



FAIRTRADE STANDARDS

FOR Seed Cotton

FOR Small Farmers' Organisations

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| PART A Generic Fairtrade Standards for Small Farmers' Organisations |
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Refer to the generic standard for Small Farmers' Organisations 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 Seed Cotton | 2 |
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The product specific standards for seed cotton apply to all products and countries for which a Fairtrade price and/or premium is set in part C below.

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PART B Product Specific Standards for Seed Cotton

1 Social Development

1.4 Non-Discrimination

Progress requirements

Appropriate measures are being taken to ensure equal representation and membership of women growers. It has to be ensured that payments are given to the woman growers directly (not to the husband).

2 Economic Development

2.3 Economic Strengthening of the Organisation

Cotton production is often the only source of cash for the farmer. Efforts to promote the growing of other crops, both for home consumption and joint marketing (local market but also export) have a positive effect on a sustainable soil and water management. This also results in improved farmer's livelihood and decreases their economic dependence on cotton.

Progress requirements

The producer organisation shows efforts to also promote the marketing of other crops in the farmer's rotation pattern in order to decrease economic dependency on one single crop and to give the farmers additional sources of income. Alternative sources of income (e.g. production of biological pest control formulations) shall also be explored.

3 Environmental Development

There are no additional environmental standards specific to seed cotton producers.

PART C Trade Standards for Seed Cotton

1. Product Description

Fairtrade seed cotton is the harvested cotton crop (seeds and fibre), sold by small farmers of a FLO certified smallholder organisation.

2. Product Sourcing

Except where specifically provided in these standards, all cotton in FLO Fairtrade Cotton products must be sourced originally from FLO Certified Producers.

Where there is no availability of FLO Fairtrade cotton combers, it is permitted to make cotton wool pads out of up to 20% non FLO Fairtrade sourced cotton combers, provided that the manufacturer purchases an equivalent volume FLO Fairtrade cotton and uses it in the manufacture of a non-FLO Fairtrade product. Any such substitution must be clearly reported in the quarterly flow of goods report.

3. Procure a Long Term and Stable Relationship

Buyer and seller are interested in a long term relation, fair and stable prices. To that end buying/sales commitments are negotiated at the beginning of the harvest season among the parties and fixed in a letter of intent that specifies quantities, quality and price with respect to the conditions for Fair Trade transactions.

4. Pricing and Premium

4.1 The Fairtrade Minimum price for seed-cotton is set at farm-gate level. For **Burkina Faso, Cameroon, Mali and Senegal** the prices are indicated in FCFA, the € prices are given as a reference. For **India, Pakistan, Brazil and Peru** the prices are indicated in US\$ and for **Egypt** in €.

4.2 If the market price is higher than the Fairtrade minimum price, the market price shall apply.

4.3 In addition to the Fairtrade Minimum price or the market price if higher the buyers shall pay a Fairtrade Premium as set by FLO.

| Fairtrade Minimum Price and Premium Information | | | | | |
|--|---|--|------|--------------------------|------|
| Type | Country | Fairtrade Minimum farm-gate price per kg | | Fairtrade Premium per kg | |
| | | FCFA | € | FCFA | € |
| Conventional | Burkina Faso Cameroon Mali Senegal | 238 | 0.36 | 34 | 0.05 |
| Organic | Burkina Faso Cameroon Mali Senegal | 272 | 0.41 | 34 | 0.05 |

| Type | Country | Fairtrade Minimum farm-gate price per kg in US\$ | Fairtrade Premium per kg in US\$ |
|--------------------------------------|----------|--|----------------------------------|
| Conventional and organic | India | 0.487 (including DFC ¹ of 0.037) | 0.05 |
| Conventional | Pakistan | 0.517 (including DFC ² of 0.047) | 0.06 |
| Conventional | Brazil | 0.49 | 0.06 |
| Organic | Brazil | 0.58 | 0.06 |
| Conventional (commercial type: pima) | Peru | 0.58 | 0.06 |
| Organic (commercial type: pima) | Peru | 0.66 | 0.06 |

| Type | Country | Fairtrade Minimum farm-gate price per kg in Euro | Fairtrade Premium per kg in Euro |
|---------|---------|--|----------------------------------|
| Organic | Egypt | 0.49 | 0.05 |

5. Pre-financing

On request of the seller the buyer has to make available pre-finance for the buyer up to 60% of the contract value. Pre-finance is meant for the financing of buying operation of the producers' organisation on local level. The involved parties arrange the details of pre-financing arrangements in the respective contracts on mutual agreement.

6. Information rights and obligations

- 6.1 There exist clear written agreements for the Fairtrade transactions with all involved parties on all levels of processing and marketing unto the export level.
- 6.2 All involved parties undersign the respective agreements with FLO that guarantee the required transparency for all Fairtrade transactions.

7. International Customary Conditions

- 7.1 All international customary conditions apply unless overruled by any of the special FLO conditions as specified in these criteria or other agreements with FLO.

8. Additional requirements for traders in the cotton chain

8.1 Demonstrate efforts to comply

Every company in the supply chain that takes ownership of Fairtrade cotton must demonstrate efforts to comply with the following ILO Conventions before it can be registered as a Trader.

¹ DFC stands for *Direct Fairtrade Costs*, compensating costs for Fairtrade certification. In case of applicability of Contract Productions Standards the DFC is paid to the Promoting Body.

² See 2

- 001 Hours of work [1919]
- 029 Forced Labour [1930]
- 087 Freedom of Association and Protection of the Right to Organize [1948]
- 098 Right to Organize and Collective Bargaining [1949]
- 100 Equal remuneration [1951]
- 105 Abolition of Forced Labour [1957]
- 111 Discrimination (Employment and Occupation) [1958]
- 131 Minimum wage fixing [1970]
- 138 Minimum Age Convention [1973]
- 155 Occupational Safety and Health [1981]
- 182 Elimination of the Worst Forms of Child Labour [1999]

The trader must re-submit its demonstration of efforts every two years.

8.2. Subcontracting

In case the trading company taking ownership of Fairtrade cotton has sub-contracted the CMT (cut, make, trim), the trader must provide the same demonstration of efforts to comply with the above ILO conventions for this sub-contractor(s) **before** the trader can be registered.

In case the trading company taking ownership of Fairtrade cotton has subcontracted any of the following: the ginning, spinning, weaving, knitting and/or dyeing of the cotton to third companies, the trader must provide the same demonstration of efforts to comply with the mentioned ILO Conventions for his subcontractor(s) **within three months after** the registration of the trader.

8.3. Indicators

The following indicators for compliance with the above mentioned requirement (section 8.1.) may be applied:

1. The trader has provided an IFAT membership certificate.
2. The trader has provided an SA 8000 certificate.
3. The trader has provided documentary proof that the production unit involved participates in one of the following initiatives: Ethical Trading Initiative, Fair Wear Foundation, Fair Labour Association, Workers' Rights Consortium.
4. The trader has provided a letter of endorsement of a union accredited by ICFTU.
5. The statutes of the applicant company prove that the applicant company is owned by the workers.
6. The trader has provided the report, not more than two years old, of an external inspection of its company against a code benchmarked in FLO against the Model Code for Trade (see attachment). Following provisions apply:
 - The inspector must be independent of the company audited and must be experienced in social auditing against the benchmarked code.
 - If the inspection shows non-compliances, then the company must submit an undersigned corrective action plan at the same time.
 - If desired, the services of FLO-Cert can be hired for the external inspection.

Attachment 1:

Model Code on Trade (conform ETI-Base Code)

1. EMPLOYMENT IS FREELY CHOSEN

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. CHILD LABOUR SHALL NOT BE USED

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" as defined by the ILO.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. LIVING WAGES ARE PAID

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. WORKING HOURS ARE NOT EXCESSIVE

6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. NO DISCRIMINATION IS PRACTISED

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. REGULAR EMPLOYMENT IS PROVIDED

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Model Code address the same subject, to apply that provision which affords the greater protection.