**Response to be submitted by email to:**

s.amarsy@fairtrade.net

Date: 7 July 2014

Department for Social Responsibility and Sustainability

The University of Edinburgh

9 Hope Park Square, Meadow Lane,

Edinburgh EH8 9NP

Phone: 0131 651 5588

Dave.Gorman@ed.ac.uk

Dear Fairtrade International,

Please find attached our response to your public consultation on the establishment of Fairtrade Carbon Credits. This is a combined response from some University of Edinburgh staff – from the Department for Social Responsibility and Sustainability, the School of Social and Political Science and the School of Divinity. We are a Fairtrade University and so do procure Fairtrade products. We also have a Fair Trade Academic Network. See www.ed.ac.uk/fairtrade and www.sps.ed.ac.uk/jwi/ftan

While we welcome any genuine efforts to improve people’s livelihoods and fairness across the world, we have some points requesting clarification, and some concerns. It is not clear what would be specific at this stage about Fairtrade Carbon Credits over other Gold Standard Schemes. Further detail is needed on what would be fairer about these carbon credits over others. We understand a Fairtrade Premium would be a key distinguishing feature, but this does not explain how other schemes are unfair.

We are concerned about the reference to benefiting the ‘most disadvantaged communities’, as highlighted in the text above. With reference to recent research by SOAS identifying seasonal and waged workers as more marginalised than Fairtrade farmer cooperatives, this carbon credits scheme by definition focuses on groups who own or control natural resources that help offset carbon emissions. This could, in some ways, have perverse effects for the poorest as when impoverished villagers are prevented (as they were in the Chipko struggle) from gathering fuel-wood for their own needs. FCCs would need to be sensitive to the needs of such communities too.

More broadly, we are seriously concerned about whether Fairtrade getting involved in carbon credits is appropriate. The concept is premised on the North continuing to pollute and the South continuing to absorb the costs (albeit receiving some recompense for doing so) – views of Professor Tim Hayward on emissions rights and responsibilities can be found in the 2007 paper Human Rights Versus Emissions Rights: Climate Justice and the Equitable Distribution of Ecological Space. There is a risk of companies using such schemes to alleviate guilt to some extent. Carbon emissions trading is rife with fraud, and supports maintaining a fossil fuels-based economy.

We have concerns about this move degrading public perception of the Fairtrade logo.

We would like to see a clear statement of aim or principle, responding to the above concerns. We would like to know what the drivers for this move are, and how much consensus (and concern) there is in the wider fair trade movement on this idea.

Yours faithfully,

Dave Gorman, Director of Social Responsibility and Sustainability, University of Edinburgh

To discuss our response further, please contact Liz Cooper, Research and Policy Manager - Social Responsibility. +44 (0)131 650 4363 liz.cooper@ed.ac.uk

|  |  |
| --- | --- |
| **Consultation document for Stakeholders:**  Fairtrade Carbon Credit Standards | |
| Consultation Period | 13.06.2014 – 15.07.2014 |
| Project Manager | Shemina Amarsy, Standard Project Manager, s.amarsy@fairtrade.net |

***Welcome to the first public consultation round on Fairtrade Carbon Credits, presented to you by Fairtrade International, in collaboration with The Gold Standard Foundation. Please read this introduction, which will give you relevant context and background information, and explain you how to participate in the consultation. We thank you very much for your time and look forward to your feedback!***

**About Fairtrade:**

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. It offers producers a better deal and improved terms of trade, allowing them the opportunity to improve their lives and plan for their future. Fairtrade also offers consumers a powerful way to reduce poverty through purchasing products for which producers and traders have met Fairtrade Standards. The [Standards](http://www.fairtrade.net/standards.html) are designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade, and foster sustainable development.



Fairtrade is also deeply concerned about the impacts of climate change on the most vulnerable populations in the Global South. Climate change is affecting and will increasingly affect disadvantaged producers. It is a multi-dimensional phenomenon that hinders not only the environment but also economic, social, and even cultural dimensions of the lives of producers and their communities. Fairtrade is therefore actively committed to securing the sustainable livelihoods of disadvantaged producers, and to supporting them facing climate change challenges by namely developing regional adaptation projects and creating new carbon market opportunities like Fairtrade Carbon Credits (FCC).

**About The Gold Standard Foundation**



The Gold Standard believes that global climate and development goals will not be achieved without addressing inequality of access and opportunity. As a result it is committed to ensuring that climate and development finance is effective: that the environmental and social impact of every dollar is maximized and measured; that activities meet the highest governance standards; and that local communities are engaged and consulted in the process. To do this The Gold Standard develops and manages certification schemes that promote best practice, assure strong governance and provide robust impact measurement. It is best known for its carbon market certification scheme, which operates in the international compliance and voluntary sectors. Under this scheme more than 1000 energy, land-use and waste management projects in 50 countries are undergoing certification, which has catalyzed more than a billion dollars of investment into low carbon development in developing countries. The Gold Standard Foundation is currently working on certifications for low carbon infrastructure, landscapes and water impact programs. The innovation of The Gold Standard and its partners has demonstrated what is possible in climate finance, with a particular emphasis on LDCs and community-focused projects. More than 20% of its projects take place in LDCs: many of the tools and processes it pioneered to enable this have been adopted by the regulated markets. But more can be done, particularly in supporting the small-holder communities around the world that are already facing the direct impacts of climate change. The Gold Standard’s development of tools to support Climate Smart Agriculture and its partnership with Fairtrade reflect this commitment to leading the way in this vital area

**Partnership between The Gold Standard Foundation and Fairtrade International**

Fairtrade International and The Gold Standard Foundation have signed a collaborative agreement to develop a joint Gold Standard and Fairtrade carbon scheme. This agreement aims to foster wider sustainable development through a landscape approach and provide greater access to the carbon market for smallholders and rural communities in developing countries.

Fairtrade and Gold Standard share the following values and principles:

* Social values: improvement of livelihoods, respect of human and labour rights, participation and empowerment of local communities;
* Environmental values: protection of biodiversity, conservation of natural resources and ecosystems, reduction of greenhouse emissions, improvement of climate resilience.

In the next phase of development both organizations will streamline their approaches to maximize producers’ benefits through the development and sale of Fairtrade Carbon Credits.

**Why Fairtrade Carbon Credits**

The voluntary carbon market, operating within the United Framework Convention on Climate Change (UNFCCC), enables companies and individuals to offset their carbon emissions on a voluntary basis by purchasing Verified Emission Reductions (VERs) also known as carbon credits generated from projects that either reduce greenhouse gas emissions or capture carbon from the atmosphere.

Building upon the UN’s Clean Development Mechanism, different carbon standards have emerged within the voluntary carbon market over the last ten years, including The Gold Standard, which pays particular attention to wider social and environmental impacts, improved safeguards and community engagement. This focus has made significant inroads into broadening access to carbon finance but there are still many **disadvantaged segments of society in the South**, which have contributed significantly less to climate change but are most exposed to its impacts, that do not yet benefit from carbon finance. The Fairtrade standard for carbon credits, presented here for public consultation, aims to enable greater access and participation in the carbon market for the most disadvantaged communities and to drive a greater proportion of carbon income to them. It will provide producers with a new **climate change mitigation opportunity** and help them generate additional revenue through the selling of FCC in the voluntary carbon market.

FCC will be generated through a range of different scopes of activities, related to agriculture, renewable energy, energy efficiency, and forest management. The FCC Standard furthermore aims to empower producers to address climate change and builds a path on which producers can increase their **resilience** to climate change effects.

**The approach**

This document presents the all key themes that the FCC Standard aims to cover.

Those already familiar with The Gold Standard will note that various aspects are already covered to some extent by Gold Standard processes. This is intentional as it is important for readers to understand and provide feedback on the general attributes of the FCC Standard. In the next stage, after **completing this consultation round**, a harmonization and streamlining of both organizations’ requirements and processes will take place. Fairtrade International and The Gold StandardFoundationwill then **synchronize their systems, to avoid duplication and highlight complementary areas**. To this end, a **joint certification system** will then be developed, based on combined auditing for social, environmental, and carbon accounting requirements. The certification body for Fairtrade Carbon Credits at producer level will be FLOCERT. [[1]](#footnote-2)The aim of this approach is to create a streamlined FCC system, reducing transaction costs and maximizing producer benefits.

**Timelines of the project**

After a pre-consultation phase involving about 100 stakeholders through regional workshops in Asia, Africa and Latin America and the Caribbean, and with potential traders in Europe, this is the first round of public consultation. A second public consultation will take place later this year, including additional elements such as pricing. The objective is to approve the FCC Standard by end 2014. The ambition is to launch the Fairtrade Carbon Credits scheme including its operational elements for auditing and certification, producer support, monitoring and evaluation, communication / labelling, fee model and other building blocks by mid-2015.

Here is a summary of the progress to date and next steps:

|  |  |  |
| --- | --- | --- |
| 01-2013  09-2013 | * Research and Analysis * Contact with key stakeholders * Development of FCC Standard cornerstones |  |
| 10-2013  04-2014 | * Standard drafting * Pre-consultation phase with stakeholders ( workshops, working groups, etc) |  |
| 06.2014  07-2014 | * First public consultation | X |
| 07.2014 08.2014 | * Compilation of responses from the consultation process * Revision of FCC Standard * Synchronization with Gold Standard scheme |  |
| 09.2014 | * Second consultation |  |
| 10.2014 | * Revisions of the FCC Standard |  |
| 11.2014 | * Presentation to the Standards Committee for approval |  |
| 12.2014 | * Publication of the FCC Standard |  |
| 06-2015 | * Launch of FCC scheme (certification, producer support, monitoring and evaluation, communication, licensing, marketing) |  |

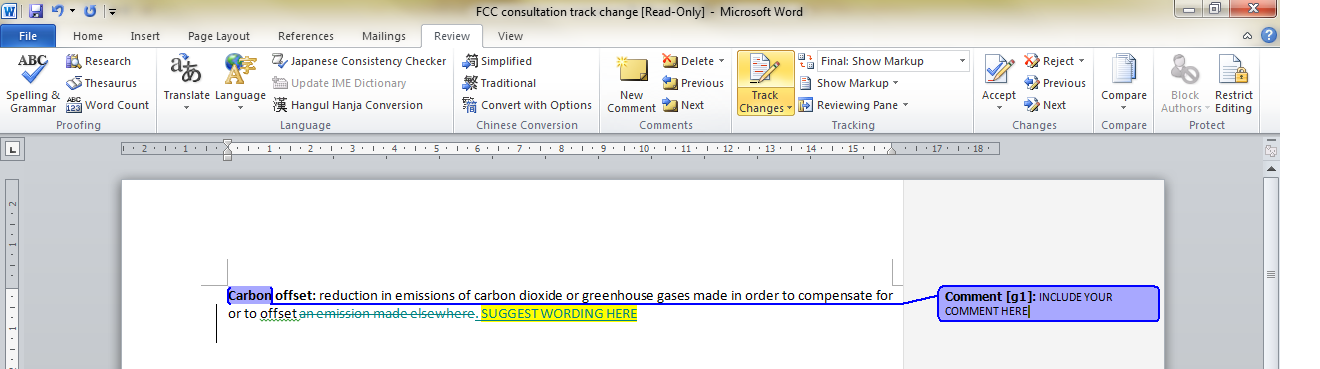
**Timeline Fairtrade Carbon Credits project**

**How to participate in this consultation**

Please read this Standard and insert your comment or make changes directly in the document, with track changes, in the following way:

**Track your changes**

**Click here to comment**



**Include your wording suggestion directly in the text here**

**Insert your comment here**

Within your comments we encourage you to give **explanations, analysis and examples** underlying your statements.

Moreover, **at the end of each section,** you will find some **questions**, to which you are kindly asked to answer:

**** **Question?**

**Click here to enter text.**

All information we receive from respondents will be treated with care and will be kept confidential. Following the consultation round we will prepare a paper compiling the comments made. Taking into account all the comments received, the draft FCC Standard will be amended.

Please submit your comments to the Project Manager Shemina Amarsy at: s.amarsy@fairtrade.net by 07.07.2014. If you have any questions regarding this draft standard or the consultation process, please contact the Project Manager by email or call: +49-228-94923-269.

Information about your Organization

Please complete the information below:

This is a combined response from some University of Edinburgh staff – from the Department for Social Responsibility and Sustainability, the School of Social and Political Science and the School of Divinity. We are a Fairtrade University and so do procure Fairtrade products. We also have a Fair Trade Academic Network. See [www.ed.ac.uk/fairtrade](http://www.ed.ac.uk/fairtrade) and [www.sps.ed.ac.uk/jwi/ftan](http://www.sps.ed.ac.uk/jwi/ftan)

|  |  |
| --- | --- |
| **Who are you?**  **A Fairtrade Producer**  **A Fairtrade Trader**  A **Fairtrade Member**  **A Fairtrade Staff**  **A Carbon Credit Producer**  **A Carbon Credit Trader**  **A Carbon Credit Project Facilitator**  **A Civil Society Organization**  **Other - a University** | **Are you involved in:**  **Land Use and Forest*`***  ***Please specify which type of project***  ***(Forestry, soil conservation, etc.)***  **Click here to enter text.**  **Energy project**  ***Please specify which type of project***  ***(Renewable energy, Energy Efficiency, etc.)***  **Click here to enter text.**  **Are you certified with Gold Standard?**  **Yes**  **No** |

**Draft Fairtrade Carbon Credits (FCC) standard for consultation**

Contents

[Introduction 8](#_Toc389863593)

[Definitions 10](#_Toc389863594)

[General requirements 15](#_Toc389863595)

[Production 16](#_Toc389863596)

1. Social and Business Development

[2. Fairtrade Carbon Credits project management 19](#_Toc389863597)

[3. Labour rights in Fairtrade Carbon Credits projects 25](#_Toc389863606)

[4. Protection of environment in Fairtrade Carbon Credits projects 34](#_Toc389863612)

[5. Carbon accounting 36](#_Toc389863613)

Trade

[6. Trade requirements 37](#_Toc389863614)

# Introduction

**How to read this Standard**

The FCC Standard has two main chapters:

* The **Project** chapter defines what **producers** must do to produce FCC.

It also entails requirements for *Project Facilitators,* defining what they must do to allow producers to be empowered to manage FCC projects

* The **Trade** chapter defines what **traders** must do to buy FCC.

There are furthermore two different types of requirements:

* + **Core requirements** which reflect Fairtrade principles and must be complied with. These are indicated with the term ’Core’ found on the left throughout the Standard.
  + **Development requirements** which refer to the continuous improvements that certified organizations must make on average against a scoring system defined by the certification body. These are indicated with the term ’Development’ found on the left throughout the Standard.

Producers and traders are in compliance with the FCC Standard if they fulfil **all** core requirements **and** reach a minimum score on the development requirements.[[2]](#footnote-3)

When a word is underlined and in written in *italics*, it means that you will find its definition in the definition section.

**Scope and Eligibility**

The **producer section** of the standard is addressed to producers of FCC.

[[3]](#footnote-4) In order to be eligible for the FCC Standard, producers must meet the following requirements:

* Be *small-scale producers*[[4]](#footnote-5);
* Be based in countries falling under Fairtrade’s geographical scope[[5]](#footnote-6);
* Their carbon projects must be focused on *renewable energy, energy efficiency, land use or forest;*
* Their carbon project should aim at bringing sustainable benefits to producers and their communities (to be identified and monitored through the Fairtrade Development plan, (see requirement 2.11).

In practice, these producers can be:

* Fairtrade certified producers willing to setup carbon credits projects, in order to improve their ecosystems and livelihoods, and diversify their source of income;
* Gold Standard certified producers and communities willing to develop further their organizational capacities, produce FCC, and have access to the FCC market;
* Producers non certified with either of the two schemes, and willing to do and sell FCC.

The **trade section** of this standard is addressed to actors purchasing and/or trading FCC (called traders in the standard). In practice, these traders can be:

* Fairtrade certified traders willing to compensate their carbon emissions;
* Traders already buying carbon credits generated through projects registered by Gold Standard , willing to buy FCC;

*Project facilitators*, who also have a role of buying and selling carbon credits within the supply chain.

Certain requirements of this standard are only addressed to ***Project facilitators*.**

***Project facilitators*** are entities (NGOs, consultants, companies, etc.) who support the producers in implementing and running a carbon project. They have a role of accompanying and supporting producers throughout the FCC projects. (see definition section)

**References and relevant links**

When setting the Fairtrade Standards, Fairtrade International follows certain internationally recognized standards and conventions, particularly those of the International Labour Organization (ILO).Fairtrade International requires that producer organizations always abide by national legislation, unless that legislation conflicts with internationally recognized standards and conventions, in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more

favourable conditions for workers on an issue than Fairtrade International, then it prevails. The same applies to regional and sector-specific practices.

**** **Question on Introduction**

1. **Do you have any comments on this section?**

While we welcome any genuine efforts to improve people’s livelihoods and fairness across the world, we have some points requesting clarify, and some concerns. It is not clear what would be specific at this stage about Fairtrade Carbon Credits over other Gold Standard Schemes – see comments in text above. Further detail is needed on what would be fairer about these carbon credits over others. We understand a Fairtrade Premium would be a key distinguishing feature, but this does not explain how other schemes are unfair.

We are concerned about the reference to benefiting the ‘most disadvantaged communities’, as highlighted in the text above. With reference to recent research by SOAS identifying seasonal and waged workers as more marginalised than Fairtrade farmer cooperatives, this carbon credits scheme by definition focuses on groups who own or control natural resources that help offset carbon emissions. This could, in some ways, have perverse effects for the poorest as when impoverished villagers are prevented (as they were in the Chipko struggle) from gathering fuel-wood for their own needs. FCCs would need to be sensitive to the needs of such communities too.

More broadly, we are seriously concerned about whether Fairtrade getting involved in carbon credits is appropriate. The concept is premised on the North continuing to pollute and the South continuing to absorb the costs (albeit receiving some recompense for doing so) – views of Professor Tim Hayward on emissions rights and responsibilities can be found in the 2007 paper [Human Rights Versus Emissions Rights: Climate Justice and the Equitable Distribution of Ecological Space](https://www.academia.edu/3987771/Human_Rights_Versus_Emissions_Rights_Climate_Justice_and_the_Equitable_Distribution_of_Ecological_Space). There is a risk of companies using such schemes to alleviate guilt to some extent. Carbon emissions trading is rife with fraud, and supports maintaining a fossil fuels-based economy.

We have concerns about this move degrading public perception of the Fairtrade logo.

We would like to see a clear statement of aim or principle, responding to the above concerns. We would like to know what the drivers for this move are, and how much consensus (and concern) there is in the wider fair trade movement on this idea.

1. **This standard targets small-scale producers. In the future, Fairtrade might consider allowing larger scale producers and companies to produce and sell FCC. What specific requirements do you think they should follow?**

It is difficult to answer this at such and early stage, without knowing what the definition and criteria of FCC are, to see if suitable for large companies. There should be clear criteria on participation, informed consent, ensuring communities/people are on board with and benefit from any FCC initiatives set up by large companies.

# Definitions

**Additionality:** A project activity is additional if anthropogenic emissions of greenhouse gases by sources are lower than those that would have occurred in the absence of the project activity. This alternative scenario may be the business-as-usual case, or it may be some other scenario which involves a gradual lowering of emissions intensity.

**Carbon Credit:** a carbon credit is atradable certificate or permit representing the right to emit one [ton](http://en.wikipedia.org/wiki/Tonne) of carbon dioxide (or the mass of another [greenhouse gas](http://en.wikipedia.org/wiki/Greenhouse_gas) with a [carbon dioxide equivalent](http://en.wikipedia.org/wiki/Carbon_dioxide_equivalent) (tCO2e) to one tone of carbon dioxide[[6]](#footnote-7)). Carbon credits and carbon markets are a component of national and international attempts to mitigate the growth in concentrations of [greenhouse gases](http://en.wikipedia.org/wiki/Greenhouse_gas).

**Carbon dioxide (CO2) or carbon:**  most prevalent greenhouse gas (GHG)emitted in the atmosphere with the burning of fossil fuels combustion and deforestation. Its increasing presence in the atmosphere is leading to climate change.

**Carbon sequestration:** process ofcapturing and storage of carbon from the atmosphere into a reservoir (such as trees, soils, swamps, etc.)

**Carbon offset**: reduction in emissions of carbon dioxide or [greenhouse gases](http://en.wikipedia.org/wiki/Greenhouse_gas) made in order to compensate for or to offset an emission made elsewhere.

**Clean Development Mechanism (CDM):** The CDM is one of the three [flexible mechanisms](http://www.cdmrulebook.org/321) contained in the [Kyoto Protocol](http://www.cdmrulebook.org/328). It sets the rules and framework of the **carbon trade.**

**Climate change**: gradual change in the global temperature caused by the accumulation of greenhouse gas in the atmosphere and leading to many disrupts at the global level (Such as rising seas, increased risk of drought, fire and flood, risks for wildlife, economic losses, increased heat-related diseases, etc.)

**Climate change mitigation:** Mitigationrefers to efforts to reduce or prevent emission of greenhouse gases. It can mean using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behavior. Protecting natural carbon sinks like forests and oceans, or creating new sinks through silviculture or green agriculture are also elements of mitigation. Mitigation is essential to meet the UNFCCC's objective of stabilizing GHG concentrations in the atmosphere.[[7]](#footnote-8)

**Climate Smart Agriculture:** category of project with activities related to farming (crop switching, farm restoration, use of bio fertilizer, etc.). FCC can be generated from these projects.

**Community Based Organization:** organization whose members are composed of small farmers, small producers, households, and other individuals from the same community, who join together to solve common issues in areas such as community-service and action, health, educational, personal growth and improvement, social welfare and self-help for the disadvantaged.

**Compliance criteria:** each standard requirement is translated into a compliance criterion that is meant to monitor how the standard is applied in practice. This list is used by the auditor/certifier to perform the audit. Compliance criteria for FCC will be developed by FLOCERT for producer certification.

**Component Project Activities:** activity part of a PoA (see PoA definition)

**Emission Reduction Purchase Agreements (ERPAs):** carbon offtake contracts that underlie the sale and purchase of carbon credits from carbon projects.[[8]](#footnote-9)

**Energy project:** category of project with activities related to Renewable Energy (Solar thermal Heating/electricity, solar photovoltaic, wind energy, hydropower, Biogas heating/electricy, etc.) or End-use Energy Efficiency (improved cookstoves, water filtration/purification systems, energy Savings Lamp/ fluorescent lamp, etc.). FCC can be generated from these projects.

**Fairtrade Carbon Credit (FCC):** carbon credit produced and traded under the conditions laid out in this Standard.

**Fairtrade Carbon Credits project:** single or set of interrelated activities to reduce GHG emissions or sequester carbon, and aiming at bringing additional sustainable benefits to producers and their communities. The FCC project should follow the criteria laid out in this standard.

**Fairtrade Development plan:** plan through which the Producer Organization write all activities that are planned to bring benefits to the organization and its communities. The Producer Organization includes the activities of its choice in the Fairtrade Development plan according to the needs it identifies and assesses. More explanation on the Fairtrade Development plan is given in requirement 2.9.

**Fairtrade Premium:** sum of money, in addition to the Fairtrade price, paid to producers through a communal fund managed democratically, which they use to improve their social, economic and environmental conditions.

**Food Security:** situation withaccess to sufficient, safe, nutritious food to maintain a healthy and active life.

**Forest project:** category of project with activities related to Afforestation/Reforestation[[9]](#footnote-10) (for instance forest plantations in degraded lands), or Improved Forest Management (for instance rotation forestry, forest with selective harvesting, etc.). FCC can be generated from these projects. .

**Greenhouse gas (GHG):** atmospheric gas, that contributes to the greenhouse effect. There are six primary categories of greenhouse gases: [carbon dioxide](http://en.wikipedia.org/wiki/Carbon_dioxide) (CO2), [methane](http://en.wikipedia.org/wiki/Methane) (CH4), [nitrous oxide](http://en.wikipedia.org/wiki/Nitrous_oxide) (N2O), [perfluorocarbons](http://en.wikipedia.org/wiki/Perfluorocarbons) (PFCs), [hydrofluorocarbons](http://en.wikipedia.org/wiki/Hydrofluorocarbons) (HFCs), and [sulfure hexafluoride](http://en.wikipedia.org/wiki/Sulfur_hexafluoride) (SF6).[[6]](http://en.wikipedia.org/wiki/Carbon_offset#cite_note-6) Emitted in large quantities, they contribute to climate change.

**Guidance:** in this standard, guidance sectionsprovide best practices, suggestions and examples of how to comply with the requirement. They can also give further explanation on the requirement with the rationale and/or intention behind the requirement. Producers are not audited against guidance.

**Intent (and scope):** in this standard, each chapter is introduced by an intent ( and scope), describing the objective and defines the scope of application of each chapter or section

**Producer Organization:** organization producing FCC. This Producer Organization can be a Small Producer Organization, a Community Based Organization or any kind of organization following the

rules laid out in this Standard.[[10]](#footnote-11)

**Offsetting mechanism**:project-based activities that can be used to meet compliance or corporate objectives as a supplement or alternative to reducing one’s own emissions.

**Primary market**: market in which buyers and sellers negotiate and transact business directly, without any intermediary such as resellers. The seller is the original owner (or issuer) of the carbon asset.

**Programme of Activity (PoA):** set of individual Component Project Activities (voluntary or CDM- registered) that apply the same baseline and monitoring methodologies, and involve technologies or a set of interrelated measures that reduce or remove greenhouse gas (GHG) emissions.

**Project area** (Source: The Gold Standard): The project area is a spatial area submitted for certification managed to a set of explicit long terms management objectives. For the efficient calculation of the amount of CO2 certificates or other accounted ecosystem services (eg. biodiversity enhancement,, water supply ). Under the Gold Standard, the project area is divided into the subunit of Modelling Units (MUs)

**Project Facilitator**: person or organization who is external to the Producer Organization and who supports the development of FCC project. This person can be of any form (consultant, NGO, company, technology provider, buyer, etc.) as long as it plays a support role. Commonly known in the carbon sector as project developer, it meets Faitrade criteria and follows the applicable standard requirements.

**Project Manager:** person from the Producer Organization who is responsible for managing the design, implementation, and monitoring of the project.

**Registry account**: Account that needs to be opened to receive the carbon credits. Registration is a key stage in the carbon credit project cycle, representing the point where a project activity is accepted, making it eligible to generate carbon credits.

**Requirement:** specific rule to adhere to and to apply.

**Risk and Opportunity Assessment:** evaluation through which a Producer Organization explores all implications of climate change effects in its actual and future activities, and on the livelihoods of its members. This assessment allows the organization to take action and orientate its activities in such way that it can be more resilient to the effects of climate change.

**Secondary market**: market where carbon credits are traded after having initially been sold (on the primary market) by the original owner or issuer.

**Small-scale producer**: producer of carbon credits targeted by this standard, whose project area is small in comparison with the country and regional context where it operates.[[11]](#footnote-12) In practice, small-scale producers can be households, smallholders, micro-enterprises, etc.

**Suppressed demand** the situation where energy services provided are insufficient- due to poverty or lack of access to energy- to meet the needs of stakeholders given their human development needs**.** The CDM and Gold Standard have tried to incorporate this notion in some of their methodologies: It is a methodology accounting for the poverty situation of people.

**Training of trainers:** In the context of climate change adaptation, this activity is meant to duplicate, through training and knowledge dissemination, best practices across a region with similar set of activities and similar socio-economic conditions.

**Traders**: operator who buys and sells FCC Credits from producers, following the conditions laid down in this standard.

**Transaction costs**: time, effort, and money necessary, including such things as commission fees and the cost of physically moving the asset from seller to buyer.

**Validated CO2­ certificate:** estimated reduction or sequestration of 1 metric ton of CO2-equivalent, calculated in the context of projects that seek finance and consider selling their expected CO2 certification upfront. This notion was developed by Gold Standard for Land use and Forestry projects and the FCC standard builds on it propose to extend it for all kind of projects, including the energy sector.

**Verified CO2­ certificat**e: actual and verified reduction or sequestration of 1 metric ton of CO2-equivalent, calculated in the context of projects that seek finance and consider selling their expected CO2 certification upfront. This notion was developed by Gold Standard for Land use and Forestry projects and the FCC standard builds on it, proposes to extend it for all kind of projects, including in the energy sector.

**Workers**: Workers are waged employees, permanent or temporary, migrant or local, subcontracted or directly employed. Workers include all hired personnel whether they work in the field, in processing sites, or in administration.

**Questions on Definitions:**

**3) Is there any definition that should be added? (Please explain why)**

**Click here to enter text.**

**4) What elements should the definition of small-scale producer capture?**

**A small-scale producer:**

**Has a relative small project area, in comparison with the local context and for the project type (as proposed by the standard in the definition section)**

**Cannot generate more than a defined amount of tons of carbon credits per year (amount to define according to project type)**

**Has specific setup and profile such as marginalization in terms of market access, resources, information, technology, capital and assets, etc.**

**Presents a combination of the above mentioned definitions**

**Please explain rationale for your suggestions**

The introduction to the standard talks about the most disadvantaged producers, so it would make sense to focus a definition on ideas of disadvantage/marginalization, rather than just scale.

# General requirements

*This chapter outlines the requirements that relate to the certification and to the scope of this Standard.*

*The certificate holder for the FCC is the Producer Organization.*

1. **Certification**

**a.1 Audit acceptance**

(Core) (Year 0) You must accept audits of your premises and subcontracted premises and provide information at the certification body’s request.

**a.2 Contact person for certification**

(Core) (Year 0) A contact person must be appointed for all certification matters. This person must keep the certification body updated with contact details and important information.[[12]](#footnote-13)This person is preferably internally appointed by the Producer Organization, but can also be the Project Facilitator until the Producer Organization builds this capacity internally (see requirement below).

a.3 **Contact person is internally appointed**

(Dev) (Year 3) A contact person for all certification matters is internally appointed by the Producer Organization. This person can either be a member or an employee of the Producer Organization.

*Guidance: The purpose of this requirement is that the Producer Organization takes a leading role on the management of its certification. It is expected that by taking the lead on certain tasks like audit preparation, compliance criteria implementation or monitoring, the Producer Organization will take ownership of the overall FCC project.*

1. **Setup and membership of the Producer Organization**

**b.1. Producer Organization setup**

The Producer Organization doing FCC projects can have different features and setups.

It can be a Small Producer Organization as defined by Fairtrade[[13]](#footnote-14), a *Community Based Organization*, or any other form that has formal structures in place (association, union, cooperative, saving and credit group, small enterprises, etc.)

The Producer Organization can also be a Coordinating/Managing Entity or a Voluntary Project activity implementer[[14]](#footnote-15) coordinating a Programme of Activities (PoA). In this case, strong local democratic rules shall be in place to foster local participation and empowerment at the level of each activity.

**b.2. Members are small-scale producers**

Majority of members must be *small-scale producers* of carbon credits.

# Production

**The application of the following requirements is limited to the scope of the project area, where the project activities take place to produce FCC.**

***This section is addressed to producers involved in a FCC project****.*

1. **Social and Business Development**

*Intent:*

*This section intends to ensure that individual producers are part of an organization, to guarantee that the benefits of the FCC reach them. This organization should be democratic and run in a transparent and non-discriminative way, to maximize the member participation and their sense of ownership over the organization. This section is addressed to Producer Organizations and their members*

* 1. **Producer Organization**

1.1.1 (Core) (Year 0)Producers of FCC are members of

a Producer Organization that can be of any form (Association, *Community Based Organization*, etc.) but must have:

* A **formal structure**, where individual producers are able to make democratic and transparent decisions about Fairtrade issues, including the use of the *Fairtrade Premium*.
* **Representatives that are democratically elected** to represent individual producers, and that reflect all producers. Elections must be documented.
* An **established communication and feedback system** in place between the executives and the producers so that information and concerns, particularly about the *Fairtrade Premium* and Fairtrade sales is documented and shared between all parties in a timely manner.
* Clear written **rules to determine who can become a member** and records on membership, including contact names, dates and details of carbon project implementation (e.g. purchasing a stove, receiving a water filter, planting trees, etc.)

1.1.2(Core) (Year 0)In the case of a *PoA,* the *Coordinating/Managing Entity* or a Voluntary Project activity implementer must ensure that there is a Producer Organization setup for each *Component Project Activities* (see PoA definition), following the rules stated in the above mentioned requirement.

*Guidance: The representatives elected reflect all producers, taking into account gender, location, community membership, and, where applicable, temporary or migrant workers.*

**1.2 Bank and Registry account**

(Core) (Year 0) In order to be able to produce and sell FCC, a bank account must be in place, with more than one signatory. A *registry account* should also be opened.[[15]](#footnote-16) In the case of a *PoA*, there must be a bank account in place for the PoA itself and for each *Component Project Activities*.

**1.3 Increased participation of members**

(Dev) (Year 3) You must explain to your members about the ways they can participate in the Producer Organization so that they can have more control over it. You must share audit results with your members, in a format and language accessible to them.

*Guidance: Sharing the results of the audit mean providing an explanation or a summary of non-compliances and corrective measures. The results can be shared via the established communication and feedback system (see requirement 1.1.1) or in other ways. This is an opportunity for registered producers to have more awareness of and involvement in the process.*

* 1. **Non-discrimination of members**

*Intent*

*Fairtrade International follows the Universal Declaration of Human Rights on ending discrimination.[[16]](#footnote-17) This section intends that these principles are followed. Furthermore, this section intends to ensure that members from disadvantaged or minority groups are protected and defended.*

(Core) (Year 0) The Producer Organization must not discriminate against members or restrict new membership on the basis of race, colour, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, language, property, nationality, ethnicity or social origin. The organization must not discriminate regarding participation, voting rights, the right to be elected, access to markets, or access to training, technical support or any other benefit of membership.

*Guidance: Where particular forms of discrimination exist within an economic sector, geographical region, the Producer Organization is encouraged to show progress towards removing them, addressing them in its Fairtrade Development Plan.*

**1.5 Gender Policy**

(Core) (Year 3) Once set up, the Producer Organization must have a gender policy in place. More specifically, it must proactively protect women’s rights, foster the participation of women in the project, and monitor the benefits received by women. (see requirement 2.11)

*Guidance: The Producer Organization is expected to show how it directly supports its female members to participate actively in the organization, for example by delegating to them organizational responsibilities and the means to carry them. The gender policy should foster the participation of women in projects, regulate income according to gender when relevant, and measure that women can deviate from low-value activities (such as carrying water, gathering fuel, etc.) to higher-value activities. Training and awareness-raising sessions can be organized. In contexts where women do not have access to land rights[[17]](#footnote-18), the organization is encouraged to show progress addressing this through its Fairtrade Development Plan.*[[18]](#footnote-19)

**1.6 Actions targeting minority groups**

**(Dev) (Year 3) The Producer Organization must identify disadvantaged/minority groups and have programs in place to improve their social and economic position in the organization.**

*Guidance: The Producer Organization is expected to show how it directly supports its members from disadvantaged or minority groups to participate actively in the organization, for example by delegating to them organizational responsibilities and the means to carry them. The Producer Oganization is encouraged to include these programs within the framework of its Fairtrade Development Plan.*

## 2. Fairtrade Carbon Credits project management

*Intent:*

*This section is meant to ensure that FCC projects are viable and lead to sustainable development for producers and their communities. It also aims to ensure that the Producer Organization owns and manages the project and develop continuous internal capacities to do so.*

## 2.1 Project management

## (Core) (Year 0) At least one person is designated from the Producer Organization to take the lead of the project management and implementation. This person is called the Project Manager and must be in a position that can influence decision making at the organizational level.

## Guidance: The chosen person does not need to have a formal education on subjects such as carbon accounting or monitoring, but should be experienced in project management. This person will be the counterpart for the external Project Facilitator and both will work hand in hand to ensure that the project is correctly implemented and managed. The role of the Project Facilitator is to transfer capacities and skills to the Project Manager (see also requirement 2.17).

## 2.2 Project rights

(Core) (Year 0) The FCC project needs to comply with national and local rules and regulations and all relevant permits must be obtained (also for customary rights). These rights must be identified and documented.

*Guidance: The permits should allow the implementation of the project (infrastructure, land exploitation, etc.) and its management. For instance, the FCC project can only apply to land over which producers have ownership or long-term user rights. In order to be thorough, all laws and regulations that have an impact on the project must be identified before the project starts, and updates must be made on a regular basis during the conduction of the project.*

## 2.3 Project risks

(Core) (Year 0) Project risks need to be identified to ensure that sufficient human, technical and financial capacities are available for the project to run, and that eventual risks to the project are mitigated.

*Guidance: project risks refer to environmental risks, such as natural constraints or even natural disasters that could deteriorate the project (such as drought, disease, etc.). But it also refers to business risks (evaluation of the viability of the project from a business perspective). A careful estimation of the assets and spending, and of financial capacities of the project in the long-run must be made. This evaluation is key as carbon projects have a long life-cycle, and sometimes only become profitable after years of implementation. To cover for those risks, a risk buffer is introduced. (see requirement 6.1.2)*

*A significant amount of time and money indeed needs to be invested to develop carbon projects. It is always important to analyse why it would be attractive to engage in undertaking a carbon sequestration project and what are the driving motivations for it. A business plan taking into account all costs and benefits of the project can be developed. According to the project type and its business case, sufficient funding for the initial setup of the project should be secured. Tools to calculate the emissions and uptake of the carbon by a project can be used. [[19]](#footnote-20)*

**2.4 Project impact**

(Core) (Year 0) No project must be accepted that jeopardizes the *food security* of participants and their communities. Furthermore, the project must not lead to environmental damages such as deforestation, reduction of water quality or soil erosion.

*Guidance: whenever there is a risk identified for such negative impacts, the Producer Organization is encouraged to liaise with local authorities and experts who can conduct an assessment of the situation and the risks. The consultation with all stakeholders potentially affected by the project can also be a good trigger for such investigation (see requirement 2.6).*

**2.5 Indigenous rights, human rights and sites of cultural importance**

(Core) (Year 0) Indigenous rights, human rights and sites of cultural importance must be respected. FCC project must not lead to involuntary resettlement. The members of the Producer Organization must have legal, legitimate and customary right to land use and land tenure and respect the rights of local and indigenous peoples. Disputes on land must be resolved responsibly and transparently before certification can be granted.

*Guidance: This requirement is grounded on convention C169 (Indigenous and Tribal Peoples Convention), Part II. Legitimate right to land use means that the Producer Organization has appropriate official documentation demonstrating legal rights to the land, or if there is no such documentation the organization must show either:*

*a. The absence of significant disputes on land use, tenure and access, or;*

*b. The consent of local communities, regarding the land, natural and agricultural resources. Respecting the rights of indigenous peoples refers to respecting their human rights, fundamental freedoms, and cultural rights*

## 2.6 Project local endorsement

(Core) (Year 0) All communities who are not part of the Producer Organization, but can be affected by the project must give their Free, Prior and Informed consent before the project is developed. The Producer Organization must regularly inform them about the project and all its implications, through the most effective way of communication (meetings, etc.). All other stakeholders (government, local authorities, NGOs, research institutes, etc.) must also be consulted.[[20]](#footnote-21)

*Guidance: This includes surrounding communities and neighbourhoods that will potentially be affected by the project (ex: the inhabitants who can suffer from noise generated by the project or from reduced access to water sources) but are not members of the Producer Organization. Fairtrade has strong empowerment and participation component for communities through the Producer Organization. This can reach the local external stakeholders potentially affected by the project. In “Free, prior and informed consent”, ‘Free’ refers to a process that is self-directed by the community from whom consent is being sought. 'Prior' means 'in advance'. The community must be given the opportunity to form their opinion and make their decision before the proposed activity or project starts, and also before a final decision is taken that such activity or project will be implemented. ‘Informed’ refers to the type of information that should be provided prior to decision making to ensure that there is clear and confirmed understanding that rights holders are aware of the specific question which they are being asked to consent to deliver in appropriate language and format (could include radio, video, theatre, graphics, documentaries, photos). ‘Consent’ refers to a freely given collective decision by local communities reached through an agreed upon process of dialogue, deliberation, and decision making (e.g. consensus, majority, etc.).[[21]](#footnote-22)*

**2.7 Project Grievance Mechanisms**

(Core) (Year 0) There must be a grievance mechanism in place in order to be able to solve eventual disputes, and all grievances must be recorded.

## 2.8 Project selection

(Core) (Year 0) Your project must aim to bring sustainable development benefits to producers and their communities. These benefits must be identified, embedded in the project design and implementation, and monitored throughout the *Fairtrade Development Plan*.

*Guidance: Sustainable development benefits encompass for example: environmental benefits (eg. protection of ecosystems), social benefits and improvement of livelihoods (eg. better access to potable water for one community, improvement of social services such as education or health care, etc.)*

**2.9 Fairtrade Development Plan**

(Core) (Year 3) At least one activity must be planned with the intention to promote the progress of the business, organization, members, workers, community and/or environment. This plan is called the *Fairtrade Development Plan*. All decisions related to the *Fairtrade Development Plan* are made by the members of the Producer Organization. Effective ways of communication (see requirement 1.1.1) must be developed so members can decide on the *Fairtrade Development Plan*. Decision should be

documented, and must be regularly reported to the members of the Producer Organization, All expenses should be accurately tracked through an accounting system.

The plan must include:

* The description of the activity ( what is planned to do)
* The objective of the activity ( why planning to do it)
* The timeline of the activity ( by when planning to do it)
* The responsibilities ( who will in charge of doing it)
* The budget of the activity ( how much is planned to be spent)

*Guidance: The Fairtrade Development Plan is meant to set up activities that ensure that the FCC project addresses the needs of the members and their communities, and brings sustainable benefits to them. Through planning, implementing and evaluating activities, the Fairtrade Development Plan intends to stimulate and increase the participation of members in their own organization and community. A list of ideas for the Fairtrade Development Plan[[22]](#footnote-23) can be consulted for guidance. Certain key developmental themes should be covered through the activities of the Fairtrade Development plan, as laid out in the requirement 3.11.*

**2.10 Fairtrade Development plan in the context of Programme of Activities (PoA)**

(Core) (Year 3) A *Fairtrade Development plan* must be set for each *Component Project Activity* of the *PoA*, following the rules stated in requirement 2.9.To distribute the Fairtrade income (Price and Premium) an allocation system must be put in place to distribute the money to each Component Project Activities. This distribution must be documented and accurately tracked through an accounting system.

*Guidance: In the context of a PoA, it is important that the Fairtrade Premium is well channeled to reach all individual producers.*

**2.11 Fairtrade development plan: activities for women**

(Dev) (Year 3) Female members must benefit from at least one activity of the Fairtrade Development Plan.

*Guidance: Producer Organizations involved in the FCC production benefit and demonstrate solidarity with their all members and with their communities. Supporting women is especially important in achieving this. Benefiting women can mean any action that is directed at improving their living conditions, welfare or capacities. The actions do not need to be addressed to women only, but can benefit women, for instance by addressing needs of the communities where women live. Ideally, female members should be consulted to express their needs and preferences.*

**2.12** **Fairtrade development plan: activities for climate change adaptation**

The Fairtrade development plan must include activities related to climate change adaptation (see section 4.2)

*Guidance: Producers are also encouraged to set-up practices to increase their resilience to climate change, and decrease their vulnerability to the climate change effects.*

## 2.13 Project monitoring

(Dev) (Year 3) You must take up the monitoring of your project's carbon performance.

*Guidance: The Producer Organization monitors by itself how its project performs in terms of CO2 sequestration or reduction. In order to do this, there must be a monitoring system in place including a database to store all data, tools to sample and undertake carbon measurement.*



*(Source:* [*ICIMOD (Integrated Mountain Development) Pilot Forest Carbon Trust Fund*](http://www.communitycarbonforestry.org/icimod-pilot_forest_carbon_trust_fund_.pdf)*)*

****Following requirements apply to project facilitators:**

*Intent***:**

*The intent of this section is to hold Project Facilitators accountable for developing producer’s capacities and supporting them in terms of project design, development, and management as well as market information, best practices, etc. The Project facilitator commits to assist small scale producers in doing FCCs and is responsible for supporting the producers to comply with this standard.*

*The Project Facilitator is certified against the following requirements.*

**2.14 Audit acceptance by Project Facilitators**

Core (Year 0) Project Facilitators must accept audits in their premises and subcontracted premises and provide information at the certification body’s request.

**2.15 Project Facilitators have a role of support**

(Core) (Year 0) Project Facilitators must give support and guidance to the Producer Organization and its members to implement the requirements of this Standard.

**2.16 One Project Facilitator per project**

Core (Year 0) There must be no more than one Project Facilitator per project.

**2.17 Competency and resources of the Project Facilitator**

Core (Year 0) Project Facilitators must demonstrate that they have the competency and enough resources to provide the necessary services and trainings to support the Producer Organization in setting the project and build its organizational capacity.

**2.18 Project Facilitators must transfer skills**

(Dev) (Year 3) Project Facilitators must transfer skills and capacities on project and certification management to the Producer Organization

*Guidance: This transfer can happen in the form of one or several trainings, and any other means of capacity development and skill transmission. The training needs to be recorded for the audit.*

**2.19 Project Facilitators must transfer project management to the Producer Organization**

(Dev) (Year 3) The project management is progressively transferred from the external Project Facilitator to the Producer Organization. This includes the management of the requirements 2.2 to 2.12.

*Guidance: The project should show that there is a high level of community engagement and participation, and that producers are building capacity to manage and monitor the project. Flows of communication must be developed by the Project Facilitator so that there is knowledge about the project throughout the members. After the defined period of time, the Producer Organization should be able to decide on the project implementation, monitoring and evaluation, revenue sharing, and other aspects related to project management.*

**** Questions on FCC projects, actors and management:**

**5) Do you have any feedback on this session? ( please explain rationale)**

It would be good to see highlighted which of the above criteria are also part of other Gold Standard carbon credits schemes and which are particular to Fairtrade Carbon Credits.

**6) With regards to requirement 1.2 on Producer Organization: we know that this requirement is challenging to certain producers, especially individual households doing energy projects (e.g. cookstoves). Do you think the rule needs to be adapted for them?**

**Yes**

**No**

**Please explain rationale**

It would seem appropriate that project facilitators/support organisations provide access to, if not their own, bank account.

**7) If you think the rules need to be adapted, in what ways democracy and participation can be fostered, especially in relation to the decision making on usage of the *Fairtrade Premium*?**

**Click here to enter text.**

**8) Should there be additional or different requirements for Project Facilitators?**

**(Please explain rationale)**

**Click here to enter text.**

## 

## 3. Labour rights in Fairtrade Carbon Credits projects

*Intent and scope*

*This section is applicable to waged employees, permanent or temporary, migrant or local, subcontracted or directly empoyed in the Project Area, to support the FCC production.*

*In practice, in Land Use and Forest projects, these workers are hired for land preparation, trea planting,seeding, nursing, harvesting, etc. In energy projects, they are employed to run and maintain installations ( such as hydro-power, etc)[[23]](#footnote-24).*

*The requirements apply to the workers employed in the project area.Nevertheless Fairtrade International expects that all operations happening outside the project area are also conducted in a way that upholds national law, including international human rights treaties ratified by your government. [[24]](#footnote-25)*

*Among the following requirements, some are only applied when a significant amount of workers is employed, when indicated*

**3.1 Freedom from discrimination for workers**

*This section intends to prevent discrimination against workers based on the content of ILO Convention 111 on Discrimination.[[25]](#footnote-26) Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit. It is applicable to all workers employed by the Producer Organization and employed by its members.*

* + 1. **No worker discrimination**

(Core) (Year 0) There must not be discrimination of workers on the basis of race, colour, gender, sexual orientation, disability, marital status, age, HIV/AIDS status, religion, political opinion, membership of unions or other workers’ representative bodies, national extraction or social origin in recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement or other activities. During the recruitment of workers you and the members of your organization must not test for pregnancy, HIV/AIDS or genetic disorders.

*Guidance: Where discrimination based on any of the above mentioned indicators is endemic within a sector or region, it should be addressed by the Fairtrade Development Plan.*

* + 1. **No mental or physical coercion, no abusive practice**

(Core) (Year 0) There must not be engagement in support, or tolerance of the use of corporal punishment, mental or physical coercion, verbal abuse or behaviour against workers, including gestures, language, and physical contact, that is sexually intimidating, abusive or exploitative.

*Guidance: Where such practices are endemic within a sector or region, this can be addressed through the Fairtrade Development Plan, for example by developing a written policy and a system to prevent improper disciplinary practice, or that clearly prohibits sexually intimidating behaviour.*

**3.2 Freedom of labour**

Intent and scope

*This section intends to prevent forced or bonded labour based on ILO Conventions 29 and 105 on Forced Labour and trafficking for forced labour or services, including sexual exploitation based on the UN Trafficking Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (Trafficking Protocol or UN TIP Protocol). [[26]](#footnote-27)*

*It is applicable to all workers employed by the Producer Organization and employed by its members.*

(Core)(Year 0) There must not be forced labour, including bonded or involuntary prison labour. Workers must be explained that they are free to leave at any time as long as they follow the due notice period in their contract. The employment of a worker or an offer of housing must be not be conditional on the employment of their spouse. Spouses have the right to work elsewhere.

*Guidance: “Slavery, misuse of prison labour, forced recruitment, debt bondage, human trafficking for labour and/or sexual exploitation are some examples of forced labour. It is considered forced labour if any part of the workers’ salary, benefits, property or documents are retained in order to force them to remain in their employment. If use of any physical or psychological measure is used to retaim workers that is considered forced labour. The term “bonded labour” or “debt bondage” refers to workers that have received loans from employers, where these loans are subject to unreasonable and/or unjust terms and conditions for repayment, where the worker and/or their families are held to pay off the loan through t**heir labour against their will.*

**3.3 Child labour and child protection**

*Intent and Scope*

*This section intends to prevent labour that is damaging to children based on ILO Convention 182 on the Worst Forms of Child Labour addressing “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children” and on ILO Convention 138 on Minimum Age. “The minimum age specified in pursuance of paragraph 1 of this Article shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years”.*

*It is applicable to all workers employed by the Producer Organization and employed by its members.*

**3.3.1 No workers below the age of 15**

(Core) (Year 0) No children below the age of 15 or under the age defined by local law, whichever is higher, must be employed.

*Guidance: In the case of child-headed households where all members of the household are below the age of 18 years, a child’s right approach should be used to interpret the minimum age requirements, giving priority to the best interest of the child.*

*If the age of a child is unknown, all efforts must be made to identify the age following child rights guidelines.*

*When there is a high likelihood of child labour as defined by ILO Convention 138 (Minimum age) and ILO Convention 182 (Worst forms of child labour) occurring producers are encouraged to address this and include actions that tackle root causes of child labour such as ensuring safe schooling of children in the Fairtrade Development Plan. If there are no schools available in the area where children live, all effort should be given to work with national authorities and/or other relevant partners to build schools for children or provide safe transportation so children can attend the nearest schools. If children who migrate temporarily with their working families to areas where no schools are available, temporary schooling alternatives could be sought and provided so children can attend school and receive a quality education. In all circumstances child rights should be given primary consideration, as reflected in the guiding principles of the UN Convention of the Rights of the Child (UNCRC).*

**3.3.2 Work in family**

(Core) (Year 0) Members’ children below 15 years of age are allowed to help on the FCC project under strict conditions: they only work after school or during holidays, the work they do is appropriate for their age and physical condition, they do not work long hours and/or under dangerous or exploitative conditions and their parents supervise and guide them.

*Guidance: This can be particularly relevant for projects happening on the household level, such as the development and use of clean energy for household lighting or cooking for instance. This requirement is meant to explain the difference between situations when a child is helping his/her family members for certain punctual tasks, never happening to the detriment of the time needed to his educational, psychological and physical development, and forms of child labor that are exploitative and abusive.*

**3.3.3 No worker below the age of 18 for non-appropriate work**

(Core) (Year 0) No workers of less than 18 years of age must be submitted to any type of work which, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety, morals or their school attendance.

*Guidance: Examples of work that is potentially damaging includes work that takes place in an unhealthy environment, involves excessively long working hours, night hours, the handling or any exposure to toxic chemicals, work at dangerous heights, operation of dangerous equipment and work that involves abusive punishment or is exploitative.*

**3.3.4. Protecting children from worst forms of labour**

(Core) (Year 0) If in the past children under 15 were employed for any type of work, or children under 18 for dangerous and exploitative work, it must be ensured that those children must not enter or are at risk of entering into even worse forms of labour. Relevant procedures must be installed to prevent children below the age of 15 from being employed for any work and children below the age of 18 from being employed in dangerous and exploitative work.

*Guidance: In order to ensure children do not enter worse forms a rights based remediation policy and program within a UNCRC protective framework could be developed that covers how to withdraw the children and how to prevent that they enter into worse forms of labour.*

*This policy and program should include a clear statement against child labour and remediation projects to ensure the immediate and continued protection of children.*

|  |  |  |  |
| --- | --- | --- | --- |
| 3.4 Freedom of association and collective bargaining | | | |
| *This section intends to protect workers against discrimination when defending their rights to organize and to negotiate collectively based on ILO Convention 87 on Freedom of Association and Protection of the Right to Organize, ILO Convention 98 on the Right to Organize and Collective Bargaining and ILO Recommendation 143 on Workers’ Representatives. [[27]](#footnote-28)* | | |
| **3.4.1 Workers can join any workers’ organization**  (Core) (Year 0) All workers must be free to join a workers’ organization of their own choosing, and to participate in group negotiations regarding their working conditions. These rights must not be denied in practice, and must not have been opposed in the last two years.  *Guidance: “Workers organization” is any organization of workers with the objective of “furthering and defending the interests of workers…” (ILO Convention 110, Article 69). If there has been opposition to these rights in the last two years this requirement is still fulfilled if circumstances have changed substantially, for example in case of a change of management.* | | | |
| **3.4.2 Trade union are allowed to meet workers**  (Core) (Year 0) Trade unions that do not have a base in the organization must be allowed to meet workers and to share information. No interference in these meetings must happen.  *Guidance: Workers are free to participate or not in these meetings. The meetings can be requested by the workers. External union officials can request the meetings if the union is involved in a in a Collective Bargaining Agreement (CBA) within the relevant industry or at national level. Time and place for these meetings have to be agreed in advance.* | | | |
| **3.4.3 No discrimination against unionized workers**  (Core) (Year 0) No discrimination must happen against workers and their representatives for organizing, joining (or not) a workers’ organization, or for participating in the legal activities of the workers’ organization.  If a workers’ organization representative is dismissed, it must be immediately reported and explained to the certification body.  There must be a record of all terminated contracts. These records must include the reason for termination and must indicate if workers are members of a workers’ organization.  *Guidance: “Discrimination” means that workers are treated differently or suffer any negative repercussions. Some actions that could indicate discrimination against workers who form a workers’ organization or who are trying to form one are closing production, denying access, longer working hours, making transport difficult or dismissals.* | | | |
| **3.4.4 Workers are encouraged to elect workers’ organization**  (Dev) (Year 3) If there is no union that is recognized and active in the region, if unions are forbidden by law, or if unions are managed by government and not by members, then workers must be encouraged to democratically elect a workers’ organization, if there are enough workers employed to do so. The workers’ organization will represent workers in their negotiations to defend their interests. Training must be provided to workers for improving their awareness about workers’ rights and duties. Training must take place during paid working time.  *Guidance: Fairtrade International defends the rights of freedom of association and collective bargaining and believes that independent trade unions are the best way for achieving this. Therefore, this requirement only applies if there are no recognized unions that are active in your area, if unions are forbidden by law or if unions are managed by government and not by members.*  *“Recognized union” means that the union is affiliated with a national or international trade secretariat (for example the Global Union Federation).* | | | |
| 3.5 Conditions of employment | | | | |
| *Intent and scope*  *This section intends to provide for good practices regarding the payment of workers and their conditions of employment based on ILO Convention 100 on Equal Remuneration and on ILO Convention 110 on Conditions of Employment of Workers.*  *This section applies to workers employed directly or indirectly (subcontracted).* The requirements below are only applicable when a minimum number of workers is employed. This minimum will vary according to projects and regions. | | | |
| **3.5.1 Salaries**  (Core) (Year 0) Salaries must be set for workers according to CBA regulations where they exist or at regional average wages or at official minimum wages for similar occupations whichever is the highest. Wages must be specified for all employee functions. | | | |
| **3.5.2 Production, quotas and piecework**  (Core) (Year 0) For work based on production, quotas and piecework, during normal working hours, the proportionate minimum wage or the relevant industry average must be paid, whichever is higher. Information about this pay rate must be available for all workers and worker organizations.  For pay based on piecework, the worker must agree that the rate is fair, and the method of calculation must be made transparent and accessible to the worker.  Production, quotas and piecework employment must not be used as a means to avoid time-bound contracts. | | | |
| **3.5.3 Regular and legal tender payments**  (Core) ( Year 0) Payments to workers at regularly scheduled intervals must be made and documented with a pay slip containing all necessary information. Payments must be made in legal tender. Only if the worker explicitly payment in kind may be made. | | | |
| **3.5.4 Maternity leave, social security provisions and other benefits**  (Dev)(Year 3) Maternity leave, social security provisions and non-mandatory benefits according to national laws or according to CBA regulations where they exist must be set, or according to the agreement signed between the workers’ organization and the employer, whichever is the most favourable for the worker. | | | |
| **3.5.5 Legally binding contracts**  (Dev)( Year 3) Alegally binding written contract of employment must be made for all permanent workers that includes at least the following: the job duties related to the position; protection of the worker from loss of pay in the case of illness, disability or accident; and a notice period for termination that is the same as to the notice period of the employer. | | | |
| **3.5.6 Copy of the contract**  (Dev)(Year 3) A copy of the signed contract to the worker must be provided. | | | |
| **3.5.7 Gradual salary increase**  (Dev) (Year 3) Salaries must be gradually increased above the regional average and the official minimum wage. | | | |
| **3.5.8 Assign work to permanent workers**  (Dev) (Year 3) Where possible all regular work must be assigned to permanent workers.  *Guidance: Regular work excludes all seasonal work, work that is added to usual work levels during peak periods, and special tasks. The intention of this requirement is that you do not avoid legal obligations by using continuous fixed-term employment contracts.* | | | |
| **3.5.9 Local, migrant, seasonal and permanent workers**  (Dev) (Year 3) Local, migrant, seasonal and permanent workers must be given the same benefits and employment conditions for the same work performed. Where this is not possible, an alternative and equivalent benefit must be provided to them. | | | |
| **3.5.10 Migrant or seasonal workers of contracting agency/person**  (Dev) (Year 6) If migrant or seasonal workers are employed through a contracting agency or person, effective measures must be put in place to ensure that their hiring and working conditions also comply with this Standard.  *Guidance: The Standard cover all workers whether they are local, migrant, directly contracted or subcontracted. As subcontracted migrant or seasonal workers are in an especially vulnerable position, the organization needs to ensure that the requirements are equally applied to them. Effective measures may include referring to guidelines to select contracting agencies or persons, and procedures to monitor the working conditions of migrant or seasonal subcontracted workers.* | | | |
| 3.6 Occupational health and safety | | |
| *Intent:*  *This section intends to prevent work-related accidents by minimizing hazards in the work place. It is based on ILO Convention 155 on Occupational Safety and Health.*  The requirements below on Health and Safety are only applicable when a minimum number of workers is employed. This minimum will vary according to projects and regions. | | | |
| **3.6.1 Safe production site**  (Core) (Year 0) Work processes, workplaces, machinery and equipment on production site must be safe. | | | |
| **3.6.2 Vulnerable people do not handle hazardous work**  (Core) (Year 0) Children under the age of 18 years, pregnant or nursing women, mentally disabled people, people with chronic, hepatic or renal diseases and people with respiratory diseases must not carry out any potentially hazardous work. Alternative work must be ensured for them. | | | |
| **3.6.3 Access to first aid box and equipment**  (Core) (Year 0) Workers must have accessible first aid boxes and equipment and a sufficient number of people trained in first aid in the workplace at all times. | | | |
| **3.6.4 Clean drinking water and facilities**  (Core) (Year 0) Workers must be provided with clean drinking water and clean toilets with hand washing facilities close, and clean showers for workers who handle pesticides. These facilities must be separate for women and men and the number of facilities must be in proportion to the number of workers. | | | |
| **3.6.5 Health and safety issues representative**  (Dev) (Year 3) It must be ensured that workers nominate a representative who knows about health and safety issues and who will raise workers’ concerns on health and safety issues with the organization’s management. | | | |
| **3.6.6 Training for workers handling hazardous work**  (Core) (Year 3) Training must be provided to workers who carry out hazardous work on the risks from this work to their health, and to the environment, and on what to do in case of an accident. | | | |
| **3.6.7 Display safety instructions**  (Core) (Year 3) For hazardous work, all information, safety instructions, re-entry intervals and hygiene recommendations must be displayed and clearly and visibly in the workplace in the local language(s) and with pictograms. | | | |
| **3.6.8 Protective equipment**  (Core) (Year 0) Personal protective equipment for all workers who perform hazardous work must be provided and paid for. It must be ensured that the personal protective equipment is used and that replacement equipment is ordered and distributed when the existing equipment wears out. | | | |

## 

**** Questions on labour rights in FCC project:**

**9) Do you have any feedback on this section? (please explain rationale)**

**Click here to enter text.**

**10 ) This section covers only the workers involved in the FCC production. Do you think they should also cover workers employed by manufacturers or distributors of technology services (eg such cook stove builders, potters, etc.) ?**

**Yes**

**No**

**Please explain rationale**

**Click here to enter text.**

## 4. Protection of environment in Fairtrade Carbon Credits projects

*Intent*:

**This section intends to ensure that the production of FCC is sustainable and contribute to the protection of the environment, eg. natural resources, biodiversity, health of the communities, etc.**

**Since environmental requirements differ highly according to the type of carbon projects (from energy projects to forestry project for instance), Fairtrade refers directly to the Gold Standard environmental requirements, that must be followed and fulfilled.**

**However, Fairtrade introduces here a few additional requirements relative to climate adaptation. The intent of these requirements is to ensure that small scale producers have the means to increase their resilience to climate change and that a path is developed for producers to increase their ability to adapt to climate change through FCC projects.**

**4.1. Follow Gold Standard environmental criteria related to safeguards on ecosystems, biodiversity and natural resources**

According to Gold Standard Environmental criteria, natural environments, ecosystem services and biological diversity are identified and protected. The activity does not involve plantations or other activities that lead to the conversion or degradation of critical habitats, biodiversity or natural forests. The potential impact of the activity on ecosystems, ecosystem functions and habitats must be identified, independently confirmed and discussed with stakeholders in advance through the Local Stakeholder Consultation (see Annex). Critical forest areas and other natural habitats must be maintained. To that end, areas of high conservation value according to the High Conservation Values concept must be located and managed.

Its required to establish protected areas, buffer zones and natural corridors for the purpose of protecting biodiversity without jeopardizing livelihoods.

The introduction of invasive species is forbidden. Activities that introduce exotic species must demonstrate that the species will not be invasive. Should invasive species be indirectly introduced as a result of a project activity, the project is responsible for preventing further expansion and mitigating any negative impacts. The use of Genetically Modified Organisms is prohibited.

The quality of natural resources is maintained over time and the activity must turn degradation into sustainable practices. Therefore, threats to natural resources, such as soils, water and biodiversity must be identified and avoided. This also means that there must be clear policies on minimizing the impact of fertilizers, pesticides, biological control agents and waste so they do not damage natural resources.

The environmental and sustainable development criteria defined by The Gold Standard, according to the type of project, can be found on their website: <http://www.goldstandard.org/>

**4.2 Adaptation to climate change:**

*Intent:*

*Reducing and/or removing greenhouse gases emissions, where possible, is one of the goal of this Standard, but this should also thrive* *adaptation to climate change effects, which is particularly relevant for small-scale producers who are often the first and worst hit by the effects of climate change- although the least responsible for it. Fairtrade recognizes the urgent need to support poor communities to adapt to climate change impacts.*

*The intent of this section is to ensure that there are practices in place that will secure a stronger resilience to climate change and ultimately a better livelihood for producers and their communities.*

**4.2.1 Climate change awareness**

(Core) (Year 3) The Producer Organization and its members must receive a climate change awareness and informative session to better understand the underlying causes of climate change and its repercussions on your region/community.

*Guidance: This information can be provided by a local expert organization of any choice.*

**4.2.2 Risk and Opportunity Assessment**

(Core) (Year 3) The Producer Organization must carry out a *Risk and Opportunity Assessment* with the support of the Fairtrade producer support team or Project Facilitators, to identify the risks and opportunities associated to climate change for the Producer Organization and the community. This training should be carried out with representatives of the organization responsible for replicating the ROA to other members of the organization through *training of trainers,*



Source: Fairtrade tea farmers in East Africa working to adapt to new climate realities

**4.2.3 Climate change adaptation plan**

(Dev) (Year 3) The Producer Organization must develop a climate change adaptation plan based on the results of the ROA, including timelines and responsibilities. This plan must lay out measures to be taken to become more resilient to climate change and seize on opportunities identified to address climate change.

**4.2.4 Further support**

(Dev) (Year 3) Key subject areas that need further support must be identified, which could be covered through field schools with the support of Project Facilitators or local technical partners. Producer support team can support to make linkages to the relevant partners.

**** Questions on Protection of environment in a FCC project:**

**11) Do you have any feedback on this section? (please explain rationale)**

It is good to see this section here, and that attempts are being made to ensure people and communities involved are aware of climate change risks, what carbon credits are, what FCCs are, etc.

**12) Fairtrade mostly refers to Gold Standard environmental requirements. For small scale producers, Should certain requirements be adapted to fit within the reality context of smallholders and rural communities?**

**Yes**

**No**

**If yes, please explain which ones, and give rationale**

This is further opportunity/reinforcement for Fairtrade production to continue to incorporate further environmental criteria, and the assumption is that small scale producers have other organisations supporting them in this process with greater capacity.

## 5. Carbon accounting

**Carbon accounting is a key foundation of the FCC scheme, since it defines how many GHG emissions are sequestered or avoided through FCC projects, thus determining the amount of carbon credits produced. The methodologies for carbon accounting differ from project to project.**

**FCC projects apply the carbon accounting methodologies accepted by the CDM or by Gold Standard and related to their specific project type.**

The carbon accounting methodologies defined by Gold Standards, according to the type of project, can be found on their website: <http://www.goldstandard.org/>

*Suppressed demand* will be applied whenever relevant for FCC projects, based on Gold Standard existing suppressed demand methodologies (for rural electrification, biomass cook stoves, food processing and food preservation).

**** Questions on Carbon Accounting:**

**13) Do you have any feedback on this section? (please explain rationale)**

**Click here to enter text.**

**Trade**

## 6. Trade requirements

*The purpose of this section is that producers get an equitable and secured benefit from the FCC trade. It is also meant to give producers funding options through pre-finance mechanisms. It also aims to incentivize off-setters to engage in efforts to reduce their carbon emissions.*

*Most of following requirements are focused on transactions between producers and their direct buyers. Therefore they do not address the transaction happening further down in the supply chain*

*Other requirements, when indicated, are addressed to end buyers of FCC.*

*The trader is the certificate holder for the trade of FCC.*

********The following requirements are applicable to traders purchasing FCC from producers. They are focused on transactions between producers and their direct buyers.**

* 1. **Contracts**

*Intent*

Fairtrade aims to create sustainable trade partnerships between producers and traders, which enable producers to have long-term access to markets under viable conditions. Above and beyond requirements in this Standard, it is important that these relationships grow stronger over time and are based on mutual respect, transparency and commitment.

Contracts between producers and buyers set the framework for Fairtrade operations. It is important that the contractual obligations are mutually agreed, well documented, and clearly understood by the contracting parties. This section is meant to make the product definition simple and clear in the contracts. Furthermore, it aims to regulate the sales, and provide certainty to producers and buyers.

**6.1.1 Binding purchase contracts**

 (Core) (Year 0) FCC traders must sign binding purchase contracts with the Producer Organization. These contracts must as a minimum clearly indicate the agreed volumes, price, and payment terms. The contract should run for an explicit period, covering the period over which monitoring and payments are made. These contracts must include a delivery schedule. In case Producer Organization requires to sell validated CO2-certificates, this shall be mentioned in the contract. The contract shall also stipulate the amount of sales income retained for eventual administrative services.

All contracts between the Producer Organization and the trader must stipulate a mechanism to resolve conflicts, separate from jurisdiction, agreed by both parties. The trader is encouraged to help solving the issue if it is within reach, e.g. in case of unavailability of certifiers, delays due to bank transfers, and language barriers between producers and the standard, etc.

The contract must include a clause making it invalid if the Producer Organization does not get a registration account for its project (see requirement 1.2), or if the project never gets implemented.

*Guidance: This requirement makes it clear that, as a minimum, both parties must agree volumes, price, payment terms, and these agreed terms must be clearly stated in the contract. Traders must ensure that a written contract exists for products bought and sold under this requirement. This requirement also prescribes that a mechanism for arbitration is written into contracts between producers and traders.*

*Responsibility for drawing up the contract should be mutually agreed on. Where no agreement can be reached, the responsibility to draw up the contract rests with the buyer who must also ensure that the contract reaches the producer organization in an agreed language.*

*A contract template is provided in Annex[[28]](#footnote-29). This template can be used as guidance to draft the contract.*

 **The following sections are applicable to Producer Organizations and Traders buying from them**

* + 1. **Risk mitigation and provision**

(Core) (Year 0) The Producer Organization shall propose measures to compensate any eventual underperformance. The contract shall in any case include a risk buffer, in order to provide assurances to buyers in case of unexpected carbon losses happening in the course of the project. The contract should not contain any clauses allowing the trader to step out of the contract without penalties.

*Guidance: Underperformance means that the project does not generate as many emissions reductions as expected. Measures the Producer Organization can take to compensate underperformance can be for instance planting more trees or replacing damaged cook stoves.*

*The risk buffer is there as a security in case the underperformance of the project cannot be mitigated by the Producer Organization. It consists in putting aside a certain amount of FCC as a provision for risks. Concretely, at the beginning of the contract, the Producer Organizations signs for an amount of FCC that is lower than the one expected by the project. In case of underperformance, Fairtrade Carbon Credits are transferred from the “risk buffer” to the trader, so that the balance between sold and generated FCC can be maintained*.

*Given the existence of this risk buffer, no penalties can be given to producers in case the project is under-performant.*

*The Producer Organization must also be ready in case the project is overperformant (inform trader on time, find new trader interesting in purchasing the credits, etc.)*

**6.1.3 Regulations of penalties imposed to Producer Organizations**

(Core) (Year O) No penalties should be given for project underperformance that is covered by the risk buffer, as defined in requirement 7.2. Delays of up to 3 months are usual and no penalties are due in this case. If delays of between 3 and 6 months are expected, the Producer Organization must inform the trader as soon as this becomes clear, in order for the trader to be able to plan accordingly. If delays of more than 6 months are expected, the trader is allowed to charge interest up to the point of not paying for the verified CO2-emissions more than the initial payment made for the *validated CO2-certificates.*

## http://www.languages.ac.nz/wp-content/uploads/2013/10/new.jpg6.1.4 Delivery schedule

(Core) (Year 0) Traders must provide their sourcing plans to the Producer Organization. Producer Organization must provide their selling plans to traders. This is the delivery schedule. [[29]](#footnote-30)Such a plan helps producers and traders schedule the expected dates of transfer of and payment for carbon credits. The delivery schedule must be inserted in the contract. (See requirement 6.1)

*Guidance: The purpose of this requirement is to allow both parties to schedule their operations, make provision for eventual delay with delivery schedule and avoid discontinuation of projects.*

*A delivery schedule lays out quantities, dates of delivery or purchase, price. Traders are encouraged to use the buying pattern of similar projects as a guide for the development of their sourcing plans. In cases where no prior buying patterns exist (i.e., When the trader has established a trading relationship with a new Producer organization) the buyer should make a reasonable estimate.*

*An delivery plan encompass also the schedule of monitoring and verification campaigns and issuance processes, taking into account minimum and average administrative timelines for verification contracting, audits, and issuance processes, including possible delays in case of incomplete information or corrective action requests.*

*Models can be drifted from Emission Reduction Purchase Agreements (ERPAs, see definition) that include a delivery schedule for carbon credits, agreed upon between producer and traders. These are used by both parties for better planning of their activities and management of risks.*

*Exchange of information is one important element of the trade relationship, in particular for producers. Traders are also encouraged to give any additional assistance they can mutually agree on with producers. Tools such as information sharing, price updates, quality training, risk sharing plans and others should be considered.*

**6.1.5 Producer de-certification**

(Core) (Year 0) Where notice is made of a producer’s suspension, issued FCC made before the date of notice will be recognized as valid for a maximum period. *Validated CO2 certificates* have to be compensated from the risk buffer (see requirement 6.1.2)

*Guidance: This maximum period will be defined by the certification body according to the project type and type of non-conformity that resulted in the de-certification.*

*Existing Fairtrade contracts that have been entered into before notice of suspension may be fulfilled if both parties (producer and traders) agree.*

*To be considered as certified, the FCC must be delivered within a time limit that is defined by the certification body. New Fairtrade contracts must not be signed after the date of the notice of suspension.*

**6.1.6 Traders decertification**

(Core) (Year 0) Where traders are decertified, they must immediately stop buying or selling FCC . This requirement is applicable from the date of decertification. FCC that have been issued before the date of decertification shall be accepted. Producers are still entitled to sell their FCC to another trader.

*Guidance: This requirement makes it clear that from the date of decertification, producers must not sell credits to decertified traders for sale of FCC.*

# 6.2 Pre-finance

*Intent*

Pre-finance is one of the core benefits for producers within the Fairtrade system. The intention of this section is to help producers gain access financial assistance, and to bridge the usual gap between project development and implementation and the issuance of carbon credits often observed in conventional carbon projects. The system of “*Validated and Verified CO2­ certificates”* is meant to provide increased certainty to buyers and Producer Organizations about the number of FCC to be traded. It draws from the system introduced by Gold Standard for the Land and Forest Use, and extends it to the energy projects.

**6.2.1 Pre-finance through Validated CO2­ certificates**

(Core) (Year 0) The Producer Organization may request to sell “Validated CO2­ certificate”, that are an estimated value for the FCC before they are actually issued. If the Producer Organization requests to sell “Validated CO2 certificates”, the trader shall accept this.

An amount of “validated CO2-certificates” is issued corresponding to 80% of the expected yield of the project for the whole crediting period. This should be stipulated in the contract. (See requirement 7.1)

*Guidance: FCC are sold as issued, but the issuance is done ex-ante, i.e., each time a portion of the project is implemented, “Validated CO2 certificates” are issued. These can only be used for offsetting once the emission reductions/sequestration has been verified. Nevertheless, the total income for the crediting period is received soon after implementation, as a lump sum. Expenses on operations, maintenance, monitoring, and verification will happen many years after all the income for a particular phase of the project is received. Hence, prudent financial planning from the Producer Organization is required in order to avoid financial risks.*

*Traders may choose, with the agreement of the producer, to offer additional pre-finance, via a third party (bank, microfinance institution, special fund[[30]](#footnote-31), etc.). Interest charges on the pre-financed value must be agreed by both the trader and the producer. They must not exceed the traders’ current cost* *of borrowing (including administrative costs), and traders are encouraged to make pre-finance available on better terms (at lower rates of interest) to the producer.*

**6.3. Pricing**

*Intent*

The Fairtrade Minimum Price or relevant market price and the Fairtrade Premium are core benefits of the Fairtrade system for producers. Fairtrade Minimum Prices are meant to protect and reduce the risks for producers in the event that market prices fall.

* + 1. **Fairtrade Minimum Price**

(Core) (Year 0) FCC traders must pay to producers at least the Fairtrade Minimum Price defined for the FCC in function of the activity sector and region. When the relevant market price for the conventional carbon credits is negotiated at a higher price than the Fairtrade Minimum Price, then the negotiated price must be paid.

*Guidance: The Fairtrade Minimum Price is the lowest possible price that the Fairtrade trader may pay to the producer. It is calculated according to the project type and setup, and related costs.[[31]](#footnote-32)The Fairtrade Minimum Price is the starting point for price negotiations between the producer and the Fairtrade buyer. When the relevant market negotiated price for the conventional carbon credits is higher than the Fairtrade Minimum Price, then at least this higher negotiated price must be paid.*

*Both parties must keep evidence of the price level and how it was agreed. Either party can demonstrate the market price based on agreements/contracts with other clients/suppliers for a similar time period (if and when required).*

**6.3.2 Fairtrade Premium:**

## (Core) (Year 0) FCC traders must pay to producers the Fairtrade Premium defined for the Fairtrade Carbon Credits in function of the activity sector and region.

## Guidance: The Fairtrade Premium will be an amount calculated as a percentage on top of the price of the FCC. Its purpose is for socio-economic development of the members of the Producer Organization and their communities. It is paid by the trader directly to the Producer Organization.

* 1. **Use of the Fairtrade mark**

(Core) (Year 0)End buyers of FCC have to be licensed. For the use of any FAIRTRADE Mark or any other reference to Fairtrade as defined in this Standard in any communication related to FCC, a contract must be agreed in writing with a National Fairtrade Organization or with Fairtrade International.

## 6.5 Promotional artwork approval

(Core) (Year 0)All artwork with a FAIRTRADE Mark in any communications must comply with the applicable “Trademark Use Guidelines” and must be approved in writing prior to use by a National Fairtrade Organization or Fairtrade International.

Guidance: Artwork can be product packaging and promotional materials as well as any print and electronic media.

**The following requirements are applicable to end buyers of FCC :**

* 1. **Emissions reduction**

**6.6.1 Carbon emissions reduction plan**

(Dev) (Year 3) End-buyers should monitor and reduce their emissions. A carbon reduction emission plan should be in place.

*Guidance: Buying carbon credits and therefore offsetting their compensation should not discourage end- buyers from reducing their own emissions. The purchase of FCC should be part of an overall comprehensive, corporate GHG management strategy to demonstrate an overall commitment*

*to reducing GHG emissions at the source, whilst using an offsetting mechanism only for emission that cannot be tackled at the source and by other means (e.g. emissions caused by business related travel activities). End buyers should do inventories and monitoring exercises using high quality industry standards following the GHG Inventory Protocol (such as the World Resources Institute[[32]](#footnote-33), or the World Business Council for Sustainable Development, etc.[[33]](#footnote-34).) Small or medium-sized businesses could demonstrate such a commitment by having undergone a carbon or ecological footprint analysis conducted by experts applying the relevant ISO standard [[34]](#footnote-35)or similar industry standards.*

**6.6.2 Majority of credits must be FCC to claim use of the Fairtrade mark**

(Dev) (Year 3) In order to be able to claim use of the Fairtrade mark , the end buyer must buy a majority of the carbon credits needed to compensate their emissions from FCC

**6.6.3 Direct buying**

(Dev, Year 6) End-buyer purchase FCC directly from the Producer Organizations

*Guidance: This means purchase arrangements between an end buyer and a seller/producer in the primary market with a view to reduce the costs or avoid brokerage fees for intermediaries acting in the secondary market. In the case contracts are directly negotiated and signed between FCC end-buyers and Producer Organizations, the Producer organizations need to be able to reliably guarantee delivery of credits or fulfil their liability obligations in the case of non-delivery).*

**** Questions on Trade section:**

**14) Do you have any feedback on this section? (please explain rationale)**

**Click here to enter text.**

**15) This section is mainly focused on the transaction between the producers and their direct buyers. Do you think Fairtrade should also regulate trading relationship further down in the supply chain? (eg between trader and their next buyers)**

**Yes**

**No**

**If yes, could you give proposals on points to regulate and risk to manage?**

**Click here to enter text.**

**Annex: Introduction to the Gold Standard Certification process**

**** Questions on Trade section:**

**16) About contracts: What minimum period should the contract cover**

**The crediting period (duration of time during which the FCC project activity is implemented, emission reductions generated, and FCC issued)**

**The vintage of the credits (year in which the emission reduction take place)**

**Other parameter. Please specify: Click here to enter text.**

**Please explain rationale:**

**Click here to enter text.**

**17) About Risk buffer: What minimum provisions shall be put aside for FCC?**

**20% (like for all Gold Standard projects)**

**More than 20%, to cover additional risks**

**Could you specify which risks should be covered?**

**Click here to enter text.**

**18) About Pre-finance: Gold Standard offers the possibility to sell validated CO2 certificate for Land-use and Forestry projects. The FCC standard proposes to extend this possibility for energy projects. Do you agree?**

**Yes**

**No**

**Please give rationale:**

**Click here to enter text.**

**19) Should Fairtrade add a requirement on carbon speculation, requesting traders not to withhold carbon credits to sell them at a later stage at a better market price, well above the minimum price?**

**Yes**

**No**

**Please give rationale:**

**Click here to enter text.**

**Introduction**

All Gold Standard projects are required to be implemented following best practice rules, thorough consultation with local stakeholders, have the ability to continually reduce greenhouse gas emissions and improve the environment and people’s lives. Once certified by The Gold Standard, projects are issued credits annually against independently audited climate and sustainable development outcomes.

The following steps outline the process to be followed in order to get Gold Standard Certification –

*Project Identification*

The first step is to assess the project activity’s eligibility for The Gold Standard (GS) as only project activities focusing on Renewable Energy (RE), End-use Energy Efficiency (EE), Land use and Forests (LUF) and/or waste management (WM) can apply for Gold Standard certification. At this stage, the most appropriate baseline and monitoring methodology should be identified from the list of approved Gold Standard methodologies or allowed CDM methodologies.

*Local stakeholder consultation*

The next step is to start planning for the Local Stakeholder Consultation (LSC) process, assessing the potential environmental and socials impacts of the project with relevant (local) stakeholders including NGOs, policymakers and local residents. The consultation sessions takes place in two rounds. The first round is a face-to-face meeting to introduce and explain the project to the local community and collect feedback, comments and concerns. Feedback on the Sustainable Development benefits/risks of the project and the Do-No-Harm assessment shall be discussed with stakeholders. This also provides an opportunity for stakeholders to provide input into the Grievance Mechanism process. For those who are unable to attend the physical meeting, feedback can also be submitted online or through other mediums of communication like telephone etc. The second round is a follow-up from the first consultation; it does not have to include a physical meeting if everyone has access to, and is able to read, the documentation. Immediately following this, the Local Stakeholder Consultation Report should be written using The Gold Standard template and this should be submitted to The Gold Standard via the registry. Once the GS Secretariat deems the report acceptable, the project will be made publicly available in the registry and referred to as an official ‘listed’ GS applicant.

Every Land Use & Forests project undergoes a ‘Pre-Feasibility Assessment’. This consists of a desk-based review of the project documentation by the Gold Standard Secretariat. During this process, the secretariat might request additional information or ask for further clarification.

Once the assessment has been completed and is deemed successful, the project is ‘Listed’ as an official Gold Standard project.

*Finalize project documentation*

The project documentation should be finalized, which provides information focusing on the project design and the application of the selected baseline and monitoring methodology to calculate emission reductions. The project documentation is the primary means to communicate about the emission reductions for the host country approval (if required), validation and registration process. Also, for the energy scope projects, The Gold Standard Passport should be written based on feedback and comments received during the Local Stakeholder Consultation process. This will contain information on the monitoring of the selected Sustainable Development indicators and justification on the Do-No-Harm assessment tool. In case, any of the SD indicators or safe guarding principles is violated, information on the mitigation measures and their monitoring should be provided in the passport. Similarly for the LUF scope, the Do-No-Harm assessment template and Sustainability Monitoring plan template shall be written.

*Stakeholder feedback and project implementation*

The second round of consultation, called the Stakeholder Feedback Round (SFR), should be carried out in order to show stakeholders how their comments from the first consultation were taken into account, as well as offering a second chance to make additional comments. During the Stakeholder Feedback Round, all the project documentation must be made publicly available for comments for a 60-day period.

Validation

An independent UN-accredited auditor (e.g. DOE) should be contracted to review and validate the project activity. For LUF projects, Forest Stewardship Council (FSC) certified auditors can also be used. The validation may start in parallel with the Stakeholder Feedback Round, as long as all comments from the Stakeholder Feedback Round are incorporated into the final validated project documentation and the feedback rounds end before validation completion.

Every Land Use & Forest project has to undergo an ‘Initial Certification’ by an independent auditor. Project owners will need to contract an eligible auditor

Gold Standard Registration review

Following the project validation, the validated project documentation and other relevant project documents plus the validation report must be uploaded into the registry. The Gold Standard Secretariat, the Technical Advisory Committee, and The Gold Standard NGO Supporters then conduct a final document review before the project becomes registered.

For LUF projects, after every certification (‘Initial Certification’ or ‘Performance Certification’) a project can issue the expected amount of CO2-certificates as ‘Validated CO2-certificates’ and the confirmed reductions as ‘Verified CO2-certificates’.

Verification

An independent UN-accredited auditor (DOE/AIE) verifies the project’s emission reductions and sustainable development monitoring activities. For LUF projects, FSC certified auditors can also be used for verification.

Gold Standard Issuance review

Following the project verification, the verified project documentation and other relevant project documents plus the verification report must be uploaded into the registry. The Gold Standard Secretariat, the Technical Advisory Committee, and The Gold Standard NGO Supporters then conduct a final document review before the project may issue credits.

Every 5 years, a Land Use & Forest project has to undergo a ‘Performance Certification’ by an independent auditor. Same as after the ‘Initial Certification’, the Gold Standard Secretariat and Gold Standard stakeholders have 3 weeks to review the auditor’s certification report.

Once all ‘Corrective Action Requests (CARs)’ are resolved the project continues to successfully be certified under The Gold Standard.

1. FLOCERT is a global certification and verification body with the main role of independantly certifying Fairtrade Products. (http://www.flo-cert.net/) [↑](#footnote-ref-2)
2. The minimum score will be later defined by FLOCERT. As an indication, for other Fairtrade products, it is of 50% [↑](#footnote-ref-3)
3. This icon indicates new elements added to FCC draft standard shared during the pre-consultation. It is meant to facilitate the lecture of those who have seen previous drafts. [↑](#footnote-ref-4)
4. Fairtrade might consider at a later stage allowing larger scale producers and companies to produce and sell FCC. [↑](#footnote-ref-5)
5. http://www.fairtrade.net/fileadmin/user\_upload/content/2009/standards/documents/2011-07-01\_Geographical\_Scope\_policy\_EN.pdf [↑](#footnote-ref-6)
6. CO2-equivalent isa unit created to represent emissions of different greenhouse gases in terms of the global warming potential of CO2. For example, 1 metric ton of methane (CH4) emitted in the atmosphere has the same effect on the climate as 25 metric tons of CO2 do, and is therefore equal to 25 tons of CO2-equivalent. [↑](#footnote-ref-7)
7. As described by UNFCCC: https://unfccc.int/focus/mitigation/items/7169.php#intro [↑](#footnote-ref-8)
8. Definition adapted from CDM rulebook: http://www.cdmrulebook.org/84 [↑](#footnote-ref-9)
9. Aforestation is the conversion of land that has not contained a forest for at least 50 years to forested land. Reforestation is conversion of land that was not forested on 31 December 1989 to forested land. ( CDM rulebook: http://www.cdmrulebook.org/287) [↑](#footnote-ref-10)
10. In Gold Standard system, this would be the “Project Proponent” or “ Project Owner”. The FCCs standard introduces the notion of, Producer Organisation because it wants to bring increased socio-economic and community empowerment elements in the carbon world, and put producers are at the heart of the decision- making for their project, lives and communities. [↑](#footnote-ref-11)
11. Sizes of production areas defined as small-scale will be defined later according to project types, country and regional reality. [↑](#footnote-ref-12)
12. This person can be the *project manager* but not obligatorily. [↑](#footnote-ref-13)
13. See Fairtrade Small Producer Organization standards, http://www.fairtrade.net/small-producer-standards.html. [↑](#footnote-ref-14)
14. In the CDM, The coordinating/managing entity (CME) is the private or public entity that is responsible under the international rules for coordinating the PoA. <http://www.cdmrulebook.org/452>. In Gold Standard system, the entity coordinating the Programme of Activity is called the Voluntary Project activity implementer. [↑](#footnote-ref-15)
15. See Gold Standard registry: <http://mer.markit.com/br-reg/public/gs-customer-registration.jsp>. See also Gold Standard processes in Annex [↑](#footnote-ref-16)
16. The Declaration rejects “distinction of any kind such as, race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status” (Article 2). Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit. [↑](#footnote-ref-17)
17. Because of customary law, or because the phenomenon is endemic in the region [↑](#footnote-ref-18)
18. Please also check the W+ standard, with an interesting framework to follow in case your project targets women http://wplus.org/sites/default/files/womens-carbon-standard.pdf [↑](#footnote-ref-19)
19. For instance, for land-use projects [↑](#footnote-ref-20)
20. Fairtrade and Gold Standard will determine whether and how they make use of the Gold Standard Local Stakeholder Consultation: <http://www.goldstandard.org/wp-content/uploads/2013/08/3.2-Template-Local-Stakeholder-Consultation.docx>. This tool could be used as a base, and improved to further reach stakeholders, on more systematic basis. [↑](#footnote-ref-21)
21. Source:Forest Stewardship Council FPIC guidelines, https://ic.fsc.org/download.fsc-fpic-guidelines-version-1.a-1243.pdf [↑](#footnote-ref-22)
22. List of ideas for Fairtrade Development Plan: <http://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/2011-05-10_List_of_Ideas_FDP_SPO_EN_final.pdf> [↑](#footnote-ref-23)
23. The scope does not encompass workers employed by manufacturers or distributors of technology services ( such as cook stoves). Therefore it does not target stove builders, pottlers, etc.) [↑](#footnote-ref-24)
24. Therefore, if Fairtrade International identifies or receives information on any violation of rights of children or vulnerable adults beyond the limits of th FCC project area, this will trigger Fairtrade’s internal protection procedures that include reporting to relevant national protection bodies. [↑](#footnote-ref-25)
25. The Convention defines discrimination as “any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation” (Article 1). [↑](#footnote-ref-26)
26. “Forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily” (Article 2). [↑](#footnote-ref-27)
27. “Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation. Workers’ and employers’ organizations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes.” [↑](#footnote-ref-28)
28. Not available yet, to be further developed [↑](#footnote-ref-29)
29. Such as in *ERPAs* [↑](#footnote-ref-30)
30. To be discussed and developed [↑](#footnote-ref-31)
31. Methodology for setting Fairtrade Minimum Price currently under definition, then Fairtrade Minimum Price values will be defined per project type. [↑](#footnote-ref-32)
32. http://www.wri.org/ [↑](#footnote-ref-33)
33. http://www.wbcsd.org/home.aspx [↑](#footnote-ref-34)
34. http://www.iso.org/iso/home/standards.htm [↑](#footnote-ref-35)