



FAIRWILD TRADING RULES

FairWild Foundation

Version 2/2021

CONTENTS

1	INTRODUCTION	2
2	FAIRWILD CHAIN OF CUSTODY	2
2.1	Overview	2
2.2	Registered Processors and Traders (Type II)	3
2.3	Registered Licensees (Type III)	3
2.4	Registered Microenterprises (Type IV)	4
2.5	Subcontracted Operators	4
3	OBLIGATIONS	5
3.1	General Obligations	5
3.2	Additional Requirements for Registered Processors and Traders	5
3.3	Additional Requirements for Registered Licensees	6
3.4	Special Requirements for Registered Microenterprises	6
3.5	First Buyer Fair Trading Commitment	6
4	REGISTRATION AND LICENSING PROCEDURES.....	7
4.1	Registration of Processors and Traders	7
4.2	Registration of Licensees	8
4.3	Registration of Microenterprises	8
5	RISK BASED AUDITING PROGRAMME.....	9
	ANNEXES	10
	FairWild Trader Registration Form (Annex 1)	10
	FairWild License Agreement (Annex 2)	10
	Annual FairWild Turnover Form (Annex 3)	10
	Registration and License Fees (Annex 4)	10

1 INTRODUCTION

The FairWild Standard Version 2.0 is owned by the FairWild Foundation and applies to wild plant collection operations wishing to demonstrate their commitment to sustainable collection and appropriate resource management, social responsibility and fair trade principles by means of third-party-certification. The FairWild Standard ensures the sustainable use and long-term survival of wild species and populations in their natural habitats, while respecting the traditions and cultures, and supporting the livelihoods of all stakeholders, in particular collectors and workers.

These Trading Rules lay out the requirements for trading, processing and marketing of FairWild certified raw materials, semi-finished and finished products in retail packages. They are based on the general principle that FairWild certified products require physical traceability and separation of FairWild ingredients throughout the whole supply chain until blended in the finished product.

2 FAIRWILD CHAIN OF CUSTODY

2.1 Overview

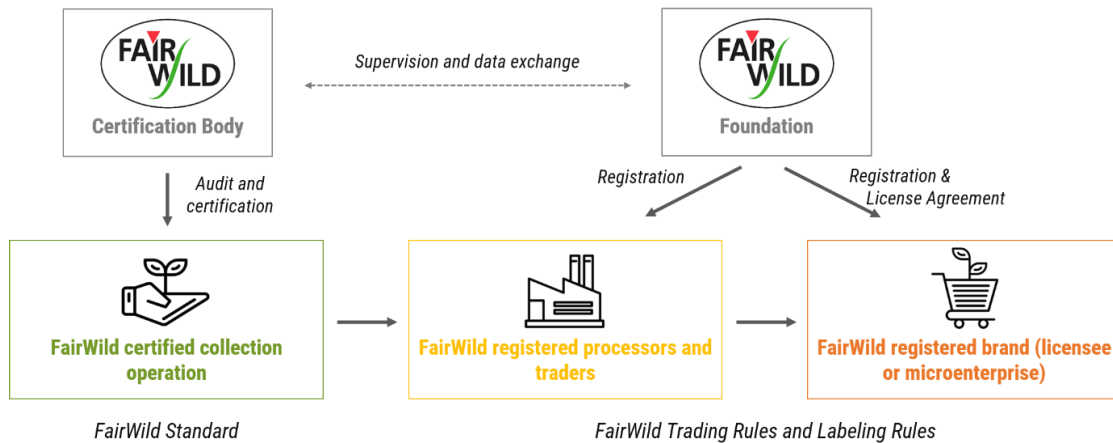
Four types of operators are defined in these Trading Rules. Depending on their activities, one and the same legal entity might be classified as more than one type of operator at the same time.

- I. **FairWild Certified Collection Operations:** wild collection operations certified according to the FairWild Standard.
- II. **Registered Processors and Traders:** Wholesalers, ingredient distributors and intermediate processors of FairWild ingredients or semi-finished products. The respective requirements are laid out in these FairWild Trading Rules.
- III. **Registered Licensees:** Finished product brand holders, i.e. the companies responsible for the labelling and marketing of the final packaged product.
- IV. **Registered Microenterprises:** Small scale businesses that manufacture and sell finished products containing FairWild certified ingredients. Such companies (including herbalists) may apply to register through a streamlined process if they meet certain criteria.

Resellers / retailers selling finished labelled products produced by registered Licensees or Microenterprises are not required to register with the FairWild Foundation, but are obliged to follow the requirements for use of the FairWild mark set out in the FairWild Labelling Rules and Guidance on Using the FairWild Word Mark.

The following chart illustrates a model chain of custody (without subcontracted processing).

FairWild Chain of Custody



2.2 Registered Processors and Traders (Type II)

Registration with the FairWild Foundation is required for all companies who

- a) purchase and sell certified FairWild products / ingredients;
- b) make claims about the FairWild certified status of products / ingredients to their customers and to companies, who wish to label the finished products as containing FairWild certified ingredients.

Such companies must:

- a) Demonstrate compliance with the requirements outlined in chapter 3 of these Trading Rules;
- b) Register with the FairWild Foundation according to the procedures described in chapter 4.
- c) Pay the related annual fee based on trade in certified products.

2.3 Registered Licensees (Type III)

Any brand company wishing to market finished products in final consumer packaging as "*Certified FairWild Product*" or "*Product made with FairWild ingredients*", e.g. by using the **FAIRWILD®** word or design mark or other reference to the FairWild Standard on the product or associated marketing, must:

- a) Demonstrate compliance with the requirements outlined in chapter 3 of these Trading Rules;
- b) Register with the FairWild Foundation according to the procedures described in chapter 4;
- c) Sign a License Agreement with the FairWild Foundation (Annex 3);
- d) Pay the related annual license fee based on turnover.

These requirements apply to all products to be labelled as "*Certified FairWild Product*" or "*Product made with FairWild ingredients*" with or without the use of the **FAIRWILD®** word or design mark (see separate FairWild Labelling Rules for more details).

Brands wishing to make claims about purchase and use of FairWild ingredients in a general manner (i.e. not in connection to use in specific products) must still register

with the FairWild Foundation as a Licensee. If specific ingredients are mentioned, the percentage of FairWild certified quality as a proportion of the total of that ingredient purchased by a company must be stated. E.g. “30% of the rosehips we buy are FairWild certified”. Brand companies registered in this way must:

- a) Demonstrate compliance with the requirements outlined in chapter 3 of these Trading Rules;
- b) Register with the FairWild Foundation according to the procedures described in chapter 4;
- c) Sign a License Agreement with the FairWild Foundation (Annex 3).

2.4 Registered Microenterprises (Type IV)

Microenterprises without branded products in wider distribution may register through a streamlined process. Such businesses are defined as a sole proprietorship, partnership, or business with a turnover of less than EUR 75,000 per annum.

Microenterprises wishing to sell own-manufactured products (including herbal ingredients and blends) as “Certified FairWild Product” or “Product made with FairWild ingredients”, e.g. by using the FAIRWILD® word or design mark or other reference to the FairWild Standard on the product or associated marketing, must:

- a) Demonstrate compliance with the requirements outlined in chapter 3.4 of these Trading Rules;
- b) Register with the FairWild Foundation according to the procedures described in chapter 4;
- c) Sign a License Agreement with the FairWild Foundation (Annex 3).
- d) Pay the annual registration fee (Annex 5).

Registration in this category is applicable if the scale of distribution is limited to retail sales in their own shop and/or online platform, or at a small scale through limited local retail outlets. If a company sells products through non-retail channels (e.g. B2B) or subcontracts activities, they cannot register as a microenterprise.

Examples of exempted microenterprises could include health care practitioners that operate a clinic dispensary or small herbal shop. If a microenterprise should expand to no longer meet the definition outlined above, the exemption becomes void. FairWild also reserves the right to review if extra labelling fees need to be charged if a large number of products are labelled by microenterprises.

Microenterprises dispensing herbs (as either single or multi ingredient formulations) directly to individual customers may make claims about the FairWild status of certified ingredients without the need for a signed License Agreement. Relevant aspects of the labelling rules (e.g. on mixing of FairWild and non-FairWild quality of the same ingredient) must still be followed.

2.5 Subcontracted Operators

FairWild Registered Processors and Traders and Registered Licensees may use non-registered subcontractors to manufacture, process, re-label or store products on their behalf (see 3.1.11). Businesses sub-contracting such services are not eligible to register as Microenterprises.

3 OBLIGATIONS

3.1 General Obligations

All registered businesses have to fulfil the following requirements (see section 3.4 for requirements for Microenterprises):

- 3.1.1 Shall implement and comply with the relevant sections of the following sets of rules (all available on the FairWild Website):
 - FairWild Trading Rules (this document)
 - FairWild Labelling Rules.
- 3.1.2 Register with the FairWild Foundation and by this agree to comply with the FairWild Trading Rules. The operator is obliged to inform the Foundation of any changes regarding company name or address so that the agreement can be updated.
- 3.1.3 Complete and update the FairWild Registration Form (Annex 1), providing accurate information and data to the best of his/her knowledge.
- 3.1.4 Make claims of FairWild certified status or use the **FAIRWILD®** word or design mark only in case these products have been specifically approved by the FairWild Foundation.
- 3.1.5 Submit an Annual FairWild Turnover Form (Annex 4) to the FairWild Foundation (not required for Microenterprises).
- 3.1.6 Pay all fees related to the registration scheme according to the terms and conditions in the Registration Agreement.
- 3.1.7 Comply with the requirements of the FairWild Labelling Rules with regard to product labelling as well as when making reference to **FAIRWILD®** status of their products in communications media and materials such as documents, brochures or advertising.
- 3.1.8 Ensure that purchase agreements with suppliers specify that the certified FairWild products have been produced and traded in accordance with the FairWild Standard and FairWild Trading Rules and shall be identified as FairWild products at any time.
- 3.1.9 Verify the FairWild certification status for each purchase, document the control of incoming goods and ensure adequate labelling and separation of the products. For Microenterprises, only purchase and sales records are required.
- 3.1.10 Accept the FairWild Foundation's risk based spot check auditing programme according to the procedures laid down.
- 3.1.11 Ensure that sub-contracted handling operations are listed in the Registration Form and that sub-contractors comply with relevant clauses of these Obligations (not applicable for Microenterprises).

3.2 Additional Requirements for Registered Processors and Traders

- 3.2.1 Clearly indicate all certified FairWild raw materials and products as such in all purchase and sales documentation, e.g. invoices, delivery notes and purchase orders.

- 3.2.2 Keep records of all processing and sales of certified FairWild products. The records shall allow an ability to trace back all transactions to the origin of the product.
- 3.2.3 Effectively separate non-FairWild ingredients and products at all stages (e.g. storage, transport, processing, labelling, handling).
- 3.2.4 Identify certified FairWild raw materials and products at all stages (e.g. special product code or FairWild indication on internal labels).
- 3.2.5 If physical product handling (processing or storage) is subcontracted by the Registered Processor or Trader, it is the responsibility of this party to ensure effective separation and identification in the subcontracted operation.

3.3 Additional Requirements for Registered Licensees

- 3.3.1 The Registered Licensee shall be responsible for ensuring that all requirements related to labelling, packaging, advertising and use of the **FAIRWILD®** word or design mark have been followed.
- 3.3.2 As defined in the FairWild Labelling Rules, comply with all claims and statements (accurate, up-to-date and substantiated).
- 3.3.3 All finished (final consumer packaged) product labels with **FAIRWILD®** claims or references must be approved by the FairWild Foundation before printing and circulation.

3.4 Special Requirements for Registered Microenterprises

As indicated in section 3.1, adapted requirements apply for Registered Microenterprises.

All finished (final consumer packaged) product labels with FAIRWILD® claims or references must be approved by the FairWild Foundation before printing and circulation. Labels for dispensing of herbs (single ingredients and blends) do not need to be approved.

3.5 First Buyer Fair Trading Commitment

All companies involved in FairWild trade chains strive to implement fair trade relations among each other.

Specific requirements for First Buyers of certified FairWild products from FairWild certified collection operations are defined in Principle 11 of the FairWild Standard.

Principle 11	FairWild Buyer Commitment The buyer of FairWild products (e.g. importer) strives for mutually beneficial, long-term trade relations with the wild collection operation based on respect, transparency and support of the supplier in quality aspects.
11.1	Mutually beneficial trade relations The buyer endeavours to maintain with its FairWild suppliers long-term fair-trade relations, and supports its FairWild suppliers by means of information, training and favourable trading conditions.
11.2	Fair Prices and FairWild Premium The buyer of FairWild products pays fair prices and a FairWild Development premium to allow for social development of the collectors' communities.

As a first buyer, the following Fair Trading Obligations need to be fulfilled:

- 3.5.1 The FairWild certified Collection Operation and the first buyer must sign contracts. Contracts must as a minimum clearly indicate the
- Agreed volumes;
 - Quality specification;
 - Price and FairWild Premium;
 - Payment terms and pre-financing (if any);
 - Delivery conditions and procedures in case of quality problems;
 - Arbitration mechanism agreed by both parties.
- 3.5.2 The first buyer must not offer to buy certified FairWild ingredients from the FairWild certified Collection Operation under the condition that the collection company sells a quantity of non-certified product under terms that are disadvantageous to the collection operation.
- 3.5.3 The first buyer must intend to maintain a long-term trade relation with the FairWild supplier. If trade relationships are ended it is done responsibly and with due notice.
- 3.5.4 The first buyer must provide the FairWild certified Collection Operation with forecasts of intended quantities of purchase.
- 3.5.5 The buyer must offer favourable terms of trade for FairWild certified Collection Operations. He/she must pay invoices promptly, give adequate order lead times and ensure that any quality problems are addressed with the objective of finding a mutually agreed solution and to improve the situation.
- 3.5.6 The FairWild certified Collection Operation and the buyer must agree on a fair price and a FairWild Premium. Guidance on price setting is given in the FairWild Guidance Manual for Social and Fair Trade Aspects.
- 3.5.7 The FairWild Premium and its payment mode is to be specified in either individual sales agreements, invoices or in underlying MoUs. Payments of the Premium to the specified premium account of the FairWild certified Collection Operation (or other arrangements as agreed by both parties) are to be documented.

4 REGISTRATION AND LICENSING PROCEDURES

4.1 Registration of Processors and Traders

- 4.1.1 Processors and traders wishing to become FairWild registered in order to trade certified FairWild ingredients or products shall review the relevant documentation and complete the FairWild Registration Form (Annex 1), including all product specifications of the ingredients to be approved and submit this to the FairWild Foundation.
- 4.1.2 The FairWild Foundation charges the applicable registration fee (Annex 5); once payment is received, the registration review process begins.

- 4.1.3 The FairWild Foundation reviews the application and confirms registration once all requested information has been submitted. Registration is valid for 12 months and must be annually renewed. Registration fees are applied according to the official list of tariffs. If the Registered Processor or Trader wishes additional ingredients to be approved during the year, the respective specification sheet shall be submitted.
- 4.1.4 By the 31st of January of each year, the Registered Trader or Processor provides to the FairWild Foundation an updated registration form and details of the certified FairWild products traded in the past year by submitting the Annual FairWild Turnover Form. Based on this information, the FairWild Foundation will send an invoice for registration fees.

4.2 Registration of Licensees

- 4.2.1 Finished product brand companies wishing to become FairWild Registered Licensees in order to label finished products with references to **FAIRWILD®** shall review the relevant documentation and complete the FairWild Registration Form (Annex 1), including all product specifications of the products to be approved, as well as the License Agreement (Annex 3), and submit both documents to the FairWild Foundation.
- 4.2.2 The FairWild Foundation charges the applicable registration fee (Annex 5); once payment is received, the registration review process begins.
- 4.2.3 The FairWild Foundation reviews the application and confirms registration once all requested information has been submitted. Registration is valid for 12 months and must be annually renewed. License fees are applied according to the official list of tariffs (Annex 5). If the Registered Licensee wishes additional products to be approved during the year, the respective specification sheet shall be submitted.
- 4.2.4 By the 31st of January of each year, the Registered Licensee provides to the FairWild Foundation an updated registration form and the quantities of certified FairWild products sold in the past year by submitting the Annual FairWild Turnover Form. Based on this information, the FairWild Foundation will send the additional licence fee invoice.
- 4.2.5 If a License Agreement is cancelled, the Licensee is obliged to discard all unused product labelling that bears the **FAIRWILD®** word or design mark. For sales of final consumer packages a deadline will be given in the cancellation notification.

4.3 Registration of Microenterprises

- 4.3.1 Microenterprises wishing to become FairWild Registered in order to label or market products with references to **FAIRWILD®** shall review the relevant documentation and return the completed registration form and a signed License Agreement (Annex 3) to the FairWild Foundation.
- 4.3.2 The FairWild Foundation charges the applicable registration fee (Annex 5); once payment is received, the registration review process begins.
- 4.3.3 The FairWild Foundation reviews the application and confirms registration once all requested information has been submitted. Registration is valid for 12 months and must be annually renewed. If the Registered Microenterprise

wishes additional products to be approved during the year, the respective specification sheet shall be submitted. License fees are not applied for registered Microenterprises.

- 4.3.4 By the 31st of January of each year, the Registered Microenterprise provides an updated registration form. Based on this information, the FairWild Foundation will send an annual registration fee invoice.
- 4.3.5 If a License Agreement is cancelled, the Licensee is obliged to discard all unused product labelling that bears the **FAIRWILD®** word or design mark. For sales of final consumer packages a deadline will be given in the cancellation notification.

5 RISK BASED AUDITING PROGRAMME

As a standard procedure, Registered Processors and Traders, Registered Licensees and Microenterprises are not physically audited each year. However, the FairWild Foundation applies a risk based auditing programme to verify due implementation of the FairWild Trading and Labelling Rules. The respective audit contribution fee is already included in the fee structure.

Based on risk considerations, the FairWild Foundation defines an annual audit programme to verify compliance with the FairWild Trading and Labelling Rules by means of unannounced or announced audits, desk-based documentation reviews or other means.

Audits may be mandated to a qualified control body, but the cost for the risk based auditing programme is paid from the audit contribution fees collected by the FairWild Foundation.

In case of a FairWild audit (physical or desk based / remote audit) the company must grant open access to the premises and all related documentation. The Registered Processors and Traders, Licensees and Microenterprises are liable for all costs and damages resulting from deviations against these FairWild Trading Rules.

ANNEXES

FairWild Trader Registration Form (Annex 1)

FairWild Product Composition Sheet (Annex 2)

FairWild License Agreement (Annex 3)

Annual FairWild Turnover Form (Annex 4)

Registration and License Fees (Annex 5)

---- end of document ----