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| **Consultation document for Fairtrade Stakeholders:**2nd round of consultation for the Review of the Fairtrade Standard for Coffee |
| To: | Interested stakeholders in Fairtrade Coffee |
| Consultation Period: | 23th November – 19th February  |
| Project ManagerContact details  | Giovanna Michelotto, Project Manager, g.michelotto@fairtrade.net  |

* **PART 1: Introduction**
1. **General introduction**

Fairtrade Standards support the sustainable development of small-scale producers and workers in the global south. Producers and traders must meet the relevant Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, Standards & Pricing (S&P) is responsible for developing Fairtrade Standards. The procedure, as outlined in the Standard Operating Procedure for the Development of Fairtrade Standards is designed to comply with all requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards. This involves wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives, are based on producers’ and traders’ realities and meet consumers’ expectations.

You are kindly invited to participate in this second round of consultation on reviewing the Fairtrade Standard for Coffee for small-scale producers and traders. For this purpose, we kindly ask you to comment on the proposals suggested in this document and encourage you to give explanations, analysis and examples underlying your statements.

**Please note that all information we receive from respondents will be treated with care and kept confidential.**

**Please submit your comments to the Project Manager, Giovanna Michelotto at:** **g.michelotto@fairtrade.net** **by 19 February 2021.**

*This document is designed so you can only type in the designated spaces and indicate your choices in the multiple choice boxes. Please send this document back in Word format (do not convert to PDF).*

Following the consultation round, we compile all comments made in an aggregated and anonymous form, which will be shared with all participants and will also be available on the Fairtrade International website. Next steps of the project are presented below in section 4.

1. **Background**

Fairtrade coffee has grown to become one of the top three Fairtrade products, with around 876,000 Fairtrade coffee farmers and Fairtrade sales of more than 220,000 metric tonnes (MT) in 2018.

The [2018 Coffee Barometer](https://www.hivos.org/assets/2018/06/Coffee-Barometer-2018.pdf)[[1]](#footnote-2) presented an overview of the current challenges to the coffee sector and industry trends. In a complex and evolving context, the current review of the Fairtrade Standard for coffee seeks to contribute to more sustainable coffee production and trade, fairer trade practices and more sustainable livelihoods for coffee producers and their families.

This review of the Fairtrade Standard for Coffee is an opportunity to adapt requirements and ensure they align with the global Fairtrade strategy and contribute to its achievement. The review focuses on one of the key objectives of the global strategy - to ensure that "standards allow equity and impact” - as well as supporting the empowerment and development of producer organisations. It also takes into account input from stakeholders over the past few years, either in writing or personally to colleagues within the Fairtrade system.

1. **Project objectives**

Considering the background given, the project objectives are as follows:

* Align the Coffee Standard with the Trader Standard (TS); and adapt TS rules to the specific context of coffee, if necessary.
* Align the Coffee Standard with the Fairtrade Standard for Small-scale Producer Organisations (SPOs). Explore ways to better ensure that certified producer organisations are genuine and viable SPOs, with the possibility of trading their coffee effectively in an increasingly challenging commercial environment, on the basis of fair trading conditions and with the potential to further develop and become empowered organisations, enabling sustainable livelihoods for their members.
* Define clearer rules on pricing and contract issues so that commercial actors contribute to, and their activities lead to, transparent and fair trade relations with producer organisations while recognizing their crucial role throughout the value chain.
* Ensure consistency with international trade rules while promoting good trading practices in coffee.
* Apply the new Standard design, including changes on simplified wording, reorganisation of requirements, deletion of redundancies, added or improved guidance and adapting to the new standard layout.
* Explore mechanisms to identify and address deforestation risk and how these could be included in the standard.
* Consider additional environmental requirements to mitigate climate change, and preserve and increase biodiversity.
* Explore solutions to address Human Rights Due Diligence, in particular for implementing of risk-based child and forced labour monitoring and remediation.

The target groups of this consultation are:

* Coffee producers currently certified under the Fairtrade Standard for Coffee.
* Licensees and traders certified under the Fairtrade Trader Standard and the Fairtrade Coffee Standard.
* Producer Networks, National Fairtrade Organisations (NFOs), Fairtrade International, FLOCERT, public sector and civil society actors, researchers, and other stakeholders.
1. **Project and process information**

The project officially started in June 2019 with the publication of the final project assignment. The project assignment is available on the Fairtrade International website here: <https://files.fairtrade.net/standards/2019_06_12-ProjectAssignment_CoffeeStandardReview_EN.pdf>.

The current Fairtrade Standard for Coffee is also available on the Fairtrade International website, under this link: <https://files.fairtrade.net/standards/Coffee_SPO_EN.pdf>

The Fairtrade SPO Standard is available here: <https://files.fairtrade.net/standards/SPO_EN.pdf>

The Fairtrade Trader Standard can be consulted here: <https://files.fairtrade.net/standards/TS_EN.pdf>

The progress to date and next steps are described below:

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| **Timeline** | **Activity** |
| May 2019 | * Scoping and planning
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| June 2019 | * Project Assignment publication
 |
| July – August 2019 | * Preparation of proposals for consultation
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| \*September 23rd – November 2019(extended to December 18th) | * 1st round of consultation
 |
| \*Dec. 2019– Jan. 2020s | * Analysis of feedback and preparation of proposal for the 2nd round
 |
| \*February 2020 | * Project team meeting (2-day meeting to review topics for 2nd round of consultation)
 |
| \*March – October 2020 | * Preparation of proposals for the second consultation
 |
| \*23rd November – 19th February 2020 | * Second round of consultation (confirmed after analysing the 1st round consultation results)
 |
| \* February - March 2021 | * Preparation of final proposals with the project team and decision paper
 |
| \* March 2021 | * Presentation to Standards Committee for approval
 |
| \*April 2021 | * Publication of revised standard and implementation
 |

\* Items that have been added or amended after the first round of consultation.

1. **Acronyms and definitions**

ESCC: European Standard Contract for Coffee

FMP: Fairtrade Minimum Price

FP: Fairtrade Premium

GCA: Green Coffee Association

GPM: Global Product Management

NFO: National Fairtrade Organisation

PN: Producer Network

SPO: Small – scale producer organisation

SC: Standards Committee

S&P: Standards & Pricing

TS Trader Standard

1. **Definitions**

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

Fairtrade Payer means the buyer responsible for paying the Fairtrade Minimum Price and the Fairtrade Premium. Buyers must check their potential status as Fairtrade payer with the certification body.

First buyer means an operator that buys a certified product.

* **PART 2: Consultation**

This consultation is divided in three sections. At the **first** one you are requested to indicate information about your organisation. At the **second,** you will find the new requirements and in the **third** section the revised requirements. The last section includes requirements which were considered during the first round of consultation and which were supported by a majority. For these, we are not asking again whether or not you are in favour, but to provide any additional input.

The format of the questions is as follows:

* for new requirements, you are asked if you are in agreement (yes, no or unsure) and if you have any comments.
* for the revised requirements, you are asked if you have any additional comments on the requirement.

Each section includes the title and text of the proposed requirement, and which stakeholders it applies to, together with guidance notes if you need them. Please take as much space as you need to respond to the questions. Provide as much explanation for your responses as you can, and feel free to suggest alternative proposals.

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## **Information about your organisation**

Please complete the information below:

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| **Q 0.1** **Please provide us with information about your organisation so that we can analyse the data precisely and contact you for clarifications if needed. The results of the survey will only be presented in an aggregated form and all respondents’ information will be kept confidential.**Name of your organisation      Name of contact person      E-mail of contact person      Country      FLO ID       |
| **Q 0.2 Are your responses based on your own personal opinion or is it a collective opinion representing your organisation?**[ ]  Individual opinion[ ]  Collective opinion representing my organisation/company |
| **Q 0.3 What is your main responsibility in the supply chain?** [ ]  SPO 1st grade [ ]  SPO 1st grade & Exporter[ ]  SPO 2nd or 3rd grade[ ]  SPO 2nd or 3rd grade & Exporter[ ]  Processor[ ]  Processor / Exporter[ ]  Exporter[ ]  Importer[ ]  Licensee[ ]  Fairtrade system (Fairtrade International, NFO, PN or FLOCERT)[ ]  Other (please specify):       |

**Thanks in advance for your input!**

**NEW REQUIREMENTS (first part)**

## **General Requirements**

Where necessary, the Fairtrade Standard for Coffee complements and defines more specific requirements or exceptions to the Fairtrade Standard for small-scale producer organisations (SPO). This section presents a subset of the requirements in the SPO Standard and the complementary requirements in the Fairtrade Standard for Coffee.

### **Certification – Entry requirements for new SPOs**

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| **The proposal aims:** to increase demand for Fairtrade coffee and enable existing Fairtrade certified coffee producer organizations to increase the amount they can sell on Fairtrade terms, thereby earning the Fairtrade Minimum Price (FMP) and Premium. This requirement also intends to maintain alignment with the current SPO Standard requirements concerned with an organisation being able to demonstrate it is an established organisation with market potential (SPO Standard requirements 1.1.3, 1.1.4); and that decisions are taken in a democratic manner by the General Assembly (SPO Standard requirement 1.1.5). It also provides an opportunity to consider the possibility for PNs and NFOs to support the creation of new supply chains provided they support the overall aim of increasing benefits for producer organisations the achievement of living incomes, and the opportunity to develop sustainable livelihoods.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You demonstrate that you have been an established organisation for at least two years prior to requesting certification, with administrative, technical, commercial and financial capacity by providing the following documents: * legal registration,
* financial statements,
* records of commercialization,
* business development plan,
* General Assembly records

If no commercialization records are yet available, they can be replaced by a recommendation from a Fairtrade Producer Network. If your organisation not export the crop directly, the assistance of an exporter needs to be confirmed.In addition, you demonstrate that you have market potential from at least one buyer for at least the first two years of Fairtrade certification. Market potential is demonstrated with a letter of intent from an identified market partner(s) to buy the Fairtrade product, 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). If no documents can be provided, they can be replaced by a recommendation from a Fairtrade national organization.  |
| **Year 0** |
| **Guidance**: The business development plan is expected to include all information related to technical assistance capacities and priorities, work plans and membership development plan. The required assistance of an export service provider is provided, whether already Fairtrade certified or following the requirement for new exporters (see entry requirements section 1.2).Certification body can verify and evaluate the application documentation regarding the market potential (letter of intent from an identified market partner(s) to buy the Fairtrade product, formal communication of business engagement with a Fairtrade buyer (importer/roaster); or a business plan agreed between the producer and the Fairtrade buyer (importer/roaster)). |

**Implications:** The opportunity to become Fairtrade certified for new SPOs will result in a more selective process. This might be to the detriment of less prepared/professional organizations, but at the same time promotes a stronger commitment to Fairtrade, its mission and values, in working towards the certification. These entry criteria also help ensure that market opportunities expand in line with the number of new Fairtrade SPOs, thereby reducing the threat of fewer market opportunities for existing certified SPOs, and give PNs and NFOs a more active role in safeguarding these entry criteria. **Question 1: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      . |

### **Certification - Entry requirement for export service providers**

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| **The proposal aims:** to regulate the participation of exporters in Fairtrade coffee, emphasizing they are bound to the need of the producer organisations for the services of an export service provider. The proposal is to revise the current requirement 1.1.1 and limit the entry of new exporters to those with a direct commercial engagement with a producer organisation, confirmed by the producer organisation. Producer organisations interested in Fairtrade certification which may also provide exporting services and are interested to enter the Fairtrade system are also considered.

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| **Applies to:** export service providers  |
| **Core** | You demonstrate that your assistance as export service provider is required by a producer organisation to undertake Fairtrade exports. You demonstrate this with a record of prior transaction(s) and a confirmation letter from the identified Fairtrade certified producer organisation.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. |
| **Year 0** |
| **Guidance**: The producer organisation which requests the service of an export service provider will be responsible for contacting the certification body and presenting the documentation that proves the requested assistance to export. |

**Implications:** SPOs will need to be more active and confirm the need to engage with a private exporter in their Fairtrade coffee business. **Question 2: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

## **Production**

The Fairtrade Standard for Coffee complements and defines more specific requirements or exceptions to the Fairtrade Standard for SPO where necessary. This section presents a subset of the requirements in the SPO Standard and the complementary requirements in the Fairtrade Standard for Coffee.

### **Environmental development**

As part of chapter 3.0 of the Fairtrade Standard for Coffee, the aim is to create a new sub-section: 3.1 Environmental Development.

Sustainable agricultural practices are increasingly important in order to fight climate change and enable farmers to be more resilient to extreme weather. Sustainable agriculture also helps improve soil fertility, nutrition and productivity, reduces costs and raises incomes. In addition, demand for environmentally-friendly supply chains is gradually increasing.

* + 1. **Identification of environmental challenges**

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| **The proposal aims:** to identify the environmental challenges producers faced by producers which affect productivity or damage the environment

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You continuously identify and prioritize the environmental challenges affecting your production, and the negative impact of your agricultural activities on the surrounding environment.  |
| **Year 0** |
| **Guidance**: Examples of environmental include:* pests and diseases affecting coffee crops,
* soil health, including potential and existing soil erosion on land used to produce coffee
* water sources used for irrigating coffee crops and coffee processing

Examples of coffee farming activities which could negatively impact the surrounding environment include:* use of chemicals (herbicides, pesticides, fungicides, fertiliser)
* deforestation
* waste or water pollution
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**Implications:** POs will need to identify environmental challenges which impact coffee production, as well as and member’s actions to manage pests, crop disease, soil health, water use and coffee production waste.**Question 3: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

* + 1. **Training on sustainable agriculture practices**

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| **The proposal aims:** to encourage POs to train their members on different sustainable agriculture practices, provide alternatives to cope with the challenges they face and guide them along a more sustainable path

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| **Applies to:** Fairtrade producer organisations |
| **Core** | At least once a year, you provide training to your members on sustainable agriculture practices. You ensure this training includes the most relevant topics to address the identified environmental challenges and the negative impact of your agricultural activities :* integrated pest management
* soil health and appropriate use of fertilizers
* efficient water use
* production waste management
 |
| **Year 1** |
| **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. |

**Implications:**  POs will have to train members on topics of environmental challenges relevant in their production area and agricultural practices that were identified as causing negative impact to environment.**Question 4: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

* + 1. **Adopting sustainable agricultural practices**

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| **The proposal aims:** to set agricultural practices on a more sustainable pathway in order to increase members’ resilience to climate change and better respond to market demands.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You and your members adopt at least one sustainable agriculture practice per year, which strengthens resilience to climate change. You adopt at least one new sustainable agriculture practice per year until no further challenges are identified in line with requirement req. 3.1.1 (Identification of environmental challenges).You work continuously to implement those sustainable agricultural practices and document these activities. |
| **Year 3** |
| **Guidance**: You may include sustainable agriculture practices in the process of needs identification and in the Fairtrade Development Plan (see SPO requirement 4.1.1. and 4.1.2).Sustainable agricultural practices depend on your local context. They should respond to the challenges identified in requirement 3.1.1. and take account of the human and financial capacity of your organisation and members. Examples include: * biological management of pests, diseases and weeds (e.g. integrated pest management; push and pull methods; and/or allelopathy), to reduce the long-term incidence of pests and environmental and health hazards caused by chemical controls
* cover crops and mulching to reduce erosion, provide nutrients to the soil and enhance biological pests control
* 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 on a single plot (intercropping / polycultures) and using complementary biological inputs to improve soil nutrients
* planting resistant varieties and using natural pest control techniques;
* agroforestry which maintains and improves soil fertility and structure, and modifies the microclimate for crops
* 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 and vines which provide protection from soil erosion
* efficient water use such as rainwater harvesting and composting, keyline design water flow management (if applicable), water recycling systems
* composting and waste recycling
* Safe handling of wastewater from central processing facilities to eliminate negative impacts on water quality, soil fertility or food safety.

For more guidance and examples, please refer to the IUCN report (available at: https://portals.iucn.org/library/sites/library/files/documents/2020-017-En.pdf), Approaches to sustainable agriculture, 2020 |

**Implications:** POs will need to adopt and document at least one additional or improved sustainable practice in agriculture per year which may require further investments and resources. This may increase costs for organisations and their members. The implementation of sustainable agriculture practices can be included in the process of needs identification and added to the Fairtrade Development Plan.**Question 5: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

* + 1. **Earmarking Fairtrade Premium to include environmental development and sustainable agricultural practices (revised requirement: currently 4.3.11 in the Coffee Standard)**

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| Climate change is a real threat to coffee production and livelihoods, and SPOs need to take this into account when investing in productivity and quality. Investing in sustainable agriculture practices to increase climate change resilience is an investment for the long term.**The proposal aims:** to extend the use of Premium earmarked, previously limited to the investment on productivity and/or quality, to support investments relating to proposed requirements 2.1.1, 2.1.2 and 2.1.3 above as well.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | At least 5 cents of Fairtrade Premium per pound of Fairtrade coffee sold must be invested in improving the productivity and/or quality of Fairtrade coffee, or enhancing sustainable agricultural practices. Based on the Fairtrade Development Plan, the General Assembly decides on the activities to be carried out. The Producer Organisation must keep records of how the money is used and explain how it contributes to the improvement of productivity, quality, and/or sustainable agriculture practices. |
| **Year 1** |
| **Guidance:** Productivity and/or quality investment refers to any measures to increase the quantity and quality of coffee produced, for example, measures to improve yields (e.g. training on agricultural practices, farm-level replanting and renewal projects, and purchase of equipment or infrastructure investments) or measures to improve quality (e.g. hiring cuppers, investing in cupping labs, training and similar activities). |

**Implications:** The existing 5 USD cents/lb Fairtrade Premium currently earmarked for improving productivity and quality, will in future include investments in sustainable agricultural practices to support increasing the resilience of organisations against the adverse effects of climate change. **Question 6: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

### **Labour Conditions**

As part of the chapter 3.0 of the coffee standard, the aim is to create a new sub-chapter: 3.2 Labour Conditions.

* + 1. **Risk assessment for child labour and/or forced labour, including human trafficking, and discrimination and workplace violence and harassment.**

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| **The proposal aims:** to request producer organisations to conduct proactive periodic risk assessments for child labour and/or forced labour, including human trafficking, and discrimination and workplace violence and harassment.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You assess and identify annually whether you and your members are operating in countries and/or sectors at risk of child labour and/or forced labour, including human trafficking.You check your country’s National Action Plans to Eliminate Child Labour and/or Forced Labour, including the Hazardous Child Labour List (under ILO Recommendation 190 of the ILO 182 Convention) which applies to your sector. You assess if your organisation has been previously suspended for cases of child labour, forced labour, discrimination and/or work place violence and harassment. You also asses whether your organisation has identified any such cases, including human trafficking, as occurring or being at risk of occurring through your own operating, monitoring and response systems or policies, and/or you have received any such information from a trader, government, civil society organisation or through public media.If, in undertaking this risk assessment, your organisation has identified or assessed cases of these issues as occurring in your or your members’ operations, including subcontracted levels, you must follow applicable national law and your internal policies if relevant and applicable. Where relevant and applicable, you safely report cases of the worst forms of child labour, forced labour and human trafficking, including threat to life, to relevant national authorities and support them if requested in remedial action.  |
| **Year 0** |
| **Guidance**: The risk list is based on the following sources: * US Department of Labor List of Goods Produced by Child Labour and Forced Labour
* US Trafficking in Persons List
* Walk Free Global Slavery Index or Verisk Maple croft child labour index
* Companies’ anti-modern slavery statements, with tier level risks or other[[2]](#footnote-3)

Examples of operating, monitoring and response systems and/or policies include an internal control or management system; Youth Inclusive Community Based Monitoring and Remediation (YICBMR) system; operational policies and procedures such no child labour or forced labour policies; protection policy for children and vulnerable adults; anti-harassment policy etc. |

**Implications:** POs are to develop their own risk assessment procedure based on the information provided in the requirement and on the guidance, and are to delegate a committee to lead this work, which in turn would need to be trained to ensure the requirement is being complied with accordingly. **Question 7: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**      |

* + 1. **Establish a monitoring and remediation system for child labour, forced labour, including human trafficking as applicable or relevant**

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| **The proposal aims:** to establish a monitoring and remediation system for child labour and forced labour, including human trafficking if such cases have been found during the risk assessment.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You implement a monitoring and remediation system, and relevant policies and procedures, to regularly check and respond to cases found in completing requirement 2.2.1 (Risk Assessment). Your monitoring and remediation system must contain the elements and procedures detailed in a protocol that will be provided. You may establish and operate this system by yourself or in partnership with other experts, including relevant government agencies. |
| **Year 1** |
| **Guidance**: The worst forms of child labour and forced labour, including human trafficking, are those which are against national and/or international law; a breach of Fairtrade Standard requirements; constitute non-compliance with supply chain actors’ codes of conduct, relevant policies (e.g. anti-slavery statements) and zero-tolerance regulations prohibiting such labour practices. Furthermore, such practices are also rejected by consumers, campaigners and trade unions. If you operate a monitoring and remediation system on a continuous and regular basis you help to ensure that you and your members, including farm managers, sharecroppers, job brokers and job contractors, are following compliant production practices and forming partnerships with governments, companies and others aimed at eliminating them from your country and supply chains. You can work to access funds and other available resources and forge participation in joint projects with these stakeholders, including civil society organisations and human rights groups. |

**Implications:** POs and the designated committee would need to create a responsive monitoring and remediation system, including a policy, to act in the case of any issue being found during the risk assessment. **Question 8: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

* + 1. **Establish policy and procedures to address and prevent discrimination and workplace violence and harassment**

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| **The proposal aims:** to establish a policy and procedures to address and prevent discrimination and workplace violence and harassment if any case is found during the risk assessment.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You implement relevant policy and procedures for monitoring and responding to cases if any is found in completing requirement 2.2.1 (Risk Assessment).  |
| **Year 1**  |
| **Guidance**: Relevant procedures can include a due diligence and risk mitigation systems to monitor discrimination and relevant projects to respond and prevent it.  |

**Implications:** POs and the designated committee would need to develop an internal policy for the organisation with clear procedures on how to address and prevent discrimination and workplace violence and harassment. Training and support to the designated committee would be needed for its development. The committee would need to verify periodically if the policy needs updating.**Question 9: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

* + 1. **Remediation when child labour and/or forced labour, including human trafficking, and/or discrimination and workplace violence and harassment is/are identified**

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| **The proposal aims:** to remediating any case of child labour and/or forced labour, including human trafficking, and/or discrimination and workplace violence and harassment.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You safely remedy the situation, abiding by applicable national law, if any case of child labour and/or forced labour (including human trafficking), and discrimination and workplace violence and harassment is found. This includes ensuring the prolonged safety of the impacted individual(s); and implementing policies, procedures, projects and monitoring and response systems to identify and prevent similar cases from occurring again. Prolonged safety means keeping the person(s) free from risk or actual, harm or danger.  |
| **Year 0**  |
| **Guidance**: safe remediation includes actions, which cause no further harm to impacted persons, and safely reporting illegal practices as determined by national law to the relevant government agency or equivalent. You also have written and ratified policies and procedures, and a monitoring and response system, on no child labour, no forced labour, no gender based violence or other forms of harassment. Your policy can individually address each of these issues separately or be linked to a broader policy against exploitation, abuse, violence or neglect. Best practice is that the organisation builds its capacity to understand child labour, forced labour, gender based violence and other forms of violence, and strengthen its capability to ensure that such harm is eliminated. Where this is not possible, it is recommended that you seek the support of local expert rights-based organisations to provide help to eliminate such practices. |

**Implications:** POs and the designated committee would need to take action and remediate if any issue is found during the risk assessment. **Question 10: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

## **Business and Development**

The Fairtrade Standard for Coffee complements and defines more specific requirements or exceptions to the Fairtrade Trader Standard where necessary. This section presents a subset of the requirements in the Trader Standard and the complementary requirements in the Fairtrade Standard for Coffee.

### **Contracts**

* + 1. **Role of export services providers**

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| **The proposal aims:** to empower SPOs; shorten supply chains and make them more transparent; foster long-term commitment; and stop unfair trading practices. Currently, exporters may act either as a payer or a conveyor, or there may be no defined role provided in the contracts. However, when exporters act as payers the audited transaction ends with them, leaving a significant transparency gap between the SPO and the next buyer when identifying both the destination and origin. In addition, the aim is to clarify and define the role of export service providers following the Annex 1 definition per product in the TS, enabling more transparent contractual arrangements as well as ensuring FMP and Premium payments in Fairtrade coffee supply chains. At the same time, there is a potential benefit for export service providers due to increased transparency and shared risks with Fairtrade buyers.**Option 1:**

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| --- | --- |
| **Core** | **Fairtrade export service providers act as Fairtrade conveyors in all coffee supply chains, and sell directly to a Fairtrade payer.**  |
| **Year 0** |
| **Guidance**: In cases where an SPO with export capacity provides the export service to other producer organisations, the role of conveyor also applies.  |

**Option 2:**

|  |  |
| --- | --- |
| **Core** | **Your role** **as payer or as conveyor is clearly defined in the contract. The responsibilities outlined in the Trader Standard regarding the payment of Fairtrade Minimum Price and Fairtrade Premium 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.  |

**Implications:**  Export service providers, in their capacity as Fairtrade conveyors, will have to comply with the TS requirements applicable to conveyors. For example, conveyors will sign a Fairtrade contract with the producer, including all elements mentioned in TS requirement 4.1.2.; the modalities of payment of the price differential (difference between paid price and FMP if applicable) and Premium; timelines and the system of reporting (TS requirement 4.1.4). In addition, export service providers will send the producer a quarterly report including, for each purchase contract, the exact volumes that have been sold, the price differential (difference between paid price and FMP if applicable), the Premium due and the FLO ID of the buyer it was sold to (TS requirement 4.1.5).**Question 11: Do you agree with option 1 or 2? If neither, please suggest another proposal.** **[ ]** I agree with option 1[ ]  I agree with option 2[ ]  None of them. My proposal is:       |

* + 1. **Fairtrade contracts**

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| **Fairtrade coffee contracts agreed with producer organisations, applicable to conveyors and payers****The proposal aims:** to complement TS requirement 4.1.2. For coffee contracts, the Green Coffee Association (GCA) and European Standard Contract for Coffee (ESCC) formats are the industry norm and must be followed. Several forms of supply chains exist within the Fairtrade system, which require different details to be considered in the contracts in order to maximise transparency. Contracts will vary - examples include contracts for green exportable coffee agreed between the buyer (importer/roaster) and the producer organisation, or coffee purchased as parchment where the contract requires other information or details to be included to determine if a fair price and conditions have been agreed.

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| **Core** | You sign a purchase contract for Fairtrade coffee with the producer. Contracts follow industry regulations, and in addition indicate: * 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/humidity 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)

If the buyer processes the coffee, the post–milling report, including the yields and quality specifications of the coffee, is shared with the producer organisation once available.  |
| **Year 0** |
| **Guidance**: Please note that this requirement complements TS 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 TS 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 must be followed.  |

**Implications:** Changes in contract structures might need to be considered for some stakeholders in case the information is not normally provided. **Question 12: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

In those cases where a price calculation breakdown is due, following TS requirement 4.1.3. and the FMP definition, the costs that may be considered are included in the table below:

Table 1 Cost items, in cts/lb, part of the FOB price, based on FMP definition[[3]](#footnote-4)

|  |  |
| --- | --- |
| **List of items** | **Justification** |
| **Transport to processing facilities costs** | In case the processor / exporter, export service provider or importer covers the costs of any of these items, those can be deducted from the price to be paid to the SPO, as part of the contract agreement between the SPO and the processor / exporter, exporter or the importer. The contracts must indicate the detailed items and costs. |
| Transport |
| Loading and off-loading |
| Insurance |
| **Processing costs** |
| Processing |
| Drying |
| Bags |
| Labelling  |
| **Export costs** |
| Transport to port |
| Loading and off-loading |
| Insurance |
| Customs and handling |
| Sample and documents sending |
| Taxes  |

The proposal is to add a requirement to provide a detailed breakdown of the coffee price showing deducted or added cost items whenever the coffee is bought at different level than the one where the FMP is set. As such, the contracts will include the items in Table 1 in any FOB price breakdown (Fairtrade payer and conveyor) as applicable. Please note thatthis requirement will complement the current TS requirement 4.1.3.applicable to contracts involving payers and conveyors.

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| **Breakdown of price calculation in coffee contracts, applicable to conveyors and payers** The current Fairtrade Standard for Coffee (requirement 4.3.2), requires that all contracts include a detailed breakdown of the price, including the prevailing differential, the organic differential and the Premium. According to the TS, requirement 4.1.3, Fairtrade payers and conveyors must include a price breakdown of the price calculation in case the FMP, the market price reference and/or the Premium are set at a different level or for a different product form than the product purchased. **The proposal aims:** to provide a detailed breakdown of the price calculation by including deducted or added cost items and their value, and conversion rate in the case of processing. It is only possible to deduct costs that are included in the FMP. Furthermore, TS requirement 4.2.6 applicable to Fairtrade conveyors, indicates that the price differential be paid to the producer organisation. To calculate this price differential a detail of the calculation needs to be available to audit on price payment.

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| **Applies to:** exporters or processors if coffee is not purchased 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 Fairtrade Minimum Price, the market price reference and / or Fairtrade Premium are set at a different level or for a different product form[[4]](#footnote-5) than the one you are buying at. You only deduct costs that are included in the Fairtrade Minimum Price. No discount can be made from the Fairtrade Premium. You consider at least the following items:* Transport to processing facilities costs
	+ Transport
	+ Transit loss
	+ Loading and Off-loading
	+ Insurance
* Processing costs
	+ Processing
	+ Processing loss
	+ Drying
	+ Bags
	+ Labelling
	+ Storage
* Export costs
	+ Transport to port
	+ Transit loss
	+ Loading and Off-loading
	+ Insurance
	+ Customs & Handling
	+ Sample & documents sending
	+ Taxes
* Exporters’ margin
* Others (associated with the processing and export of the coffee)
 |
| **Year 0** |
| **Guidance**: Country specific guidance on the values is available on Fairtrade International’s website. Exporters’ margin is based on the value of the exported product, i.e. its calculation considers only items directly linked to the processing/exporting operation, non-export overhead costs can be included. In case the exporter is processing the coffee (roasted coffee or instant coffee that takes place at some trade chains), FOB prices should be applicable. |

**Implications:** Changes in contract structures might need to be considered for some stakeholders in case the information is not normally provided.**Question 13: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

* + 1. **Fairtrade invoices**

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| **Fairtrade coffee contracts agreed with producer organisations, applicable to conveyors and payers****The proposal aims:** to improve transparency of the supply chain by sharing information about the origin of the coffee, the actors in the supply chain and the volumes traded in each step.

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| **Core** | You mention, for every invoice submitted, the amount traded and the FLO ID of all actors of the supply chain up to the producer organization. |
| **Year 0** |

**Implications:** For each invoice submitted, operators have to mention volumes traded and the FLOID of all actors of the supply chain, up to the producers’ level. **Question 14: Do you agree with this requirement?****[ ]** Yes**[ ]** No[ ] I am unsure**Please explain your rationale and suggestions for amendments if any:**       |

### **Trading with integrity**

The following section is concerned with what has been identified as unfair trading practices. The intention is to eliminate those practices, and to avoid abusive behaviour when those are embedded in customary coffee trade.

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| **Trading with Integrity 1****The proposal aims:** toavoid members taking actions to evade the Standards and declaring more volume than actually available.

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| **Applies to:** Fairtrade producer organisations |
| **Core** | You demonstrate that your traceability and control system are operative, and display no indications that individual members of the organisation sell more than their estimated production in a defined period of time. You have concrete measures in place if cases are detected. The SPO is responsible for having a system in place to keep track of their members’ status, particularly if they are members of more than one organisation.  |
| **Year 0** |
| **Guidance**: 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.The traceability and control systems of the organization, are embedded in its internal regulations, therefore there are measures in place in case a member is detected selling more than its estimated production volumes. |

**Implications:** SPOs members must adhere to strict membership conditions and SPOs must have control mechanisms in place. **Question 15: Do you agree with this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:** |
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| **Trading with Integrity 2****The proposal aims:** to eliminate cases of bonded contracts being imposed by the traders. This type of contractual arrangement is not allowed in order to avoid disadvantageous conditions imposed on POs.

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| **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. There are no indications that these practices take place. |
| **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 the Fairtrade and non-Fairtrade contracts in a determined period of time. |

**Implications:** This requirement will make it necessary for auditor to check the non-Fairtrade contracts.**Question 16: Do you agree with this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:**      |

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| **Trading with Integrity 3 – revised requirement (currently 2.3.1. in Coffee Standard)** **The proposal aims:** to clarify the requirement by only allowing outright priced contracts in specific situations under certain conditions.

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| **Applies to:** Fairtrade payers and conveyors |
| **Core** | You agree on a ‘price to be fixed’ contract with the seller[[5]](#footnote-6). The price fixation is made at the seller’s call. An outright priced contract may be used only in the following cases: a) auction systems that would invalidate a price to be fixed contract, or b) the seller has the coffee in stock at the time of making the contract, orc) the seller and the buyer agree that it is mutually beneficial to have an outright price contract and jointly agree upon a risk management strategy. The mutual agreement and the details of the risk management strategy must be confirmed in writing; as a minimum must include shared cost structure, solutions based on harvest results, and any clause relating to the responsibilities of the producer organisation and the buyer. |
| **Year 0** |
| **Guidance**: There is no imposition on the seller 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.  |

**Implications:** The possibility of agreeing on outright priced contracts is only possible in the three situations mentioned above, therefore ‘price to be fixed’ contracts will remain as the preferred and simplest way for producer organisations to manage risk.**Question 17: Do you agree with the changes to this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:**       |

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| **Trading with Integrity 4****The proposal aims:** to avoid POs having to assume the costs of hedging abusively imposed by price risk management strategies that should be shared with their buyers.

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| **Applies to:** Fairtrade buyers |
| **Core** | There are no indications that an outright price contract agreed with the producer organisation imposes cost of hedging upon the producer organisation that supplies the coffee.  |
| **Year 0** |

**Implications:** Evidence of the fair distribution of the cost of the hedge will be required for auditing. The auditing of this requirement will be subject to the certification body having indications that there is imposition of costs for price risk management which are abusive and/or detrimental to the competitiveness of the SPO.**Question 18: Do you agree with this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:**      |

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| **Trading with Integrity 5****The proposal aims:** to avoid having long term payment schemes between traders and their customers, which result in considerable financial costs for traders which are then passed on to the producer organisations.

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| **Applies to:** Fairtrade buyers (payer, conveyors, importers and roasters) |
| **Core** | There are no indications that you 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** |

**Question 19: Do you agree with this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:**       |
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| **Trading with Integrity 6****The proposal aims:** to level the playing field for all stakeholders in Fairtrade coffee, by ensuring all coffee is sold and bought at least at the Fairtrade Minimum Price.

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| **Applies to:** Fairtrade buyers |
| **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 - the organic differential. |
| **Year 0** |
| **Guidance**: This applies to purchases and sales of green bean coffee. |

**Implications:** Maintaining the current practice that the FMP is the absolute minimum. **Question 20: Do you agree with this requirement?**[ ] Yes[ ] No[ ] I am unsure**Please explain your rationale and add suggestions for amendment if any:**      |

**REVISED REQUIREMENTS (second part)**

Please consider that this section of the consultation document includes the existing requirements which were consulted upon during the first round of consultation. These requirements were agreed upon by the majority and amended as necessary. Please **only** indicate if you have any additional comments and provide an explanation.

1. **Business and Development**
	1.
	2.

### **Fairtrade coffee price**

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| Fairtrade Minimum Prices and Fairtrade Premium levels for Fairtrade products are published in the price table in [Fairtrade International’s website](https://www.fairtrade.net/standard/minimum-price-info).**The proposal aims:** to clarify the requirement by bringing the current Standards’ guidance text to the requirement.

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| **Applies to:** Fairtrade payers |
| **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:

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| --- |
| Reference market price |
| NYC’ (Arabica) orLondon RC (Robusta) | + prevailing differential |

The reference market price can never be below the [Fairtrade Minimum Price](https://www.fairtrade.net/standard/minimum-price-info).For Arabica coffees the reference market price is based on the ICE New York C contract in US$-cents per pound, plus the prevailing differential for the relevant quality, basis FOB origin, net shipped weight. For Robusta coffee, the reference market price is based on the ICE London RC contract in US$ per metric ton, plus the prevailing differential (positive or negative) for the relevant quality and origin, basis FOB origin, net shipped weight. 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. A negative differential cannot be applied to the Fairtrade Minimum Price. The organic differential and Fairtrade Premium can never be below the levels defined in the [Fairtrade Minimum Price and Premium table](https://www.fairtrade.net/standard/minimum-price-info). 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. The Fairtrade Coffee price is as follows:

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| --- | --- | --- |
| 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 |

 |
| **Year 0** |

**Implications:** SPOs and buyers are responsible for a fair negotiation of the prevailing differential. Fairtrade International will strive to provide regular guidance on the negotiated differentials. Audits will focus on the payment of the FMP as an absolute minimum. **Question 21: Do you have any comments to this requirement?****[ ]** Yes**[ ]** No**Please explain your rationale and suggestions for amendments if any:**       |

### **Payment terms**

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| **The proposal aims:** to clarify the text in the current requirement and add in the guidance that electronic documentation is also feasible.

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| **Applies to:** Fairtrade payer |
| **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.  |

**Implications:** No major implications as proposal is as per current requirement and customary coffee trading.**Question 22: Do you have any comments to this requirement?****[ ]** Yes**[ ]** No**Please explain your rationale and suggestions for amendments if any:**      |

### **Pre-Finance**

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| **The proposal aims:** to align the current requirement with the latest changes in the TS requirement 4.4.1.

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| **Applies to:** first buyers |
| **Core** | If you provide pre-finance to a producer organisation, the pre-finance must be at least 60% of the value of the contract and is made available at any time after signing the contract. The pre-finance must be made available at least twelve weeks prior to shipment. |
| **Year 0** |

**Implications:** The changes require that pre-finance is made available to the producer organisation at least twelve weeks prior to shipment for which buyers would need to make adjustments.**Question 23: Do you have any comments to this requirement?****[ ]** Yes**[ ]** No**Please explain your rationale and suggestions for amendments if any:**        |

## **General stakeholder feedback on the Fairtrade Standard for Coffee**

### **Transition period**

For new certified operators, all proposed changes would apply after publication of the revised Fairtrade Standard for Coffee once the compliance criteria are developed. For existing certified operators, a transition period of 6 months is envisaged.

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| **Question 24: The proposal is to have a six-months transition period for certified operators from the time of the announcement of the new requirements. Please note that new certified operators are required to comply with all requirements and that no transition period is granted.** **Do you agree?**[ ] Yes[ ] No**[ ]** I am unsure**Please explain your rationale and suggestions for amendments if any:**        |

### **Additional comments**

In this section you are invited to provide any additional comments relating to the proposals or to existing Fairtrade Standard for Coffee requirements. Please refer to the current version here:

<https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/Coffee_SPO_EN.pdf>.

When commenting, please include the specific section and requirement number from the Standard. We welcome alternative proposals, amendments or other suggestions, together with your detailed rationale and analysis, in order for us to better able understand and consider the process further.

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| --- |
| **Comment / feedback** |
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If you need some more information before commenting on this document do not hesitate to contact Giovanna Michelotto, Project Manager, Standards & Pricing (g.michelotto@fairtade.net) or Peter Kettler, GPM Senior Coffee Manager (p.kettler@fairtrade.net).

1. 2018 Coffee Barometer. The publication can be found following this link: <https://www.hivos.org/assets/2018/06/Coffee-Barometer-2018.pdf> [↑](#footnote-ref-2)
2. Other includes findings from sourcing companies monitoring findings [↑](#footnote-ref-3)
3. Refers to the minimum price, which covers the average costs of sustainable production (COSP) of producers. In the case of FOB price for coffee, the costs considered include the costs that producer organisations incur for producing, processing, commercializing and exporting coffee. Those costs are calculated using the [guideline for estimating costs of sustainable production](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/3.1_Guidance_COSP_EN_2011-11-21.pdf). [↑](#footnote-ref-4)
4. Form is understood as processing stage. [↑](#footnote-ref-5)
5. The seller is the producer organization (if the producer organization exports) or the export service provider (if the producer organization sells through an exporter) in which case the producer organization gives fixing instructions to the exporter. [↑](#footnote-ref-6)