

EZA's PARTNER POLICY

March 2014

1) Definition

The term PARTNER/PARTNER ORGANISATION primarily refers to trading partners in Africa, Asia, Latin America and the Middle East, who directly or indirectly supply products or raw materials for EZA's range of products, i.e. the term refers to producers and their organisations in the Global South. The term 'partner' underlines the fact that trade relationships are seen as an exchange among partners, in line with the international definition of Fair Trade:

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South. Fair Trade Organisations, backed by consumers, are engaged actively in supporting producers, awareness-raising and in campaigning for change in the rules and practice of conventional international trade.¹

2) Who are EZA's partner organisations?

At present, EZA cooperates with a total of **160 partner organisations** (see Table 1). 92 of these deliver their products directly to EZA, i.e. EZA acts as a direct purchaser or trading partner, and imports the goods in question itself, under Fair Trade conditions. In the case of indirect partner organisations, the products are primarily bought through other Fair Trade importers, mostly EFTA² members. This typically applies to processed food such as chocolate or muesli bars, and also dried fruit and nuts. Even though EZA is not the direct purchaser in these cases, we nevertheless try to establish direct contacts (e.g. by visits to local suppliers or inviting representatives of these organisations to visit EZA) and/or gather information on these organisations and their members/producers.

EZA's goal is to establish direct trade relations with its partner organisations wherever possible. However, this is not always feasible or sensible due to the large quantities needed and the logistic challenges (e.g. in the case of ingredients for processed foods), and finally because EZA's own resources are limited. In these cases, EZA obtains its products primarily through other Fair Trade importers (EFTA cooperation, WFTO members and/or specialised Fair Trade importers).

EZA cooperates with a large number of partner organisations that greatly differ in size (from primary producer groups to umbrella organisations of several cooperatives), type of organisation, goals and orientation, target groups (small farmers, craftspersons, workers in plantations or enterprises) and sector (formal

¹ This definition has been agreed upon by the most important international Fair Trade Networks: FLO – Fairtrade Labelling Organization; WFTO (the former IFAT) – World Fair Trade Organization; NEWS – Network of European Worldshops; and EFTA – European Fair Trade Association.

² EFTA = European Fair Trade Association (an association of ten long-standing Fair Trade importers in Europe; see www.eftafairtrade.org).

v. informal sectors), etc. As a rough rule of thumb, we distinguish between the groups of partner organisations given below.

- 1) **Associations of craftspersons or small farmers** (cooperatives, self-help groups, umbrellas of cooperatives and similar types of organisations) that aim at the direct, comprehensive integration of all stakeholders (e.g. by joint decision-making, joint ownership and participation), and at jointly developing their organisations and improving their members' situation in life.
- 2) **Fair Trade marketing and export organisations** that support small producers and craftspersons in marketing their products, and provide assistance with regard to further training, product and design development, technological equipment and further development of their organisations, groups and workshops, AND ensure that Fair Trade Principles are observed within these groups.
- 3) **FAIRTRADE-certified plantations** (in the case of tea).
- 4) **Private socio-economic enterprises** that have agreed to comply with Fair Trade criteria in their enterprises and in the context of cooperation with external producers; the main criteria here are the payment of fair wages to workers and producers (as a rule, wages above the obligatory sectoral or minimum wages); social commitment and responsibility towards their workers; as well as exemplary compliance with the relevant ILO labour standards³. The goal of cooperation is to establish and promote Fair Trade in the private sector as well, and thus in the long run to encourage change in the private sector or in specific private enterprises.

The above list reflects the priorities that EZA has defined for selecting potential partner organisations. For instance, EZA gives preference to the support of and cooperation with associations of small farmers or craftspersons, i.e. (associations of) primary producer groups. First and foremost, this is due to the fact that EZA...

- has defined the promotion of SMALL PRODUCERS as a top priority;
- understands direct participation, joint decision-making and empowerment of producers as a key element of Fair Trade;
- provides support specifically to primary producers and their organisations and structures.

Table 1: Overview of EZA's partner organisations (total: 160), as at March 2014

	LA	Asia	Africa	Middle East	Austria	Total
Direct POs	39	32	19	2	92	39
Indirect POs	35	11	21	1	68	35
Food	53	12	24	3	92	53
Non-food	21	31	16	0	68	21

³ The relevant ILO labour standards are: No. 29 (forced labour), No. 87 (freedom of association and protection of the right to organise), No. 98 (right to organise and collective bargaining), No. 100 (equal remuneration), No. 105 (abolition of forced labour), No. 111 (discrimination), No. 138 (minimum age), No. 182 (prohibition and immediate action for the elimination of the worst forms of child labour); as well as No. 1 (hours of work), No. 131 (minimum wage fixing) and No. 155 (occupational safety and health).

Producer associations	54	7	14	0	75	54
Marketing organisations	15	28	19	3	65	15
Plantations/private enterprises	5	7	5	0	17	5
NGOs	1	0	2	0	3	1
Category A partners	26	15	5	1	47	26
Category B partners	20	15	9	1	45	20
Category C partners	28	13	26	1	68	28

3) The goal of cooperation with partner organisations

The people supported by EZA's partner organisations (i.e. craftspersons, small farmers and workers in specific FAIRTRADE-certified plantations, primarily tea plantations, as well as employees in socially responsible enterprises) are members of economically and socially disadvantaged groups. The support by Fair Trade and EZA aims to back them in their endeavours to improve their situation in life. The philosophy behind this is that disadvantaged producers and workers who offer products of high quality will be able to meet the market's requirements, which in turn consolidates their economic and social positions. As a trading company, we feel committed to ensuring the establishment of an appropriate framework to this end.

In order to achieve this, EZA always aims at establishing **reliable long-term trading relationships** with its partner organisations. To provide the best possible support for our current partners, **EZA's approach to cooperation with partners is to intensify existing trading relationships before new partners are admitted.** In practice, this means that EZA tends to develop new products with existing partner organisations instead of turning to new partner organisations to procure new products. Thus, starting new trade relationships with new partner organisations is always regarded as a second-best option compared to the development of products with existing partners.

4) Support for EZA's partner organisations

EZA supports the producers within the framework of the options available to it :

- 1) by **buying goods**, products and raw materials (e.g. green coffee) **produced under fair conditions**, in line with the criteria of Fair Trade.
- 2) by **regular support and assistance** in the best possible way, in the areas of product and design development, quality assurance, information on current market dynamics and trends in the Austrian market (see section 11), in line with our approach to Fair Trade, with priority given to Category A partner organisations, and in line with the current focuses in EZA's range of products.
- 3) by **information and awareness-raising** among our partner organisations with regard to Fair Trade criteria (Fair Trade compliance).

- 4) by **continuous monitoring with regard to compliance with the 10 WFTO Principles**⁴ in the partner organisations and in the context of cooperation with primary producers; this includes occasional field evaluations⁵ of partner organisations. In the context of these evaluations, workshops are organised for workers and producers in order to inform them about the significance of the individual WFTO Principles and their implementation.
- 5) (to a very limited extent) by **financially supporting projects** run by our trading partners, usually through donations by Austria's worldshops and external providers of funding (e.g. financing of infrastructure projects for processing/preparation of Fair Trade products/raw materials, measures of quality assurance, social and community projects for improving the situation of producers and their communities). Financial support by EZA is only provided to EZA's partner organisations and their primary producers.
- 6) if requested by our partner organisations, by **representing their economic, social and political interests** vis-a-vis third parties (e.g. by writing reference letters, lobbying, or sending protest notes to authorities).
- 7) by **information and awareness-raising activities** in order to inform the general public in Austria and beyond about the concerns and concept of Fair Trade, to present Fair Trade as an alternative to traditional patterns of consumption and to thus gain new customer groups for Fair Trade products.

5) Criteria for cooperation with partners

EZA is a founding member of the World Fair Trade Organisation (WFTO; see also www.wfto.com), the European Fair Trade Association (EFTA, see also www.eftafairtrade.org), and a FAIRTRADE Austria licensee from the very start (see also www.fairtrade.net). We therefore fully endorse the international Fair Trade criteria that have been drawn up by WFTO and laid down in a joint position paper by WFTO and FLO (FAIRTRADE LABELLING ORGANISATION, see www.fairtrade.net). These criteria form the basis of our commitment to producers and our daily work.

Accordingly, **EZA has agreed to comply with and implement the 10 Fair Trade Principles drawn up by WFTO**, and assesses and monitors their implementation by EZA's partner organisations in Africa, Asia, Latin America and the Middle East. The **10 WFTO Principles thereby constitute binding requirements for all EZA's partners**. The WFTO Principles and their implementation by EZA (which lies within the scope of our responsibility), as well as what we expect of our partner organisations (which lies within the scope of their responsibility), are listed below; see also Appendix 1: The 10 WFTO Principles.

⁴ The World Fair Trade Organization has defined 10 Fair Trade Principles that have been recognised at international level; see section 5.

⁵ EFTA (European Fair Trade Association) has developed a specific EFTA Fair Trade assessment tool for these field evaluations. This tool is used by all EFTA members, particularly for partner organisations that are not affiliated to an international Fair Trade network. The EFTA member organisations carry out these assessments in close cooperation and coordination and ensure an exchange of the results. In this way, a fairly large number of partner organisations can be assessed at regular intervals of 3 to 5 years.

Principle 1: Creating opportunities for economically disadvantaged producers

What does EZA contribute to this goal?

- **Selection of partner organisations:** Potential partner organisations of EZA include associations of economically and socially disadvantaged producers or organisations that aim to promote and support their members/primary producers. In the context of initial evaluation (before starting the cooperation as trading partners), EZA's Partner Committee (see EZA's Partner Committee, section 9) examines the potential partner's orientation with regard to this fundamental principle.
- **Giving preference to associations of small farmers and craftspersons,** i.e. primary producers and their associations, over other forms of organisation of Fair Trade partners.
- **Partner organisations in the Global South:** It is a fact that the Global North has disadvantaged producers as well. However, EZA's focus is on the traditional Fair Trade approach, namely towards disadvantaged producers in the countries of the Global South.
- **Market access and direct trade relationships wherever possible** while eliminating any intermediate trade that disadvantages or exploits producers, to enable producers to benefit from the advantages of Fair Trade as directly as possible. In cases where direct trading contacts/purchasing of goods is impossible due to economic or logistic reasons, the products in question are primarily obtained through other Fair Trade importers, mostly EFTA member organisations. If it is impossible to buy goods directly from the producers, EZA ensures transparent transactions and ensures that the trading partnership works to the benefit of the producers at the beginning of the supply chain.
- **Long-term, reliable relationships:** If the Partner Committee decides to initiate new trade relations with an organisation, this includes the definite intention to maintain a long-term relationship with the new partner. As a rule, the trading partnership is regarded as unlimited and, unless defined otherwise, will be maintained as long as EZA's economic situation permits it and the products can be sold in the Austrian market, and as long as there are no policy reasons that indicate a phasing out of the trading partnership. This is essential for ensuring an exchange in the true sense of the word, in which the partners can regularly reappraise the implementation of truly fair trade relations, and which permits joint further development.
- **The highest possible value creation in the producers' countries:** We attach great significance to value added in the countries of production (with products of appropriate quality), as well as to job creation and work for local producers. For this reason, we give preference to the import of goods produced in the countries of origin (whenever this is logistically and economically feasible).
- **Regular orders** and order quantities which remain at constant levels are further aims of EZA, as these provide the economic basis for our partner organisations and their work with local primary producers, and contribute to securing a sustainable income for the producers. However, EZA's order quantities obviously depend on the demand in the target markets.
- **Product and design development:** In order to keep order levels as constant as possible and to ensure continued order placement in the long

term, EZA helps its present partner organisations with regard to product and design development as well as quality assurance, and informs its partners on emerging trends and new market requirements (see also Principle 8: Capacity building). EZA is continually developing its range of products, which we see as a prerequisite for long-term cooperation and support for the producers (and for securing their income), and as the basis for our trade relationships. However, EZA does not have the resources to support all its partner organisations to the same extent. For this reason, EZA distinguishes between different categories of partners (see sections 11 and 12).

What does EZA expect of its partner organisations?

- The main target groups among our partner organisations are economically, socially and politically disadvantaged producers, groups of producers and organisations.
- The goal of our partner organisations must be to improve the working, economic and living conditions of disadvantaged producers by creating and maintaining jobs and new sources of income. The organisations' mission statements should include objectives to this end.
- Our partners have agreed to comply with, and to implement, the 10 WFTO Principles, the relevant ILO labour standards⁶ and the respective national laws.
- Our partners directly cooperate with, and actively provide, comprehensive support for producer groups in the countries of origin, in accordance with the principles of Fair Trade.
- Our partners aim at fostering long-term cooperation with, and continuous assistance to, producer groups, together with regular order placement .
- Our partners promote the participation and integration of producers in the organisation to the greatest possible extent (formally by direct participation of producers' representatives, or informally by continuous, close cooperation with producers, and by involving the producers in matters that directly concern them. From EZA's point of view, formal participation should definitely be given preference).
- Besides production for export markets, **production for local and national markets** should be an additional aim, in order to prevent dependence on one product or market. The production of staple food should be encouraged and enabled, in addition to the production of cash crops. This is regarded as an important contribution to the food security of disadvantaged producers.

Principle 2: Transparency and accountability

How does EZA contribute to this goal?

- **Annual reports:** Each of EZA's partner organisations (both direct and indirect partners) receives a copy of EZA's annual report in English or Spanish, with information on current activities and recent developments within EZA. The report includes the annual statement, information on sales and public relations focuses of the reporting year, as well as developments in the individual products groups and distribution channels.

⁶ See footnote 2.

- **Self-assessment:** As a WFTO member, EZA is obliged to carry out self-assessments, in which EZA evaluates its own activities and its implementation of the 10 WFTO Principles. In the context of the self-assessments, our direct partner organisations are invited to evaluate EZA on the basis of the WFTO Principles, from their own point of view, and taking into account their practical experience (**reverse assessment**). The results of the self-assessment are summarised in a self-assessment report, which is made available to all direct partner organisations, the WFTO members and EZA's other stakeholders. In addition, the results of the reverse assessment and the resulting measures to be taken are communicated to all direct partner organisations.
- **Pricing:** As a Fair Trade organisation, we are committed to transparent pricing practices towards customers as well as partner organisations/producers. Upon request, we provide and explain the pricing structures of specific products.
- **Information gathering:** Every two years, on the basis of the EFTA Information Form, EZA surveys recent developments and the level of implementation of the 10 WFTO criteria by their direct partner organisations. The information gathered in this way and in the context of continuous monitoring is used to update the information leaflets on partner organisations that EZA makes available to its customers in Austria (see www.eza.cc/ProduzentInnen).
- **Feedback on sales/acceptance of products:** Our partner organisations expect us to communicate information and direct feedback on the products and samples they have delivered, and on their acceptance in the Austrian market. Whenever possible, EZA will give general feedback in order to help partner organisations further develop and improve their products to ensure or increase their sales. Upon request, EZA's Purchasing Department also gives detailed feedback.
- **Information on EZA** is part of the visiting programme, which includes journeys by EZA staff to producers and visits by EZA's partner organisations to our headquarters in Austria. In the context of these visits, information on pricing, successful sales, product development, quality assurance and the implementation of the 10 WFTO Principles is exchanged. Furthermore, EZA pursues a policy of openness in the case of concrete enquiries by our partners.

What does EZA expect of its partner organisations?

- **Comprehensive information on the organisation:** A transparent and truthful description of the organisation's orientation, goals, structures, recent developments within the organisation and its cooperation with producer groups.
- **Regular updates** on developments within the partner organisation (every two years, all partner organisations of EZA are asked to complete or update the EFTA Information Form).
- **Information on producer groups and production processes.**
- **Disclosure of detailed pricing information at FOB level⁷,** as well as payments to primary producers.

⁷ FOB = free on board price, or purchasing price at which EZA buys its products (excluding costs of delivery or transportation).

- Practical **transparency and integration of relevant stakeholders:** information on internal decision-making structures, prices, wages and methods of production shall be available to all stakeholders. Transparency is an essential prerequisite for any form of participation!
- The individual **models of participation/representation of workers' interests** shall be clear-cut and firmly established in the organisations/groups/enterprises in question. With regard to independent representation of workers' interests, in particular organisations or enterprises with employed workers, compliance with ILO Conventions No. 87 (freedom of association and protection of the right to organise) and No. 98 (right to organise and collective bargaining) shall be ensured.
- **Information on the production chain and traceability of products** back to the primary producers (including information on the origin of raw materials used). Whenever possible, raw materials/ingredients from Fair Trade sources shall be given preference. The aim here is to ensure an integral chain of production, in line with the criteria of Fair Trade, from the primary producers to the marketing organisations and finally to EZA.
- On request, annual reports (if available), self-presentation leaflets, self-assessment reports and other relevant documents shall be provided.

Principle 3: Fair trading practices

How does EZA contribute to this goal?

- **Timely information on orders:** order sizes, time of order placing and delivery deadlines.
- **Clearly defined orders and agreements,** and comprehensive product specifications.
- **Appropriate delivery deadlines** that take into account the production capacities of the partner organisations and producer groups.
- **Correct payment** within the stipulated period.
- **Advance payments** (up to 60% of the order value), or access to alternative financing sources (e.g. shared interest, root capital) if requested by partner organisations, to be granted on a by-order basis.
- Additional information – see also Appendix 2: **EZA's General Purchasing Conditions**

What does EZA expect of its partner organisations?

- **Implementation of Fair Trade practices** (as described above) in the cooperation with producer groups and primary producers.
- **Timely information on possible delays** in the production or shipment of products that have been ordered.
- As a Fair Trade organisation, EZA is interested in products that are produced and supplied under Fair Trade conditions. If a partner organisation cannot ensure that their (upstream) suppliers/producers are working in accordance with Fair Trade criteria, these products shall be marked explicitly as non-Fair-Trade products.

Principle 4: Payment of a fair price

How does EZA contribute to this goal?

- **Fair payment:** Producers have a right to be paid fair prices for products of high quality. The term 'quality' includes not only the careful production

of raw materials but also the competent, creative processing of raw materials, as well as the social and ecological quality of products.

- **Guaranteed minimum prices:** In the case of FAIRTRADE-certified products, EZA applies the FLO⁸ price standards (see www.fairtrade.net) for FAIRTRADE minimum prices and premiums. The FAIRTRADE minimum price covers the cost of production under fair, socially and ecologically sustainable conditions. In this context, FAIRTRADE uses the term *COSP* (*cost of sustainable production*).
- If products do not bear the FAIRTRADE label (e.g. handicrafts), the price is **based on the FOB⁹ prices determined by the partner organisations.**
- For further information please consult Appendix 3: EZA's Pricing Policy.

What does EZA expect of its partner organisations?

- **The payment of fair wages and fair prices, based on transparent pricing systems:** A fair price must cover the complete cost of production while fair wages are paid, and it has to include an additional, adequate margin for the producer or partner organisation. For EZA, a fair wage means that a worker must earn at least the official minimum wage and should earn more than this. We are aware of the fact that the official minimum wage is inadequate in many cases. On the other hand, it is a reality in the countries of the Global South that many producers in the informal sector are not even paid the minimum wage. Thus, for many producers in the informal sector, the requirement for employers to pay the official minimum wage in fact represents an improvement of their economic situation. This means that in the case of the informal sector, the official minimum wage should be used as the basis for calculating payments to the primary producers, which must NOT be lower than the minimum wage. In the formal sector, EZA expects employers to adhere to the ILO labour standards and corresponding national labour agreements, and to pay workers on the basis of the applicable sectoral wages. Additional remuneration and services for workers and producers represent a welcome development. This also applies to any type of profit sharing or profit distribution among workers and producers, especially in the case of private enterprises.
- However, EZA's long-term goal is to **ensure living wages** for workers and producers (see below).
- (Primary) producers and/or workers should be able to **rely on punctual and dependable payment.**
- **Producers should have a say** with regard to pricing.
- **Information on the method by which wages are calculated** should be available (e.g. wages on piecework basis v. fixed wages; living wages based on the applicable minimum wage, use of the Fair Wage Guide¹⁰).
- **Information on the producers' income situation** should be provided (seasonal production v. continuous production, regular orders, etc.)
- **Transparency** with regard to wage and price structures.

⁸ FLO = FAIRTRADE Labelling Organization (umbrella organisation of FAIRTRADE initiatives).

⁹ FOB = Free on Board (corresponds to EZA's purchasing price excluding costs of transportation and import).

¹⁰ Fair Wage Guide = a method for calculating fair prices developed by World of Good; see www.fairtradedcalculator.com.

- **Implementation of the Fair Price Principle** (in accordance with the WFTO definition) – see Appendix 1: The 10 WFTO Principles.

EZA's position is that all Fair Trade actors should pursue the long-term goal to ensure living wages! EZA backs this goal wherever possible, in the relevant Fair Trade networks or in the context of exchange with its partner organisations. Earning a living wage means that it shall enable producers to meet basic needs (housing, food, education, health care, financial provision for emergencies) and to make provisions for old age. Of course, this is not the sole responsibility of EZA's partner organisations, or of EZA: all actors along the value chain have to share the responsibility for fair wages. This is in fact a long-term objective and a process which can only be implemented step by step, in cooperation with the individual partner organisations and taking into account their specific situations.

January 2013 saw the presentation of the EFTA study on fair wages and fair prices and the current situation, including possible approaches to the implementation of the goal of fair prices and wages (based on living wages). The results of this study will be a starting point for EZA to discuss and define further possible steps and measures to be implemented both by the EZA and in cooperation with our partner organisations.

Principle 5: Ensuring no child labour and forced labour

How does EZA contribute to this goal?

- The implementation of this principle is required by Austrian legislation. Therefore EZA's activities in this area are limited to **awareness-raising among partner organisations and producers** in the producing countries. This has to take place locally, in cooperation with our trading partners.
- **Ensuring that this principle is met** is an integral part of our visits to partners.

What does EZA expect of its partner organisations?

- **Protection of children and compliance with children's rights:** Children, while they may assist in their family's enterprises or workshops, must not be prevented from access to education. In addition, children must not do any work that poses a risk to their health or is not appropriate for their age.
- **Awareness-raising and monitoring** regarding child labour (or assistance by children in harvest and production work) and children's rights among producer groups and (primary) producers.
- **The drawing-up of written policy guidelines** on child labour and the communication of these to the producers.
- **Prohibition of any form of forced labour.**

Principle 6: Commitment to non-discrimination, gender equity and freedom of association

How does EZA contribute to this goal?

- **No form of discrimination** (within EZA or by EZA's staff) **shall be tolerated.** Should any case of discrimination be made known, the management or staff representatives shall immediately investigate this issue and stop further discrimination.
- We **pay specific attention to gender aspects,** and as we see it, it is primarily our duty to raise our awareness with regard to women and their situation – within our own sphere of activity, within our own enterprise and within our partner organisations. The issue of women's situation and their position in the individual partner organisations must be continually discussed and documented. We aim to support projects and endeavours initiated by our partners that contribute to **promoting women's participation, giving them control over their work, their lives and their incomes, and reducing the inequality between men and women.**
- **When placing orders, we specifically support and give preference to** organisations that explicitly focus on a comprehensive improvement of the situation of women/women producers.
- Among our staff, it should be possible for women – beyond statutory regulations for the protection of women, in particular pregnant women and breast-feeding mothers – and for men, **to adequately reconcile paid employment and family duties** (e.g. through flexible working times, or by possibilities for working from home).
- The basic principle is **equal pay for equal work!**
- EZA has an **active works council** that represents all employees. In addition, each staff member is **free to join a trade union and to assume union functions.**

What does EZA expect of its partner organisations?

- We expect our trading partners to respect people irrespective of their political views, religions, cultures, genders or origins, and to recognise their right to freedom of speech and freedom of association.
- The basic principle is **equal pay for equal work!**
- Specific attention shall be paid to **women's participation and women's rights.**
- The goal here is to ensure **equal opportunities** for disadvantaged producers, both women and men.
- **Freedom of assembly and freedom of association:** All producers shall have the opportunity to organise themselves in order to defend their interests and fight for their rights, and/or shall have the right to be heard when decisions concerning themselves are made, and take part in decision-making. The way in which producers or employees organise themselves depends on the partner's situation and type of organisation, and ranges from direct participation within a cooperative or the establishment of a works council or a body representing the producers' interests, to informal types of participation, especially in marketing organisations. EZA will always give preference to models of direct participation and joint decision-making informal participation models. The situation in the individual partner organisations is surveyed and evaluated in the Partner Committee.

Principle 7: Ensuring good working conditions

How does EZA contribute to this goal?

- For EZA, compliance with statutory safety regulations and labour rights is a matter of course.
- EZA aims to ensure a **work climate characterised by respect and cooperation**, and **fairness among its staff**. A good work climate can only be maintained if everyone contributes to this goal.
- EZA provides the necessary framework for its staff to develop, give input and realise their potential in the best possible way (e.g. by specific further training, adequately equipped workplaces, flexible working time).

What does EZA expect of its partner organisations?

- Employers shall ensure humane working conditions as well as the use of appropriate technologies and materials, and healthy, safe production and working conditions (oriented towards the ILO labour standards¹¹).

Principle 8: Capacity building

How does EZA contribute to this goal?

- EZA provides **adequate specialised (further) training opportunities** for its staff to enable them to perform their tasks and duties in an optimal way.
- **Market, product and design development:** Wherever possible, EZA helps its partner organisations in the South adapt their products and to develop them in line with the high standards of the European market, to enable them to remain marketable in the long term. This applies to both food and handicrafts, as well as to natural cosmetics and, increasingly in recent years, fair fashion. The communication of new developments in the target markets and consumer requirements regarding product quality is equally relevant.
- **Familiarity with Fair Trade criteria:** EZA helps new, young partner organisations understand the criteria of Fair Trade and implement them in their own organisations and producer groups.
- **Fair Trade workshops and field evaluations:** In addition, field evaluations are carried out, oriented towards exchange and participation. The evaluations of selected enterprises, in which (primary) producers are integrated on a broad basis, are aimed at highlighting successful developments and identifying weak points to be improved in a joint process.
- **Information and training activities** in Austria to promote Fair Trade and EZA's partner organisations and producers.

What does EZA expect of its partner organisations?

- **Comprehensive training programmes for producers:** technological consultancy, design and product development, production methods, information events on the criteria of Fair Trade, taking into account the producers' individual situations, concrete needs, and market requirements.
- **Empowerment measures:** We welcome additional support and training measures in order to strengthen the producers' self-confidence, inform

¹¹ See footnote 2.

them about their rights and duties and communicate necessary know-how to improve their general living and working conditions.

Principle 9: Promoting Fair Trade

How does EZA contribute to this goal?

- **Awareness-raising and public relations activities** concerning EZA's partner organisations **in Austria** (e.g. preparing information leaflets on our partners and other information materials, organising visits and tours by producers, press relations).
- **Organising lectures, seminars and further training events** on Fair Trade.
- **Participation in several international Fair Trade networks and national Fair Trade forums.**
- EZA pursues an **open house policy**. EZA has thus become a field trip destination for students and other groups who are interested in visiting EZA and learning more about the practical implementation of Fair Trade criteria.
- **Training programmes for partner organisations and (primary) producers** to communicate the criteria of Fair Trade (see Principle 8 above).

What does EZA expect of its partner organisations?

- The above points basically also apply to our partner organisations. However, we also know that not all of our partners are in a position to do this. As we see it, our partners' most important task is to **inform producers about the criteria of Fair Trade** and about their rights and duties with regard to the implementation of these principles in their own sphere of activity (e.g. group, workshop, family business).

Principle 10: Respect for the environment

How does EZA contribute to this goal?

- Within its sphere of activity EZA aims to meet *the highest possible ecological standards* (e.g. in the areas of transport, packaging, acquisition and energy – see EZA's eco-policy statement). EZA's headquarters, which meets the requirements for low-energy buildings, is an outstanding case in point, as is the high percentage of certified organic food that EZA sells (more than 80% at present).
- **We give priority to sustainably produced goods:** EZA's product range includes food and beverages, fashion, handicrafts and cosmetics. We take particular care to ensure social AND ecological sustainability in production.
- **We give priority to organisations that produce goods in an ecologically sustainable way.** On the one hand, because organic, ecologically sustainable products are in great demand in the Austrian market, and on the other, because we are convinced that this can effectively contribute to a gradual improvement of the ecological situation in the countries of the Global South.

What does EZA expect of its partner organisations?

- EZA's partners are oriented towards **ecologically sound production**.

- The relevant **statutory provisions and EU directives on product safety and consumer protection must be met**. The implementation of the strict EU directives also considerably improves working conditions, in particular with regard to health hazards in the producers' daily work.
- Production processes should be as **energy-saving, sustainable, healthy and ecologically compatible** as possible.
- **Responsible use of resources and treatment of production waste:** Whenever possible, preference should be given to renewable and local raw materials. The recycling and reuse of raw materials in the production process should be aimed at.
- **The prioritising of organic farming and ecologically sound methods of production**, taking into account the specific local situation.

6) Obligatory compliance with the above criteria

In the context of partner evaluation by the Partner Committee (see section 9), potential partner organisations shall be informed about EZA's partner policy and their obligation to meet the criteria listed in section 5. Before a potential organisation is accepted as a partner of EZA, the future partner must have signed a Memorandum of Understanding (see Appendix 4).

Partner organisations already cooperating with EZA shall be sent the revised partner policy paper and asked to sign it as a confirmation of their approval and willingness to comply with the Fair Trade criteria.

7) Review of compliance with the Fair Trade criteria

EZA is obliged to check its partners' compliance with the criteria listed in section 5 at regular intervals. This review is carried out in the following way.

a) In the case of FAIRTRADE-certified partners, it takes place in the context of the annual inspections by FLO-Cert (FAIRTRADE International's independent certification body; external inspection).

b) In the case of indirect trading partners, EZA's position is that the Fair Trade importer that has established direct contacts to the producers' organisation should bear the primary responsibility for ensuring compliance with the Fair Trade criteria, while additional information is gathered by EZA.

c) In all cases, every two years EZA asks its (direct and indirect) partner organisations to update the EFTA Information Form to enable a review of their compliance with the WFTO principles. **This applies to ALL EZA's partner organisations (direct and indirect partners, FLO-certified organisations and WFTO members).**

d) In the context of the EFTA cooperation, the goal is to conduct field evaluations of **all relevant partner organisations every three years**, in accordance with EFTA's Fair Trade Assessment method, **to verify their compliance with the Fair Trade criteria** – the only exception being FLO-certified partner organisations. Any shortcomings that are found in this evaluation are discussed with the partner organisation in the context of a follow-up process, and corrective measures are taken. The goal here is to check compliance with the Fair Trade criteria in an optimal way and to ensure that they are adhered to with regard to Fair Trade customers.

Before a new trade relationship with a new partner organisation is established, EZA's Partner Committee checks the implementation of the Fair Trade criteria by the organisation in question. This applies to EVERY potential trading partner of EZA (both direct and indirect partners).

8) Selecting potential partner organisations

Fair Trade as practised by EZA is oriented towards the criteria listed in section 5. These constitute our basis for deciding whether trade relations should be established with a potential partner organisation, and which rules and standards the trading partners will have to meet in their future cooperation with EZA in order to ensure Fair Trade practices. The Fair Trade criteria are important in another way as well:

- Our customers can thus be sure that all products that EZA sells have been produced and marketed under fair conditions.
- They help our trading partners decide whether they wish, and are able, to start trading relationships with EZA on a basis of Fair Trade. This also means that **EZA's partner organisations thereby commit themselves to implementing the Fair Trade criteria in their own sphere of activity**, in their cooperation with producers and within producer groups (see Appendix 4: Memorandum of Understanding).

Whenever these criteria are to be applied, the EZA staff in charge (General Management, Partner Committee and Purchasing Departments) have to make decisions, taking into account the following aspects:

- Our partners are living and operating in highly diverse economic, political, social and cultural contexts. This has to be considered when partners are evaluated.
- There may be trading partners for whom it is, for various reasons, impossible to meet all the criteria listed in section 5 from the very start. In certain cases it might, however, make sense to encourage a partner to implement the criteria step by step. During this process, these organisations need EZA's assistance and have to be monitored.

Economic sustainability is a basic precondition for entering into a trading partnership. Therefore, a trading partnership can only be established if a potentially promising, marketable product exists. If a product on offer is regarded as a promising addition to EZA's current range of products, the next step is that the potential partner organisation is examined with regard to the criteria listed in section 5.

EZA's partner selection procedure

1. **Gathering of basic information** on the potential partner organisation (by the Food and Non-food Purchasing Departments) using the EFTA Information Form.
2. **Review by EZA's Purchasing Department**, with preliminary assessment of the potential partner organisation.
3. **In the case of non-food: ONE test order may be placed** if the initial assessment has been positive, in order to test export and import procedures, product quality, market acceptance, etc.).

4. **Further research** into the potential partner organisation by the Partner Attending Department and the preparation of a supporting document for the Partner Committee.
5. **The potential partner organisation is informed** about EZA (self-presentation folder), EZA's partner policy and what EZA specifically expects of its partner with regard to compliance with and implementation of the criteria listed in section 5.
6. **Discussion in EZA's Partner Committee** (see section 9) and decision-making.
7. **The potential partner organisation is informed** whether the Partner Committee has decided for or against a trading partnership.
8. **The Memorandum of Understanding (MoU) is signed by all direct partner organisations**, after acceptance of the partnership on the part of the Partner Committee (in the MoU, EZA and its partner organisation commit themselves to meeting and implementing the criteria listed in section 5).
9. **Official start of the trading relationship** and placement of the first regular order.

In the case of **indirect partner organisations, the main responsibility regarding compliance with the Fair Trade criteria lies with the Fair Trade organisation that sells the products to EZA**. For this reason, in cases where EZA does not import products directly but through third parties, EZA sends its partner policy paper to the importing Fair Trade organisation and explains that EZA expects compliance with and monitoring of the criteria listed in section 5 by the organisation in question and its upstream suppliers. In order to emphasise the importance EZA attaches to the criteria and their binding character, those Fair Trade organisations that sell products to EZA are also asked to sign the Memorandum of Understanding (see Appendix 4).

9) EZA's Partner Committee

The Partner Committee is an internal **decision-making body at EZA**. It uses this **partner policy paper as a basis** and closely cooperates with the Purchasing and Selling Departments.

The Partner Committee has **3 permanent members** (at present: Andrea Schlehner/General Manager, Andrea Reitingner/Information and Public Relations and Birgit Calix/Partner Attending). In addition, the Purchasing Department delegates the purchaser in charge. The **Partner Committee is coordinated** by the competent representative of the Partner Attending Department.

The tasks of the Partner Committee include the implementation of EZA's partner policy, decision-making concerning the acceptance of new partner organisations and the phasing out of existing trading partnerships, partner cooperation matters (including evaluation of EZA's partner organisations) and the preparation of statements on Fair Trade issues.

10) The Partner Attending Department

In order to intensify and consolidate our activities concerning selection of and cooperation with partners, as well as monitoring within EZA, in 2005 the Partner

Attending Department in charge of partner organisations in the south was established. Its tasks include:

- gathering information on EZA's partner organisations and preparing this information in the form of leaflets on our partners;
- coordinating EZA's Partner Committee;
- preparing supporting documents for the Partner Committee;
- desk-based and field evaluations of EZA's (potential) partner organisations;
- continuous monitoring of EZA's partner organisations;
- advancement and implementation of EZA's cooperation with trading partners (in cooperation with the Food and Non-food Purchasing Departments);
- participation in the EFTA Monitoring Group;
- providing input with regard to monitoring in the WFTO;
- organising and coordinating visits by and to partners (including tours of EZA producers);
- handling partner support projects.

11) Our priorities in partner cooperation

As an exclusive Fair Trade importer, EZA offers a **wide range of Fair Trade products**. In order to be able to provide such a variety of goods, we currently buy raw materials and products from 162 regular trading partners (see section 2). It is therefore necessary **to set priorities** in our cooperation with our partners. Our approach here has been to **define different categories of trading partners**. These categories should NOT be regarded as a ranking system (with regard to compliance with Fair Trade criteria or other aspects): rather, they reflect EZA's responsibility towards its trading partners, the importance that a specific partner organisation has for the cooperation as partners, the trading relationship itself and EZA's product range. **It is important to make the intensity of cooperation with partners and the role played by the individual partner organisations, as seen from EZA's perspective, transparent for our partners, and to avoid unrealistic expectations on the part of our partners.** Therefore the following **three categories** have been defined:

Category A:

- direct trading partners accounting for an annual purchasing volume of more than EUR 25 000;
- strategic trading partners from whom EZA directly buys goods for one of EZA's main groups of products (e.g. coffee and fair fashion, but also argan oil), and/or for which no backup supplier exists.

Category B:

- direct trading partners with an annual purchasing volume of between EUR 25 000 and EUR 5 000;
- direct trading partners with an annual purchasing volume below EUR 5000, who are eligible for support for policy reasons (e.g. due to exemplary implementation of the Fair Trade criteria or because the organisation is of outstanding importance for the primary producers involved);
- indirect trading partners who play an extremely important role in providing EZA's main product range (e.g. strategic trading partner organisations)

cooperating with GEPA or Claro, such as Conacado and El Ceibo); in this context, EFTA's partner attending plays a prominent role: one EFTA member organisation thereby takes on the principal responsibility for the purchases and policy of a trading partner organisation, and is thus under an obligation to keep the other EFTA members informed. The EFTA member in charge is paid a partner attending margin by the other members as their contribution and remuneration for the task performed.

Category C:

- direct trading partners accounting for an annual purchasing volume of less than EUR 5 000;
- suppliers of products that complement EZA's range of products;
- additional or backup suppliers (if Category A and B suppliers are unable to provide the products needed);
- indirect trading partners who play a less important role in providing EZA's product range (e.g., honey or cocoa suppliers from Gepa's pool of suppliers).

The individual categories differ with regard to the intensity and scope of our cooperation. For instance, Category A organisations are the partners with whom EZA will cooperate most intensively. In this group of partners, EZA also attaches great importance to support in policy matters and compliance with the Fair Trade criteria. This also means that the partner organisations in this category have to meet specific requirements towards EZA (e.g. readiness to cooperate, transparency, commitment to the implementation of the Fair Trade criteria). For an overview, please consult the table in Appendix 5, which lists EZA's partner organisations and their individual categories.

12) Key elements of EZA's cooperation with trading partners

The **intensity and key elements of EZA's cooperation with its partners are based on the role that a partner organisation plays in terms of economic relevance and Fair Trade policy**, as reflected in the above categories. Obviously, the importance that a partner has for EZA may change in the course of our trading relationship (e.g. because of changes in market expectations, demand, significant developments in the partner organisation or new focuses for EZA). The present categories (see Appendix 5) thus reflect the current situation, which is to be reviewed and updated annually.

In the case of **ALL DIRECT partner organisations**, EZA's commitment to the criteria listed in section 5 constitutes an integral part of the trading relationship. On the other hand, EZA expects its partner organisations to comply with these criteria, and their compliance is reviewed regularly (every 2 years, the partners are asked to complete or update the EFTA Information Form).

In the case of **ALL INDIRECT partner organisations**, EZA encourages its suppliers (EFTA members and other Fair Trade importers) to adhere to the criteria listed in section 5, and expects the producers' organisation in question to implement the criteria. Continuous monitoring takes place in these cases as well: every two years the partners are asked to complete or update the EFTA

Information Form, either in the context of direct contact with EZA or through EZA's (Fair Trade) supplier.

Key elements of EZA's cooperation with trading partners, taking into account their economic relevance (categories)

Partner	Key elements of trading cooperation
I) ALL partner organisations of EZA	<ul style="list-style-type: none"> ➤ initial evaluation and acceptance by EZA's Partner Committee; ➤ regular review of compliance with the Fair Trade criteria (listed in section 5) by EZA's partner (every 2 years) – continuous monitoring; ➤ our partners receive EZA's annual report and EZA's self-presentation leaflet in English or Spanish; ➤ relevant information is made available (whenever necessary).
II) ALL DIRECT partner organisations of EZA	<p>In addition to the items listed under I):</p> <ul style="list-style-type: none"> ➤ information on EZA's partner policy and signing the MoU; ➤ obligation of EZA to comply with the criteria listed in section 5 in the context of its cooperation with the partner organisations; ➤ information on current developments within EZA – partners receive the updated PowerPoint presentation on EZA (once a year); ➤ relevant information is made available on EZA's partner policy and trading cooperation, EZA's purchasing and complaints policy, relevant (EU) directives, market requirements, developments in EZA's range of products, sales figures, etc.; ➤ partners are encouraged to take part in <i>EZA's reverse assessment</i> (every 2 years, in the context of <i>EZA's self-assessment</i>); ➤ EZA's self-assessment report is made available, and self-assessment reports are requested from all partner organisations who are WFTO members; ➤ information on expected order quantities and order cycles; ➤ general feedback on samples delivered – detailed feedback only on request.
III) Category A partner organisations	<p>In addition to the items listed under I) and II):</p> <ul style="list-style-type: none"> ➤ regular visits to the partners (e.g. by EZA's purchasing staff); ➤ regular EFTA assessments (for all partner organisations of EZA that have not been FAIRTRADE-certified) by EZA, other EFTA members or by local auditors working on behalf of EZA/EFTA members (every 3–5 years); ➤ comprehensive support with regard to product and

	<p>design development;</p> <ul style="list-style-type: none"> ➤ in certain cases: support of projects run by partner organisations (depending on financial resources); ➤ for EACH order: the pricing structures of the three most important products must be provided.
IV) Category B partner organisations	<p>In addition to the items listed under I) and II):</p> <ul style="list-style-type: none"> ➤ visits to the partners (e.g. by EZA's purchasing staff) if necessary; ➤ where possible, EFTA assessments (for all partner organisations of EZA that have not been FAIRTRADE-certified) by EZA, other EFTA members or by local auditors working on behalf of EZA/EFTA members (every 3–5 years); ➤ occasional support with regard to product and design development; ➤ in certain cases: support of projects run by partner organisations (depending on financial resources); ➤ at each update of the EFTA Information Form (every 2 years): the pricing structures of the three most important products must be provided.
V) Category C partner organisations	<p>No services in addition to those listed under I) and II).</p>

EZA/January 2013 (last update: March 2014)
Translation: Susanne Ofner

- Appendix 1: The 10 WFTO Principles
- Appendix 2: EZA's General Purchasing Conditions
- Appendix 3: EZA's Pricing Policy
- Appendix 4: Memorandum of Understanding
- Appendix 5: List of EZA's partner organisations