

REGULATIONS GOVERNING THE USE OF THE EUROPEAN UNION CERTIFICATION MARK "FAIRTRADE"

I. CERTIFICATION MARK

The Fairtrade Sourced Ingredient ("FSI") certification mark ("**Certification Mark**") is the figurative mark "FAIRTRADE" as shown below:



II. OWNER

Fairtrade Labelling Organizations International e.V. trading under FLO Bonner Talweg 177, Bonn, (53129) Germany ("**Fairtrade International**").

III. DECLARATION OF COMPLIANCE

The owner declares – in compliance with the requirements laid down in Art. 83(2) of Regulation (EU) 2017/1001 – that it does not carry out any business involving the supply of goods of the kind certified.

IV. LIST OF GOODS

The Certification Mark certifies products as fairly produced and traded against the Fairtrade Standards. The Certification Mark shall cover products of the following classes

Class	Description
3	Cosmetics and toiletry preparations; dentifrices; perfumery, essential oils; cosmetic oils; hand and body creams; cotton wool for cosmetic purposes.
4	Wax; beeswax; lubricants; fuels; candles and wicks for lighting; alcohol (fuel).
5	Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; food for babies; herbal teas for medicinal purposes; medicinal herbs; chewing gum for medical purposes; plasters, materials for dressings; dental wax; cotton for medical purposes.
17	Semi-processed plastics

22	Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks and bags (not included in other classes); padding and stuffing materials (except of rubber or plastics); raw fibrous textile materials; textile fibers; raw cotton; cotton fibers; coconut fiber.
23	Yarns and threads, for textile use.
24	Fabric and textiles goods, namely bed and table covers, linen, sets comprised of duvets and duvet covers, bed sheets, pillowcases, pillow shams, towels, cushion covers, textile placemats, curtains, kitchen textiles, namely, textile table cloth, textile table napkins and textile table runner.
25	Clothing, namely, shirts, blouses, skirts, dresses, underwear, jackets, blazers, anoraks, shorts, t-shirts, jeans, scarves, bandanas, saris, leggings, trousers, bathrobes, baby underwear; baby clothes, namely, dungarees, rompers, dresses, hats; headgear, namely, beanies, hats and caps; footwear, socks.
27	Carpets, rugs and mats.
28	Sport balls.
29	Preserved, dried and cooked fruits and vegetables; fruit peel, jellies, jams, compotes; edible oils and fats; coconut milk; cocoa butter; nuts equally whether processed, dried or pre-pared; butter made of nuts; pastes made from nuts; mixtures of fruit and nuts; fruit pulps; beans equally whether preserved dried or cooked, fruits equally whether preserved, dried or cooked.
30	Coffee, tea, cocoa; herbal teas; sugar, rice, tapioca, sago; edible rice paper; flours made from wheat, canola, soy, corn, quinoa, amaranth, spelt; cocoa powder; preparations made from flours and cereals containing cocoa, namely, processed cereal -based food containing cocoa to be used as a breakfast food, snack food or Ingredient for making other foods; molasses for food; breakfast cereals, bread, pastry, confectionery containing cocoa, chocolate, candy, chewing gum, tarts, cakes, biscuits, cookies, ice cream, edible ices, water-based ices; chewing gum for breath freshening; honey, propolis; royal jelly; natural sweeteners; treacle; mustard, vinegar, sauces, condiments, condiment sauces; spices; seasonings; sesame seeds; culinary herbs; processed herbs; dried herbs; flowers or leaves for use as tea substitutes; dressings for salad.
31	Agricultural, horticultural and forestry products and grains (included in class 31); fresh fruits and vegetables; seeds, natural plants and flowers; herbs; garden herbs, fresh; unprocessed herbs; bagasses of cane; brans; foodstuffs for animals, malt; unprocessed nuts; unprocessed cereals; raw cocoa beans; bee pollen (unprocessed).
32	Beers; non-alcoholic drinks; juices; fruit drinks and fruit juices; syrups and other preparations for making beverages.
33	Alcoholic beverages (except beers).

V. DEFINITIONS

The following Regulation of Use ("**Regulation**" or "**RoU**") shall cover all conditions of use of the Certification Mark on Fairtrade Products, which shall include any modification or amendment thereof.

In this Regulation, unless the context otherwise requires, the following words and expressions shall have the meaning here assigned to them:

- (a) **ATCB** ("All That Can Be Must Be") is a product composition requirement set out in the Fairtrade Trader Standard for food composite products. Under ATCB, Fairtrade Verified Operators must ensure that all ingredients in a composite product that can be sourced on Fairtrade terms are in fact sourced under Fairtrade-terms.
- (b) **Fairtrade Assurance Providers** are organizations that are allowed by Fairtrade International to perform assurance against Fairtrade Standards and which monitor and verify compliance of Fairtrade Certified Operators with the Fairtrade Standards.
- (c) **Fairtrade Certified Operator(s)** are all organizations and companies (producers/ manufacturing companies and traders) that have successfully undergone the required certification procedure and obtained a Fairtrade certification. Certified producer organizations and traders are called Fairtrade Producers and Fairtrade Traders, respectively.
- (d) **Fairtrade Certification Mark** is the European Union Certification Mark No. 017959045



- (e) **Fairtrade Minimum Price** (where it exists) is the minimum price defined by Fairtrade International that Fairtrade Traders (buyers) must pay to Fairtrade Producers for a Fairtrade Product. When the relevant market price for a Fairtrade Product is higher than the Fairtrade Minimum Price, then at least the market price must be paid. The relevant market price is the price that prevails on non-Fairtrade markets for equivalent products.
- (f) **Fairtrade Premium** is an amount defined by Fairtrade International to be paid by Fairtrade Traders (buyers) to Fairtrade Producers on top of the Fairtrade Minimum Price for investment in social, environmental or economic development projects, decided upon democratically by producers within a farmers' organization or by workers on a plantation.
- (g) **Fairtrade Products** are any raw materials, Ingredients or semi-finished Products intended for use in a Finished Product, produced or manufactured and traded in compliance with the applicable Fairtrade Standards.
- (h) **Fairtrade Sourced Ingredient Model (FSI Model)** is Fairtrade International's commodity-sourcing model that focusses on the sourcing of individual Ingredients

within a composite product as Fairtrade, rather than on the whole product composition as in ATCB. Under the FSI Model, companies can source one or more Ingredients of a Finished Product as Fairtrade rather than all Ingredients for which there are Fairtrade Standards. Insofar not all Ingredients in a Finished Product which are available as Fairtrade must be Fairtrade. The FSI Model applies to all Fairtrade Products except precious metals, which are covered by a separate sourcing model called the Gold Sourcing Program.

- (i) **Fairtrade Standards** are all the standards set by Fairtrade International. The Fairtrade Standards cover various categories, including producer organizations, traders and products.
- (j) **Fairtrade Verified Operators** are all Fairtrade Certified Operators and non-certified operators that are eligible to use the Certification Mark on Finished Products. Fairtrade Verified Operators are required to enter into a royalty-bearing agreement with Fairtrade International or a National Fairtrade Organization to use the Certification Mark on Finished Products.
- (k) **Finished Products** are consumer-ready products that are not further transformed or repacked before sale to consumers.
- (l) **Ingredient** means any substance, including a food additive, used in the manufacture or preparation of a product including foodstuffs and present in a Finished Product, although possibly in a modified form. When certified against the applicable Fairtrade Standards it is considered a Fairtrade Ingredient.

The rules around the use of the Certification Mark are defined in the Fairtrade Standards, to ensure the credibility of the Certification Mark. All Fairtrade Standards are available on Fairtrade International's website at <https://www.fairtrade.net/standard>.

VI. FAIRTRADE STANDARDS: THE CHARACTERISTICS TO BE CERTIFIED

The Fairtrade Standards define the characteristics against which organizations and companies will be assessed as to their eligibility to use the Certification Mark. Each Fairtrade Standard includes a range of criteria (such as social, economic and environmental criteria) that producers and traders must comply with in order to be able to use the Certification Mark on products and for advertising purposes.

The characteristics to be certified by the Certification Mark are the requirements laid down in the Fairtrade Standards. For example, the Fairtrade Standards contain labor requirements intended to ensure decent working conditions, including but not limited to the prohibition of forced labor, child labor and discrimination. Environmental requirements as set out in the Fairtrade Standards include biodiversity protection, minimal use of pesticides and agrochemicals, and the prohibition of the use of genetically modified organisms. Further trade requirements that Fairtrade Operators need to comply with when selling their products include the physical segregation (when applicable) of Fairtrade Products from non-Fairtrade Products and having their artwork bearing the Certification Mark approved prior to its use. Besides these more specific requirements, the Fairtrade Standards also include more general requirements such as, for example, related to the certification process, in particular the obligation to accept audits and provide information at the certification body's request.

The Certification Mark on a Finished Product indicates to the relevant public that the product has been produced and traded in a fairly and sustainable way in compliance with the social, economic and environmental requirements set out in the applicable Fairtrade Standards by Fairtrade International.

The Fairtrade Standards within the scope of the Certification Mark can be grouped into the following categories: (1) Fairtrade Standards for Producers, (2) Fairtrade Standards for Traders, (3) Fairtrade Product Standards and (4) the Fairtrade Textile Standard. In detail:

1. Fairtrade Standards for Producers

Producers that would like to obtain or retain a Fairtrade certification must comply with the Fairtrade Standard relevant to their organizational setup, regardless of the product they want to certify. In the Fairtrade system, Fairtrade Producers are grouped into three organizational setups:

- The Fairtrade Standard for Small-scale Producer Organizations (available at: <https://www.fairtrade.net/standard/spo>) applies to small-scale producers, which run their business mainly by using their own or their family's labor;
- The Fairtrade Standard for Hired Labor (available at: <https://www.fairtrade.net/standard/hl>) applies to organizations which employ hired labor to produce or supply Fairtrade Products;
- The Fairtrade Standard for Contract Production (available at: <https://www.fairtrade.net/standard/cp>) applies to small-scale producers that are not yet democratically organized or are organized into non formal structures.

2. Fairtrade Trader Standard

The Fairtrade Trader Standard (available at: <https://www.fairtrade.net/standard/trader>) applies to all companies that buy and sell Fairtrade Products, and/or handle the Fairtrade Minimum Price and Fairtrade Premium, regardless of which product they trade, until the Finished Product.

3. Fairtrade Product Standards

In addition to complying with the standards applicable to their organizational set-up, producers and traders wanting to acquire or retain the Fairtrade certification must comply with specific Fairtrade Product Standards applicable to the product category that they would like to obtain or retain a certification for.

Generally, Fairtrade certification is open to diverse producer set-ups across a range of product categories. However, the certification of some products is only available to specific producer set-ups. For example, the Fairtrade Product Standards for Coffee, Cane Sugar and Honey only apply to small-scale producer organizations. This means that only small-scale producer organizations are eligible to be certified for coffee, cane sugar and honey. As another example, the Fairtrade Product Standard for Flowers and Plants is only available for hired labor organizations.

The Product Standards complement the Fairtrade Standards for Producers and the Fairtrade Trader Standard in that they lay down specific requirements for products that Fairtrade Producers and Fairtrade Traders produce or trade, respectively. For example, the Fairtrade Standard for Cereals requires all quinoa producers to dedicate at least 30% of

their Fairtrade Premium to make the production and the processing of quinoa more environmentally sustainable. As another example, under the Fairtrade Standard for Honey, since honey production is particularly affected by irregular weather patterns, and especially with the impacts of climate change in mind, honey traders are required to take additional action to support producers in mitigating weather-related risks.

If and to the extent that a product-specific standard differs in any way from a particular requirement in the Fairtrade Standards for Producers or the Fairtrade Trader Standard, the requirements in the latest revised standard shall prevail.

Only products for which there are Fairtrade Product Standards can be certified as Fairtrade. When Fairtrade-Products are used as Ingredients in Finished Products (e.g. cocoa in a chocolate bar), such composite products are, in principle, eligible to bear the Certification Mark. This explains why the list of goods under Section IV of the Regulation covers substantially more product categories than there are Fairtrade Product Standards. For example, the composite product "beer" (Class 32) can be labelled with the Certification Mark, if it contains one or more Ingredients, such as the cereal barley (Class 31), that have been produced and traded in compliance with the applicable Fairtrade Standards (here: the Fairtrade Standard for Cereals). As another example, the generic term "alcoholic beverages (except beer)" in Class 33 covers alcoholic beverages, such as, *inter alia*, wine, vodka and rum, each of which might contain Ingredients, such as grapes (wine), cereals (vodka) or cane sugar (rum), that are each covered by Fairtrade Product Standards. An exemplary table showing which Fairtrade Standards are applicable to which category of products (Section IV of the Regulation) is attached as **Annex 1** with a number of examples.

VII. THE FAIRTRADE SOURCED INGREDIENT MODEL (FSI MODEL)

The FSI Model allows Fairtrade Verified Operators to source single Ingredients (only one or more) under Fairtrade conditions, for their composite products, but not all Ingredients of a Finished Product labelled with the Certification Mark that are available as Fairtrade are required to be produced and purchased on Fairtrade terms. The FSI Model is a way for companies to commit to using larger quantities of fairly produced Ingredients, and from the FSI Model benefit farmers who can sell more of their products at Fairtrade conditions. A Finished Product labelled with the Certification Mark indicates that one or even more, but not all Ingredients in a composite Finished Product which are available under Fairtrade conditions, were purchased and produced on Fairtrade terms. Unlike ATCB, the FSI Model does not focus primarily on the overall composition of a composite Finished Product, but on the sourcing of individual Ingredients. A Finished Product under ATCB containing as many Ingredients as are available as Fairtrade must instead be labelled with the Fairtrade Certification Mark.

1. Physical Traceability and Mass Balance

In principle, all Fairtrade-sourced Ingredients of a Finished Product should be physically traceable from the producer to the end-consumer. A physically traceable Ingredient is an Ingredient that has been physically segregated from non-certified Ingredients of the same kind and can be traced back to its producer. The physical traceability requirements are compulsory for all Fairtrade Products except for cocoa, cane sugar, fruit juice, tea (*camellia sinensis*), and cotton at and after the spinning stage. This is because the latter products are routinely mixed or go through complex manufacturing processes in local mills, factories or

at the point of shipping. Tracing these products throughout the supply chain is extremely difficult and can limit sales for Fairtrade Producers. Therefore, traders of those exempted products, and only those products, can choose whether or not to apply physical traceability. If they choose to apply physical traceability, they must comply with the physical traceability requirements defined in the Fairtrade Standards.

If a trader chooses not to apply physical traceability, the mass balance model applies. Mass balance is a traceability model used by Fairtrade International and many other certifiers to ensure farmers and workers have maximum opportunities to sell their certified crops. Under mass balance, companies may mix Fairtrade and non-Fairtrade Products of the same kind (e.g. cocoa) during the processing stages as long as the actual volumes of sales on Fairtrade terms are tracked and audited throughout the supply chain. Mass balance is only allowed for the abovementioned products exempted from physical traceability, namely cocoa, cane sugar, fruit juice, tea (*camellia sinensis*), and cotton for processing activities at and after spinning stage.

2. The Fairtrade Sourced Cotton Model

If 100 % of the cotton contained in a product is Fairtrade certified and is physically traceable all the way from the farmer to the Finished Product, ATCB applies, and therefore the Finished Product is to be labelled with the Fairtrade Certification Mark.

The FSI Model also applies to cotton products under the so-called Fairtrade sourced cotton model. However, the FSI Model for cotton functions differently than it does for other commodities. Cotton as a commodity is excepted from the 100 % product composition requirement in the Fairtrade Trader Standard and mass balance is allowed for processing activities at and after spinning stage. This means that under the FSI Model, the volume of cotton sourced under Fairtrade terms is not necessarily physically linked to the equivalent volume of cotton in products which carry the Certification Mark. The requirements for the sourcing of cotton under the FSI Model are laid down in detail in the Fairtrade Standard for Fibre Crops (see https://files.fairtrade.net/standards/FibreCrops_SPO_EN.pdf).

VIII. USE SCENARIOS OF THE CERTIFICATION MARK

The Certification Mark can be used on food and non-food composite Finished Products containing single Ingredients (one or more) that were sourced under the FSI Model. A detailed description of all possible use scenarios of the Certification Mark is laid out below.

1. 100 % of the Relevant Ingredient Sourced on Fairtrade Terms and Physically Traceable

The Certification Mark in its original design indicates to end-consumers that 100% of a certain Fairtrade Ingredient (e.g. pepper) in a composite Finished Product was sourced on Fairtrade terms and is physically traceable. The relevant Fairtrade Product as Ingredient of the Finished Product is to be named in the commodity tab. The corresponding Fairtrade Product must be named in the tab next to the trademark.

An example of the use of the Certification Mark for 100% Fairtrade-certified, physically traceable pepper can be illustrated as follows



2. Mass Balance

An arrow placed in the commodity tab next to the Certification Mark means that the relevant Fairtrade Product used as Ingredient of the Finished Product, such as cocoa, has been traded under mass balance conditions. The arrow indicates to end-consumers to look for more information on the back or side of the packaging, in this case referring to the Ingredient being traded under mass balance conditions.

An exemplary use of the Certification Mark on the packaging of a Finished Product containing cocoa traded under the mass balance model can be visualized as follows:



3. Cotton

The Certification Mark on cotton Finished Products with the commodity name "cotton" and an arrow in the commodity tab indicates that a certain volume of cotton has been purchased under Fairtrade terms and an equivalent volume is used in the Finished Products labelled with the Certification Mark (as per the Fairtrade Sourced Cotton model). Fairtrade Certified Operators as well as Fairtrade Verified Operators achieve volume purchases, but the cotton is not physically traceable after the ginning stage, and therefore Finished Products offered and sold by a Fairtrade Verified Operator are not labelled in the traditional way.



4. Two-Commodity-Tabs

When a composite Finished Product contains two or more Fairtrade Ingredients, a maximum of two commodity tabs can be used. In the case of more than two Fairtrade Products, the Ingredients with the highest content in the Finished Product shall be included in the commodity tabs, with the lead Ingredient placed on the left; all other Fairtrade Products will be listed back-of-pack.



IX. AUTHORIZED USERS OF THE CERTIFICATION MARK

Any organization or company wanting to use the Certification Mark on Finished Products, including promotional materials, must either be a Fairtrade Certified Operator or a Fairtrade Verified Operator and obtain prior written approval for its artwork bearing the Certification Mark from Fairtrade International or a National Fairtrade Organization.

In addition to written artwork approval, for the use of the Certification Mark on Finished Products, a Fairtrade Certified Operator or a Fairtrade Verified Operator must enter into a royalty-bearing agreement with Fairtrade International or a National Fairtrade Organization.” A request for permission to use the Certification Mark can be rejected in exceptional cases, if the requester’s behavior or activity is not in line with the Fairtrade Organization Code (available at: https://files.fairtrade.net/2019_FairtradeOrganizationCode.pdf) or Fairtrade International's core principles.

1. 6.1 Fairtrade Certified Operators

Fairtrade Certified Operators are all organizations and companies (producers, manufacturing companies and traders) which have successfully undergone a Fairtrade certification procedure and obtained a Fairtrade certification. Certification is required for any company that

- is the producer (has ownership/custody) of the raw Ingredients and/or
- is responsible for transforming the product in any way (manufacturing/processing/packaging/re-packing up to the point where the product is in its final packaging) and/or
- is buying directly from Fairtrade Producers and/or is responsible for complying with any of the requirements of the Fairtrade Standards such as paying or conveying the Fairtrade Minimum Price or Fairtrade Premium, contracts with Fairtrade Producers, quality claims, pre-financing and traceability (up to consumer-ready packs).
- In textiles, all operators employing hired workers in the textile supply chain processing Fairtrade certified cotton and other responsible fibres.

Subject to prior approval of the artwork bearing the Certification Mark, all Fairtrade Certified Operators may use the Certification Mark on wholesale packaging (such as export and transport boxes or bags) and/or external promotional material (off-pack communications, such as brochures, websites or invoices for Fairtrade products).

2. 6.2 Fairtrade Verified Operators

Fairtrade Verified Operators are all Fairtrade Certified Operators and non-certified operators that are eligible to use the Certification Mark on Finished Products. Such eligibility

requires that an operator has been verified and has entered into a royalty-bearing agreement with Fairtrade International or a National Fairtrade Organization. In the verification process, Fairtrade International or a National Fairtrade Organization verifies compliance with a set of requirements, such as that the product to be labelled with the Certification Mark was acquired from a Fairtrade Certified Operator and is indeed a Finished Product (*i.e.* not further transformed or repacked before sale to end-consumers). The verification bodies also verify that any accompanying packaging information is accurate and up-to-date and that the full supply chain, whenever possible, but at least the immediate supplier, of the product to be labelled with the Certification Mark is Fairtrade-certified.

Fairtrade Verified Operators can also use the Certification Mark on promotional materials in relation to their Fairtrade Products upon signing a royalty-bearing agreement with the relevant verification body.

X. TESTING AND SUPERVISION

1. Supervision over Fairtrade Certified and Verified Operators

The compliance of Fairtrade Certified Operators with the Fairtrade Standards is assessed and monitored by Fairtrade Assurance Providers. The main Fairtrade Assurance Provider and certification body is FLOCERT GmbH, Bonner Talweg 177, 53129 Bonn, Germany, which is accredited against ISO 17065, the international standard for ensuring fair and capable certification of products, processes and services. FLOCERT is the only Fairtrade Assurance Provider for producer and trader certification in all producing countries, as well as for traders in most of the consuming countries. A list of all currently approved Fairtrade Assurance Providers can be found on Fairtrade International's website at https://files.fairtrade.net/standards/ASSU_AssuranceCode_PublicSystemReport_EN.pdf.

Any operator (producer or trader) wishing to obtain a Fairtrade certification is required to enter into a certification agreement with a Fairtrade Assurance Provider. The certification agreement obliges all operators interested in becoming certified to, *inter alia*, accept unannounced audits at their premises, including subcontracted premises. Following the application for Fairtrade certification, an initial audit is conducted to assess compliance of the operator interested in becoming certified with the relevant Fairtrade Standards. In case of non-conformities, the operator is asked to take corrective action within a certain period of time. Once the operator has resolved all non-conformities or was fully compliant to begin with, a Fairtrade certification is granted.

Any organization, whether or not it is a Fairtrade Certified Operator, that wishes to become a Fairtrade Verified Operator and as such wishes to use the Certification Mark on the product packaging of its Finished Products must enter into a royalty-bearing agreement with Fairtrade International or the competent National Fairtrade Organization.

In addition, Fairtrade Verified Operators must comply with the Fairtrade Trader Standard and other rules directly related to the use of the Certification Mark, such as rules on product composition and accurate labelling. These requirements are assessed and monitored by Fairtrade International or the relevant National Fairtrade Organization. All requirements to be met by Fairtrade Verified Operators are set out in a royalty-bearing agreement which the respective Fairtrade Verified Operator has concluded with Fairtrade International or the National Fairtrade Organization.

1.1 Assessment Methodology

All initial and subsequent audits of Fairtrade Certified Operators or operators interested in becoming certified are usually on-site physical audits conducted by qualified third-party auditors. In addition to physically auditing processing installations, storages and production sites, on-site audits include documentation reviews and sample interviews with personnel at different levels of an organization/company and/or workers and other groups to verify compliance with the Fairtrade Standards. The basis on which an audit is planned and conducted is described in the Standard Operating Procedure for Fairtrade Assurance Providers (available at: <https://www.flocert.net/wp-content/uploads/2017/09/audit-procedure.pdf>). Any samples to be assessed are chosen by the auditor, not the auditee. The number of samples to be tested and the number of interviews to be conducted depends on various parameters such as, for example, the size, the structure and the number of workers in the organization to be assessed. However, certain minimum quantitative requirements are defined in the Requirements for Fairtrade Assurance Providers.

In exceptional cases, a Fairtrade Assurance Provider can rely on so-called desktop audits (off-site audits as remote audits) instead of on-site physical audits. A desktop audit is an evaluation of compliance that excludes the field visit to the premises, only allowed in case a physical audit is not possible due to very special circumstances such as regional conflicts, natural disasters, outbreaks of diseases, or other high travel risk circumstances, and there is a clear indication that the audit cannot be postponed or skipped. Initial or renewal audits are always physical audits and cannot be replaced by such desktop audits.

A desktop audit is set up of four elements: (i) the scoping call; (ii) document collection; (iii) desktop review; and, (iv) a so-called live interaction with the Fairtrade Certified Operator. The objective of the scoping call is to understand circumstances that impact the remote assessment, such as available videoconferencing tools for the live interaction, systems used by the Fairtrade Certified Operator to document transactions, members information, etc. As a next step, the Fairtrade Certified Operator needs to provide a defined set of documents, amongst others an overview of transactions, suppliers and buyers, information about the functioning of the organization, bookkeeping, sales, premium use; information about employed workers. During the desktop review, the auditor reviews the provided documentation and may ask for further documents, e.g. samples, to get a first insight in the level of compliance. The process is concluded with the live interaction, which is a video-call with the relevant Fairtrade Certified Operator, in which the auditors mimics the onsite audit as far as possible. Findings from the desktop review are cross-checked, compliance with the applicable requirements is assessed. Opening and closing meeting are conducted.

The standard certification cycle is usually three years, except for a subcategory of traders that are Fairtrade Verified Operators, whose certification cycle usually lasts for six years. At the end of each certification cycle, a renewal audit is to be conducted. However, even during certification cycles, a Fairtrade Certified Operator may be subject to additional audits, if a Fairtrade Certified Operator falls within certain risk categories, defined in Fairtrade International's Risk Based Assurance Policy (available at: https://files.fairtrade.net/standards/ASSU_ReqAssuranceProviders_V2.pdf; in Annex C, page 35). For example, a Fairtrade Certified Operator qualifies as a high risk target, if the Fairtrade Certified Operator has a high number of non-compliances with the Fairtrade Standards or has any major

non-conformities resulting in suspension, etc. In addition, unannounced audits are conducted at any time if there are indications of additional risk, such as specific allegations, expansion of the organization's certification scope or product- or country-specific risks.

The verification procedure conducted by Fairtrade International and the National Fairtrade Organizations includes the review of all documentary evidence submitted to Fairtrade International or the competent National Fairtrade Organization by the applicant, the verification of information like the validity of the supply chain of the applicant in relation to the production and supply chain originating from Fairtrade Certified Operators, the veracity of claims (*e.g.* physical traceability in case of products for which mass balance is allowed). The verification procedure also includes a verification that the proposed composition of the product is in conformity with the requirements of the Fairtrade Trader Standard, and the relevant Fairtrade Product Standards, and that the submitted artwork is in conformity with the rules related to the use of the Certification Mark.

1.2 **Personnel Competence**

All personnel involved in the compliance assessment of Fairtrade Certified Operators and operators interested in becoming certified, including auditors, must comply with qualification and competency criteria and personal attributes as set out in the Requirements for Fairtrade Assurance Providers. Fairtrade Assurance Providers must verify that the qualification criteria are met before engaging with any auditor or other assurance personnel, and must assess periodically whether competency criteria continue to be met. The assessment process for assurance personnel includes on-the-job evaluation and the witnessing of audits. Qualification and competency criteria as set out in the Requirements for Fairtrade Assurance Providers include, but are not limited to, auditing and work experience in assurance, having received training on Fairtrade Standards and audit methodology and possessing appropriate language skills to communicate with the auditee in their native language. All qualification and competency criteria are set out in detail in Section 4.2 ("Requirements for Assurance Personnel") of the Requirements for Fairtrade Assurance Providers.

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 Requirements for Licensing Bodies (https://files.fairtrade.net/standards/ASSU_ReqLicensingBodies_v2.0-3.pdf). Such qualification and competency criteria include related work experience and language and communication skills as well as knowledge of the Fairtrade system.

1.3 **Sanctions**

Any inadequate or inappropriate use of the Certification Mark by any Fairtrade Certified Operator or Fairtrade Verified Operator can ultimately lead to a loss of the right to use the Certification Mark. In severe cases of non-compliance with the Fairtrade Standards or other requirements related to the use of the Certification Mark, other legal actions can be initiated, depending on the severity of the case.

In general, non-compliance with the applicable Fairtrade Standards may result in sanctions for the Fairtrade Certified Operator. As a first step, the Fairtrade Certified Operator will be asked to correct any non-compliances within a given timeframe. If corrective actions are not implemented or turn out unsuccessful, the competent Fairtrade Assurance Provider can, as a second step, suspend the certification for a period of up to six months, in which case the Fairtrade Certified Operator would retain its certification, but with limitations,

until appropriate corrective actions are initiated. If, following a suspension, the Fairtrade Certified Operator still fails to take appropriate corrective actions within the defined timeframe, the competent Fairtrade Assurance Provider can withdraw the Fairtrade certification altogether.

The above multi-tiered sanction mechanism does not necessarily have to apply to any type of scenario. For example, in severe cases of non-compliance, such as, for example, when a Fairtrade Certified Operator refuses to be audited, the relevant Fairtrade Assurance Provider can directly resort to decertification without any further intermediate steps.

As a result of decertification, a Fairtrade Certified Operator must cease trading Fairtrade Products with immediate effect, may not sign new contracts or fulfil existing contracts relating to the production and/or trade of Fairtrade Products. If the operator is both a Fairtrade Certified Operator and a Fairtrade Verified Operator at the same time, in case of decertification by the Fairtrade Assurance Provider the right to use the Certification Mark is likewise revoked by Fairtrade International or the relevant National Fairtrade Organization so that such a decertified Fairtrade Certified and Verified Operator must immediately cease using the Certification Mark.

The decertification of a Fairtrade Certified Operator by the competent Fairtrade Assurance Provider within a supply chain of Fairtrade Products will grant Fairtrade International or the relevant National Fairtrade Organization at the end of such a supply chain the right to revoke the authorization to use the Certification Mark on any of the Fairtrade Verified Operator's Finished Products with immediate effect. Upon revocation of authorization to use the Certification Mark, a Fairtrade Verified Operator must cease all use of the Certification Mark on and in relation to all packaging and promotional materials to its Finished Products.

Other acts on part of a Fairtrade Verified Operator, such as diminishing the reputation of the Certification Mark, engaging in dishonest trading practices, or using the Certification Mark in connection with non-Fairtrade Products, can also lead to a loss of right to use the Certification Mark. Sanctions on Fairtrade Verified Operators can be found in the requirements for Licensing bodies (available at: https://files.fairtrade.net/standards/ASSU_ReqLicensingBodies_v2.0-3.pdf).

Any Verified Operator having lost its right to use the Certification Mark on Finished Products may be asked to withdraw from sale or from circulation any packaging or other promotional material bearing the Certification Mark. The withdrawal shall take place no later than 30 days as from receipt of written notice from Fairtrade International or the relevant National Fairtrade Organization.

2. Supervision over Fairtrade Assurance Providers

The compliance of Fairtrade Assurance Providers with the Requirements for Fairtrade Assurance Providers is assessed and monitored by Fairtrade International through its Oversight Committee – a subcommittee of, and accountable to, the Fairtrade Standards Committee and, ultimately, the Fairtrade International Board. The Oversight Committee is a multi-stakeholder committee whose members may be producers', workers' and traders' representatives as well as technical members with expertise in certification and verification. The Oversight Committee implements regulations that govern the assurance and verification schemes and monitors whether certification and verification bodies continue to meet

Fairtrade International's expectations. The Oversight Committee also monitors specific assurance issues in terms of effectiveness and consistency.

All rules for the oversight procedure are laid down in the Fairtrade International Oversight Procedure manual (available at: https://files.fairtrade.net/standards/ASSU_OP_Oversight_Procedure_2.0_final_19June_2019.pdf). The usual assessment cycle for Fairtrade Assurance Providers is three years, with a renewal assessment taking place at the end of each cycle. Further routine surveillance checks are conducted yearly, except during the year in which the renewal assessment is due. Renewal audits are always on-site audits that include the witnessing of live audits. Any major non-compliances with the Fairtrade International Oversight Procedure can ultimately lead to a withdrawal of the right to act as a Fairtrade Assurance Provider.

Annexes

Annex 1	Table of Fairtrade Standards and corresponding Fairtrade Products and Goods covered by the RoU
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