Fairtrade Assurance Public System Report

v1.3 February 2017

Introduction

Fairtrade International develops the internationally-agreed Fairtrade Standards, coordinates support for producers, and supports the international Fairtrade system. Members include three producer networks, 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 our Theory of Change. The assurance process is 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 oversight of the assurance mechanism while preserving its independence.

This report describes the scope and content of the Fairtrade assurance programme. It has been developed as part of Fairtrade's compliance with the ISEAL Assurance Code. Any questions regarding the content of this report, or regarding Fairtrade's assurance scheme in general, should be addressed in the first instance to the Assurance Manager at Fairtrade International, assurance@fairtrade.net

Assurance system structure

Fairtrade International, as the scheme owner, is responsible for the Fairtrade assurance programme. This programme is managed by Fairtrade International through a multi-stakeholder oversight committee (OC). The OC is a subcommittee of, and reports to, the Fairtrade Standards Committee. The OC comprises the different interest groups in Fairtrade and decides on the regulations that govern the assurance programme and evaluates the effectiveness and adequacy of the assurance programme on a regular basis.

Assurance providers that belong to the Fairtrade assurance programme must comply with the Requirements for Assurance Providers (RAPs). Compliance is verified via a combination of desktop review of sampled certification outputs as well as independent third party audits. The OC reviews the results and takes decisions on compliance with the assurance programme.

Fairtrade operates an assurance scheme 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 betters to Fairtrade objectives, reduces risks and is more accessible for users.

List of standards that are assessed through the assurance system

The Fairtrade assurance programme covers all Fairtrade standards. An updated list of all standards can be found on Fairtrade International's webpage.

All assurance providers must comply with the ISO/IEC 17065:2012 norm, which are an integral part of the RAPs.

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, Fairtrade Canada, Fairtrade Foundation UK, Fairtrade Ireland, Fairtrade Label Japan, Fairtrade Belgium, Fairtrade Netherlands and Fairtrade Luxemburg, in their respective countries or FLOCERT in all countries.

Stakeholders can participate in the assurance programme through their nominated representatives in the OC. Stakeholders can also participate through the allegation and complaints system as described in next point and via general feedback to the assurance programme through the email channel specified for it.

Complaints and allegations are presented in first instance to the relevant assurance provider (see for example FLOCERT procedures http://www.flocert.net/fairtrade-services/fairtrade-certification/appeals-and-allegations/). If the results are not satisfactory, the allegation or complaint can be sent to Fairtrade International as a second instance. Fairtrade also has an online public mechanism to report misuse of the FAIRTRADE Mark, to be found in the webpage https://www.fairtrade.net/about-fairtrade/the-fairtrade-marks/reporting-misuse.html.

The Oversight Committee reviews the assurance programme on an ongoing basis, focusing on assurance provider compliance with the RAPs, and on monitoring and investigating specific assurance issues in terms of effectiveness, consistency and improvement through learning.

Personnel competence

All personnel involved in assurance, including auditors, must comply with qualification and competency criteria and personal attributes, as defined in the RAPs (see Annex 2, RAPs, points 21 and 22). Assurance providers organize a periodic training and calibration programme of auditors and other assurance 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.

Assessment

Fairtrade uses third party audits as the basis for its assessment methodology. Most audits in the Fairtrade scheme are on-site, particularly all initial, renewal and unannounced audits are always on-site audits. Desk top audits may be used for surveillance and follow up of non-conformities.

Assurance providers are required to develop a risk matrix 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, a renewal audit every 3 years and one surveillance audit in between this cycle. As a general rule assurance providers must plan audit activities in such a way that enables 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 audits 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. To guarantee consistency and to avoid consultancy the information must be limited to:

- Explanation of the standard in colloquial or locally relevant terms
- Providing examples of compliance of other certified clients, respecting confidentiality and
- Explanation of supplementary documents to the relevant standard published by Fairtrade International.

The assurance providers must use a consistent list of Compliance Criteria in their audits. Non-conformity with a compliance criterion is considered a non-conformity with the respective standards 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.

The compliance criteria use a set of 5 ranks that describe different likely levels of compliance with a given criteria, in order to help a uniform interpretation by auditors. See example
http://www.flocert.net/wp-content/uploads/2014/02/PC-PublicComplianceCriteriaHL-ED-7.0-en.pdf

The Fairtrade scheme is based on remediation of non-conformities found during audits. As a result of audits the assurance providers create a report of non-conformities, and the client must take corrective action on a given timeframe. Only when corrective actions are not taken or are unsuccessful, or when the non-conformities found are major, the assurance providers may suspend the certificate, with limited trading ability during that period of time, or ultimately withdraw the certificate.

Assessment of groups is not applicable to Fairtrade's assurance scheme.

Oversight

Oversight is managed by the Oversight Committee (OC) whose responsibilities are defined in the Terms of Reference. As the committee includes members of Fairtrade International who also perform certification, special attention is given to the fact that decisions are taken independently. For this reason a specific clause has been included for the committee members to be excluded from the discussion and decision when a topic related to their work is included in the agenda and particularly when deciding about their own compliance status.

The OC defines the Oversight Procedures that include third-party assessment against the RAPs. On-site assessments are repeated every 24 months. Additionally off-site assessments must be carried out every 24 months in the year between on-site assessments so that annual assessments alternate between being on-site and off-site.

New assurance providers need to have an on-site assessment against the complete RAPs in order to be initially approved by the Board of Fairtrade International. Unresolved non-conformities with the RAPs or unwillingness to follow the Oversight Procedure will result at the end in the withdrawal of the right to operate in the Fairtrade assurance programme, as decided by the Board.

The Fairtrade oversight programme does not use external accreditation bodies, although FLOCERT, Fairtrade's largest assurance provider, is accredited to ISO17065 by Dakks, who in turn follows DIN EN ISO/IEC 17011 (http://www.dakks.de/en/content/legal-basis).

Proxy accreditation is not used in Fairtrade's assurance scheme.

On-going scrutiny

Chain of custody and compliance with labelling rules is part of the Fairtrade Standards that assurance providers check. All use of FAIRTRADE Marks and claims must have been previously approved by Fairtrade International or a national member of Fairtrade. The first check is during audits where prior approval is requested. Any inadequate or inappropriate use can lead to a non-conformity, a suspension, or withdrawal of the certificate depending on severity and intentionality of the case. Additionally, legal action can be also initiated.

Suspicion of fraud can also trigger unannounced audits. Information for this may come from the complaints and allegations mechanism.

Annexes

Annex 1 – Oversight Procedure
Annex 2 – Requirements for Assurance Providers
Annex 3 - ToR of the Oversight Committee