January 10, 2011

### **By Hand**

Mr. David Vladeck, Director Bureau of Consumer Protection Federal Trade Commission 600 Pennsylvania Ave., N.W. Washington, D.C. 20580

### **Re:** Request for Investigation of Deceptive Practices in Advertising and Labeling as "Fair Trade Certified" of Certain Personal Care Products

Dear Mr. Vladeck:

Pursuant to the Commission's Rules, 16 C.F.R. §2.2, the Organic Consumers Association ("OCA") and All One God Faith, Inc. d/b/a Dr. Bronner's Magic Soaps ("Dr. Bronner's"), respectfully request the Commission to institute an investigation of the blatantly deceptive labeling as "Fair Trade Certified" of certain personal care products, in violation of section 5 of the Federal Trade Commission Act.

The deceptive practices at issue are those of (1) The Hain Celestial Group, Inc. ("Hain"), makers of the "Queen Helene" brand of body cleansers and lotions; (2), Avon Products, Inc., makers of the "Mark" brand of cosmetics and personal care; and (3) TransFair USA, the certifying organization that has authorized the misleading and deceptive labeling and advertising of "Queen Helene" and "Mark" brand products as "Fair Trade Certified" when in fact the products so labeled contain a minor amount of fair trade certified ingredients.

### I. Fair Trade Labeling and Advertising

The term "fair trade" is used to denote ingredients and products, particularly agricultural products, that have been purchased from cooperatives, collectives or other groups of farmers in developing countries, who have been paid a guaranteed minimum price plus a fair trade "premium" for community development projects; who treat their farm workers in accordance with recognized standards for achieving safe and healthful working conditions; and who commit to using environmentally sustainable farming methods, among other things. *See* Fair World Project, *For a Better World: Issues and Challenges in Fair Trade* 4 (2010), attached hereto as Exhibit 1. As a considerable body of research has confirmed, socially conscious consumers increasingly prefer to purchase fair trade products when available, even at a premium price, because such consumers want to be assured that, in the production of a product, fair prices were paid to farmers, fair wages were paid to farmworkers, and no child labor or other exploitative practices were involved.

The actual standards for what constitute "fair trade" practices are established by several different international nonprofit organizations. One major such organization is Fair Trade Labeling Organizations International ("FLO"). FLO in turn is composed of a number of national or regional organizations, including TransFair, that among other things are authorized to determine whether an agricultural product meets the applicable standards. TransFair licenses the producer of a product to label it as "Fair Trade Certified" and to use the TransFair "Fair Trade Certified" seal in the advertising and sale of an agricultural product meeting TransFair's standards. TransFair charges licensees of

the TransFair seal a volume-based licensing fee to support TransFair's marketing efforts on behalf of the licensees. TransFair permits its certification marks to appear on the front of products with both majority and minority fair trade content on a dry weight basis.

Another international organization, the Institute for Marketecology ("IMO"), together with the Swiss Bio Foundation, jointly created a separate "Social and Fair Trade Certification Programme". Under this separate program, a product that meets the applicable standards can be labeled and advertised as "FairTrade - Fair for Life." IMO does not permit the use of its certification mark on the front of a product's label unless a majority of the contents of that product, on a dry weight basis, has in fact been fair trade certified. For an overview of these two certification programs, see generally, "How do You Know It's Really Fair Trade: An Overview of Fair Trade Labeling and Validation Programs," in Fair World Project, *For a Better World: Issues and Challenges in Fair Trade* 5-7 (2010) attached hereto as Exhibit 2.

### II. <u>Complaining Parties</u>

### A. Organic Consumers Association

OCA, located at 6771 South Silver Hill Drive, Finland, MN 55603, telephone 218-226-4164, is a non-profit educational organization dedicated to promoting the interests of the nation's socially responsible consumers. OCA represents over 850,000 members, supporters, subscribers and volunteers. OCA advocates for the interests of consumers in the areas of food safety, industrial agriculture, genetic engineering, corporate accountability, fair trade and environmental sustainability. OCA's consumer education programs urge consumers generally to "Buy Local, Organic and Fair Made."

### B. Dr. Bronner's

Dr. Bronner's, a California corporation, located at 2751 Auto Park Way, Escondido, California 92029, manufactures and sells, throughout the U.S., personal care and cosmetic products including the nation's top-selling natural brand of liquid and bar soap under the brand "Dr. Bronner's Magic Soaps," and lotions, hair rinses, shaving gels and balms under the brand, "Dr. Bronner's Magic." Dr. Bronner's liquid and bar soaps, in general, comply with the US Department of Agriculture National Organic Program requirements for labeling a product as "Made with Organic [specified ingredients]." In addition, these Dr. Bronner's products carry the IMO certification seal "Fair Trade—Fair for Life," and the term "Certified Fair Trade," based on compliance with the IMO "Social and Fair Trade Certification Programme" rules governing such labeling. Those rules require that if a product carries the label "Fair for Life-Social & Fair Trade certified by IMO," ninety percent of the product's contents excluding water must be fair trade certified to the extent that sufficient fair trade certified ingredients are available. To the extent that any non-water ingredients are not available from fair trade sources, regardless, at least fifty percent of all non-water ingredients by weight must be fair trade certified; also, as fair trade certified versions of the remaining ingredients become commercially available, those fair trade certified versions must be used. (IMO SOCIAL & FAIRTRADE **PROGRAMME §1.2.2.4 (Feb. 2008)).** These provisions sensibly allow for example, that the inorganic alkali necessary to saponify oils in soaps, approximately 25% by weight of the oils, cannot be sourced on fair trade agricultural terms; however the oils can be and Dr. Bronner's procures over 95% by volume from fair trade sources.

Dr. Bronner's has, since 2006, through subsidiaries and with partner companies, established several fair trade certified projects in developing countries for the production of the raw materials used to make its main cleansing and moisturizing ingredients, improving the lives of farmers, workers and their communities in those countries. In addition to being certified organic, the commodities produced in these projects are certified fair trade under IMO's Fair for Life (FFL) program, and now account for over ninety-five percent by volume of Dr. Bronner's raw materials (excluding alkali) for soaps and other body care products--in particular, coconut, palm, olive and mint oils. Attached as Exhibit 3 is a copy of the labels of Dr. Bronner's top selling peppermint bar and liquid soaps. As the ingredient lists for these products show, the main ingredients of these products, that achieve their central function as soap when combined and saponified with alkali (potassium or sodium hydroxide), are certified fair trade Coconut, Olive and Palm Oils, scented with fair trade Mentha Arvensis and Peppermint Oil. The Organic Hemp and Jojoba Oils are present in smaller amount as non-saponfied "superfatted" ingredients for smoother lather and less-drying afterfeel. (The hemp oil actually is acquired from a "domestic fair trade" certified source from Canada that is not yet noted on the labels, and Dr. Bronner's is also currently working with the Com'caac (Seri) Indian tribe in the Mexican Sonoran desert, along with IMO, to set up a sustainable and fair trade certified supply of organic wildcrafted Jojoba oil).

Dr. Bronner's decided to use the Fair for Life certification program of IMO rather than that of FLO/TransFair because, at the time, FLO did not have standards for several of these raw materials and because FLO's regulations did not and still do not accommodate the creation of cooperative ventures between a mission-driven company

and unorganized small farmers and producers. See D. Bronner, *Going Fair Trade* (2010) attached hereto as Exhibit 4, summarizing the company's experience with the conversion to organic/fair trade sources, its experience with TransFair/FLO, and its decision to participate instead in IMO's "Fair for Life" program.

### **III.** TransFair's Deceptive Certification and Licensing Practices

TransFair is the only FLO certifying agency based in the U.S. As noted, TransFair purports to control use of the term "Fair Trade Certified" in the United States generally, beyond specific use of that term in TransFair's certification mark. The TransFair US Label and Language Use Guide (April 2008)(the "TransFair Label Guide") states that TransFair USA "retains exclusive rights to license use of the Fair Trade Certified (FTC) logo *and the term 'Fair Trade Certified*™". (TransFair Label Guide at 1)(emphasis added). (A copy of the TransFair Label Guide is attached hereto as Exhibit 5).

There are two classes of products each of which, under TransFair's rules, is licensed to use a separate mark. First, if the product as a whole is entitled to be called "Fair Trade Certified," it can display the "Fair Trade Certified" mark. Under TransFair's rules, a product cannot display this mark, or seal, unless: "All ingredients that can be Fair Trade Certified are Fair Trade Certified, the FTC ingredient(s) constitutes more than 50% of the dry weight (excluding water) of the product and no formulation exemption has been issued." (TransFair website,

http://www.transfairusa.org/content/certification/ingredients\_program.php) By far the most widely sold product displaying the "Fair Trade Certified" mark is fair trade coffee.

Second, if the majority of a product's content is not fair trade certified, on a dry weight basis, but the product contains some fair trade content, then the product is not entitled to be labeled as "Fair Trade Certified." Rather, under TransFair's rules, the product can display what is supposed to be a separate mark, the "Fair Trade Certified Ingredient Specific Mark." TransFair USA Composite Product Policy for Food Products, <u>http://www.transfairusa.org/content/Downloads/certification/CompositeProductPolicy.pd</u> f at 2. That "ingredient-specific mark" reads: "Fair Trade Certified [specific ingredient]" rather than simply "Fair Trade Certified." For personal care products, TransFair's rules allow this "ingredient-specific" mark to be displayed on a rinse-off product with as little as two percent fair trade content and on a leave-on product with as little as five percent, on an absolute basis not exclusive of water. See TransFair website,

### http://www.transfairusa.org/content/certification/beauty\_policy.php,

Under this policy, TransFair engages in two related practices which, in fact, are deceptive and misleading to consumers. *First*, the single ingredient seal—the so-called "Fair Trade Certified Ingredient Specific Mark"—is identical in appearance to the "Fair Trade Certified" mark. Exhibit 6 hereto depicts a side by side comparison of the two seals. Consumers are deceived by the identical-appearing seals into believing that a product that displays the ingredient-specific seal is a "Fair Trade Certified" product—in which the majority of the content is fair trade certified—when in fact the majority of content is not fair-trade certified and the product typically contains only trade certified ingredients accounting for no more than 2% to 5% of the product contents.

Second, TransFair and its licensee then typically market the entire *line* as "Fair Trade Certified," even though the products sold in that line contain, as noted, fair trade certified ingredients accounting for only 2 to 5% of the product content. ipator.

TransFair's licensing policies may create an incentive to engage in these two practices. TransFair receives the same licensing fee regardless of whether a product consists of a majority or a small minority of fair trade certified content.. Were TransFair to differentiate in the labeling of such products in a meaningful way, the licensing of its ingredient-specific mark would not be nearly as attractive to prospective brands seeking an inexpensive way to market their goods as "Fair Trade."

Significantly, parallel practices in the field of labeling and marketing of products as "organic" have been prohibited by federal regulation precisely because such practices are inherently misleading. Under the regulations promulgated by the U.S. Department of Agriculture's National Organic Program ("NOP") under the federal Organic Food Products Act of 1990, 7 U.S.C. §§6501 *et seq.*, a processed agricultural product sold or labeled as "organic" must contain by weight or fluid volume, excluding water and salt, not less than 95% organically produced raw or processed agricultural products. 7 C.F.R. §295.301(b). If a product may be labeled "Organic" under this rule, the term "Organic" may be used on the label to modify the name of the product and be in letters as large as the name of the product itself. *Id.* §205.303(a).

The NOP regulations provide for another, separate category of products, at least 70% of the non-water contents of which consist of certified organic ingredients. Products meeting this 70% standard may not be labeled "Organic;" rather, they may only

be labeled on the principal display panel, as "Made with Organic [specified ingredients]." *Id.* §§205.105(a), 205.301(c), 205.304(a)(1)(i) & (ii). The NOP regulations do not permit the label of such a product to state simply that the product is "Made with Organic Ingredients," which would inaccurately imply that all of the ingredients are organic; rather the term "Organic" must modify specified individual ingredients. *Id.* §205.305. Further, the specific-ingredient claim must appear in "letters that do not exceed one-half the size of the largest type size on the panel" and which appear in their entirety "in the same type size, style and color without highlighting." *Id.* §205.304(a)(1)(iii).

Clearly, it is just as misleading and deceptive for a product containing only a minor portion of fair trade certified content to be labeled in a way that leads the consumer to conclude that the entire product is "fair trade certified", as it would be for a product containing only a minor portion of "organic" ingredients to be labeled in a way implying that the entire product is "Organic." Such labeling is precisely what is forbidden by the USDA regulations, in order to prevent conflation of products with only minor organic content from being labeled and marketed as if they are mostly or entirely organic. The first page of Exhibit 6 displays a comparison of a USDA/NOP-compliant "logo" for a product with a minority of organic content with a USDA/NOP-compliant logo for a product with over 95% organic content. As Exhibit 6 demonstrates, the two USDA-NOP logos are markedly different while TransFair's supposedly different "Fair Trade Certified" seals are intentionally and essentially identical. The second page of Exhibit 6 depicts what a hypothetical, unlawful USDA seal would look like (along the lines of TransFair's single ingredient/minority fair trade content mark) for a product with less

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than 95% organic content, that under the NOP rules can display only the words "Made with Organic [specified ingredients]."

The deceptive and misleading labeling practices enabled by TransFair's program are illustrated in the labeling and advertising of products sold under the "Queen Helene" and "Mark" brands.

### IV. Misleading and Deceptive Labeling and Advertising of "Queen Helene Naturals" Products

The "Queen Helene" brand manufactured and sold by the Hain-Celestial Group consists of more than eighty separate products; of those, four "Queen Helene Naturals" products are labeled and nationally advertised as "Fair Trade Certified." These include Cocoa Butter Body Wash, Cocoa Butter Lotion, Cocoa Butter Crème, and Cocoa Butter Body Scrub. These products compete directly with Dr. Bronner's fair trade soaps, lotions and bodywashes.

Attached as Exhibit 7 is a sample label for one of these products, Queen Helene Naturals Fair Trade Certified Cocoa Butter Body Wash. Attached as Exhibit 8 is an example of advertising of these products on the Internet by Hain.

Each of these products is prominently labeled, immediately under the brand name, on the front label, **"Fair Trade Certified**," in letters as large as those identifying the product itself (*e.g.*, "Cocoa Butter Body Wash"). In fact, however, *none* of these products, in itself, has been "Fair Trade Certified" by TransFair. Only one ingredient, Cocoa Butter, in the products has been so certified---accounting for a miniscule part of the entire product.

For example, in the product labeled "Queen Helene Naturals Organic Fair Trade Certified Cocoa Butter Body Wash," only the Cocoa Butter—the seventh ingredient listed after Aqua(Purified Water), Sodium Myreth Sulfate, Cocamidopropyl Hydroxysultaine, Vegetable Glycerin, Cocamide, MAE, Acrylates Copolymer —is in fact fair trade certified, That ingredient accounts for no more than 2% of the weight of the product. Not only do the words "Organic Fair Trade Certified" appear prominently at the top of the front panel label, as shown in Exhibit 7, but the label also displays the Fair Trade Certified Ingredient Specific Mark at the bottom—a seal which appears identical to the seal denoting certification of an entire product as "Fair Trade Certified." Clearly, the implicit representation of this product as one that is in its entirety "Fair Trade Certified" is misleading and deceptive to consumers.

Attached as Exhibit 9 is a hypothetical label for this same product in which the TransFair Fair Trade Certified –ingredient specific mark is juxtaposed (through alteration of the photo—NOT a real photo of the label) with the hypothetical USDA seal from the second page of Exhibit 6 for products with as low as 2% (versus the actual 95% minimum) organic content, created in TransFair's style of inserting only a small ingredient descriptor below the "whole product" certification mark. This fictitious mark denotes that the product contains 2% organic content, if USDA-NOP rules allowed display, on such a product, of such a seal that looks identical to the "USDA Organic" seal for 95% organic content. In fact the USDA-NOP rules do not allow display of such a seal, as noted, precisely because consumers would be confused and misled.

Indeed, Hain markets its entire Queen Helene Naturals line as a product line that promotes fair trade principles of fair prices and wages for farmers and workers in the

developing world, even though those few products contain only one fair trade certified ingredient, Cocoa Butter, accounting for a miniscule portion of the product content. For example, Queen Helene's website on its "We Care" page implies that "Fair Trade" is one of three defining socially responsible attributes of the entire brand, along with "Sustainability" and "Animal Friendly." The website then states that "Our Naturals brand is Fair Trade Certified," although in fact not a single product sold under that brand is "Fair Trade Certified," since the products are entitled to carry only the specific-ingredient mark. *See* Queen Helene website page at <u>http://www.queenhelene.com/we\_care.php</u> (included in Exhibit 8).

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Even more egregious is that the entire Queen Helene product line is generally labeled and marketed as consisting of "Cocoa Butter" products. However, the cocoa butter contained in most of these products is not only present in very small amounts, it is also not fair trade certified. For example, in "Queen Helene Natural Cocoa Butter Moisturizing Body Oil," label attached as Exhibit 10 hereto, the cocoa butter is not in fact fair trade certified, and is the fifth ingredient listed, after Soybean Oil, Sesame Oil, Safflower Oil, and Isopropyl Myristate. And the few products in this brand line that purport to be "Fair Trade Certified" —for example, the Cocoa Butter Body Wash described above—contain fair trade cocoa butter, accounting, as noted, for only a miniscule portion of the product's content. By marketing the Naturals line as "Fair Trade Certified," Hain is further misleading and deceiving consumers into believing, not only that the products so labeled are "Fair Trade Certified," but that the entire line is somehow committed to fair trade.

In May 2009 and again in July 2010, Dr. Bronner's communicated directly with TransFair and requested TransFair to demand that Hain cease and desist from using the TransFair "Fair Trade Certified" ingredient specific mark and term "Fair Trade Certified" on the front panel labels of the subject product. Copies of Dr. Bronner's' letters to TransFair are attached as Exhibit 11. However, TransFair to date has not taken any action in response to these requests.

### V. Misleading and Deceptive Labeling and Advertising of Mark Products

Avon engages in similar deceptive labeling and advertising of certain of its "Mark" brand products. A minor subset of Mark products displays the TransFair specific- ingredients seal which, as noted, appears identical to the whole-product seal. Thus it appears to the consumer that these products are "Fair Trade." Yet the specific ingredients in these products that are in fact fair trade certified mostly have no functional value in the product and represent an insignificant portion of the product's content. For example, the TransFair "Fair Trade Certified" ingredients mark is displayed on "Mark Fresh Approach Hydrating Body Cleanser." Yet the only fair trade ingredients in this product are Honey, the eighth ingredient listed after Water, Sodium Coco Sulfate, Cocomide MEA, Sodium Lauroyl Sarcosinate, Glycol Stearate, and Hydrogenated Castor Oil—and White Tea, the thirteenth listed ingredient. These ingredients account for only two percent of the weight of the product with negligible to no function in the product. Attached as Exhibit 12 are additional product labels for the Mark lip balm and bar soap engaging in the same deception, the former appropriately enough called "the big fix.".

As in the case of Queen Helene Naturals products, Avon markets these few Mark products with minimal fair trade content in such a way as to imply that this Mark collection is committed to fair trade principles, and that the miniscule amount of fair trade content in these products is improving farmer and worker livelihoods around the world. For example, one Mark advertisement states that "Fair Trade Certification means our collection helps farmers around the globe help themselves by investing in their farms and communities...." See advertisement attached as Exhibit 13 hereto. Another advertisement for Mark products displays the TransFair "Fair Trade" mark and asserts, using language suggested and approved by TransFair, that, "By choosing this Fair Trade certified product, you are directly supporting a better life for farming families through fair prices, direct trade, community development and environmental stewardship." See advertisement attached as Exhibit 14 hereto. This TransFair-authorized suggestion that the Mark products are themselves "Fair Trade Certified," again, is wholly misleading and deceptive given that the few ingredients so certified represent a minimal portion of the products' contents.

A consumer seeking "fair trade" personal care products expects that products so marked and labeled will contain fair trade certified ingredients representing a majority the products' contents, with only a minority of the contents consisting of non-fair trade certified ingredients. That expectation is clearly frustrated through Avon's labeling and marketing practices for its Mark line. Those practices deceptively conflate products in which the majority of the content consists of fair trade ingredients, with products in which a tiny minority of content consists of such fair trade ingredients. Such practices are not only harmful to consumers but also to fair trade farmers and producers in

developing countries, as "look alike" products that contain minimal fair trade ingredient content generate little demand for the commodities produced by those farmers, while competing unfairly with and thus reducing demand for genuine "Fair Trade" products and brands that do create a real market for those farmers' fair trade commodities. If USDA 95% seal organic products competed side by side with 2% organic products with an identical USDA seal, consumers would be misled into purchasing fake versus real organic products, and organic markets for organic farmers would accordingly be reduced.

TransFair itself has reinforced this deception by promoting the Mark collection as a whole as "Fair Trade." This past August, TransFair featured Mark products as the "Fair Trade Product of the Week," proclaiming that Mark "is now one of our favorites in the realm of body lotions, balms, creams and cleansers. We are excited to announce that Mark's latest line of body products now proudly bears the Fair Trade Certified label on their sassy pink and green bottles." (See TransFair website page attached as Exhibit 15 hereto). In fact, this line of body products does not bear the "Fair Trade Certified" product mark and is not entitled to bear it; the line is entitled to bear only the "Fair Trade Certified" ingredient-specific mark that is in fact displayed on the products, but which looks identical to the "Fair Trade Certified" product mark.

In this way, TransFair shows how TransFair itself promotes and contributes to the consumer confusion between its two marks. TransFair is deliberately and misleadingly conflating the labeling and marketing of genuine "Fair Trade" products with products containing minimal fair trade content. TransFair is not only falsely vouching for the Mark collection as "Fair Trade," thus misleading consumers, but TransFair is also inviting other personal care companies to avail themselves of such deceptive marketing

by incorporating a small amount of fair trade content into products and paying TransFair a licensing fee for their certification mark through which TransFair will promote and advertise as "Fair Trade Certified" their products that contain minimal fair trade content, not only at point of sale but also on its website. TransFair posted on the same web page, a video touting Mark's commitment to fair trade: see <u>http://transfairusa.org/blog/?p=4183</u>

Thus does Mark, in league with TransFair, engage in labeling and advertising practices that deceive consumers into believing that products with minimal fair trade content are actually "Fair Trade Certified" and that the Mark collection is committed to fair trade.

### VI. The Misleading and Deceptive Advertising and Labeling Violates Section 5

Dr. Bronner's submits that the labeling and advertising practices set forth above violate section 5. The Commission applies a three-pronged test to determine whether advertising is deceptive: First, "there must be a representation, omission or practice that is likely to mislead the consumer.... Second, we examine the practice from the perspective of a consumer acting reasonably in the circumstances. If the representation or practice affects or is directed primarily to a particular group, the Commission examines reasonableness from the perspective of that group. Third the representation, omission or practice must be a 'material' one. The basic question is whether the act or practice is likely to affect the consumer's conduct or decision with regard to a product or service. If so, the practice is material and consumer injury is likely because consumers are likely to have chosen differently but for the deception." *Commission Policy Statement on Deception, In re Cliffale Assocs, Inc.*, 103 F.T.C. 110, 170-171 (1984).

In this case, as noted, Hain/Queen Helene, Avon/Mark and TransFair have made the misleading and deceptive representation that products which contain minimal fair trade content, are themselves "Fair Trade Certified." The advertising and labeling at issue is directed at consumers who care about purchasing products that have been produced consistent with "fair trade" practices. It is clear that consumers would necessarily and inherently be misled, by the labeling of each of these products as "Fair Trade Certified" via TransFair's mark, into believing that the product itself is so certified; and into believing that, accordingly, the majority if not all of the products' content are "Fair Trade Certified."

The advertising and labeling practices are certainly likely to affect consumer conduct. The relevant facts concerning Dr. Bronner's products and the Queen Helene and Mark products are as follows. In Dr. Bronner's bar soaps, over 70% of the content consists of oils that are fair trade certified. Similarly in Dr. Bronner's liquid soaps, counting water 33% of the content consists of natural oils that are fair trade certified, over 70% excluding water on a dry weight basis. The comparable percentages for Queen Helene and Mark bar soaps and body washes are 2%. Thus Dr Bronner's products contain from 16 to 35 times more fair trade content than the competing Queen Helene and Mark products.

As a result of the labeling and advertising practices of Hain, Avon and TransFair, however, as described above, it is clear that a number of consumers are being induced to buy products such as the Queen Helene or Mark body washes, bar soaps and lotions instead of Dr. Bronner's products which are directly competitive, in the mistaken belief the Queen Helene or Mark products are "Fair Trade" product in the same way and

to the same extent as Dr. Bronner's products—when in fact nothing could be further from the truth.

Moreover, underlying the different percentages is the gulf between what is being represented to consumers in terms of the impact on fair trade farmers and workers, and the reality of that impact. There is considerable cost and effort required to produce the main cleansing and moisturizing ingredients in personal care products from certified "fair trade" material. Dr. Bronner's has invested over \$3 million of its own capital in developing fair trade coconut, palm and olive oil projects in Sri Lanka, Ghana and Palestine & Israel, respectively. In addition, Dr. Bronner's pays a significant ongoing price premium for these fair trade materials that make up the main cleansing and moisturizing ingredients in its products.

As a practical matter, the TransFair/FLO standard does not create any incentive for manufacturers of composite products, such as Hain and Avon, to make these substantial investments and pay higher ongoing prices to fair trade farmer projects that could supply materials for their actual main ingredients—because these companies can advertise their products as being "Fair Trade" *without* investing in and basing their main cleansing and moisturizing ingredients on fair trade materials. Rather, through the TransFair labeling scheme, these companies can simply incorporate a minor amount of a fair trade ingredient, promote their products as "Fair Trade" through TransFair's "Fair Trade Certified" ingredient mark and avail themselves of TransFair's marketing assistance, all the while conflating, in the mind of the consumer, their products with only a tiny minority of fair trade content with products in which a majority of the content is fair trade certified. The result is that the benefit that consumers think is being conferred

on fair trade farmers and workers in developing countries through the purchase of these products is *not* in fact being conferred. Insofar as comparable products with majority fair trade content are passed over by fair trade consumers because of this bait and switch, markets for fair trade commodities and farmers are sabotaged rather than supported.

The end result is that in purchasing Queen Helene or Mark products, consumers believe they are getting and supporting something—"Fair Trade" products that consist mostly of fair trade content and that accordingly help third world farmers and workers that those consumers are not in fact getting and supporting. For this reason, consumers are clearly being injured by the advertising and labeling practices in which Hain, Avon and TransFair are engaged.

That these practices indeed violate section 5 is further underscored by the Commission's position, in its Proposed Revised Green Guides, 75 *Fed. Reg.* 63552 (Oct. 15, 2010), that it is deceptive for a product to make an environmental claim in a way that suggests the claim is true of the entire product when in fact it is true only with respect to specific ingredients. The Proposed Revised Green Guide, section 260.3(c), cautions that:

(c) **Overstatement of environmental attribute:** An environmental marketing claim should not overstate, directly or by implication, an environmental attribute or benefit. Marketers should not state or imply environmental benefits if the benefits are negligible.

Section 260.6 of the Proposed Revised Green Guide states that:

(b) A marketer's use of the name, logo, or seal of approval of a thirdparty certifier is an endorsement, which should meet the criteria for endorsements provided in the FTC's Endorsement Guides, 16 C.F.R. Part 255, including Definitions (§ 255.0), General Considerations (§ 255.1), Expert Endorsements (§ 255.3), Endorsements by Organizations (§ 255.4), and Disclosure of Material Connections (§ 255.5).

(c) Third-party certification does not eliminate a marketer's obligation to ensure that it has substantiation for all claims reasonably communicated by the certification.

75 Fed. Reg. at 63600-01.

For these reasons, the advertising and labeling practices of Hain, Avon and TransFair violate section 5. OCA and Dr. Bronner's respectfully request the Commission to institute an investigation of these practices.

Sincerely,

**ORGANIC CONSUMERS ASSOCIATON** 

Jonnie Cumini

Ronnie Cummins, Executive Director

DR. BRONNER'S MAGIC SOAPS

David Bronner Bv:

David Bronner, President



# FOR A BETTER WORLD ISSUES & CHALLENGES IN FAIR TRADE

WWW.FAIRWORLDPROJECT.ORG

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- How Do You Know It's Fair Trade?
- Sprouting Hope in Palestine
- Sustainability in the Indian Himalayas
- Reviving Social Justice in Organic Agriculture
- Farmworkers and Fair Trade
- A Co-op's Journey to Domestic Fair Trade
- Challenges of Setting Up Fair Supply Chains







### Reference Guide to Fair Trade Certifiers and Membership Organizations

Fair trade certifiers and membership organizations all agree on these basic fair trade principles:

- Long-term direct trading relationships
- Prompt payment of fair prices and wages
- No child, forced or otherwise exploited labor
- Workplace non-discrimination, gender equity and freedom of association
- Safe working conditions and reasonable work hours
- Investment in community development projects
- Environmental sustainability
- Traceability and transparency

However, there is a crucial difference between fair trade certification and membership in a fair trade organization:

- **Certification** a third-party certifier audits the supply chains of specific products from point-oforigin to point-of-sale against fair trade criteria. Depending on the certifier, they may certify only a specific product or an entire organization and its products.
- **Membership** the organization evaluates members for their full commitment to fair trade principles and accepts only "100%" fair trade entities. They provide a screening process only, with no "on the ground" audit.



\*We acknowledge that other socially responsible systems are available but they do not rise to the Fair Trade level such as the Rainforest Alliance program.

This chart summarizes the logos of relevant certification programs and membership organizations. A product sold by a company that is a member of a fair trade organization may not have gone through third-party certification; conversely, a product certified as "fair trade" under a certification program does not mean that the company that produces that certified product is itself a dedicated fair trade company.

### How Do You Know It's Really Fair Trade?

### An Overview of Fair Trade Labeling and Validation Programs

By Nasser Abufarha, Managing Director, Canaan Fair Trade, Jenin, Palestine Gero Leson, Director of Special Operations, Dr. Bronner's Magic Soaps, Escondido, CA

Consumers who want to buy products made in a "fair trade manner" face a confusing range of fair trade seals and claims on product labels. Educated consumers associate the term "fair trade" with fair prices, wages and working conditions on and in the farms and factories that make a "fair trade" product. But what exactly does a given claim mean? Does it refer to all major processing steps in the value chain or only to individual raw ingredients at the farm gate? Are there governmental regulations, or at least voluntary standards, for fair trade, and who verifies them?

Unlike for certified organic foods, for which the U.S. (under the USDA's National Organic Program) and many other countries have adopted legally enforceable standards, there are no such standards for fair trade products. Consequently, the use of the term "fair trade" on a label is not protected by law and may well be meaningless unless it is supported by a recognized validation system. Responsible manufacturers ensure that their claims of fair trade production are independently verified under a reputable third-party fair trade certification program. Several such programs exist, and their seals increasingly decorate retail products in the North American and EU markets. These programs share certain fundamental similarities, but they can vary considerably with respect to approach, substance of their requirements, labeling rules and other critical details. This article summarizes key issues in fair trade verification and reviews the strengths and weaknesses of the most common validation systems for fair trade claims.

Membership organizations review an applicant's practices and check trade references as indicators that a company is committed to fair trade criteria along its supply chain. However, they generally do not independently verify fair trade claims on the ground, relying instead on a review process that may give companies who "talk the talk" but don't "walk the walk" a pass. To date these organizations and their members focus on crafts and traditional fair trade commodities, such as coffee, cocoa and others.

Several socially responsible companies have adopted their own brand programs. Their substantive requirements concerning prices paid, content rules, payment of a community development premium and the methods of auditing vary considerably. Self-respecting brands in this category have third-parties conduct regular audits of their supply chains against the program's standards. Their impact is limited to the brand's products. Ultimately, brand-neutral inspection and certification of products by an independent organization to a credible transparent standard is the most effective way of assuring consumers that what they buy in fact contain fairly produced and traded agricultural materials. In response to growing public concern over exploitative labor and pricing in various commodities, there has recently been a proliferation of such certification programs. Their basic elements and approaches are similar: they cover the prices paid to farmers, working conditions and wages in farm and factory, and contributions to community development. Some certifiers also audit traders and brands along the value chain for their commitment to Fair Trade at home in the West.

The detailed provisions of certification programs can vary considerably, yet ultimately a program's quality and impact depend on its implementation and follow-through, or lack thereof. Rather than compare the requirements on paper of several certification systems, we'll review two with whom we have first-hand project experience and who are vision-driven and commercially relevant but take different approaches in key areas.

FLO, the international Fair Trade Labeling Organization, is the oldest and best-recognized fair trade certifier (see

Category	Key Attributes	Examples		
	3 <sup>rd</sup> party certifiers field inspect growing and processing, possibly trading operations and compare performance, against a set of FT standards.	Fair Trade Labeling Organization (FLO) and their national initiatives (TrainsFair USA, Canada); IMO's Fair for Life; Ecocett Fair Trade		
	Organization evaluation CFC antimement and produce of considered against its member ship calling. No systematic restlication of calculations along the value chain.			
Brand Programs	Major brands develop in-house FT programs and work with a 3 <sup>rd</sup> party to inspect and certify the company's operations against the standards			

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http://www.fairtrade.net). FLO emerged out of a network of fair trade NGOs and has pioneered the development of meaningful and verifiable indicators of fair trade practices, thereby making fair trade coffee, cocoa, tea and sugar household names. FLO headquarters in Bonn, Germany develops standards, usually by agricultural commodity. Its independent FLO-Cert affiliate inspects and certifies producers and processors in developing countries against FLO standards. FLO is represented by country initiatives in many Western countries, including TransFair USA and TransFair Canada, who also inspect traders and importers in the West.

IMO, the Institute for Marketecology, in Weinfelden, Switzerland (see http://www. imo.ch) is a well-respected organic and fair trade certifier whose network operates in ninety countries worldwide. IMO is known for the development of meaningful and practical organic certification guidelines for smallholder groups, the development of organic standards for textiles and sustainable aquaculture, and for the collection of wild organic plant materials. IMO released its "Fair for Life" fair trade program (see http://www.fairforlife.net) in 2006 as a more universally applicable fair trade alternative to the FLO system, and has since certified more than fifty fair trade projects, usually including several participants along the supply chain of various commodities, such as coffee, fruits

### Comparing Approaches and Key Provisions of FLO and IMO Standards

Control Point	Issue / Rationale	FLO	IMO
Type of Producer	Identifies marginalized groups and appoints them as primary actors or beneficiaries of fair trade	Trade between growers and buyers virtually limited to smallholder co-ops and large plantations w. hired. laber, Buying from individual farmers, informal- groups at wild collectors (contract production) not permitted för almost any crop.	Allows manufacturers to buy from co-ops, individual formers & informal producer groups. Each scenario is subject to specific requirements, depending on the trigget beneficiaries. Mission driven companies may take on key- responsibilities where no prior structure exists.
Minimatric press and the could premote	instanting automotic a second to the first path spectroper conference init	HU was plated as reported from process \$ F1 processes (milling extensive research, and introduction. Processes administered in calour as repared to sentials	Bayana and values that gives gapanetic patholicity of large. Patholicity deviated must be expective representing the backwaters in the large value characters
Labor laws	Ensure that compensation and working conditions for agricultural and production workers along the supply chain are fuir (compensation, no child lobbi, sofe working conditions). Equal pay and treatment for women.	Focus on "hired lation" in plantations, less emphasis on workers in downstream processing, unless conducted by farmers groups.	Focus on "hired labor?" in plantations or other hired labor situations, or social standards focused on "producer groups". Hired Labor focus extends to all key steps in value chain.
Impactor of Youn Climaty	Anno deservati biometrici de ever Hener social result in una den es decentra de se montra proposi	From a second se	Consected by agene with the lacture consect organic on ingel times, called openant we made the small times of a politic mean start of Sector's his massive consects of which the
Composition of multi-ingredient products and Labeling	Ensure that talk mode products contains relevant concurrs of carified materials and consumers understand the label	FLO-certified FF ingredients must be used valess not commercially available; regardless 50% FT content minimum for "whole product" FF certification; 20% for "made with single/some FF ingredients" certification. The latter, "fair trade lite" loga looks exactly like and may be placed on the front label exactly like and may be placed on the front label exactly like the "whole product" logo: consumer beware.	FT certified ingredients must be used if commercially available, incl. those certified under other programs. Regardless 50% FT content minimum for "whole product" FT certification, 20% for "made with single/some FT ingredients" certification. UNO FT seaf shown only on front label of "whole product" FT products; the UNO seal may only appear on the back of "fur trade lite" 20% products.
Crase, recognition, between econolisite equivalent certification programe	Create Contraction in the second of the contract of the second of the se	Currently Ross and recogning other programs as approximit, filenely affectively lowering the composition properties for molth-indexidient products	Comprise Hill ontoint polytick. Love theorem entrement of attain ontoint programs.
Cost of inspection, certification and licensing	Needed to finance certifiers operation. May also serve to promote marketing of FT products:	Changes producer groups, processors and key processors in receiving countries for inspection and certification. Key handler (e.g. coffee roasters or brand company) pay license fee per wholesale price of product for use of FT logo.	Charges for inspection and certification of the key operators in value chain. No licensing fees.

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Organic and fair trade inspection at an olive orchard in Palestine

and vegetable oils, as well as downstream consumer products and companies.

Several key differences between the programs stand out. First, there is great value in the traditional fair trade model of smallholder farmer co-ops, and FLO's stakeholders and standards have focused historically on the self-organization of smallholder farmers and the protection of plantation workers. However, the FLO system has overlooked mission-based companies and commerce-minded NGOs who cooperate with individual farmers or informal farmer groups in establishing fair trade projects to buy and/or process agricultural raw materials and to catalyze agricultural and social development around a project. Such organizations generally provide needed markets and sustainability for a project.

IMO's Fair for Life recognizes the value of such organizations who provide markets, financing of agricultural and processing operations, capital equipment and infrastructure, education and community development in agricultural areas, and empowerment and development of producers' organizations and audits of their performance. In effect, FLO certifies only producer groups and primary processors against fair trade criteria, while downstream just audits the fair trade material flow of key handling companies in the North without holding them accountable to fair trade principles. IMO's Fair for Life audits the fair trade performance and commitment at all relevant steps in the value chain, from the producer groups on the ground to the ultimate fair trade brands in the West, thus certifying an entire product chain.

Second, FLO still relies on a timeconsuming process of setting global or regional minimum prices for individual crops. This approach was driven by globallytraded commodities, such as coffee, that experience periodic global oversupplies and price crashes. Yet, the process involves much research and stakeholder consultation within FLO and holds up the adoption of standards for new crops and products, thus slowing down expansion of the universe of fair trade certifiable commodities. In contrast, IMO's Fair for Life program takes a holistic local approach to a given producer project that, unlike FLO, is flexible in dealing with any mix of products and commodities produced. However, like FLO, IMO stipulates that prices paid to producers at a minimum cover the costs of production and provide a reasonable profit to farmers and processors. IMO includes a cost, price and wage review of a specific project in its local context in their annual inspections, conducting extensive interviews with farmers, farm workers and factory workers. IMO's approach in this regard is more efficient and better reflects reality.

Both the FLO and IMO standards are currently undergoing revision following extensive public input. Their provisions are becoming more compatible and harmonized, notably through increased flexibility in contract production and price setting in FLO's program. In fact, FLO recently adopted a quick entry system for new crops and projects that may fall under existing FLO product standards: the project can simply set the price at. market price plus a fair trade premium and work out their own floor pricing, where FLO subsequently reviews, like the IMO approach, local market conditions to confirm they are fair. This suggests that we are moving, as happened with organic agriculture and standards, towards more harmonized fair trade standards, as realworld experience and lessons of what does and doesn't serve producers filter back to these two excellent fair trade organizations. Ultimately, with enough certification experience and standards settling on the same best practices, we should see convergence on a single enforceable standard for fair trade, much as happened with the USDA National Organic Program for organics. This goal is the best way to ensure consumers that the products they buy are truly fair trade. 🕷

Exhibit 3: Dr. Bronner's top selling peppermint bar and liquid soaps. As the ingredient lists show, the main ingredients of these products, that achieve their central function as soap when combined and saponified with alkali (potassium or sodium hydroxide), are certified fair trade Coconut, Olive and Palm Oils, scented with fair trade Mentha Arvensis and Peppermint Oil. The Organic Hemp and Jojoba Oils are present in smaller amount as non-saponfied "superfatted" ingredients for smoother lather and less-drying afterfeel. (The hemp oil actually is acquired from a "domestic fair trade" certified source from Canada that is not yet noted on the labels, and Dr. Bronner's is also currently working with the Com'caac (Seri) Indian tribe in the Mexican Sonoran desert, along with IMO, to set up a sustainable and fair trade certified supply of organic wildcrafted Jojoba oil).

ser's Magic Soup 



## Going Fair Trade – the Challenges of Setting Up Sustainable and Fair Supply Chains – and Getting Them Certified

By David Bronner, President, Dr. Bronner's Magic Soaps

Deing responsible to the people we Bwork with has always been a pillar of Dr. Bronner's business philosophy. In 2002, we decided to expand that philosophy to our supply chains and determined to shift our major raw materials to certified organic sources. By 2003, all our soaps were certified under the USDA's National Organic Program (NOP), but over the next two years we realized that our supply chains were opaque to us: we bought from intermediate brokers and did not know whether the organic farmers, farm workers and factory workers in our supply chains received fair prices and wages, or whether child or exploited labor made our organic oils. While the organic movement initially had social criteria regarding pricing, wages and working conditions, those had been completely dropped from the final NOP regulations. Inspired by fair trade brands such as Equal Exchange and Guavaki, in 2005 we decided to commit our company's full financial and staff resources to converting all major raw materials and supply chains to certified fair trade status. These materials include organic coconut, palm, olive and mint oils, and they collectively constitute over 95% by weight of our agricultural volume - everything except water and the alkali needed to saponify our soaps. In effect, this switch would allow us to produce "fair trade" soaps.

First, we researched the basic tenets of fair trade and resolved to follow them: cut out intermediaries in the purchasing chain and know the farmers and their communities from whom you are buying; build long-term trading relationships; make sure prices for crops and wages are fair and paid promptly; help finance farm inputs such as organic compost; set a floor price that guarantees to cover farmers' cost of production (COP) plus a fair profit should market prices crash below COP; ensure that working conditions in processing operations are safe; follow rules set by the International Labor Organization regarding working hours, gender equity and the right to collective organization; contribute a fair trade premium for community development, such as for medical equipment, health clinics, school books, water sanitation – whatever the local needs might be; and achieve the participation of all stakeholders.

We then searched for existing producer projects for our main raw materials that would meet these criteria. The fair trade movement had initially emerged around coffee, cocoa and tea, major export commodities whose producers around the world routinely suffered from major price fluctuations and exploitative



Photo Credit: Alix Audibert

trading practices. Only recently had the fair trade concept begun expanding into other commodities, and the only fair trade supplier of the raw materials we required was the olive oil producer Canaan Fair Trade in Palestine. The company had organized more than 1,000 small olive farmers in the West Bank into village groups in cooperation with the Palestine Fair Trade Association (PFTA) – and was able to supply the volumes we required. However, there were no credible fair trade sources for our other main raw materials, so we decided to set up organic and fair trade projects for coconut oil in post-tsunami Sri Lanka, for palm oil in Ghana and for mint oil in India.

Canaan Fair Trade was already a member of the Fair Trade Federation (FTF), a North American fair trade group that accepts only dedicated 100% fair trade organizations as members. However, FTF does not certify operations by conducting "on the ground" inspections of farms and factories; rather, like many membership organizations, it uses an audit process. Having witnessed the lack of integrity concerning professed organic claims on personal care products, we knew that we needed to have credible third-party inspection and certification of Canaan Fair Trade and the other projects we intended to set up.

Thus, we met with TransFair USA, the U.S. arm of the international Fair Labeling Organization (FLO), who had set product specific standards for several basic commodities. TransFair told us there were no FLO standards for the materials we needed. They therefore could not certify those materials, whatever the source, and suggested that we ask FLO to set such standards. We visited FLO's headquarters in Bonn, Germany and met with their standards group at the 2006 Biofach trade show. They liked our intentions but said they would not have standards in place for our commodities for at least another five years, so we should wait and talk to them then. We soon realized that the key hurdle was FLO's approach to setting global minimum prices for each new commodity, which was a rather time-consuming process.

We asked ourselves: what was wrong with the fair trade movement and its main



Photo Credit: Sue Kastensen

certifier, given that their rules prohibit certifying a project such as Canaan Fair Trade, which is fair trade in every sense of the word? In contrast, NOP organic standards allow certification to proceed without regard to who, where or what is being certified – as long as organic rules are met, chemical fertilizers and synthetic pesticides are not used and soil fertility is maintained naturally. Why was the same not true for projects that meet all fair trade criteria? A fair trade project internalizes additional costs associated with ensuring production and operations are fair and needs third-party certification to win consumer trust. Fair trade certification delayed is fair trade denied.

At the same show in Germany, we met with the respected Swiss organic certifier IMO (Institute for Marketecology). IMO was founded by the late visionary Dr. Rainer Baechi, an early pioneer of organic and socially responsible agriculture. IMO had helped FLO in developing several of their fair trade standards, and many of IMO's organic inspectors also inspected FLOcertified projects. IMO had realized the need for a fair trade certification system that avoided FLO's burdensome alobal price-setting mechanism commodity by commodity. IMO instead addressed local production scenarios directly, considering their unique costs, product mixes, cultural contexts and producer organizations, on a case-by-case basis. Their approach to fair pricing was to ensure that a transparent, market-based price was negotiated in good faith between parties, but with the requirement that it had to cover, at a minimum, the cost of production and a fair return. IMO also paid much more attention to other parties in the supply chain, including the main company/brand that sold a given fair trade certified product.

IMO released its "Fair for Life" program in 2006, and in 2007 Canaan Fair Trade was one of the first groups certified under the new program. A video portrait of the project can be seen on our Web site (http://www.drbronner.com/olive\_ oil\_from\_the\_holyland.html). Since then, Dr. Bronner's has purchased almost all of its olive oil from Canaan, more than 100 metric tons per year and growing. We pre-finance deliveries and support Canaan in its expansion where we can, as ultimately fair trade is about long-term relationships and mutual benefit.

In the Spring of 2007, after organizing fair trade organic coconut farmers and investing close to \$2 million in setting up a modern factory for virgin coconut oil, Dr. Bronner's Sri Lankan subsidiary Serendipol began operation as the world's first major fair trade-certified producer of coconut oil. Serendipol now produces over 1,300 metric tons of coconut oil for Dr. Bronner's and 300 metric tons for other companies, employs close to 200 workers, administrative staff and field officers, and buys from more than 400 farmers. Serendipol supports its growers through education in organic methods and the supply of compost to improve productivity of their land. Compensation and working conditions at Serendipol are far superior to comparable operations in the area. Dr. Bronner's contributions to the project's fair trade fund, over \$250,000 in 2010 so far, are used for a range of projects in health care, education and staff welfare. A 2009 video provides a good overview of the project (see http://www. youtube.com/watch?v=-A45lj4ydAs).

Our sister project for palm oil in Ghana, under the auspices of our subsidiary Serendipalm, has taken longer to emerge. We converted about 250 smallholders in Ghana's Eastern Region to organic farming, and we process their palm fruits in a small oil mill which now employs 100 workers. The output currently meets Dr. Bronner's demand, but, since fair and sustainable palm oil for use in natural foods is in high demand, we expect to grow the project in the years to come, providing jobs and attractive returns to farmers in an area left behind by development. Also, in partnership with Earth Oil India, Dr. Bronner's developed a mint project in Uttar Pradesh, India to supply our mint oil needs and to meet the demand for fair trade menthol by other companies. Finally, Dr. Bronner's purchases domestic fair trade hemp oil from the Farmer Direct Co-operative in Canada, as well as Fair for Life-certified avocado oil from Kenya.

There are other fair trade projects on our horizon. We are planning a project for the collection of wild jojoba seeds by Seri Indians in the Sonoran desert. The Seri are not farmers, but IMO's Fair Wild program offers fair trade certification of such non-farming projects, ensuring that wild collection is also done in an ecologically-sustainable manner (see http://www.imo.ch/imo\_services\_ wildcollection\_fairwild en.html).

So far, we have been very happy with our four-year partnership with IMO. They have proven to be an experienced and sincere certifier dedicated to making global production and trade of agricultural products fair and sustainable. Unlike TransFair/FLO, they combine rigor with consideration of the local setting. Their program allows comprehensive certification of diverse projects and products as fair trade along the entire value chain, which consumers can trust.



FAIR

CERTIFIED

February, 2009

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These guidelines provide direction on how to use the Fair Trade Certified<sup>™</sup> logo and the term "Fair Trade Certified<sup>™</sup>" on your product labels, packaging, POS materials, and language for press releases and other written materials.

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# TransFair USA

TransFair USA, a 501(C)3 nonprofit organization, is one of 21 members of Fairtrade Labeling Organizations International (FLO), and the only independent third-party certifier of Fair Trade products in the United States.

# Mission

TransFair USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by certifying and promoting Fair Trade products.

### Use of FTC Logo

TFUSA retains exclusive rights to license use of the Fair Trade Certified (FTC) logo and the term "Fair Trade Certified™". Use of the FTC logo and/or the term "Fair Trade Certified™" is subject to strict compliance with these requirements. Any use of the FTC logo and/or the term "Fair Trade Certified™" in violation of these requirements constitutes an unauthorized use.

The FTC logo may be used in compliance with the standards in this Label and Language Use Guide by TFUSA licensees, distributors and retailers of FTC products, and advocacy groups such as student or faith-based organizations.

### Use of the FTC Logo Outside the U.S.

TFUSA's logo and language differ from those of other Labeling Initiatives (LIs) that certify Fair Trade products. For U.S. companies that intend to sell their products internationally, it is necessary to contact your account manager who will put you in touch with the appropriate LI to obtain the logo use guidelines for that country. For more information and a list of LIs, visit *www.fairtrade.net*.

If the country does not have an LI, please check with your account manager to see if a Fair Trade mark has been registered with that country.



### Confusing or Misleading Use Prohibited

The FTC logo and/or the term "Fair Trade Certified<sup>™</sup>" shall not be used in a manner that encourages consumers:

- a. to confuse the FTC logo and/or the term "Fair Trade Certified™" with any other brand or logo,
- b. to associate the FTC logo and/or the term "Fair Trade Certified™" with products that are not Fair Trade Certified by TFUSA,
- c. to believe that non-FTC products are Fair Trade Certified by TFUSA, or
- d. to associate the FTC logo and/or the term "Fair Trade Certified™" with a company or brand.

### **Approval Process**

As part of the contractual agreement with TFUSA, all licensees must submit all package labels, point of purchase and promotional materials bearing the FTC logo or the term "Fair Trade Certified<sup>™</sup>" for approval **prior** to production. Please contact your account manager with any questions on labeling or language requirements. All artwork and materials must be submitted to your account manager for approval prior to production.

### Legal Action

TFUSA reserves the right to take legal action against any party that does not comply with the terms of this Label and Language Use Guide.

### Procedures for Notification of Label Abuse

TFUSA actively monitors the use of its logo in the marketplace. Reports of label abuse may be submitted online at: *www.transfairusa.org/do/partner/reportLabelAbuse* or in writing to:

### **TransFair USA**

1500 Broadway, Suite 400 Oakland, CA 94612

# GENERAL REQUIREMENTS FOR USE OF THE FTC LOGO AND THE TERM "FAIR TRADE CERTIFIED™"

### **Color & Borders**

The FTC logo shall be reproduced in black and white only as shown here from master copies provided by TFUSA on its website:www.transfairusa.org/content/resources/LogoAccess.php

If the FTC logo does not have ample contrast with its background, it must be depicted with a contrasting white border.

# FAIR TRADE FAIR TRADE GERTIFIED FAIR TRADE FAIR TRADE









### Logo Placement: Location, Size and Tilt





The FTC logo shall be reproduced in the same proportions as the original.

The FTC logo shall have dimensions of not less than .75 inches by 1.0 inch or 5% of the front panel. The minimum allowable dimensions are .375 inches x .5 inches

# Fair Trade Certified

The term "Fair Trade Certified<sup>™</sup>" shall be accompanied by the trademark indicator, "<sup>™</sup>".





### Where to obtain the FTC logo

The FTC logo must be obtained from the TransFair USA website: www.transfairusa.org/content/resources/LogoAccess.php

### The logo is available in the following formats:

JPEG Microsoft Windows compatible EPS Mac Illustrator compatible



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# LOGO PLACEMENT AND EXPLANATORY TEXT

The following provisions apply to use of the FTC logo on product labels, packaging, bin cards, or prepared product labels (such as labels on air pots of brewed coffee, tea, or hot chocolate).

### Logo Required on Front of Package

The FTC logo **must** be depicted on the front of the package, bin card, or prepared product label. *The following examples of logo placement are for the purpose of illustration only.* 



TransFor RISA • 1500 Broadway, Sidde 40011 analog (IA 94614 • Wew, Juntaberertheologi • rev4, 02–09


## Logo Placement on Fresh Fruit and Vegetable



Bananas

Every cluster should be labeled with at least one logo.



Mangoes and Pineapple Each individual product shall be labeled.



Grapes Every bag of grapes shall be labeled.



Shipping Cartons The FTC logo must be displayed on the shipping carton.



# All roses and carnations in any bunch or bouquet must be Fair Trade Certified<sup> $\mathbf{M}$ </sup> to be eligible to carry the FTC label.

The list of products that must be certified in order for a bouquet to carry any FTC label will be updated as new products become available. The list currently includes roses and carnations.

### Application of the Logo

Fair Trade Certified flowers sold in consumer bunches and intended for sale as consumer bunches (will most likely not be broken up and are not sold to florists) must have the Fair Trade Certified label on the sleeve. The sleeve label must be applied at the farm level unless TransFair USA gives a specific written exception. No Fair Trade Certified labels are needed on the stems.

Fair Trade Certified flowers sold in bulk or sold in bunches but intended for use by florists in arrangements must have the Fair Trade Certified label on each stem. The stem labels must be applied at the farm level. The florist may choose to take the label off before making arrangements, but may not market the flowers as Fair Trade Certified once the label is removed.



### Use of FTC Logo

The FTC logo may be used on sleeves and stems only when 100% of the stems are Fair Trade Certified. Fillers and greens must also be FTC. The FTC logo may be used on promotional materials if the retailer is selling bouquets with at least 50% FTC stems.



# FTC Roses, Carnations, or Roses & Carnations Logo

Use for bouquets with less than 100% but more than 50% FTC stems (greens and fillers are counted as stems). Also, a significant component must be certified for this logo to be used. (For example, roses and carnations are significant components; gypsophila is not.)

### Bouquets with less than 50% of stems Fair Trade Certified

When less than 50% of the stems in a mixed bouquet (fillers and greens are counted as stems) are FTC, the FTC logo may appear only on the FTC stems (in the form of a butterfly or similar sticker which is applied at the farm level). No FTC label may appear on the sleeve, in marketing collateral, or in POP material accompanying the bouquet.



## Explanatory Text Required on Packaging

One of the following TFUSA approved explanatory statements must be printed on the front, back or side panel of the packaging:

#### Option 1: When sourcing from small farmer organizations

"By choosing this Fair Trade Certified<sup>™</sup> product, you are directly supporting a better life for farming families through fair prices, direct trade, community development, and environmental stewardship."

#### Option 2: When sourcing from estates or plantations

"Fair Trade guarantees livable wages for workers [or farmers] and their families, improving their opportunities for better healthcare, housing and education. By choosing this Fair Trade Certified<sup>™</sup> (insert product name, such as "tea" or "rice"), you are directly contributing to the livelihood of (insert product name) growing communities."

#### **TFUSA's Website URL**

www.fairtradecertified.org must be printed immediately above or below any explanatory text.

**Packaging Exemptions.** Any desired exception to these labeling requirements must be submitted to your account manager for pre-approval.

## CRITERIA FOR LOGO SELECTION



# The Fair Trade Certified ® logo is required for these product categories:

Cocoa/Chocolate

Fresh Bananas

Pineapples

Coffee

• Tea

Sugar

• Rice

Mangoes

Grapes



The Fair Trade Certified TM logo is required for all product categories not listed above.

# If your product includes ingredients from both of the above sections, use the TM logo.

These guidelines apply to all currently certified TransFair USA products and their derivatives, including: coffee, tea, cocoa, vanilla, honey, sugar, rice, herbs, (mint, hibiscus, and chamomile), and fresh fruit (bananas, mangoes, pineapples, and grapes). In the future, TransFair USA is likely to extend this list. Products that potentially may be certified can be found at *www.fairtrade.net/standards.html*.

## Definitions

Fair Trade Certified<sup>™</sup> when used to describe an ingredient means that such ingredient was produced, traded, processed, manufactured and marketed in accordance with applicable Fair Trade criteria, as established by TFUSA.

Single origin products contain only one ingredient certifiable by TFUSA. (Example: 100% FTC Colombian coffee beans.)

**Blended** products are defined as a mixed product containing ingredients which are all certifiable by TFUSA. Examples include:

- Tea Blend made with camellia sinensis and rooibos tea;
- · "Breakfast Blend" coffee with Guatemalan and Sumatran coffees;
- Baking cocoa with Dominican and Bolivian cocoa.

Composite products are defined as manufactured (processed or semi-processed) products that are composed of more than one ingredient of which <u>at least one</u> is not certifiable by TFUSA. Examples include: chocolate bars, soluble cappuccino mix, vanilla soymilk and chai tea concentrate.

Significant ingredient is an ingredient which meets at least one of the following requirements. It is:

- part of the product's name,
- · normally associated with the product,
- · crucial to the formulation of the product, and/or
- included in the description of the product on the primary front-facing panel.

**Exemption** is a formal granting of permission by TFUSA for a licensee to use a non-certified ingredient in place of a certified ingredient in a product formulation. Conditions under which exemptions will be considered include: supply constraints, domestic production, or other extenuating circumstances. Exemptions must be applied for in writing and submitted to your account manager for approval.

**Labeling exemptions** will be given only in very extreme cases that do not harm the integrity of the FTC logo, and require the written approval of TFUSA. All artwork must be approved by your account manager prior to production.



## FTC Logo

Use only for products with 100% (by dry weight) or more FTC ingredients, and when no exemptions are given.



## FTC Ingredients Logo [for multiple FTC ingredients]

Use for products with less than an aggregate of 100% (by dry weight but more than one) FTC ingredients and for all products that receive exemptions. The <u>significant</u> <u>ingredient</u> must be certified for this logo to be used.



## FTC Ingredient-Specific Logo [for a single FTC ingredient]

This FTC logo is to be used for products with less than 100% (by dry weight) FTC ingredients when there is one FTC ingredient in the formula. The <u>significant</u> <u>ingredient</u> must be certified for this logo to be used.





## Optional Use of Either FTC Ingredients Logo or Ingredient-Specific Logo

When <u>more than one FTC ingredient</u> is included in a product, the licensee may choose to use either the Ingredients logo or the Ingredient-Specific logo.

Ingredients: cacao beans\*, sugar\*, soya lecithin and real vanilla\*: \*Fair Trade Certified<sup>™</sup>

## Ingredient Statement Listing

All FTC ingredients must be clearly indicated in the ingredients panel on the product.

Please contact your account manager if you have questions on which FTC logo to use. See page 5 for instructions on downloading logos.

## USE OF LOGO ON PROMOTIONAL MATERIALS

### Tag Lines Required

When the FTC logo is used on any promotional materials, one of the following approved tag lines must be printed immediately above or immediately below the FTC logo:



#### a. "Look for this Label!"

**Note:** This version of the FTC logo is available for use as an alternative to printing this statement. It may be obtained from: *http://www.transfairusa.org/content/resources/LogoAccess.php* 

b. "We offer a selection of Fair Trade Certified™ [insert product type, e.g., teas or coffees]. Look for this Label!"

# Alternate Tag Lines for Licensees Offering 100% FTC Products\*

Companies who exclusively sell FTC products are permitted to use one of the following tagline options:

a. Look for this label on all our [insert product type, e.g., coffee, tea].

b. We offer only Fair Trade Certified<sup>™</sup> [insert product type, e.g., teas]. Look for this Label.

\*A company's claim of carrying 100% Fair Trade Certified products must be verified by TFUSA's Certification Department prior to production of materials.

An approved tag line is required whenever the FTC logo is used on offering boards, retail price lists, sell sheets, caddies, shippers, press releases, advertisements, catalogs, newsletters, letters, tabletop or countertop literature, promotional gear such as hats, mugs, and t-shirts, temporary packaging and "to go" materials such as paper cups, coffee cup holders, napkins, paper or plastic bags, or any other promotional material.

## Designating Specific Products as Fair Trade Certified™

The FTC logo or "Fair Trade Certified<sup>™</sup>" may be used in POP, promotional, and sales materials to promote or describe only the specific FTC products offered (when 100% of the products are not FTC).

#### **Options:**

- The FTC logo or "Fair Trade Certified<sup>™</sup>" may be placed next to the name of each FTC product.
- The statement, "We offer Fair Trade Certified<sup>™</sup> products" is used with or without the FTC logo.

## Use of Logo on Cups, Cup Sleeves, Napkins and Other Food Service Items

To avoid confusion between FTC products and conventional ones, the FTC logo can only be used on serving items, including paper cups, cup sleeves, napkins or other food service/café items if the service items are used exclusively with Fair Trade Certified<sup>™</sup> products.

### Required Text for Advertising or Promotional Copy

In written descriptions of Fair Trade Certified<sup>™</sup> product offerings, one of the following sentences must be included:

- We offer a selection of Fair Trade Certified<sup>™</sup> products
- We offer the following Fair Trade Certified<sup>™</sup> products
- Look for the Fair Trade Certified™ label

Any additional written material must comply with these requirements. If the FTC logo is used in conjunction with advertising or promotional copy, it must be accompanied by one of the approved tag lines.

### Coupons

The FTC logo and/or the term "Fair Trade Certified™" may be used on coupons only if all of the following conditions are met:

- a. the coupon offers a discount only on FTC products, and
- b. the FTC logo and/or the term "Fair Trade Certified<sup>™</sup>" appears on the front of the coupon, accompanied by one of TFUSA's approved tag lines, and
- c. the front of the coupon includes the following text: "For more information on Fair Trade, please visit *www.fairtradecertified.org.*"

## Use on Business Cards and Stationery

Use of the FTC logo or the term "Fair Trade Certified<sup>™</sup>" is not permitted on company business cards or stationary unless the company's products are 100% FTC\*. Otherwise, the following statement may be used, pending approval by TFUSA: "We carry Fair Trade Certified<sup>™</sup> products."

\*100% FTC status must be verified by TFUSA prior to production of materials.

### **Event Advertisements**

If Fair Trade Certified<sup>™</sup> products are to be served at a promotional event, the FTC logo and/or the term "Fair Trade Certified<sup>™</sup>" may be used in promotional materials for the event only if all of the following conditions are met:

a. If the FTC logo is used, it must be accompanied by one of the approved tag lines. However, the tag line may be modified to read:

## A selection of Fair Trade Certified<sup>™</sup> [insert product type, such as tea] will be offered. Look for this label.

b. If the term "Fair Trade Certified<sup>™</sup>" is used without the FTC logo, it must be used as part of the following text:

## A selection of Fair Trade Certified<sup>™</sup> [insert product type] will be offered. Look for the Fair Trade Certified<sup>™</sup> label.

c. For signage accompanying a product that is served on-site at an event, the FTC logo must be used with a tag line that describes the product being served with the following text:

## A selection of Fair Trade Certified<sup>™</sup> [insert product type] will be offered.

## USE OF THE LOGO ON WEBSITE

The FTC logo may be used on a licensee's website provided that it is not used in a way that is misleading or confusing to consumers, and follows the guidelines for "Use of Logo on General Promotional Materials."

The FTC logo can be used on the home page only if:

- 100% of the licensee's products are Fair Trade Certified<sup>™\*</sup>, or
- the statement, "We offer Fair Trade Certified<sup>™</sup> products" is used in conjunction with the FTC logo, or
- the logo is shown specifically in relationship to the products that are Fair Trade Certified.

\*100% status must be confirmed by TFUSA prior to production of materials.

TransFair USA encourages licensees to include information about Fair Trade Certified<sup>™</sup> on their website and to link directly to *www.fairtradecertified.org.* All copy must be approved in writing by TransFair.USA.

A A [+] Ø http://www.transfarrust.org/content/resources/imme@ [C- Coople]         We offer Fair Trade Certified™ products.	
Fair Trade Certified* Tea           555	
Feir Trade Certified" Coffee	

## PRESS RELEASES

Press releases involving TransFair USA and/or Fair Trade Certified<sup>™</sup> products must be pre-approved by your account manager prior to release.

Specific questions regarding content or language may be sent to your account manager or to *prapproval@transfairusa.org*.

### Legal Description of TransFair USA

In formal press releases, the following description of TransFair USA must be included:

### About TransFair USA

TransFair USA, a 501(c) (3) nonprofit organization, is one of 21 members of Fairtrade Labelling Organizations International (FLO), and the only independent, third-party certifier of Fair Trade products in the United States. TransFair USA audits transactions between U.S. companies offering Fair Trade Certified<sup>™</sup> products and the international suppliers from whom they source, in order to guarantee that the farmers and workers behind Fair Trade Certified goods were paid above-market prices and fair wages. FLO annually inspects producer organizations to ensure transparency, compliance with socio-economic criteria and sustainable farm management practices, and democratic-decision making for investment of Fair Trade premiums. For more information, visit *www.fairtradecertified.org*.

### Suggested Fair Trade Messaging:

Below are suggested descriptions of Fair Trade and Fair Trade certification for the body of your press release. When possible, licensees are encouraged to contact TransFair USA's Public Relations department for additional information and assistance, including quotes from our CEO and President Paul Rice, current market growth and other data to further personalize their Fair Trade messaging.

## Language for FTC and TFUSA

#### **Option 1: General description.**

"Fair Trade Certified<sup>™</sup> products directly support a better life for farmers and farm workers in the developing world through fair prices, community development and environmental stewardship. Through Fair Trade, small farmer organizations market their own harvests through direct, long-term contracts with international buyers, learn how to manage their businesses and compete in the global marketplace. For some products, Fair Trade welcomes estates and plantations that are committed to social responsibility, community development, and environmental stewardship to participate for the benefit of their workers. Small farmers and farm workers benefit from premiums that allow them to invest in building their communities and bettering their lives."

## FTC and TFUSA

**Option 2: Description for products sourced from small farmer organizations.** "Fair Trade Certified™ (insert product category) directly supports a better life for farming families in the developing world through fair prices, community development and environmental stewardship. Fair Trade farmers market their own harvests through direct, long-term contracts with international buyers, learning how to manage their businesses and compete in the global marketplace. Receiving a fair price for their harvest allows these farmers to invest in their families' health care and education, reinvest in quality and protect the environment. This empowerment model lifts farming families from poverty through trade, not aid, creating a more equitable and sustainable model of international trade that benefits producers, consumers, industry and the Earth. The Fair Trade Certified label is backed by TransFair USA, the only third-party certifier of Fair Trade products for the U.S. market."

**Option 3: Description for products sourced from estates or plantations.** 

"Fair Trade Certified<sup>™</sup> (insert product category) directly supports a better life for workers on estates and plantations committed to social responsibility, community development and environmental stewardship. Workers benefit through fair wages, freedom of association, and a safe and healthy working environment. These workers are also direct beneficiaries of Fair Trade premiums, which they use to invest in building their communities and improving their lives. The Fair Trade Certified label is backed by TransFair USA, the only third-party certifier of Fair Trade products for the U.S. market."

"The Fair Trade Certified<sup>™</sup>" label is a simple way for consumers to know that their products were produced under socially, economically and environmentally sustainable conditions."

## Use of Claims in External Communications

The only comparative information that a licensee has access to is the total pounds certified in any given year. TFUSA can only:

- Validate the date a License Agreement was signed
- Acknowledge the first licensee in a product category

TFUSA can only verify licensee information that it collects for the purpose of certifying transactions. TFUSA may validate a licensee's information to the public or other authorized parties only with prior written permission from the licensee.

For specific questions regarding press releases, please contact your account manager or *prapproval@transfairusa.org*.

TransFair USA 1500 Broadway Oakland, CA 94612 Tel 510.663.5260 Fax 510.663.5264 info@transfairusa.org www.fairtradecertified.org

## TRANSFAIR "FAIR TRADE CERTIFIED" MARKS COMPARED WITH: THIS PAGE, ACTUAL USDA ORGANIC MARKS NEXT PAGE, HYPOTHETICAL USDA ORGANIC MARKS



#### TransFair Fair Trade Certified:

- "Whole Product" / "Majority" Mark Means 95% Fair Trade Content On a Dry Weight / Non-Water Basis
- Unless Some Ingredients Not
   Commercially Available as Fair Trade
- In Which Case 50% Minimum Fair Trade Content Regardless



#### **USDA Organic Mark:**

- Means 95% Organic Content On a Dry Weight / Non-Water Basis
- No Exception for Commercial Availability



#### TransFair Ingredient-Specific Mark:

- Single Ingredient Mark Means Only 2% Fair Trade Content in Personal Care Including Water
- 20% Fair Trade Content in Food On Dry Weight / Non-Water Basis

#### MADE WITH ORGANIC COCOA BUTTER

#### USDA Ingredient-Specific Mark:

- 70% of Contents Must Consist of Certified Organic Ingredients On Dry Weight / Non-Water Basis
- No Exception for Commercial Availability
- CANNOT use the USDA Seal
- Term "Organic" Can be Used ONLY to Modify Specific Ingredients
- Remaining 30% Can Consist of Convention Non-Organic Ingredients With Restrictions

## TRANSFAIR "FAIR TRADE CERTIFIED" MARKS COMPARED WITH HYPOTHETICAL USDA ORGANIC MARKS TO SHOW CONFLATION OF MINORITY FAIR TRADE / ORGANIC CONTENT PRODUCTS WITH MAJORITY FAIR TRADE / ORGANIC PRODUCTS



#### TransFair Fair Trade Certified:

- "Whole Product" / "Majority" Mark Means 95% Fair Trade Content On a Dry Weight / Non-Water Basis
- Unless Some Ingredients Not
   Commercially Available as Fair Trade
- In Which Case 50% Minimum Fair Trade Content Regardless



#### **USDA Organic Mark:**

- Means 95% Organic Content On a Dry Weight / Non-Water Basis
- No Exception for Commercial Availability



#### TransFair Minority Fair Trade Content:

- Single Ingredient Mark Means Only 2% Fair Trade Content in Personal Care Including Water
- 20% Fair Trade Content in Food On Dry Weight / Non-Water Basis



### Hypothetical USDA Organic Seal for Minority Organic Content:

- Just 2% Organic Content in Personal Care Including Water
- 20% Organic Content in Food On Dry Weight / Non- Water Basis



### TransFair Minority Fair Trade Content:

- Multiple Ingredients Mark Means
   Only 2% Fair Trade Content in
   Personal Care Includina Water
- 20% Fair Trade Content in Food On Dry Weight / Non-Water Basis



### Hypothetical USDA Organic Seal for Minority Organic Content:

- Just 2% Organic Content in Personal Care Including Water
- 20% Organic Content in Food On Dry Weight / Non- Water Basis



By choosing this Fair Trade product you are directly supporting a better life for farming families through fair prices, direct trade, community development, and environmental stewardship, www.fairtradecertified.org

To Use: Apply directly on damp skin, with loofah or wash cloth. Lather and rinse thoroughly. Follow with Organic Fair Trade Certified<sup>®</sup> Organic. Cocoa Butter Lotion or Crème.

Ingredients: Aqua (Punified Water), Sodium Myreth Sulfate, Cocamidoproced Hydroxysultaine, Vegetable Glycerin, Cocamide MEA, Acrylates Coodynner Theoloroma Cacao (Cocoa) Seed Butter<sup>1</sup>, Natural Tocopheryl Acetaes (Mr. 2) Avena Sativa (Cat) Kernel OB, Aloe Barbadensis (Aloe Vera) Lost Juster Panthenol (Vit. 85), Sodium PCA, Prunus Annygdakus Didicts Owner Acoust OI, Glycol Staarate, Polyquatemitum 7, Potassium Hydroxide, Content Cocoste, Benzoic Acid, Phenoxyethanol, Sodium Benzoide, Network State Cartified Organic 1 Organic and Fair Tradit Cartilled

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#### Queen Helene - We Care



Exhibit 9: This is the Hain Queen Helene "Fair Trade Certified" bodywash from Exhibit 7 with the TransFair mark, whose main ingredients are not fair trade (or organic). The fair trade organic coca butter makes up a small minority of the product. A hypothetical USDA logo from Exhibit 6 has been photoshopped alongside the TransFair mark to highlight the consumer deception.





Queen Hele 5. Natural



Body Oil with Vitamin E



A fast absorbing shower and bath body oil that leaves skin soft and silky

10 Fl. Oz. (283.5 mi)



Autural Moisturizing Natural Moisturizing Cocoa Butter Body Oil with Vitamin E

A fast absorbing bath and shower oil that leaves skin feeling silky soft. Restores lost moisture while the antioxidant benefits of Vitamin the antioxidant benefits of Vitamin E help to soften lines and wrinkles.

Can be used effectively as a skin conditioner, massage oil or bath

DIRECTIONS:

DIRECTIONS: After shower apply directly to damp skin. Leave on for a few minutes, then pat dry. For bath, add 2 capfuls to a tub of comfortably hot water and bathe

INGREDIENTS: Soybean Oil, Sesame Oil, Safilower Oil, Isopropyl Myristate. Cocoa Baner, Tocophyeryl Acetate (Vitamin E., PEG 46 Sorbitan Peroleate, Benzyl Alcohol, Fragrance.

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TESTING NO ANIMAL NGREDIENTS

0 PARA LABORATORIES, INC. Hempstead NY 11550 · Made in U.S.A.

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May 19, 2009

Via E-Mail, Facsimile and First Class Mail Paul Rice, President and CEO Chisara Ehiemere, Director of Certification Maya Spaull, Senior Manager, New Category Development TransFair USA 1500 Broadway, Suite 400 Oakland, CA 94612

#### Re: Misuse of Term "Fair Trade Certified" and Inadequacy of TransFair's Ingredient-Specific Logo on TransFair Certified Personal Care Products

Dear Mr. Rice, Ms. Ehiemere and Ms. Spaull:

We are writing on behalf of our Company with respect to the misuse of the term "Fair Trade Certified" on certain personal care products that carry the TransFair Fair Trade Ingredient-Specific label, and the inadequacy of the TransFair Ingredient-Specific logo in itself to distinguish between those composite products properly labeled "Fair Trade Certified" and those products merely containing individual certified ingredients making up minor product volume. Specifically, as explained below, we believe that consumers are being misled by the prominent display of the TransFair logo and/or the term "Fair Trade Certified" on the front panel label of composite personal care products in which only minor ingredient volume is in fact Fair Trade Certified.

Further, Dr. Bronner's manufactures and sells composite personal care products that are permitted, by a third party, the respected Swiss certifier IMO, , to be labeled "Fair Trade" by virtue of the fact that the majority of the product is in fact certified Fair Trade. As a result of the misleading of consumers through misuse of the term "Fair Trade Certified" and/or display of the TransFair logo in and of itself, the sales of producers such as Dr. Bronner's are being adversely affected, since consumers who want to buy products that contain mostly Fair Trade ingredients by volume are being misled into buying products that instead contain only one or few such ingredients constituting a minority of the product volume.

#### I. Dr. Bronner's Products

As you may know, Dr. Bronner's manufactures and sells, in California and throughout the U.S., personal care and cosmetic products including the nation's top-selling natural brand of liquid and bar soap in a number of varieties under the brand "Dr. Bronner's Magic Soaps," and lotions, hair rinses, shaving gels and balms under the brand, "Dr. Bronner's Magic." Dr. Bronner's liquid and bar soaps, in general, comply with the US Department of Agriculture National Organic Program requirements for labeling a product as "Made with Organic" ingredients. In addition, these products carry the IMO label "Fair Trade—Fair for Life," and the

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term "Certified Fair Trade," based on compliance with the IMO Social and FairTrade Program rules governing such labeling. Those rules require that if a product carries the label "Fair for Life—Social & Fair Trade certified by IMO," 95% of the ingredients in the products which are typically fair-trade certifiable must in fact be certified FairTrade and at least 50% of the agricultural ingredients by weight must be certified FairTrade. (IMO SOCIAL & FAIRTRADE PROGRAMME §1.2.2.4 (Feb. 2008)).

#### II. TransFair Rules Governing Use of the Term "Fair Trade Certified"

The TransFair US Label and Language Use Guide (April 2008)(the "TransFair Label Guide") states that TransFair USA "retains exclusive rights to license use of the Fair Trade Certified (FTC) logo and the term 'Fair Trade Certified<sup>TM</sup>". (TransFair Label Guide at 1)(emphasis added). The Guide states that the term "Fair Trade Certified" "shall not be used in a manner that encourages consumers...to associate the FTC logo and/or the term 'Fair Trade Certified' with products that are not Fair Trade Certified by TFUSA...." Id. at 2(emphasis added).

The summary of the "Ingredients Program" on TransFair's website confirms that "A product can carry the traditional 'Fair Trade Certified' label as long as: All ingredients that can be Fair Trade Certified are Fair Trade Certified, the FTC ingredient(s) constitutes more than 50% of the dry weight of the product and no formulation exemption has been issued." The Policy further specifies that a product which contains a particular ingredient that is Fair Trade Certified but constitutes less than 50% of the dry weight of the product can carry *only* the "Fair Trade Certified Ingredient Specific Mark"—which reads "Fair Trade Certified [specific ingredient]"—rather than the "Fair Trade Certified Mark." Policy at 4 http://www.transfairusa.org/content/certification/ingredients program.php.

#### III. Misuse of Term "Fair Trade Certified" By Certain Producers

It has come to our attention that certain producers of personal care products sold in the U.S. have been using the term "Fair Trade Certified" and/or using the TransFair Ingredient-Specific logo in a way that is clearly misleading to consumers, specifically, by placing that term and/or logo prominently on the front panel label of products in which only a single or few ingredients—representing far less than 50% or even 20% of the product by dry weight or volume—is certified Fair Trade.

For example, The Hain Celestial Group, Inc. manufactures and sells, throughout the U.S., a body wash product labeled "Queen Helene Naturals—Organic—Fair Trade Certified" on the front label panel. The term "Fair Trade Certified" appears directly above the name of the product, "Cocoa Butter Body Wash." Yet, the listing of ingredients makes clear that the only ingredient in this product that is Fair Trade Certified is Cocoa Butter, which is the seventh ingredient listed, after: Aqua(Purified Water), Sodium Myreth Sulfate, Cocamidopropyl, Hydroxysultaine, Vegetable Glycerin, Cocamide MEA, Acrylates Copolymer—none of which

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demand, TransFair should immediately revoke the agreement and license that permits the producer to use the TransFair label and logo.

Second, TransFair should amend its labeling policies to make clear that a product cannot be labeled using the unadorned term "Fair Trade Certified" unless the entire product is Fair Trade Certified in the sense that it qualifies to display the TransFair "Fair Trade Certified" logo as distinct from the "Fair Trade Certified Ingredient Specific Mark."

*Third*, TransFair should amend its labeling policies to require that any product eligible to display only the TransFair Ingredient-Specific logo *also* display a clear, separate "Made with [specified Fair Trade ingredient(s)]" and/or a "\_\_% Fair Trade" statement, in addition to this otherwise inadequate and misleading ingredient-specific logo.

Please advise us at your earliest convenience of the steps that TransFair plans to take to remedy the situation described above. We have been in contact with Maya Spaull, Senior Manager, New Category Development at TransFair. We understand from our discussions with her that TransFair recognizes these problems with the current TransFair personal care labeling program, and that changes of the type we are proposing are being specifically contemplated for adoption within the next few months. We do want to resolve this situation to our mutual satisfaction without recourse to legal remedies, as we believe our respective organizations are trying to accomplish similar goals. Our IMO fair trade olive oil from Canaan Fair Trade is now also FLO certified and we use a large amount of FLO certified sugar; thus, we already qualify for (but do not use) TransFair's ingredient-specific certification logo on most of our product line. We are the main sponsors of an IMO certified fair-trade coconut project in Sri Lanka that potentially can also be FLO certified, as well as an IMO certified fair trade palm oil project in Ghana. At some point, our Company's eligible products may display both TransFair and IMO whole-product certification seals, although we understand your desire for exclusivity and we will be faithful to IMO.

We understand you are coordinating with your British and French counterpart FLOcertifying organizations, and we would like to see the same multi-ingredient personal care labeling policies adopted by those organizations for application in their respective countries. Nasser Abufarha, Executive Director of Canaan Fair Trade, has expressed his concern about the plans of Boots, a major retail chain in the U.K., prominently to promote as "Fair Trade Certified" a private label line of products of which a tiny portion would consist of certified fair trade olive oil. Canaan requested their UK-Importer not to sell to Boots and give them the opportunity to carry a fair trade-washed logo, unless they were to commit to a substantial trade or investments in the olive oil producers. The same request was also made to the UK Federation. We coordinate closely with Canaan as you can see by reviewing our response to an attack on Canaan and fair trade generally:

http://www.drbronner.com/pdf/Dr\_BronnersApril09StatementReCanaan.pdf http://www.debbieschlussel.com/archives/2009/04/a\_new\_olive\_oil.html



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It should be noted that, with respect to the misleading labeling as "Organic" of multiingredient personal care products, after five years of fruitless attempts to induce various culprits to remedy the problem voluntarily, we were compelled to initiate litigation against various US personal care companies including Hain Celestial and Estee Lauder, the US standards/trade group OASIS and the French certifier Ecocert. The central issue in the litigation is the practice, by the defendant companies, of a form of greenwashing: a composite personal care product is fraudulently labeled, marketed and promoted as "Organic" even though it contains only few minor "Organic" ingredients in a product dominated by non-organic principal ingredients and containing petrochemical compounds. This practice has in some instances been abetted by a certifier's permissive multi-ingredient labeling standards and/or lax enforcement.

In the fair trade arena, there is no doubt that FLO-Cert is a rigorous and credible certifying program for individual ingredient projects, but it is equally important—for the protection of consumers and the promotion of genuine fair trade—to impose rigorous regulation of the labeling and marketing of multi-ingredient products that contain certified fair trade ingredients. Again, the key principle is to permit consumers' attention to be directed to certified ingredients without implying that the entire product is certified, unless that product in fact meets the applicable whole-product certification requirements.

Thank you for your time and prompt attention to this important matter and I look forward to hearing from you.

Sincerely,

David Bronner President Cell: 760-807-6203 E-Mail: <u>allone@drbronner.com</u>

Cc with Picture of Queen Helene "Fair Trade Certified" Cocoa Butter Bodywash:

Alisa Gravitz and Denise Hamler, Co-Founders/Directors, Green America, et al Kevin Danaher, Co-Founder/Director, Global Exchange, et al Ronnie Cummins, Exec. Director, Organic Consumers Associaiton Nasser Abufarha, Exec. Director, Canaan Fair Trade Julie and Richie Gerber, Co-Founders, BeeCeuticals Organics Irwin Simon, Chairman and Chief Executive Officer, The Hain Celestial Group, Inc.



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July 16, 2010

#### Via E-Mail and Facsimile

Paul Rice, President and CEO TransFair USA 1500 Broadway, Suite 400 Oakland, CA 94612

Dear Paul:

I'm looking forward to meeting with you at your offices on August 10. I wanted to let you know that one of the items I want to discuss with you is what TransFair has done over the past year to respond to the concerns raised with you and your colleagues in my letter of May 19, 2009, a copy of which is attached for your ready reference.

In that letter, in summary, Dr. Bronner's raised two concerns. *First*, we called to your attention the fact that certain producers of personal care products sold here in the U.S. have been using the term "Fair Trade Certified" and/or using the Transfair Ingredient-Specific logo in a way that is clearly misleading to consumers, by placing that term and/or the logo prominently on the front panel label of products in which only a single or few ingredients are actually certified Fair Trade.

A prime example is the line of products sold by The Hain Celestial Group under the "Queen Helene" brand, which are labeled "Queen Helene Naturals—Organic—Fair Trade Certified" on the front label panel. In the "Cocoa Butter Body Wash" sold under this label, only the cocoa butter—the seventh ingredient listed—is in fact Fair Trade Certified; at the bottom on the front label is the Fair Trade Certified Ingredient Specific Mark, indicating that the cocoa butter is less than 50% of the dry weight of the product. In these circumstances, placement of the unqualified term "Fair Trade Certified" prominently on the front label is substantially misleading to consumers, and is injurious to firms such as Dr. Bronner's which sell products labeled "Certified Fair Trade," in which most of the product volume is in fact fair-trade certified.

In my letter, I called attention to these producers who are misusing the term "Fair Trade Certified" on the front panel labels of their products, in that the composition of the product does not, under the TransFair criteria, qualify the product as a whole to display that term. And I requested that TransFair demand that these producers immediately cease and desist from such misuse. In that regard, I also requested that TransFair modify its labeling policies to clarify that



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any product eligible to display *only* the ingredient-specific logo cannot be labeled, in addition, using the unqualified term "Fair Trade Certified."

Second, my letter noted that the TransFair ingredient-specific logo is virtually identical to the standard whole-product logo, thereby making it impossible as a practical matter for consumers to distinguish between multi-ingredient, composite products that actually qualify for the standard TransFair whole-product logo—in that most of the product volume is in fact fair-trade certified—and multi-ingredient, composite products in which only one or two ingredients, representing a minor portion of the product, are in fact fair-trade certified. I suggested that the consumer confusion inherently caused by the similarity of these two logos was not only injuring consumers, but also again, producers, such as Dr. Bronner's, of composite personal care products in which most of the ingredients are fair-trade certified.

Recently, an analogous problem has been considered by the National Organic Standards Board ("NOSB"), the official federal advisory committee for the U.S. Department of Agriculture's National Organic Program ("NOP"). Under the NOP rules, in order for a composite product to be labeled outright as "Organic" and display the USDA "Organic" seal, the product must "contain (by weight or fluid volume, excluding water and salt), not less than 95% organically produced raw or processed agricultural products." (Any remaining product ingredients must be organically produced, in accordance with standards set forth in the regulations, unless not commercially available in organic form, or must be nonagricultural substances or nonorganically produced products that are produced consistent with the regulatory standards). The NOP regulations also provide for another, separate category of products, at least 70% of the contents of which consist of certified organic ingredients. Products meeting this 70% standard may not be labeled "Organic;" rather, they may only be labeled, on the principal display panel, as "Made with Organic [specified ingredients]" or "Made with Organic [specified food groups]. This claim must be made in letters that do not exceed one-half of the size of the largest type appearing on the panel. A product qualifying only for the "Made with [specified organic ingredients]" claim may not display the USDA "Organic" seal.

NOSB's Certification, Accreditation and Compliance Committee recently adopted a discussion paper suggesting that allowing "made with" products to display some type of USDA seal would help legitimize and promote such products, thereby supporting growth in the organic sector. The consensus position adopted by the Committee was to recommend a rule allowing use of the USDA seal at one-half of the size of the largest type size on the panel, and on the back panel only, near the certifier's logo. However, even then Committee also recognized that "the addition of the USDA seal to 'made with 'organic' products has the potential to increase confusion between the 'organic' (95%+) category and the 'made with' (70-95%) categories."



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In my May 2009 letter to you, I requested that TransFair amend its labeling policies to require that any product eligible to display only the ingredient-specific logo also display a clear, separate "made with [specified Fair Trade ingredient(s)]" and/or a "\_\_\_ % Fair Trade" statement, in addition to the logo. In view of the recent NOSB discussion and recommendation, I would further request that the TransFair labeling policy permit the ingredient-specific logo to be displayed (together with the additional statement) only on the *back* panel label of the product.

The issues I raised in my May 2009 letter continue to be of the most serious concern to Dr. Bronner's. I look forward to discussing with you at our meeting the steps TransFair has already taken and those it plans to take, to remedy these problems for the benefit of consumers and of the Fair Trade movement.

Sincerely yours,

David Bronner President Exhibit 12: The Fix is In: Avon Mark lip balm and bar soap products. Note the asterisked fair trade ingredients in the ingredient lists are way down for these products, indicating minimal fair trade content.





## BODYGARE THAT CARES EN AGCORD AVEC LE CORPS

**Get on your soapbox** with this creamy lather soap that conditions skin as it cleanses. Uplifting and inspiring and fragranced with our great energy scent. Allergy-tested. Usage: Lather soap all over the body. Rinse well.

**Cle est chouette l'heure de la savonnette** grâce à ce savon à la mousse onclueuse qui revitalise ta peau tout en la nettoyant. Vivifiant et inspirant à souhait, il est de plus parlumé à notre arôme Great Energy. Testé contre les allergies. Emploi : Fais mousser le savon sur tout ton corps. Rince bien.

INGREDIENTS/INGREDIENTS: SODIUM PALM KERNELATE, SODIUM PALMATE, WATER/EAU, PARFUM/ FRACEPANCE, THEOBROMA CACAO (COCOA) SEED BUTTER\*, GLYCERIN, BUTYROSPERMUM PARKII (SHEA BUTTER) EXTRACT\*, CAMELLIA SINENSIS LEAF EXTRACT\*, SODIUM CHLORIDE, TETRASODIUM EDTA. TETRASODIUM ETICRONATE, CITRIC ACID \*Fair Trade Certified™ \*Fair Trade CertificM®

USA/E-U. Connect with mark @ www.meetmark.com or 1-800-meetmark CANACA Clarined with mark @/Fais le lien avec mark @ www.avon.ca or/ou 1-800-265-AVON IMACE BLU SA/FAIT ALLY E-U

NAME AND ANON PROPERTY INC. IN NY AGED NAME AND AND AND AND AND AND AND AND AND 2016388

# INTRODUCING body care that cares FORMULATED WITH FAIR TRADE CERTIFIED" INGREDIENTS



Fair Trade Certification<sup>™</sup> means our collection helps farmers around the globe help themselves by investing in their farms and communities, encouraging the development of business skills and mandating environmentally sustainable farming methods. After all, what's fair is fair.

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## INTRODUCING body care that cares FORMULATED VITH FAIR TRADE CENTIFIED" INGREDIENTS

#### fresh approach Hydrating Body Cleanser



made with Fair Trade Certificol" ingredients: HONEY & WHITE TEA and blended with rice bran oil and sunflower oil conditions deeply as it cleanses • leaves skin silky-smooth and refreshed \$10

#### relief effort TOTAL COMFORT BODY CREME



made with Fair Trade Certilied" ingredients: COCA SHITTER, OLIVE OL L CHAMONELE and blended with grape and papaya extracts • provides comfort and 24-hour mosturization • improves skin clarity and tone \$14

#### do the right thing smoothing body lotion SPF 15



made with Far Trade Certified" ingredients: COCOA SUTTER HONEY & HIBISCUS and blended with grape and papaya extracts • improves skin clanty and tone • provides all-day hydration for healthier-looking skin \$12

the big fix 15-in-1 Big Benefits Balm



made with Fair Trade Connect\* ingredients: **COCOA SUTTER OLIVE OLI & VANICLA** and blended with sunflower oil and begswax

- Immediately moistunzes chapped, dry elbows, knees and heels
- smoothes unruly brows; softens rough outcles
  leaves skin dramatically softer anywhere you usu
  \$10

#### CONTAINS ANTIOXIDANTS • FRAGRANCE-FREE • ALLERGY TESTED



By choosing this Fair Trade Certified<sup>™</sup> product, you are directly supporting a better life for farming families through fair prices, direct trade, community development, and environmental stewardship. www.fairtradecertified.org To learn more or shop mark. body care that cares, visit meetmark.com

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mark. Representatives get insider discounts and exclusive access to the hottest trends before they hit shelves. Become a mark. Rep today at meetmark.com/fairtrade



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#### Fair Trade Product of the Week: mark. Body Care the Cares

#### 6 August 2010 One Comment

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INTRODUCING DODY CARE that cares SUB TRADE CENTRAL MITHEORY IS

mark., Avon's unique beauty and fashion

boutique, is known for its cutting-edge trends and fresh approach to cosmetics and accessories. A line used by fashionistas around the world, *mark*, is now one of our favorites in the realm of body lotions, balms, creams and cleansers. We are excited to announce that *mark* is latest line of body products now proudly bears the Fair Trade Certified label on their sassy pink and green bottles.

The new *mark*. line consists of four soothing, hydrating and responsibly sourced body products for your using pleasure. This line of chemical and fragrance free goodies highlights and glorifies the ability of pure, natural ingredients to benefit your body, the environment and all those who took part in their production.



Of mark.'s four Fair Trade Certified products The Big Fix 15-in-1 Benefits Balm is definitely the smallest, but we don't love it any less! Coming in a conveniently compact tube, this total body product is one balm with BIG benefits - it can actually be used in 15 different ways. Made with Fair Trade Certified cocoa butter, olive oil and vanilla, The Big Fix 15-in-1 Benefits Balm can be used all over the body "to improve everything from chapped elbows and heels, to dry skin, lackluster cuticles and unruly brows." It can even be used as a lip balm! With its small size and intense hydrating abilities, this new balm by mark. is perfect for traveling deep into the Amazonian rain forest, across a windy African savanna, or through the busy streets of a Moroccan bazaar. Whether you are trekking across the globe or just leaving the house for work, we're sure you won't want to leave The Big Fix 15in-1 Benefits Balm behind.



Moving down the line, the *mark*. Fresh Approach Hydrating Body Cleanser is another product to which we give a giant thumbs up. Made with Fair Trade Certified honey and white tea, this hydrating body cleanser provides a soothing wash that gives you not only a clean body, but "a clean conscious." Fresh Approach creates a creamy, luxurious, hydrating lather with every cleanse - it can even double as a shaving cream for your legs. Being both fragrance-free and allergy tested, this is one cleanser your skin can trust.



Next up is the Do the Right Thing Smoothing Body Lotion SPF 15.

Not only is this lotion incredibly light and creamy, it also contains SPF 15 for extra sun protection. Much like the previously described mark, products, Do the Right Thing is also made with a wonderful array of Fair Trade Certified ingredients. Reap the benefits of Fair Trade cocoa butter, honey and hibiscus with this one of a kind moisturizer. By using a product that works to protect not only your skin, but also the well-being of farmers all around the world, you truly are "doing the right thing."



Last, but certainly not least, there is the *mark*. Relief Effort Total Comfort Body Crème. In the case of this Fair Trade Certified cocoa butter, olive oil and chamomile based product, "total comfort" is truly an understatement. A description like "pure bliss," or "heaven for your skin" would better describe the silky smooth quality of Relief Effort, which provides 24-hour moisturization. With a texture somewhere in between melted butter and sweet whipped cream, this new *mark*. product leaves your skin feeling softened and renewed.

Here at TransFair USA, we welcome the *mark.* line into the Fair Trade family with open arms. We are excited to see beauty take a bold step in the direction of social responsibility and environmental sustainability, in such a way that gives people the opportunity to choose Fair Trade beyond the realm of what we eat. So "do the right thing" and take a "fresh approach" to loving your body with *mark.* and Fair Trade Certified.

All of these products can be purchased online from the mark. website. For the latest mark, news and updates, be sure to become a fan on Facebook.

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.mark, Array, avon, balm, body care that cares, body lotion, cleanser, cream, Do the Right Thing Smoothing Body Lotion SPF 15, Fresh Approach Hydrating Body Cleanser, Relief Effort Total Comfort Body Creme, The Big Fix 15-in-1 Benefits Balm

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Pam Munro said:

Relief tot benefits balm, pls

# 6 August 2010 at 2:20 pm

#### Leave your response!

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Be nice. Keep it clean. Stay on topic. No spam.

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Website (optional)