

FAIR FOR LIFE

SOCIAL & FAIR TRADE CERTIFICATION PROGRAMME

VERSION DECEMBER 2013
applicable from May 2014 onwards



CONTROL MODULE 4: CRITERIA FOR HANDLING OPERATIONS

CONTROL MODULES OF THE FAIR FOR LIFE PROGRAMME

1. LABELLING AND CONTROL CRITERIA

Module 1, see separate document

2. CRITERIA FOR HIRED LABOUR OPERATIONS

Module 2, see separate document

3. CRITERIA FOR PRODUCER GROUPS

Module 3, see separate document

4. CRITERIA FOR HANDLING OPERATIONS

Presented in this section

5. CRITERIA FOR PROCESSING AND ARTISAN OPERATIONS

Module 5, see separate document

6. CRITERIA FOR WILD COLLECTION OPERATIONS

Module 6, see separate document

7. CRITERIA FOR MINING OPERATIONS

Module 7, see separate document

8. CRITERIA FOR TOURISTIC SERVICES

Module 8, see separate document

9. INTEGRATED PRODUCTION CRITERIA

Module 9, see separate document

Table of Content

4	CRITERIA FOR HANDLING OPERATIONS	7
	PART I: FAIR FOR LIFE CERTIFIED HANDLING OPERATIONS	7
4.1	FAIR FOR LIFE HANDLING CRITERIA (ALL HANDLERS)	7
4.1.1	FAIR TRADE SOURCING	7
4.1.2	SUPPORT AND PROMOTION OF FAIR TRADE PRODUCERS AND PRODUCTS	9
4.1.3	TRACEABILITY AND PRODUCT HANDLING.....	10
4.2	ADDITIONAL CRITERIA FOR BUYING FROM FAIR TRADE PRODUCER OPERATIONS	12
4.2.1	PARTNERSHIP AND FAVOURABLE TRADING TERMS	13
4.2.2	FAIR FOR LIFE PRICING AND FAIR TRADE DEVELOPMENT PREMIUMS	15
4.3	SOCIAL RESPONSIBILITY (ALL CERTIFIED HANDLERS)	18
	PART II: REGISTERED HANDLING OPERATIONS	19
4.4	REQUIREMENTS FOR REGISTERED HANDLING OPERATIONS	19
4.4.1	REGISTRATION OF INTERMEDIATE AND CONTRACTED HANDLERS	19
4.4.2	BASIC FAIR FOR LIFE HANDLING REQUIREMENTS FOR REGISTERED HANDLERS.....	20

Annex 1 to Module 4:
**CRITERIA FOR RESPONSIBLE LABOUR PRACTICES
 FOR FAIR FOR LIFE HANDLERS**

1	RESPONSIBLE LABOUR PRACTICES FOR FAIR FOR LIFE HANDLERS	23
1.1	BASIC RESPONSIBLE LABOUR PRACTICES	23
1.2	SAFE WORKING CONDITIONS	24
1.3	WAGES AND SOCIAL SECURITY	25
1.4	WORKING HOURS AND REGULAR EMPLOYMENT.....	25

Structure of Standard and Minimum Requirements for Certification

Principle: fundamental Fair for Life rule, serving as a basis for reasoning and action

(a) Criteria: A state or aspect of a process or system, which should be in place as a result of adherence to a principle. The way criteria are formulated should help to assess degree of compliance in an actual situation

Guidance Texts provide additional background information and clarification to better understand the criteria and Fair for Life expectations

Following the criteria is a list of performance indicators (control points). Performance indicators further define the criteria and are the basis of compliance assessment and performance evaluation. For certification applicants they can also be used for self-assessment.

N ^o	Control Points Forced Labour	MAX	Score
1	(0) Clear evidence (2=M) no indication of forced labour	2 M=2	

Rating of performance indicators:

0= very poor performance / not compliant at all. Performance must be improved for continued certification

1= not yet sufficient, but already positive developments towards the norm for good social performance

2= defined as the norm for good social performance;

3= voluntary performance higher than norm, beyond minimum requirements

4= exceptionally high performance; outstanding, far beyond minimum requirements

M= indicates a “MINIMUM Requirement”, i.e. this requirement must always be fulfilled in the respective time frame. In the years before the respective requirement becomes a MINIMUM requirement (e.g. the first year of certification, if a requirement is MINIMUM from year 2 onwards), the company will be expected and reminded to demonstrate progress towards meeting the MINIMUM requirement in due time.

MAX = Maximum number of points awardable for the respective control point; All rating levels up to the MAXIMUM may be chosen, even if not explicitly defined in the control point text (→ comments necessary)

Total Norm Points (TNP) = Total number of points if all norm requirements were fulfilled, i.e. rated as “2”.

N.A.: If a control point is not applicable to the operation, it is indicated as n.a. and the respective norm and maximum points are not included in the calculation of applicable Total Norm Points and applicable Maximum points as assessed in the certification process and presented in the final rating.

Minimum Requirements for Certification:

- For certification, the following percentages of applicable Total Norm Points must be met: **First year: 90%, Second year: 95%, Third Year: 100%**. Continuous improvement is expected.
- All M= MINIMUM requirements must be fulfilled in the indicated time frame, e.g. (M=2 from year 2) means that for the first certification an operation may still be slightly below the norm as implementation of the requirement may take some time. For the 2nd certification, this norm requirement must be met, otherwise certification cannot be granted.
- If performance is rated as (0), a condition will be imposed to improve this aspect until the next update audit.

→ see also Module 1, chapter 1.3. Certification procedures

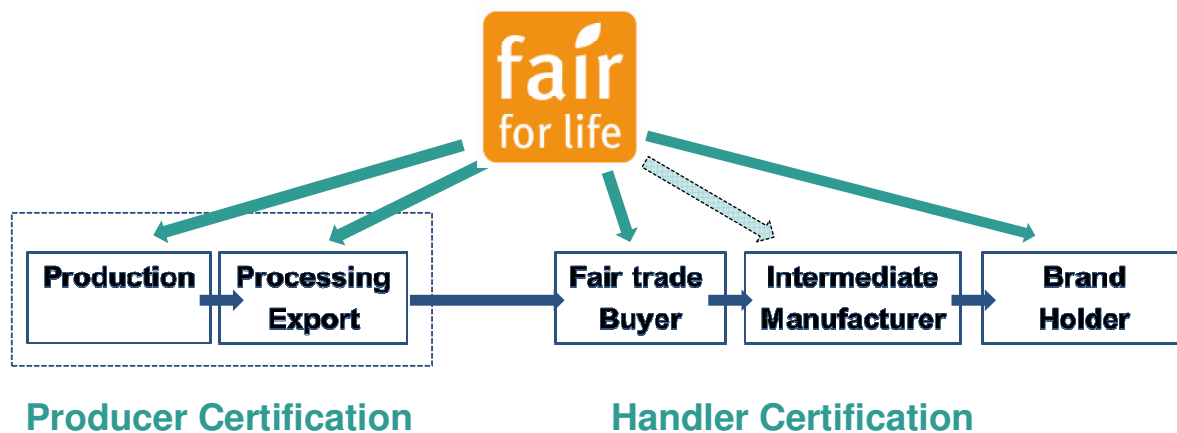
Applicability

Part I of this module applies to all handling operations of Fair for Life certified products who wish to undergo Fair for Life handling certification.

Part II, (Section 4.4) applies for subcontracted operations as well as companies registering as Fair for Life or For Life intermediate traders.

Fair for Life handling operation: Any operation or portion of an operation (except final retailers of products that do not process the products further) that receives or otherwise acquires Fair for Life certified products and then processes, packages, stores and/or markets such products (adapted from USDA NOP definition).

Overview Fair for Life Control Requirements



Every operation that handles Fair for Life certified products must adhere to the basic handling principles of traceability and responsible employment practices.

Both the Fair Trade buyer companies, (who pay the Fair Trade Price and Development Premium to Fair Trade producer organisation) and the Fair for Life brand holders of the final consumer products, hold a key role to ensuring fair trading relationships with Fair Trade producers. Therefore they **must** undergo full Fair for Life handling certification according to this control module (certain exceptions for brand holders with a minimal Fair for Life assortment apply).

Intermediate handlers or contracted processors of Fair for Life products **may become certified, but must at least become registered** in order to sell the products as Fair for Life certified. Handlers who buy in products certified under other equivalent certification schemes need to become Fair for Life certified handlers in order to sell these products as Fair for Life certified.

If a product is bought in from other accepted fair trade certification schemes (see Annex 2 in Module 1, e.g. FLO-certified products) the Fair for Life handling requirements apply from the point of purchase into Fair for Life commodity chains.

Control requirements apply only up to the point of final consumer packaging in the name of the certified or registered Fair for Life brand holder.

Minimum control requirements for handling products that shall be labelled as Fair for Life are described in detail in Module 1 section 1.1.3. The following table provide a brief overview:

Who	Comments and Control Requirements	What does Fair for Life Fair Trade Handler Certification cover?
Fair for Life - Fair Trade Buyer	<ul style="list-style-type: none"> The Fair Trade buyer is the handler who pays the Fair Trade producer operation the Fair for Life Fair Trade Price and the Fair Trade Development Premium and who markets the product as Fair for Life certified. 	<ul style="list-style-type: none"> Fair Trade relations and traceability Additional Fair Trade buyer criteria (paying a fair price and Fair Trade Development Premium, cooperation

	<ul style="list-style-type: none"> This may be an importer / manufacturer in the consumer country or trader / manufacturer in the country of origin. Inspection and certification as Fair for Life Fair Trade handler. Fair for Life certified handlers may buy in products certified under different fair trade certification schemes and market them as Fair for Life Fair Trade certified. 	<p>contracts, pre-financing)</p> <ul style="list-style-type: none"> Social Responsibility of company
Fair for Life – Brand holder	<ul style="list-style-type: none"> The company under whose brand / company name the final Fair for Life product is marketed to consumers. Inspection and certification as Fair for Life handling operation necessary. A few exceptions apply for brand holders who only market Fair for Life products to a minimal extent. Fair for Life certified brand holders may buy products certified under different fair trade certification schemes and market them as Fair for Life Fair Trade certified. 	<ul style="list-style-type: none"> Fair Trade relations and traceability Social Responsibility of company
Other Intermediate Processors and Traders	<p><u>Fair for Life certified handler</u></p> <p>Any trader who buys Fair for Life Fair Trade products or products from equivalent fair trade certification schemes <u>can apply</u> for Fair for Life handler certification to sell products as Fair for Life Fair Trade certified.</p>	<p><u>Fair for Life certified handler</u></p> <ul style="list-style-type: none"> Fair for Life handler responsibilities Traceability and labelling Social Responsibility of company
	<p><u>Registered trader of Fair for Life products</u></p> <p>As a minimum, any intermediate trader who buys a Fair for Life product and wishes to market it as certified to other traders <u>must become registered</u> and must also submit proof of decent working conditions – see section 4.4</p> <p>Similar rules apply to subcontracted processors -see section 4.4.</p>	<p><u>Registered trader of Fair for Life products</u></p> <ul style="list-style-type: none"> No inspection, no certificate, no claims regarding being Fair for Life Fair Trade certified, no use of Fair for Life seal Registration form for annual registration (fixed fee applies). Proof of decent working conditions must be provided May only buy and sell Fair for Life certified products (not from other fair trade certification schemes); no final consumer labelling with reference to Fair for Life not sufficient in case of buying directly from Fair for Life producers operations.
Wholesale and Retailers	<ul style="list-style-type: none"> Wholesale Retail of final consumer packed Fair for Life brand products is not covered under the programme. Retailers with own Fair for Life certified brands are considered Fair for Life brand holders unless a Fair for Life certified handler company produces the products on their behalf and indicates relevant minimum information on pack → see details in Module 1, 1.1.3.3. 	

Reference to Other Standards

The guidance texts and performance indicators for Fair Trade aspects were developed in respect of the FINE consensus on definition of Fair Trade, the 10 World Fair Trade Organisation Fair Trade principles and the Trade Standards set by the Fair Trade Labelling Organisation (FLO) as well as all basic principles of the Fair for Life programme for other certified operations.

Introduction

“Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South. Fair Trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade” (FINE consensus Fair Trade definition agreed by WFTO, FLO, EFTA, 2001).

The Fair for Life Fair Trade Certification Programme endorses these principles and requires a long-term and trustful cooperation between partners, transparent setting of fair prices, open negotiations and a Fair for Life Fair Trade Premium for producers that allows for social development of the concerned communities. Fair for Life handler certification goes beyond traditional fair trade with sole focus on producers in developing and emerging countries by also applying Fair Trade principles for relevant domestic or regional trade and by requiring ethical working conditions along the entire production and processing chain – Fair Trade shall be “fair for all”.

Fair for Life Fair Trade aims to support and strengthen the market position of marginalized producers and workers worldwide, in particular smallholder producers who do not yet have access to the fair trade market. Fair for Life certification has originally focused on producers in so-called ‘developing countries’, but the programme’s scope has never been restricted to developing countries only, because marginalization in the respective local setting can also be found in the ‘developed’ world. Working conditions of workers and the survival of small traditional farming structures in these countries has become a matter of increasing concern. In addition, Fair for Life considers local sourcing efforts as an important contribution towards sustainable development and hence supports devoted Fair Trade companies that source at least a part of their raw materials from local Fair Trade small scale producers or entrepreneurs with outstanding ethical commitment. External verification of Fair Trade practices will ensure a consistent implementation of expected Fair for Life Fair Trade practices in these local or regional supply chains, too.

In line with these considerations, Fair for Life requires ‘fairness for all’, including all workers in companies along the production and processing chain of Fair for Life certified Fair Trade products. Therefore, Social Responsibility requirements have been introduced for all Fair for Life Fair Trade handlers.

4 CRITERIA FOR HANDLING OPERATIONS

PART I: FAIR FOR LIFE CERTIFIED HANDLING OPERATIONS

4.1 FAIR FOR LIFE HANDLING CRITERIA (ALL HANDLERS)

This section applies to ALL applicants seeking Fair for Life handler certification.

4.1.1 Fair Trade Sourcing

Principle 4.1.1 A Fair for Life handler commits to long-term trade relations, based on trust, transparency, accountability and continuity.

- a) Every Fair for Life handler must demonstrate his commitment to Fair Trade sourcing and long-term relations with Fair Trade producers through a Fair Trade sourcing policy or similar documents.

This can be a company Fair Trade Policy for all suppliers or individual Fair Trade partnership plans for every Fair Trade supply chain. It can also be incorporated in the company's ethical or social sourcing policy, if suitable. The following aspects must be covered:

- *Fair Trade approach and focus of the company*
 - *Fair Trade beneficiaries of the company's Fair for Life Fair Trade product assortment – even if buying through intermediate traders. Fair Trade certified primary producers must be specified with a brief description. In the case of hired labour, Fair Trade producers and contract production operations, a brief analysis of Fair Trade focus and achievements of the supplier is required.*
 - *Commitment of the company towards its Fair Trade producers and the clarification of the role of trade intermediaries, e.g. long-term trade relations, support of producers in quality improvement and product development, regular and open communication, commitment to stable and / or increasing volumes (as far as possible), promotion of Fair Trade and of the suppliers, etc.*
 - *For handlers who are direct buyers from Fair Trade producers more details will be expected than from traders up the supply chain.*
 - *Development objectives with regard to the company's Fair Trade programme (e.g. sourcing product directly from smallholder producer groups wherever possible, sourcing all key ingredients from fair trade certified origin, working on new product supply chains to give marginalized producers who do not yet have direct market access a chance for social change, increasing social impact by higher turnover with Fair Trade products, etc.).*
 - *A summary of the Fair Trade sourcing policy (without details on producers, if preferred) must be made available to the public, at least on request.*
- b) Fair for Life handlers shall trade with respect for the social, economic and environmental wellbeing of marginalized producers and do not maximise profit at their expense. Specifically, handlers shall apply similar margins as for comparable non-Fair Trade products and aim to reaching similar gross margins as comparable to non-Fair Trade products.
- c) Fair for Life handling operations further up the trade chains shall acknowledge the responsibility of the Fair Trade buyer towards Fair Trade producers.
- Fair Trade producers get favourable terms of trade. In particular, they shall receive advance notice of expected volumes to allow planning. Lead times must be respected. They must be paid on time, and more tolerance in quality problems is expected, so facilitating the producers to find a suitable solution and initiate improvements (see chapter 4.2).*

No	Control Points: Fair Trade Sourcing	MAX	SCORE
1	The company has a Fair Trade sourcing policy covering the above listed aspects: (0) no Fair Trade sourcing policy, no clear understanding of Fair Trade focus (1) basic knowledge of Fair Trade supply chains and Fair Trade target groups (2=M from year 2) defined Fair Trade sourcing policy (3) well developed policy (4) outstanding commitment to Fair Trade sourcing, very good understanding of supply chain, direct	4 M=2 from Yr 2	

	contact with producers.		
2	The company's Fair Trade sourcing policy favours marginalized social groups, in particular smallholders: (0) no policy; not buying from any producer organization with high social impact (2) buying at least partly from smallholder production projects or suppliers who can demonstrate high social impact for marginalized workers, including intermediate traders with ethical trading approach (3) mainly buying from smallholder groups and high impact Social & Fair Trade suppliers (4) company only trades Fair Trade commodities, focusing on high social impact Fair Trade suppliers.	4	
3	The Fair Trade buyer regularly assesses its performance against its agreed Fair Trade objectives and obligations towards Fair Trade producers, and develops medium term development strategies to improve its Fair Trade performance and social impact: (0) no awareness of Fair Trade principles, no review (1) very basic review (2) Annual review with brief summary of Fair Trade performance, efforts, challenges and achievements (3) very good review mechanism (4) good review including peer reviews (e.g. WFTO system), Fair Trade progress report published.	4	
4	The company (0) changes primary producer suppliers constantly (1) changes primary suppliers regularly (2) plans / implements a long-term relation with the Fair Trade primary producer suppliers (3) demonstrates strong commitment to work with suppliers over the long term (4) is working with Fair Trade suppliers for more than 5 years. <i>If changing intermediaries but not the suppliers, please comment and consider impact on producers.</i>	4	
5	If not buying directly from producer operations: Fair Trade handlers remain in regular and open communication with their suppliers and, if required, adapt their terms to allow Fair Trade buyers from producers to fulfil their duty of care: (0) no open communication at all, several problems in Fair Trade supply chain (2) adequate good communication about problems (if any) and flexible solutions found if required (3) close contact and communication between handlers and suppliers. <i>If directly buying from Fair Trade producers → (n.a.) detailed criteria in section 4.2 instead</i>	3	
6	Invoices for Fair Trade products are always paid promptly: (0) payment delays are frequent (2) standard payment term is 30 days, invoices are paid on time.	2	
7	Information on Fair Trade or Social Responsibility certified suppliers: (0) no information or documentation on Fair Trade suppliers (2) company knows all Fair Trade producers supplying the Fair for Life assortment and is familiar with the suppliers' organisational structure and Fair Trade focus (3) very close relation to Fair Trade suppliers with regular visits, exchange, support, etc.	3	
8	Number of trade intermediaries between Fair Trade producer company and brand company: (0) many intermediaries (1) 2 or more intermediaries, no efforts to minimise (2) as few intermediaries as possible, depending on the position of handler within the supply chain (3) exceptionally short trade chains; brand holder has direct relations to primary producer operation.	3	
9	Trade margin rates are transparent and difference to the margins applied to comparable non-Fair Trade products are justified: (0) very high margins without valid justification (2) margins are not substantial higher (10% higher) than those applied to comparable non-Fair Trade products except if the trader provides proof that the difference is necessary to ensure the viability of the supply chains (3) efforts to challenge and minimize own margins wherever viable for the company.	3	
10	<u>Additional points for voluntary commitment:</u> The company closely supports or initiates production projects that create market access for producers who would not have market access without the company's support / without Fair Trade. Rating from (0) only buying from very well established producers to (4) outstanding efforts to reach out to very remote, marginalised producers without good market access. No norm requirement.	(4)	
11	<u>Additional points for voluntary commitment:</u> The company is committed to apply its ethical buying principles to all suppliers (Fair Trade producer operations), whether Fair Trade certified or not: (1) special procedures for Fair Trade suppliers (2) similar approach in all buying relations (3) ethical or Fair Trade sourcing programme for all suppliers (4) Company entirely dedicated to Fair Trade. No norm requirement.	(4)	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		38	18
			SCORE

4.1.2 Support and Promotion of Fair Trade Producers and Products

Principle 4.1.2 Fair for Life handlers support and promote the Fair Trade producers from whom they source and raise awareness on Fair Trade.

- a) Fair for Life handlers support and promote the Fair Trade producers with whom they cooperate, with the aim of increasing their independence and strengthening their capacity in management and marketing as well as sustainable production methods (if needed).

Fair Trade chains of custody vary in length. Ideally, Fair for Life brand holders act also as buyers and buy directly from Fair for Life Fair Trade producer operations. In longer Fair Trade chains, support of the Fair Trade producers is the core responsibility of the Fair Trade buyer who buys the product from the producer operations). Subsequent traders, however, can also demonstrate their commitment by supporting the producers from whom they source.

Targeted support of Fair Trade producers by Fair Trade buyers is assessed in more detail in section 4.2 with additional requirements for Fair Trade buyers.

- b) Fair for Life handlers raise awareness of Fair Trade and participate in the Fair Trade community. They provide their customers with information about their Fair Trade products, their relations with Fair Trade producers and the impact of their Fair Trade activities. The information provided to customers is honest and truthful to the best of their knowledge.

Fair for Life handlers are expected to provide public information about the Fair Trade producers from whom they source. This does not need to include the suppliers' name, but their location, organisational form, fair trade certification, brief characterisation and overview on Fair Trade Premium activities. If not directly provided, the company shall link from their website to the respective operational profile of the Fair for Life certified operation on the Fair for Life website.

No	Control Points: Support and Promotion of Fair Trade Producers and Products	MAX	SCORE
1	The handling operation supports its Fair Trade producer suppliers down the supply chain: (0) no assistance at all (1) some basic communication and support (possibly through intermediate buyer, if mutually agreed, e.g. in MoU) (2) regular communication and support in particular through providing market information and assistance with quality issues; can be provided by intermediate handlers if this is agreed in writing (3) very good additional support e.g. in marketing, attending trade fairs, providing advanced training, etc. (4) exceptional support, confirmed by excellent supplier feedback.	4	
2	The handling operation supports its Fair Trade producer suppliers, encouraging them to sell to other buyers to minimize dependence: (0) producer is not permitted to sell to other traders (1) producer may sell to others, handler does not promote producer suppliers (2) some promotion of supplier and support to find other buyers for the Fair Trade product(s) (3) active support and promotion of producer to access new marketing opportunities, e.g. support to attend trade fairs.	3	
3	The company promotes Fair Trade and provides information about its Fair Trade supply chains: (0) wrong or misleading public information or advertising, with regard to Fair Trade activities (1) some promotion activities for own Fair Trade product, no misleading information on supply chains (2) public information about the company's Fair Trade commitment and Fair Trade suppliers (e.g. by link to Fair for Life website) is truthful and transparent regarding its role as Fair Trade handler and the impact and scope of its Fair Trade activities (3) very good and detailed information.	3	
4	<u>Additional points for voluntary commitment:</u> Rate the company's role as promoter of Fair Trade in all its diversity, including membership in Fair Trade promotion organisations, attendance of relevant fairs or meetings, consumer information. Rate commitment: (0) no promotion activities to (4) very active and well-known as fair trade promoter, informing consumers on fair trade, active member of WFTO or other fair trade promoter bodies - and give comments. No norm requirement.	(4)	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		14	6

4.1.3 Traceability and Product Handling

Principle 4.1.3 Fair for Life products are traceable and are kept separate from any non-Fair Trade certified products at all stages of production and handling.

- a) Fair for Life products must be traceable in the company’s documentation system from purchase to sales. Fair for Life certified products must be kept separate from any non-Fair Trade certified qualities at all stages.

While physical traceability is required, cleaning of production lines before processing Fair for Life Fair Trade products is recommended but not compulsory (as in organic). Minimal commingling of up to app. 5% due to technical reasons is accepted, e.g. in case of continuous processing lines. Details see Module 1.

- b) The Fair Trade quality shall be indicated on invoices if the products are sold to handlers who are Fair for Life certified or registered¹.

- c) When buying Fair for Life products or equivalent fair trade certified products (as defined in Module 1 Annex 2), the Fair Trade quality must be confirmed in each trade contract or general Memorandums of Understanding (MoUs).

Template MoUs are available on request. Alternatively the required information can be included in sales contract or other agreements. The Fair for Life Guidance “Sourcing from Suppliers Certified under Other Fair Trade Schemes” provides added guidance for purchases from different fair trade schemes.

Table 1: Specifications in contracts with suppliers certified under equivalent schemes	
Fair for Life handler buys from:	Specification in purchase contracts or MoU’s:
<p>Handlers certified under other Fair Trade product certification schemes (see list in Module 1, Annex 2 for equivalent schemes)</p>	<ul style="list-style-type: none"> • Proof of trader certification under the other scheme, e.g. certificate, certifier’s online data base, etc. • Supply chain information (origin and certification) of the products, including intermediate traders. Only products originating from producer operations certified under schemes recognised by Fair for Life can be accepted as equivalent. • Fair trade content and certified ingredients must be disclosed. Information can be provided separately directly to the CB. <i>For details and options see Fair for Life Guidance</i> • Obligation to inform the buyer in case the products are no longer fair trade certified. • Confirmation of traceability and separation of fair trade products from production to final sale <i>unless a temporary extraordinary exception has been granted by the CB.</i> • In case of schemes without mutual recognition (FLO, Fair Trade USA): confirmation that the products <ul style="list-style-type: none"> ○ originate from the agreed Fair Trade producer operations certified under a recognised scheme ○ and have been traded according to the respective fair trade standard (prices, premiums, payment conditions) <p><i>For some equivalent schemes (See Annex 2), a specific template MoU shall be used which may specify scheme specific additionally required information</i></p>

Please note that rules for directly purchasing from producer operations certified under other schemes are listed in chapter 4.2

¹ The Fair for Life handler may indicate the Fair for Life quality of the products in invoices to a buyer who does not wish to label the final product as Fair for Life certified, but must inform the buyer that for product labelling or any other reference to Fair for Life certification on any product the buyer must contact the Fair for Life certification body to clarify the necessary control requirement (Fair for Life certification or registration as trader of Fair for Life products) – see also Module 1 on Scope and Control Requirements for details.

- d) The Fair for Life handler has to keep an updated list of all fair trade certified suppliers (including fair trade certifier, certification status and supplied fair trade products). The Fair for Life handler must also keep an updated Fair for Life assortment list and provide a list of clients of Fair for Life certified products.
- e) For every multi-ingredient product (including blends) a composition sheet must be provided with details of composition, including percentages of all Fair Trade certified ingredients.

The applicable composition rules for Fair for Life products can be found in the Annexes to Module 1 – the rules differ according to each product category.

- f) All products sold as Fair for Life certified shall be packed in a way that the content cannot be replaced without manipulation or destruction of the package. They shall be labelled with a clear designation of their Fair Trade nature.
- g) Any product to be labelled Fair for Life fulfils the chain of custody requirements up to the point of labelling (see chapters 1.1.3.1 to 1.1.3.4) and the composition requirements as indicated in Annexes 3 to 6. All Fair for Life consumer package labels must be submitted to the CB for approval prior to printing.

Please note that for any products labelled as Fair for Life, the Fair for Life composition rules apply, i.e. if multi-ingredient fair trade certified food products are bought in, their composition and fair trade content will still need to be verified according to the Fair for Life requirements and labelling might need to be adjusted accordingly.

- h) The Fair for Life seal and references to certification are only used in line with section 1.1.4, Module 1.

Seal and other references to Fair for Life certification used in PR materials, website etc are used in correct context (i.e. in relation to certified products), and the correct version of Fair for Life seal is used. Statements about Fair for Life certification to be used in product advertisements and PR shall be approved by the CB.

- i) If the handler has contracted processors who handle the certified products on its behalf, the handler must have adequate procedures and policies in place to ensure traceability and separation of the certified product during the processing Decent working conditions must be demonstrated.

Contracted processors who handle more than 10% Fair for Life products (10% of turnover) must be registered and must demonstrate separation, traceability and decent working conditions. The contracting company may coordinate the registration. For details see Module 4, chapter 4.4.

No	Control Points: Traceability and Product Handling	MAX	SCORE
1	Fair Trade purchases are traceable in the company's trade documentation or book keeping: (0) no indications, not traceable for auditor (2=M) Fair Trade quality indicated on purchase invoices and in internal accounting / product flow documentation or data base (3) exceptionally well managed and documented product flow; Fair Trade quality is part of product code.	3 M=2	
2	Fair Trade products are kept separate from non-Fair Trade certified products at all stages: (0) clear commingling (1) insufficient separation measures (2=M) adequate separation measures; minimal commingling due to technical reasons during processing acceptable (3) very good separation system OR all lots of a certain product are Fair Trade.	3 M=2	
3	Product flow from incoming goods to finally sold certified products is adequately consistent and traceable: (0) not traceable (1) minor shortcomings (2=M) Fair Trade lots are traceable (3) advanced traceability and product handling.	3 M=2	
4	There is an up to date list of fair trade certified suppliers with products, name of certification body and certification status and an assortment list with correct certification status.: (0) none (1) some minor shortcomings (2=M) complete up to date lists , any changes during year have been communicated.	2 M=2	
5	The Fair trade supply chain requirements are met for all fair trade certified raw materials: producer operation is certified, intermediate traders certified/registered and known (0) not even basic information on supply chains (1) basic information available (2=M) complete information available in operator profile , for equivalent schemes complete supply chain information (Annex 1 MoU) available. <i>If MoU not available → if according to all information available the products are certified, the operation has 6 months to agree on MoUs and provide full origin declaration</i>	2 M=2	
6	For each fair trade certified supplier, the buyer holds a valid certificate (in case of FLO producers or traders: FLO-ID number and regular check of certification status) on file: (0) no knowledge or monitoring of certification status (1) incomplete or out of date records (2=M) adequate documentation.	2 M=2	
7	For each purchase from equivalent certification schemes, MoUs or sales contracts confirm the fair trade certified nature of the products sourced as fair trade (see guidance	3	

	above) (0) no confirmation of fair trade nature in writing (1) fair trade certification status is confirmed in writing, but no details of producer sources (2=M) complete sales contracts or MoUs for such purchases before the products can be confirmed as Fair for Life certified (3) very transparent sourcing.	M=2	
8	If any multi-ingredient products are certified: There are complete recipe sheets or composition tables; origins and certification status of Fair Trade ingredients are known (0) not available, composition unclear (1) information readily available, but not well documented (2=M) complete and correct composition documents for all certified products.	2 M=2	
9	There is a list of buyers of the Fair for Life certified products with an indication of whether the company intends to label the products as certified or not: (0) none (2) buyer list available, e.g. in operator profile.	2	
10	All products sold as Fair for Life certified shall be packed in a way that the content cannot be replaced without manipulation or destruction of the package and shall be labelled with a clear designation of their Fair Trade nature at least accompanying documents (0) products not labelled at all (1) minor short comings (2=M) adequate packaging and labelling.	2 M=2	
11	All final consumer labels have been approved by the CB and comply with the labelling rules and restrictions indicated in Module 1, section 1.1.1 (0) unauthorized incorrect labels have been used (1) a few cases of not authorized but correct labels (2=M) all labels have been approved and are in line with Fair for Life labelling requirements.	2 M=2	
12	Other references to FFL certification in PR materials (also of retail own brand products packaged by the company if applicable) - in line with Module 1 section 1.1.4 (0) misleading / wrong claims (1) minor short comings (2) in line with labelling requirements	2	
13	If the handler has contracted processors: (0) no clear contracts, no supervision of traceability or of social conditions at contract processing operation (1=M) basic contractual agreements on traceability and separation of Fair for Life certified products. No suspicion of serious workers rights violation at contracted processor site (2=M from year 2) contracted processor is registered or exempted (less than 10% of turnover is Fair for Life); Fair for Life requirements regarding separation / traceability as well as decent working conditions are met – see guidance text above (3) very good traceability approach and close cooperation / supervision of subcontractor.	3 M=1 M=2 from Yr 2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		29	24

4.2 ADDITIONAL CRITERIA FOR BUYING FROM FAIR TRADE PRODUCER OPERATIONS

The following additional criteria and performance indicators apply only to Fair for Life handlers who buy the Fair Trade certified products from Fair for Life or other fair trade certified producer operations and pay the Fair for Life Fair Trade Price and Fair Trade Development Premium. ("Fair Trade buyers"). It does not apply to handlers of Fair for Life Fair Trade products further up the trade chain, e.g. intermediate processors or Fair for Life brand holders.

The Fair for Life Fair Trade buyer buys the Fair Trade product from the Fair Trade producer operation for processing into a Fair for Life consumer product or for marketing into Fair Trade ingredient supply chains. It is the company that sets the demand for the Fair Trade product and pays the Fair Trade Price and Premium to be absorbed in his sales prices to further-on customers. The Fair Trade buyer is also responsible for ensuring good communication with the producer operation and providing support for the Fair Trade producer. In many cases, the Fair Trade buyer is the importer in the consumer country.

If there are conveyors who act as intermediaries between Fair Trade buyers and the Fair Trade producer (see Module 1, chapter 1.1.3), the requirements for Fair Trade buying are normally verified at the conveyor stage as well as the Fair Trade buyer with special focus on:

- Transparency of information between the producer, the conveyor and the Fair Trade primary buyer (e.g. the contract between Fair Trade primary buyer and conveyor must be made available to producers on request)
- Ensuring an adequate flow of information / benefits and Fair Trade Prices as well as the agreed Fair Trade Development Premium.

- Primary buyers must be given full information about the Fair Trade producers they are sourcing from and direct contact must be permitted.

In certain cases, registration of the conveyor may be sufficient to ensure fair trading relations. Contracted exporters, importers or agents are considered “intermediate traders”, see part II of this module.

4.2.1 Partnership and Favourable Trading Terms

Principle 4.2.1 Fair Trade primary buyers ensure that Fair Trade producers get favourable and clearly defined terms of trade and commit to a long term cooperation, regular communication and support of the producer.

- a) Fair for Life Fair Trade primary buyers agree with the producer operation to long-term cooperation and trade relations, which shall be mutually beneficial. The commitments of both sides are expressed in a partnership framework agreement or Memorandum of Understanding.

If there is a conveyor in the trade relation, his role and responsibilities are clearly expressed in the agreement.

If the Fair Trade producer operation is a subsidiary company of the Fair Trade buyer, the obligation of a written agreement may be waived if focus on long term fair trade is evident from the project setting.

If the buyer company also pays for the certification of the producer operation, the Memorandum outlines the expectations and duties of both sides with regard to using the certification. Fair Trade buyers must permit producers to also sell to other traders as Fair for Life certified, but they may charge the producer a justifiable proportion of certification costs if substantial quantities are sold also to other Fair Trade buyers. The buyer also commits to share all certification documents in full with the producer operation.

In the case of purchase from producers certified under other accepted fair trade certification schemes (see Annex 2) the following information shall be clearly expressed in the MoUs or trade agreements in addition to the requirements indicated in 4.1.3:

- *Agreement on the applicable fair prices and social premium as defined by the fair trade scheme that the Producer operation is certified to (i.e. FLO minimum prices if market price is below minimum price, plus FLO social premium). The agreed premium and floor price/minimum price shall be specified in the agreement (or reference to e.g. FLO minimum price tables) or related documents.*
- *The payment of the Fair Trade Premium is done according to the applicable trading standard requirements of the producer operation (e.g. FLO Trader Standards: separate fair trade premium account for hired labour and contract production; for producer groups, the premium is paid directly to the group) and this is defined clearly in the agreement or related documents*
- *In case of certification of the supplier by a scheme without mutual recognition agreement with Fair for Life (e.g. FLO): The producer operation must submit an annual report on the use of the premium paid by the Fair for Life buyer. This report will be reviewed as part of the Fair for Life handling audit. The buyer must have the right to request copies of receipts for use of the money as the Fair for Life certification body may request to verify these receipts.*

- b) Fair for Life handlers entertain good, open and regular communication and exchange with their Fair Trade producer operation suppliers and support them in marketing, product development and other necessary areas of improvement.

If there is a conveyor in the trade relations, the primary buyer and the conveyor agree with the Fair Trade producer on the nature of the support given by each party. The conveyor will also be in charge of communication.

If the producer operation is a subsidiary company of the Fair Trade buyer, this aspect is assessed with regard to communication and exchange, down to the primary producers, through the subsidiary structures.

- c) Smallholder Fair Trade producers (organized groups and contract production) get favourable terms of trade: payment terms are agreed as suitable for producer operation; in the handling of problems concerning quality, support is provided.

Support and tolerance in the handling of problems concerning product quality is expected, especially when buying from organised producer groups. The cause and financial damage is assessed and discussed with supplier in detail, and if adequate improvement measures are taken, the producer is not automatically expected to bear all costs.

- d) Terms of trade for buying from Fair Trade producer operation are clearly defined. Trade contracts cover at least agreed volumes, quality, Fair Trade Price and Premium, payment terms, pre-payment (if applicable), delivery terms and procedures in case of quality problems.

Instead of defining all required aspects in every sales contract, some general requirements may also be agreed in writing in a Memorandum of Understanding (MoU) to which the individual contracts refer.

- e) Organized smallholder producer groups have a right to request up to 50% pre-financing, either provided directly or through an independent harvest pre-finance provider. The terms of pre-financing (e.g. interest rate charged) must be equal or better than the terms the Fair Trade handler would receive if financing the money himself.

The purpose of pre-financing is to enable groups to purchase the products from their members and pay them within a few days of delivery.

Pre-financing for smallholder contract production operations is also encouraged, but it depends on the particular organisational setting and size of the contract production company.

- f) Fair Trade producer operations receive a sourcing plan or volumes forecast to plan their production and sales accordingly. The plan gives an indication of planned / intended volumes and does not constitute a binding contract for either side.

- g) The Fair Trade buyer demonstrates efforts to keep or increase volumes to a meaningful level to achieve the intended social impact in the producer operation.

This includes careful planning of orders to provide continued business/production and not overstretch suppliers capacity, e.g. during peak seasons. In evaluation of above aspects, the bargaining powers and capacity of both sides will be considered.

- h) If Fair Trade relations have to end, this is handled with dutiful care.

Producer operations shall receive advance warning about the possible or likely end of the trade relation. If trade relations are ended without any warning, or existing trade agreements cannot be valued, the buyer is expected to make a contribution to the producer operation to buffer shortfall of income – especially if buying from smallholder producer groups.

No	Control Points: Partnership and Favourable Trading Terms	MAX	SCORE
1	A partnership framework agreement or MoU defines the Fair Trade relationship and commitment of both sides (see above): (0) no such agreements (1) only vague / incomplete agreements (2=M from year 2) clear agreements with every Fair Trade supplier – if not a subsidiary company of the buyer (3) very well developed agreements, reflecting the needs of both trade partners.	3 M=2 from Yr 2	
2	If the handler company pays for and owns the Fair Trade certificate of the supplying producer: The producer company is permitted to sell its products to other buyers directly if the contracting buyer cannot buy all products; possibly the producer company has to bear part of certification costs if selling as certified to other traders: (0) no such freedom to sell to other buyers (1) limited freedom (2=M from year 2) good / fair agreements OR not an issue from producer side (3) exceptionally tolerant / buyer company shows high flexibility or supports sales to other buyers.	3 M=2 from Yr 2	
3	The handler communicates openly and regularly with his Fair Trade suppliers: (0) very poor communication, various communication or cooperation problems, e.g. raised by the supplier (2) good and regular communication (3) good personal relations, problems and challenges openly discussed and suitable ways found forward (4) very close relations and very open communication on all relevant aspects, regular visits.	4	
4	Competence of buying personnel: (0) no training in / or awareness of Fair Trade matters (2) buying personnel are familiar with the principles of Fair Trade and can communicate with producers adequately (3) buying personnel very competent and dedicated to Fair Trade.	3	
5	The buyer supports the suppliers with information on market requirements and price developments (<i>see guidance above if producer is subsidiary company of buyer</i>): (0) no assistance at all (1=M) some basic information and support (2) good support in providing market information and assistance with quality issues (3) very good additional support e.g. in marketing, attending trade fairs, providing advanced training, etc. (4) exceptional support, confirmed by excellent supplier feedback.	4 M=1	
6	Visits of suppliers: (0) handler never visits any suppliers in spite of obvious communication or quality problems (1) some direct contact (e.g. at trade fairs) but no / very rare visits, overall good relations (2) handler has visited each Fair Trade supplier at least once (3) regular visits with focus on supporting the Fair Trade producers' ability to meet market challenges or further develop the Fair Trade focus.	3	
7	Terms of trade are clearly defined for all Fair Trade purchases from producers: • Agreed volumes and quality • Price for the Fair Trade product and Fair for Life Development Premium, if any (<i>see section on fair pricing and Fair Trade Premium payments</i>)	3 M=2	

	<ul style="list-style-type: none"> • Payment terms and pre-financing (if applicable). • Delivery terms and procedures in case of quality problems • With regard to purchase of products certified under equivalent fair trade schemes: explicit confirmation of origin of fair trade product and compliance with fair trade trading standards as specified above: (0) no trade agreements (1) purchase agreements do not fully include Fair Trade aspects (2=M) system of written purchase agreements covers above Fair Trade aspects. If not yet implemented → to be introduced within 6 months (3) very well developed agreements, reflecting the needs of both trade partners. <i>Note: content of contract issues, e.g. prices, pre-finance, is assessed in separate CPs.</i> 			
8	Fair Trade pricing is not avoided by linking Fair Trade sales contracts to unfavourable conditions for “normal” sales contracts, e.g. discount prices expected for non-Fair Trade sales from the same supplier (0) strong indication of such deals (1=M) if there are some non-Fair Trade purchases from Fair Trade partners they are under standard market conditions (2) all purchases from Fair for Life suppliers are under Fair for Life Fair Trade terms (3) handler buys substantial quantities and thus enables producer to sell all, or at least a substantial proportion of, production under Fair Trade conditions.	3 M=1		
9	In case of quality problems and quality claims: (0) no compromises, e.g. suppliers had to pay full costs although did not agree with claims / no steps towards improvement of situation (1) some compromises, some disagreements remaining (2) partners have found agreement on the consequences (e.g. return of produce) and have taken steps to improve the situation (3) exceptionally tolerant agreements and quality improvement assistance.	3		
10	Favourable terms of trade: (0) substantial delays in payments OR orders are frequently given at short notice (2) fair, favourable terms of trade with good payment terms and suitable order lead times (3) well established fair terms of trade in position for at least 2 years.	3		
11	The buyer pays the supplier(s): (0) delayed / no payment (1) some delays / payment issues (2=M) fully and on time / as agreed in purchase agreements.	2 M=2		
12	If buying from smallholder operations and if requested by supplier, the buyer provides (0) no pre-financing (2=M) smallholder suppliers with up to 50% pre-financing – unless history of unfulfilled contracts. <i>For contract production suppliers – no M</i> (3) exceptionally good pre-finance support of the product to be delivered.	3 M=2		
13	Sourcing plan / volume forecast: (0) buyer does not inform the suppliers at all on expected quantities (1) occasional informal discussion of expected volume developments (2) buyer provides the suppliers with sourcing plans with projected quantities at least at the beginning of the year / season. If fresh produce, regular updating of projected volumes is expected (3) very good, established, forecasting system.	3		
14	Agreement of supplied quantities: (1) partner thinks the quantities bought are too low (2) reasonable annual quantities / well accepted by suppliers; efforts by buyer to ensure reasonable order levels and continued/agreed order placement (3) exceptionally high efforts to buy substantial quantities each year / acknowledged by the supplier.	3		
15	Fair Trade relationships ended by the Fair Trade buyer: (0) Fair Trade supply relationships are ended at short notice and without support (2) if relationships are ended it is done with dutiful care: announced in advance to allow producers to adapt accordingly; if at short notice due support is provided (3) no Fair Trade supply relation has been ended yet.	3		
TOTAL		MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points		46	30	

4.2.2 Fair for Life Pricing and Fair Trade Development Premiums

Principle 4.2.2 Fair for Life Fair Trade producers always receive a fair price for their products which is higher than conventional market prices and which covers the costs of production. Additionally, a Fair Trade Development Premium is paid into the producer’s Premium Fund for meaningful development projects.

- a) Prices are discussed and mutually agreed between the Fair Trade buyer and the Fair Trade producer operation and are based on open and transparent communication of needs and expectations.

Fair Trade shall ensure that producers and workers receive fair prices for their products / services and thus can meet their basic needs and have some discretionary income. Producers can invest in their families' or in their workers' welfare and contribute to the wellbeing of their communities.

- b) To give Fair Trade producers the necessary security to plan ahead and invest in their communities, the Fair Trade producer operation agrees together with his Fair Trade buyers on a Fair for Life Sales Floor Price which is the minimum price to be paid for all Fair Trade purchases.

The Sales Floor Price shall ensure that the producers' cost of production including family labour can always be covered, even in times of very low market prices. It is expected that the same Floor Price applies for all Fair Trade buyers buying from the producer operation.

The Fair for Life Sales Floor Price is set in a justifiable and transparent fashion and is agreed with the Fair Trade buyer. It normally remains valid for a period of 2 years or until reviewed and renegotiated.

For producer groups the Sales Floor Price shall ensure that small scale producers are paid a fair price that covers their production costs and that the organisation's overhead costs for transport, processing, packaging and organisational costs are covered. If the costs of certification are paid by the organisation these are accounted for as well.

If, in times of low market prices, the producer group operations are paid the Floor Price, they must demonstrate that the extra income granted by the Floor Price effectively reaches the producers. A Farmgate Floor Price for producers should be defined as the basis for the Sales Floor Price to buyers. For contract production projects the definition of a Farmgate Floor Price is compulsory. For guidance on definition and calculation of the Floor Price in producer groups see Module 3, Annex 1.

For hired labour operations, the Floor Price shall allow commitment to long term improvement of employment conditions and improvement of overall benefits for workers. In times of low market prices and the minimum Floor Price being received, the operation must demonstrate clearly that the price differential is mainly used for specific Fair Trade related work. In case of hired labour situations the operation may choose not to apply a Floor Price.

- c) The Fair for Life Fair Trade Sales Price for a specific sales contract is agreed by the Fair Trade producers and the handler by negotiation, and is confirmed in the respective purchase agreements. The agreed Fair for Life Sales Price shall not be lower than the Fair for Life Floor Price.

It is expected that Fair for Life Fair Trade Prices will, in most market situations slightly exceed market prices for the respective commodity (world market prices, if defined) for the respective product quality (e.g. organic and respective quality grade) in order to cover costs of compliance with the requirements of this standard.

As a general guideline compliance costs of hired labour Fair Trade that are charged on top of normal market prices are restricted to 5% of market prices; depending on the market position and social impact of the supplier, they may be lower than that.

For smallholder producer companies, prices of at least 5% higher than normal market prices (for respective quality) are recommended. In very low market price situations the Fair for Life Floor Price may be substantially higher than current market prices. If market prices are high it may be acceptable for the Fair Trade Price to be at market price level, provided that overall compliance costs, efforts and support of the supplier and additional benefits are all considered, as well as both trade partners agreeing on the price being fair.

- d) In addition to the Fair Trade Sales Price, the buyer and the Fair Trade producer agree on a defined Fair for Life Fair Trade Development Premium to be paid for all Fair for Life certified sales. Calculation of the Fair Trade Premium must be documented. The Development Premium shall be defined separately in each sales contract and is channelled by the producer company directly into its Fair Trade Premium Fund.

The Fair Trade Development Premium is normally calculated as a set Premium for at least a year, or even a two year period, based on average prices (see guidance below). It is expected that Fair Trade producers charge all Fair for Life and other fair trade buyers the same Fair Trade Development Premium. The Premium can not be discounted.

The Fair Trade Development Premium for smallholder producer companies is recommended to be 10% of farmgate prices and shall not be lower than 5% of average farmgate prices or other established premiums as appropriate, see guidance in Annex 1 of Module 3.

The Fair Trade Development Premium for hired labour producer companies is recommended to be between 7 - 10% of non-management labour costs², depending on the potential social impact of the Fair Trade Premium and the expected additional Fair Trade Development contribution paid directly by the Fair Trade producer company.

Premium Fund money must be administered transparently; the targeted beneficiaries of Fair Trade (farmers, workers or their communities) decide on the use of this money, possibly with some initial assistance by the

² Annual non-management labour costs: The total amount charged to the profit and loss account of the company as wages of workers up to and including supervisory grade – this includes overtime wages.

Calculation of Premium: annual labour costs / annual production in kg x 10%.

Example: 70'000\$ labour costs, annual production 80 tons → Premium is 70.000 / 80.000 x 0.10 = 0.057 \$ / kg

organising company and / or the buyer. The Fair Trade Development Premium is restricted in use. It may only be used for agreed social or environmental community and development projects or paid as additional income to smallholder producers, organised producer group may also decide to use it for business investments. The Fair Trade buyer can request annual summary reports on use of Fair Trade Development Premium Funds from the Fair for Life producer operation. (→ see requirements for Fair Trade producer companies in Module 2 for hired labour situations and in Module 3 for producer groups for further details).

In exceptional cases, Fair Trade suppliers may have Sales Prices without clearly defined Development Premiums (FFL-Price-Including-Premium). In this case, the certification body must approve in writing beforehand. Handling operations should make sure that the supplier has written approval of a FFL-Price-Including-Premium payment before FFL invoices without separate Fair Trade Premium indication are accepted.

No	Control Points: Fair for Life Pricing and Fair Trade Development Premiums	MAX	SCORE	
1	FFL Floor Prices are agreed in order to avoid prices for producers falling below the costs of production, for the producers: (0) no Minimum Floor Price established, although below average prices of the past 3-5 years (1=M) no Floor Prices agreed but no indications that the paid producer farmgate prices are below cost of production (2=M from year 2) Floor Price agreed (3) good justification of Floor Price calculation OR Floor Price was entirely proposed by Fair Trade supplier (4) well agreed Floor Price on basis of a good analysis of fair production costs.	4 M=1 M=2 from Yr 2		
2	FFL Floor Price is in line with above standard criteria (0) far below average market prices plus 5% OR calculated costs of living are well below official costs of living / not realistic (1) roughly at average market prices and sufficient to cover costs of living (2=M from year 2) in line with FFL requirements (3) above FFL requirements.	4 M=2 from Yr 2		
3	The FFL Fair Trade Price (without Development Premium) paid is (0) never (1) sometimes (2=M) always at or slightly above market price , as mutually agreed by Fair Trade producer and buyer in consideration of compliance costs and overall support given (see above) (3) always clearly above normal market price (4) exceptionally high.	4 M=2		
4	Fair Trade Price (without Premium) paid for organic Fair Trade products is (0) conventional price / no premium for organic (1) 1-9% higher than conventional price (2) at least 10% higher (3) >15% higher than normal market price for the respective non-organic product (4) even higher.	4		
5	Fair Trade Price seems appropriate for respective Fair Trade supplier situation (see policy above): (0) unacceptable (2=M) within range of above pricing policy or based on detailed discussion incl. view of supplier (3) very good price; indications that the high price actually serves the intended social purpose (4) exceptionally high price.	4 M=2		
6	FFL Development Premium: In addition to the agreed Fair Trade Price for the product, the buyer pays (0) nothing (1) only very minimal amount extra (2=M) an agreed reasonable Fair Trade Development Premium (see guidance above) (3) a high Fair Trade Development Premium (4) an exceptionally high Fair Trade Development Premium. Alternatively the agreed "FFL-Price-Including-Premium" prices are uniformly substantially higher than normal market prices for respective quality.	4 M=2		
7	The Fair Trade Development Premium is defined in invoices (or contracts): (0) no definition of Premium or any information on use of higher market prices (1) Premium agreed and paid but not specified in each contract or invoice (2=M from year 2) definition of Premiums in invoices and trade contracts.	2 M=2 from Yr 2		
8	<u>Additional points for voluntary commitment:</u> The buyer shows efforts to understand actual production costs and to adapt the pricing policy as much as possible to this understanding – Rating (0) to (3). No norm requirement.	(3)		
9	Documentation on open price negotiations: (0) no evidence of open communication on prices; buyer deliberately does not inform suppliers on market developments, etc. (2) adequate evidence of open communication on prices between buyer and Fair Trade producer (3) very positive interaction and communication on prices; buyer is open to accept suppliers' prices and needs.	3		
TOTAL		MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points		32	16	

4.3 SOCIAL RESPONSIBILITY (ALL CERTIFIED HANDLERS)

Principle 4.3.0 Fair for Life handlers demonstrate fair working conditions for their own staff.

Fair for Life handlers must demonstrate responsible employment practices also towards their own employees.

Handlers can choose between the following options (a, b or c):

- a) For Life Social Responsibility certification to confirm their good employment practices. In this case they are evaluated against the social and environmental standard criteria for Hired Labour labour operations of Module 2, sections 2.1 to 2.4.

The company will receive an additional For Life certificate and a detailed audit report against all Hired Labour requirements. Its social performance will be indicated on the Fair for Life Website.

- b) Responsible Labour Practices Verification by the CB according to the responsible labour requirements in Annex 1.

As part of the handler audit, the CB will verify core labour rights and decent employment conditions in line with the audit procedures described in Module 1 section 1.3.4.2. The company is not certified and only receives a short audit report. After the first 2 years, provided there have been no major non-conformities, a biennial report frequency may be agreed upon.

- c) As an alternative proof of responsible employment practices, the following is accepted:

- SA8000 certification
- ETI (Ethical Trading Initiative) audit report performed by the CB or another qualified external control body following the Sedex Member Ethical Trade Audit (SMETA) procedure

Audit report shall not be older than 18 months. The implementation of the agreed corrective action plan will be cross-checked during the annual Fair for Life handler audit, based on ETI audit results. After the first 2 years, provided there have been no major non-conformities or in low risk countries and industries, a biennial report frequency may be agreed upon.

- BSCI audit report performed by a qualified external control body

Audit report shall not be older than 18 months. The implementation of the agreed corrective action plan will be cross-checked during the annual Fair for Life handler audit, based on BSCI audit results. After the first 2 years, provided there have been no major non-conformities or in low risk countries and industries, a biennial report frequency may be agreed upon.

- In companies with only 5 full time employees or less, only the Fair for Life handler report is completed, with a brief assessment of responsible employment practices included in that report (if applicable).
- Detailed social standard report section as part of an IFOAM accredited organic certification scheme with social principles or Global Organic Textile Standard Certification (GOTS).

The social section of the audit report must be submitted to the CB and will be only be accepted if the reports confirms an appropriate depth of investigation of decent working conditions

Additionally to a detailed report, the company must have a public Social Responsibility Policy (see section 2.3 in Module 2 of this programme) or similar public commitment to fair working conditions signed by top management.

The implementation of this policy will be cross-checked during the annual Fair for Life handler audit.

- Other trustworthy third party fair labour verification reports may be accepted on a case by case basis.

PART II: REGISTERED HANDLING OPERATIONS

4.4 REQUIREMENTS FOR REGISTERED HANDLING OPERATIONS

Fair for Life Products: While brand holders of Fair for Life labelled final consumer products and Fair Trade buyers who buy from Fair Trade certified producer operations must be certified handlers, intermediate traders of Fair for Life certified products and contracted processors may choose to only become registered as traders of Fair for Life certified products. In some cases, brand companies may be exempt from the need to become certified (see Module 1, Section 1.1.3.3) and may be only registered handlers instead.

For Life Products: Only For Life certified companies can label products from Social Responsibility certified production as For Life certified. Any other intermediate traders must become For Life registered handlers.

Registration is based on completion of a registration form (with annual updates) and does not involve an audit, or a certification. A registered trader receives confirmation that he is entitled to buy and sell Fair for Life / For Life certified products to other traders, and is free to display the Fair for Life / For Life quality on invoices and transport or wholesale packaging. The Fair for Life / For Life seal may not be used (see Module 1 section 1.1.4)

Intermediate trader: an intermediate trader is any trading or processing company who purchases Fair for Life / For Life certified products from Fair for Life / For Life certified handlers (not directly from Fair Trade producer operations) and who sells the products to other traders as certified or to be Fair for Life / For Life labelled by the receiving brand holder company.

Contracted processor: handles certified products on behalf of a Fair for Life or For Life producer or handler. The product is owned by the contracting company.

4.4.1 Registration of Intermediate and Contracted Handlers

Principle 4.4.1 All handlers, including intermediate and contracted handlers of Fair for Life or For Life products, demonstrate compliance with the basic Fair for Life handling principles.

- a) Every handler of Fair for Life / For Life certified products, who is not obliged to be Fair for Life/For Life certified (e.g. intermediate trader, exempt Fair for Life brand holders), must demonstrate compliance with the criteria in this part by registration with the Fair for Life certification body.

If a trader also buys in products certified under other fair trade / Social Responsibility certification schemes to be sold as Fair for Life / For Life, a full Fair for Life / For Life certification is necessary.

Registered traders are also subject to spot-check monitoring by the Fair for Life certification body, see criteria d).

- b) Contracted processors of Fair for Life/ For Life certified products must register with the Fair for Life certification body, but contract processors handling less than 10% Fair for Life/ For Life products can be exempted from this obligation.

Contracted processors may be exempt from being fully registered and having to demonstrate fair working conditions if the contract processing of Fair for Life products is less than 10% of the company's total turnover. Hence the contracting company has very limited leverage to require registration and decent working conditions. In this case the contracting company must still require and demonstrate traceability of products during processing.

In mid to high risk industries in non-industrialized countries the CB may request an initial spot check of responsible labour conditions (minimum requirements listed in Annex 1 of Module 4) or alternative proof of working conditions to assess the risk level. High risk operations must become registered handlers and submit annual proof of decent working conditions. Also in industrialized countries the certification body reserves the right to require proof of decent working conditions in the case of contract production in high risk industries.

If registration is required, the contracting company can choose to coordinate the registration with the contracted processor and the time needed for assessment of the registration / spot check of fair working conditions can be included in the contracting company's inspection budget. However, the contracted processor must sign the registration form so affirming his obligation to ensure decent working conditions.

4.4.2 Basic Fair for Life Handling Requirements for Registered Handlers

Principle 4.4.2 Registered handlers of Fair for Life / For Life products demonstrate separation and traceability of the certified products as well as decent working conditions for their staff.

- a) An intermediate or contracted handler of Fair for Life / For Life certified products must demonstrate separation and traceability of all certified products while under custody of the company.

While physical separation and traceability is required, Fair for Life accepts minimal commingling due to technical processing reasons, but the process and limitations of the separation process must be specified in the registration form.

In the case of contract production, the company must have made sufficient arrangements with the contract processors to ensure the monitoring of separation, the prevention of commingling and traceability of all certified products.

Registered companies are expected to report Fair for Life handled quantities, periodically. They must describe and confirm physical separation measures and traceability of all lots sold as Fair for Life products to other traders from incoming goods control to final sales.

- b) A registered handler of Fair for Life / For Life certified products must demonstrate separation and traceability of all certified products while under custody of the company.
- c) A registered handler of Fair for Life / For Life certified products must demonstrate decent working conditions for all its workers. The following proofs are accepted:

- For Life – Social Responsibility certification of the company
 - Responsible Labour Practices Verification (see section 4.3. (b) by the CB)
 - SA8000 certification
 - Third party audit report on decent working conditions, report may not be older than 18 months, see list in section 4.3.0 (c)
- In low and medium risk countries and following good performance, frequency of two years may be agreed for update reports.*
- Endorsement letter of good working conditions by a trade union.
 - The company is a cooperative or worker-owned.
 - For small companies with 5 full time employees or less the commitment to provide responsible employment practices in the registration form is sufficient.
 - The company assigns the Fair for Life certification body to monitor decent working conditions according to the ETI Base Code in a risk based approach:
 - The company completes the CB's self -assessment against the ETI code and confirms its commitment to work in line with the code principles.
 - Based on the information provided and a risk assessment of the size, activity, country of operation, and percentage of Fair for Life certified products within the operation, the certification body assigns a risk category for external monitoring of minimum decent working conditions as expressed by the ETI Base code
 - The control body reserves the right to do spot checks against the Code clauses by means of a physical audit.

ANNEX 1 TO CONTROL MODULE 4: CRITERIA FOR RESPONSIBLE LABOUR PRACTICES FOR FAIR FOR LIFE HANDLERS

Table of Content

1	RESPONSIBLE LABOUR PRACTICES FOR FAIR FOR LIFE HANDLERS	23
1.1	BASIC RESPONSIBLE LABOUR PRACTICES	23
1.2	SAFE WORKING CONDITIONS	24
1.3	WAGES AND SOCIAL SECURITY	25
1.4	WORKING HOURS AND REGULAR EMPLOYMENT.....	25

Scope

As defined in Section 4.3 of the Fair for Life programme Module 4, all Fair for Life certified handlers with hired labour must demonstrate responsible employment practices towards their own employees and workers.

Handlers have the choice to demonstrate this by either

1. Full Social Responsibility certification of their activities – Fair for Life Module 2, section 2.1 to 2.4
 - ✓ Social Responsibility certificate
 - ✓ Social performance is indicated on Fair for Life website
 - ✓ Detailed audit report and rating beyond minimum performance
2. Responsible employment practices verification – as defined in this Annex
 - ✓ verification of core labour rights and decent employment conditions as part of the FFL handler audit
 - ✓ Short audit report only, no certificate
3. Other accepted social audit reports, as outlined in Module 4, section 4.3

This Annex to Module 4 indicates the procedures and control points used for verification of Responsible Labour Practices (RLP).

Verification Procedures

For verification of responsible employment practices as part of the Fair for Life Handler audit the procedures described in Module 1, Section 1.3 with the following modifications apply:

1.3.3 Preparation of the audit: No obligations to inform workers and key stakeholders about the certification process in detail, but workers should be made aware of their right to talk to the auditor.

1.3.4.1 Audit frequency: as described - once a year (as for all Fair for Life certified operations) as part of the handler audit, may be changed in low risk countries to biennial frequency after 2 years of good performance.

1.3.4.2 Audit procedures: as described for hired labour operations (“estates and factories”), including the standard number of employee interviews. Auditor may adapt audit procedures and may slightly reduce the number of workers interviews according to risk considerations. No obligation to always have workers representatives present during the opening meeting or to inform workers in detail about the audit results.

1.3.4.3 Evaluation: brief evaluation and finalisation of report and summary assessment. The handler receives a Responsible Labour Practices Verification summary assessment in addition to handler summary assessment. Conditions (if any) must be met as part of the Fair for Life handler certification obligations.

1.3.5 Certification and 1.3.6 Continuation of certification do not apply.

1.3.7 Complaints Allegations and Appeals Procedures: apply

1 RESPONSIBLE LABOUR PRACTICES FOR FAIR FOR LIFE HANDLERS

1.1 BASIC RESPONSIBLE LABOUR PRACTICES

No	Control Points: Basic Responsible Labour Practices	MAX	SCORE	
1	<u>No Forced or bonded labour:</u> (0) Evidence (2=M) no indication of forced or bonded labour.	2 M=2		
2	<u>Employer does not retain any part of workers' salary, benefits, property or documents</u> in order to force workers to remain on the operation: Employer (0) retains (2=M) does not retain original legal workers documents (e.g. identity card), wages, etc for any period longer than demanded by law.	2 M=2		
3	<u>Workers are free to leave after reasonable notice:</u> (0) Restrictions (2=M) no restrictions on workers' rights to terminate employment.	2 M=2		
4	<u>Freedom of association and right to collective bargaining is respected:</u> Employer (0) prohibits (2=M) respects the workers right to join workers organisations of their preference and to bargain collectively (3) takes a positive attitude towards worker associations; workers are actively organised (union or active workers representation body) (4) is exceptionally active to promote / support associative activities OR worker owned organisation.	4 M=2		
5	<u>Union representatives / workers representatives or organised workers are not discriminated against:</u> (0) Management discriminates or punishes organised workers or workers representatives (2=M) no such discrimination, intimidation or punishment (3) management supports / promotes workers' associative activities in a positive way; active workers representation (4) management works very closely and positively with workers association or trade union.	4 M=2		
6	<u>Good communication between management and workers; grievances adequately addressed:</u> (0) No open attitude towards workers raising concerns (1) workers may raise their concerns to supervisors or management, but no adequate reaction; no defined procedure to address serious workers grievances or disciplinary problems (2) management encourages workers' feedback and responds adequately; defined grievance procedures (3) very good open door company communication culture, open to workers suggestions and problems; adequate action taken by the management to address the concern raised.	4		
7	<u>There is no child labour:</u> (0) Some children (2=M) no children below the legal minimum age (15 unless defined otherwise) working in the company.	2 M=2		
8	<u>Protection of Young Workers:</u> Young workers (15-18 years) (0) do (2=M) do not work at night or in hazardous conditions and do not work excessive hours. <i>If no young workers → (n.a.)</i>	2 M=2		
9	<u>Fair Disciplinary practices:</u> (0) Violate human dignity OR are not transparent (1) some minor problems with disciplinary practices (2=M) fair and transparent; no deductions from wages without agreement of worker, serious disciplinary actions are recorded (3) low need for disciplinary actions (4) very positive relation between employer and workers.	4 M=2		
10	<u>Sexual harassment:</u> (0) confirmed case of sexual harassment, not followed up (1= M) no clear policy or company instruction on sexual harassment, but no case of sexual harassment (2=M from year 2) behaviour that is sexually coercive, threatening, abusive or exploitative is not tolerated. Any cases of sexual harassment are followed up by management and resolved within a reasonable time frame (3) policies against sexual harassment are available and effectively implemented	3 M=1 M=2 from Yr 2		
11	<u>Equal treatment and opportunities:</u> (0) Evidence (2=M) no indication of systematic discrimination of workers (based on gender, race, caste, origin, religion, etc.); no sexually coercive / intimidating / abusive behaviour (3) employer active in promoting mutual respect and harmony between workers OR policies against discrimination written and implemented (4) actively supporting discriminated groups.	4 M=2		
TOTAL		MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points		33	22	

1.2 SAFE WORKING CONDITIONS

No	Control Points: Safe Working Conditions	MAX	SCORE
1	<u>Safety Management and Risk Analysis</u> : (0) none although safety problems (1) no formal safety officer, but supervision staff adequately aware of safety aspects (2=M) one person trained as safety officer with sufficient qualification and management powers; safety risk analysis done regularly (3) safety committee with participation of workers, high health and safety awareness	3 M=2	
2	<u>Fire Protection and Management</u> : (0) not available (1) present but in poor condition / not accessible (2=M) major fire hazards are known and minimized; adequate equipment available, regularly inspected and functional for size of operation (3) well monitored and maintained (with records), advanced system.	3 M=2	
3	<u>Fire alarms and fire drills</u> : (0) no alarm system, no fire drills (1=M in companies with less than 50 workers) simple alarm system , no formal drills but workers know overall procedures (2=M in companies with more than 50 workers) adequate number of working fire detectors and alarms at all relevant places, fire drills at least once a year or as per legal requirements (3) good, well established system of regular fire safety trainings and fire drills, documented inspection and maintenance of detectors and alarms.	3 M=1 or M=2	
4	<u>Emergency procedures</u> : (0) not in place, not even orally (1) in place but not known to workers OR not written but all workers fully aware of relevant emergency procedures (2=M) in place (written / signposted) and known by workers (3) advanced procedures including training of staff on evacuation procedures.	3 M=2	
5	<u>Emergency exits</u> : (0) none (1) exits not entirely unobstructed (2=M) unobstructed and clearly identified , door can be opened from the inside at any time by any worker. Sufficient for quick and safe evacuation in an emergency (3) well designed emergency evacuation system.	3 M=2	
6	<u>Adequate steps are taken to prevent accidents, injuries or work related health problems</u> : (0) workplace is unsafe (1) some minor shortcomings (2=M from year 2) workplaces and equipment adequately safe and without major risks to health (as per good industry standard) (3) very safe, efforts have been made to make workplaces as safe as possible (4) impeccable; workplaces according to highest safety and ergonomic standards.	4 M=2 from Yr 2	
7	<u>Records about accidents at work and work related sicknesses</u> : (0) not recorded (1) some records, incomplete or not followed up (2=M from year 2) recorded and adequately followed-up . (3) recorded, analysed and preventive measures put in place OR no accidents / work related illnesses in past 3 years.	3 M=2 from Yr 2	
8	<u>Adequate protection of workers from exposure to chemicals, dust, noise, light and other hazards</u> : (0) missing although necessary (1) provided in acceptable condition (2=M) suitable and adequate personal protection equipment provided, maintained in good condition and used OR not necessary (3) exceptionally good protection efforts. <i>Office company → n.a.</i>	3 M=2	
9	<u>First aid equipment</u> : There is (0) no (1) incomplete (2=M) sufficient basic first aid equipment (as needed for potential work accidents) (3) very good first aid equipment and emergency medical care.	3 M=2	
10	<u>Chemical storage</u> : (0) in workers' areas or together with household goods (2=M) separate, locked and clearly identified storage with access restriction; MSDS at hand. If no critical chemicals → (n.a.)	2 M=2	
11	<u>Workers are informed about major safety risks and safe working practices</u> : (0) not informed (1) sufficiently aware of existing risks (2=M) workers adequately trained for their respective tasks OR no major safety risks (3) workers very well informed and trained (4) exceptionally well trained in health and safety practices.	4 M=2	
12	<u>Pregnant or nursing women and other risk groups</u> are (0) engaged in potentially hazardous work (2=M) excluded from potentially hazardous work, do not work at night .	2 M=2	
13	<u>If staff is given housing by the company</u> : (0) not acceptable in comparison to local conditions (1=M) acceptable, but clear deficits (2=M) safe and adequate housing conditions in local context; reasonable rates; workers can chose the type of remuneration (e.g. cash instead of housing) (3) very good housing; very good / subsidised rates (4) very good and included as benefit in workers' remuneration package. <i>If no housing → (n.a.)</i>	4 M=1 M=2 from Yr 2	

TOTAL	MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points	43	28	

1.3 WAGES AND SOCIAL SECURITY

No	Control Points: Wages and social security	MAX	SCORE
1	<u>Written definition of employment conditions</u> -(0) no aspect of working conditions is defined in writing (1) written agreement on employment conditions only for permanent workers OR documents not covering all above listed aspects OR only generic documents on working conditions, but no individual contract (2=M from year 2) All workers shall be provided with written and understandable information about their employment conditions in respect to wages, social benefits and probation period (3) good and detailed contracts. Contract and related documents outline rights and duties of both sides and are signed by employer and worker; worker receives copy.	4 M=2 from Yr 2	
2	<u>Wages of PERMANENT workers</u> are (0) far below (1) slightly below (2=M) in line with official minimum wages or official industry benchmark standards which ever is higher) (3) clearly above minimum wages for respective activities (or above wages in comparison with other companies if minimum wage not really applicable for the nature / level of work done) (4) wages substantially higher than common for the specific task / region. These wages include realistic bonuses. <i>(In case of payment-per-production, calculate income of an average production day without overtime).</i>	4 M=2	
3	<u>Wages of SEASONAL / TEMPORARY workers</u> are (0) far below (1) slightly below (2=M) in line with minimum wages (3) above official minimum wages (4) substantially higher than common for the specific task / region including received bonuses. <i>In case of payment-per-production, calculate income of an average production day without overtime.</i>	4 M=2	
4	<u>On –time Payments:</u> (0) not done, unduly delayed, very irregular (1) not on fixed days or occasionally slightly delayed payments (2=M) regularly done and on fixed days.	2 M=2	
5	<u>Payments are documented</u> (0) not (1) poorly documented, some inconsistencies (2=M) well documented and confirmed by cross checking with other documentation (e.g. time records, contract – wage, book keeping).	2 M=2	
6	<u>Particulars of wages</u> (actual earnings as well as any deductions and contributions to social benefits) are indicated to the employee every time payment is made (0) no such details indicated to worker (2=M from year 2) wage slips of ALL workers contain this information , worker receives wage slip.	2 M=2 from Yr 2	
7	<u>Compliance with national labour legislation in regard to social benefits</u> (sick leave, retirement, medical insurance, maternity, unemployment benefits / compensation for loss of job) is (0) not at all achieved (1) not fully, but almost (2=M) for all workers. (3) slightly better than legally required (4) much better than legally required.	2 M=2	
8	<u>Additional points for voluntary commitment:</u> extra benefits to workers beyond legal requirements Rate extra benefits, incentives, bonuses (beyond above) from (0) to (4) and give detailed comments below. No norm requirement.	(4)	
TOTAL		MAX	TNP
	Maximum Points / Total Norm Points / Effective Points	31	16

1.4 WORKING HOURS AND REGULAR EMPLOYMENT

No	Control Points: Working hours and regular employment	MAX	SCORE
1	<u>Regular weekly working hours and rest days</u> (0) far higher (1) slightly higher (2=M) in line with national labour legislation; at least 1 rest day out of seven. Equal or less than 48hrs (3) weekly working hours lower than legal maximum hours OR working hours < 42 hours / week.	3 M=2	
2	<u>Overtime</u> is (0) compulsory, not remunerated extra (2=M) voluntary, not demanded on regular basis and remunerated as per legal requirements (3) all overtime remunerated at premium rate.	3 M=2	

3	<u>Maximum working hours</u> (including overtime) (0) exceed 60 hours / week by far or workers work without rest days (2=M) do not exceed 60 hours / week; one day off in every 7-day period (3) equal or less than 46 h.	3 M=2	
4	<u>Holidays / paid leave:</u> (0) no paid leave / holidays (2=M) holidays and paid leave granted as per legal requirements (3) generous paid leave allowance, paid sick days (4) exceptionally generous paid leave and sick days allowance.	4 M=2	
5	Employer (0) does (2=M) does NOT hire and fire workers on a continuous basis to avoid implications of regular employment (e.g. social security payments) (3) all workers doing regular work are employed as permanent workers.	3 M=2	
6	There is (0) substantial (1) some (2=M) no indication that sub-contracting, home-working, apprenticeships etc. are used to avoid regular obligations to workers under labour law. <i>If done, plan for improvement within 1 year.</i>	2 M=2	
TOTAL		MAX	TNP SCORE
Maximum Points / Total Norm Points / Effective Points		22	14

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