

FAIR TRADE ENDORSEMENT POLICY IMPLEMENTATION

INTRODUCTION

Fair Trade food and handicrafts cannot be distinguished visually from conventionally produced food and handicrafts and cannot be distinguished by taste. Consumers therefore rely on labels or other advertising tools for product information and certification to ensure the Fair Trade claims are true.

Certification is an interesting topic. Many people like the idea of having a third-party organization objectively assess a business and their products/method of production, and putting a label of approval on them. Still, some have issues with the whole idea of certification, or with the certifying agencies themselves. Certification agencies, born from Fair Trade organizations, provide a standard and help the industry move forward. Third-party independent product certification is the most reputable because it ensures that a neutral body representing the interests of all the parties -- producers, wholesalers, retailers and consumers -- governs the certification process.

While many companies are spending millions of dollars to build a brand and make customers crave it, Fair Trade Certification is an affordable collective effort for small farmers/producers, wholesalers and retailers to brand themselves as ethical and responsible. We recognize the importance of **ensuring the credibility of Fair Trade certification**, and maintaining a **high level of standard** that ensures the **long term success of Fair Trade in the marketplace**. As such, it is our continuing objective that all Fair Trade claims used in products we support are from known, legal, well-managed and credibly certified organizations. The Fair Trade movement has several North American and International independent, third-party organizations whose goal it is to build consumer awareness by offering some form of guarantee that a company is following, or a product was made with, Fair Trade standards.

WHAT IS ECO-LABELLING?

"Eco-labelling" is a voluntary method of environmental and social performance certification and labelling that is practised around the world. An "eco-label" is a label which identifies overall environmental and social preference of a product or service within a specific product/service category based on life cycle considerations. In contrast to "green" symbols or claim statements developed by manufacturers and service providers, an eco-label is awarded by an impartial third-party in relation to certain products or services that are independently determined to meet environmental and social leadership criteria. There are many different voluntary (and mandatory) environmental and social performance labels and declarations. The Geneva-based International Organization for Standardization (ISO) has identified three broad types of environmental labels, with Type I designation being given to third-party verified eco-labels.

TYPES OF ECO-LABELS

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Table 1 provides simple definitions of each of the three types. Following the table there is additional information provided for each label type.

Table 1: Three Types of Eco-labels¹

TYPE I	a voluntary, multiple-criteria based, third party program that awards a license that authorizes the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations
TYPE II	informative environmental self-declaration claims
TYPE III	voluntary programs that provide quantified environmental data of a product, under pre-set categories of parameters set by a qualified third party and based on life cycle assessment, and verified by that or another qualified third party

TYPE I LABELS

Based on social and environmental criteria selected by an independent third-party entity (e.g. Ecologo or Fair Trade). Criteria are typically developed for a specific product type such as personal computers or monitors. Products must be certified to these criteria through the third-party entity. Products that are certified to the criteria are allowed to display the third-party entity's social and environmental seal, indicating that the product has been determined to be social and environmentally preferable.

- Criteria are designed based on real market assessments of product categories in order to ensure they are neither too rigid nor too open. (E.g. Germany's Blue Angel eco-label aims to apply to 15-25% of products in the marketplace).
- Usually awarded for a fixed time period with an administrative cost or other expense involved in using the labels on products
- Based on a single product attribute (recycled content or energy efficiency) or a full "cradle-to-grave" life-cycle assessment (LCA) of a product's environmental impact

Examples of Type I eco-labels: Fairtrade Canada, EcoLogo (Canada)

TYPE II LABELS

Any kind of sustainable declaration made by manufacturers, importers, distributors or anyone else who is likely to benefit from the product's social and/or environmental claims.

- Not usually independently verified by a managing authority
- No pre-determined or universally accepted criteria as reference points
- Labels must still meet 'truth-in-advertising' or other product claim standards

¹ <http://www.globalecolabelling.net/whatis.html>

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Example of Type II eco-labels: A manufacturer's declaration that a product is "biodegradable" or "organic" even though they do not necessarily meet third-party standards.

TYPE III LABELS

Comprehensive data lists that give environmental and social information on a product throughout its life-cycle (similar to nutrition labels on food).

- Independent bodies set the categories of information and verify the data given
- Do not indicate which products in a category are better or worse; requires consumers to identify and weigh the different environmental and social risks themselves
- Simply requires information disclosure (no specific criteria has to be satisfied in order to qualify for type III labels); all producers may use them

Example of Type III eco-labels: Samsung Electronics has done Life Cycle assessments for some of their main products in Korea, disclosing the natural resources that are used throughout the product lifecycle.

FAIR TRADE VANCOUVER'S POSITION ON ECO-LABELS






Fair Trade Vancouver supports products and services that adhere to volunteer, third-party Type I eco-labels, as defined by the International Organization for Standardization (see below for detail). As Fair Trade Vancouver does not have the capacity to evaluate environmental and social claims made by manufacturers and distributors, it is important for us to rely on third-party verification standards and systems to ensure the products and services we stand behind are legitimate in their environmental and social sustainability performance.

BENEFITS OF INDEPENDENT THIRD-PARTY CERTIFICATION

Having a product certified usually guarantees that it was fairly traded and that your company is committed to Fair Trade. This takes a huge load off the customers' shoulders, since they can trust the label and no longer have to research your company or product. They can simply identify the Fair Trade Certified label and trust that their purchase is in line with the Fair Trade values.

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SUMMARY OF THIRD-PARTY TYPE I FAIR TRADE LABELING

Organization: COMPANY MEMBERSHIPS ¹		Organization: PRODUCT CERTIFICATION ²		
World Fair Trade Organization (WFTO)	Fair Trade Federation (FTF)	Fairtrade Canada (formerly TransFair Canada)	Fairtrade Labeling Organizations Int'l. (FLO)	Institute for Marketecology (IMO): Fair For Life
				
Membership of the WFTO is limited to organizations that demonstrate a 100% Fair Trade commitment and apply its 10 Principles of Fair Trade. WFTO members who are monitored against these Principles are listed in the FT100 index of world-leading Fair Trade brands, businesses and organizations. Not just the pioneers of the movement, but the innovators of the market.	The Fair Trade Federation (FTF) is the trade association which strengthens and promotes North American organizations who are fully committed to Fair Trade. Members strive to source only items according to Fair Trade Principles and undergo a rigorous screening process to evaluate their practices. Member organizations offer a broad product range, including accessories, coffee, decor, gifts, soap, tea, and much more.	Fairtrade Canada, a non-profit organization, is the leading independent, third-party certifier of Fair Trade products in Canada. As one of 24 members of Fairtrade Labeling Organizations International (FLO), Fairtrade Canada ensures integrity and compliance with international Fair Trade standards through a rigorous audit system, which tracks products from farm to finished product and verifies industry compliance with Fair Trade criteria.	Fairtrade Labeling Organizations International (FLO) is a non-profit, multi-stakeholder association involving 24 member organizations (Labeling Initiatives and Producer Networks), traders and external experts. The organization develops and reviews Fairtrade standards and provides support to Fairtrade Certified Producers by assisting them in gaining and maintaining Fairtrade certification and capitalizing on market opportunities.	"Fair for life" is a brand neutral third party certification program for social accountability and fair trade in agricultural and non-agricultural production, manufacturing and trading operations. IMO is a department of the Switzerland based non-profit called the Bio-Foundation. The IMO Social & Fair Trade Certification Program offers operators of socially responsible projects a solution for objective inspection and certification by an external verifier. It combines social and fair trade standards with adaptability to local conditions.
MEMBERSHIP ONLY¹ Does not certify companies or products.	MEMBERSHIP ONLY¹ Does not certify companies or products.	The FAIRTRADE Certification Mark is a product label primarily intended for use on product packaging.	The FAIRTRADE Certification Mark is a product label primarily intended for use on product packaging.	The Fair for Life (TM) label is used by international and domestic products that are either agricultural or non-food commodities.

1: Fair Trade Federation and the World Fair Trade Organization are Memberships – These organizations evaluate members for their full commitment to fair trade principles and accept only "100%" fair trade entities. They provide a screening process only, with no "on the ground" audit. **2:** Certification – a third-party certifier audits the supply chains of specific products from point-of-origin to the creation of a consumer ready product against fair trade criteria. Depending on the certifier, they may certify only a specific product or an entire organization and its products.

Fair traders of handcrafts work directly with artisans to guarantee Fair Trade standards. Fair Trade Organizations (FTO) like the Fair Trade Federation (FTF) or the World Fair Trade Organization (WFTO), adhere to Fair Trade criteria including workers' pay, environmental practices, and good working

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conditions. When you purchase home furnishings, clothing, or crafts from a FTO, you know you have purchased a unique item representing not only the talent of the artisan—often a woman from a developing country—but also the culture and traditions of the source country.

ENDORSEMENT STRATEGY

Fair Trade Vancouver has adopted an endorsement strategy that works with the existing certification systems listed, and is detailed below. For products where certification is easily accessible (e.g. coffee, food products and flowers), Fair Trade Vancouver will endorse any product or company that is one of the following:

1. Certified using the FLO system and bears the Fairtrade Canada or FLO certification mark.
2. IMO Social & Fair Trade certified with continual improvement shown through the increase in the rating score, with fully transparent access to the breakdown of the rating score.
3. A member in good standing with the WFTO or FTF.

For unique products such as handicrafts and art, Fair Trade Vancouver will examine claims on a case-by-case basis. While the organization prefers importers of Fair Trade handicrafts be members of the WFTO or FTF, it is understandable that this is not always an accessible option for small businesses. Fair Trade claims by such entities will be examined in light of direct relationships with the producers, the presence of co-operatives, and other standard Fair Trade criteria.

JUSTIFICATION FOR FAIR TRADE VANCOUVER ENDORSEMENT STRATEGY

The Endorsement Strategy meets the objectives which include: facilitating international market access; providing **protection to consumers against deceptive and misleading labeling** practices through a uniform approach to Fair Trade product certification and labeling; and supporting further development of the domestic market. The Fair Trade Vancouver-Endorsement Strategy preserves the integrity of Fair Trade products.

The Endorsement Strategy is designed to enhance international credibility, the fairness and effectiveness of Canada's Fair Trade certification system, and to **ensure uniformity and consistency** of assessments performed by the various NGOs and FTOs.

An objective of the is to ensure that the **Fair Trade integrity** of a product is not compromised in any stage of preparation. For example, there is a need to prevent the co-mingling of Fair Trade and non-Fair Trade products.

Mandatory regulation and certification of Fair Trade products, with third party delivery, is expected to result in overall net benefit to increase sales of Fair Trade products in Canada, thus having a direct impact and benefit for producers in the developing world. Additionally, all stakeholder groups share in the benefit as **none are left worse off relative to the current situation**.

Fair Trade Vancouver recognizes that some organizations are not currently compliant and that some companies may be selling Fair Trade products which have been certified by an organization that does not meet the criteria outlined in the Endorsement Strategy. Compliance with the Endorsement

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Strategis necessary **to ensure consistency of certifications and the international credibility of the certification system in Vancouver.**

REPORTING FALSE CLAIMS AND ADDRESSING MISLEADING STATEMENTS BY INFLUENTIAL INSTITUTIONS

To buttress the effectiveness of the Endorsement Strategy towards attaining the objectives of Fair Trade Vancouver outlined in the mission statement, Fair Trade Vancouver will be vigilant in preventing the incorrect use of Fair Trade logos on products sold in Metro Vancouver, as well as misleading statements by influential institutions.

Objective: To protect Metro Vancouver consumers and the marketplace from improper logo use and misleading claims

Fair Trade Vancouver will report any known incorrect use of logos (Fairtrade Canada / FLO, WFTO, IMO, FTF) on products available in Metro Vancouver to the relevant Fair Trade organization.

In addition, in the case of respected institutions with influence over the public relaying Fair Trade claims from its suppliers – such as a university claiming all its coffee is Fair Trade - Fair Trade Vancouver will contact all parties involved if there is evidence these claims are incorrect.

Minimizing the improper use of logos and misleading claims is anticipated to reduce consumer confusion with respect to the assortment of Fair Trade claims and certification marks that currently exist in the marketplace. Consumers will have greater reassurance that the agricultural and handicraft products they purchase meet a defined standard, and that false and misleading claims will be deterred.