	Guidance Document No. 6	CODE:	SSD-en-Producer-Premiums – GD-6 V23
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Guidance Document No. 6

Fair Price Premium, Social Premium and Premiums for Specific Products

1. Objective

The objective of this guidance document is to clarify FairTSA policy regarding producer premiums and set premiums for 2019 – 2021.

2. Clarifying General Requirements per Standard Version 3.2


The current standard (version 3.2, section 32.4) stipulates that at least 7% on top of the producer price be paid as price premium to small farmers and at least 3% as Social Premium as investment capital for community development projects. This Guidance Document 6 takes into account multiple requests by stakeholders to amend this provision as follows:

- 2.1 The general split between producer premium for small farmers will **be 5% as Fair Price Premium and 5% as Social Premium**. In cases where small farmers agree of where the split would be too complex to manage, the whole amount will be treated as Social Premium for community projects.
- 2.2 Management of Key Development Partners and Cooperatives must not use any part of the Fair Price Premium or the Social Premium for administrative cost, management salaries, overhead, or any other administrative costs except legally mandated taxes.
- 2.3 In case there are no small farmers involved, the whole premium must be treated as Social Premium and must be used as capital investment for projects for the workers on the farm (plantation) or the processing facility or both, depending on the individual situation.

3. Definition of Small Farms

Small farms are defined as farms with 15 hectares (37.5 acres) or less. For intensive agricultural crops and vegetables, FairTSA reserves the right to de-

Prepared: 02/01/2017	Revised: 12/06//2020	Approved:12/11/202	Version 2.3	Pages: 1 of 3
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 <small>CERTIFIED FAIR TRADE FairTrade.org</small>	<p>Guidance Document No. 6</p>	<p>CODE:</p>	<p>SSD-en-Producer-Premiums – GD-6 V23</p>
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crease the area for certain countries or regions if deemed appropriate. Specialized greenhouse operations are exempt from this definition and are not considered small farms under the standard.

4. Premiums for Specific Products

Due to frequent requests by both producers and licensees we have simplified the premiums for products where the farm gate price calculation is too complex or unwieldy. The list below supersedes the general requirements in section 2 of this document.

Product	Premium (all are ex works)
Banana chips	\$40/mt
Coconut Water as by-product of coconut processing	\$70/1,000 liters
Virgin Coconut Oil	\$115/mt
RBD Coconut Oil	\$80/mt
Desiccated Coconut	\$70/mt
Coconut Milk	\$70/mt
Coconut Cream	\$70/mt
Coconut Specialty Products (sugar, nectar, etc.)	5% of ex works price
Orange Juice	\$75.00/1000 liters
Agave juice	7% of ex works price
Herbs, Spices and other specialty products	7-10% ex works price
Quinoa from Bolivia	\$200 per metric ton for ex works price below \$3,000, \$ 140 for ex works price between \$3,000 and \$4,000, and \$70 for ex works price between \$4,000 and \$5,000. If prices are above \$5,000, no fixed premium applies and the premium for each project must be negotiated separately.

Prepared: 02/01/2017	Revised: 12/06//2020	Approved:12/11/202	Version 2.3	Pages: 2 of 3
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	Guidance Document No. 6	CODE:	SSD-en-Producer-Premiums – GD-6 V23
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Please note: This list will be updated on a regular basis. Please contact FairTSA directly in case of questions for specific products.

5. Premiums for Coffee, Tea, Cacao Beans and other Cacao Products, and Bananas

Due to the fact that there is a de facto Fair Trade market with many producers offering those products, the premiums of the Fair Trade Labeling Organization \pm 10% for above mentioned products valid as per January 1, 2017, are also applicable for FairTSA certified products through December 31, 2021.

Prepared: 02/01/2017	Revised: 12/06//2020	Approved:12/11/202	Version 2.3	Pages: 3 of 3
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