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# Fairtrade International Requirements for Assurance Providers

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Version 2.0

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## Introduction

The purposes of the 'Fairtrade International Requirements for Assurance Providers' are:

- a) To document requirements so that assurance providers can operate in a consistent and controlled manner.
- b) To provide transparency as a contribution to the credibility of Fairtrade International certification scheme.

Upon request Fairtrade International may approve variations to these requirements in writing if an assurance provider can demonstrate to Fairtrade International that the variation meets the requirement's intent in an equivalent way, and Fairtrade International standards' requirements are met (see Fairtrade International Oversight Procedure for details of the procedure for approval of variations).

An asterisk \* indicates requirements that do not need to be checked for assurance providers with ISO 17065 accreditation.

## Normative documents

The following documents contain provisions, which, through reference in this document, become part of the Fairtrade International Requirements for Assurance Providers:

- a) All of the Fairtrade International Standards and related Compliance Criteria and
- b) Other normative documents

issued or endorsed by Fairtrade International.

## Terms and definitions

These Fairtrade International's Requirements for Assurance Providers (RAPs) recognize the definitions of the ISEAL Assurance Code in its valid version, but specify the following definitions for application in the Fairtrade assurance system:

**Assurance:** Demonstrable evidence that specified requirements relating to a product, process, system, person or body are fulfilled (from ISEAL Assurance Code). In this document the term assurance includes all the steps that lead up to and including decision taking on compliance against a Fairtrade Standard (such as audit planning, auditing and evaluation of audit results). Although fundamental for the activities of assurance providers, all financial activities related to assurance such as invoicing and fee application, are not considered assurance in these requirements.

**Assurance Provider:** any organisation, or part of it, that is allowed by Fairtrade International to perform *assurance* against Fairtrade standards. Their activities are regulated by these Fairtrade's Requirements for Assurance Providers in compliance with ISEAL Assurance Code.

**Certification Cycle:** A certification cycle is the period from the point of initial certification to re-certification or from re-certification to the following re-certification. The Fairtrade normal certification cycle lasts three years.

**Conflict of interest:** an actual or perceived interest in an action that results in, or has the appearance of resulting in, a personal, organizational or professional gain. Conflicts of interest for audit and certification personnel include any association with a client to which

they may be assigned, e.g. previous employment, ownership and shares, provision of consulting services, or family/close friendship ties.

**Permission to Trade:** applicants with a Permission to Trade have a FLO-ID and can start trading Fairtrade products, i.e. operationally they are handled as if they are already certified.

## Application

This version of Fairtrade International's Requirements for Assurance Providers is immediately applicable after publication. Assurance Providers are expected to be compliant within 6 months after publication. This version supersedes all previous versions.

## Scope of application

Fairtrade International's Requirements for Assurance Providers (RAPs) are set out in four parts and apply to the various actors involved in assurance provision as below:

Part	Who this applies to
Part A – General certification requirements	Mandatory for all assurance providers
Part B – Trader certification requirements	Mandatory for assurance providers certifying traders
Part C – Producer certification requirements	Mandatory for assurance providers certifying producers
Part D – Product specific certification requirements	Mandatory for assurance providers certifying against product specific standards

Assurance providers may also issue licences to use the Fairtrade marks, and approve products and promotional materials in association with this activity. If so, they will also need to conform to the Fairtrade International [Requirements for Licensing Bodies](#).

Assurance providers may subcontract part of their activities such as auditing to other bodies; however assurance decisions cannot be subcontracted and can only be taken by the assurance provider that is approved by Fairtrade International to perform assurance. Subcontracted bodies must also meet the relevant requirements in this document and approved assurance providers will be responsible for the fulfilment of these requirements by their subcontracted bodies.

## Responsibility for these requirements

Fairtrade International's Oversight Committee has responsibility for this document, and will periodically review it. Any substantial change to this document will be consulted at least with the affected assurance providers and will be approved by the Oversight Committee. All assurance providers will be sent each approved new version of this document with applicable timelines for implementation.

## Change history

Version number	Date of publication	Changes
1.0	June 2016	First version approved by Fairtrade International Oversight Committee.
1.1	March 2017	Added: Introduction: Requirements for variations 2.1.5. Requirement for recognition Part E1, Requirements for assurance providers certifying textile standard.
2.0	October 2018	Complete revision of the document to align with the <a href="#">ISEAL Assurance Code 2.0</a> , to incorporate relevant ISO 17065 requirements, to include learnings from two years implementation, and to consider relevant decisions of the Oversight Committee.

## Part A: General requirements for assurance providers

### 1 Scope

Part A of Fairtrade International's Requirements for assurance providers sets out the activities that all assurance providers shall undertake in carrying out certification and/or auditing to any of the Fairtrade International's standards and normative documents.

## 2 General requirements for assurance providers

### 2.1 Approval

- 2.1.1 Following approval of the Fairtrade International Oversight Committee the assurance provider holds a valid contract with Fairtrade International for the assurance services provided. The scope of approval and contract clarifies among other things the applicable Fairtrade standards and geographies.
- 2.1.2 The assurance provider is subject to regular verification and confirmation by the Oversight Committee in regard to the compliance with this document.
- 2.1.3 The assurance provider only awards certificates within scope of the approval.
- 2.1.4 The assurance provider recognizes certificates issued by other Fairtrade International approved assurance providers, as applicable and if possible under the regulations set by the respective accreditation body.
- 2.1.5 The assurance provider recognizes other schemes that have been accepted by Fairtrade International, in accordance to Fairtrade International Recognition SOP and listed in Annex A, as applicable and if possible under the regulations set by the respective accreditation body.
- 2.1.6 The assurance provider notifies Fairtrade International of any changes to its ownership, organizational structure, constitution or other change impacting the provision of services within five calendar days.

### 2.2 Cancellation of approval

- 2.2.1 When an assurance provider's approval is terminated, it does not sign new certification contracts, conduct any audits or issue certificates and follows all other steps specified by Fairtrade International within indicated timelines.

### 2.3 Conformity

- 2.3.1 The assurance provider conforms to the requirements of this document relevant to the scope of approval.



## 2.4 Reporting

- 2.4.1 The assurance provider provides reports, data and requested information to Fairtrade International as defined by the Oversight Committee and in line with the Fairtrade Data Governance Policy (see Annex B).
- 2.4.2 The assurance provider uses the form and method of submission of information defined by Fairtrade International.
- 2.4.3 The assurance provider at least provides current versions of following key quality system documents when they are changed including the rationale and summary of changes:
  - 2.4.3.1 Certification contract
  - 2.4.3.2 Audit Standard Operating Procedure (SOP) and Certification Standard Operating Procedure (or similar) including risk based assurance policy
  - 2.4.3.3 Sanction Policy
  - 2.4.3.4 Exception Policy
- 2.4.4 The assurance provider reports their risk based assurance system to Fairtrade International for comparison and, if necessary, calibration between assurance providers. The report shall include information about:
  - 2.4.4.1 Risk categorisation system and analysis: categorisation system, number and types of clients in each risk category with related audit frequency; report on schemes for small traders (if any).
  - 2.4.4.2 Unannounced Audits: Plan and effectively conducted number of announced audits, the rationale and background for this, and a summary of usefulness of the unannounced audits approach.
- 2.4.5 Assurance provider sends impartiality reports every year and presents it to the Oversight Committee.

## 2.5 Certification contract

- 2.5.1 The assurance provider has legally enforceable certification contracts with clients which include at least the following requirements:
  - 2.5.1.1 \*The contract delineates responsibilities and obligations of both sides, including data use and confidentiality.  
Note: For data confidentiality, reference to Fairtrade's Data Governance Policy is recommended to allow for changes in data management.
  - 2.5.1.2 A provision to allow Fairtrade International to have access to any audit carried out by the assurance provider for purposes of evaluating the assurance provider's performance.
  - 2.5.1.3 A cancellation clause enforceable by the assurance provider in the event of misrepresentation by the client.

## 2.6 Data confidentiality

- 2.6.1 \*The assurance provider handles all information obtained during the audit and certification process according to its data confidentiality policy as agreed with the client in the certification contract.
- 2.6.2 Where the assurance provider receives confidential information from Fairtrade International, workers, suppliers, buyers or other stakeholders, and this information, by its nature, cannot be provided to the client as the information provider's identity would be revealed, the assurance provider does:
  - 2.6.2.1 Not disclose that confidential information to any other party except personnel within the assurance provider who have a need to know, or as required to do so by law.
  - 2.6.2.2 Not use that confidential information in any way that may allow the client to identify the individual(s) or organisation(s) that provided the information.
  - 2.6.2.3 Not use that confidential information as evidence of non-conformity unless the information can be verified as being correct by other credible means.
  - 2.6.2.4 Use the confidential information to identify which areas of the client's operation should be investigated.

## 2.7 Information for clients

- 2.7.1 \*The assurance provider ensures clients have access to current versions of:
  - 2.7.1.1 All relevant Fairtrade International standards, compliance criteria and other requirements relevant to their scope of certification.
  - 2.7.1.2 Information about the certification process, which shall contain at least all information regarding the certification process, from application to certification and the Permission to Trade, including sanctions, complaints and appeals (sections 2.7 to 2.15).

- 2.7.2 The assurance provider supports the clients' understanding of all relevant information. This is done regularly as part of audits and, where necessary, outside audits. This support is limited to:
- 2.7.2.1 Translation of the standard to colloquial or locally relevant terms.
  - 2.7.2.2 Examples of compliance of other certified clients, respecting confidentiality and ensuring it is understood as an example.
  - 2.7.2.3 Information contained in supplementary documents to the relevant standard published by Fairtrade International and publicly available.

## **2.8 Eligibility for certification**

- 2.8.1 The assurance provider considers a client eligible for certification if the client meets at least the following criteria:
- 2.8.1.1 Has signed a certification contract.
  - 2.8.1.2 Has paid corresponding fees according to the assurance provider's fee schedule.
  - 2.8.1.3 Its activities match the scope of a Fairtrade standard.
  - 2.8.1.4 For initial certification demonstrates conformity with applicable Fairtrade Standards and relevant policies.
  - 2.8.1.5 For subsequent certification has closed all non-conformities, if any, unless no longer relevant.

## **2.9 Frequency and intensity of audits**

- 2.9.1 The certification process begins following the formal acceptance of a client's application for certification.
- 2.9.2 Certificates have a maximum of four-year validity from the date of the initial certification, subject to continuing satisfactory performance.
- 2.9.3 The assurance provider undertakes a risk assessment of the client to determine audit frequency and intensity.
- 2.9.4 The risk categorization and the related audit frequency and intensity and policy for unannounced audits are based on the Fairtrade International Risk Based Assurance Policy (Annex C). If the assurance provider develops a different risk matrix the policy has to be approved by Fairtrade International, and must not result in lower minimum audit frequencies.
- 2.9.5 The risk category of each client is documented and updated at least after each recertification audit. If new additional risks are identified during a certification cycle, e.g. during surveillance audits or due to allegations, it is the responsibility of the assurance provider to increase the audit frequency and intensity to manage these risks appropriately.

### **Initial audit**

- 2.9.6 An on-site initial full audit, assessing conformity with all applicable compliance criteria, occurs:

- 2.9.6.1 For producers, as soon as possible, in consideration of their production cycle and before a Permission to Trade can be issued, e.g. three months after the application is accepted or for seasonal crops within three months after the last harvest ended.
- 2.9.6.2 For traders, normally within six months of their application being accepted, at the latest before a Permission to Trade, if applicable, expires.

### **Re-certification audit**

- 2.9.7 Prior to the end of each certification cycle, the assurance provider undertakes a full on-site audit of conformity, assessing conformity with all applicable compliance criteria and follow up allegations if any.
- 2.9.8 The certification cycle is no longer than three years.
- 2.9.9 The assurance provider does not extend the validity of a certificate unless there are exceptional or unforeseen circumstances, which must be recorded.

### **Surveillance audits**

- 2.9.10 If the certification cycle is longer than one year, the assurance provider conducts surveillance audits following the guidance provided on the frequency and scope defined in the Fairtrade International Risk-based Assurance Policy (Annex C). In line with this policy, surveillance audits may be on-site or desk-based, and may be waived in case of low risk clients.
- 2.9.11 The scope of surveillance audits may be reduced in the context of the assurance provider's risk policy, but must always at least include a follow up on all non-conformities detected during the last audit and flag all non-conformities, with all other compliance criteria using a reactive audit approach.

### **Follow-up audits**

- 2.9.12 Follow-up on-site audits take place as needed to review and close out non-conformities raised during any type of audit.
  - 2.9.12.1 Where possible, the assurance provider shall undertake a desk based review instead to close out of non-conformities.

### **Unannounced audits**

- 2.9.13 The assurance provider conducts unannounced on-site audits as part of its risk-based assurance activities. Guidance regarding unannounced audits is described in the Fairtrade International Risk-based Assurance Policy (Annex C).
- 2.9.14 The scope of the unannounced audit may be limited, e.g. to identified or suspected non-conformities.

## **2.10 Permission to Trade**

- 2.10.1 The assurance provider may issue a Permission to Trade to applicants for certification prior to issuing an initial certificate as follows:

- 2.10.1.1 For producers: signature of contract and all initial obligations and no major non-conformities raised at the initial audit.
- 2.10.1.2 For traders: once the certification fee has been paid in full and the certification contract has been signed.  
If the trader has been found during application screening or at a later point to be in a high risk category (e.g. due to geographical or industry specific risk factors, or due to allegations) the audit has to take place as soon as possible after the first Fairtrade transactions have taken place.
- 2.10.2 The Permission to Trade issued by the assurance provider shall be valid for a maximum of nine months from the date of issue. In documented exceptional cases, e.g. if no trade has taken place, the assurance provider may extend the validity up to 12 months.
- 2.10.3 The assurance provider does not issue Permission to Trade prior to an audit or the issuance of the initial certificate if:
  - 2.10.3.1 That trader commenced Fairtrade business prior to the issue of a Permission to Trade.

## **2.11 Review and Certification**

- 2.11.1 \*The assurance provider holds the sole authority for the certification decision and cannot delegate any certification decision.
- 2.11.2 \*The assurance provider assigns at least one person to review all audit information and results. The review shall be carried out by competent personnel who have not been involved in the audit process and who are free of any conflicts of interest.
- 2.11.3 \*The assurance provider assigns at least one person to make the certification decision based on the audit and review results. The certification decision shall be taken by competent personnel that have not been involved in the audit, but it may be the same person that conducted the review.
- 2.11.4 \*The certification decision is documented (e.g. certificate, certification letter) and communicated to the client.
- 2.11.5 \*With the certification decision or in other certification related communication, the client is reminded of permitted certification claims (as defined in the respective Fairtrade Standards and the Mark Use Guidelines) and is informed of specific claim restrictions, if any.

## **2.12 Sanctions**

- 2.12.1 \*When the assurance provider detects non-conformity against the relevant Fairtrade standard(s) and compliance criteria, it raises a non-conformity report which shall require the client to take effective corrective measures and determines the need for sanctions.
- 2.12.2 The assurance provider grades non-conformities and set deadlines for corrective measures according to its sanction policy.

- 2.12.3 The assurance provider's sanction policy is in line with Fairtrade International's Sanction Policy (Annex D) that determines the following types of sanctions:
  - 2.12.3.1 Denial of Certification or Cancellation of Permission to Trade.
  - 2.12.3.2 Suspension of certificate: temporary sanction for a maximum of six months during which the client needs to correct the non-conformities.
  - 2.12.3.3 De-Certification: cancellation of certification or Permission to Trade in case of severe non-conformities or if correction of non-conformities will take time. De-certified clients who have corrected the non-conformities need to re-apply for certification and undergo the complete audit and certification process.
  - 2.12.3.4 Financial Penalty
- 2.12.4 The assurance provider may raise an observation to point out a potential non-conformity so the client may take preventive action.
- 2.12.5 The assurance provider withdraws Permission to Trade if non-conformities with major compliance criteria are raised during the initial audit.
- 2.12.6 The assurance provider follows up on agreed corrective action as well as sanctions imposed, if any. In case of suspension or de-certification, the assurance provider requires the client to confirm implementation of the sanction (including all required corrective measures) and has a mechanism to inform all affected other assurance providers and/or licensing bodies (see also 5.8.3.3).
- 2.12.7 Assurance providers shall cancel the certification contract and the certificate upon request of the client.

## 2.13 Exception Policy

- 2.13.1 The assurance provider has a procedure to grant exceptions against the Fairtrade standards for cases where exceptions are already determined within the standards, and for exceptions to the standard audit and certification procedures. The procedure ensures consistent application of certification procedures across exceptions and has to be in line with the Fairtrade Exception Policy.
- 2.13.2 The assurance provider –as an exception to the risk based assurance policy- may skip one surveillance audit.
- 2.13.3 The initial on-site audit may be replaced by a virtual initial audit only in high risk geographical areas and only under justified exceptional circumstances.
- 2.13.4 Surveillance and re-certification audits may be replaced by virtual audits under the conditions described in 2.14 (Conducting audits in high risk geographies).
- 2.13.5 The assurance provider records all exceptions granted.
- 2.13.6 The assurance provider reports exceptions to Fairtrade International :
  - 2.13.6.1 Exceptions to the standard as permitted in the respective standard on an annual basis for consideration of the Exceptions Committee.

- 2.13.6.2 Exceptions to audit and certification procedures (as referred in this chapter) annually to the Oversight Committee.

## **2.14 Conducting audits in high risk geographies**

- 2.14.1 On-site surveillance and re-certification audits may be replaced by virtual audits in case of clients in high risk geographies, where the assurance provider cannot guarantee the safety of audit personnel.
- 2.14.2 The assurance provider has a policy (e.g. as part of its exception policy) on how it assesses and classifies regions or countries as being high risk for on-site audits and includes the current list and reasoning in its annual reporting on exceptions (see 2.13.6).
- 2.14.3 The assurance provider, where applicable, makes information on the regions, countries and/or products where no on-site audits are being conducted publicly available.
- 2.14.4 Certification based on virtual audits (no on-site audits) is limited to three full certification cycles, i.e. maximum nine years.

## **2.15 Allegations, complaints and appeals**

### **Allegations and complaints**

- 2.15.1 \*The assurance provider has a written procedure to manage allegations and complaints which shall be made publicly available. The procedure has to be aligned with the Fairtrade International complaint procedures as described in the Oversight Procedures.
- 2.15.2 \* The complaint and allegation procedure is accessible to stakeholders as a means to provide input in the assurance process. The procedure ensures a publicly available mechanism for stakeholders to report instances of potential misrepresentation or fraudulent practices to the assurance provider. Information received from stakeholders about clients is handled as confidential information in line with the assurance provider's complaints and allegation policy.
- 2.15.3 \*The assurance provider investigates all complaints and allegations and takes appropriate action within defined timelines and has to assess and coordinate the need for cooperation with other Fairtrade bodies e.g. licensing bodies in case of FAIRTRADE Mark misrepresentation.
  - 2.15.3.1 Written confirmation of the receipt of all communication and documentation and acceptance of the allegation or complaint is made within 10 working days.
  - 2.15.3.2 Resolution of the allegation or complaint is done as timely as possible and in consideration of the risks at stake, and shall be closed within six months from the date of acceptance.

- 2.15.4 When handling allegations that a client does not meet a Fairtrade standard, the assurance provider considers the person or party submitting the allegation as a stakeholder who needs to receive a response. It adapts its communication style to the complainant and the sensitivity of the matter raised in the allegation.
  - 2.15.4.1 If required, for example in communication with individuals with restricted ability to communicate in writing, the assurance provider communicates with the complainant orally, so that the person has an opportunity to explain their case fully and beyond any submitted documentation. The assurance provider documents the oral communication as well.
  - 2.15.4.2 The complainant is at least informed of the outcome of the allegation procedure, i.e. whether the allegation had been found to be substantiated or not.  
*Note: Wherever meaningful and appropriate to reach a solution for the allegation case in question, the assurance provider is recommended to engage in further communication with the complainant, e.g. on the steps taken to investigate the allegation to provide the opportunities for extra comments before the assurance provider comes to a conclusion whether the allegation is substantiated or not.*
  - 2.15.4.3 If the allegation has been confirmed to be substantiated the normal sanction process (as described in 2.12) is initiated.
- 2.15.5 If the complainant is not satisfied with how the allegation or complaint is handled by the assurance provider, the complainant may complain to Fairtrade International (2<sup>nd</sup> instance complaint).
- 2.15.6 \*Assurance providers keep records of all complaints and allegations received, and their resulting actions to resolve them.
- 2.15.7 A summary of complaints and allegations and their resolution is reported annually to Fairtrade International, who will make a summary of all resolved complaints publicly available.

## Appeals

- 2.15.8 \*Clients who disagree with a certification decision may appeal that decision to their assurance provider.
- 2.15.9 \*Appeals shall be submitted within a minimum of 14 calendar days following receipt of the certification decision. For the evaluation in complex cases the assurance provider seeks additional, technical or commercial expertise to ensure sufficient competency to evaluate the appeal to make a rigorous and equitable decision.
- 2.15.10 \*The assurance provider shall make a decision as to the appeal within a maximum of 45 days of receipt of the appeal.
- 2.15.11 \*While an appeal is being decided the certification decision that is appealed against shall be maintained and not put on hold.
- 2.15.12 \*If a certificate holder disagrees with how an appeal is handled they may complain to Fairtrade International (2<sup>nd</sup> instance appeal).



- 2.15.13 Fairtrade International cannot modify any certification decision, including an appeal decision made by an assurance provider. The assurance provider reviews the appeals process and takes action to correct mistakes made, if any, and to consider recommendations issued by Fairtrade International as part of 2<sup>nd</sup> instance appeals, allegations or complaints processes

## **2.16 Miscellaneous provisions**

### **Standard Interpretations**

- 2.16.1 The assurance provider responds and provides explanations to clients who require explanations of any of Fairtrade standards.
- 2.16.2 If the assurance provider itself requires interpretation of any of Fairtrade standards it asks Fairtrade International.

### **Use of translators or technical experts**

- 2.16.3 The assurance provider strives to minimize the use of translators in audits by matching auditor and client language skills when possible.
- 2.16.4 If translators or technical experts are used, they are chosen to ensure the translation and technical expertise is provided in an impartial, unbiased way. Wherever possible the translator/expert is independent of the client, unless logistically not feasible, in which case the auditor pays extra attention to ensure the translation/expertise provision is unbiased. The names and affiliations of any translator or expert used are indicated in the audit report (see 5.5 Audit Reports).

## **2.17 Changes affecting certification**

- 2.17.1 \*Assurance providers implement the changes in Fairtrade Standards, Fairtrade International Requirements for Assurance Providers and related normative documents (e.g. the Fairtrade Compliance Criteria or the Fairtrade Data policy) affecting certification as per the timelines prescribed in the respective document.

## **2.18 Publicly available information**

- 2.18.1 \*Assurance providers submit to Fairtrade International at least annually the necessary information to enable Fairtrade International to make the following information publicly available:
- 2.18.1.1 Name of certificate holder.
  - 2.18.1.2 Address and contact details.
  - 2.18.1.3 Scope of certification.
  - 2.18.1.4 Up to date certification status.
- 2.18.2 \*Assurance providers make their certification SOPs publicly available.

## **2.19 Non-discriminatory procedures and access to certification**

- 2.19.1 \*All of the assurance provider's policies and procedures are non-discriminatory. Procedures are not used to impede or inhibit access by

applicants, other than the restrictions defined by the Fairtrade Standards, or otherwise agreed by Fairtrade International.

- 2.19.2 The assurance provider's processes and fee structure ensure that Fairtrade certification is accessible in a non-discriminatory way to clients in Fairtrade's scope of operation.

## 3 Structural requirements

### 3.1 Organisational Structure

- 3.1.1 \*The assurance provider is a legal entity and has the financial stability and resources required for its operations.
- 3.1.2 \*The assurance provider has adequate arrangements (e.g. insurance or reserves) to cover liabilities arising from their operations.
- 3.1.3 \*The assurance provider structures and manages its certification activities in a way that safeguards its impartiality (see also chapter 3.2).  
*Note: Assurance providers who are also licensing bodies are expected to ensure separation of licensing and certification activities and effective management of related internal conflicts of interest.*
- 3.1.4 \*The assurance provider documents its organizational structure and describes the duties, responsibilities and authorities of its management and certification personnel, including any relevant committees (e.g. certification committee).

### 3.2 Impartiality

- 3.2.1 \*The assurance provider conducts its certification activities impartially and does not allow commercial, financial or other conflicts of interest to compromise the impartiality of its activities and decisions.
- 3.2.2 \*All certification personnel and committees, both whether internal or external, who could influence the certification decision act impartially.
- 3.2.3 \*The assurance provider identifies risks to impartiality and potential conflicts of interest on regular basis, and documents how potential risks and conflicts are avoided or mitigated. The analysis includes risks that arise from its audit and certification as well as licensing or consulting activities (if any), from its relationships with clients or partner organizations, or from the relationships of its personnel.
- 3.2.4 \*The assurance provider has and implements a conflict of interest policy that describes how conflict of interests of audit and certification personnel are identified, disclosed, managed and prevented. The policy shall describe in particular how the risk of auditor impartiality is mitigated by adequate measures such as e.g. rotation of auditors or witnessing of audits.  
*Note: The policy may be part of the assurance provider's Certification SOP.*

## 4 Resource requirements

### 4.1 Personnel

- 4.1.1 \*The assurance provider employs, or has access to, a sufficient number of competent and qualified personnel to cover its audit and certification operations.
- 4.1.2 All personnel performing assurance activities, including auditors and certification personnel, shall meet the requirements set out in 4.2.
- 4.1.3 \*The assurance provider establishes, implements and maintains a procedure for management of competencies of personnel involved in the certification process including:
  - 4.1.3.1 Criteria for competence (see 4.2).
  - 4.1.3.2 Procedures for initial and ongoing training.
  - 4.1.3.3 Regular monitoring of performance and competence of auditors and assurance personnel, including a program for calibration. The monitoring process includes witnessing audits.
- 4.1.4 \*The assurance body maintains adequate records of all personnel involved in the certification process, including educational qualifications, experience and training, assessment of competence and performance, authorizations within the assurance provider.
- 4.1.5 \*The assurance provider requires all personnel involved in the certification process to sign a contract which includes commitment to meet the rules defined by the assurance provider and in particular those on confidentiality, and to declare any conflicts of interest for the clients to which they are to be assigned.
- 4.1.6 \* All personnel, including committee members or external/contracted personnel, keeps all information obtained or created during the certification process confidential, except as required by law.

### 4.2 Requirements for Assurance Personnel

#### General qualification requirements

- 4.2.1 \*The assurance provider verifies that qualification criteria have been met prior to engaging an individual as an auditor or assurance personnel, and periodically assesses whether competency criteria have been met including periodic on-the-job evaluation. In the case of auditors this includes witness audits.
- 4.2.2 \*The assurance provider provides initial training to auditors and assurance personnel as needed for their respective positions and organizes a periodic training and calibration program of auditors and other assurance personnel. Training and calibration also include information and trainers from Fairtrade International, where deemed necessary by the assurance provider or the scheme owner.
- 4.2.3 Assurance providers provide clients with a systematic opportunity to provide feedback on auditor performance beyond complaints.

- 4.2.4 Assurance providers make their training programmes available to all Fairtrade assurance personnel and auditors.

### Qualification criteria

- 4.2.5 All auditors and other assurance personnel shall meet the qualification criteria set out in table A1 or possess a demonstrable equivalent competence.

Area	Criteria
<b>Work experience</b> (applicable to auditors and other assurance personnel)	At least two years of work experience in a field related to the content of the standard being evaluated or in assurance of other schemes.
<b>Auditing experience</b> (applicable to auditors only)	<p><b>Contract auditor</b> Minimum of one year auditing or 100 audit days to</p> <p>a) one or more standards for a recognised certification or auditing body, or</p> <p>b) internationally recognised financial reporting standards.</p> <p><b>Staff auditor</b> As for a contract auditor or at least six months' work experience at an assurance provider in the certification department at Officer/Analyst level</p> <p><b>Assessors for on-the-job evaluation of auditors</b></p> <p>a) At least 50 Fairtrade audit days performed. Auditors with a vast experience in auditing other schemes or experienced assurance provider staff might be exempted from this rule.</p> <p>b) External auditors shall have had at least two evaluations by responsible managers over more than six months with excellent results. Staff members must have passed one evaluation with excellent results.</p>
<b>Fairtrade system training</b> (applicable to auditors and other assurance personnel)	All scopes: Have received training on relevant Fairtrade standards and audit methodologies from the assurance provider. Producer audit scope: audit methodologies training shall include social interview techniques.

Table A.1: Auditor and other assurance personnel qualification criteria

### Competency criteria

- 4.2.6 All auditors and other assurance personnel shall meet the competency criteria set out in Table A2 as applicable.

Area	Criteria
<b>Language skills</b> (applicable to auditors only)	Shall be able to hold an interview in the language of the audit.
<b>Communication</b> (applicable to auditors and	<p>Able to express ideas and concepts clearly.</p> <p>Able to express findings in written reports clearly and concisely.</p>

other assurance personnel)	Able to interview individuals from workers/members to senior management /directors in a way that encourages their confidence and enables them to answer questions.
<b>Time management</b> (applicable to auditors only)	Capable of managing time before and during audits so audit plans are realized.
<b>Personal attributes</b> (applicable to auditors only)	Able to display the attributes of an auditor as set out in the <a href="#">ISEAL Assurance Code</a> and additionally a commitment to the social and environmental goals of Fairtrade.
<b>Knowledge of Fairtrade system</b> (applicable to auditors and other assurance personnel)	Able to demonstrate knowledge of and competence in the application of Fairtrade Standards and Fairtrade Standard Guidance as well as all applicable procedures and policies of the assurance providers.

Table A2: Auditor and other assurance personnel competency criteria

## 4.3 Outsourcing

4.3.1 \*If the assurance provider outsources (subcontracts) part of the assurance activities to other auditing bodies, the assurance provider:

4.3.1.1 Remains responsible for all outsourced activities.

4.3.1.2 Has a legally binding contract with the subcontracted body or personnel, including provisions for confidentiality, conflicts of interest and qualification requirements for personnel.

4.3.1.3 Has procedures and records to assess and monitor the outsourced services.

*Note: Assurance providers can rely, in parts, on external bodies e.g. accreditation bodies, for the monitoring. However, they remain responsible and should be aware of all aspects not fully supervised by the external body as not included in the accreditation scope. They need to periodically monitor performance according to their applicable procedures (under the scope of their Fairtrade certification and audit SOPs) and policies e.g. by occasional shadow audits, review of audit reports or other measures.*

## 5 Process requirements

### 5.1 Processes

5.1.1 \*The assurance provider has adequately detailed standard procedures for the entire certification process (see also 6.1.1).

5.1.2 The assurance provider ensures that its standard procedures meet the requirements of the RAPs.

### 5.2 Application for Certification

5.2.1 \*The assurance provider obtains from applicant all relevant information for Fairtrade certification and risk management including:

- 5.2.1.1 Products to be certified and intended use of the FAIRTRADE Marks and/or claims.
- 5.2.1.2 General information about the applicant's operations including its location(s), processes and activities (including outsourced processes), and other relevant certifications.
- 5.2.1.3 Previous Fairtrade certification, if any or close association e.g. ownership with previously certified or de-certified operators.
- 5.2.2 The assurance provider ensures that their scope of audit and certification accurately implements the respective Fairtrade Standards. For practical guidance, this may be included in the certification SOP.
- 5.2.3 \*After receiving an application for certification, the assurance provider reviews all information, and shall determine the scope of audit. The scope is defined as:
  - 5.2.3.1 The Fairtrade standards that are applicable;
  - 5.2.3.2 The activities being undertaken;
  - 5.2.3.3 The products being handled; and
  - 5.2.3.4 The location(s) covered by the certificate (if relevant).
- 5.2.4 If the applicant had been previously Fairtrade certified by another Fairtrade assurance provider, the previous relevant certification findings are reviewed to ensure that any unresolved non-conformities are taken into account for the new application.
- 5.2.5 If the applicant is a company that re-applies for certification after previous de-certification or there are overlaps with previously de-certified operators, extra care is taken to review the reasons for re-application. In case of previous de-certification because of circumvention of Fairtrade Standards, the assurance provider ensures that applicant demonstrates changes in their operation or management to confirm their willingness and capability to comply with Fairtrade Standards.

### **5.3 Audit planning**

- 5.3.1 Audit planning follows the guidance on audit frequency and intensity set by Fairtrade International Risk-based Assurance Policy (Annex C), including the recommended audit times therein.
- 5.3.2 \*The assurance provider provides an audit plan to the involved auditors prior to them commencing the audit. The plan is:
  - 5.3.2.1 Individually tailored for each audit.
  - 5.3.2.2 Follows the assurance provider's procedures for evaluation activities.
  - 5.3.2.3 Communicated to the client for at least the parts relevant to the client and unless it is an announced audit.
- 5.3.3 The audit and evaluation activities planned are sufficiently rigorous to allow the assurance provider to determine that the client is in conformity with the applicable standard(s).

- 5.3.4 \*The assurance provider appoints one or more qualified auditors to act as the audit team, ensuring that the client scope and auditor scope are matched.
  - 5.3.4.1 Where more than one auditor is assigned, one of the audit team members shall be nominated as audit team leader.
- 5.3.5 Except in the cases of unannounced audits, the assurance provider and the client agree on a date to perform the audit that is suitable for both, but always when the client is in operation and activities relevant to certification can be observed.

## **5.4 On- Site Audit**

- 5.4.1 \*The on-site audit follows the assurance provider's Audit SOP which has to provide guidance on the scope, focus and issues to be covered in different audit types.
- 5.4.2 The audit always covers the following steps:
  - 5.4.2.1 Opening meeting.
  - 5.4.2.2 Field / site visits, interview and review of documentation.
  - 5.4.2.3 Visits to production sites (processing site, farms, etc.) to verify compliance with various requirements of the Fairtrade Standards.
  - 5.4.2.4 Interviews to verify or complement information received during other interviews, document reviews or during a physical audit or production sites/additional entities. For producer and worker interviews see Guidance on Interviews in Part B & C. Interviews include personnel from different operational units to complete the picture and triangulate information.
  - 5.4.2.5 Cross-check of information from different sources, also external as relevant. The auditor identifies and uses the most authentic sources of information.
  - 5.4.2.6 Check a certain number of transactions / contracts / invoices (see Sampling Guidance in Part B & C).
  - 5.4.2.7 Any field visit as well as the physical audit of production/procession or other relevant facilities takes into consideration what was reviewed in previous audits.
  - 5.4.2.8 Closing Meeting.

## **5.5 Audit evidence and Report**

- 5.5.1 \*The auditor collects and verifies audit evidence relevant to the audit objectives, scope and criteria, including information relating to interfaces between functions, activities and processes by appropriate sampling.
- 5.5.2 The audit is documented in an audit report, which is sent to the assurance provider within the timeline set by the assurance provider but not longer than one month after end of the audit and which includes at least the following:

- 5.5.2.1 Details of the audit process, including length of the audit, sources of information, sampling (e.g. producer interviews and visits, selection of supply chains reviewed in trade audits), use of translators/experts.
- 5.5.2.2 Assessment of all applicable Fairtrade compliance criteria.

Evaluation of non-conformities (if any) and relevant feedback on performance (e.g. recommendation for improvement, changes since last audit, performance in relation to peers).

*Note: The list of non-conformities is proposed by the auditor but may be further elaborated and finalized during the review and certification process before the client receives a final report version.*

## 5.6 Review, Certification decision and certificate issue

- 5.6.1 \*The audit findings are reviewed by competent staff not involved in the audit process. Any non-conformities are identified and the need for sanctions assessed in line with the assurance provider's publicly available Certification SOP (see also chapter 2.12 on Sanctions).
- 5.6.2 \*Based on the review, a certification decision is taken by authorized certification personnel who may be the same person having done the review but cannot be the auditor. The certification decision is documented and without delay communicated to the client.
- 5.6.3 The assurance provider makes sure that changes to the information contained on a certificate as a result of a certification decision or otherwise, are updated in the relevant database within 10 days.
- 5.6.4 Relevant products and supply chain information in the audit report are without delay made available to licensing bodies in the relevant database after submission of the audit report to allow timely licensing body's verification processes.

## 5.7 Certificate

- 5.7.1 The assurance provider issues a certificate with at least the following information:
  - 5.7.1.1 The date of issue of the certificate.
  - 5.7.1.2 The legal name and registered address of the certificate holder.
  - 5.7.1.3 The FLO ID of the certificate holder.
  - 5.7.1.4 A description of the scope of the certificate, including the specific standard(s) and product categories.
  - 5.7.1.5 A schedule listing all site(s) covered by the certificate where relevant.
  - 5.7.1.6 A statement referencing the Fairtrade International's or the assurance provider's website as the authoritative source of information on the validity of the certificate as well as its scope.
  - 5.7.1.7 The signature of the individual(s) that the assurance provider assigned this responsibility.



- 5.7.1.8 A statement confirming that the named organization and products conform to the requirements of the relevant Fairtrade International Standard(s) for the scope of certification.

## 5.8 Suspension or De-Certification

- 5.8.1 The assurance provider may suspend or withdraw a certificate for a contractual reason, such as non-payment of fees.
- 5.8.2 The assurance provider may suspend or withdraw a certificate if the client fails to meet the certification requirements. For details on the sanctions “suspension of certificate” and “de-certification”, see the Fairtrade International Sanction Policy (Annex D).
- 5.8.3 If a certificate is withdrawn, the assurance provider:
  - 5.8.3.1 Instructs the client to:
    - a) cease claiming to be Fairtrade certified and cease any trade of Fairtrade products, as outlined in Annex D.2.12.
    - b) cease all use of the Fairtrade brands and marks, subject to any allowance in license agreements to continue to dispose of goods bearing the FAIRTRADE mark, after certification is withdrawn.
    - c) identify and advise all customers who have been purchasing Fairtrade products from them in writing that their certification has been withdrawn.
  - 5.8.3.2 Indicates the withdrawal or cancellation of the certificate in the relevant database within seven days and thus inform Fairtrade International.
  - 5.8.3.3 Informs without delay other affected Fairtrade organizations (licensing bodies, other assurance providers) of the de-certification.
- 5.8.4 If a certificate is suspended, the assurance provider:
  - 5.8.4.1 Informs the client
    - a) of the suspension and restrictions to trading (see Annex D.2.12) and monitor that the clients implement all restrictions.
    - b) to provide evidence of corrective actions to close out the identified non-conformities before the suspension period ends.
  - 5.8.4.2 Indicates the suspension in the relevant database within seven days and thus informs Fairtrade International.
  - 5.8.4.3 Verifies that, the client has analysed the cause of the non-conformities that lead to the suspension and that the corrective actions have been effective, before lifting the suspension. The verification may be done either via a follow-up audit or a desk-based review, as relevant for the case.

## 6 Management system requirements

### 6.1 Quality Management System

- 6.1.1 \*The assurance provider maintains a management system that is capable of achieving the consistent fulfilment of the requirements of this document.
- 6.1.2 \*The management system addresses at least the following aspects:
  - 6.1.2.1 Control of documents such as certification operation procedures and policies. This includes procedures to review and update documents as needed, keep a track of changes done and ensuring that up to date versions are available and used consistently.
  - 6.1.2.2 Control of records of the certification process. Records are archived for at least five years.
  - 6.1.2.3 Management review and internal audits to ensure and improve consistent application of all relevant certification procedures and policies.
  - 6.1.2.4 Identification and correction of any non-conformities with own procedures (e.g. from internal audits, complaints). Analysis of the causes and implementation of corrective and preventive measures where relevant.

----- End of Part A -----

## Part B: Additional Requirements for Assurance Providers Certifying Traders

Part B indicates additional requirements for assurance providers certifying traders against the relevant Fairtrade International trader standard(s).

### 7 Additional General Requirements

#### 7.1 Scheme for small companies

- 7.1.1 The assurance provider may develop a specific scheme for small traders to increase small companies' access to Fairtrade, as long as overall credibility is not jeopardized. The scheme is based on guidelines set out by Fairtrade's Risk-based Assurance Policy (Annex C).
- 7.1.2 The assurance provider operating such small operator schemes ensures clients have access to information about the small operator / licensee certification process, including the definition of small operator / licensee.

### 8 Additional Process Requirements

#### 8.1 Planning - audit duration

- 8.1.1 The assurance provider calculates the duration of its initial, surveillance and re-certification audits using the requirements below, which are reflected in its procedures.
- 8.1.2 The assurance provider plans sufficient time to review documentation, perform interviews and physically inspect the facilities and processes (where relevant).
- 8.1.3 The assurance provider adapts the duration of its audit to the type of operator, the nature or the audit, the complexity of the process, the number of products, the volume of transactions and other relevant factors that may affect the time required for the audit, in line with Fairtrade's guidance on Frequency and Intensity of Audits (section 2.9) and Fairtrade's Risk-based Assurance Policy (Annex C).
- 8.1.4 The assurance provider shall plan time for opening and closing meetings, and periodic auditor's meetings where there is more than one auditor present.
- 8.1.5 Where translators are used, the assurance provider increases audit times for those sections of the audit where translators are necessary.

#### 8.2 Site visit

- 8.2.1 The audit includes a review of a representative sample of relevant trade documentation such as invoices, purchase orders, sales invoices, transport documentation, processing/product flow documentation.
- 8.2.2 A representative sampling method, either simple or stratified, is used to allow inferring the results of the audit to the whole population. Additionally,

judgment-based sampling can be used by auditors (guidance on this method can be seen in ISO 19011 B3).

- 8.2.3 In all cases the sample is chosen by the auditor and not by the client.
- 8.2.4 The auditor considers all Fairtrade supply chains and should preferably review a sample of each Fairtrade supply chain of the client. In case of a high number of supply chains, the auditor uses representative sampling.
- 8.2.5 During the audit information is obtained from different sources, including interviews and visit of different functions within the company, e.g. purchase, warehouse, processing, quality management and sales.

### **8.3 Final report**

- 8.3.1 The final report includes the evaluation of all applicable requirements in the Compliance Criteria List for Trader Certification, except in the case of surveillance audits, see chapter 2.9.

----- End of Part B -----

## Part C: Additional Requirements for Assurance Providers Certifying Producers

Part C indicates additional requirements for assurance providers certifying against the relevant Fairtrade International producer standard(s).

### 9 Additional Process Requirements

#### 9.1 Planning - audit duration

- 9.1.1 The assurance provider calculates the duration of its initial, surveillance and re-certification audits using the requirements below, which are reflected in the procedures of the assurance provider.
  - 9.1.1.1 The assurance provider plans sufficient time to review documentation, perform interviews and physically inspect the facilities and processes.
  - 9.1.1.2 The assurance provider uses individual and group interviews. It is recommended that individual interviews last between 15 and 30 minutes and group interviews between 30 and 45 minutes.
  - 9.1.1.3 The assurance provider adapts the duration of its audit to the type of operator, the nature of the audit, the number of members and/or workers, the complexity of the process, the number of products, the volume of transactions and other relevant factors that may affect the time required for the audit.
  - 9.1.1.4 The assurance provider plans time for opening and closing meetings, and periodic auditor's meetings where there is more than one auditor present.
  - 9.1.1.5 Where translators are used, the assurance provider increases audit times for those sections of the audit where translators are necessary.
  - 9.1.1.6 The audit times meet the minimum requirements indicated in Annex C Risk Based Assurance.

#### 9.2 Site visit

- 9.2.1 The site visit follows the assurance provider's Audit SOP which has to provide guidance on the scope, focus and issues to be covered of different producer audit types.
- 9.2.2 The producer audit includes individual or group interviews with group members and/or workers. The Audit SOP provides guidance as to selection of producers or staff to be interviewed, depending on the type of producer organization.
- 9.2.3 \*A representative sampling method, either simple or stratified, shall be used to allow inferring the results of the audit to the whole population. Additionally, judgment-based sampling can be used by auditors (guidance on these methods can be seen in ISO 19011 B3).
- 9.2.4 The minimum number of interview (as defined by the audit SOP; to be conducted by the auditor) meets, at minimum, the requirements of table C1.

Number of members or workers	Number of persons interviewed
< 50	Minimum 10
50-100	Minimum 15
101-500	Minimum 20
501-1000	Minimum 25
> 1000	Minimum 30

Table C1: Sampling tables for interviews

- 9.2.5 In all cases the sample is chosen by the auditor and not by the client. In particularly high risk areas or in case of potential fraud, the auditor takes extra care to confirm the identity and authenticity of interview partners, and to crosscheck information particularly carefully between different sources of information.
- 9.2.6 A site visit may also include taking of samples, e.g. soil, for subsequent laboratory examination.
- 9.2.7 Where the Fairtrade Standard requires a formal internal quality management system, the assurance provider's audit and certification SOPs provide extra guidance for such audits. The audit focuses on the effectiveness of the Internal Control System in identifying and resolving non-conformities of group members. It shall include a review of the group's management system records, sample audits of some group members to cross-check the efficiency of the Internal Control System and a review of the group's procedures to deal with non-conformities. The SOP provides guidance on the consequences if the auditor identifies non-conformities of group members, which may point to a systemic failure of the Internal Control System and a non-conformity of the group.
- 9.2.8 The audit SOP also provides guidance as to what documentation needs to be verified for different types of producer audits, e.g. trade documentation, employment records etc.

### 9.3 Final report

- 9.3.1 The final report includes the evaluation of all applicable requirements in the Compliance Criteria List for Producer Certification relevant to the producer organization.

----- End of Part C -----

## Part D: Requirements for assurance providers certifying product specific standards

Part D indicates specific requirements for assurance providers certifying against any listed Fairtrade International product specific standards.

### D1: Textile standard

## 10 Additional Resource requirements

### 10.1 Personnel

- 10.1.1 All auditors meet the qualification criteria additional to those set out in Table D1 or possess a demonstrable equivalent competence.

Area	Criteria
<b>Textile industry training</b> (applicable to auditors only)	Auditors receive training and demonstrate knowledge of issues that are specific to the textile industry: how industry works, industry-specific environmental challenges, and significant social issues in the textile industry (gender and child labour) as well as identification of fraud and manipulation in the textile industry.

Table D1: Auditors additional qualification criteria for Textile Standard

## 11 Additional Process requirements

### 11.1 Planning - audit duration

- 11.1.1 The assurance provider ensures that at least some of the interviews of workers take place off-premises when feasible and advisable.

### 11.2 Planning - preparation

- 11.2.1 The assurance provider contacts local labour rights organizations and/or unions ahead of every announced audit to understand prevailing conditions in the area and be able to focus the audits on critical issues.

### 11.3 Site visit – use of information from other sources

- 11.3.1 The assurance provider reviews the available information from first, second and third party audits of the company, as well as information from civil society organization and unions when available, to be better informed about the situation in the company and be able to focus the audits on critical issues.

## **11.4 Site visit – effective worker’s participation**

- 11.4.1 The assurance provider ensures the effective participation of workers representatives during the audits.
- 11.4.2 The assurance provider ensures that workers representatives know how to contact the assurance provider for any arising compliance issue in-between audits. Auditors leave the contact details of the assurance provider to the Compliance Committee.

## **11.5 Final report**

- 11.5.1 The final report includes a root cause analysis of the non-conformities, proposed by the operator and confirmed by the assurance provider.

----- End of Part D -----



## ANNEX A: Schemes recognised by Fairtrade International

The following schemes have been recognised by Fairtrade International as “certificate acceptance”

<b>Scheme</b>	<b>Scope</b>
<i>No scheme recognised yet.</i>	

The following schemes have been recognised by Fairtrade International as “equivalent status”

<b>Scheme</b>	<b>Scope</b>
<i>No scheme recognised yet.</i>	

## ANNEX B: Fairtrade Data Governance Policy

This annex lists Fairtrade International data governance policies which must be adhered to by assurance providers. FI Assurance & Oversight will inform assurance providers of the introduction of new policies and/or amendment of existing ones and ensure background information and training as applicable.

1. Framework agreement on adequate safeguards for the transfer of data within the Fairtrade system (June 2014)
2. Fairtrade International Confidentiality Policy (approved by FI Data Governance Steering Committee, July 2017)

*Note: Other data governance policies are currently under review to comply with the EU General Data Protection Regulation.*

# ANNEX C: Fairtrade International Risk Based Assurance Policy

Assurance providers apply a risk-based approach in the planning of the frequency and intensity of their audits. Assurance providers consider risk factors that assess the probability and consequences of Fairtrade Standards not being met.

Indicators for the probability of Fairtrade Standards not being met include but are not limited to:

1. Number and severity of prior non-conformities, including major non conformities
2. Allegations
3. Newly Fairtrade certified operations
4. Substantial changes in structure or scope extensions
5. Complex trade chains
6. Exceptions granted
7. Country/region/product specific risk, also as identified by the assurance provider or by Fairtrade International staff

Indicators for particularly serious consequences if Fairtrade Standards are not met:

1. High premium value transactions
2. Regions, products or organizations subject of heightened media awareness or crises

As the probability of standards not being met and the range of relevant additional assurance tools (e.g. IT based tools like Fairtrace) vary according to the applicable Fairtrade Standard, the risk categorisation system is also adapted to different types of clients (producers, traders) and will need to be reviewed when the Fairtrade Standards have been revised.

## C.1 Risk categories and frequency of audits

C.1.1 Assurance providers categorize clients as high, medium and low risk according to a risk categorization system set by the assurance provider.

C.1.2 The audit frequency (number of audits per certification cycle) is determined for each risk category and may vary according to the type of client (e.g. producer, trader).

C.1.3 The assurance provider ensures that the assurance frequency and intensity applied matches the actually identified risk level for the respective clients at all times (see also 2.9.5), e.g. clients may be put in higher risk categories due to risks not included in its risk categorization system, or should receive additional audits in case of new risks being identified (e.g. during surveillance audits or through allegations).

C.1.4 The assurance provider defines, according to the risk assessment, if surveillance audits are on-site or desk-based.

C.1.5 The risk categorisation system of the assurance provider meets or exceeds the following guidelines on risk category and related audit frequency:

### C.1.5.1 HIGH RISK CLIENTS

Characteristics (Guidance)	<ul style="list-style-type: none"> <li>• High total number of non-conformities (<i>e.g. more than one fifth of compliance criteria</i>)</li> <li>• Any Major non-conformities resulting in suspension</li> <li>• AND/OR poor compliance history: repeated Major NCs, suspension(s)</li> <li>• AND/OR substantiated allegations</li> <li>• AND/OR: very high premium value (<i>e.g. above 750'000 USD</i>)</li> <li>• Defined high geographical and/or sector risks</li> </ul>
Minimum Audit Frequency	3 audits per 3-year-Certification Cycle (thereof 1 recertification audit)

### C.1.5.2 MEDIUM RISK CLIENTS

Characteristics (Guidance)	<ul style="list-style-type: none"> <li>• Average number of non-conformities (dependent on standard)</li> <li>• AND/OR no suspension for Major NCs</li> <li>• AND/OR average compliance history: no repeated suspensions, no de-certifications in complete previous certification cycle</li> </ul>
Minimum Audit Frequency	2 audits per 3-year-certification cycle (thereof 1 recertification audit)

### C.1.5.3 LOW RISK CLIENTS

Characteristics (Guidance)	<ul style="list-style-type: none"> <li>• Low number of non-conformities (dependent on standard)</li> <li>• AND no Major non-conformities</li> <li>• AND good compliance history: no Major NCs , no history of suspension or de-certification in complete previous certification cycle</li> <li>• AND certified since more than 1 certification cycle OR trader with very low Fairtrade volumes / very low risk activities (<i>e.g. not a premium payer</i>)</li> <li>• AND low premium volumes (<i>e.g. below 150'000 USD</i>)</li> </ul>
Minimum Audit Frequency	1 audit per 3 year Certification Cycle (thereof 1 recertification audit)

C.1.6 The assurance provider has a system to calculate the duration of audits in line with the following guidance:

C.1.6.1 Producer audit time is calculated according size of operations; there is a minimum of 1.5 days for initial or recertification audits.

C.1.6.2 Trader audit time: there is a minimum of 1 day for initial and recertification audits which may be reduced down to a minimum of 0.5 days for small traders with limited scope. Additional time for large volumes or extra operational units is scheduled.

C.1.6.3 Audit times are adapted according to the risk category of the client, at least for surveillance audits.

## **C.2 Unannounced audits**

C.2.1 The assurance provider provides for a minimum number of unannounced audits as defined in its risk based assurance policy.

C.2.3 Unannounced audits will be planned based on a set of indicators:

C.2.3.1 Allegations received

C.2.3.2 Risk level: Mainly low and medium risk customers will receive unannounced audits to complement the lower regular surveillance audit frequency, but also some high risk operations receive unannounced audits.

C.2.3.3 Change in structure / scope extensions

C.2.3.4 Exceptions granted

C.2.3.5 Country/region/product specific risks

C.2.3.6 Other important changes (e.g. rapid evolution from low to high volumes, traders that did not have transactions at the initial audit yet, volumes that are not covered under the premium value)

C.2.3.7 Compliance history, e.g. NCs in limited surveillance audit that had not been detected in last renewal audit

C.2.3.8 Other risks to compliance or to the reputation of the Fairtrade system

C.2.3.9 Scheduled surveillance audits can be done as unannounced audits

C.2.4 On-site unannounced audits shall normally have no prior notice unless absolutely necessary to avoid situations where completely unannounced audits would not be possible or effective. Short prior may be given on a case-by-case basis and the rationale shall be documented.

## **C.3 Scheme for small traders**

C.3.1 The assurance provider may develop a specific scheme for small traders based on their own definition to increase their access to Fairtrade, as long as overall credibility is not jeopardized.

C.3.2 The scheme for small traders is meant for small low risk type of traders (e.g. small traders who are not premium payers) and shall not be applied to medium or high risk category traders.

C.3.3 The scheme for small traders can include the following modifications vs. the regular scheme:

C.3.3.1 Validity of Permission to Trade: the Permission to Trade issued by the assurance provider may be valid for a maximum of one year.

C.3.3.2 Duration of certification cycle: the certification cycle shall not be longer than six years.

C.3.3.3 Validity of certificates: maximum validity of up to seven years.

C.3.3.4 Surveillance audit: at least one surveillance audit within each six year certification cycle, usually in the third year.

# ANNEX D: Fairtrade International Sanction Policy

## D.1 Compliance Evaluation in the Fairtrade System

The Fairtrade Standards and the Fairtrade Compliance Criteria provide the basis for a consistent compliance assessment by all assurance providers.

### Fairtrade Standards

In the Fairtrade Standards for producers, requirements are defined as either CORE or DEVELOPMENT requirements. The Fairtrade Standard for traders has only core requirements and in addition voluntary best practice requirements.

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.

### Fairtrade Compliance Criteria

Based on the Fairtrade Standards, a detailed list of compliance criteria is used by all Fairtrade assurance providers to assess compliance. There are three types of compliance criteria:

- Major (M): reflects key Fairtrade principles where non-compliance represents a major risk to the Fairtrade system.
- Core (C): reflects Fairtrade principles and must be complied with.
- Development (D): refers to the continuous improvement that certified clients must demonstrate. Compliance with development requirements is verified against an average score.

Non-conformity with a major compliance criterion as well as multiple core requirements may lead to certification sanctions.

Compliance to the Fairtrade Standards with the compliance criteria is rated on 5 levels of compliance, called ranks. Rank 1 and 2 indicate non-compliance whereas ranks 3 to 5 indicate compliance with the Fairtrade Standards. An average score less than 3 is considered non-compliant but a low score alone does not lead to sanctions.

## D.2 Sanctions

- D.2.1 When the assurance provider detects non-conformity it raises a non-conformity report and requests the client to propose corrective action to correct the non-conformity within an agreed timeframe (see section 2.12).
- D.2.2 The timeframe for correction of non-conformities shall not be more than 3 months in case of traders, and 9 months in case of producers, with option to extend the deadline in justified cases up to a maximum of 1 year.
- D.2.3 If, after evaluated positively the evidence for corrective action, the client is found to be compliant with the Fairtrade Standards, the certificate is issued (see section D1.1).
- D.2.4 If non-conformities are not corrected effectively within the agreed timeframe or in cases of severe non-conformities, the assurance provider applies the certification sanctions categories described in Table D. 2.6-2.9 below, according to its own sanction policy and ensuring consistency between clients.

- D.2.5 The assurance provider's sanction policy and practice considers the following aspects for the decision on the applicable sanction:
- D.2.5.1 Severity of any non-conformity found during the audit, considering the type of criteria (e.g. major), scale and type of the non-conformity, real or potential consequences of the respective non-conformities as well as the non-conformity's cause. Irreversible non-conform actions directly impacting human health or wellbeing, or impacting on the integrity of the Fairtrade product, and intentional non-compliance are considered severe.
  - D.2.5.2 Compliance history, in particular repeated non-compliance with the same compliance criteria, and repeated non-compliance with core and major compliance criteria result in a stricter sanction categories.
  - D.2.5.3 Indications of intentional circumvention of the Fairtrade Standards or systematic failure to comply with applicable standards, rules and certification procedures result in a stricter sanction category.
  - D.2.5.4 Risk to the credibility of the Fairtrade system.
  - D.2.5.5 The assurance provider applies the following types of sanctions, (see also chapter 2.12) and the required procedures to apply them (see chapter 5.7).

#### **D.2.6 Denial of certification / Cancellation of Permission to Trade**

Description	<ul style="list-style-type: none"> <li>- The applicant does not meet certification requirements even after the corrective action period.</li> <li>- The applicant may have received a Permission to Trade and may have started to trade Fairtrade products at this point.</li> </ul>
Sanction	<ul style="list-style-type: none"> <li>- The applicant cannot trade Fairtrade products with immediate effect and cannot fulfil already signed contracts.</li> <li>- The applicant does not receive a certificate but instead a notification of denial of certification.</li> </ul>
Guidance & Examples	<ul style="list-style-type: none"> <li>- The applicant has not or cannot correct non-conformities with core or major compliance criteria detected during the initial audit.</li> <li>- The applicant does not meet the certification requirements otherwise, e.g. the required score for development criteria.</li> </ul>

#### **D.2.7 Suspension of Certificate**

Description	<ul style="list-style-type: none"> <li>- Clients are found at any time during the certification period to not meet the certification requirements even after the corrective action period.</li> <li>- Temporary sanction for a maximum of 6 months.</li> </ul>
Sanction	<ul style="list-style-type: none"> <li>- Clients are not allowed to sign Fairtrade contracts with new trade partners, may they advertise or make any reference to having a valid Fairtrade certification.</li> <li>- During the suspension period, clients may however</li> </ul>

	<p>continue to fulfil existing Fairtrade contracts signed prior to the suspension. Where no written contracts exist prior to suspension, they may continue to trade Fairtrade products with Fairtrade certified trade partners with whom a Fairtrade relationship exists for a volume that cannot exceed 50% of the volumes traded as Fairtrade in the preceding 12 months.</p> <ul style="list-style-type: none"> <li>- Clients are indicated as “suspended” in relevant database, but they do not have to actively inform their trade partners of the suspension.</li> </ul>
Guidance & Examples	<ul style="list-style-type: none"> <li>- For clients with a good compliance history, suspension is usually the first sanction stage (before de-certification) in case of major non-conformities suddenly arising.</li> <li>- Suspension as a sanction shall only be used if the nature of the non-compliance and demonstrated efforts of the client allow for expected correction (including correcting the root causes) and compliance within 6 months. Otherwise, the client shall be de-certified.</li> <li>- Repeated non-compliance with the same major compliance criteria (<i>e.g. 3 times within current and previous certification cycle</i>) and repeated suspensions (more than 2 times in current and previous certification cycle) indicates unwillingness or lack of engagement of the client to ensure continuous compliance with Fairtrade Standards, and should lead to de-certification, otherwise justification to repeat suspension must be documented.</li> <li>- Suspension can also be used as a “penalty” for severe non-conformities that cannot be undone, even if client is proposing corrective actions to prevent these non-conformities to reoccur.</li> <li>- Suspension may also be used as a temporary precautionary measure, if the non-conformities have been raised by allegation and subsequent investigations have preliminarily confirmed the allegation.</li> </ul>

### **D.2.8 De-Certification**

Description	<ul style="list-style-type: none"> <li>- Clients are found at any time during the certification period to not meet the certification requirements even after the corrective action period.</li> <li>- Due to severity of non-compliance or compliance history, the client is not expected to become compliant within 6 months or remain continuously compliant.</li> </ul>
Sanction	<ul style="list-style-type: none"> <li>- Client cannot trade Fairtrade products with immediate effect.</li> <li>- Client is not allowed sign any new Fairtrade contracts nor to fulfil existing contracts.</li> </ul>



	<ul style="list-style-type: none"> <li>- Client must cease the use of the Fairtrade brands and marks (see details in RAPs 5.7.3 and license agreements)</li> <li>- Client must inform all customers who purchase their Fairtrade products that they have been de-certified.</li> <li>- Clients who wish to renew their certification must re-apply and receive a full initial audit.</li> </ul>
Guidance & Examples	<ul style="list-style-type: none"> <li>- In case of serious breach with certification contract, in particular intentional circumvention of standards or persisting non-payment of fees.</li> <li>- Severe non-conformities that have not been corrected, or cannot be corrected sufficiently in the short term to ensure long term compliance with the Fairtrade Standards.</li> <li>- Persistent non-compliance with one or several major or core compliance criteria, poor compliance history with repeated suspensions.</li> </ul>

### **D.2.9 Financial Penalty**

Description	<ul style="list-style-type: none"> <li>- Financial penalty for clients based on the nature of their non-compliances and the impact for Fairtrade.</li> <li>- Determined by the assurance provider according to their sanction policy.</li> </ul>
Sanction	<ul style="list-style-type: none"> <li>- Financial penalty payable up to 5000 Euro maximum</li> </ul>
Guidance & Examples	<ul style="list-style-type: none"> <li>- Applicant commenced Fairtrade business before having received the Permission to Trade, Fairtrade certificate or scope extension.</li> <li>- Client has non-compliances which cannot be resolved retrospectively within the certification cycle, e.g. Non-member business, circumventing payment of minimum Fairtrade prices, overselling under suspension, transacting with an entity that remain uncertified, repeated sales of finished products with the FAIRTRADE Mark without a licence contract.</li> <li>- The use of the financial penalty income has to be agreed with Fairtrade International</li> </ul>