



## FairWild® Certification

### Guidance for Industry

#### Frequently Asked Questions on Costs, Fees, Funds, and Pricing

##### What is the FairWild® Price?

The **FairWild Price** is not to be confused with the **FairWild Premium Fund**. The FairWild price that is paid by the buyer to the wild collection enterprise is based on cost calculations but it is **always slightly above the normal market prices for Organic Wild crops**. In general, the FairWild price is at least 3% higher than the Organic Wild price.

Although the minimum 3% higher price is a component of the selling price (per kg), this amount should be indicated on invoices as a separate line item so that this fair trade markup can be transparent throughout the supply chain all the way up to the last physical handler (last processing/relabeling/repacking activities), which is usually a manufacturer of finished products. Breaking out the fairer price mark-up on invoices will help all stakeholders to better account for their social investments above and beyond the basic cost of the raw materials. Clearly showing the FairWild price markup separately from the base price on all invoices is one way to demonstrate to the independent inspector that this criterion of the FairWild Standard has been satisfied. If such a separate statement has technical or legal disadvantages for the producer, this should be discussed with the FairWild Foundation or the operator's responsible certification body in order to find a suitable alternative.

##### What is the FairWild® Premium Fund?

The **FairWild Premium Fund** is not to be confused with the **FairWild Price**. The Premium Fund amount is negotiated between seller and buyer on a case-by-case basis appropriate for the specific situation and scale. It is usually paid out by the final buyer (e.g. the finished product manufacturer) to the wild collection enterprise (even when there are other companies in between). If it is paid by an intermediate buyer (e.g. a wholesale distribution company) or by other value adding companies in the supply chain (e.g. an extraction house), this amount will usually be charged upstream to the final buyer (e.g. finished product manufacturer).

Wholesale distribution companies who are acting to process, add value and distribute the wild crop may voluntarily decide to participate in contributing to the Premium Fund but in most cases any extra costs or fees will generally be charged on to the eventual final buyer.

The Premium Fund amount can be a single annual contribution to the wild collection enterprise's fund or it could be a fixed agreed-upon amount that is added to each invoice as a separate line item. If it is charged directly on the sales invoices, these contributions to the Premium Fund should not be included within the raw material cost. This is a contribution that is earmarked for specific social uses and as such should not be reported as a component of the cost-of-goods-sold, earnings or operating income for the enterprise.

The producer group and the buyer should agree on the Premium Fund amount each year, how it will be disbursed, who is responsible for managing the fund, and what the specified uses will be. The independent inspector will, each year, request to see evidence that the contribution was made and that it was managed and utilized for the express purposes that were agreed upon by the producer group and buyer(s). It is possible that the fair trade buyers may participate in the agreement with the producer group concerning the Premium Fund amount and what it will be used for.

### **What should FairWild invoices look like?**

Thus, if the wild collection enterprise includes the FairWild price and the FairWild Premium fund amounts on initial invoices, each FairWild product would ideally show three line items:

FairWild ingredient X

Organic Wild base price per kg

+ at least 3% FairWild markup per kg

+ agreed-upon FairWild Premium contribution

For their own accounting purposes, the final buyer will likely want to report the FairWild markup and FairWild Premium amounts as social contributions and not necessarily as part of the normal cost-of-goods. If there is national legislation in place that either does not allow such invoicing or imposes additional taxes on separate funds, an alternative solution can be discussed with the FairWild Foundation or the operator's certification body.

### **What is the FairWild® Licensing Fee?**

With the exception of the wild collection enterprise or producer group each subsequent buyer in the supply chain is subject to the FairWild licensing fee. Each January, a **FairWild Turnover Declaration Form** must be filled out and submitted to the FairWild Foundation along with the designated license fee payment. The license fee rate is calculated on a sliding scale depending on the annual turnover of the FairWild certified product(s) in terms of value in Euros.

In practice, if the fair trade buyer is a wholesale distribution company they will likely invoice their customer (e.g. the finished product manufacturer) for reimbursement of this annual license fee amount. The final buyer would then take a deduction on their FairWild Turnover Declaration Form for any reimbursements already made to their supplier(s).

The finished product manufacturer that uses the FairWild® Certified ingredients as a component of a finished product is the last handler subject to the license fee. The distributors and retailers of finished products are not subject to the license fees, only those in the bulk ingredient supply chain up to the final buyer of the FairWild ingredient.