

# The 10 principles of Fair Trade

WFTO (The World Fair Trade Organisation) prescribes 10 Principles that Fair Trade Organisations must follow in their day-to-day work and carries out monitoring to ensure these principles are upheld:

## **Principle One: Creating Opportunities for Economically Disadvantaged Producers**

Poverty reduction through trade forms a key part of the organisation's aims. The organisation supports marginalized small producers, whether these are independent family businesses, or grouped in associations or co-operatives. It seeks to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership. The organisation has a plan of action to carry this out.

## **Principle Two: Transparency and Accountability**

The organisation is transparent in its management and commercial relations. It is accountable to all its stakeholders and respects the sensitivity and confidentiality of commercial information supplied. The organisation finds appropriate, participatory ways to involve employees, members and producers in its decision-making processes. It ensures that relevant information is provided to all its trading partners. The communication channels are good and open at all levels of the supply chain.

## **Principle Three: Fair Trading Practices**

The organisation trades with concern for the social, economic and environmental well-being of marginalized small producers and does not maximize profit at their expense. It is responsible and professional in meeting its commitments in a timely manner. Suppliers respect contracts and deliver products on time and to the desired quality and specifications. Fair Trade buyers, recognizing the financial disadvantages producers and suppliers face, ensure orders are paid on receipt of documents and according to the attached guidelines. An interest free pre-payment of at least 50% is made if requested. Where southern Fair Trade suppliers receive a pre payment from buyers, they ensure that this payment is passed on to the producers or farmers who make or grow their Fair Trade products. Buyers consult with suppliers before cancelling or rejecting orders. Where orders are cancelled through no fault of producers or suppliers, adequate compensation is guaranteed for work already done. Suppliers and producers consult with buyers if there is a problem with delivery, and ensure compensation is provided when delivered quantities and qualities do not match those invoiced. The organisation maintains long term relationships based on solidarity, trust and mutual respect that contribute to the promotion and growth of Fair Trade. It maintains effective communication with its trading partners. Parties involved in a trading relationship seek to increase the volume of the trade between them and the value and diversity of their product offer as a means of growing Fair Trade for the producers in order to increase their incomes. The organisation works cooperatively with the other Fair Trade Organisations in country and avoids unfair competition. It avoids duplicating the designs of patterns of other organisations without permission. Fair Trade recognizes, promotes and protects the cultural identity and traditional skills of small producers as reflected in their craft designs, food products and other related services.

## **Principle Four: Payment of a Fair Price**

A fair price is one that has been mutually agreed by all through dialogue and participation, which provides fair pay to the producers and can also be sustained by the market. Where Fair Trade pricing structures exist, these are used as a minimum. Fair pay means provision of socially acceptable remuneration (in the local context) considered by producers themselves to be fair and which takes into account the principle of equal pay for equal work by women and men. Fair Trade marketing and importing organisations support capacity building as required to producers, to enable them to set a fair price.

## **Principle Five: Ensuring no Child Labour and Forced Labour**

The organisation adheres to the UN Convention on the Rights of the Child, and national / local law on the employment of children. The organisation ensures that there is no forced labour in its workforce and / or members or home workers. Organisations who buy Fair Trade products from producer groups either directly or through intermediaries ensure that no forced labour is used in production and the producer complies with the UN Convention on the Rights of the Child, and national / local law on the employment of children. Any involvement of children in the production of Fair Trade products (including learning a traditional art or craft) is always disclosed and monitored and does not adversely affect the children's well-being, security, educational requirements and need for play.

### **Principle Six: Commitment to Non Discrimination, Gender Equity and Freedom of Association**

The organisation does not discriminate in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/Aids status or age.

The organisation has a clear policy and plan to promote gender equality that ensures that women as well as men have the ability to gain access to the resources that they need to be productive and also the ability to influence the wider policy, regulatory, and institutional environment that shapes their livelihoods and lives. Organisational constitutions and by-laws allow for and enable women to become active members of the organisation in their own right (where it is a membership based organisation), and to take up leadership positions in the governance structure regardless of women's status in relation to ownership of assets such as land and property. Where women are employed within the organisation, even where it is an informal employment situation, they receive equal pay for equal work. The organisation recognizes women's full employment rights and is committed to ensuring that women receive their full statutory employment benefits. The organisation takes into account the special health and safety needs of pregnant women and breast-feeding mothers.

The organisation respects the right of all employees to form and join trade unions of their choice and to bargain collectively. Where the right to join trade unions and bargain collectively are restricted by law and/or political environment, the organisation will enable means of independent and free association and bargaining for employees. The organisation ensures that representatives of employees are not subject to discrimination in the workplace.

### **Principle Seven: Ensuring Good Working Conditions**

The organisation provides a safe and healthy working environment for employees and / or members. It complies, at a minimum, with national and local laws and ILO conventions on health and safety. Working hours and conditions for employees and / or members (and any home workers) comply with conditions established by national and local laws and ILO conventions. Fair Trade Organisations are aware of the health and safety conditions in the producer groups they buy from. They seek, on an ongoing basis, to raise awareness of health and safety issues and improve health and safety practices in producer groups.

### **Principle Eight: Providing Capacity Building**

The organisation seeks to increase positive developmental impacts for small, marginalized producers through Fair Trade. The organisation develops the skills and capabilities of its own employees or members. Organisations working directly with small producers develop specific activities to help these producers improve their management skills, production capabilities and access to markets - local / regional / international / Fair Trade and mainstream as appropriate. Organisations which buy Fair Trade products through Fair Trade intermediaries in the South assist these organisations to develop their capacity to support the marginalized producer groups that they work with.

### **Principle Nine: Promoting Fair Trade**

The organisation raises awareness of the aim of Fair Trade and of the need for greater justice in world trade through Fair Trade. It advocates for the objectives and activities of Fair Trade according to the scope of the organisation. The organisation provides its customers with information about itself, the products it markets, and the producer

organisations or members that make or harvest the products. Honest advertising and marketing techniques are always used.

### **Principle Ten: Respect for the Environment**

Organisations which produce Fair Trade products maximize the use of raw materials from sustainably managed sources in their ranges, buying locally when possible. They use production technologies that seek to reduce energy consumption and where possible use renewable energy technologies that minimize greenhouse gas emissions. They seek to minimize the impact of their waste stream on the environment. Fair Trade agricultural commodity producers minimize their environmental impacts, by using organic or low pesticide use production methods wherever possible. Buyers and importers of Fair Trade products give priority to buying products made from raw materials that originate from sustainably managed sources, and have the least overall impact on the environment. All organisations use recycled or easily biodegradable materials for packing to the extent possible, and goods are dispatched by sea wherever possible.

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