



FAIRTRADE STANDARDS

FOR

Tea

FOR

Hired Labour

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| PART A Generic Fairtrade Standards for Hired Labour |
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Refer to the generic standard for Hired Labour as a separate document as updated by FLO on its website. Note that the following parts B and C are only applicable in connection with the generic standard.

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| PART B Product Specific Standards for Tea | 2 |
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The product specific standards for tea apply to the following species of tea:

- Tea from the Camellia plant
- Herbal teas (Rooibos, Camomile, Mint, Hibiscus)

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PART B Product Specific Standards for Tea

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- Tea from the Camellia plant
- Herbal teas (Rooibos, Camomile, Mint, Hibiscus)

1 Social Development

There are no additional social standards specific to tea producers.

2 Economic Development

Fairtrade Premium

- 2.1 The Fairtrade Premium may be used under the following conditions :
- 2.1.1 Infrastructure projects, which are state or company obligations or costs for meeting the minimum requirements, may not be financed through the Fairtrade Premium.
- 2.1.2 An exception to 2.1.1 is made in the case of Darjeeling where basic needs for workers (e.g. housing, water, and sanitation) may be partly financed through the Fairtrade Premium. This is due to the critical economic situation in the Darjeeling region.
- 2.1.3 The use of Premium money for state and company obligations in Darjeeling must conform to the following guidelines:
- Infrastructure projects of benefit to both the plantation management and the workers' community may be approved by FLO if it can be demonstrated to its complete satisfaction that this has the clear approval of the workers.
 - For such projects Premium money may be used if the company provides at least 50% of the total costs from their own resources as matching funds.
 - In cases where the company lacks immediate capital for such investments, the Joint Body may make a loan to the company to cover the company's 50% investment which is to be reimbursed over a period stipulated by the JB at an interest rate which covers at least the rate of inflation over the defined period.

This exception constitutes a provisional situation until a minimum price mechanism for tea is in place.

3 Environmental Development

There are no additional environmental standards specific to tea producers.

PART C Trade Standards for Tea

1 Product Description

Fairtrade tea is tea and products derived from tea which has been produced, traded, processed and marketed according to the standards and contracts laid down by Fairtrade Labelling Organizations International e.V.

2 Qualities

All teas to be sold with the Fairtrade label must be purchased as directly as possible from producers certified as Fairtrade by FLO.

3 International Customary Conditions

All international customary conditions apply unless overruled by any of the special FLO conditions as specified in the FLO standards.

4 Procure a Long Term and Stable Relationship

In order to allow both sides a better planning and preparation of all business agreed upon buyers and sellers will procure to establish a long term and stable relationship in which the rights and interests of both are mutually respected. These long term agreements should be confirmed by the exchange of binding Letters of Intent not later than three months prior to harvesting time. Annual renewals should be confirmed at least three months prior to the expiry of the previous Letter of Intent.

5 Prefinancing / Credit

On request of the seller, the buyer shall make available up to 60 % of the minimum value of the contract in credit facilities in favour of the seller upon the signing of a Letter of Intent, or at any date thereafter at the wishes of the seller, however at least six weeks prior to shipment. The corresponding interest charges shall be covered by the seller at current commercial interest rates (or better) in the country of destination.

Payment and reimbursement of the loan as well as the interest rates shall be according to the terms and conditions mutually agreed upon in the separate credit contract.

6 Pricing and Premium

6.1 All Fairtrade tea prices are calculated on market price quotation and must at least cover cost of production.

6.2 There will be a “premium” on top of the market price (i.e. the price the trading partners agree upon). This premium will go into a fund specifically set up and managed jointly by the management of the tea estate as well as the representatives of the workers. In the case of associations of smallholders the use of the fund has to be decided upon by all members through direct or indirect democratic procedures.

The price premium will be fixed for all teas produced with the CTC production method, as well as for orthodox fannings and dust, at Euro 0,50 per kg of made tea. All other teas manufactured with the orthodox method will carry a Fairtrade premium of Euro 1/kg, independent of the market price mentioned above.

The Fairtrade premium for **Rooibos, Camomile, Mint and Hibiscus** is set at Euro 0,50 per kg.