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
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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 Text* 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.

<table>
<thead>
<tr>
<th>N°</th>
<th>Control Points Forced Labour</th>
<th>MAX</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(0) Clear evidence (2=M) no indication of forced labour</td>
<td>2</td>
<td>M=2</td>
</tr>
</tbody>
</table>

**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 (see 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:**

a) 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.

b) 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 2**nd** certification, this norm requirement must be met, otherwise certification cannot be granted.

c) 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
This module applies to all handling operations of Fair for Life certified products who wish to undergo Fair for Life handling certification.

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).

Producer Certification

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 Fair for Life brand holder.

<table>
<thead>
<tr>
<th>Who</th>
<th>Comments and Control Requirements</th>
<th>What does Fair for Life Fair Trade Handler Certification cover?</th>
</tr>
</thead>
</table>
| Fair for Life Fair Trade Buyer | • 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.  
• 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 | • Fair Trade relations and traceability  
• Additional Fair Trade buyer criteria (paying a fair price and Fair Trade Development Premium, cooperation contracts, pre-financing)  
• Social Responsibility of company |

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:
<table>
<thead>
<tr>
<th><strong>Fair for Life Brand holder</strong></th>
<th><strong>Other Intermediate Processors and Traders</strong></th>
</tr>
</thead>
</table>
| The company under whose brand / company name the final Fair for Life product is marketed to consumers. | Fair for Life certified handler  
Any trader who buys Fair for Life Fair Trade products or products from equivalent fair trade certification schemes can apply for Fair for Life handler certification to sell products as Fair for Life Fair Trade certified. |
| 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 handler  
- Fair for Life handler responsibilities  
- Traceability and labelling  
- Social Responsibility of company |
| 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. | **Registered trader of Fair for Life products**  
As a minimum, any intermediate trader who buys a Fair for Life product and wishes to market it as certified to other traders must become registered and must also submit proof of decent working conditions – see section 4.4  
Similar rules apply to subcontracted processors -see section 4.4. |
| **Registered trader of Fair for Life products**  
As a minimum, any intermediate trader who buys a Fair for Life product and wishes to market it as certified to other traders must become registered and must also submit proof of decent working conditions – see section 4.4  
Similar rules apply to subcontracted processors -see section 4.4. | Registered trader of Fair for Life products  
- 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** |  |
| 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.

**No**  
**Control Points: Fair Trade Sourcing**  
<table>
<thead>
<tr>
<th>No</th>
<th>Control Points: Fair Trade Sourcing</th>
<th>MAX</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>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</td>
<td>4</td>
<td>M=2 from Yr 2</td>
</tr>
</tbody>
</table>
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.  

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 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.

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.

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.  

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. 

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. 

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. 

10 Additional points for voluntary commitment: 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. 

11 Additional points for voluntary commitment: 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. 

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>MAX</th>
<th>TNP</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Points / Total Norm Points / Effective Points</td>
<td>38</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>
## 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 full from their website to the respective operational profile of the Fair for Life certified operation on the Fair for Life website.*

### Control Points: Support and Promotion of Fair Trade Producers and Products

<table>
<thead>
<tr>
<th>No</th>
<th>Control Points: Support and Promotion of Fair Trade Producers and Products</th>
<th>MAX</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>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.</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>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.</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>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.</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Additional points for voluntary commitment; 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.</td>
<td>(4)</td>
<td></td>
</tr>
</tbody>
</table>

### Maximum Points / Total Norm Points / Effective Points

<table>
<thead>
<tr>
<th></th>
<th>MAX</th>
<th>TNP</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>14</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
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 registered.

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).

Table 1: Specifications in contracts with suppliers certified under equivalent schemes

<table>
<thead>
<tr>
<th>Fair for Life handler buys from:</th>
<th>Specification in purchase contracts or MoU’s:</th>
</tr>
</thead>
</table>
| FLO-Cert certified Trader of FLO Fairtrade products or FLO national labelling initiative certified trader of FLO Fairtrade products | • FLO-ID of trader (FLO-Cert’s Identification number)  
• Supply chain information (origin and certification) of the products, including intermediate traders. For details and options see Fair for Life Guidance  
• Obligation to inform the buyer in case the FLO trader certification is suspended or revoked or the supplied products are no longer Fair Trade certified.*  
• The trader must explicitly confirm that the products sold to the Fair for Life trader originate from FLO certified producers, were sold as Fair Trade eligible and that traceability has been ensured from production to final sale (even in product chains where FLO does not require physical traceability). If there is commingling due to technical reasons, this must be specified.  
• The trader must confirm that for the products delivered, the applicable FLO Fairtrade Trade standards have been adhered to (including FLO price and FLO premium)*.  
* Not required in case the Fair for Life handler is also FLO-certified. |

| Handlers certified under other Fair Trade product certification schemes (see list in Module 1, Annex 2 for equivalent schemes) | • Certification status under the other scheme  
• Supply chain information (origin and certification) of the products, including intermediate traders. For details and options see Fair for Life Guidance  
• Obligation to inform the buyer in case the products are no longer Fair Trade certified.  
• Confirmation of traceability and separation of fair trade products.  
For some equivalent schemes (See Annex 2), a specific template MoU must be used which may specify scheme specific additionally required information |

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

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 5. All Fair for Life consumer package labels must be submitted to the certifier 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 in 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.

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.

<table>
<thead>
<tr>
<th>No</th>
<th>Control Points: Traceability and Product Handling</th>
<th>MAX</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>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 database (3) exceptionally well managed and documented product flow; Fair Trade quality is part of product code.</td>
<td>3</td>
<td>M=2</td>
</tr>
<tr>
<td>2</td>
<td>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.</td>
<td>3</td>
<td>M=2</td>
</tr>
<tr>
<td>3</td>
<td>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.</td>
<td>3</td>
<td>M=2</td>
</tr>
<tr>
<td>4</td>
<td>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.</td>
<td>2</td>
<td>M=2</td>
</tr>
<tr>
<td>5</td>
<td>The Fair trade supply chains 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. If not → respective products not considered Fair Trade certified until information provided.</td>
<td>2</td>
<td>M=2</td>
</tr>
<tr>
<td>6</td>
<td>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.</td>
<td>2</td>
<td>M=2</td>
</tr>
<tr>
<td>7</td>
<td>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.</td>
<td>3</td>
<td></td>
</tr>
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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.

| 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 shortcomings (2=M) adequate packaging and labelling. | 2 M=2 |
| 11 | All final consumer labels have been approved by IMO 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 referenced to FFL certification in PR materials etc- in line with Module 1 section 1.1.4 | |
| 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 |

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<th>TOTAL</th>
<th>MAX</th>
<th>TNP</th>
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<td>27</td>
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</table>

### 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, e.g. FLO-Cert certified producers, the following aspects shall be clearly expressed in these MoUs or agreements:

- **FLO-ID (or certificate number) and obligation to inform the buyer in case producer is suspended or de-certified.**
- The producer must explicitly confirm that the products sold to the Fair for Life trader originate from fair trade certified producers, are fair trade eligible and that traceability has been ensured up to the point of sale.
- The buyer agrees to pay the applicable prices and social premium (i.e. FLO minimum prices if market price is below minimum price, plus FLO social premium).
- The payment of the Fair Trade Premium is done according to the applicable trading standard requirements (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).
- The FLO certified producer 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.

In evaluation of above aspects, the bargaining powers and capacity of both sides will be considered.

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.

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.

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<tr>
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<th>Control Points: Partnership and Favourable Trading Terms</th>
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<tr>
<td>1</td>
<td>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.</td>
<td>3 M=2 from Yr 2</td>
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<tr>
<td>2</td>
<td>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 / producer company shows high flexibility.</td>
<td>3 M=2 from Yr 2</td>
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<td>3</td>
<td>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.</td>
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<td>4</td>
<td>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.</td>
<td>3</td>
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<td>5</td>
<td>The buyer supports the suppliers with information on market requirements and price developments (see guidance above if producer is subsidiary company of buyer): (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.</td>
<td>4 M=1</td>
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<td>6</td>
<td>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.</td>
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<td>7</td>
<td>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 (see section on fair pricing and Fair Trade Premium payments) • Payment terms and pre-financing (if applicable). • Delivery terms and procedures in case of quality problems</td>
<td>3 M=2</td>
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</table>
• 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 \rightarrow to be introduced within 6 months (3) very well developed
  agreements, reflecting the needs of both trade partners.
  Note: content of contract issues, e.g. prices, pre-finance, is assessed in separate CPs.

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.

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.

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.

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.

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. For contract production suppliers – no M (3) exceptionally
  good pre-finance support of the product to be delivered.

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.

14 Agreement of supplied quantities: (1) partner thinks the quantities bought are too low (2)
  reasonable annual quantities / well accepted by suppliers (3) exceptionally high efforts to
  buy substantial quantities each year / acknowledged by the supplier.

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.

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<td>46</td>
<td>30</td>
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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 chose 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 costs\(^2\), 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 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

\(^2\) 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 overtimes wages. Calculation of Premium: annual labour costs / annual production in kg x 10%. Example: 70’000$ labour costs, annual production 80 tons \(\rightarrow\) Premium is 70,000 / 80,000 x 0.10 = 0.057 $ / kg
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.

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<tr>
<td>1</td>
<td>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.</td>
<td>4 M=1 M=2 from Yr 2</td>
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<td>2</td>
<td>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.</td>
<td>4 M=2 from Yr 2</td>
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<td>3</td>
<td>The FFL Fair Trade Price (without Development Premium) paid is (0) never (1) sometimes (2=M) always 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.</td>
<td>4 M=2</td>
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<td>4</td>
<td>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) &gt;15% higher than normal market price for the respective non-organic product (4) even higher.</td>
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<td>5</td>
<td>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.</td>
<td>4 M=2</td>
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<td>6</td>
<td>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.</td>
<td>4 M=2</td>
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<td>7</td>
<td>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.</td>
<td>2 M=2 from Yr 2</td>
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<td>8</td>
<td>Additional points for voluntary commitment: 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.</td>
<td>(3)</td>
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<td>9</td>
<td>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.</td>
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<td>Maximum Points / Total Norm Points / Effective Points</td>
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4.3 RESPONSIBLE WORKING CONDITIONS (ALL CERTIFIED HANDLERS)

Principle 4.3.0 Fair for Life handlers demonstrate responsible working conditions for their own staff.
Fair for Life handlers must demonstrate responsible employment practices also towards their own employees.

Handlers can chose 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 organisations 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 IMO according to the responsible labour requirements in Annex 1

As part of the handler audit, IMO 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 report. After the first 2 years, provided there have been no major non-conformities, a bi-annual report frequency may be agreed upon.

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

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

Auditr 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 bi-annual report frequency may be agreed upon.

- Annual BSCI audit report performed by a qualified external control body

Audit 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 bi-annual report frequency may be agreed upon.

- Detailed social standard report section as part of an IFOAM accredited organic certification scheme with social principles or Global Organic Textile Standard Certification (GOTS). 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 social section of the audit report must be submitted to IMO and will be only be accepted if the reports confirms an appropriate depth of investigation of decent working conditions. The implementation of this policy will be cross-checked during the annual Fair for Life handler audit.

- Other trustworthy third party fair labour verification schemes may be accepted on a case by case basis.
PART II: REGISTERED INTERMEDIATE AND CONTRACTED HANDLING OPERATIONS

4.4 REQUIREMENTS FOR INTERMEDIATE AND CONTRACTED HANDLING OPERATIONS

4.4.1 Registration of Intermediate and Contracted Handlers

While brand holders of Fair for Life labelled final consumer products and Fair Trade buyers who buy from Fair Trade certified producer operations must always 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.

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 certified products to other traders, and is free to display the Fair for Life quality on invoices and transport or wholesale packaging.

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

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

<table>
<thead>
<tr>
<th>Principle 4.4.1</th>
<th>All handlers, including intermediate and contracted handlers of Fair for Life products, demonstrate compliance with the basic Fair for Life handling principles.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Every intermediate handler of Fair for Life certified products, who is not Fair for Life certified, 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 certification schemes to be sold as Fair for Life, full Fair for Life handler certification is necessary. Registered traders are also subject to spot-check monitoring by the Fair for Life certification body, see criteria d).</td>
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<td>d) Contracted processors of Fair for Life certified products must register with the Fair for Life certification body, but contract processors handling less than 10% Fair 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. The certification body reserves the right to still require proof of decent working conditions in the case of contract production in high risk countries or industries. If registration is required, the contracting company can chose 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.</td>
<td></td>
</tr>
</tbody>
</table>

4.4.2 Basic Fair for Life Handling Requirements for Registered Handlers

<table>
<thead>
<tr>
<th>Principle 4.4.2</th>
<th>Any intermediate trader or contracted processor handling Fair for Life products demonstrates separation and traceability of the certified products as well as decent working conditions for their staff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) An intermediate or contracted handler of Fair for Life certified products must demonstrate separation and traceability of all certified products while under custody of the company.</td>
<td></td>
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</tbody>
</table>
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. For Fair for Life purchases, the Fair for Life quality must be indicated on the purchase invoice.

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

f) An intermediate trader or contracted processor of Fair 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
- IMO Responsible Labour Practices Verification (see section 4.3.0 (b)
- 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.
- 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 a self-assessment form against the ETI Base Code.
  - 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 ETI Base Code by means of a physical audit.