



Fairtrade Standard for Coffee

Applies to: Small producer organizations and traders

Current version: 15.07.2021_v.2.0

Expected date of next review: 2026

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For further information and standards downloads:
www.fairtrade.net/standards.html



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Introduction

How to use this Standard

The Fairtrade Standard for Coffee covers the requirements, which are specific to coffee producers and traders.

Fairtrade coffee producers must comply with both the Fairtrade Standard for Small Producer Organizations and the Fairtrade Standard for Coffee. For producers this standard complements, and should be read together with, the Fairtrade Standard for Small Producer Organizations.

Fairtrade coffee traders must comply with both the Fairtrade Trader Standard and Fairtrade Standard for Coffee. For traders this standard complements, and should be read together with, the Fairtrade Trader Standard.

In cases where this standard differs from the Fairtrade Standard for Small Producer Organizations or the Fairtrade Trader Standard on the same topic, the requirements presented in this standard apply.

Product description

The Fairtrade standard covers two species of green coffee:

Coffea arabica - Arabica coffee

Coffea canephora - Robusta coffee

This standard covers the purchase and sale of both Arabica and Robusta coffee in their primary form (green beans). Fairtrade Minimum Prices have been set for washed coffee and natural coffee. Pulped natural coffee is considered as washed coffee. The different types of processing systems are defined as follows:

Washed System – Coffee parchment is dried without pulp and without mucilage. The pulp is removed by machines called pulpers and the mucilage is removed by fermentation with or without water or by mechanical friction. These coffees are also known as mild.

Natural System – Coffee cherries are dried with pulp and with mucilage. Normally, drying of the whole cherries takes place in the form in which cherries are harvested. This coffee is sometimes called sun-dried or unwashed coffee.

Pulped Natural System – Coffee parchment is dried without pulp and with some or all mucilage adhering. This is an intermediate system, also known as semi-washed, semi-dried or cereja descascada (CD).

The standard also covers its secondary products and their derivatives. The definition of secondary products is included in the definitions section of the Generic Trade Standards.

A non-exhaustive list of products fitting the secondary products definition is published on the Fairtrade International website.

Price and Fairtrade Premium

Fairtrade Minimum Prices and Premiums for coffee are listed in [the pricing database](#), which is published on the Fairtrade website.



There are no Fairtrade Minimum Prices defined for secondary products and their derivatives. The prices of these products, from any origin, are negotiated between producer organisations and next buyers. A default Fairtrade Premium of 15% of the negotiated price are paid in addition. For more information, please refer to [this document](#) available in our [webpage](#).

Chapters

The Fairtrade Standard for Coffee has four chapters: General Requirements, Trade, Production and Business and Development.

Structure

In each chapter and section of the standard you will find:

- The intent which introduces and describes the objective and defines the scope of application of that chapter or section;
- The requirements which specify the rules that you must adhere to. You will be audited according to these requirements; and
- The guidance provided to help you to interpret the requirements. The guidance offers best practices, suggestions and examples of how to comply with the requirement. It also gives you further explanation on the requirement with the rationale and/or intention behind the requirement. You will not be audited against guidance.

Requirements

In this standard you will find two types of requirements:

- **Core requirements** which reflect Fairtrade principles and must be complied with. These are indicated with the term 'Core' found in the column on the left throughout the standard.
- **Development requirements** which refer to the continuous improvements that you must make on average against a scoring system (also defining the minimum average thresholds) defined by the certification body. These are indicated with the term 'Dev' found in the column on the left throughout the standard.

Scope

This standard applies to all Fairtrade coffee producers and all companies that buy and sell Fairtrade coffee. All operators taking ownership of Fairtrade certified products and/or handling the Price and Fairtrade Premium are audited and certified.

Different requirements apply to different companies depending on their role in the supply chain. You can find if a requirement is applicable to you in the column "Applies to".

Application

This version of the Fairtrade Standard for Coffee was published on 15 July 2021. This version supersedes all previous versions and includes new and changed requirements. New requirements are identified in this standard by the word "**NEW**".

Organizations that begin the certification process after the 15 July 2021 will need to comply with all applicable requirements.



Organizations that are already Fairtrade certified or have applied before 15 July 2021 and are waiting for their initial audit will need to comply with all applicable requirements following their regular certification cycle. The following transition periods apply:

- Requirements marked **NEW 2021***: applicable from **15 July 2021**
- Requirements marked **NEW 2022****: applicable from **15 January 2022**
- Requirements marked **NEW 2022*****: applicable from **15 July 2022**

Definitions

Conveyor means any operator that receives the Fairtrade price or Fairtrade Premium from a Fairtrade payer and passes it on to the certified producer.

Exporter means any operator that provides services to export the product. For coffee, they can either act as conveyors or payers.

Payer means any operator that pays the Fairtrade price or Fairtrade Premium to the certified producer.

Producer means any entity that has been certified under the Fairtrade Standard for Small Producer Organizations. Individual producers are the members of those organizations.

A **2nd-grade organisation** describes a small producer organization whose legal members are exclusively 1st-grade organization affiliates.

A **3rd-grade organisation** describes a small producer organization whose legal members are exclusively 2nd-grade organization affiliates.

For a comprehensive list of definitions see the Fairtrade Standard for [Small Producer Organisations](#) and the [Fairtrade Trader Standard](#).

Monitoring of changes

Fairtrade International may change Fairtrade Standards as explained in Fairtrade International’s Standard Operating Procedures, see www.fairtrade.net/standard/how-we-set-standards. Fairtrade Standard requirements can be added, deleted, or changed. If you are Fairtrade certified, you are required to check the Fairtrade International website regularly for changes to the standards.

Fairtrade certification ensures that you comply with Fairtrade Standards. Changes to Fairtrade Standards may change the requirements of Fairtrade certification. If you wish to be or are already Fairtrade certified, you are required to check the compliance criteria and certification policies on the certification body’s website regularly at www.flocert.net.

Change history

Version number	Date of publication	Changes
15.07.2021_v2.0	15.07.2021	Full review of the Fairtrade Standard for coffee. <ul style="list-style-type: none"> • Introduction of requirements 1.1.1 and 1.1.2 on the conditions for producer organisations and exporters to join the Fairtrade system



		<ul style="list-style-type: none">• Introduction of requirement 2.1.1 on Members' production and sales information• Clarification of requirement 2.2.1 on Price-to-be – fixed contracts• Clarification of requirement 2.2.6 on Price breakdown• Introduction of requirement 2.2.8 on the Role of exporters• Introduction of requirement 2.2.9 on Contracts to follow national and industry regulation• Introduction of Chapter 3 on Production: Environmental development (requirements 3.1.1, 3.1.2 and 3.1.3) and Labour conditions (3.2.1, 3.2.2. and 3.2.3)• Clarification of requirement 4.1.1 on Market price reference• Introduction of requirement 4.1.3 on Fairtrade Minimum Price along the supply chain (in alignment with requirement 4.2.2 of the Trader Standard)• Extension of Fairtrade Premium earmark (requirement 4.1.5) for the implementation of Sustainable Agriculture Practices and update to year 1 to align with the SPO standard• Clarification on guidance for requirement 4.2.1• Introduction of requirement 4.2.4 on timely payment• Updated timeframe of pre-finance on requirement 4.3.1• Introduction of requirement 4.5.1 on Price risk management costs• Introduction of requirement 4.6.1 on Contract conditions
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1. General Requirements

Intent: To provide the necessary framework for effective implementation of the standard.

1.1 Certification

1.1.1 **NEW 2021*** Producer organisations

Applies to: Fairtrade producer organisations	
Core	<p>You demonstrate that you have been an established and active organisation for at least two years prior to requesting certification, with administrative, technical, commercial, and financial capacity by providing General Assembly records of the of the last two years and a business development plan.</p> <p>If your organisation does not export the crop directly, you demonstrate that you are engaged with an exporter.</p> <p>You also demonstrate you have market potential for at least the first two years of Fairtrade certification with a letter of intent from at least one buyer with formal communication of business engagement with a Fairtrade buyer (importer/roaster); and a business plan agreed between the producer and the Fairtrade buyer (importer/roaster).</p>
Year 0	
<p>Guidance: Please note that this requirement complements the SPO requirement 1.1.3 (Established organization), 1.1.4 (Market potential) and 1.1.5 (Collective and democratic decision to join Fairtrade).</p> <p>The business development plan is expected to include all information related to technical assistance capacities and priorities, work plans and membership development plan.</p> <p>The confirmation of the engagement for the required assistance with an exporter is provided, whether already Fairtrade certified or following the requirement for new exporters (see requirement section 1.1.2).</p>	

1.1.2 **NEW 2021*** Exporters

Applies to: Exporters	
Core	<p>You demonstrate that your assistance as an export service provider is required by a producer organisation to undertake Fairtrade exports. You demonstrate this with a record of prior transaction(s) and/or a confirmation letter from the identified Fairtrade certified producer organisation.</p> <p>There is no indication that you have assisted or done business with organizations involved with the violation of human rights, land claims, violation of indigenous peoples' rights and land, fraud, formal complaints, previous business malpractices with farmers, violation of animal rights or harm of biodiversity.</p>
Year 0	
<p>Guidance: The certification body will confirm the documentation provided by the exporter with the SPO during the application process.</p>	



2. Trade

Intent: This chapter outlines the requirements that you need to comply with when you sell Fairtrade products. To provide maximum benefits to producers, while remaining credible to consumers.

2.1 Traceability

2.1.1 **NEW 2022**** Members' production and sales information

Applies to: Fairtrade producer organisations	
Core	You have a system in place that monitors individual members' sales, ensuring they are selling volume relative to their estimated production in a defined period of time. The system allows you to keep track of your members' status, particularly if they are members of more than one organisation. You have concrete measures in place if cases of individual members selling more than their estimated production are detected.
Year 0	
<p>Guidance: Please note that this requirement complements the SPO Standard requirement 4.2.2 on keeping member records, as it provides more detail on what type of information is required.</p> <p>SPOs are responsible for keeping track of their members' status and, if members are also registered with another Fairtrade certified organisation, measures are in place to avoid "double selling" volumes.</p> <p>You give information during audits about the members who deliver coffee to other registered organizations. If feasible, you can crosscheck sales information with other SPOs in case your members are part of other organisations.</p> <p>Members' production and sales information are embedded in SPO's internal regulations, therefore there are measures in place in case a member is detected selling more than its estimated production volumes.</p>	

2.2 Contracts

2.2.1 Price-to-be-fixed contracts

Applies to: Fairtrade payers and conveyors	
Core	You agree on a 'price-to-be-fixed' contract with the producer organization and the price fixation is made at their call.
Year 0	
<p>A fixed-price contract may be used only in the following cases:</p> <ul style="list-style-type: none"> • Auction systems that would invalidate a price to be fixed contract, or • The producer organisation has the coffee in stock at the time of signing a contract, or • The producer organisation and the buyer agree that it is mutually beneficial to have a fixed-price contract and jointly agree upon a risk management strategy. The mutual agreement and the details of the risk management strategy are confirmed in writing; as a minimum include shared cost structure, solutions based on harvest results, and any clause relating to the responsibilities of the producer organisation and the buyer, or • 'Price-to-be-fixed' is against the national law. 	



Guidance: The seller is the producer organization (if the producer organization exports) or the exporter.

There is no imposition on the producer organisation concerning price fixation conditions or the timeframe for Fairtrade contracts. Producers are encouraged as best practice to fix contracts when the coffee arrives at the warehouse. Traders are encouraged as good practice not to allow price fixing by roasters before the producer fixes.

Examples of price risk management strategies other than price-to-be-fixed are: price insurance, hedging and call options.

2.2.2 Price fixation

Applies to: Fairtrade producers organisations and payers and conveyors

Core	In the case of price-to-be-fixed contracts, if the producer organisation wishes to fix the price before the harvest starts, the fixation requires the agreement of the buyer. Both the producer organisation and the buyer jointly agree upon a risk management strategy. The mutual agreement and the details of the risk management strategy are confirmed in writing.
Year 0	
Prices are not fixed for a period longer than one crop period.	

Guidance: Please refer to the [guidance document on price risk management](#) for more information on what it means.

2.2.3 Stop loss clauses

Applies to: Fairtrade payers and conveyors

Core	You do not include stop loss clauses in the contracts triggering automatic price fixing at any moment after signing the contract, thus overruling the requirement on price-to-be-fixed at producer organisation's call.
Year 0	
Price fixing through a stop loss order can only be applied during the harvest in consultation between producer and buyer as a means of managing the price risk for both sides.	

Guidance: The producer organisation's fix on futures contracts is an important price risk management tool for producers. A stop loss clause in the contract effectively eliminates this risk management tool and exposes producers to a price increase by the time they collect the coffee. It may cause serious losses and eventually make producers default on the contract. Producers and buyers need to define together how to manage the risk when the market price comes close to the Minimum Price during the harvest period. A careful application of a stop loss order can be part of such an arrangement. Producers are encouraged as best practice to fix the contracts when the coffee arrives at the warehouse. Traders are encouraged as good practice not to allow price fixing by roasters before producers fix, so there is no need to protect a hedged position with a stop loss clause for producers.

2.2.4 Use of a broker

Applies to: Fairtrade producer organisations and buyers

Core	If you make use of a broker, you make it explicit in the contract between the producer organisation and the buyer.
Year 0	
Brokers can only act on behalf of one specified party. The party who wants to bring in a broker for a specified use and purpose has a written agreement from the other party and pays for the broker's service.	



Guidance: A broker is defined as a non-certified operator, who does not gain ownership of the coffee at any point in time. A broker is someone who facilitates the contact and the trade between the producer organisation and the buyer. In case of the buyer bringing in the broker, the commission for the broker is covered by the buyer.

2.2.5 Export service costs

Applies to: Fairtrade payers and conveyors

Core	If you require the extension of the shipment schedule beyond the limits of sound commercial practice of the producer (three months after the harvest), you cover the real costs of storage, interest and insurance in the terms of the contract. This rule is not applicable for those producers in whose respective countries specific export regulations exist which make the prior unworkable.
Year 0	

2.2.6 Price breakdown

Applies to: Fairtrade payers and conveyors, if coffee is not purchased from the producer organisation as green exportable coffee at FOB level

Core	You include in the contract with the producer (or the conveyor if applicable) a detailed breakdown of the price calculation (deducted or added cost items, their value and conversion rate in case of processing). This applies in those cases where the coffee is purchased at a different level than green exportable coffee (FOB). You only deduct costs that are included in the Fairtrade Minimum Price. No discount can be made from the Fairtrade Premium. You consider the items included in the generic guidance document issued by Fairtrade International.
Year 0	

Guidance: Please note that this requirement complements the Trader Standard requirement 4.1.3 on Breakdown of price calculations in contract and 4.2.3 on Price adaptation to different levels in the chain.
A breakdown of costs may be used as an addendum to each contract as long as it is provided, agreed and signed by the SPO and reviewed annually.
Fairtrade International will provide a generic guidance document late 2021.

2.2.7 Contract defaults

Applies to: Fairtrade producer organisations

Core	In case of a potential default against a contract, the producer organisation promptly notifies the buyer, at a minimum two months before the shipment date
Year 0	

Guidance: Please note that contracts need to be fulfilled. This clause applies to cases where the producer organisation is not able to fulfill the contract, due to exceptional unforeseen circumstances (also known as force majeure). In this instance, the producer and buyer work together to reach a contract resolution. Where no solution can be reached, special requirements will apply to defaulters, to monitor the fulfilment of their existing contracts. These special requirements are outlined in the [Guidance Document on Coffee Price Risk](#) management strategies. FLOCERT may also apply compensation exemption measures to help resolve supply issues caused by defaulted contracts within the prescribed limits set by Fairtrade International. Questions or advice on these topics may be directed to the Coffee Help Desk, via coffeehelp@fairtrade.net.



2.2.8 **NEW 2022**** **Role of exporters**

Applies to: Exporters

Core	You define your role as payer or conveyor clearly in the contract. The responsibilities outlined in the Trader Standard regarding the payment and agreement on market price and the price differential for conveyors are explicit in the contract. If acting as a conveyor, you sell directly to a Fairtrade payer.
Year 0	

Guidance: In cases where an SPO with export capacity provides an export service to other producer organisations, the role of payer or conveyor also applies.

If acting as a payer, exporters own the Fairtrade coffee and are responsible for all payments including Fairtrade Premium, organic differential and negotiated prevailing differential. The payment should be completed on usual Cash Against Document (CAD) terms.

2.2.9 **NEW 2022**** **Contracts following national and industry regulations**

Applies to: Fairtrade payers and conveyors

Core	You sign a purchase contract for Fairtrade coffee with the producer organisation or with the conveyor (if applicable). Contracts follow national and industry regulations, and in addition indicate: <ul style="list-style-type: none"> ✓ Form or stage (green exportable coffee, parchment) in which the coffee is purchased from the SPO (i.e. change in ownership of the main product and any by-product) ✓ Moisture content (percentage level) of coffee purchased (if applicable) ✓ Detailed description of services delivered to the SPO (if applicable) ✓ Price risk management strategy terms and conditions (if applicable) <p>If you, as a buyer, are processing the coffee, you share the post-milling report, including the yields and quality specifications of the coffee, with the producer organisation once available.</p>
Year 0	

Guidance: Please note that this requirement complements Trader Standard requirement 4.1.2. which is currently a core requirement for Fairtrade contracts applicable to Fairtrade payers. In addition, the requirement applies to conveyors as per Trader Standard requirement 4.1.4. For coffee contracts, the Green Coffee Association (GCA) and European Standard Contract for Coffee (ESCC) formats are the industry norm and are followed.



3. Production

Intent: To ensure actions that promote sustainable production and the well-being of all those involved in coffee production.

3.1 Environment development

3.1.1 **NEW 2022***** Environmental risk assessment

Applies to: Fairtrade producer organisations	
Core	You identify and record, annually, the environmental risks that affect your members' agricultural performance and their climate resilience.
Year 0	

Guidance: Agricultural performance is defined in terms of productivity and quality considering external factors and exposure to the effects of climate change.

It is suggested to update the identification of risks at the start of each harvest cycle. One risk assessment per year is enough if two or more harvests take place in a year.

You are encouraged to map the location of your members' farms and cluster them according to common territory characteristics. For instance, producers located in high altitude areas might face different environmental risks than those located in lower areas. This procedure may include the mapping of protected or High Conservation Value areas in the region and cross-checking this information with farm locations to identify areas at risk. Geo-mapping and polygon maps (including boundaries of the farms) can be used as a tool to map risk areas more accurately.

- Non-exhaustive list of examples of environmental risks:
 - Drought and water scarcity (inter-annual coefficient of variation in precipitation) as well as lack of water sources for irrigating coffee crops and processing coffee
 - Flooding and waterlogging (flood frequency)
 - Poor soil quality and health (soil organic carbon or soil quality/quantity of NPK), including potential and existing soil erosion on land used to produce coffee
 - Land use and access (net loss/gains of land productivity)
 - Heat and frost (long-term trends or changes in temperature)
 - Pests and diseases (perceived exposure)
 - Absence of other plants varieties and/or crops grown together with coffee trees
 - Limited availability of coffee seed varieties (you can refer to the [Arabica Coffee varieties](#) document). When identifying the coffee varieties, you may take into account: quality and yield potential, tree stature, optimal altitude, susceptibility to leaf rust or other diseases and nematodes, year of first production, nutrition requirement, bean size and leaf tip colour.
- Non-exhaustive list of examples of farming activities which could negatively impact surrounding environment include:
 - Use of chemicals (herbicides, pesticides, fungicides, fertiliser)
 - Deforestation
 - Waste or water pollution
 - Erosion caused by unsustainable practices

Environmental risks may not be affecting you directly but by affecting your surrounding communities, they may also have a negative effect on your agricultural performance.



3.1.2 **NEW 2022***** Climate adaptation plan

Applies to: Fairtrade producer organisations	
Core	You prioritize the risks previously identified and develop a climate adaptation plan based on sustainable agriculture practices. You update this plan every year.
Year 1	If capacity building is needed, you provide training on sustainable agriculture practices to those members most affected by the risks identified and according to your financial means. You ensure that this training addresses the most relevant topics identified in the climate adaptation plan.
<p>Guidance: For more details on content of training, please refer to SPO Standard, requirements 3.2.2; 3.2.21; 3.2.22; 3.2.26; 3.2.29; 3.2.40.</p> <p>Exchange visits or demonstrations are acceptable as a training module.</p> <p>The coffee&climate toolbox can be used to support the development of your adaptation plan.</p> <p>The training areas most relevant in coffee can be, but are not limited to:</p> <ul style="list-style-type: none"> • Agroecology and agroforestry systems • Integrated pest management • Soil health and appropriate use of fertilizers • Efficient water use • Production waste management • Pruning and shade management • Diversification of farm crops/crops in association • Seed nurseries in case of renovation and rehabilitation of the coffee plantation • Protection of valuable habitats (cf. High Conservation Value/**High Carbon Stock) if SPO/members are located close to a HCV or HCS area • Ecosystem restoration 	

3.1.3 **NEW 2022***** Adoption of Sustainable Agricultural Practices

Applies to: Fairtrade producer organisations	
Core	Your members adopt sustainable agricultural practices based on the climate adaptation plan until no further risks are identified.
Year 3	You monitor their progress and their impact, and record it annually.
<p>Guidance: You may include activities on implementation of sustainable agriculture practices as part of your climate adaptation plan and in the Fairtrade Development Plan (see SPO requirements 4.1.1. and 4.1.2).</p> <p>Sustainable agricultural practices depend on your local context. They should respond to the challenges identified in the above requirement on environmental risk assessments and take into account the human and financial capacity of your organization and members. Examples include:</p> <ul style="list-style-type: none"> • Biological management of pests, diseases and weeds (e.g. integrated pest management, push and pull methods), to reduce the long-term incidence of pests and environmental and health hazards caused by chemical control • Cover crops and mulching to reduce erosion, provide nutrients to the soil and enhance biological control of pests • Integrated nutrient management such as compost, organic manure and nitrogen-fixing crops to reduce or eliminate the use of chemical fertilisers and to restore soil fertility • Mixing crops in a single plot (intercropping / polycultures) and using complementary biological inputs to improve soil nutrients • Planting resistant varieties and using natural pest control • Agroforestry which maintains and improves soil fertility and structure, and modifies the microclimate for crops. If in Central America, the Suitability of key Central American agroforestry species under future climates: an Atlas provides 	



examples of suitable species widely used in Central America for shade in coffee agroforestry systems, and for Indonesia you can refer to the [Shade Catalogue](#)

- Practising a layered approach to agroforestry - for example, trees which provide not only fruit or nuts but a canopy and shelter; shrubs which produce food and habitat for wildlife; ground cover which provide protection from soil erosion
- Efficient water use such as rainwater harvesting and composting, keyline design water flow management (if applicable) and, water-recycling systems
- Composting and waste recycling
- Safe handling of waste water from central processing facilities to eliminate negative impact on water quality, soil fertility or food safety.

Practices that increase climate and environmental resilience are sustainable agriculture practices such as agroecology. For more guidance and examples, please refer to the IUCN report: [Approaches to sustainable agriculture](#).

Fairtrade International will develop a position paper on sustainable agriculture practices early 2022.

3.2 Labour conditions

3.2.1 **NEW 2022***** Risk assessment

Applies to: Fairtrade producer organisations

Core	You assess annually whether you are operating in countries and areas at risk of child labour, forced labour and human trafficking.
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Year 0	You include in your assessment risks of discrimination, workplace violence and harassment, including sexual and gender-based violence.
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Guidance: To identify your risks, you may consider the following sources of information:

- Your own risk assessments and identified cases;
- Previous audit results and Fairtrade suspensions for non-conformities;
- National Action Plans to Eliminate Child Labour and/or Forced Labour, which apply to your sector;
- [List of Goods Produced by Child Labour and Forced Labour by the US Department of Labor](#);
- [US Trafficking in Persons List](#) by the US government;
- Global Slavery Index by the Walk Free Foundation, Verisk Maplecroft child labour index or [UNICEF](#) data;
- Information from traders, the government, research or academic institutions, civil society organisations and media.

Please note that acknowledging and responding to risks identified by you enables your leadership in addressing them and builds your credibility among consumers, business partners', civil society and human rights organizations and other stakeholders.

The worst forms of child labour, forced labour, human trafficking, and sexual violence, among others, are against national and/or international labour and human rights laws and regulations, a breach of Fairtrade Standard requirements, company sourcing policies, and business codes of conduct. For indicators to assess risks of discriminatory practices, refer to guidance in requirement 3.3.1 of the SPO Standard.

For guidance on workplace violence and harassment, refer to requirement 3.3.4. of the SPO Standard.

Please note that in case of identified cases of child labour or forced labour you need to follow requirements as noted in SPO Standard, respectively requirements 3.3.6. Remediation of forced labour and 3.3.11 Remediation of child labour, and take actions to remediate.

Additional supporting material will be available by early 2022.



3.2.2 **NEW 2022***** Policy and procedures

Applies to: Fairtrade producer organisations

Core	You develop and implement a relevant policy and procedures for identifying, mitigating, preventing, monitoring and remediating child labour, forced labour, human trafficking, discrimination and workplace violence and harassment, including sexual and gender-based violence.
Year 1	

- Guidance:** To develop your policy and procedures, you may consider the following sources of information:
- Relevant National and international laws and regulations, including National Action Plans to Eliminate Child Labour and/or Forced Labour, which apply to your sector;
 - Relevant supply chain actors sourcing policies and code of business conduct;
 - ILO, UN, expert civil society organizations and other actor relevant best practises on decent employment and human rights;
 - Other producer organisations' in your region or the Fairtrade system who have developed similar policy and procedures.

Please note that your policy and procedures can include a commitment and practices towards purposefully enabling decent employment, fair working conditions and human rights for all. It can also include an implementation plan with roll-out of training to all members, relevant projects, roles and responsibilities. Data collection to demonstrate the effectiveness of policy and procedures, including a process for review, is highly recommended as a best practice. Please refer to the Producer Network of your region for support.

Additional supporting material will be available by early 2022.

3.2.3 **NEW 2022***** Monitoring and remediation system

Applies to: Fairtrade producer organisations

Core	You implement a monitoring and remediation system to regularly check for and respond to identified cases of child labour, forced labour, human trafficking, discrimination and workplace violence and harassment, including sexual and gender-based violence.
Year 3	
	You facilitate and support safe remediation of any case found. You may establish and operate this system by yourself or in partnership with others, including relevant government agencies, expert human rights NGOs, traders or others.

Guidance: When you operate an ongoing monitoring and response system, you help to ensure that you, your members, farm operators, job brokers and job contractors are following compliant production practices. When forming partnerships with governments, companies, civil society organisations and others, you help to eliminate such issues from your country and supply chains. You may also access funds and other resources for this work. Please refer to the Producer Network of your region for support.

For more background information on safe remediation please refer to the [SPO explanatory document](#) on page 54.

Examples of monitoring and response systems include an internal control or management system and a Youth Inclusive Community Based Monitoring and Remediation (YICBMR) system that Fairtrade can offer support on. Your systems are inclusive and participatory.



4. Business and Development

Intent: To ensure that Fairtrade transactions are carried out under transparent and fair conditions, in a way that lays the foundation for producer empowerment and development.

4.1 Price and Fairtrade Premium

4.1.1 Market price reference

Applies to: Fairtrade producers organisations, payers and conveyors									
Core	When market prices for coffee are higher than the Fairtrade Minimum Price, traders and producers are to agree coffee prices using the Fairtrade reference for market prices as follows:								
Year 0	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th colspan="2">Reference market price</th> </tr> <tr> <td style="text-align: center;">NYC' (Arabica) or London RC (Robusta)</td> <td style="text-align: center;">+ prevailing differential</td> </tr> </table>			Reference market price		NYC' (Arabica) or London RC (Robusta)	+ prevailing differential		
Reference market price									
NYC' (Arabica) or London RC (Robusta)	+ prevailing differential								
	<p>The reference market price can never be below the Fairtrade Minimum Price.</p> <p>For Arabica coffees the reference market price is based on the ICE New York C contract in US\$-cents per pound, plus the prevailing differential (positive or negative) for the relevant quality, basis FOB origin and, net shipped weight.</p> <p>For Robusta coffee, the reference market price is based on the ICE London RC contract in US\$ per metric ton, plus the prevailing differential (positive or negative) for the relevant quality and origin, basis FOB origin and, net shipped weight.</p> <p>The 'prevailing differential' refers to the average differential or range valid in the mainstream market for conventional coffee of that country and grade at that moment. Producers and buyers agree upon a differential, using the differential that prevails in the mainstream market for non-Fairtrade coffee, as a baseline, and taking into account actual quality, shipment date, logistics, risk, and availability. A negative differential cannot be applied to the Fairtrade Minimum Price.</p> <p>The organic differential and Fairtrade Premium can never be below the levels defined in the Fairtrade Minimum Price and Premium table. The Fairtrade Premium and organic differential (in the case of organic coffee) are to be added, clearly separated from the prevailing differential, and are not subject to negotiations.</p> <p>The Fairtrade coffee price is as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <th colspan="2">Reference market price or FMP (whichever is higher)</th> <th rowspan="2">+ Fairtrade organic differential (in case of organic coffee)</th> <th rowspan="2">+ Fairtrade Premium</th> </tr> <tr> <td style="text-align: center;">NYC' (Arabica) or London RC (Robusta)</td> <td style="text-align: center;">+ prevailing differential</td> </tr> </table>			Reference market price or FMP (whichever is higher)		+ Fairtrade organic differential (in case of organic coffee)	+ Fairtrade Premium	NYC' (Arabica) or London RC (Robusta)	+ prevailing differential
Reference market price or FMP (whichever is higher)		+ Fairtrade organic differential (in case of organic coffee)	+ Fairtrade Premium						
NYC' (Arabica) or London RC (Robusta)	+ prevailing differential								



Guidance: In case of any significant deviation from the non-Fairtrade market differential, traders and producers are required to have a rationale/justification. The Fairtrade Premium and organic differential (in case of organic coffee) are to be added to that, clearly separated from the prevailing differential and are not subject to negotiation, but defined in the standards. This is valid for price-to-be-fixed contracts and fixed-price contracts.

4.1.2 Coffee trade via auction

Applies to: Fairtrade producers organisations and payers and conveyors

Core	In cases where by legislation the coffee has to be passed through the auction: You, as importer, agree with the exporter upon a reasonable margin for the exporter to cover relevant costs.
Year 0	You, as a producer selling via an exporter, agree upon a reasonable margin for the exporter to cover the export costs.

4.1.3 Fairtrade Minimum Price along the supply chain

Applies to: Traders

Core	You do not buy Fairtrade products from your suppliers or sell to your customers below the Fairtrade Minimum Price and Fairtrade Premium, and in case of organic coffee - including the organic differential.
Year 0	

Guidance: This applies to the purchase and sale of green beans.

4.1.4 Fairtrade Premium

Applies to: Fairtrade payers and conveyors

Core	You pay the Fairtrade Premium in addition to the price of the product ("C" Price plus or minus the prevailing differential, or the Fairtrade Minimum Price, whichever is higher). The Fairtrade Premium amount is not incorporated into the agreed upon differential.
Year 0	

4.1.5 Fairtrade Premium earmark

Applies to: Fairtrade producers organisations

Core	You invest at least 5 cents of Fairtrade Premium per pound of Fairtrade coffee sold in improving the productivity and/or quality of Fairtrade coffee and/or enhancing sustainable agricultural practices. Based on the Fairtrade Development Plan and the environmental risk assessment, the General Assembly, decides on the activities to be carried out. You keep records on the use of monies and explain how it contributes to the improvement of productivity, quality and/or sustainable agriculture practices.
Year 1	



Guidance: Productivity and/or quality investment refer to any measures that will increase the quantity and quality of coffee produced. It can include measures to improve yields such as, for example, training on agricultural practices, farm-level replanting and renewal projects, purchase of equipment or infrastructure investments. It can include measures for quality such as hiring cuppers, investing in cupping labs, trainings and similar activities.

Please refer to the Guidance document on productivity and/or quality improvement for more information on what is meant. This document is available on the following website: www.fairtrade.net/coffee.

4.2 Timely payment

4.2.1 Payment terms

Applies to: Fairtrade payers and conveyors

Core	You pay net cash against a full set of original documents on first presentation. The documents to be presented will be those stipulated in the contract and will be in line with what is customary in the coffee trade.
Year 0	

Guidance: Electronic documentation when possible is also acceptable if in accordance to customary trade in coffee.

4.2.2 Payment timelines

Applies to: Fairtrade payers and conveyors

Core	You pay producers according to the international customary conditions and no later than 15 days after the receipt of the documents transferring ownership of the coffee, or after receipt of the payment from the Fairtrade payer.
Year 0	

4.2.3 Notification of delayed payments

Applies to: Fairtrade payers and conveyors

Core	In case of potential late payment of a contract, the buyer promptly notifies the producer organisation they bought the coffee from as soon as possible but at the latest one week before the payment date.
Year 0	

4.2.4 **NEW 2022**** Timely payment

Applies to: Fairtrade payers and conveyors

Core	You do not demand payment terms to suppliers that result in additional financing costs being passed on to SPOs and negatively impact the Fairtrade Minimum Price and Fairtrade Premium.
Year 0	

Guidance: [EU's Directive on Unfair Trading Practices in the Agricultural and Food Supply Chain](#) indicate that payments should not take longer than 60 days.



4.3 Access to finance

4.3.1 Pre-finance

Applies to: First buyers	
Core	If you provide pre-finance to a producer organisation, the pre-finance offered is at least 60% of the value of the contract. It is made available at any time after signing the contract and at least 12 weeks prior to shipment.
Year 0	
Guidance: Please note that this requirement complements the Trader Standard requirement 4.4.1 on pre-financing Fairtrade contracts.	

4.4 Sourcing and market information for planning

4.4.1 Sourcing plans

Applies to: First buyers	
Core	Sourcing plans must cover each harvest. Sourcing plans must be renewed a minimum of three months before they expire.
Year 0	

4.5 Sharing risks

4.5.1 **NEW 2022**** Price risk management costs

Applies to: Fairtrade payers and conveyors	
Core	There are no indications that a fixed-price contract agreed with the producer organisation imposes cost of hedging upon the producer organisation that supplies the coffee.
Year 0	

4.6 Trading with integrity

4.6.1 **NEW 2022**** Contract conditions

Applies to: Fairtrade payers and conveyors	
Core	You do not buy Fairtrade certified products from a producer organisation on the condition that the producer organisation sells a quantity of non-certified product at a discount.
Year 0	
Guidance: Where there are indications that these practices have taken place, the certification body will determine whether there are bonded contracts by requesting from the SPO, payers and/or conveyors the Fairtrade and non-Fairtrade contracts in a determined period of time. Anonymous allegations can be seen as a measure to indicate that these practices take place.	



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The English version of the standard is the official version. Fairtrade offers translations into other languages for information purposes only. Although Fairtrade strives to ensure accuracy in translations, the English version of the standard is the basis for all certification decisions, particularly if conflicts on these decisions should arise.

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