



Fairtrade Labelling Organizations International e.V.
(hereafter “The Association”)

Constitution of the Association

Adopted on: 25 May 2007, **amended on 22 June 2023**

PREAMBLE

The Association is part of a global fair trade movement that shares a vision of a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential. The fair trade movement believes that:

- Trade can be a fundamental driver of poverty reduction and greater sustainable development, but only if it is managed for that purpose, with greater equity and transparency than is currently the norm.
- People who are marginalised and disadvantaged by conventional trading structures can develop the capacity to take more control over their work and their lives if they are better organised, resourced and supported, and can secure access to mainstream markets under fair trading conditions.
- People and institutions in the developed world are supportive of trading in this way when they are better informed and provided with opportunities to support change and improvement.

In pursuit of this vision, the members of the Association work individually and collectively, and in partnership with others, to connect the aims of those in more affluent parts of the world who seek greater sustainability and justice with the needs of those in the Global South who most need those changes. Its work enables citizens to make a difference to farmers and workers through their actions and choices as consumers. Being driven by informed consumer choice, its work provides support for campaigning to reform international trade rules and creates a fairer economic system.

By adopting this Constitution, the members of the Association re-affirm their commitment to maintaining and developing a common international system for Fairtrade and to maximize the impact and effectiveness of that system through partnerships with others.

The members of the Association commit to conducting their affairs individually and collectively in accordance with the principles of:

- Equity – *recognizing the rights and responsibilities of all members towards furthering the objectives of the Association in relation to their capacity to do so.*
- Fairness – *recognizing the need for all members to be treated reasonably and to have their views heard in decision-making processes.*
- Transparency – *recognizing the need for members to share information with each other and to respect the confidence of such information shared by others.*

- Non-discrimination – *recognizing the need for rules to apply consistently to all members.*
- Mutual respect – *recognizing that a diversity of opinions and experiences can strengthen the ability of the Association to further its objectives.*
- Justice – *recognizing the responsibilities of all members towards the prevention and elimination of unfair trade practices affecting Fairtrade Producers.*

DEFINITIONS

For the purposes of this constitution, the following words and terms shall have the meanings indicated below:

- a) **Application Organization** means an organization that is seeking to become a Member of the Association.
- b) **Association** means the Association acting collectively through its Central Office or one or more of its Members.
- c) **Board** means the Board of the Association elected by its General Assembly.
- d) **Brand Mark** means the Association's corporate identity symbol.
- e) **Central Office** means the central office of the Association as defined in § 1.4.
- f) **Delegate** shall have the meaning as described in § 6.
- g) **Fairtrade** refers to all or any part of the activities of the Association.
- h) **Fairtrade Mark** means the registered trademark owned by the Association.
- i) **Fairtrade Marketing Organization** means an organization with the main purpose of promoting Fairtrade in territory where no National/ Regional Fairtrade Organization is registered, and which has a contractual relationship with the Association.
- j) **Fairtrade Producers** means organizations or legal entities that are certified to the Association's producer standards.
- k) **Fairtrade Products** means products certified against the Association's standards.
- l) **Fairtrade System** means Fairtrade International, its subsidiaries as well as all of its Members, Applicant Organizations and Fairtrade Marketing Organizations.
- m) **Farmers and Workers** means individual farmers, workers, artisans or equivalents who are members or employees of the Fairtrade Producers.
- n) **In writing** means any written form of document in printed or electronic form and shall include e-mail and fax. Where the written form is required, only a signed original document is valid, as well as an electronically scanned copy or fax of the signed original.
- o) **Members** mean all of the National / Regional Fairtrade Organizations and Producer Networks who have been accepted into membership of the Association according to § 4.

- p) **Stakeholders** means any or all individuals or groups with an interest in the Association's success in delivering its intended results. For the purposes of this constitution it shall include (without limitation) all those who contribute to its work financially or in kind, or have a mandate to represent Farmers and Workers and can help the Association address the needs of those groups. It shall also include other Fair Trade networks and employees of the Association.
- q) **International Requirements for Licensing Bodies** (RLBs) set out the requirements under which and how the Licensing Bodies may license the Fairtrade Mark in their allocated licensing territory to ensure compliance with the Fairtrade Standards and the European Union Certification Mark Regulations for the registered Fairtrade Marks.

§ 1 – Name, Registered Office, Financial Year

- 1.1 The name of the Association shall be "Fairtrade Labelling Organizations International". The abbreviated name – Fairtrade International – may be used to commonly refer to the Association. It is registered as a not-for-profit association ("eingetragener Verein") under German law and shall include the suffix 'e.V.' in its name.
- 1.2 The Registered office of the Association shall be in Bonn. The Association may operate from locations other than its registered office, and its Central Office need not be established at the location of registration, providing that the requirements of German public benefit law are complied with and that no material resolutions are taken other than at the registered office.
- 1.3 The financial year shall be the calendar year.
- 1.4 The Central Office of the Association shall provide professional and administrative support to the Board, its committees and other governance bodies of the Association and shall coordinate specific tasks to support and further the efficiency of the global Fairtrade System and shall perform any other tasks as directed by the Board. The Central Office's operations shall be headed and managed by one or more Managing Director(s).

§ 2 – Purpose of the Association

- 2.1 In accordance with the provisions of German public benefit law and the German tax code, the activities of the Association "Fairtrade Labelling Organizations International e.V." located in Bonn shall be selfless (i.e. not be for the financial or material gain of the Association). The Association's funds may only be used as stipulated in the Constitution. Members of the Association shall not receive any benefits from the Association's funds. No person may benefit from expenditure which is not in alignment with the purposes of the Association, nor benefit from excessive remuneration.
- 2.2 The purpose of the Association is:
 - 2.2.1 The promotion of development co-operation leading to sustainable development by means of improving the position of disadvantaged producers and workers in countries of the developing world, working as small-scale producers and as worker organizations. The members of the Association aim to facilitate the access to markets for the goods and services coming from these target groups. Based on the principle of "Aid through Trade", the Association aims at supporting trade under fair conditions with disadvantaged producer organizations and workers in countries of the developing world, and at supporting and strengthening this kind of trade as an instrument of sustainable development, particularly through promotion of environmental protection, education and social development. The Association furthers these aims through standard-setting

processes for use by producer and trading organizations, thereby enabling through this partnership cooperation for progress in developing countries.

2.2.2 The promotion of occupational training.

2.2.3 The promotion of international understanding.

2.3 The ultimate aims of the Association are to achieve sustained improvements of the living and working conditions and the social and economic situation of small-scale farmers, workers and other producers, to ensure food security by their own means, to support their organization and self-reliance, and to promote environmental sustainability in the communities where they live and work.

2.4 The constitutional purpose will specifically be achieved by:

2.4.1 The setting of standards for how Farmers and Workers can form and build the capacity of organizations that promote economic, social, infrastructural and environmental improvements in their communities, and for sustainable production practices, sustainable development and trade. All standards being set through system wide multi-stakeholder consultation processes taking into account the need for regional distinctions (Fairtrade Standards). (§ 2.2.1 and § 2.2.3)

2.4.2 Enabling businesses and consumers to identify products and suppliers that meet the Association's standards, and develop awareness for fair trade and the situation of affected Farmers and Workers (§ 2.2.3).

2.4.3 Developing and maintaining intellectual property rights and other tools to enable income to be realised and applied to the Association's goals from Fairtrade Standards, certification and public support work, and to enable access to international trade at fair prices for those producers, farmers and workers who are not able to achieve this on their own under the usual international terms of trade. (§ 2.2.1)

2.4.4 Providing and coordinating support services, through the Producer Networks, to Fairtrade Producers, Farmers and Workers as well as farmers, producers, workers or equivalents who are organized and need to be supported to achieve the intended economic, social and environmental development. This is achieved by supporting education, specifically the vocational training of producers, farmers and workers, through improving knowledge of the individual as well as mutual exchange of knowledge and experience. (§ 2.2.1 and § 2.2.2)

2.4.5 Developing public awareness of, and support for, the Association's work; in particular, through the promotion of knowledge about the situation of producers, farmers and workers in developing countries to develop friendly relations and strengthen trust among peoples, as well as drawing the attention of the public, including governmental and international institutions, to the matter of fair trade and its purpose, to deepen the common understanding for the need of fair trade and the advantages of peaceful coexistence of peoples resulting from it. (§ 2.2.3)

2.4.6 Seek the commitment of organizations engaged in international trade who seek to respond to consumer demand for fairly traded products and to the sustainability and equity of their supply chains, and contracting with them to pursue the activities in furtherance of the Association's purpose; as well as to bring disadvantaged producers and trading organizations into dialogue with consumers and to provide a platform for the improvement of their social and economic situation. (§ 2.2.1 and § 2.2.3)

- 2.5 Neither the Association nor its Members shall have direct commercial interests in the areas of trade for which it sets standards, and shall operate independently of all such commercial interests.
- 2.6 The Association and its Members acknowledge that in furtherance of the purpose of the Association, collecting, processing and sharing of information of the Association, Members and their employees may be necessary. The Association and its Members will respect any applicable data protection rules and take the appropriate measures.
- 2.7 The Association may use agents, always respecting the particular roles and responsibilities of the Members, but if necessary - recognizing the needs of the system or the Association - to collaborate with other partners in compliance with the standards and policies of the Association. The Association remains accountable to its Members for the quality of work so delegated.
- 2.8 The Association may own either wholly or partly other organizations or companies under condition that the activities of such organizations or companies are connected with the purposes of the Association, and do not affect its ability to operate independently of any commercial interests.

§ 3 – Amendments to the Constitution

- 3.1 Any article of this Constitution may be amended provided that the amendment is approved by at least 75% of total votes.
- 3.2 Changes to the constitution that may be required by the Registry of Associations in order to register a new constitution or the Tax Office in order to ensure the charitable tax treatment of the Association may be implemented by the Board without a resolution of the General Assembly. The Board will inform the Members about these changes immediately, latest during the next General Assembly meeting.
- 3.3 Outside of General Assembly meetings, decisions for constitutional amendments other than § 3.2, may be reached by voting conducted through written form.

§ 4 – Membership

Membership Requirements

- 4.1 Membership of the Association is only open to National / Regional Fairtrade Organizations and Producer Networks. There shall not be more than one Member in the same territory from the same membership group (National / Regional Fairtrade Organizations or Producer Networks).
- 4.2 National / Regional Fairtrade Organizations are institutions operating the Fairtrade Mark which includes awareness raising for Fairtrade, licensing of the Fairtrade Mark and representing Stakeholders within a defined geographical territory in which Fairtrade Products are sold or where the market for Fairtrade Products may be developed and having the support from civil society organizations (for example NGO's, trade unions faith-based organizations). National / Regional Fairtrade Organizations must demonstrate that they have the capacity to do so by providing a business plan that demonstrates sufficient interest from business organizations to fulfil the responsibilities of membership of the Association including a commitment from at least one organization to license at least one product within six months of the organization joining the Association, which will substantially expand the existing Fairtrade market in the respective territory.

- 4.3 Producer Networks are institutions representing Farmers and Workers and licensing the Fairtrade Mark within a defined geographical territory in which Fairtrade Products are produced. Farmers and Workers have the right to choose the form in which they want to be organised and represented, recognizing Freedom of Association. Producer Networks shall be constituted with a democratic structure ensuring accountability to their members and ensuring that their governance structure provides for an adequate representation of Farmers and Workers, according to the continental presence of different Fairtrade modes of production, and Fairtrade Producers according to their respective constitutions. They are organised in the following continental networks: Africa, Asia/Pacific and Latin America/Caribbean.
- 4.4 To be eligible for membership National / Regional Fairtrade Organizations and Producer Networks must meet the requirements defined in § 4.2 and § 4.3 respectively and fulfil the following criteria:
- 4.4.1 Share the vision and mission of the Association and have Fairtrade as their primary purpose;
- 4.4.2 Be legally registered and properly established under the relevant national laws;
- 4.4.3 Operate from a functioning office and maintain governance structures and processes that meet the Association's principles of good governance and take account of the needs of Stakeholders in their territory, while ensuring that decision-making processes are independent of specific Stakeholder interests;
- 4.4.4 Be adequately resourced to fulfil the obligations of their constitution and of membership of the Association.
- 4.5 All applications for membership are decided upon by the General Assembly taking account of the criteria for membership defined in § 4.1 – 4.4. The Board may decide to introduce an application fee to cover the costs incurred by the processing of the application.
- 4.6 As the Association seeks to further its mission globally it welcomes applications for membership from National / Regional Fairtrade Organizations in countries where Stakeholders are not yet represented. Applicant Organizations may be invited to join meetings of the General Assembly as observers (and other meetings of the Association at the discretion of the chair of such meetings). Applicant Organization status is valid for a maximum of three years unless renewed by specific resolution of the General Assembly.

Members' rights and obligations

- 4.7 Members shall have the right and obligation to represent themselves as exclusive Members for their type of membership and the territory agreed at the time of their joining, or as subsequently agreed by the General Assembly.
- 4.7.1 They shall do so by using the Association's Brand Mark, in accordance with the terms of its license, as their corporate identity.
- 4.7.2 They shall exclusively promote the use of the Association's Fairtrade Mark and not support or be involved in the development of any competing certification mark or trade mark used for labelling of products for which Fairtrade standards already exist, without approval from the Board.
- 4.7.3 All Members shall have the exclusive right to sub-license the Fairtrade Mark in their respective territories, subject to compliance with the applicable Requirements for Licensing Bodies.. However, this exclusivity is limited to the extent the Board or one of its

committees has granted, in relation to sub-licensees making cross-border sales, such exclusive rights to particular other Members.

- 4.8 Members may contract with the Association for other purposes connected with work of the Association or its Members but such contracts shall be governed through their own conditions separately from the membership arrangement. The Association shall not grant any rights to Members under such contracts that extend beyond the term of their membership of the Association but the termination of a contract between the Association and one or more Member(s) who remain Member(s) shall not in itself affect the membership status of the organization(s) concerned.
- 4.9 All Members shall work collaboratively with other Members and external partners to further the Association's collective mission by supporting strategies and policies approved by the Board, always in respect of the Association's finances, in order to maximize impact by securing resources and applying them to best effect.
- 4.10 All Members must pay the agreed annual membership fees, when due and in full, as determined by the Board, in line with the Association's approved budget. Deductions, set-offs and payment terms are allowed by written authorisation of the Association's Chief Financial Officer (or his/her equivalent if that title is not used). The Association may charge interest on late payments, unless such interest payments are waived by the Board. Relevant interest rates are defined within the approved budget.
- 4.11 On request of the Board all Members must share all business data relating to Fairtrade. Members will ensure that their contracts with third parties that may own such information provide for sharing of that information.
- 4.12 All Members must treat any information received by the Association or its Members confidential for an unlimited period of time. They shall use such information exclusively for the purposes of their function within the Association and they shall not disclose such information to any third party and shall be responsible for the adherence of this confidentiality by their Delegates and employees.
- 4.13 All Members commit to encourage the extension of Fairtrade to new farmers and workers, new consumers and new territories as agreed by the Board.
- 4.14 Producer Networks shall ensure that all their representatives in the governance of the Association represent Farmers and Workers of their specific territory but always act in the interest of the whole Fairtrade system and not in the interest of individual members of the respective Producer Networks.

Sanctions

- 4.15 The Board shall be responsible to apply sanctions to Members in the event of a Member failing to meet its membership obligations, including but not limited to:
 - 4.15.1 Damaging the reputation of the Association or its Members.
 - 4.15.2 Obstruction of the Association or its Members in the fulfilment of the Association's purpose, as defined in § 2.
 - 4.15.3 Failure to pay due membership fees in spite of a reminder in writing by the Association.
 - 4.15.4 Failure to adhere to requirements and obligations as defined in § 4.2 – 4.14.

4.16 The Board may impose the following sanctions:

4.16.1 Reprimand

4.16.2 Warning

4.16.3 Denial of right of Member representatives to hold office

4.16.4 Temporary suspension of membership rights, for a maximum period of one year, including, but not limited to the right of representatives to attend and speak at meetings of the Association's organs and the right to vote at such meetings

4.17 In order to impose sanctions, the Board will inform the affected Member in written form of the nature of the violation. The Member will have 30 days to respond to the allegation in writing. Failure to respond in a timely manner will be deemed an admission of the allegation. After the expiry of the 30-day deadline to respond, the Board will decide on and inform the Member in writing whether a sanction will be imposed and on the nature of the sanction itself.

Members subject to sanctions according to § 4.16 shall have a single right of written appeal to the General Assembly which must be exercised by giving notice of appeal within 30 days of being informed of the sanction. The General Assembly will deal with the appeal at its next physical meeting and will come to a final decision. Until the decision of the General Assembly the sanction applied by the Board shall have suspensive effect.

4.18 The General Assembly may terminate membership of a Member in case of important reasons, on written proposal of the Board.

4.18.1 Before submitting its proposal the Board will inform the affected Member in written form of the exact allegation. The Member will have 30 days to respond to this allegation in writing. Failure to respond in a timely manner will be deemed an admission of the allegation. After the expiry of the 30-day deadline to respond, the Board will decide on whether a written proposal to the General Assembly will be submitted.

4.18.2 The General Assembly will come to a final decision no later than 90 days after the proposal of expulsion has been submitted. The affected Member has the right to be heard by the General Assembly.

4.18.3 Decisions on expulsion are exclusive to the General Assembly and shall be final.

Termination of Membership

4.19 Membership terminates through:

4.19.1 withdrawal by the Member by written notice to the Chair of the Board at least one-hundred-and-eighty (180) days prior to the end of the calendar year for which the withdrawal will be effective; or

4.19.2 dissolution of a Member organization; or

4.19.3 decision of the General Assembly according to § 4.18.

4.20 All membership requirements, including financial obligations, must be fulfilled until the effective date of termination. Failure to do so does not result in the extinction of such obligations.

§ 5 – Organs of the Association

5.1 The organs of the Association are

5.1.1 **The General Assembly of the Association**, as defined in § 6.

5.1.2 **The Board**, as defined in § 8.

5.1.3 **The Managing Director**, as defined in § 8.

§ 6 – General Assembly of the Association

6.1 The General Assembly is the highest authority of the Association and is the forum through which the Members exercise their responsibilities and powers as owners of the Association. All Members have the right of representation by way of Delegates at the General Assembly via their membership groups according to § 4.1, with each membership group collectively having 50% of the total votes, regardless of the number of Members or Delegates.

6.2 Each Delegate executes an independent voting right and is not bound by instruction of the Member he or she represents. Each Delegate has the duty to report to the Member represented the results of the General Assembly meetings.

6.3 Each National / Regional Fairtrade Organization shall be entitled to send one Delegate to each General Assembly. However, for reasons of efficiency and effectiveness, National / Regional Fairtrade Organizations for whom the business of the General Assembly is not urgent or critical are encouraged to participate by video conferencing or to appoint a substitute Delegate in accordance with § 6.6, subject to the need for a quorum as described in § 7.8. The legal representatives of National / Regional Fairtrade Organizations are automatically appointed as its Delegate and will remain in this function as long as they are entitled to legally represent the National / Regional Fairtrade Organization.

6.4 Each Producer Network shall be entitled to send an equal number of Delegates (with a minimum of four from each Producer Network) to each General Assembly as determined by the Board taking account of:

6.4.1 the need for diversity of producer and worker voices and addressing of the challenges described in § 4.3,

6.4.2 the number of National / Regional Fairtrade Organizations attending and the need for a reasonable balance, and

6.4.3 what the Association as a whole can reasonably afford for organization and participation in the meeting.

6.5 Independent from the number of Delegates representing each Producer Network the legal representative of each Producer Network is automatically appointed as its Delegate and will remain in this function as long as he or she is entitled to legally represent the Producer Network. The other Delegates of each Producer Network are elected and appointed by the Producer Network following a democratic election procedure, taking into account § 4.3, which may be reviewed by the Board.

6.6 The appointed Delegates to the General Assembly shall provide for substitute Delegates to attend in place of a Delegate who is unable to do. A Delegate may only appoint another Delegate from the same membership group.

- 6.7 Delegates shall, on appointment, sign a written undertaking to uphold the Constitution of the Association and abide by all rules, which shall include a requirement to maintain confidentiality of all information entrusted to them as Delegates during and after their term of office.
- 6.8 National / Regional Fairtrade Organisations bear directly the cost of their Delegates' attendance and participation at meetings of the General Assembly whereas the Producer Networks cover such costs through their annual budget transfer from within the Association.
- 6.9 The General Assembly has the following tasks:
 - 6.9.1 Approval of changes to the constitution and on all matters relating to the Association's governance structures and processes. The General Assembly shall provide the forum for Members to be mutually accountable for ensuring effective representation and participation of all Stakeholders appropriate to their type of membership in their governance. The General Assembly shall also review its own arrangements for its structure and composition and revise them as necessary to provide a reasonable balance of fair, effective and efficient representation of the overall membership.
 - 6.9.2 Approval of any changes to the legal registration of the Association including changes in the location of its registered office and dissolution of the Association.
 - 6.9.3 Decisions on acceptance or termination of membership including the granting of applicant and Member status, hearing appeals on sanctions imposed by the Board, and recording the resignation of Members for whatever reason.
 - 6.9.4 Election of members of the Board in accordance with the composition detailed in § 9.
 - 6.9.5 Decisions on the payment of any honorarium, and its level, to Board members.
 - 6.9.6 Voting on motions to recall the election and appointment of the entire Board.
 - 6.9.7 Voting on motions to recall the election and appointment of individual Members of the Board, only with important reasons.
 - 6.9.8 Appointing independent financial auditors and receiving their reports.
 - 6.9.9 Approval of the annual report and accounts of the Association for the previous year and discharge of the Board's responsibilities for the previous year.
 - 6.9.10 Approval of long-term strategic plans developed through consultation with Members and Stakeholders.
- 6.10 Any tasks not specifically reserved by the General Assembly shall be delegated to the Board, except that such delegation may be revoked or amended by the vote of 75% of total votes by the General Assembly.

§ 7 – Proceedings of the General Assembly

- 7.1 The General Assembly must hold at least one physical meeting each year (The Annual Meeting). Additional meetings of the General Assembly may be held as determined by the Board or at the written request of at least 10 % of the Members naming the purpose and the reasons.

- 7.2 The minimum period of notice required to hold a General Assembly, in any form, is twenty-eight days from the date on which the notice is issued. The notice must specify the date, time and place of the meeting and the general nature of the business to be discussed. The notice shall be in writing.
- 7.3 The agenda for the meeting, including any documents to be considered by Members and resolutions submitted for approval, must be issued at least fourteen days prior to the date of the meeting. At the written request of at least 10% of the Members, items may be added to the agenda latest two days prior to the meeting. The Chair will add these items to the agenda.
- 7.4 Requests for inclusion in the agenda of discussion items and/or resolutions may be submitted to the General Assembly by two Members, provided that such resolutions are received by the Chair at least twenty-one days in advance of the meeting of the General Assembly.
- 7.4.1 Urgent requests for inclusion of discussion items in the agenda may be submitted up to two days, and urgent requests for inclusion of resolution items in the agenda may be submitted up to seven days, in advance of the General Assembly meeting, provided that such submittals are made to the Chair by Delegates holding at least half of the total votes calculated as described in § 7.10. These items shall be added to the agenda at the beginning of the General Assembly meeting, provided that this is supported by Delegates holding, in the case of discussion items, at least half, and, in the case of resolution items, at least two thirds, of the total votes calculated as described in § 7.10. Amendments to the Constitution may be submitted only as urgent resolution items, provided that the requirements of § 7.13 are fulfilled.
- 7.5 Meetings of the General Assembly shall normally be chaired by the Chair of the Board or by a person delegated by her or him but Delegates attending a General Assembly may elect another person as Chair for the purposes of organizing and facilitating the meeting and the position of Chair of the General Assembly has no authority as a legal representative of the Association.
- 7.6 Attendance at meetings of the General Assembly shall be normally limited to duly appointed Delegates of Members and to members of the Board who may participate but not vote.
- 7.7 Observers, including Members, may be invited to attend part or all of meetings of the General Assembly at the discretion of the Chair.
- 7.8 The quorum for a General Assembly shall be twelve Delegates with at least six being Delegates from the Producer Networks.
- 7.9 Participation in meetings of the General Assembly shall be regardless of physical presence. A Delegate shall be regarded as present whether attending physically or participating by video conferencing or other electronic means which allow for confirmation of the identity of the Delegate. The meetings of the General Assembly may be conducted purely virtually. The Association recognizes its obligations to operate in a cost-efficient and environmentally responsible way and the Central Office shall seek to provide the means for Delegates to participate by electronic means at all meetings.
- 7.10 All decisions of the General Assembly shall be made during meetings by a vote of all Delegates present. Each membership group has 50% of the total votes divided equally among the participating Delegates at each meeting. All decisions require a simple majority of the votes cast by all Delegates present except that changes to the constitution and

dissolution of the Association under § 6.9.2 require the support of at least 75% of total votes.

- 7.11 No Delegate shall vote at any meeting on behalf of more than two other Delegates.
- 7.12 Voting at meetings of the General Assembly shall generally be by open declaration of voting intention such as show of hands by those physically present or visible via video conferencing or declaration of vote, but a secret ballot may be held at the request of any Delegate. In the case of hybrid or purely virtual meetings of the General Assembly, votes may be conducted by means of an electronic, software-based application. This shall also apply insofar as an open vote cannot be guaranteed as a result thereof. The Chair of a meeting shall ensure that votes are counted and recorded. Substitute Delegates shall be assigned in writing by the Delegate and be submitted to the chair of the meeting in advance of the meeting or under the opening items of business.
- 7.13 Outside of General Assembly meetings, decisions may be reached under exceptional circumstances where the continued existence of the Association is affected, as determined by the Board. Voting is conducted by written form.
- 7.14 Delegates must declare to the General Assembly any matter in which they have, directly, or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Association or its affiliates as described in § 2.6. The General Assembly may, by majority vote, request the Delegate to withdraw from discussion and/or to abstain from voting on the business concerned. The affected Delegate shall not participate in the initial vote.

§ 8 - The Board

- 8.1 The Board is in charge of all matters relating to the Association as defined in § 2.3 and to the extent delegated by the General Assembly.
- 8.2 The Board shall be primarily responsible for:
 - 8.2.1 Proposing an integrated strategic plan for the Association for approval by the General Assembly taking into account trends in the external environment, the views of Members and other Stakeholders, and learning gained through monitoring, evaluation and impact assessment of previous operations.
 - 8.2.2 Approving official policies relating to the Association's work and in particular on the scope of its work geographically or by product or production process.
 - 8.2.3 Ensuring the compliance with the standards set by the Association through third-party certification.
 - 8.2.4 Approving, within the framework of the integrated strategic plan, the annual plan and budget for the work of the Association including clearly defined, prioritized and resourced goals with performance indicators and presenting the annual plan at the Annual Meeting of the General Assembly.
 - 8.2.5 Approving the rules of procedure of the Board.
 - 8.2.6 Appointing one or more (max. three) Managing Director(s) to manage and monitor the affairs of the Association and to head and manage the operations of the Central Office.

8.2.6.1 The Managing Director(s) is/are employed by the Association and is/are accountable to the Board. The Managing Director(s) implement(s) the decisions of the Board.

8.2.6.2 The Managing Director(s) is/are authorized to act as special representative(s) according to § 30 German Civil Code (Bürgerliches Gesetzbuch) to carry out the commercial, administrative, legal and personnel related affairs associated with the implementation of the decisions of the Board and to head and manage the Central Office. In this regard, each Executive Officer may act as sole representative. Transactions and undertakings whose value would exceed an amount of 250.000,00 € (two hundred and fifty thousand Euros), shall require the joint signature of a Managing Director and the Treasurer. If and to the extent the subject matter of a transaction or undertaking falls within the scope of matters defined by the Board as being subject to its prior approval, such transaction or undertaking may be made only after having obtained such approval. The roles and responsibilities of the Managing Director(s) may be defined through work instructions by the Board.

8.2.6.3 In cases where the Managing Director, due to absence and unavailability, is not able to carry out urgent personnel related decisions, the Board may appoint two or more special representatives according to § 30 German Civil Code (Bürgerliches Gesetzbuch) to carry out personnel decisions jointly.

8.2.7 Defining the functions and scope to be carried out by the Central Office of the Association in accordance with § 1.4 as well as adoption of rules of procedure for the Managing Director(s).

8.2.8 Regularly monitoring operational delivery and financial performance against the annual plans and budgets approved by the Board.

8.2.9 Maintaining sound procedures for assessing and managing risks to the reputation or financial stability of the Association, receiving audited accounts and recommending the annual report and accounts of the Association to the General Assembly.

8.2.10 Acting as representative of the Association as shareholder in organizations or companies established under §2.6, such as FLO-CERT GmbH.

8.2.11 Apply sanctions to Members in the event of a Member failing to meet its membership obligations, as defined in § 4.15 – § 4.17.

8.2.12 Where the continued existence of the Association is affected, determine the presence of exceptional circumstances allowing the General Assembly to hold a vote according to the procedure described in in § 7.13.

8.3 The Board shall seek to clearly distinguish its dual role of providing strategic direction to the Association and that of overseeing the delivery and performance of the work of the Managing Director. It may do this by delineating its meetings to separate these functions, by appointing a committee to take a lead role on one of the roles or by any other means that it deems effective and efficient.

§ 9 – Election, Appointment, Termination and Retirement of members of the Board

9.1 The Board shall be constituted of between 9 and 13 persons according to the following criteria:

9.1.1 All members of the Board are elected and appointed by the General Assembly from nominations made by Members (§ 9.1.3) and from recommendations made by the People Committee (§ 9.1.4).

9.1.2 The Board shall agree the competencies desired of members of the Board based on a proposal from the People Committee.

9.1.3 The Members shall make their nominations to the Board (§9.1.1) following a democratic process conducted at 2 (two) separate electoral colleges, one established for each membership group (§4.1). When making nominations to the Board, the Members shall take account of the criteria of competencies as provided in § 9.1.2. The People Committee will make an examination of the nominations against these competencies and inform the General Assembly accordingly through the Board prior to the election.

9.1.4 The People Committee shall make through the Board a recommendation to the General Assembly for independent members identified externally through a process overseen by the People Committee. This process shall include a public call for candidates and an objective evaluation of applications, including an interview, based on the competencies desired.

9.1.5 The Board shall consist of a majority of members nominated and elected by Members with an equal number from each type of membership group as defined in § 4.1. There shall be at least one Board Member nominated from each continental network as specified in § 4.3. Members of the Board shall not hold an executive function in a National/ Regional Fairtrade Organization or a Producer Network. The Board shall contain at least three independent members.

9.1.5.1 An Independent Board Member is an individual not affiliated to any Member organization of Fairtrade International (National/ Regional Fairtrade Organization or Producer Network), including organizations in the process of becoming Members (Applicant Organizations) or considering to initiate this process of Fairtrade Marketing Organizations, as determined by the Board.

9.2.5.2 "Independence" is a personal requirement for being an Independent Board Member. The loss of this personal requirement leads to the immediate termination of the Board membership.

- 9.2 No person shall be appointed as a member of the Board unless he or she is eligible and willing to act as such.
- 9.3 Persons appointed to the Board serve the Association, and are not agents of Members or of other organizations that (individually or collectively) nominated or elected them to the Board.
- 9.4 The Board shall elect a Chair from among its members, having a preference for one of the independent members of the Board, and a Treasurer from among its members and may also appoint one or more members of the Board to act as Vice-Chair(s). The Treasurer will normally chair the Finance and Audit Committee. The positions of Chair, Vice-Chair(s) and Treasurer shall be defined prior to election through clear terms of reference and have no function or powers other than those conferred by the Constitution or provided in the terms of reference approved by a vote of the Board.
- 9.5 The Association is legally represented by two members of the Board jointly.
- 9.6 Members of the Board must declare to the Board any matter in which they have, directly, or indirectly, an interest or duty which is material and which conflicts or may conflict with the

interests of the Association or its affiliates as described in § 2.6. The Board may, by majority vote, request the member to withdraw from discussion and/or to abstain from voting on the business concerned. The affected member of the Board shall not participate in the initial vote.

9.7 Members of the Board shall, on appointment, sign a written undertaking to uphold the Constitution of the Association and abide by all rules and by-laws of the Board, which shall include a requirement to maintain confidentiality of all information entrusted to them as members of the Board during and after their term of office.

9.8 The members of the Board are elected and appointed for an initial period of three years and may be re-elected and re-appointed for a second term of three years, following the procedure as described in § 9.1.1. Any person who has served for six years consecutively shall then retire from the Board for a minimum of two years before being eligible for re-election and re-appointment.

9.9 The term of an elected Board member begins upon election and immediate appointment by the General Assembly, except where:

9.9.1 The Board member is elected to replace an outgoing Board member. In this case, the term of a newly elected Board member begins when the term of his/her predecessor ends, or

9.9.2 the General Assembly decides by resolution accompanying the election on a later date of appointment.

9.10 Membership of the Board is terminated with immediate effect, following the recommendation of the Governance Committee to the Board, if:

9.10.1 the member becomes ineligible to serve as a member of the Board for any reason under the Constitution of the Association or German Law; or

9.10.2 the member serves notice to the Chair of their resignation in writing; or

9.10.3 the member is absent from two consecutive Board meetings without important reason, such important reason credibly demonstrated by written proof, and the majority of the Board, excluding the affected Board member, resolves that the member in question has been absent without important reasons, and should therefore cease to be a member.

9.10.4 the Board, for an important reason, recalls the appointment of an individual member of the Board by a two-third majority vote of the total number of Board members, excluding the affected Board member. Important reasons include, but are not limited to the following:

9.10.4.1 Non-disclosure of an existing conflict of interest as set out in §9.6;

9.10.4.2 Substantial breach of a fiduciary duty;

9.10.4.3 Conduct that endangers the proper conduct of affairs of the Association in the best interest of the Association.

9.11 Any vacancy will remain until filled by the election and appointment of a new Board member at the next General Assembly. In cases where establishment of a valid quorum, as defined in § 10.5, would be made impossible by a vacancy or when the requirement in § 9.1.5, to have at least one Board Member nominated, elected and appointed from each continental network on the Board, or when the requirement in § 9.1.5 of an equal number of Board members from each type of membership group (as defined in § 4.1), is no longer

fulfilled, the remaining Board member may appoint a new Board Member, fulfilling the requirements of § 9.1.5, to fill the vacancy until the next General Assembly (co-option).

- 9.12 If, pursuant to § 6.9.5, so decided by the General Assembly, members of the Board may receive an honorarium for their service on the Board and its committees .
- 9.13 Members of the Board who receive, or are expecting to receive, payment from a Member or from a third-party to fulfil their responsibilities as a member of the Board must declare this at the time of their nomination to the Board.

§ 10 – Procedure at Board Meetings

- 10.1 The Board must hold at least one physical meeting annually, and may hold additional meetings or convene through videoconferencing at its discretion.
- 10.2 The Chair of the Board is responsible for organizing meetings of the Board and for providing minimum notice of twenty-eight days to members of the Board of the date, location and business to be discussed. An exceptional meeting must be held on the request of at least half of the members of the Board. The notice shall be in writing.
- 10.3 The Chair of the Board shall propose the agenda for each meeting at least seven days in advance of the meeting, taking account of any proposals on matters for discussion by any of the member of the Board. The Board shall agree the agenda for each meeting at the commencement of that meeting and may add additional agenda points with the approval of the Board.
- 10.4 The Board takes collective responsibility for its decisions; the votes of individual members of the Board on specific decisions shall remain confidential.
- 10.5 Decisions in Board meetings or videoconferences shall be taken by simple majority of votes of the member of the Board present, subject to a valid quorum of at least half the elected members and at least one member nominated from each type of membership group as defined in § 4.1 being present.
- 10.6 Attendance at meetings of the Board shall be normally limited to members of the Board.
- 10.7 Observers may be invited to attend part or all of meetings of the Board at the discretion of the Chair of the respective meeting.
- 10.8 Participation in meetings of the Board and their committees shall be regardless of physical presence. A member of the Board shall be regarded as present whether attending physically or participating by video conferencing or other electronic means which allow for confirmation of the identity of the member of the Board. The Association recognizes its obligations to operate in a cost-efficient and environmentally responsible way and the Central Office shall seek to provide the means for members of the Board to participate by electronic means at all meetings.
- 10.9 Voting at meetings of the Board shall generally be by open declaration of voting intention such as show of hands by those physically present or visible via video conferencing but a secret ballot may be held at the request of any member of the Board. The Chair of a meeting shall ensure that votes are counted and recorded.
- 10.10 Outside of meetings decisions of the Board may be taken by electronic means on issues which do not require a discussion in person, provided that no Board immediately objects to this procedure. Voting shall be by simple majority of votes of the members of the Board,

subject to a valid quorum of at least half the elected members and at least one member nominated from each type of membership group as defined in § 4.1 having participated in the electronic vote within a period of 14 days since the call for a vote. The call for a vote must clearly indicate all information required for a vote and the resolution must allow for a yes or no vote only. Not voting shall not count toward quorum.

- 10.11 In the instance of the election of officers of the Board the Members of the Board may appoint another member of the Board in written form as a proxy for their vote at the Board meeting. Each Member of the Board may hold one proxy vote in addition to his/her own vote. Proxy votes shall be submitted to the Chair of the Board in advance of the meeting or under the opening items of business.

§ 11 – Committees of the Board

- 11.1 The Board may work through committees that focus on detailed areas of work, enabling the Board to maintain a forward and outward looking strategic focus. The Board shall define terms of reference and composition of all sub-committees and ratify any changes proposed by the committee. The Board may include specific delegated authority to make decisions in a committee's terms of reference provided that the committee comprises a majority of members of the Board; otherwise committees are only responsible for advice and recommendations to the Board. Any exercise of delegated authority must be reported to the Board via the minutes of the committee and are deemed to be ratified by acceptance of the minutes at the next Board meeting.

- 11.2 As a minimum, the Board shall establish Committees with responsibilities for:

11.2.1 Establishing formal and transparent arrangements for reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Association's auditors, and the supervision of the Association's finances and development of financial policies to ensure adequate funding of the Association to meet its objectives. In particular, this Committee will oversee preparation of the Association's annual budget for approval by the Board, the monitoring and review of actual financial performance against the budget, and the preparation of the annual accounts. This Committee will normally be chaired by the member of the Board elected as Treasurer (*Finance and Audit Committee*).

11.2.2 Oversight of the governance of the Association and its Members and making recommendations to the Board and the Members for improvements in structures and processes (*Governance Committee*).

11.2.3 The nomination process according to § 9 (*People Committee*).

§ 12 - Bodies Appointed by the Board

- 12.1 The Board shall be responsible for appointing members of the following bodies, approving their terms of reference and receiving reports from them while respecting their role as independent bodies within the Fairtrade System:

12.1.1 The Standards Committee is responsible for maintaining the credibility of Fairtrade's operations through defining a code of practice and standard operating procedures for setting generic and product-specific standards taking into account the need for effective representation and balancing of different stakeholder needs and perspectives.

12.1.2 The Impartiality Committee is responsible to safeguard the impartiality and such other interests of FLOCERT GmbH directly related to increase transparency, confidence in outcomes and objectivity of certification decisions.

12.1.3 The Supervisory Board of FLOCERT GmbH is responsible for overseeing high quality, efficient and financially sustainable certification operations, according to the functions described in the Memorandum of Association of FLOCERT GmbH.

12.1.4 The boards of any other bodies that may be established to deliver activities or functions of the Association in accordance with § 2.

§ 13 – Minutes of Meetings

- 13.1 Minutes shall be kept of meetings of all bodies referred to in this constitution.
- 13.2 As a minimum, minutes of meetings shall note the location, date, and time of the meeting, names of members present and absent (confirming a valid quorum) and of others present, and a summary of the votes taken. The votes of individual members of the respective body on specific decisions (including the proposers and seconders of resolutions) shall remain confidential, except that upon request a member who disagrees with the outcome of a vote may have his/her name noted in the minutes as a dissenting voter.
- 13.3 Minutes should also have enough additional information on the business discussed.
- 13.4 The Chair of each body shall be responsible for approval of minutes (by electronic means) by the participants as quickly as possible after the meeting. The approved minutes of all meetings shall be made available to all Members and to the staff of the Central Office, except where they contain sensitive or confidential information. Standards Committee minutes are always made publicly available in accordance with the Association's code of practice on standard setting.

§ 14 - Annual Reports and Accounts

- 14.1 The Association shall publish an annual report and make accounts available that have been independently audited not later than six months following the end of each financial year.

§ 15 – Dissolution of the Association

- 15.1 On dissolution of the Association or in the event of the forfeiture of objectives relating to tax privileges, the assets of the Association will fall to a legal entity under public law or another tax-privileged corporate body to employ these assets for the promotion of development cooperation.

§ 16 – Notices

- 16.1 Any notice required under the Constitution may be served by electronic mail from the Central Office of the Association to the address of the person or organization notified to the Association and shall be deemed to have been served within two working days from the date of transmission.

§ 17 – Language of the Constitution

- 17.1 For practical purposes, English and Spanish versions of this constitution will be drawn up. However, the German language version is the sole legally valid version.