



Naturland

Fair

NATURLAND STANDARDS

FAIR

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Preface

Organic agriculture, social responsibility and fair trade correspond to the three pillars of sustainability which Naturland brings together in its certification to the Naturland Fair standards. Taken together, they form a coherent and consistent whole. In fact, a fair environment is a particularly favourable pre-condition for organic agriculture to safeguard the livelihoods and the very existence of farmers and their families worldwide in a sustainable manner.

The Naturland claim to a holistic approach also includes the social interaction of those living and working on the farms. Social responsibility, both in production and processing, is an integrative component of the Naturland standards and a fundamental principle for all its certification activities.

Background and principles of Naturland Fair certification

Naturland has been promoting organic agriculture and its recognition by society since 1982, thereby contributing to the preservation of the environment, the sustainable use of resources, food security and the improvement of living conditions of the people. The Naturland global involvement in organic agriculture has always been closely intertwined with the idea of fair trade. In 1986 Naturland commenced its co-operation with fair trade enterprises. From this history and with the incorporation of input from producers' organisations and further partners, also including those from the global north, the Naturland Fair standards came into being. In accordance with our statutes, the World Advisory Board advises Naturland on their further development.

An important basis of the Naturland Fair standards is the definition of fair trade on which the most important global organisations of the fair trade movement agreed in 2001 and which is still valid today: "Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade organisations have a clear commitment to Fair Trade as the principal core of their mission. They, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade."

Naturland Fair combines the values of organic, social, regional and fair trade and imbues them with life. In doing so, Naturland embraces people in all parts of the world and connects the global north with the global south. As an organic association of growers the world over and as a partner of both processing as well as trading enterprises, Naturland aims at connecting all the players involved in food production with each other in a spirit of mutual respect. In doing so, it creates a sector of genuinely sustainable economic activity throughout the entire value chain. Certification to the Naturland Fair standards makes a contribution towards improving farmers' livelihoods and securing the existence of agricultural operations. Where fair trade relationships are concerned, it is not a question of charitable motives, but of establishing co-operative contacts on an equal footing, aimed at implementing change and development through trade. In addition, their policy of transparency enables fair trade relationships to make an important contribution to networking the producer with the consumer and keeping the general public informed about developments in the organic food industry, social justice and the opportunities for change. It is only with the consumers' support that more comprehensive reforms in trading culture can be successful and our means of livelihood be preserved.

1. Basis of Naturland Fair certification

Naturland Fair certification is a voluntary supplementary option for Naturland certified producers' organisations, individual producers and processors. The term "business" will be used below to cover all these categories.

Producers' organisations are 1. Producers associations (collectives, co-operatives etc.) which sell the products of their members on a joint basis or 2. Companies which employ growers under contract (e.g. smallholders) or 3. Other production operations with their own employees, such as plantations, social farming and similar systems.

Individual producers are primarily family-run farms without any employees or only very few of them.

Processors are importers, exporters, tradespeople and processing businesses.

Businesses awarded a Naturland Fair certificate are designated Naturland Fair partners.

Naturland Fair partners undertake to inform the individual producers who act as their suppliers about Naturland Fair standards and the objectives of the Naturland Fair policy. Individual producers who supply goods to Naturland Fair partners are not required to be certified themselves to fair trade standards.

In each and every case, the basis for certification to the Naturland Fair standards is a valid certification by Naturland of compliance with its organic standards. These standards include the socially responsible treatment of the people who live and work on the farms or processing plants.

A prerequisite for producers and processors to be certified to the Naturland Fair standards is that they and their subcontractors adhere to the Naturland standards on social responsibility (ref. Naturland standards on Production Part A; III. and Naturland Processing standards Part C; VII.). In the case of certain types of products (e.g. wild fish), where the term "organic" is not applicable, the respective Naturland certification is the basis for certification to the Naturland Fair standards. The General Rules (Parts A. resp. C) of the respective Naturland standards are likewise applicable to certification to the Naturland Fair standards.

2. General rules governing Naturland Fair certification

2.1 Naturland Fair certification of products

In the process towards corporate certification, Naturland Partners can, in a first step, have individual products certified to the Naturland Fair standards. The objective is the production of goods made 100% of raw materials certified to the Naturland Fair standards. Products consisting of one raw material can only be certified to the Naturland Fair standards if they completely originate from fair trade relationships according to the Naturland Fair priorities list. A compound product can be certified to the Naturland Fair standards as soon as the proportion of ingredients from fair trade relationships according to the Naturland Fair priorities list exceeds 50% (weight of the processed agricultural raw materials without added water and/or salt) of the product and the remaining ingredients can be proven not to be available in fair trade quality. Such products are permitted to bear the Naturland Fair logo.

The Naturland Fair priorities list is as follows:

- a. Top priority is given to the use of raw materials certified to the Naturland Fair standards.
- b. Raw materials certified to other fair trade standards may be used after having been approved in writing by the Naturland certification committee and after the certification schemes' equivalence has been verified.

2.2 "Naturland Fair Partnership" corporate certification

Businesses, which have made good progress with the application of organic, socially and economically fair principles may apply for certification of their business.

The following conditions must be met:

- At least 70% of the products in their range are produced, processed and traded according to Naturland Fair standards.
- Naturland Fair certified raw materials account for at least 70% of the net purchase value of all products, or at least 70% of total net turnover of the enterprise is generated by Naturland Fair certified products.

For the remaining portion of the raw materials proof has to be provided that they are not available in fair trade quality on the basis of Naturland Fair priorities list.

These businesses may make reference to certification to the standards of Naturland Fair Partnership in their publicity in addition to applying the Naturland Fair logo to their products.

2.3 Producers resp. products from "economically disadvantaged regions"

Some of the sub-items in the standards only apply to producers or products from Africa, Asia, Latin America and other marginalised regions of the world. In these standards they are referred to collectively as "economically disadvantaged regions". The Organisation for Economic Co-operation and Development (OECD), maintains a list of countries (DAC List of ODA Recipients) which determines which countries are given public recognition as being entitled to receive development aid payments. Naturland bases its criteria on this list of countries but, in special cases and upon application by marginalised producers from other countries, these sub-items may be considered appropriate to them, too.

All other countries are referred to in these standards as OECD member states. These are countries which have a high pro capita income.

2.4 Labelling of Naturland Fair certified products

Every ingredient procured from a fair trade relationship must be indicated as such in the list of ingredients. Besides this, the total ratio of fairly traded agricultural produce must be shown as a percentage.

The use of the Naturland Fair logo is governed by a sublicense agreement concluded with Naturland Zeichen GmbH.

The only logo permissible is a Naturland Fair logo authorised by Naturland Zeichen GmbH.

3. Naturland Fair standards

3.1 Corporate strategy and transparency

Enterprises with Naturland Fair certified products determine in writing how they will implement the Naturland Fair standards. To be included in this document (e.g. in the form of a policy or guidelines) are the concerns of the members, the growers, the workers and/or staff and they shall be made aware of this strategy. Upon request, this document shall also be made available to commercial partners.

The enterprise establishes a reasonable policy of participation so as to include employees, workers, members and growers in the decision-making process.

Transparency is an essential prerequisite of Naturland Fair relationships. This applies particularly to the determination of prices, the source of the raw materials and operational procedures. The openness of the enterprises includes disclosure of company participations and the provision of a company organigram.

3.2 Reliable trading relationships

Commercial relationships conceived with the aim of maintaining long-term co-operation on the basis of dialogue, transparency and respect contribute towards providing producers and processors a greater degree of predictability, security and stability.

The objective is to establish reliable and long-term commercial relationships; this includes the regular exchange of information and the joined planning of the quantities required and an annual planning framework.

3.2.1 Prefunding

Advance financing for their harvests must be granted those producers in "**economically disadvantaged regions**" who are particularly weak financially or who do not have access to acceptable bank loans; if these conditions are met, they can be granted upon request up to 60% of the order volume. The interest rates for advance financing may not be higher than those applying to refinancing of loans taken by the processor or importer. The period specified for payments will be confirmed in writing.

Advance financing may be refused if there is an undue risk that producer organisations cannot meet the repayment terms for advance loans or might not be capable of supplying the quantities agreed upon. Naturland is to be informed of an undue risk by the enterprise which would have had to grant the loan and informed of the reasons for the refusal.

3.3 Fair producer prices

The prices paid for agricultural produce/raw materials are also calculated with a view to maintaining the basis of livelihood of growers and employees (workers) and are therefore not geared to those of the cheapest offer for any product. Besides covering the local average production costs, the price includes a suitable margin (surcharge) for corresponding investments in the future.

The enterprise may not use an agreement to pay a fair price in order to beat down the prices agreed upon in other contracts or to offset them elsewhere.

3.3.1 Co-operative determination of pricing

Fair producer prices are achieved by both producers and enterprises by determining jointly negotiated minimum prices or by agreeing on definite surcharges. As a guideline the buyers from "**OECD member states**" (ref. 2.3) observe at least a minimum price equivalent to the upper third of the average market price over the past three years.

3.3.2 Fair trade minimum prices

If the clear calculation of local average production costs or the individual production costs of a producer organisation (plus an appropriate profit margin for future investments) is not possible, the internationally established fair trade minimum price system in "**economically disadvantaged regions**" is the basis for pricing. Companies with Naturland certified products pay at least this minimum fair trade price to growers. If there is no international introduced fair trade minimum price for a product existing, a price of at least 10% above the commonly accepted market-based price has to be paid.

3.3.3 Fair trade premium

Producers' organisations in **"economically disadvantaged regions"** receive a fair trade premium from one of the trading partners in the fair trade supply chain, who is dealing with Naturland Fair certified products. This premium is used to finance social, educational, health-related and environmental measures, or as additional income for the smallholders (see also No. 3.6). In this respect those members of the organisation who are most disadvantaged have top priority, especially if there is no general assembly.

If there is an internationally established minimum fair trade premium, then enterprises with Naturland Fair certified products pay at least this minimum to the producers' organisation. If no such ruling exists, then the guideline for the payment of the fair trade premium is at least 10% of the free on board (FOB) price of the agricultural raw material.

Fair trade premium payments must be administered on a separate account and in a traceable and responsible manner.

The decision-making process concerning the use of the fair trade premium runs under principals of democracy. A plenary meeting of the growers and/or employees (workers) and members of the management elects a decision-making body. By constituting the decision-making body the different interest groups within the growers and/or employees (workers), also from different operating units are adequately considered. Members of management may be elected, but shall have no majority.

The decision-making body is responsible for the decision-making process regarding the fair trade premium, their use and the appropriate implementation of the resolutions.

On the basis of a report the decision-making body informs growers and/or employees (workers) regularly, at least once a year, in meetings on the use of the financial means; it encourages the evaluation of the measures carried out and decision-making on the use of future premiums. The results of the meetings will be recorded in minutes. Trading partners are informed about the contents of the report at their request.

3.4 Acquisition of raw materials from local sources

Well-functioning fair trade relationships focus on local structures which have evolved over time or are currently developing, rather than global interchangeability. Local production to feed the population and marketing on a regional level take priority.

Both the grower and the processor will give preference to local sources when purchasing goods and means of production (feed, seeds, goods for direct marketing etc.).

At least 80% of all the agricultural produce which a processor purchases comes from local sources, inasmuch as they comply with the quantity and quality requirements and are available locally resp. in season.

If it is necessary to acquire raw materials from **"economically disadvantaged regions"** or such acquisition serves to assist producers in compliance with recognised fair trade principles, then this aspect may be granted priority over the acquisition of raw materials from local sources.

3.5 Joint quality assurance

The best quality assurance, being for the benefit of both parties, can only be achieved by an intensive exchange of information and co-operation in an atmosphere of trust.

Measures for quality assurance are worked about by the buyer and the grower(s) of the agricultural produce together, in a spirit of partnership. Joint quality assurance makes an important contribution to the continued improvement of the quality of a product. Frank two-way communication and a procedure which has been jointly agreed upon are applied to solve any quality and supply problems.

3.6 Social involvement

Fair trade relationships depend on a global and local level on a properly functioning welfare system and lively co-operation.

Enterprises with Naturland Fair" certified products show above-average social commitment and/or support projects. They are, for example, involved in practical environmental protection or non-profit organisations or provide assistance to environmental, health-related or educational projects, social or cultural projects, and/or encouragement/support to rural agriculture.

Wherever possible they create jobs and trainee positions, if need be in greater measure than legally required (e.g. for the handicapped or for people in critical situations).

The cafeteria or canteen provided by the enterprise is also a suitable opportunity to show social commitment by the increased use resp. a wider offering of organic fair trade products.

In addition, the marketing of products is linked to educational projects or to campaigns, in order to provide the consumer with information about the background and various aspects of the Fair Partnerships.

3.6.1 Smallholders take priority

An important task throughout the world is the maintenance of rural structures. In “**economically disadvantaged regions**” of the world, in which agriculture, although being the most important segment, is performed by a large number of smallholders, it is crucial to focus more strongly on them, to reduce their poverty, to enhance their food security and to increase productivity.

Enterprises with Naturland Fair certified products are aware of this and give preference to produce from smallholders' organisations when buying raw goods from “economically disadvantaged regions”.

Enterprises with Naturland Fair products advocate the dismantling of political and economic barriers which impede the development of smallholders. They support producer organisations by providing educational and instructive services and represent their interests in public (advocacy).

3.6.2 Strengthening of the producer organisation

Growers and employees who supply to Naturland Fair enterprises or work for them are informed about the contents of the Naturland Fair standards and the objective of Naturland Fair certification. Enterprises with Naturland Fair certified products support the producer organisations from “**economically disadvantaged regions**” with measures to promote their capabilities and to strengthen their members by further education, staff and organisational development projects (by capacity building) and develop strategies resp. devise measures which help those people reached by the producer organisation to lead a self-determined and independent life (empowerment).

In this way the organisations and their members are put in a position to represent and arrange their own needs (advocacy).

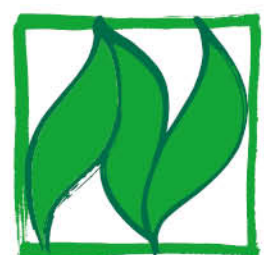
Terms and abbreviations

Term	Definition
DAC list of ODA Recipients	Development Assistance Committee list of official development assistance Recipients
FOB - price	Free on board refers to a kind of cargo transport. Hereby the seller is in charge of the export formalities whereas the buyer takes all follow-up transport and shipping costs. Free on Board is a contract formula according to Incoterms (International Commercial Terms) for foreign trade transactions.
Subcontractor	The subcontractor is appointed to perform certain processing steps or tasks, which the Naturland Fair Partner companies do not carry out themselves (preprocessing, storage, processing, transport).
Naturland Fair List of priorities	The Naturland Fair list of priorities regulates the admission of non Naturland Fair certified raw materials in case on non availability of Naturland Fair raw materials as the highest priority. For this, the Naturland partner has to file an application. Naturland partners are supported by their Naturland Fair attendants during the selection of raw materials on basis of the Fair list of priorities.
OECD	The Organization for Economic Cooperation and Development is an international organisation with 34 member countries, emphasizing the coordination of economic policies. It has a strong relation to democracy and market economy. The OECD originated in 1961 from the OEEC, that realized since 1948 plans for economic reconstruction (Marshall Plan) and strengthened cooperation in Europe.
Producers	Farmers, agricultural enterprises, gardeners, winegrowers, beekeepers, fish farmers, fishermen, collectors, forest managers

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