none"> <li>Where the trader is delivering the training to the SPO the trader must name the SPO and date of training, and the cost of the training, as evidence that the activity was conducted. This could be valid as meeting compliance 12 months from date of training, there is a minimum of one training per year.</li> <li>Where a trader has instructed another trader or third party to provide training to the SPO the trader or third party providing the training must provide the name of the SPO and the date of the training, as well as the cost. This could be valid as meeting compliance 12 months from date of the training. There is a minimum of one training per year.</li> </ul> </li> <li> <p><b>Advocacy with government</b> – Advocacy activities must be around tangible actions on how the trader is taking responsibility to address child labour and forced labour, and the cost of these activities have to be mentioned. As part of the advocacy work, proposals should aim to seek a specific change for the sector to the governments. There should be a minimum 1 public proposal per year. This could be valid as meeting compliance 12-months from date of communication to the governments. The trader should present evidence to the auditor about the interaction with the governments of the country of production and/or country of consumption.</p> </li> <li> <p><b>Facilitation of partnerships</b> - a partnership is where funding or training has been delivered to an SPO via a third party. The trader provides proof of the partnership and related activities. The cost of the activities must be stated.</p> </li> </ol>
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	<p><b>5. Other ways</b> –other forms of interventions where quantifiable resources have passed from the trader to the SPO that are not part of the above possible methods. For example, a trader is supporting improvements in educational facilities within farming communities in partnership with an SPO. The resources must have a defined monetary value for each year of implementation. There must be evidence from the trader that the SPO has received the resources through confirmation from the SPO.</p> <p><b><i>Fairtrade recommends a minimum investment of \$19 per tonne of cocoa beans in total for prevention and remediation activities.</i></b></p> <p><b><i>What is Fairtrade’s Child Labour and Forced Labour Prevention and Remediation Programme?</i></b></p> <p>Fairtrade’s Child Labour and Forced Labour Prevention and Remediation Programme is designed to assist Small Producer Organisations (SPOs) in co-funding prevention and remediation activities connected to child labour and forced labour. The programme will grant money to producers based on successful application and opened mid-2023 to Ivorian and Ghanaian SPOs with a start-up fund of €450,000. Commercial operators, Fairtrade certified or not, can choose to voluntarily contribute to the programme. Such support is one way to meet requirement 3.3.3.</p> <p><b><i>I already support a Child Labour Programme in Ghana/ Cote d’Ivoire. Does this mean I meet requirement 3.3.3 or will I be expected to fund Fairtrade’s Programme?</i></b></p> <p>If traders are able to demonstrate annually via evidence that they are supporting/contributing to a child labour programme, requirement 3.3.3 will be met.</p> <p><b><i>Is a minimum financial contribution or the equivalent thereof required for 3.3.3?</i></b></p> <p>Fairtrade does not require a minimum contribution; however, it is recommended that a minimum of \$19 per tonne of cocoa beans for prevention and remediation is paid to Small Producer Organisations. While there is no published data on the average cost of addressing and remediating child labour in Côte d’Ivoire and Ghana, sector experts such as the <a href="#">International Cocoa Initiative</a> have observed the minimum cost for remediation is \$30 per farmer, per year, spread across all farmers in a Small Producer Organisation regardless of the presence or absence of child labour in the household. To convert this into a per tonne of cocoa beans figure Fairtrade divided \$30 per farmer by the median volume of cocoa beans produced per annum by an Ivorian cocoa farmer, 1.570 tonnes.</p> <p><b><i>I operate mass balance and am further along the supply chain, so I am currently unable to identify the specific SPOs I source my Fairtrade cocoa from. In this instance, how can I meet requirement 3.3.3?</i></b></p> <p>Not all traders will be able to directly support the specific SPOs they source from due to mass balance. Some operators will be able to verify via their traders the country of origin</p>
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	<p>of their SPOs and potentially narrow it down to a group of Fairtrade certified SPOs. So long as a certified trader can evidence, they pay into a programme that supports either, the group of Fairtrade certified SPOs they source from, or Fairtrade certified SPOs in the country of origin they source from (Cote d'Ivoire and/or Ghana) then requirement 3.3.3. will be met.</p> <p>Fairtrade's Child Labour and Forced Labour Prevention and Remediation Programme enables traders who are not connected to the Fairtrade certified SPOs they purchase from to channel money to Fairtrade certified SPOs who have successfully applied to the programme. Traders can choose this intervention if they are not already engaged in a Child Labour programme to meet requirement 3.3.3.</p>						
<b>Date</b>	<b>04 December 2023</b>						
<b>Reference</b>	<b>Fairtrade Standard for Cocoa/ SPOs</b>						
<b>Affected Standard requirements</b>	<p><b>3.4.1 NEW JANUARY 2024 Protection of forests and ecosystems</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> SPOs</td></tr> <tr> <td><b>Core</b></td><td>Your members did not cause deforestation or degradation in primary or secondary forests, protected areas and areas of High Conservation Value or High Carbon Storage to convert land into agricultural production area since 31st December 2018.</td></tr> <tr> <td><b>Year 0</b></td><td>Production does not occur in officially designated buffer zones, except where it complies with applicable law.</td></tr> </table> <p><b>Guidance:</b> Deforestation is the conversion of forest to other land use or the permanent reduction of the tree canopy cover below the minimum 10 percent threshold (<a href="#">The Global Forest Resources Assessment, FAO, 2015</a>).</p> <p>The following activities are not considered 'deforestation':</p> <ul style="list-style-type: none"> <li>• When a tree crop is replaced by another (for example cocoa, coffee or fruit tree);</li> <li>• Tree management on agro-forestry or home-garden production systems.</li> </ul> <p>Your members may identify protected areas with the help of local, regional or national authorities.</p> <p>Please note that this requirement complements SPO Standard requirement 3.2.31 "Protection of forests and vegetation".</p> <p><i>Until requirement 3.4.5 becomes applicable in Latin America and Caribbean, this requirement will be audited similarly to SPO standard requirement 3.2.31 in this region.</i></p>	<b>Applies to:</b> SPOs		<b>Core</b>	Your members did not cause deforestation or degradation in primary or secondary forests, protected areas and areas of High Conservation Value or High Carbon Storage to convert land into agricultural production area since 31st December 2018.	<b>Year 0</b>	Production does not occur in officially designated buffer zones, except where it complies with applicable law.
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<b>Interpretation</b>	<p><b><i>What is the rule and how does it work?</i></b></p> <p>All SPOs certified in Fairtrade cocoa are required to provide geolocation data at farm level to Fairtrade International according to the formats and templates provided on an annual basis to meet the Standard requirements.</p> <p>Where there has been no change to the farm size or location, annual data submission can include data collected in prior years.</p> <p>Where possible the data will be utilised to provide farm-level risk assessments of deforestation and identification of farms in protected areas using deforestation monitoring technology.</p> <p>The information will be shared with the relevant SPOs.</p> <p>SPOs may receive a report with the results of the monitoring. This may lead to the identification of one or more deforestation alerts on the SPOs' members' farms.</p>						

	<p>It is the responsibility of the SPO to confirm deforestation alerts with the relevant member of the SPO.</p> <p>If an alert is determined to be false, the SPO must dispute the deforestation alert by submitting this information to Fairtrade International within 4 weeks of receiving the alert, using the provided template for alert disputes. If alerts are confirmed to be true, the SPO would need to exclude the member from the cooperative. SPOs will receive instructions at the same time with the alerts, from Fairtrade International on how to document the action taken by the SPO to resolve the alert (SPO submitted an alert dispute OR if the SPO excluded the associated member from the cooperative). SPOs must submit to Fairtrade International the action taken for each alert within 4 weeks of receiving the alert.</p>						
<b>Date</b>	<b>04 December 2023</b>						
<b>Reference</b>	<b>Fairtrade Standard for Cocoa</b>						
<b>Affected Standard requirement</b>	<p><b>3.4.5 NEW JANUARY 2024 for Africa and Asia</b></p> <p><b>NEW JANUARY 2025 for Latin America and the Caribbean</b></p> <p><b>Geolocation data</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> SPOs</td></tr> <tr> <td><b>Core</b></td><td>Geolocation data is available for 100% of your member and farm operator units cultivating cocoa as GPS location points or GPS polygons.</td></tr> <tr> <td><b>Year 0</b></td><td> <p>As a minimum you have GPS polygons for farms over four hectares. You identify and prioritize which other farm units should be polygon mapped, based upon area risk of deforestation and adopt a phased approach.</p> <p>You use the data to further inform your procedures to prevent deforestation.</p> </td></tr> </table>	<b>Applies to:</b> SPOs		<b>Core</b>	Geolocation data is available for 100% of your member and farm operator units cultivating cocoa as GPS location points or GPS polygons.	<b>Year 0</b>	<p>As a minimum you have GPS polygons for farms over four hectares. You identify and prioritize which other farm units should be polygon mapped, based upon area risk of deforestation and adopt a phased approach.</p> <p>You use the data to further inform your procedures to prevent deforestation.</p>
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<b>Interpretation</b>	<p><b>What is the rule and how does it work?</b></p> <p>Geolocation data is available of all plots of land for 100% of their member and farm operator units cultivating Fairtrade certified cocoa. The list below describes the types of geolocation data, either geolocation points or polygons, that will need to be submitted:</p> <ul style="list-style-type: none"> <li>• Polygon data are required for all farms defined as high risk, see below for definition.</li> <li>• Polygon data are required for any single plot of farm land growing Fairtrade certified cocoa 4 hectares or larger.</li> <li>• Point or polygon locations are acceptable for any single plot of farm land less than 4 hectares and not defined as high risk.</li> </ul> <p><b>High risk</b> farms are defined as farms that meet one of these criteria:</p> <ul style="list-style-type: none"> <li>• Evidence of deforestation within 500 meters of farm boundary, for example a deforestation alert from deforestation monitoring technology. Where this analysis is provided by Fairtrade International's provider that analysis takes precedence over any other.</li> <li>• Farm boundary is within 200 meters of a protected area.</li> </ul>						



<b>Date</b>	<b>04 December 2023</b>												
<b>Reference</b>	<b><i>Fairtrade Standard for Cocoa/ payers and conveyors</i></b>												
<b>Affected standard requirement</b>	<p><b>3.4.6 NEW JANUARY 2024 Sharing geolocation data</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> payers and conveyors</td></tr> <tr> <td><b>Core</b></td><td>Geolocation data is available for 100% of the farms units you are sourcing cocoa from as GPS location points or GPS polygons. As a minimum you have GPS polygons for farms over four hectares. You share this data with SPOs so that they can use it to inform their procedures to further prevent deforestation.</td></tr> <tr> <td colspan="2">Guidance: Details on how to share data will be provided in an interpretation note <a href="#">here</a>.</td></tr> </table>	<b>Applies to:</b> payers and conveyors		<b>Core</b>	Geolocation data is available for 100% of the farms units you are sourcing cocoa from as GPS location points or GPS polygons. As a minimum you have GPS polygons for farms over four hectares. You share this data with SPOs so that they can use it to inform their procedures to further prevent deforestation.	Guidance: Details on how to share data will be provided in an interpretation note <a href="#">here</a> .							
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<b>Interpretation</b>	<p><b><i>What is the rule and how does it work?</i></b></p> <p>Payers and conveyors share geolocation data with the relevant SPO of the farms units they are sourcing data from. This data should be shared using the formats defined here. Evidence of the shared file should be available to FLOCERT at audit, e.g., by showing an email.</p>												
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<b>Affected Standard requirement</b>	<p><b>3.4.7 NEW JANUARY 2024 for Africa and Asia</b></p> <p><b>NEW JANUARY 2025 in Latin America and the Caribbean</b></p> <p><b>Reporting on Deforestation Prevention</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> SPOs</td></tr> <tr> <td><b>Core</b></td><td>You report data to Fairtrade International every year. You present the data in the templates and formats provided.</td></tr> <tr> <td><b>Year 1</b></td><td></td></tr> <tr> <td colspan="2">Guidance: templates will be provided in 2023.</td></tr> </table> <table border="1"> <tr> <td> <ul style="list-style-type: none"> <li><b>Geolocation and Forest Cover Loss Monitoring Data</b></li> </ul> </td><td> <ul style="list-style-type: none"> <li>- available geolocation data of member farms units</li> </ul> </td></tr> <tr> <td> <ul style="list-style-type: none"> <li><b>[From July 2024:] Deforestation Prevention and Mitigation Support</b></li> </ul> </td><td> <ul style="list-style-type: none"> <li>- type of support received during the past year, including its estimated monetary value, to prevent and mitigate any deforestation and degradation of forest</li> </ul> </td></tr> </table>	<b>Applies to:</b> SPOs		<b>Core</b>	You report data to Fairtrade International every year. You present the data in the templates and formats provided.	<b>Year 1</b>		Guidance: templates will be provided in 2023.		<ul style="list-style-type: none"> <li><b>Geolocation and Forest Cover Loss Monitoring Data</b></li> </ul>	<ul style="list-style-type: none"> <li>- available geolocation data of member farms units</li> </ul>	<ul style="list-style-type: none"> <li><b>[From July 2024:] Deforestation Prevention and Mitigation Support</b></li> </ul>	<ul style="list-style-type: none"> <li>- type of support received during the past year, including its estimated monetary value, to prevent and mitigate any deforestation and degradation of forest</li> </ul>
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<b>Interpretation</b>	<p><b><i>What is the rule and how does it work?</i></b></p> <p>Data collected for the purpose of deforestation mitigation, including the geolocation data and the type of support received from traders etc. has to be submitted to Fairtrade International. For deforestation prevention and mitigation support: SPOs report this information on an annual basis via the FairInsight online platform: (<a href="https://fairinsight.agunity.com">https://fairinsight.agunity.com</a>). For geolocation and forest cover loss monitoring data,</p>												



	<p>guidance may be found here on how to prepare the geolocation data in the template provided and submit it to Fairtrade International:  <a href="https://nextcloud.fairtrade.net/index.php/s/T9FF82xe25GF9Hs">https://nextcloud.fairtrade.net/index.php/s/T9FF82xe25GF9Hs</a></p>								
<b>Date</b>	<b>04 December 2023</b>								
<b>Reference</b>	<b>Fairtrade Standard for Cocoa/ Traders</b>								
<b>Affected standard requirement</b>	<p><b>3.4.8 NEW JANUARY 2024 Reporting on Deforestation Prevention</b></p> <p><b>Applies to: Traders</b></p> <table border="1"> <tr> <td><b>Core</b></td><td>You report data to Fairtrade International every year. You present the data in the templates and formats provided.</td></tr> <tr> <td colspan="2"><b>Guidance:</b> templates will be provided in 2023.</td></tr> </table> <table border="1"> <tr> <td> <ul style="list-style-type: none"> <li>Geolocation and Forest Cover Loss Monitoring Data (applies to payers and conveyors only)</li> </ul> </td><td> <ul style="list-style-type: none"> <li>available geolocation data of the farm units you are sourcing from (with the appropriate approval from SPOs)</li> </ul> </td></tr> <tr> <td> <ul style="list-style-type: none"> <li>[From July 2024:] Deforestation Prevention and Mitigation Support (applies to all traders)</li> </ul> </td><td> <ul style="list-style-type: none"> <li>type of support provided to SPOs during the past year, including its estimated monetary value, to prevent and mitigate any deforestation and degradation of forest</li> </ul> </td></tr> </table>	<b>Core</b>	You report data to Fairtrade International every year. You present the data in the templates and formats provided.	<b>Guidance:</b> templates will be provided in 2023.		<ul style="list-style-type: none"> <li>Geolocation and Forest Cover Loss Monitoring Data (applies to payers and conveyors only)</li> </ul>	<ul style="list-style-type: none"> <li>available geolocation data of the farm units you are sourcing from (with the appropriate approval from SPOs)</li> </ul>	<ul style="list-style-type: none"> <li>[From July 2024:] Deforestation Prevention and Mitigation Support (applies to all traders)</li> </ul>	<ul style="list-style-type: none"> <li>type of support provided to SPOs during the past year, including its estimated monetary value, to prevent and mitigate any deforestation and degradation of forest</li> </ul>
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<b>Interpretation</b>	<p><b>What is the rule and how does it work?</b></p> <p>All payers and conveyors certified in Fairtrade cocoa are required to provide geolocation data at farm level to Fairtrade International on an annual basis to be in compliance with the Standard requirements.</p> <p>Where there has been no change to the farm size or location annual data submission can include data collected in prior years.</p> <p>Payers and conveyors submit to Fairtrade International geolocation data of 100% of the farm units they are sourcing from.</p> <p>Data are reported annually by payers and conveyors to Fairtrade International using the provided links and proformas. The time at which each payer and conveyor reports their data to Fairtrade is decided by the organization, however the data are reported in the same month each year.</p> <p>Traders write to <a href="mailto:datareporting@fairtrade.net">datareporting@fairtrade.net</a> to request a link where the data can be submitted to Fairtrade. Do not attach any geolocation data to your email to Fairtrade, this is not a secure way to share data and any data received via email will not be considered as complying with the standard requirement.</p> <p>Guidance may be found here on how to prepare the geolocation data in the template provided and submit it to Fairtrade International:  <a href="https://nextcloud.fairtrade.net/index.php/s/T9FF82xe25GF9Hs">https://nextcloud.fairtrade.net/index.php/s/T9FF82xe25GF9Hs</a></p>								

<b>Date</b>	<b>16 May 2023</b>						
<b>Reference</b>	<b>Fairtrade Standard for Cocoa/ SPOs</b>						
<b>Affected standard requirement(s)</b>	<p><b>4.5.3 NEW July 2023 Transparent Processes for Fairtrade Volume Allocation</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> payers, conveyors</td></tr> <tr> <td><b>Core</b></td><td>You have a publicly available, documented process in place to allocate the purchase of Fairtrade cocoa volumes to producers supplying you. The document includes the principles and/or the conditions relevant for your purchase decisions. You share the document with producers at the beginning of the cocoa buying season.</td></tr> <tr> <td colspan="2"><b>Guidance:</b> Principles and/or conditions relevant for your purchase decisions could for example include volume of Fairtrade cocoa available, previous delivery records or specific customer needs.</td></tr> </table>	<b>Applies to:</b> payers, conveyors		<b>Core</b>	You have a publicly available, documented process in place to allocate the purchase of Fairtrade cocoa volumes to producers supplying you. The document includes the principles and/or the conditions relevant for your purchase decisions. You share the document with producers at the beginning of the cocoa buying season.	<b>Guidance:</b> Principles and/or conditions relevant for your purchase decisions could for example include volume of Fairtrade cocoa available, previous delivery records or specific customer needs.	
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<b>Interpretation</b>	<p><b>What is the rule and how does it work?</b></p> <p>Traders (payers and conveyors only) have a documented process in place to allocate the purchase of Fairtrade cocoa volumes to producer organizations. The document includes the principles and/or the conditions relevant for the purchase decisions. The document shall include the principles and/or the conditions relevant for the purchase decisions and who is authorised to make those decisions. For example, the document shall include:</p> <ul style="list-style-type: none"> <li>-Who has the authority to decide the volume allocation for the trader</li> <li>-A statement that no payment request shall be made to an SPO, by any person claiming to represent the trader, for allocation of Fairtrade volumes</li> <li>-How an individual or group can anonymously raise a complaint of fraud, shall a person claiming to represent the trader request payment for Fairtrade volume allocation</li> <li>-The factors the trader takes into account when allocating volumes to SPOs e.g. previous delivery history, customer specific needs etc</li> </ul> <p>Traders share the document with the producers they have contracts with at the beginning of the cocoa buying season. The document can be shared on the traders' website but importantly it is available to any interested party on request.</p> <p>We recommend the documents are also shared with Fairtrade Africa who can ensure SPOs have access.</p>						
<b>Date</b>	<b>July 24, 2019</b>						
<b>Reference</b>	<b>Trader Standard</b>						
<b>Affected standard requirement(s)</b>	<p><b>4.8.1 NEW Unfair trading practices</b></p> <table border="1"> <tr> <td colspan="2"><b>Applies to:</b> All traders</td></tr> <tr> <td><b>Core</b></td><td>Fairtrade does not accept unfair practices that clearly damage producers' or other traders' capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards. There are <b>no indications that you engage</b> in such practices.</td></tr> </table>	<b>Applies to:</b> All traders		<b>Core</b>	Fairtrade does not accept unfair practices that clearly damage producers' or other traders' capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards. There are <b>no indications that you engage</b> in such practices.		
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	<p><b>Guidance:</b> The EU Green Paper on unfair trading practices describe them as “practices that grossly deviate from good commercial conduct, are contrary to good faith and fair dealing and are unilaterally imposed by one trading partner on another”. Unfair trading practices refer to situations of abuse of a relative dominant position and/or abuse of economic dependency, when a stronger party imposes unfair conditions to an economically dependent (and thus weaker) party.</p> <p>Some examples of such practices are:</p> <ul style="list-style-type: none"> <li>• Abusive contract terms such as bonded contracts or exclusivity contracts (unless clearly beneficial to the other party) and non-competition clauses.</li> <li>• Generally disadvantageous contracts imposed by abusing the position of creditor.</li> <li>• Excessive transfer of costs or risks to its counterpart such as demanding prices below costs or charging fees for services that are not demanded or are above value.</li> <li>• Misuse of unspecified, ambiguous or incomplete contract terms.</li> <li>• Sudden unfair termination or disruption of a commercial relationship, used as a means to bully a contracting party.</li> <li>• Misuse of confidential information.</li> <li>• Interfering with partner’s business such as poaching members from producer organizations or otherwise attempting to weaken existing organizations.</li> </ul>	
Interpretation	<p><b><i>Should traders, at /or beyond the price and premium payer, start charging customers the new Fairtrade Minimum Price and Premium for Cocoa as of 1<sup>st</sup> October 2019?</i></b></p> <p>Fairtrade does not require that customer contracts further up the supply chain include the new Fairtrade Minimum Price of \$2400 per MT and Premium of \$240 per MT as of 1<sup>st</sup> October 2019.</p> <p>However, Fairtrade expects that Fairtrade payers will charge their customers the new Fairtrade Minimum Price and Premium when the Fairtrade cocoa beans being sold to the customer include Fairtrade cocoa purchased from Small-scale Producer Organizations at the new Fairtrade Minimum Price and Premium.</p> <p>Consequently, implementation of the new Fairtrade Minimum Price and Premium for customers will vary depending on the certified trader’s stock or mass balance volumes of Fairtrade cocoa products as of 30th September 2019.</p> <p>Fairtrade recommends that suppliers adopt a Transparent Pricing Policy with their customers which details when beans were purchased from Small-scale Producer Organizations e.g. total volumes purchased pre and post the price increase and how this affects the prices of the cocoa products being charged during a particular time period.</p> <p>Fairtrade considers charging customers at the new Fairtrade Minimum Price and Fairtrade Premium for stock delivered by Fairtrade Small-scale Producer Organizations before 1<sup>st</sup> October 2019, to be an Unfair Trading Practice as it is an example of “Excessive transfer of costs or risks to its counterpart “.</p> <p>Given that price and premium payers have to pay the Fairtrade Minimum Price differential<sup>1</sup> and the Fairtrade Premium, it is equally considered an unfair trading practice</p>	

<sup>1</sup> The Fairtrade Minimum Price differential is applicable to cocoa sourced from regulated markets e.g. Cote d’Ivoire

	to sell Fairtrade cocoa beans at a price below Fairtrade costs. To ensure fair and sustainable trading practices are applied throughout the whole supply chain and to avoid excessive pressure on suppliers, all traders at /or beyond the price and premium payer, should sell and purchase Fairtrade products covering at least the applicable Fairtrade Minimum Price differential defined by FLOCERT and Fairtrade Premium.
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and Ghana.