



MAX HAVELAAR LICENSING GUIDELINES

Part 1: Becoming a Licensee

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2. Fairtrade standards: for products, composite product policy, generic standards.
3. Registration at Max Havelaar and next steps.

Quick Overview :

- Fill in the Licensee Application form
- Max Havelaar performs a Scope Check (products)
- Max Havelaar sends you the License contract and registers you as a Licensee
- Max Havelaar sends you your FLO ID and access to the Online Product Database
- Your first product can be registered and launched

Part 2: Responsibilities as a Licensee

1. Use of the Fairtrade Mark
2. Product registration in the Online Product Database
3. Minimum fee and License fee
4. Control process - Quarterly reports, Desktop Reviews, Trade Audits
5. Procedure for international sales (Cross Border Sales)

BECOMING A LICENSEE

1.1 The international Fairtrade network

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. Fairtrade offers consumers a powerful way to reduce poverty through their every day shopping. For more information: http://www.fairtrade.net/what_is_fairtrade.html.

When a product carries the Fairtrade Mark it means the producers and traders have met Fairtrade standards. But who is setting these standards and what is the role of Max Havelaar?

The following organizations are behind Fairtrade Labelling:

FLO-eV	Standard setting	Setting and maintaining the Fairtrade standards
	Support	Supporting producers in gaining Fairtrade certification and developing market opportunities
FLO-CERT	Certification	Certifying producers and traders against Fairtrade standards
	Auditing	Auditing producers and traders to ensure compliance with Fairtrade standards
Labelling Initiatives (Max Havelaar)	Licensing	Licensing companies to use the Fairtrade Mark on products in their country
	Certification	Certifying products against Fairtrade standards
	Control	Ensuring fair use of Fairtrade certification mark and compliance with Fairtrade standards
	Marketing & Communication	Marketing and promoting Fairtrade in national markets

FLO-eV (www.fairtrade.net), Fairtrade Labelling Organisations International, is an international non-profit multi-stakeholder organization owned jointly by:

- 21 Fairtrade Labelling Initiatives covering 23 countries in Europe, North America, Japan, Australia and New Zealand. For more information click [here](#).
- 3 producer networks representing certified producer organisations across Asia, Africa, Latin America and the Caribbean. For more information click [here](#).

Whilst FLO-eV sets the standards and supports producers, a separate international certification company, **FLO-CERT** (www.flo-cert.net), regularly inspects and certifies producers and traders against these standards. FLO-CERT is owned by FLO-eV but operates autonomous and independently. FLO-Cert is accredited to the ISO-65 norm which guarantees the quality of the control and certification.

Max Havelaar Netherlands (www.maxhavelaar.nl) and Max Havelaar Belgium (www.maxhavelaar.be) are two of the 21 independent national labelling initiatives that license in their national markets the use of the Fairtrade certification mark on **finished** products according to the internationally agreed Fairtrade standards.

Certification: FLO-CERT or Max Havelaar ?

For a product to carry the Fairtrade mark, all the traders in the supply chain must be certified.

All producers, processors and exporters in the producing countries are certified by FLO-CERT.

The companies in the supply chain outside of the producing countries are certified by FLO-CERT (importers and manufacturers of semi-finished goods) or are licensed and controlled by the local Labelling Initiative (for **consumer-ready finished products**).

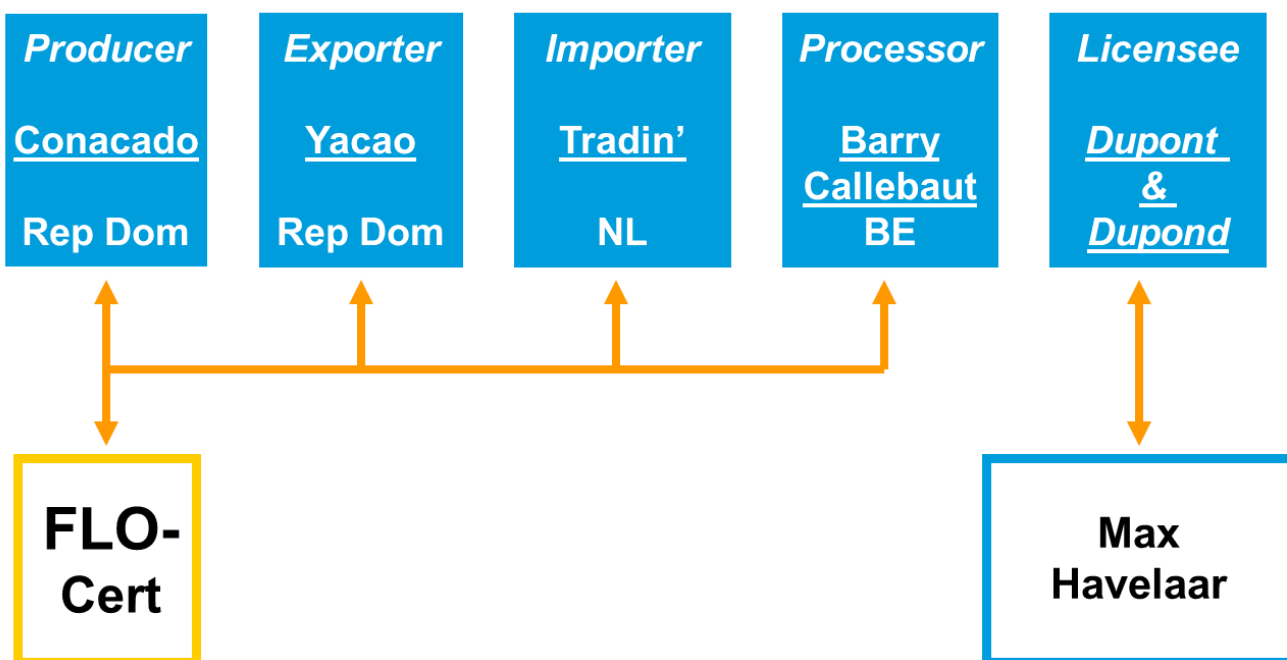
Companies manufacturing and selling **consumer-ready finished products** need a license contract with Max Havelaar to cover the use of the Fairtrade Certification Mark.

Additional certification at FLO-CERT is needed when the licensee is also an importer, paying the minimum price and premium or if you are selling semi-finished (bulk) goods to other FLO-Cert certified operators.

See underneath an example of a supply chain for a cocoa bean.



From a cocoa bean to Santa Claus



1.2 The Fairtrade Standards

Fairtrade standards are designed to tackle poverty and empower producers in the poorest countries in the world. The key objective of the Fairtrade standards is to ensure that producers receive a **fair price** and an **additional premium** which can be invested in projects that enhance social, economic and environmental development. Additionally the standards aim to facilitate long-term trading partnerships and to ensure that the conditions of production and trade of all Fairtrade certified products are **socially and economically fair and environmentally responsible**. For more information click [here](#).

There are **Generic standards** that apply to all Fairtrade producers and traders and there are additional **Product standards** that apply to specific products. For control and trade audit purposes the Fairtrade standards are translated into **Compliance Criteria** by FLO-CERT.

➤ *Generic Standards*

Generic trade standards govern the terms of trade for all Fairtrade products. For traders and licensees these are the relevant standards. The [full standards](#) are available on the FLO website.

Generic producer standards govern the conditions for small farmers and plantations producing Fairtrade products. The [full standards](#) are available on the FLO website.

Physical traceability is an important requirement within the Generic trade standards for Fairtrade certified traders and licensees. **Physical traceability** means that Fairtrade products must be marked and kept separate from non-Fairtrade products at each stage of production and processing. It is important to know that the physical traceability requirements are temporarily not compulsory for cane sugar, fruit juices, cocoa and tea. For more information click [here](#).

➤ *Product Standards*

Additional Fairtrade product standards apply to specific products, such as cotton or bananas. The [full standards](#) are available on the FLO website. Minimum prices and premium for all Fairtrade certified products are published separately to the product standards in the [table of minimum prices and premiums](#).

This table is perfectly suited to provide you with an overview of all products for which Fairtrade standards do exist.

In the case of single ingredient products, 100% of the product must be Fairtrade certified to carry the label. For composite products, a separate policy has been developed. The first and most important requirement for composite product is that all ingredients that can be Fairtrade according to the standards, must be Fairtrade. Additionally there needs to be at least a minimum specified amount of Fairtrade ingredients in the product. The [Composite Product Policy](#) can be found on the website of FLO-eV. In 2011 the current policy will be replaced by a Fairtrade Standard. The basic rule of all that can be Fairtrade must be will however remain unchanged.

➤ *Compliance Criteria*

From a trade audit perspective this is the most important document for traders and Licensees. It is used by the inspector during trade audits and can also be used for self assessment. Compliance Criteria are established by FLO-CERT to translate Fairtrade standards into verifiable control points that are evaluated in the certification process to determine compliance with the Fairtrade Standard. Auditors will perform trade audits to determine compliance with Fairtrade standards (see point 2.4 of this guide).

The Compliance Criteria and more information on the specific producer and trader compliance criteria is available on the website of FLO-CERT, <http://www.flo-cert.net>.

1.3 Summary of Licensee Application procedure at Max Havelaar

In the summary below you will find a step-by-step guide to the Licensee application process of Max Havelaar. Under normal circumstances the application process should take no longer than 14 days. Applications concerning complex composite products can have longer processing time.

1. First contact with Max Havelaar

Whether you contact us by phone, e-mail or via our website - we are glad to provide you with basic information about Fairtrade certification. Your request for information/application is forwarded to the adequate person within Max Havelaar. You can also find a lot of relevant information on our public website where the **Licensee application form** can also be downloaded ([Belgium](#) / [The Netherlands](#)).

2. Fill in the Licensee Application form

In the Licensee Application form we ask you to provide us with your contact information as well as information about your commercial activities and the products you wish to source Fairtrade. The complete Licensee Application form needs to be sent back to Max Havelaar, together with a recent copy of your company's registration at the Chamber of Commerce.

3. Max Havelaar performs a Scope Check

Once the completed application form and the required document have been received, a scope check is performed to determine whether your application falls into the scope of Fairtrade Certification (can the proposed products carry the Fairtrade Mark according to the Fairtrade Standards).

If this is the case, the application is accepted and a License contract is issued. If the application does not fall into the scope of Fairtrade Certification, it is denied and the application process ends at this point.

4. Max Havelaar sends you the International License contract

The License contract is sent by email. We ask you to print two copies of the License contract, to sign them and to send both copies back to us. Upon receipt of the signed License contracts we will proceed with your registration as a Licensee of Max Havelaar.

5. Max Havelaar registers you as a Licensee and a identification number (FLO ID) is issued

The License contract is then sent to our Director for signing. A signed copy of the contract will be sent back to you. You will be registered as a Licensee in the Fairtrade system network. At the same time your FLO ID is issued. This unique identifier is used on invoices and commercial documents to prove your registration within the Fairtrade network.

6. Max Havelaar sends FLO ID and access to Online Product Database

After your registration at Max Havelaar has been completed we will send you your FLO ID and give you access to our Online Product Database. Here you can upload information on your products for approval. After approval Licensees have the right to use the Certification Mark on their finished products.

7. You are officially a licensee and appear on the Max Havelaar website

After formal approval of your first products in the Online Product Database, the Licensee will officially appear on the public website of Max Havelaar.

2. RESPONSIBILITIES AS A LICENSEE

2.1 Products & Online Product database

Product Application

Every (new) Fairtrade product has to be submitted to Max Havelaar for approval before it enters the market. Both the product itself and the proposed artwork (packaging) needs to be approved.

Online Products Database

All product approval requests are processed via the online product database: <http://products.maxhavelaar.be>.

As a licensee you are responsible for submitting your products into the online product database and for keeping the information up to date.

After signing the License contract you will receive access to this database. You can find the Product database Licensee guide online ([FR/NL](#)).

Approval

After submitting your products, Max Havelaar will review them and check if the products comply with Fairtrade standards:

- Composition of the product (Fairtrade ingredients) ([Composite Product Policy](#))
- Fairtrade certified suppliers (and supply chain)
- Proposed artwork or packaging (see point 2.2)

Furthermore, to provide information to the consumers, we will also need the following information:

- Availability and Sales information (retailers/wholesalers)
- Packshot

As a licensee of Max Havelaar, you also receive access to the [internal pages of FLO-CERT](#) where you can check the certification status of Fairtrade operators. Licensees are listed as “LI registered” and certified traders as “certified”. There you check whether suppliers and traders are Fairtrade certified and search for new suppliers.

Public Product Search Engine

Once your products have been approved they will become **visible on our website** through the **product search engine** (as soon as the start date input in the products database is reached).

The products search engine on the website of Max Havelaar helps visitors to find products with the Fairtrade/Max Havelaar certification mark. Therefore it is in our mutual interest to keep the product database up to date, so that consumers can easily find all the information they need about Fairtrade products.

Please note only non-confidential information is displayed online (product name, size, brand, Fairtrade ingredients, Fairtrade producers and availability).

If the availability fields are not correctly filled in, your product will not be displayed on the website.

Product responsibility

The Licensee only needs to apply those products for which he is responsible in terms of License fee payment and quarterly sales reports. To determine whether you are responsible for the application of products, the reporting of sales and the payment of the License fee it is important to look at your position in the supply chain and the agreements made with clients and/or suppliers (see point 2.3).



2.2 Use of the Fairtrade Certification Mark

Ownership

The Fairtrade Certification Mark is the exclusive property of Fairtrade Labelling Organisations International (FLO) and internationally registered as a trademark (EU no. 0026 06 994. World Intellectual Property WIPO no. 806 431). Max Havelaar Netherlands and Max Havelaar Belgium hold the exclusive right to grant the right to use the Certification Mark in their countries. Licensees in the Netherlands and Belgium can either use the international version of the Fairtrade mark or they can choose to add Max Havelaar as a strapline.



Use of the Certification Mark

The Fairtrade Certification Mark can be used **only in direct relation to products** that are certified in accordance with Fairtrade standards. The Mark can be used on product packaging but also on promotional materials to encourage people to purchase Fairtrade certified products. In all cases, approval for the use of the Mark, word Fairtrade and messaging relating to Fairtrade will need to be approved by Max Havelaar **prior to printing or publication**.



Product Packaging

The main requirements for the use of the Fairtrade Certification Mark (CM) on product packaging are:

- The CM must never be redrawn or altered in any way
- The CM must be applied on the front of the packaging
- On dark backgrounds a thin white border should be added to differentiate the CM
- The CM should always be less prominent than the brand
- In case of composite products, it is mandatory to state the percentage of Fairtrade ingredients
- It is compulsory to print the minimum text plus the website (www.maxhavelaar.nl, www.maxhavelaar.be or www.info.fairtrade.net) on the package

Product packaging or artwork must be submitted to us for approval through our [online product database](#).

Promotion

The main requirement for the use of the Fairtrade Certification Mark on promotional materials is that it can be used **only in direct relation to Fairtrade certified products**. Moreover it is important to ensure that the promotional materials carrying the CM do not suggest more than the Fairtrade standards can guarantee.

Promotional materials must be sent to the local contact for artwork approval:

artwork@maxhavelaar.nl or artwork@maxhavelaar.be

Manual

A complete overview of the requirements for the use of the Fairtrade Certification Mark is written down in the **Certification Mark Manual** ([French](#) / [Dutch](#) / [English](#)) which can be found on our website.

2.3 License fee and Minimum fee

License fee

The Licensee must pay a License fee to Max Havelaar for the use of the Fairtrade Certification Mark on its products. The License fee is based on the volume of sold Fairtrade certified products expressed in kilos or wholesale value, depending on the product category. A complete overview of the License fees per product can be found on our website ([Belgium](#), [The Netherlands](#)) or in appendix 4 of the License contract.

The License fee for Fairtrade certified finished products has to be paid only once in the entire supply chain.

Minimum fee

The minimum fee per year is € 2000 or € 1000 for licensees that are not manufacturing their products (and only buy consumer-ready products). Small licensees pay a minimum fee of € 500 per year. The fee system applies as soon as the License fee exceeds the minimum amount.

Incentive for growth system

An incentive system exists to encourage volume growth or commitment to Fairtrade. A discount on the license fees is offered if:

- over 90% of the Licensees' sales are in Fairtrade products ('dedicated Fairtraders')
- the total License fee per year for national sales exceeds €75.000
- licensees hold both a FLO CERT and Max Havelaar contract

The detailed discount scheme can be found in the complete overview.

Who pays the fee?

Generally speaking, the **brand owner** is the Licensee and therefore responsible for the License fee payment. Licensees producing Fairtrade certified products for **Private Label owners** however, will have to make clear agreements with their clients about the License fee payment. To help you with this, we have come up with the following categories:

- **Own brand products**
The Licensee is the brand owner and therefore responsible for the License fee payment.
- **Private label**
The Licensee produces for a Private Label. The private label owner is a Licensee himself, and therefore he is responsible for the License fee payment.
- **Full service Private label**
The Licensee produces for a Private Label client. The private label owner is not a Licensee himself, and therefore the Licensee is fully responsible for the product (composition and packaging, approval request, reporting, license fee payment...)

It is very important for a Licensee to make clear agreements with their clients on the License fee payment, since the License fee on Fairtrade certified finished products needs to be paid only once.

2.4 Control process – Sales reports, DTR, Trade Audits

In order to determine the Licensees' compliance with Fairtrade standards and policies, Max Havelaar performs regular verifications and inspections according to the following three methods:

➤ Sales reports

The Licensee needs to provide Max Havelaar with quarterly sales reports of Fairtrade certified products. Initially the quarterly sales reports are a means to provide Max Havelaar with all the necessary information to determine the License fee. Secondly the quarterly sales reports are used to perform the Desk Top Reviews and ensure full traceability of Fairtrade certified products through documentation. Quarterly sales reports have to be submitted within 30 days after the end of the quarter. Reporting is done through an online reporting tool based upon the information of the online products database.

➤ Desk Top Reviews (DTR)

Desk Top Reviews are performed to ensure full traceability of Fairtrade certified products through documentation. Besides the sales reports the Licensee is asked to provide information on purchases, stock and processing of Fairtrade certified products and to hand in copies of several purchase and/or sales invoices in order to perform a thorough check-up. For the majority of Licensees DTR's are performed at least once a year. The main focus is to check whether:

- sales volumes do not exceed purchase volumes
- the FLO ID is mentioned on all commercial documents
- suppliers are certified
- all products and packaging are officially approved by Max Havelaar

It is the Licensees' responsibility to make sure that suppliers are certified according to Fairtrade standards. Therefore the Licensee can check the suppliers' certification status on the [internal pages](#) of FLO-CERT by entering their FLO ID. A login name and password for the internal pages of FLO-CERT can be requested at login@flo-cert.net.

➤ Trade Audits

On-site inspections or Trade Audits are not performed by the Control department of Max Havelaar, but are delegated to an independent Certification Organization (NL: Control Union, BE: Certisys). A FLO-CERT trained auditor will perform a physical audit at the Licensees premises at least once a year. The audit is performed by means of a checklist, based on the [Compliance Criteria](#). The main focus is to check whether:

- sales volumes do not exceed purchase volumes
- the FLO ID is mentioned on all commercial documents
- suppliers are certified
- all products and packaging are officially approved by Max Havelaar
- traceability of Fairtrade products is ensured
- the information provided for sales reports and DTR's are "in line with reality"

A non-conformity with a Compliance Criteria is a non-conformity with the respective standard requirement and will have to be resolved through a corrective action. Corrective actions need to be acted upon by the Licensee and will be followed up by Max Havelaar.



2.5 International Sales / Cross Border Sales (CBS)

Sales Territory

The License contract grants the Licensee the right to use the Fairtrade Certification Mark in the Netherlands and Belgium. If a Licensee wants to sell his Fairtrade certified products outside of these countries, they have to ask Max Havelaar for formal permission through the availability field in the Online Products Database. Max Havelaar (the Home LI) will contact the Destination country to inform them that a new Fairtrade certified product will soon be available on their market. As soon as permission is granted (10 business days), the new destination country will be approved in the Online Product Database, and the Licensee has the right to proceed with the Cross Border Sales.

License fee and CBS

The License fee is intended to benefit the Labelling Initiative of the country where the finished product is sold. So, for a Fairtrade certified product sold in the Netherlands, the license fee is due to Max Havelaar Netherlands and for a Fairtrade certified product sold in Belgium, the license fee is due to Max Havelaar Belgium. You are therefore required to **report your quarterly sales per country**. To avoid unnecessary workload, your local Max Havelaar will act as your single contact point, invoicing all fees and arranging the transfer of License fees to other Labelling Initiatives internally.

Who pays the fee?

Especially in the case of Cross Border Sales, it is very important to make clear agreements with clients on the License fee payment in order to avoid double payments. It is very well possible that your customer abroad is a Licensee himself and pays the License fee to the Labelling Initiative of that country.

Sales to country where the Fairtrade certification mark is not registered

While we are making efforts to register the Certification Mark in as many countries as possible, there are still some places where registration is not yet achieved and therefore full protection can not be guaranteed to our licensees. Licensees intending to sell to those markets will be informed when submitting their request.