

WFTO Guarantee System

Changes in new Standard 4.1 & SAR

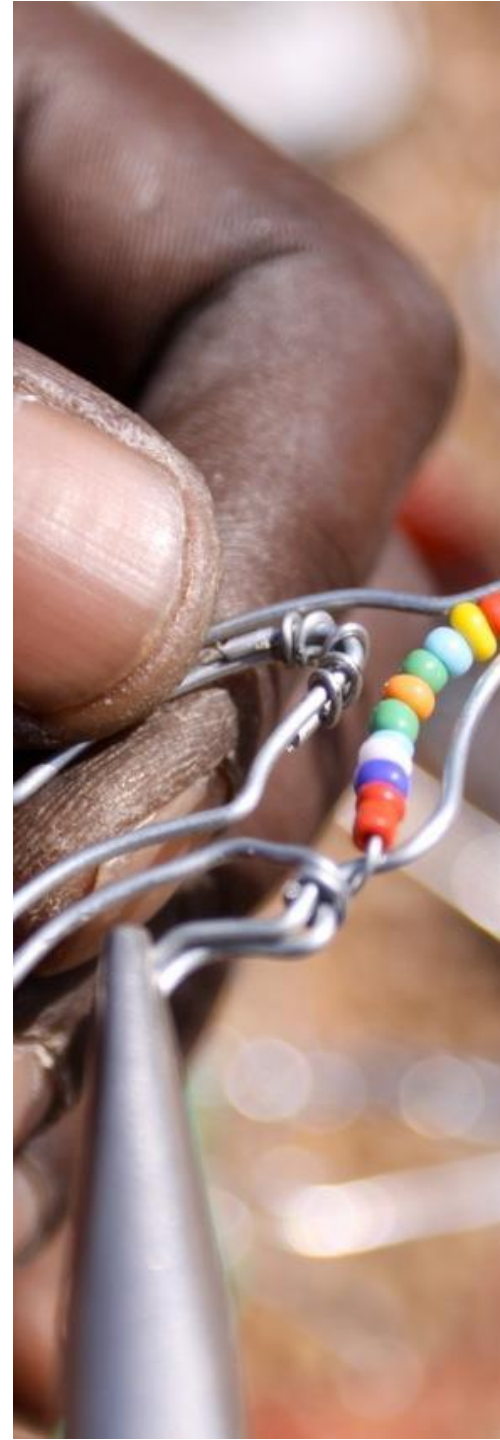
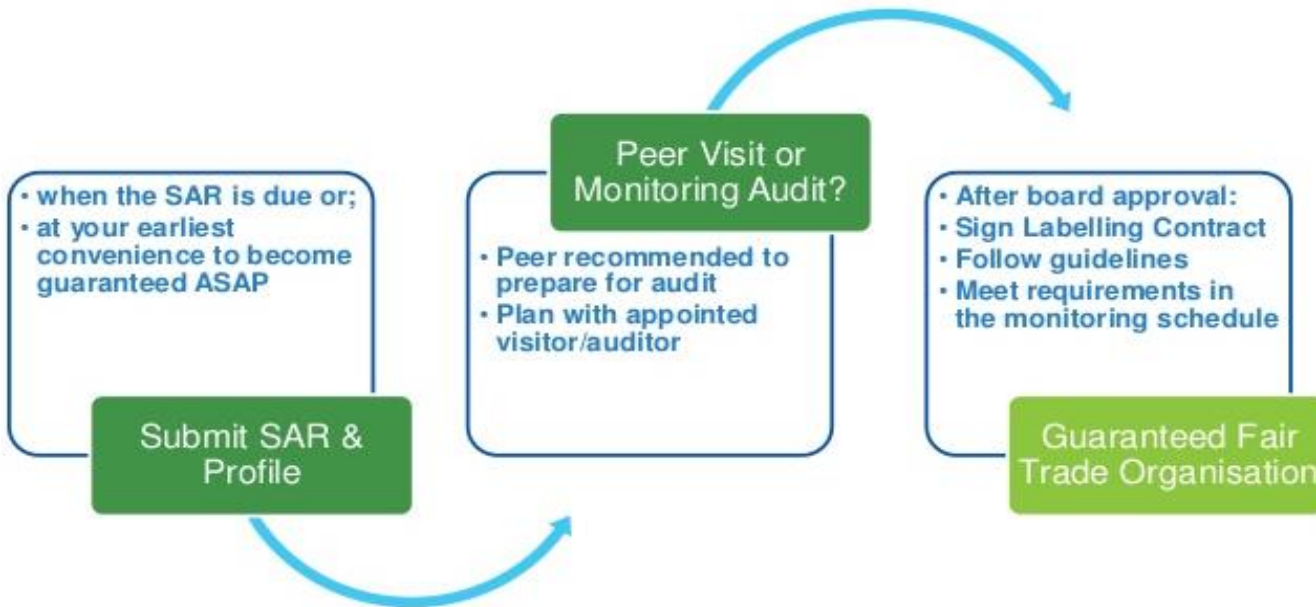
WFTO Asia Fair Trade
Summit
Kathmandu, Nepal



Components of the WFTO Guarantee System



Becoming WFTO Guaranteed: The Steps



Changes to definitions - **Worker**

- Is employed by WFTO member
- Member owns the product
- Works at home or on Member's premises
- Included in SAR of member and in main monitoring audit
- Term covers factory workers, homeworkers, piece rate workers, employees, contracted workers & seasonal or casual workers



Changes to definitions - **Producer**

- Small vendor of products to Member
- Has fewer than 50 workers
- Makes or grows product for Member
- Owns product until sold to Member
- Works at home, on farm or at Member's premises (no employment relationship)
- Recorded in Producer IMS/ Standard compliance responsibility of member



Changes to definitions – **Supplier of Fair Trade products**

- Vendor of Fair Trade products to Member
- Has more than 50 workers
- Workplace – supplier's own premises
- Expected to be WFTO member/ certified by recognised Fair Trade System or included in Supplier IMS of Member
- Independent, mature business unit managing own production, sourcing, marketing & sales



What is new in Principle 3: Fair Trading Practices?

- **Payment and Pre-finance:**

“Fair Trade buyers, recognising the financial disadvantages faced by Producers and Suppliers of Fair Trade products, ensure orders are paid on receipt of documents **or as mutually agreed.**”

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What's new in Principle 4: Fair Payment?

“A Fair payment is one that has been mutually negotiated and agreed by all through on-going dialogue and participation, which provides fair pay to the Producers and can also be sustained by the market, taking into account the principle of equal pay for equal work by women and men. The aim is always the payment of a Local Living Wage. Fair Payment is made up of Fair Prices, Fair Wages and Local Living Wages.”



Principle 1 – Creating opportunities for Economically Disadvantaged Producers

1.5 Ethical business: As a Fair Trade committed organisation you re-invest a substantial part of your profits in your FT business and expansion of your FT activities and pay management at proportionate levels

For Continuous Improvement by all FTOs



Principle 2 – Transparency & Accountability

2.5 Product Labelling and Claims: You label products correctly and make well-founded claims, referring to “Fair Trade” only for products made by your own Workers or sourced from your FT Producers or Suppliers of FT products

Mandatory for all WFTO Members



Principle 3 – Fair Trade Practices

3.10 Sourcing Policy: You strive to know origin of main ingredients, raw materials, components or constituents of your FT products & provide overview of outsourced processes. You develop a sourcing policy with aim of buying raw materials from FT sources where possible & otherwise from sustainable or ethical supply chains.

For Continuous Improvement by all FTOs



Principle 6: Commitment to Non-Discrimination, Gender Equity & Freedom of Association

6.6 Violence/ Sexual Harassment in your organisation: You have system for confidential reporting of violence, harassment or sexual abuse. You follow up & resolve incidents.

Mandatory for all Members

6.7 Women's position in community: You encourage & support women to become visible & recognised e.g. through organisation into formal groups, & you engage in prevention of violence against women & girls in the community.

For CI by all Members



Principle 4: Fair Payment

- Initial Focus on familiarising WFTO Members with Fair Payment Calculations
- Support available from WFTO and Working Group
- Guides and Tools developed by Working Group
- Additional training will be made available, please contact WFTO for more information



What stayed the same:

- Paying Minimum wage & a Fair Negotiation Process are still mandatory by year 2
- All other criteria have been absorbed into new Compliance Criteria
- FTOs are still responsible for ensuring their trading partners have received sufficient training to negotiate.
- All members should work towards Fair Payment (Continuous Improvement)



Fair Trade Networks

- Must ensure that their members make well-founded claims about products sold (P 2)
- Must educate members about Fair Trade (P 8)
- Must have a credible membership system in place & follow up on complaints (P 9)
- If no external verification of members' claims, WFTO proposes that larger members of Networks are asked to seek external verification. WFTO will work with Networks to help larger members do this.



Fair Trade Network Monitoring Requirements

- You must update your profile and SAR every 3 years.
- Initial Monitoring Audit – then audit every 6 years
- You facilitate external verification of member exporters of more than Euros 100,000 & importers of more than Euros 250,000



Internal Monitoring System: Different requirements for Producers and Suppliers

- **Producer IMS:** Stronger focus on fair relationship between Member & Producers.
- 7 compliance criteria must be monitored:
 - 1.5: focus on economically marginalised
 - 4.8: Fair prices
 - 5.3: involvement of children
 - 5.4: No forced labour or human trafficking
 - 6.1: No discrimination
 - 7.4: Health and Safety
 - 10.3: Good environmental practices



Supplier IMS

- The full WFTO Standard applies to Suppliers unless externally verified by an approved scheme (FLO Fair for Life, Naturland Fair, FUNDEPPO)
- Supplier needs to complete SAR
- Monitoring visit every 3 years
- Ideally, suppliers choose to become WFTO members



Self Assessment Reports must be completed online from New Year

- Can be saved as draft any time
- Draft listed on SAR page of Members' Area of website & continued & completed at any time
- Once submitted, no more editing possible



The online Self Assessment Report

- 6 Sections
- Sections 1, 2 & 3 = your profile: contact details, your organisation & your business
- Section 4: Your Workers, Producers, Suppliers & Products
- Section 5: Your Internal Monitoring System
- Section 6: Compliance Assessment
- Finally: Your Improvement Plan



Questions and Answers

