



Fairtrade Assurance and Licensing Public System Report

Version 2.0, July 2021

Photo: Mardiana Mandasari, coffee farmer at Koptan
Cayo Megah Berseri in Indonesia. ©Rosa Panggabean



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Introduction

Fairtrade International develops the internationally-agreed Fairtrade Standards, coordinates support for representing the interest of producers in the Fairtrade system, and 25 Fairtrade organizations, which promote Fairtrade to business and consumers in the countries of sale. Fairtrade International owns the FAIRTRADE Certification Marks, registered trademarks that appear on over 30,000 products across the globe. Over 1.5 million small farmers and workers in 74 countries benefit from Fairtrade.

Fairtrade sees assurance as a key element for the implementation of the Theory of Change. The assurance process ensures that all supply chain actors meet the strict Fairtrade Standards, but it is also a tool for learning, providing valuable input for the development of appropriate standards, verification of effectiveness and the support needed to implement the standards. This requires direct involvement of Fairtrade members in the design and maintenance of the oversight mechanism while preserving its independence.

This report describes the scope and content of Fairtrade International's Oversight mechanism, and its Assurance and Licensing Programme. It has been developed as part of Fairtrade's compliance with the ISEAL Assurance Code.

Oversight

Fairtrade International, as the scheme owner, is responsible for Fairtrade's Assurance and Licensing. Oversight of assurance and licensing is managed by Fairtrade International through a multi-stakeholder Oversight Committee (OC), whose responsibilities are defined in its [Terms of Reference \(ToR\)](#). The OC is a subcommittee of, and accountable to, the [Fairtrade Standards Committee](#). The OC comprises of different interest groups in Fairtrade and decides on the regulations that govern the Assurance and Licensing programme and evaluates its effectiveness and adequacy on a regular basis. Since the OC includes members of the Fairtrade system who also perform certification and licensing, it has to ensure that decisions are taken independently. For this reason, a specific clause has been included for the committee members to be excluded from the discussions and decisions when a topic related to their work is included in the agenda.

Assurance Providers that provide certification services to Fairtrade must comply with the Requirements for Assurance Providers (RAPs) and Licensing Bodies that license the FAIRTRADE Certification Marks to third parties must comply with the Requirements for Licensing Bodies (RLBs).

The OC defines the Oversight Procedure that describes the rules for the operation of the Fairtrade International Oversight System. Assurance Providers and Licensing Bodies

compliance is verified by Fairtrade International via a combination of desktop review of sampled certification outputs as well as independent audits. The assessment cycle for Assurance Providers is 3 years and for Licensing Bodies is 4 years. The OC reviews the results of the assessments and takes decisions on Assurance Providers and Licensing Bodies compliance. Based on the declaration of conformity by the OC, Assurance Providers and Licensing Bodies are approved by the Board of Fairtrade International. Unresolved non-conformities with the RAPs or RLBs or unwillingness to follow the Oversight Procedure can result in the withdrawal of the right to operate in the Fairtrade Assurance and Licensing programme.

Furthermore, the OC is committed to continuous improvement, therefore it regularly reviews the Fairtrade Assurance and Licensing programme, to ensure it is fit for purpose. It monitors and investigates specific assurance and licensing issues in terms of their effectiveness, consistency and facilitates improvement through learning.

Stakeholders can participate in shaping the Oversight mechanism, mainly through their nominated representative in the Oversight Committee, or by providing input during consultations, or through the allegation and complaints system or via general feedback through the email channel specified for it.

The Oversight Committee handles second instance complaints. Complaints and allegations are presented in first instance to the relevant Assurance Provider or Licensing Body, whose allegations and complaints procedures are publicly available. If the results of the first instance complaint or allegation investigations are not satisfactory, the allegation or complaint can be sent to Fairtrade International as a second instance.

Fairtrade International with its Oversight Committee – not a third party accreditation body- acts as the Fairtrade scheme oversight body. However, the RAPs are closely aligned with both the ISEAL Assurance Code and ISO/IEC 17065. FLOCERT, Fairtrade's largest assurance provider, is accredited against the ISO/IEC 17065 norm by the German Accreditation Body [DakKS](#), who in turn follows DIN EN ISO/IEC 17011 norm. Proxy accreditation is not used in Fairtrade's Assurance programme.

Fairtrade Assurance Programme and Assurance Providers

Fairtrade assurance programme covers all Fairtrade standards which can be found on Fairtrade International's webpage.

Fairtrade operates an assurance programme with a limited number of assurance providers all being either members or subsidiaries of Fairtrade International, ensuring alignment of mission. This model is the result of a strategic decision that for Fairtrade a mission-aligned scheme responds better to Fairtrade objectives, reduces risks and is more accessible for users.

The current list and scope of assurance providers that can operate in the Fairtrade scheme is as follows:

- Assurance provider for producer certification, and traders in producing countries: FLOCERT.
- Assurance providers for trader certification in consuming countries: Fairtrade Australia & New Zealand and Fairtrade Label Japan in their respective countries or FLOCERT in all countries.

Fairtrade Certification of Producers and Traders

Fairtrade uses third party audits and certification as the basis for its assessment methodology. Most audits in the Fairtrade assurance programme are on-site, particularly initial, renewal and unannounced audits are generally on-site audits. Remote audits may be used for surveillance and follow up of non-conformities. The RAPs regulates the variations to the assurance process, e.g. remote auditing under special circumstances for a temporary period if the safety of the auditor cannot be guaranteed.

Assurance providers are required to develop a risk management system to define audit frequency. The following factors need to be taken into account: High Fairtrade premium amounts received/ paid, high volumes traded, complex structures or ongoing structural changes, high number of non-conformities including major non-compliances and allegations, new products or complex trade chains. As a minimum there must be an initial audit before certification, renewal audits every three years and one surveillance audit in between within the 3-year-certification cycle for producers. The Fairtrade Risk Based Assurance policy as part of the RAPs provides further details on the certification cycle and minimum required audit frequency and audit type, depending on risk. As a general rule, assurance providers must plan audit activities in such a way that enable them to check that operators are in conformity with the relevant Fairtrade standards. Specific instructions are given to Assurance Providers for calculating audit time in the different audit scopes for traders and producers.

Normally, audits are performed by one qualified auditor, selected to ensure that auditor and client scope match. However, audit teams with a designated audit team leader are also used at the discretion of the Assurance Provider in the cases of higher risks or unusually long audits.

Assurance Providers are required to provide information to clients to support their understanding of applicable standards as described in the RAPs in clauses 2.7.

The Fairtrade Standards and the Fairtrade Compliance Criteria provide the basis for a consistent compliance assessment. Assurance Providers must use a consistent list of Compliance Criteria in their audits to ensure Fairtrade standard requirements are understood and checked according to their intentions. Non-conformity with a compliance criterion is considered a non-conformity with the respective standard requirement.

Compliance criteria are classified as:

- **Major:** is linked to a major Fairtrade Principle. Non-conformity with a major compliance criterion may lead to suspension.
- **Core:** compliance required for certification.
- **Development:** refer to the continuous improvement that certified operators must demonstrate. Compliance with development criteria is verified against an average score.

Compliance with the Fairtrade Standards is defined as follows:

- **For Producers:** meeting all CORE requirements and a minimum score for DEVELOPMENT requirements as defined by the assurance provider
- **For Traders:** meeting all core requirements.

The compliance criteria use a set of 5 ranks that describe different likely levels of compliance with given criteria, in order to help a uniform interpretation by auditors. The list of compliance criteria is updated regularly and it is [publicly available](#).

The Fairtrade scheme is based on remediation of non-conformities found during audits. As a result of audits Assurance Providers create a report of non-conformities, and the client must take corrective action in a given timeframe. When corrective actions are not taken or are unsuccessful, or when the non-conformities found are major, Assurance Providers may suspend the certificate, with limited trading ability during that period of time, or ultimately withdraw the certificate as described in Fairtrade International's Sanctions Policy (Annex D of the RAPs).

Assessment of groups is not applicable to Fairtrade's assurance scheme, as the Fairtrade Small Producer Standard apply to a group as an organisation and not to the single members in the organisation.

Licensing and On-going scrutiny

The FAIRTRADE Certification Mark on a finished product indicates to the relevant public that the product has been produced and traded fairly and in a sustainable way in compliance with the social, economic and environmental requirements set out in the applicable Fairtrade Standards by Fairtrade International. Any organization or company wanting to use the Certification Mark on finished products, including promotional materials, must either be:

- Fairtrade Certified Operator, where compliance with labelling rules is part of the assurance providers check;
- Fairtrade Verified Operator, where eligibility to use the Certification Mark on finished products requires that an operator has been verified and has entered into a royalty-bearing agreement with Fairtrade International or a National Fairtrade Organization. Fairtrade Verified Operators need to obtain prior written approval that final product composition complies with the requirements in the Trader standard, and approval that the artwork complies with the Mark use guidelines.

For Fairtrade certified operators any inadequate or inappropriate use of the FAIRTRADE marks can lead to a non-conformity, a suspension, withdrawal of the certificate depending on the severity and intentionality of the case. For Fairtrade Verified operators, inadequate use can lead to the cancellation of the licensing agreement. Additionally, legal action can be also initiated.

Personnel competence

All personnel involved in assurance, including auditors, must comply with qualification and competency criteria and personal attributes, as defined in the RAPs. Periodic trainings and calibration programme for auditors and other assurance personnel are organised, as well as personnel evaluations. Assurance Providers must verify that the qualifications criteria are met before engaging with personnel involved in assurance, and must assess periodically whether competency criteria continue to be met, including on-the-job evaluation.

Likewise, all personnel involved in the decision-making related to the authorization of the use of the Certification Mark must meet at least the qualification and competency criteria as set out in the RLBs. Such qualification and competency criteria include related work experience, language and communication skills as well as knowledge of the Fairtrade system.

The competency requirements and ongoing development of oversight personnel, i.e. the Oversight Committee members and assurance personnel at Fairtrade International, is described in the OC ToR and the Oversight Procedure.

Annexes

Annex 1 – [Oversight Procedure](#)

Annex 2 – [Requirements for Assurance Providers](#)

Annex 3 – [Requirements for Licensing Bodies](#)

Annex 3 - [ToR of the Oversight Committee](#)

Any questions regarding the content of this report, or regarding Fairtrade's Assurance and Licensing in general, should be addressed in the first instance to the Assurance and Oversight Manager at Fairtrade International, assurance@fairtrade.net.