



Guiding Principles and Procedures for the sale of Certified Coffees through the Auction/Direct Sale:

A. Issues:

Two questions arise when one is selling or buying certified coffees at the Nairobi Coffee Auction (NCA) and Direct sales, these are;

What are the buyer's obligations?

What are the grower's obligations?

The main issues as far as trading in certified coffees is concerned are:

- For the Grower: - Invests in certification and desire for a chance to make a return on the investment.
- For the First Buyer/Exporter: - buys the coffee and needs to understand what he/she is paying for.
- Is the certificate valid?
- How to ensure that the transfer of the quantity specific certificate is not messy?
- How to handle certified coffees that are traded as not certified?

B. Proposed solutions:

B1. Growers / Marketing Agents' Obligations and Procedures:

- The **Rainforest Alliance (RA)** premiums have been split into two parts; the **Sustainability Investment (SI)** amount and **Sustainability Differential (SD)** Amounts.
- Marketing Agents must state payable premiums on their catalogues and ensure that the catalogues clearly state the terms and conditions for the sale of certified coffees.
- The **first** buyer of the RA- certified coffee is **responsible** for the payment of the premiums. The transaction certificate should be issued by the certificate holder within 7 days upon payment of the premium. When making the payments the buyers will be expected to settle both invoices. → ie coffee & Premium both SI & SD.
- Both at the auction level and at the Direct Sale level, all the certified coffees shall be sold and paid as certified. The Marketing Agent will be responsible for the invoicing of the coffee value and the premium through a supplementary invoice. The MA is also responsible for following up on the payment of both coffee values and premiums from the Auction Buyer and Direct Sales buyers. The Marketing Agent is also responsible for following up on the transaction certificate
- Marketing agents must ensure that all certificates are valid before offering certified coffees for sale.

6. The Certificate Holder shall be responsible for ensuring that the **SD** goes to the producers.
7. Marketing Agents are responsible for periodically checking the portals for declarations.
8. Growers are obliged to update production volumes during annual reporting and report any bumper crops to the certifying bodies.
9. The Certificate Holders are responsible for providing transparency documents.

B2. Buyers' Obligations and Procedures:

1. **First Buyers** need to be aware of the internal procedures and other requirements set by different sustainability standards before making any commitments. For some of the labels, the additional requirements may include but are not limited to: minimum price payable to the grower, trader registration, compliance awareness, sustainability investments and sustainability differentials payable, what fee (if any) is payable to the label, and by whom (First Buyer/exporter or roaster)?
2. Auction bids are based on quality and any other intrinsic value; therefore, such bids do not include any other considerations.
3. The **first buyer** is obliged to check on the validity of the certificate either in advance, immediately after purchase, or before the sale.
4. Premiums are payable only for coffees that are declared and sold as certified.
5. SD/SI are payable by all first buyers
6. The First Buyer shall pay SI/SD to Marketing Agents upon receipt of the supplementary invoice.
7. For Fairtrade premiums, First Buyers/Exporters must ensure that cheques are drawn in the name of the Certificate Holder; however, SI/SDs shall be remitted through the Certificate Holder's Marketing Agent.
8. Premiums/ SI/SD
 - a) The fixed premium (FLO Fairtrade) is;

Label	All Grades
FLO Fairtrade	20cts/lb

- b) Recommended SI/SD

Label	SD	SI	Total
RA	5cts/lb	10cts/lb	15cts/lb

Note:

Disputes shall be handled in accordance with the trading rules, the certifying organization procedures and these guidelines.