

Bioagrigo.op Srl



FAIR TRADE STANDARD

1. MAIN OBJECTIVES OF FAIR TRADE

The main objectives of Fair Trade are:

- To promote and guarantee equitable projects of production and equitable commercial relationships with producers and operators of disadvantaged countries and of the so called "south of the world".
- to improve producers' conditions of life and increase their access to the market, strengthening their organisations, paying better prices and guaranteeing stable commercial partnerships;
- to promote opportunity of development for disadvantaged producers, especially groups of women and native populations and to protect their children from the exploitation in the production process;
- to inform consumers on the economic mechanisms of producers in disadvantaged countries;
- to set up production and commerce based on the respect of the human dignity and safety;
- to develop correct and fair working conditions especially in disadvantaged Countries;
- to develop and sustain economic and social self development;
- to push national and international institutions to help and protect small producers;
- to promote the use of sustainable resources.

1.1 Kind of products certifiable .

Agricultural products, foodstuffs, or cosmetics or textiles products.

Agricultural OperAqua raw materials should come from organic agriculture productions which are certified according to an official scheme or that are in the process to conversion to organic agriculture, verified by Bioagricert but not yet certified. This helps producers in the phase towards the conversion period.

2. GENERAL CRITERIA OF FAIR TRADE

The basic criteria used by Fair Trade operators are:

- direct purchases: It is recommended that the Companies directly import from organisations of local producers and local processors without intermediary, except for the organisations that, in reason for their particular situation, cannot export without intermediary;
- fair price: prices are fixed considering average local national prices for similar products, the cost of raw materials and local job plus a premium for Fair Trade in order to guarantee to all operators correct profits (see point 5.);
- transparency of prices: consumers are informed on the real price paid to producers. This price can never be lower than the price of the production cost;
- consumers' education: inform and educate consumers on the politics of equitable commerce and solidarity actions, on the relationships between disadvantaged Countries and developed Countries from an economic point of view;
- advanced payments, it is recommended when is requested by producers;
- avoid monopolies of import and guarantee free and transparent commercial relationships;
- long terms relationships between producers and importers avoiding forms of speculative intermediation, excluding constraints e/o impositions;
- set up equal commercial relationships and contracts: commercial relationships should be equal, long-term relationships and defined by suitable contracts;
- conditions of production that respect the conventions ILO, the SA8000 and that exclude the use of child labour in the respect of the International Convention on the rights of childhood;
- avoid any kind of discrimination among workers assuring equal working and wage opportunities without distinctions of sex, age, social condition, religion, political convictions;
- guarantee education for children;
- guarantee working conditions that respect human rights and dignity and set up, among producers, democratic and transparent organisational structures in all aspects of the activity and in which all workers can participate in the decisional process; to guarantee transparency in the economic management with particular attention to the salaries.

- support local populations by favouring projects that promote the improvement of the condition of the weakest categories and valorising typical local products that are expression of local culture;
- respect the environment promoting sustainable development in all stages of production and marketing, encouraging the organic productions, the use of recyclable materials, the processes of low environmental impact and recycling production waste;
- promoting social and environmental accountability evaluation and management by the operators of the value chain, especially by the Companies which import, process and distribute to the end consumers the product.

3. OPERATORS' CHARACTERISTICS

Operators that do not have characteristics which are unethical, or contrary to the spirit can apply for OperAequa certification.

In the event of a doubt may consult relevant stakeholders for opinion.

In particular the following operators may apply:

- a. *Independent producers*: "Small" and/or "Direct" Producers ; Small means by surface or economical capacity; Direct producers are the one which use only or mainly their or their family direct working activity (SD = small-direct producers)
- b. *Production groups*: priority to SD producers organized into Collective organizations with a documented formal structures which associate the operators (associations, cooperatives, village groups)
- c. *Large scale private farms properties* (Plantations) and *large multinational companies*: big surface and/or economical size and mainly use of workers; they can apply for BAC ECOSOCIAL FT when they provide additional guarantees for commitment on social and environmental responsibility. In addition, the right of land use must be demonstrated by official documents.
- d. *Companies Contract farming/production*: small/direct producers in partnership with an entity/ Company which operate as processor and/or exporter, importers which has signed contracts with them to commit in buying the product and to contribute to their social and economic development
- e. *Project Sponsors*: an entity that should develop social, environmental and economic activities

3.1 Producers

The Fair Trade OperAequa projects should promote/support the local producers and/or small and Direct producers organized in collective organisations that produce products in line with the criteria of Fair Trade commerce. Producers and their organizations. OperAequa project should:

- support the development of local production and especially of typical local hand made products that are expression of local social and religious culture;
- cooperate and solve controversies through dialogue;
- avoid any kind of discrimination inside the producer/processor organisations and let every worker participate in the decisions concerning the organisation itself;
- guarantee free and transparent commercial relationships in order to avoid monopolistic commerce.

3.2 Exporters

Exporters and processors should purchase directly from producers and mainly sell to importers in line with the criteria of Fair Trade commerce. If producers are not able to export directly their product, they can engage exporters' organisations.

Exporters should:

- support producers' organisation with training, market and products researches and give producers a feed back concerning the sell of their products on the market;
- pre pay producers in case of request;
- fix fair prices plus a premium for Fair Trade;
- guarantee long term relationships with producers;

- always comply with the requirements of regulatory agencies.

3.3 Importers and processors

Importers are organisations that purchase products directly from producers or from exporters (in case producers are not able to sell their products directly to importers) and resell them to retailers and/or processors.

Importers should:

- support producers' organisation with training, market and products researches and give producers a feed back concerning the sell of their products on the market;
- pre pay producers in case of request;
- fix fair prices plus a premium for Fair Trade;
- guarantee long term relationships with producers in order to promote relations of continuity and stability and to allow a real improvement of producers' conditions of life;
- inform retailers and distributors about producers' organizations and product prices through informative material;
- make sure that all stages of the production chain are transparent and traceable in order to make always available any kind of information on producers and products, if necessary/requested.
- promoting social and environmental accountability evaluation and management by the operators of the value chain, especially by the Companies. The Companies have to make a Social and Environmental Policy and management procedure (Social Sustainability Report) which include the improvement action plan.

3.4 Retailers

Retailers are organisations that sell products to distributors.

Retailers should:

- supply to consumers all necessary informative material concerning Fair Trade products (origin, prices etc.);
- always check that products sold really come from Fair Trade and that they respect all requirements provided by Fair Trade.

Traders, importers and processors which uses OperAequa (OA) certified products and use the certificate/logo, should:

- apply to OperAequa (OA) certification;
- maintain the record of OperAequa input / output;
- give the recipes with the percentage of OA certified ingredients;
- have a Traceability System in place;
- make an internal Audit report of traceability and mass balance;
- receive an external Audit by an approved CB (Certification Body) to assess the conformity.

The external audit and the conformity report can be done by any ISO 65 accredited certifier, accepted by Bioagricert.

To prove the conformity of an input / output of OA ingredients, the following documents should be used:

- transaction certificates of OA Ingredients;
- labels on the bags of OA Ingredients;
- product certificate plus transaction documents (such as fiscal documents) with "OperAequa certified" claim by the supplier;
- at least the dates, the single quantities of each transaction, the supplier name and the traceability code assigned should be indicated in the record of OperAequa input / output and in the audit report.

During the audit, the presence of the documents indicated above should be controlled.

The Companies have to make a Social and Environmental Policy and management procedure and submit the Social Sustainability Report, which include the improvement action plan.

If the Company implement the Social Accountability plan and is approved as relevant by Bioagricert, the Company can use OperAequa certificate and logo fully, otherwise may use the logo with the wording “ with ingredient certified from” OperAequa. The Company should submit the specimen of the label to Bioagricert for approval.

Once the Conformity on the above points is assessed, Bioagricert may issue the Licensee Certificate.

4. PROCESSED PRODUCTS

Fair Trade products should be processed mainly in the countries of origin by organisations of producers or by subjects that work in agreement with Fair Trade requirements. Processed products will be labelled and indicate the % of total ingredients from Fair Trade , unless contain minimum 95 % of OperAequa ingredients (see point 10.9).

5. OBLIGATIONS & PRICES

Buyers and importers should maintain long term relationships with suppliers (producer groups) and may prepay a part of contract value in order to finance the operations of producers. Buyers and importers should also be sure that producers and workers receive fair prices for their products plus a premium for fair trade production.

Buyers, importers and suppliers should all respect the agreements and find mutual agreed solutions in case of any problem.

5.1 Fair trade premium

Fair trade premium should correspond at least 5% more of the average price paid for non fair trade products. These percentages are equivalent to the minimum prices defined by the international fair trade organizations, when they exist.

Beside the price which corresponds to the Premium, the following elements should be taken into account when calculating the final cost of the product and/or inputs .

- Production costs of raw material and/or inputs to be covered (Minimum Guaranteed Price paid to the Producers);
- Processing and packaging and transport costs;
- Organizational costs to be covered (administration; quality control; certification costs);
- Profit margin required by the operator;
- Export and transport costs.

Fair Trade Premium, or part of it, can be used to finance sustainable social community projects.

The benefits of Fair Trade shall involve the beneficiaries (farmers, workers, their families and/or local communities).

6. ECO SOCIAL- FAIR TRADE (F.T.)

The following section (point 6. And 7.) applies especially in case the certified operator are big farms and processing activities which have hired workers. In case these operators are part of the chain which involves mainly small-direct producers¹, the final product can be certified OperAequa Fair Trade; in case small-direct producers are not involved or are not prevalent, but are involved big organization or big farms, if conform with this section the final product can be certified Eco-Social F.T.

6.1 Working conditions.

Below, duties and rights of both workers and employers are described. The words “operator” and “employer” are both used indifferently to indicate a person who supply work to other people.

Operators should be able to plan and control all activities. They should keep records concerning workers, activities, organization rules, working conditions, working hours, and products .

¹ Producers that use only or mainly their or their family direct working activity (SD = small-direct producers)

6.2 Employers' duties.

Employers should not retain workers' salary, workers' properties, workers' documents and should not use any physical or psychological measure to force workers to do something. Every form of forced labour (see SA8000) are forbidden .

Employers should ensure freedom of association and right to collective bargain.

6.3 Equal opportunities, Not Discrimination.

Operators should guarantee equal treatment and opportunities to all workers without any discrimination in hiring, compensation, access to training, promotions or benefits.

No discriminations based on race, caste, religion, disability, origin, age, gender, marital status, sexual and/or political orientation, HIV etc. should be done.

The same opportunities should be given also to seasonal/ temporary workers; operators should provide regular employment and equal condition also to them.

6.4 Workers' health and safety.

Operators should guarantee good hygienic working conditions. Working premises should minimise any danger for workers' safety and health. The dangers should be identified and steps should be taken to prevent them: if main dangers are identified a representative should be appointed to manage the safety and health program which include appropriate safety equipments, training and/or instructions for safety. An *Health and Safety Procedure* should be written.

In particular there should be:

- a. clear warning signs on danger spots
- b. fire extinguisher in place
- c. written emergency procedures
- d. well displayed emergency numbers
- e. emergency doors (not locked and not broken)
- f. safe workplaces, machinery and equipment
- g. first aid responsible
- h. first aid equipment
- i. register in which register any accident
- j. sufficient light and air in working places
- k. easy access to drinking water
- l. possibility to prepare/consume food
- m. accommodations (if available) that respect average hygienic standards

Furthermore staff should be trained on emergency measure.

6.5 Children labour

Children are considered all people under the age of 15 years old. No children should be hired. A derogation should be applied to children under 15 who work on family farms but they not should be employed in dangerous jobs. Children work should not jeopardize their development and their right to attend school.

6.6 Employment

6.6.1. Contracts

In case of operations with more than 10 workers, operators should make contracts available. Contracts should show that workers were clearly informed of their rights and duties. The contracts be complete, clear and include at least: *job description, working hours, wage, overtime, rest*, social and medical benefits. The Remuneration shall respect the right of personnel to a living wage and shall be sufficient to meet the basic needs of personnel and to provide some discretionary income and always recommended to be above the legal or industry minimum standards; the last criteria apply also in case of wage calculate for piecework or in case of seasonal work. In case of overtime should be higher. The percentage of Seasonal workers should be lower than permanent except for seasonal product companies; there should be an attention also to the equal remuneration by gender and to include disadvantaged workers.

Operators should also care about workers welfare and include in contracts: coverage for retirement, medical expenses and maternity. Contracts should also include: accident insurance.

Workers should be free to have other jobs or the leave their job whenever they want if they respect the contract clauses.

6.6.2 Wages

Wages should comply with the national legal standard and meet the basic needs of workers. Payments should be done regularly and should be registered. If, for any reasons, working hours are more than how many agreed (i.e. workers should attend training sessions etc.) operators should agree with workers an additional fixed remuneration per hour or per day. There should not be any discrimination with respect to remuneration.

6.6.3. Working hours

Working hours should comply with the national law industry standard: not more than 48 hours per week with a day off for every 7 working days. Operators should also guarantee breaks: usually 30 minutes for every 6 working hours. If work is particularly dangerous, breaks should be more frequent.

Overtime may not exceed 12 hours per week.

7. SOCIAL AND ENVIRONMENTAL ACCOUNTABILITY

Operators involved in the OperAequa projects, named the “promoter” should implement a Social and Environmental Policy and edit a management procedure called SOCIAL SUSTAINABILITY REPORT which includes the “Improvement ACTION PLAN”; this requirement apply especially to the promoter, to the farms which employs personnel, and in processing and trading companies with more than 10 workers. The project promoter (producers association, Processing or exporting Companies) should promote a STAKEHOLDER COMMITTEE which identifies the most important social and environmental problems especially for small farmers, workers, local Community and others stakeholders. The COMMITTEE should approve the annual ACTION PLAN which identifies problems, objectives, actions and the time frame (within one year) to finalise them. The COMMITTEE, with the approval of producers involved, should use the premium price of the OperAequa project as resources to finance the ACTION PLAN activities.

The above operators take care of the development of social and environmental activities every year with the approach of continuous improvement; for OperAequa certification minimum 2 Improvement control points per year.

The decisions and the activity of the Stakeholder Committee will be monitored by Bioagricert.

The Stakeholders or Interested Parties can be divided in two main categories: “internal” and “external” stakeholders. The Internal S. are workers, employee, consultants and all the Personnel involved directly or indirectly in the Company activity; the External S. are Customers, Suppliers, Consumers, Local community and Environment .

Internal Stakeholders deal with the identification of the best working conditions for workers while External Stakeholders deal with the concrete improvement of quality of life of workers and wider communities.

The STAKEHOLDER COMMITTEE should include in the ACTION PLAN an appropriate and sustainable use of natural resources in order to protect the environment; this is why production methods should be environmentally appropriate. The organic production method is recommended or in the process to conversion to organic agriculture. Particular attention should be paid to the maintenance of biodiversity and soil fertility.

The STAKEHOLDER COMMITTEE should also include in the ACTION PLAN the Environment improvement points such as waste management plan which concerns mainly solid waste, emissions in water, soil and air. The use of renewable energies is recommended in order to reduce the emission of CO2 equivalent glasshouses gases.

For both OperAequa Fair Trade and ECOSOCIAL certification the ACTION PLAN should indicate and implement at least one social improvement project to implement, and one environmental project , to be chosen among the standard points of this standard not yet conform, to be carried out during the certification year .

The PLAN should also consider workers' problems (labor aspects, health and work safety aspects, relation with the community).

The project of improvement points implementation, the actions done, the local benefits and the constraints should be documented.

8. ASSOCIATIONS

Farmers should be organized in associations that guarantee their rights, inform them about their duties and discuss about their needs. These associations also help farmers to set up contractual relationships with operators. Participation of women in the decision-making should be ensured.

If benefits of a premium are destined to a group, they should reach all members of the group in a democratic way.

9. CONTRACTS AMONG OPERATORS, EXPORTERS, IMPORTERS AND SINGLE PRODUCERS

Relationships among operators, exporters, importers and single producers, possibly in associated forms, should be ruled by contracts that protect the interests of the weakest parts such as small or local producers. The main criteria, included in AFNOR norm, should be included in such contracts that should guarantee to local producers:

- stable and medium/long term commercial relationships;
- pre-payments and loans;
- fair price that includes a "premium" for the fair trade with the use of a clear methodology to fix prices and to update them in case costs of production change;
- other benefits and social initiatives for the local community.
- Characteristics/ conditions of the supply;
- the use of production methods that respect the environment and workers' health.
- documents certifying that the money has been paid according to the deadlines.

Furthermore the use of fair Trade Premium should be agreed in general assembly by a Stakeholder Committee, composed by the member of the involved parts. Workers should be informed on the destination of the Fair Trade Premium.

Price flow should always be transparent (from price of raw materials to final selling price) and the price corresponding to fair trade premium should always be clear.

10. CERTIFICATION PROCEDURE

10.1 Applicability

Fair Trade commerce certified on the basis of the norms regulated by the present standard.

10.2. Confidentiality

All personnel signs a written agreement to keep all information obtained strictly confidential and not to be engaged in consulting and/or trade with certified operations.

10.3. Application requests

The operator who requires the certification on the basis of the present standard, should submit the application supplying the following information:

- Company name , address and contacts
- Description of project and kind of operations, including products, structure and size
- Other certifications eventually obtained
- Location and accessibility to operations
- Brief description of production and labour conditions, present FairTrade efforts ad Social accountability Report .
- certification scope requested (FairTrade)

Operator is provided with the following information:

- Bioagricoop FairTrade Standard
- Bioagricert Certification Programme
- Application Form .
- Social accountability Report Form .

Bioagricert, once it receives the application, will proceed to:

- evaluate the application documents
- select an auditor and assign to him/her the request
- decide a time for audit and certification(s)
- send a pro forma invoice (“cost estimation”) for approval

When the annual fee is accepted and the payment is done, Bioagricert proceeds to choose an auditor, considering his/her qualifications. The auditor receives all relevant documents for the audit preparation.

10.4. Preparation of the audit on the part of the Operator

During the audit the relevant people in charge should be present such as all staff involved and all relevant documents should be available to allow the controls; the organisation should guarantee the necessary transportation means and free access to all facilities and locations.

Documents, related to all activities involved in the project (staff lists, workers contracts, payrolls to staff, working hour sheet, attendance sheets, social security documentation and records, organized groups & members, list of documents such as statutes, meeting minutes, ICS of the organization) should be available for the audit.

10.5. Audit performing

The frequency of the audit is once a year.

At any time, additional audits and / or unannounced visits and spot checks may be done.

Operators should allow the auditor free access to all locations, premises and units as well should provide all relevant documentation and information concerning the certification scope, considered necessary for the audit.

The inspector will do the inspection by following the procedure defined in Annex I *Inspection and Certification Procedure*.

10.6 Issue of certification

The inspection report is evaluated by a BAC evaluator following the general BAC Certification regulation and the specific **OperAequa Evaluation Scheme** : all the present Standard points are divided in Major standard Point and Improvement standard point and then become Major Control points and improvement Control Point . For the certification of the project all the major control points must be conform , and at least two improvement t Control points should be implemented every year .

In case of positive evaluation, the Fair Trade/ operAequa certification is issued.

In case the operator have employee and there are not small farmers or farmers don't join the project , can be possible to apply to OperAequa eco Social certification . In this case not applied points 12 , 13 and 14 of the present standard and points 10 and 11 of the present standard and points 4 to 118 of the check list are applied . The operator can obtain **OperAequa ECO SOCIAL** certification.

In particular OperAequa ECO SOCIAL certification will apply to organizations which have:

- wage earning employees
- develop social initiatives on the territory (staff training courses, social- educational events and/or initiatives)
- respect the minimum hygienic standards
- apply the organic production methods , or in the way to conversion to respect the environment

- pay fair price for raw materials in order to correspond fair prices to producers of raw materials

10.7. Procedures in case of certification rejection

In case the request of certification is rejected, the certification officer communicates it to the operator together with the suitable corrective actions. In critical cases, the certification officer does not reveal the source of his information (e.g. workers) in order to protect workers and not to allow the operator to identify the source of the critical information.

10.8. Procedures in case of re-certification

In cases are not managed at least the 50% of the improvement standard points , certification can be suspended without any effect on marketing. The suspension lasts for a maximum of 6 months. During suspension the operator may commercialize products as certified, but should inform all trading partners of his suspension and his plans to restore compliance within 6 months. The operator should give written evidence to the certification body about the communications done and the plan of the corrective actions to be taken with the times by which they should be taken.

10.9. Labelling

Operators who have the licensee certification can include in the product label operAequa trademark using the following Logo and indications:



Processed products will be labelled and indicate the % of total ingredients from Fair Trade , unless contain minimum 95 % of OperAequa ingredients.

1. Indicate on labels "Total ingredients from Fair Trade Commerce %".
2. Fair Trade Ingredients:
 - 95% of ingredients are from Fair Trade = *Fair Trade Certification*
 - Less than 95% of ingredients are from Fair Trade = *Made with Fair Trade* with obligatory Indication of the % of ingredients from Fair Trade.

Only certified operators can use the logo for product labelling.

Processed products (it means products not referable to only one raw material) should be processed in the Country of origin by people/cooperative operating there in line with Fair Trade requirements.