

FAIR FOR LIFE

SOCIAL & FAIRTRADE CERTIFICATION PROGRAMME

VERSION 2011



CONTROL MODULE 2: CRITERIA FOR HIRED LABOUR 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

Presented in this section

3. CRITERIA FOR PRODUCER GROUPS

Module 3, see separate document

4. CRITERIA FOR HANDLING OPERATIONS

Module 4, see separate document

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 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 and Reference to Other Social Standards

The Fair for Life Module 2 Hired Labour is based on the applicable ILO conventions, FLO Hired Labour standards and trader standards, SA8000 standards and guidance documents, the Ethical Trade Initiative (ETI) base code with SMETA auditing methodology and the recommendations of the SASA Project on Social Standards in Agriculture. Also the Rainforest Alliance Sustainable Agriculture Standard, the WFTO 10 principles of Fair Trade, the Code of Union of Ethical BiTrade (UEBT) were considered in developing the principles, criteria and performance indicators.

The criteria and performance indicators in this chapter, sections 2.1 to 2.4, are the basis for certification of any kind of producer companies (plantations, estates, manufacturers) with hired labour world-wide according to both For Life – Social Responsibility and Fair for Life – Social & FairTrade criteria.

Chapter 2.5 presents additional criteria that are only applicable to producer operations applying for Fair for Life Social & FairTrade certification.

2 CRITERIA FOR HIRED LABOUR OPERATIONS

2.1 BASIC RIGHTS OF ALL WORKERS

The criteria apply to ALL hired labour operations and to all categories of workers. The term “workers” shall refer to all workers including employees, seasonal, temporary, migrant, foreign, casual, permanent, and sub-contracted workers. The term “workers” is not restricted to field workers only, but also includes others such as persons employed in the administrative branch of an organisation.

2.1.1 Forced Labour

Principle 2.1.1 There is no forced or bonded labour in line with ILO Convention 29 and 105.

- a) The company must not retain any part of workers’ salary, benefits, property or documents in order to force workers to remain on the operation.
- b) The company must also refrain from any form of physical or psychological pressure requiring workers to remain employed in the operation.
- c) Spouses and children of contracted workers are not compelled to work in the operation.

No	Control Points: Forced Labour	MAX	SCORE
1	(0) Clear evidence (2=M) no indication of forced labour.	2 M=2	
2	Family and dependents of workers (0) are compelled to work in the organisation (1) are expected to work in the operation (2=M) are free to seek employment elsewhere (without deductions for main worker) (3) are offered assistance in seeking work if this is sought or other very worker friendly arrangements.	3 M=2	
3	Employer (0) retains (2=M) does not retain original legal workers documents (e.g. identity card) for any period longer than demanded by law.	2 M=2	
4	Employer (0) does retain (2=M) does not retain any part of worker’s salary, benefits, etc.	2 M=2	
5	(0) Restrictions (2) no restrictions on workers’ rights to terminate employment.	2	
6	(0) Employment is linked to the fulfilling of an obligation or debt of a third party; large loans to workers; disproportional to their income (2) no such implications (3) very positive schemes for workers, e.g. small loans at good conditions in case of need.	3	
TOTAL		MAX	SCORE
Maximum Points / Total Norm Points / Effective Points		14	12

2.1.2 Freedom of Association and Right to Collective Bargaining

Principle 2.1.2 Workers have the right to organise themselves and bargain collectively.

- a) Workers, without distinction, have the right to join or form workers’ organisations of their own choosing and to bargain collectively unless restricted by law, as required by ILO Conventions 87 and 98.

“Workers Organisation” refers to any organisation of workers for furthering and defending the rights and interests of workers, the most common active workers organisations being independent trade unions.

Workers organisations can play an important role in ensuring workers rights and interests and may also help dialogue and regular communication between management and workers.

- b) The employer adopts a neutral attitude towards the activities of workers organisations and their organisational activities. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

Workers have the freedom to form or join workers’ organisation of their own choice, e.g. internal worker organisations or unions.

In case workers wish to unionise the employer must permit open internal discussions on the advantages and possible disadvantages of unionisation. Management or labour consultants shall not hold one-to-one anti-union

meetings with individual workers. The company may not hire consultants with the objective of persuading workers not to unionise. However the company may hold information meetings for all workers with the help of external consultants as long as all information provided is truthful and does not intimidate workers. In workplaces with unionisation, it is recommended to invite neutral external experts in to provide balanced information on the potential changes in employment conditions and other aspects in order to allow workers to make well informed decisions. The company must respect national law with regard to freedom of association.

- c) Where the right to freedom of association and collective bargaining is restricted by law, the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining.
- d) Employers seek dialogue and regular communication with their workers and have procedures through which workers can raise grievances or complaints to the company as well as the certification body without fear of being penalised.

All operations shall have a grievance procedure that workers are aware of and even in the absence of a written procedure workers are effectively free to raise their concerns to the management without fear of penalisation.

Workers must be free to discuss their working conditions with auditors openly. Where workers' concerns have not been addressed through the internal grievance procedure or workers are fearful of such procedures for risk of discrimination, workers always have the right to contact the Fair for Life certification body at any time to raise their concern on fair working conditions. Workers must not be penalised for communicating directly with the certification body.

No	Control Points: Freedom of Association and Right to Collective Bargaining	MAX	SCORE
1	Information on workers' rights to organise is provided by employer: (0) no information at all (2) workers rights to organise recognised in writing and available to workers (e.g. in Social Policy, or in employee handbook); workers know that they are free to organise in associations of their preference (3) information on workers' rights by independent third parties OR detailed information as per local law is provided by the employer.	3	
2	Employer (0) prohibits (2=M) permits associative activities and collective bargaining (3) takes a positive attitude towards worker associations (4) is exceptionally active to promote / support associative activities OR worker owned organisation.	4 M=2	
3	Management (0) clearly prohibits independent trade unions from visiting the facility or talking to workers (2) does not restrict independent trade unions active in the respective industry and region from meeting with workers if they wish (3) invites a union representative to hold an information meeting for workers OR workforce is unionised OR very active and effective internal workers organisation. <i>If no union was interested to visit → (2)</i>	3	
4	Workers' representatives: (0) employer restricts workers meetings (1) no workers' representative (2) no indication that employer obstructs or controls worker representatives meeting workers during working hours (3) employer grants workers time within working hours for workers meetings and provides physical facilities (4) employer exceptionally supportive of the work of representatives.	4	
5	(0) Management discriminates or punishes workers for exercising their right to join or participate in workers associations of their preference (2=M) no such discrimination, intimidation or punishment (3) management supports / promotes workers' associative activities in a positive way (4) management works very closely and positively with workers association or external union.	4 M=2	
6	If workers wish to unionise, the company does not take unpermitted measures to discourage them, e.g. anti-union consultant for 1:1 meetings with workers, individual talks to workers about unionisation; information meetings with truthful information permitted; <i>see guidance above</i> (0) unacceptable practices; management violates workers rights to join associations of their preference (1) some shortcomings in the situation (2=M) company acts responsibly and does not coerce workers to abandon unionisation idea; union voting permitted if applicable and not interfered (3) very positive handling of the situation with good communication also with union.	3 M=2	
7	Management (0) insists on always being present during meetings of worker representatives (1) attends meetings sometimes (uninvited) (2=M from year 2) attends workers meetings only if invited by the workers.	2 M=2 from Yr 2	
8	Workers association: The management (0) obstructs or does not facilitate, where freedom of association is restricted by law (2=M if the right to freedom of association and collective bargaining is restricted by law) facilitates and does not obstruct the formation of a workers' representation organisation or other means of representing workers interests and joint negotiations (3) company supports development of an active workers association with help of competent NGO's or facilitators.	3 M=2	

9	Workers are organised and discuss grievances and working conditions with the management: (0) neither workers' organisation nor open communication between workers and management (1) inactive internal workers organisation OR adequate informal communication between workers and management (2) active workers organisation or trade union that discusses working conditions, lack of compliance with legal obligations and addresses workers grievances together with the management (3) very active workers organisation and good spirit of cooperation (4) worker owned company OR exceptionally high degree of unionisation with positive relations between management and union OR very active workers representation with collective bargaining and agreements in other labour issues.	4		
10	Workers' awareness of freedom of association: (0) not aware (1) aware of the option but feel hesitant to really join a union / organisation (2) aware and organised OR aware of the option but clearly not interested (3) workers are well aware of their freedom to organise and know their rights.	3		
11	Regular meetings between workers' organisation / workers' representatives and management: (0) no meetings, no exchange (1) some exchange, but not during scheduled, regular meetings (2) regular meetings scheduled with mutually signed minutes (3) regular meetings with demonstrated records to address workers' grievances and close cooperation between management and workforce.	3		
12	Written grievance procedures: (0) none (2=M from year 2) written document outlines a fair and appropriate grievance procedure , available to the workers, e.g. in employee handbook or on notice board (3) all workers aware of grievance procedures and procedures are effectively implemented, all grievance cases dealt with appropriately.	3	M=2 from Yr 2	
13	Workers are not disciplined, dismissed or discriminated against for raising their concerns through application of grievance procedure (0) some workers who raise grievance issue have been disciplined / discriminated (2=M from year 2) workers who follow the grievance procedure are not disciplined, intimidated or discriminated against , their rights are protected in writing (e.g. in grievance policy).	2	M=2 from Yr 2	
14	(0) Workers who inform the Fair for Life certification body on labour related problems get dismissed or disciplined (2=M) such workers are not discriminated, intimidated or penalised . A company with an established and well working grievance procedure may require workers to use the internal mechanisms first before informing the certification body (3) companies actively inform workers on their right to discuss their working conditions freely with the certification body.	3	M=2	
15	Inviting workers' feedback and comments: (0) no open attitude towards workers raising concerns or suggestions for improvement (1) workers may raise their concerns to supervisors or management, but management does not react adequately (2) management encourages and supports workers' feedback and suggestions for improvement even beyond grievance, e.g. suggestion box, open discussion culture where workers do not feel intimidated to raise their concerns (3) very good and inclusive company communication culture, very open to workers suggestions and problems; adequate action taken by the management to address the concern raised.	3		
TOTAL		MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points		47	30	

2.1.3 Child Labour and Protection of Young Workers

Principle 2.1.3 No children under 15 years work in the operation. Young workers never perform any work that is hazardous or that could jeopardize their emotional, social or physical development.

a) Children (<15 years) are not employed and shall not work in the operation.

If there are or were children working in the company, the company is expected to present a remediation policy to responsibly phase out any form of child labour as soon as possible, at the latest within 1 year with regular updates on progress. Depending on the severity of the individual case, certification may not be granted until child labour has been responsibly phased out. Remediation shall prevent any children who are no longer working for the company from entering worse forms of child labour, and shall also ensure that the children are able to attend and remain in quality education until no longer a child.

Children may under no circumstances be required to do work that is likely to jeopardize their health, safety or emotional development.

The only exception to this rule can be granted on assessment of the individual situation for children older than 14 years who do light work for pocket money in their school holidays or for short term practical training – if the work

is light and non-hazardous. This is in line with ILO 33 which permits that in non-industrial situations “National laws or regulations may determine work to be allowed and the number of hours per day to be worked during the holiday time of children referred to in Article 2 who are over fourteen years of age. Children over twelve years of age may, outside the hours fixed for school attendance, be employed on light work - (a) which is not harmful to their health or normal development; (b) which is not such as to prejudice their attendance at school or their capacity to benefit from the instruction there given; and (c) the duration of which does not exceed two hours per day on either school days or holidays, the total number of hours spent at school and on light work in no case to exceed seven per day; not on Sundays and legal public holidays nor during night.”

The above provisions are in line with ILO conventions 138 and 182. If the national minimum age for employment is less than 15 years, the company may be granted a transition time to increase their minimum employment age to 15

- b) Young workers (15-17 years) shall not perform work that is hazardous or dangerous to their health and safety or that could jeopardise their educational, emotional, social and physical development.
- c) Young workers who are attending school shall be limited to a total of 10 hours a day including school, work and transportation. Workers who are not attending school shall work for a maximum of eight hours a day. Total work hours must not exceed 42 hours per week and must include one rest day out of every seven.

No	Control Points: Child Labour and Protection of Young Workers	MAX	SCORE
1	There is (0) child labour (1) some indication of child labour (2=M) no child labour (including children assisting their parents) (3) active engagement in programmes to eliminate child labour in the local community (4) exceptional activity in the creation of awareness concerning the elimination of child labour. <i>If there is child labour → see policy above; give details on scope and nature of employment and planned remediation; individual decision whether certification can still be granted</i>	4 M=2	
2	Young workers (0) are (2=M) are not engaged at night or in work that is hazardous to their health, safety and that may jeopardize their development (3) are restricted in the work scope available to them; special safety precautions are in place in workplaces of young workers. <i>If no young workers → (n.a.)</i>	3 M=2	
3	Young workers are (0) normally (1) occasionally (2) never engaged in work not appropriate for their age (too complex / hard / etc.). <i>If no young workers → (n.a.)</i>	2	
4	Working hours of young workers: (0) do not permit them to attend school (1) interfere only slightly with education (2=M) do not interfere with education; normal school attendance (3) operator actively supports schooling or specific education and training of its young workers. <i>If no young workers → (n.a.)</i>	3 M=2	
5	Daily working hours of young workers including school and travel thereto (0) do exceed 10 hours including transport and school OR 8 h working time if not attending school (2=M) are less than 10 hours if attending school, less than 8 h work per day, max. 42 h per week; 1 day off for every seven day period; sufficient rest periods (3) are 6 hours per day or less.	3 M=2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		15	10

2.1.4 Disciplinary Practices

Principle 2.1.4 Disciplinary measures are fair, adequate and do not violate human rights.

- a) Management does not engage in, support or tolerate corporal punishment, verbal or physical coercion or other forms of intimidation. Workers shall not be punished or disciplined as a group for mistakes of individuals.
- b) Disciplinary measures are clearly handled and transparent for the workers.
- c) Deductions from wages as a disciplinary measure are not permitted except as provided for by national law or with permission of the worker concerned.

No	Control Points: Disciplinary Practices	MAX	SCORE
1	(0) Evidence (2=M) no evidence of corporal punishment (3) clear written policy that prohibits any form of corporal punishment; policy made known to all staff.	3 M=2	

2	(0) Clear evidence (1) some indication (2=M) no indication of disciplinary practices violating dignity and basic human rights (3) very good understanding between management and workforce considering disciplinary issues; no real disciplinary actions necessary.	4 M=2	
3	Disciplinary practices are (0) highly unfair / not transparent (1) ok, but a few problems (2) fair and transparent. Clear written policy that prohibits any form of corporal punishment; policy made known to all staff (3) very good policy and no major discipline problems.	3	
4	Deductions from wages as a disciplinary measure (0) are practiced (2=M) are never done other than when provided for by national law or with the expressed permission of the worker concerned. All such deductions are recorded in the staff file.	2 M=2	
5	Other strong disciplinary measures e.g. work ban for limited time, are (0) arbitrary, not recorded OR unjustified compared to the workers offence (2) only done in extreme cases, documented and reasonable in relation to the mistake of offence committed by the worker (3) not done.	3	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		15	10

2.1.5 Equal Treatment and Opportunities

Principle 2.1.5 The company ensures equal and respectful treatment of all workers in all matters.

- a) There shall be no discrimination in hiring, compensation, access to training, promotion, termination, benefits or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, HIV / Aids, union membership or political affiliation.

“Positive discrimination” to overcome entrenched discrimination practices in the society can be useful in some settings and may be accepted if permitted by law and until entrenched discrimination has been overcome. In case of discrimination entrenched in cultural norms or traditions, companies shall have proactive policies and programmes aimed at distributing opportunities more equally.

- b) Discrimination against pregnant women is not accepted and the rights of pregnant women and new mothers must be respected.

A company may not require women to be tested for pregnancy, force them to use contraception as a condition for employment, or pressurise workers to quit when their pregnancy is noticed.

The workload during pregnancy shall be adequate and adjusted to the changed physical condition (no lifting of heavy weights, no heavy or hazardous work, sufficient rest periods). Working mothers must be granted the legally required postpartum benefits and shall be allowed to nurse after returning to work. Legally defined periods during which pregnant women cannot be dismissed must be respected. In lack of national legislation ILO P 89 will be used as guidance. Fair for Life expects employers not to dismiss women for any reason related to pregnancy or child birth.

- c) Sexual harassment is not tolerated.

In order to ensure the safety and dignity of workers, management should promote a culture of respect and zero-tolerance for mistreatment and degrading attitudes or behaviour. Incidents of sexual harassment should be dealt with promptly and effectively, leaving no doubt about the willingness of management to discipline violators in a way that would deter future incidents.

A discreet, effective complaint procedure should be in place. A trusted person, such as an appointed (preferably female for women and male for men) counsellor can encourage workers to report incidents without fear of being dismissed or penalized.

No	Control Points: Equal Treatment and Opportunities	MAX	SCORE
1	Remuneration: (0) severe discrimination (1) some inequalities or suspected cases of discrimination (2=M) no systematic discrimination (distinction, exclusion or preference) with respect to remuneration (wages and benefits). <i>If not yet met → M=plan to correct the situation within 1 year</i> (3) clear policy, employer is actively involved in promoting mutual respect and harmony among the workers through cultural and educational activities (4) exceptional commitment; exceptionally equal working conditions within the specific local setting.	4 M=2	
2	Opportunities: (0) clear evidence (1) some indication (2) no indication of systematic discrimination (distinction, exclusion or preference) with respect to opportunities (training, promotion) (3) clear policy, high presence of potentially discriminated groups in good positions.	3	

3	Hiring practices: (0) clear evidence (1) hiring not balanced but no indication of systematic discrimination (2) adequate, non-discriminatory hiring practices based on qualification and merits (3) company policy or quota regulation on how to avoid discrimination (4) mission to create employment for disadvantaged groups.	4	
4	Dismissal and redundancies: If workers have been made redundant there is (0) clear evidence of systematic discrimination (1) dismissal practices not balanced but no indication of systematic discrimination (2) adequate, non-discriminatory dismissal practices based on performance of workers.	2	
5	Sexual harassment: (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 are available and effectively implemented with clear procedures to condemn and prevent behaviour that is sexually intimidating and the use of abusive language.	3 M=2 from Yr 2	
6	Discreet complaint mechanism and training of a counsellor for cases of sexual harassment: (0) no contact person available for workers (2) discreet complaints mechanism with appropriate key person to hear workers' concerns with regard to sexual harassment; counsellors are adequately trained (3) very good policies and staff training with regard to sexual harassment.	3	
7	Protection of women workers: (0) female workers get dismissed or forced to quit if they become pregnant OR pregnancy testing OR requiring birth control (2=M) pregnant workers enjoy all legally required protection as provided by national law. They are not dismissed for reasons related to pregnancy or child birth (3) company respects pregnant women's rights beyond legal requirements (4) very good protection, support and good maternity provisions.	4 M=2	
8	<u>Additional points for voluntary commitment:</u> employer has especially well adapted working conditions for mothers or fathers with young children (e.g. part time positions, flexible hours, child care support, etc.) – Rating (0) no commitment or efforts to create suitable conditions to (4) outstanding efforts. No norm requirement.	(4)	
9	<u>Additional points for voluntary commitment:</u> employer creates employment, special training opportunities or especially adapted work places for particularly disadvantaged / discriminated groups, e.g. persons with disabilities – Rating (0) no commitment to (4) outstanding commitment and efforts. No norm requirement.	(4)	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		31	14

2.1.6 Health and Safety

Principle 2.1.6 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

- Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work. To the extent reasonably practicable, these steps minimise the causes of hazards inherent in the working environment and include precautionary measures such as fire drills.
- Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers. The company shall assign responsibility for health and safety to a senior management representative.
- Free access to clean toilet facilities and to potable water and food consuming areas shall be provided. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

In assessment of whether the taken measures are sufficient to guarantee a safe working environment, Fair for Life favours a risk-based approach, i.e. larger factories with many workers or any particularly hazardous industry type will be expected to have better developed and more formal procedures and safety measures in place than smaller, low-risk operations.

No	Control Points: Health and Safety	MAX	SCORE
1	Risk areas and potential hazards are (0) not identified (1) partially identified (2) clearly identified with signs in local language and / or pictorially (3) well controlled; Efforts have been made to reduce risk areas and to make all workplaces safe.	3	

	<i>If no real risk areas → (n.a.).</i>		
2	Fire fighting equipment: (0) not available (1) present but in poor condition / not accessible (2=M) adequate equipment available , regularly inspected and functional for size of operation (3) well monitored and maintained (with records), advanced system.	3 M=2	
3	Fire alarms and fire drills: (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, company monitors that every worker has attended at least one fire drill or fire safety training (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	Emergency procedures: (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	Emergency exits: (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	Workplaces, machinery and equipment are (0) unsafe (1) not dangerous, partially safe (2=M from year 2) 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. All workplaces are designed according to highest safety and ergonomic standards.	4 M=2 from Yr 2	
7	Actual safety situation and accidents at work: (0) several accidents OR any severe accidents in past 2 years (1=M) only minor accidents or injuries occasionally , with appropriate follow-up improvements taken (2) no substantial accidents or work-related health problems (3) high focus on safety issues, very good preventive measures and training (4) exceptionally high and actively implemented safety standards.	4 M=1	
8	Records about accidents at work and work related sicknesses: (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	
9	In cases of work related accidents the company (0) does not provide any financial assistance (1) provides financial assistance on a recoverable basis (2) provides insurance cover OR full payment (3) provides comprehensive medical insurance cover for work and non work related illnesses (4) provides exceptionally good insurance cover fully paid by the company; insurance covers permanent disability / death.	4	
10	Workers awareness of occupational health and safety: (0) not aware of the basic requirements (1) aware but not systematically trained (2) informed and adequately trained on occupational health and safety risk management (as appropriate for their duties) (3) very good regular training (4) all workers exceptionally aware and well trained in safety issues.	4	
11	Any workers carrying out high risk activities (fork lift, chemical handling, hazardous machinery) have undergone (0) no training (1) some training on the job, but not done systematically (2=M) adequate, documented training. Training is renewed as required (3) very good regular staff training and monitoring.	3 M=2	
12	Safety officer: (0) none although safety problems (1) no formal safety officer, but all supervision staff adequately aware of safety aspects (2) one person trained as safety officer with sufficient qualification and management powers is assigned (3) safety committee with participation of workers.	3	
13	Risk analysis of health and safety hazards: (0) not carried out (2) regular analysis done; written safety policy (3) exceptionally high health and safety awareness in-house.	3	
14	First aid equipment: (0) no first aid facility (1) first aid boxes are in place but not adequately stocked with basic medicines (2=M) adequately stocked first aid boxes . Emergency medical care (as relevant for potential accidents) is available on site or close to workplace (3) very good first aid and medical care; also for health problems not directly related to work (on site or via nearby doctor, etc.).	3 M=2	
15	First aid staff: (0) not available (1) properly trained staff appointed (2) well trained staff appointed and always present during working hours (3) staff provided with refresher course annually.	3	
16	Pregnant women, nursing mothers and young persons are (0) engaged in potentially hazardous work (2=M) excluded from potentially hazardous work incl. handling of	3 M=2	

	chemicals.		
17	Adequate protection of workers from exposure to chemicals: (0) missing although necessary (1) provided in acceptable condition (2=M) suitable and adequate personal protection equipment provided and maintained in good condition OR not necessary (3) exceptionally good protection efforts.	3 M=2	
18	Adequate protection of workers from noise, dust and light (0) missing although necessary (1=M) provided in acceptable condition (2) provided, maintained and effectively followed / implemented OR not necessary (3) exceptionally good protection efforts.	3 M=1	
19	Personal Protection Equipment (PPE) is (0) not used, workers not aware of equipment (1=M from year 2) mostly used, but not consistently. Used for all critical / hazardous work (2) all workers are trained in effective use of PPE and use the equipment consistently.	2 M=1 from Yr 2	
20	Suitable (special) work clothes (if necessary) (0) not provided (1) provided but workers are required to pay (2) necessary protective work clothes and gear provided free of charge, well maintained and replaced regularly (3) work clothes (even if not necessary for safety reasons) provided and maintained.	3	
21	Washing facilities / showers and changing areas if workers handle toxic substances: (0) no separate changing areas or washing facilities although toxic substances are handled (2=M from year 2) separate changing areas and washing facilities available ; clothes / gear worn during application / handling of toxic substances is not taken home for washing. <i>If no toxic substances → (n.a.)</i>	2 M=2 from Yr 2	
22	Separate changing rooms for the different genders: (0) not provided (1) no changing rooms, but workers do not need to change clothes for work (2) adequate gender-specific changing areas with safe place for personal possessions.	2	
23	Chemical storage: (0) in workers' areas or together with household goods (2=M) separate, well locked and clearly identified storage with access restriction. <i>If no critical chemicals → (n.a.)</i>	2 M=2	
24	Workers who carry out or have carried out activities identified to be dangerous or with high health risks (0) are not monitored in any health programme (2) are eligible to annual health examination paid by the operation. Workers get access to the examination results and are assigned to other activities if they are unfit for present duties (3) are all provided with good health screening programme. These programmes are implemented for all workers in medium or high risk tasks.	3	
25	Light situation at work place: (0) not sufficient / strain on the eyes (2) sufficient for the task (3) very good and agreeable for workers.	3	
26	Ventilation at work place: (0) no ventilation (1) poor and ineffective (2) effective with adequate flow of fresh or purified air (by local standards) (3) exceptionally good working environment (air and temperature).	3	
27	Access to potable water: (0) no access (2=M) convenient access, free of charge (3) high quality water or tea for free (4) also other drinks (coffee, juice, etc.) for free.	4 M=2	
28	Access to clean toilet facilities: (0) seriously restricted access (e.g. only one worker at a time, insufficient number of toilet passes), insufficient numbers or very unhygienic toilet facilities (1) restricted access, or some issues with hygiene or number of toilets (2=M from year 2) free, unrestricted access to clean toilet facilities in adequate numbers, separated by gender if required by law.	2 M=2 from Yr 2	
29	Facilities to heat / consume food: (0) no facilities (1) inadequate facilities (2) clean and adequate facilities to consume food of their choice OR fairly priced canteen (3) subsidised meal provided (4) free quality meal provided.	4	
30	If accommodation for workers is provided: (0) the standard of the accommodation is unacceptable (1) sufficient but overall standard or cleanliness is relatively low (2=M) adequate, clean and safe according to local standards¹ , at reasonable costs. <i>If not yet adequate: written plan to improve within 1 year after certification</i> (3) very good accommodation at normal / subsidised rates (4) exceptional.	4 M=2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		92	60

¹ Adequate accommodation: hygienic and healthy conditions (dry, day light access, appropriate lighting, ventilated / heated, clean sanitary facilities approximately 1 per 15 workers, sufficient space per person, dignified sleeping structures); some privacy ensured and storage of personal belongings possible; access to laundry place and kitchen facilities if necessary.

2.2 CONDITIONS OF EMPLOYMENT

The following conditions of employment criteria apply to all hired labour operations. Size and complexity of the applicant operation will be considered in the evaluation of performance.

In an operator profile, applicants for certification must give a detailed overview of the employment conditions for all different types of workers: permanent workers and temporary workers. These include short term contracts, seasonal / daily wage workers and piece rate workers.

During the audit, the auditor will analyse the employment conditions for all workers in detail.

2.2.1 Contracts and Relations between Employer and Workforce

Principle 2.2.1 The relationship between employer and workers is well defined and efforts are taken to create a positive working atmosphere.

- a) There is a written contract or comparable type of written agreement on employment conditions such as job position, working hours, overtime regulation, social benefits entitlement and deductions, annual paid leave and sick days as well as provisions on termination of employment.

Ideally, this is defined for each worker in a written employment contract, which is signed by the employer and worker; a copy is given to the worker. Alternatively only worker specific details such as position, tenure (with related sickness and paid leave allowance) and wages are given in a contract or similar document, while additional information, which is applicable to all workers, is published in separate general documents (e.g. employment manual, openly displayed working regulations, Collective Bargaining Agreement CBA, etc.).

- b) The employer shall develop a corporate self-understanding of partnership with the workers and do his / her best to create a positive working atmosphere.
- c) The company keeps a complete register of workers and ensures that they are legally registered as required by law.

This protects workers to ensure that they all have legal social security and recognised rights. In exceptional cases individual solutions may be found for operations that provide very good working conditions to marginalised workers already in the country and who at the same time strive for legal registration wherever possible.

No	Control Points: Contracts and Relations between Employer and Workforce	MAX	SCORE
1	There is a system of written contracts / agreements on employment conditions (see guidance above): (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) written agreement on employment conditions for all workers, see guidance above (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	Contracts / agreements are effectively on file for all workers (if there is a system of written contracts – otherwise check other employment records) (0) missing or very incomplete contract files or any case of suspected fraud (1=M from year 2) only minor problems found: a few unsigned or incomplete contracts but worker effectively has all rights of written contract (2) complete and signed set of contracts / documents that outline employment conditions.	2 M=1 from Yr 2	
3	Workers are (0) not (1) sufficiently (2) adequately informed about their duties and rights (3) very well informed about their working conditions, their legal entitlements and their rights as employees.	3	
4	There is (0) no (1) little (2) adequate (3) very good interaction and understanding between employer and workers and a positive working atmosphere (4) workers give the impression of working in a model company; social events / support for workers, etc.	4	
5	Training by employer: (0) no training offered (1) basic on-the-job training (2) good continuous on-the-job training (3) training for career advancement; certificates provided (4) good and generous study and advanced training options available for most categories of workers.	4	
6	For verifying compliance with Social Responsibility requirements, the company provides a complete register of ALL workers employed or contracted by the operator (0) no such register or list OR very incomplete (2=M) complete register of all workers employed or	3 M=2	

	contracted in the operation – crosschecked with other worker related documentation and payments. The list shall include all workers employed in current calendar year – for new applicants the list must include all workers employed in 6 months prior to first audit (3) very good and complete official registration and documentation system of all workers.		
7	Legally required registration of workers: (0) illegal workers (2=M) all workers who work for more than 2 months / year are legally registered² if required by law (3) even shorter term temporary workers always registered OR employer actively supports workers in obtaining working permits, etc before employment.	3 M=2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		23	14

2.2.2 Wages

Principle 2.2.2 Workers receive a fair remuneration for their work and are paid at least a wage that allows them to meet basic needs and have some discretionary income.

- a) Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages should always be enough to meet the basic needs of the workers and their families including some discretionary income.

Where the certification applicant uses payment by production (piecework) system, the established pay rate must permit the worker to earn the minimum wage during normal working hours and under normal operating conditions.

“A wage that allows workers to meet the basic needs (“living wage”) enables a worker to support half the average-sized family above the poverty line, based on local prices near the workplace. Basic needs include essential expenses such as food, clean water, clothes, shelter, transport, education, a discretionary income, as well as legally mandated social benefits (which may include health care, medical insurance, unemployment insurance, retirement plan, and so on)”. (SA8000 Guidance Document 2004). In case of doubts, Fair for Life companies are expected to present a basic estimation of a basic needs wage for their workers including considerations of average household size and number of earning family members amongst the workers of the company. Special consideration shall be given to one parent families.

- b) The employer pays workers for any time spent in required meetings and training sessions and for other unproductive time due to conditions beyond their control (such as occupational health and safety measures).
- c) If payment is provided (e.g. partly) in kind, such as e.g. accommodation or food, the workers can choose freely between in-kind and cash payments and costs for the service provided are fair.
- d) Payments are well documented and the workers receive particulars of their wage every time they are paid.

No	Control Points: Wages	MAX	SCORE
1	Wages of PERMANENT workers 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	
2	Local comparison of wages paid to PERMANENT workers (operational staff) for the respective type of work: (0) very poor wages in regional and industry context (2) good, adequate wages in local context for the respective fields of work (3) higher than wages offered by similar other companies in the region (4) substantially higher wages.	4	
3	Wages of SEASONAL / TEMPORARY workers 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	Local comparison of wages paid to TEMPORARY and SEASONAL workers (operational staff) for the respective field of work: (0) very poor wages in regional and industry context (2) adequate wages in local comparison (3) higher than wages offered by similar other	4	

² Wherever provident fund / pension fund / social security fund subscription is available it can be accepted as ‘registration’ with the concerned government agency.

	companies in the region (4) substantially higher than typical wages.		
5	<u>Additional points for voluntary commitment:</u> Incentives, bonus or allowances for workers according to a transparent and fair system. Rate (0) to (4). No norm requirement.	(4)	
6	<u>Additional points for voluntary commitment:</u> Worker ownership schemes, transparent system in which workers can earn shares of the company they work for and profit from good results. Rate (0) to (4). No norm requirement.	(4)	
7	The wages (including benefits and / or bonus) paid to PERMANENT workers: (0) clearly not sufficient to meet even most basic needs like food and housing (1=M) most basic needs can be met (2=M from year 3) basic needs can be met by workers, even in single parent families (if any), including discretionary income OR in line with living wage estimations (if available). <i>In case of doubt the operation must provide basic needs wage estimations - see guidance texts above</i> (3) very good wages (4) exceptionally high wages (including average bonus and social benefit contributions by employer), ensuring good living standard in local context.	4 M=1 M=2 from Yr 3	
8	The wages (including benefits and / or bonus) paid to TEMPORARY workers are (0) clearly not sufficient to meet even very basic needs (1=M) meet most basic needs (2=M from year 3) in line with living wage estimations (if available), sufficient to meet the basic needs including some discretionary income. <i>In case of doubt operator must provide basic needs wage estimations - see guidance above</i> (3) wages clearly exceed basic needs income (4) exceptionally high. Wages (including average bonus and other contributions by employer), ensure good living standard in local context.	4 M=1 M=2 from Yr 3	
9	Ratio between top management salary and wages of lowest paid worker category: (0) higher than 20:1, (1) between 20:1 and 12:1, (2) between 12:1 and 6:1, (3) lower than 6:1 (4) lower than 4:1.	4	
10	Training sessions, time lost due to machine stoppage and other events beyond the control of the employee conditions are (0) not remunerated (1) remunerated at a reduce rate (2) paid at the normal daily rate for permanent workers (3) fully remunerated even for short-term / hourly paid labour.	3	
11	If accommodation or other in kind remuneration is offered, worker (0) cannot choose freely the type of remuneration preferred (i.e. cash instead of housing) (2) can choose freely. <i>If no accommodation or other in kind remuneration → (n.a.)</i>	2	
12	Deductions for housing are (0) higher than 10% of prevailing local market prices (1) slightly more than local prices (2=M) in line with local prices (3) less than local prices / subsidised (4) strongly subsidised or free. <i>If no housing provided → (n.a.)</i> .	4 M=2	
13	Payments are (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	
14	Payments are (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	
15	Particulars of wages (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	
TOTAL		MAX	TNP SCORE
	Maximum Points / Total Norm Points / Effective Points	50	26

2.2.3 Social Security and Social Benefits

Principle 2.2.3 The company supports adequate schemes to promote worker's social security and welfare.

- a) The employer shall comply with all legal obligations regarding social benefits for its workers.
For temporary workers all legally required benefits shall be ensured, benefits may be proportioned according to the time worked.
- b) Even if not required by law, Fair for Life companies must provide their workers' access to adequate schemes to support the workers' social security and welfare such as in particular a retirement plan / provident fund, health insurance / medical care, paid sick leave and maternity leave.

- c) Companies shall strive to provide further social security and benefits such as unemployment insurance / compensation in case they are made redundant, protection against permanent disability or death arising out of or in the course of employment and are encouraged to provide further benefits such as child care leave for men and women, etc.
- d) Also temporary workers shall have access to basic social security schemes wherever possible, in particular contribution to retirement schemes, protection in case of invalidity and access to medical care.

If governmental systems do not work or are not accessible, individual solutions may be accepted. In this case cross-verification with NGO's and trade unions (if present) will be required.

No	Control Points: Social Security and Social Benefits	MAX	SCORE
1	Compliance with national labour legislation in regard to social benefits (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) achieved for all workers.	2 M=2	
2	Basic coverage for retirement is guaranteed for permanent workers: (0) not at all (2=M from year 3) basic coverage, legally required employer contributions paid (3) substantial part (more than workers share) contributed by employer OR employer contributes more than is legally required (4) exceptionally high coverage and contributions.	4 M=2 from Yr 3	
3	Basic coverage for retirement is guaranteed for temporary workers: (0) not at all (2) basic social security system, legally required employer contributions paid (3) employer contributes more than worker (even if legally required) OR higher employer contributions than legally required (4) exceptionally high coverage and contributions.	4	
4	Basic coverage for permanent disability or death for ALL workers: (0) none (2) basic social security system, legally required employer contributions paid (3) substantial part (more than workers share) contributed by employer OR employer contributes more than is legally required (4) exceptionally high coverage and contributions.	4	
5	Basic coverage for maternity is guaranteed (0) not at all (1) some efforts / not yet sufficient (2=M from year 3) basic maternity coverage for permanent workers (at least 8 weeks) (3) for all workers OR for permanent workers higher than required; at least 12 weeks (4) exceptionally generous practice; substantial contributions by employer.	4 M=2 from Yr 3	
6	Medical care or health insurance for ALL workers: (0) no health insurance nor minimal support from employer in case of non-work related sickness (2) at least basic medical insurance for permanent workers OR good health service provided directly by company (3) coverage higher than normal and employer contributes at least equally towards insurance costs (4) exceptionally high coverage with unusually high contributions from employer in local context.	4	
7	Unemployment insurance or compensation for loss of work: (0) none, even for long term permanent workers (2) as legally required (3) for all workers OR contributions by employer are higher than legally required (4) exceptionally generous practice.	4	
8	Paid sick leave for permanent workers: (0) no right to paid sick days (1) legally required paid sick days sometimes granted but not guaranteed (2=M) paid sick days granted as per local legislation and in any case at least 5 paid sick days per year (3) better coverage than legally required; but only if at least 10 paid sick days per year (4) exceptionally generous sick days practices in local comparison; some protection for long term illness / absence due to health reasons.	4 M=2	
9	Paid sick leave for temporary workers who work more than 3 months consecutively (even if on shorter contracts): (0) no right to paid sick days at all (1) sometimes permitted sick days, as per individual decision of company (2) regularly attending temporary workers who work for the company more than 3 months / year get a suitable sick pay allowance – unless there is a clear case of misusing the allowance (3) good sick pay allowance even for temporary workers in local context (4) exceptionally generous sick days practices in local comparison.	4	
10	Overall evaluation of social benefits for PERMANENT workers in local context: (0) clearly below other comparable companies in the region (1) slightly below or same as other companies in the region (2) slightly higher than other comparable companies, and higher than legally required (3) substantially higher (4) exceptional.	4	
11	Overall evaluation of social benefits for TEMPORARY workers in local context: (0) clearly below other comparable companies in the region (1) slightly below or same as other companies in the region (2) slightly higher than other comparable companies, and higher than legally required (3) substantially higher (4) exceptional for the respective category of workers.	4	

12	Records on social benefits payments by employer and deductions from workers wages: (0) no / very poor records (2=M) adequate records.	2 M=2	
13	<u>Additional points for voluntary commitment:</u> Extra social benefits beyond the above mentioned benefits such as e.g. extra leave days (e.g. for wedding, bereavement, moving houses), paternity leave, death insurance, membership to a private retirement fund, etc. Rate extra benefits (beyond above) from (0) to (4) and give detailed comments below. No norm requirement.	(4)	
14	<u>Additional points for voluntary commitment:</u> Extra support services for workers such as e.g. subsidised child care, transportation to work, educational fund for workers' children, support of worker in private hardship situations, educational fund for workers' children, free work clothing etc. Rate extra benefits (beyond above) from (0) to (4) and give detailed comments below. No norm requirement.	(4)	
TOTAL		MAX	TNP SCORE
Maximum Points / Total Norm Points / Effective Points		52	24

2.2.4 Working Hours and Paid Leave

Principle 2.2.4 Working hours are not excessive and workers get paid national holiday and annual leave.

- a) Working hours comply with national laws or benchmark industry standards, which ever offers higher protection. Usual working hours shall not exceed 48 hours per week and workers shall be provided with at least one day off for every 7 day period.

If workers are paid by piece rate, working hours should still be monitored. Sometimes the time at work may include times for socializing rather than work and this can be considered as additional factor in the overall evaluation of working hours.

- b) Overtime shall be voluntary, with total working hours not exceeding 60 hours per week. Overtime must not be demanded on a regular basis and must be compensated at a premium rate.

In agriculture and processing companies with a strong emphasis on seasonality it may be acceptable that working hours and rest days during peak periods (less than 12 weeks a year) are averaged over an 8 weeks period with adequate rest days in between. This must be agreed beforehand with workers in an overtime agreement and the workers must be in favour of the system. Health and safety aspects must be carefully monitored.

Overtime is considered voluntary even if workers are requested occasionally (or during peak periods) to work overtime, but then do so out of their own will. They must be informed and aware that no disadvantage would result from not accepting to work overtime.

If workers sign out of free will to the company occasionally requesting overtime from them, this is considered acceptable practice as long as the workers are informed and made aware that neither their employment nor their employment conditions are dependent on their signing up for requested overtime. Workers must be able to sign out of this obligation at reasonably short notice and must effectively be free to deny overtime without being discriminated against.

If workers have the choice of adequate time compensation for working longer days instead of considering this time overtime, and if this practice is appreciated by the workers, then occasional longer working hours that are compensated by other days or accumulated to additional leave days are not considered overtime. Actual compensation must be proven. Overtime at night, on Sundays or public holidays must in this case be time-compensated at the applicable premium ratio.

- c) Working hour restrictions for women workers are respected (in line with ILO Convention 89 and Protocol 89 on Night Work of Women).
- d) Adequate rest breaks (for heavy or dangerous work allow longer and more frequent breaks) shall be given.
- e) Workers are entitled to paid national holidays and paid annual leave.

No	Control Points: Working Hours and Paid Leave	MAX	SCORE
1	Weekly working hours are as a rule (0) far higher (1) slightly higher (2=M) in line with national labour legislation – see guidance above on peak times (3) lower than required (for normal wage).	4 M=2	
2	Usual weekly working hours are (0) far more than 48 hours (1) slightly more than 48 hours (2) not more than 48 hours (3) equal to or less than 40 hours.	3	

3	Documentation of working hours and overtime is (0) not trustworthy / not existing (1=M existing but relatively poor (2=M from year 2) adequate, trustworthy system; effectively implemented) (3) very good documentation of hours worked.	3 M=1 M=2 from Yr 2	
4	Overtime is not obligatory: (0) fully at discretion of the employer / very regular (1) whenever needed; more than 12 weeks / year (2=M from year 2) overtime is not obligatory – see guidance text above for details (3) very worker-friendly overtime practices (very little / flexible overtime).	3 M=2 from Yr 2	
5	Maximum working hours per week (including overtime) (0) exceed 60 hours / week by far (2=M do not exceed 60 hours / week – see guidance above for overtime during peak periods) (3) equal or less than 46 h.	3 M=2	
6	Overtime is (0) not remunerated extra (2=M remunerated according to local legislation); at least paid extra OR can be time-compensated (3) remunerated at premium rate of 150% (even if required by law → (3) if paid at premium rate).	3 M=2	
7	Working time or overtime on Sundays (or equivalent weekly rest day), statutory holidays or at night are remunerated at legally required premium rate: (0) not done (2=M paid at legally required premium rate). If such hours are time compensated the respective premium rate is applied.	2 M=2	
8	Women workers: (0) women's working hours are not in line with applicable legal restrictions (2) women do not work at night (22.00-7.00, or as specifically defined in the country) unless clear provision and restrictions have been defined in national law.	2	
9	Rest breaks and rest days, even during peak times: (0) none (1) some efforts, but not one day out of 7 guaranteed, e. g. during peak periods (2) one day in every 7-day period agreed and guaranteed. Adequate rest times during the day (3) two rest days per week (4) Two rest days per week plus exceptionally generous rest times.	4	
10	Flexibility for workers (working days and hours): (0) no flexibility, even upon request (2) reasonable minimal working times; flexibility also to meet needs of workers (3) special consideration is given to workers who need more flexibility in working hours (parents, young workers studying etc.) OR very flexible working hours scheme (4) exceptional flexibility.	4	
11	There is (0) disagreement (1) some basic agreement, but e.g. not written OR no problem with overtime at all (2) a written agreement between workers and employer regarding maximum and minimum normal weekly working hours, variation of working hours through the year and the periods during which these hours of variation may fall.	2	
12	Statutory / national holidays for PERMANENT workers: (0) official holidays not always granted (1) mostly granted but not guaranteed, workers do not know in advance whether or not they will get these days off (2) workers have the right to spend statutory holidays off work and receive their normal daily wages if holiday is on a regular working day (3) additional company specific holidays e.g. for specific religious or cultural festivals.	4	
13	Statutory / national holidays for TEMPORARY WORKERS (0) official holidays not always granted although legally required for temporary workers (1) some holidays granted but not guaranteed, workers do not know in advance whether or not they will get these days off or they are not paid for these holidays (2) temporary, seasonal and short term workers who work in the company for more than 2 months have a right to the statutory holidays days off work and receive their normal daily wages if the holiday falls on a regular working day and if the operation closes entirely for the holiday (3) additional company specific holidays e.g. for specific religious or cultural festivals.	4	
14	Annual paid leave for PERMANENT workers: (0) none although legally required (1) legally required annual leave normally granted but not guaranteed; workers are not sure whether (or to how many) they are entitled to paid days off work (2=M official public holidays and annual leave granted as per local legislation) (3) 1-3 annual leave days above legal requirement (4) exceptionally generous vacation practices in local context; at least 2 weeks paid leave.	4 M=2	
15	<u>Additional points for voluntary commitment:</u> Temporary workers get paid leave allowance in adequate proportion to their working time in the company and overall attendance performance. Rate efforts (0) to (4). No norm requirement.	(4)	
16	Workers' perception of working hours and rest days (including paid holiday and annual leave entitlement): (0) very unhappy with working hours and rest days / paid leave (1) accept working hours and rest days practice, some minor concerns (2) working hours and rest days suit the workers and are considered fair (3) working hours and rest days are perceived as generous and good in local context (4) exceptionally good working time conditions.	4	

17	Information of temporary workers on work availability: (0) workers never know when they will be able to work / have to wait in expectation of possible employment (2) clear information to workers, also temporary or daily wage workers know at least one week in advance whether they will be expected to work and can plan their employment activities accordingly (3) very good worker friendly practice in local context.	4	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		57	32

2.2.5 Regular Employment

Principle 2.2.5 The operation strives to provide regular employment.

- The social focus and commitment to improved working conditions shall also specifically include any seasonal, migrant and temporary workers, who are often those with the weakest bargaining position and the most marginalised social group in the local setting.
- To the extent possible work shall be based on recognised employment relationship, i.e. regular, non-seasonal work shall be undertaken by permanent workers. Time-limited contracts and daily waged labourers shall only be used during peak periods, for special tasks or under special circumstances.

If due to specific country circumstances temporary workers are employed all year round, the employer shall grant all workers the same rights and benefits, independent of their employment status; this includes seasonal and temporary labour.

- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

No	Control Points: Regular Employment	MAX	SCORE
1	With regard to wages there are (0) strong (1) some (2) little (3) no differences between permanent and temporary workers (for work of equal value).	3	
2	With regard to social benefits and working conditions, there are (0) strong (1) some (2) little (3) no differences between permanent and temporary workers (for work of equal value).	3	
3	If there are substantial differences between permanent and long-term temporary workers, (0) no actions even after certification (1) some improvement considerations (2=M from year 2) a plan for gradual improvement is in place and followed.	2 M=2 from Yr 2	
4	Workers who are working basically all year (regular workers) are employed with same benefits as permanent workers): (0) many regular workers working without the status of permanent workers (1) some regular workers still working without benefits of permanent workers OR regular workers have most, but not all benefits of permanent workers (2=M from year 3) regular workers are employed or contracted with all core benefits of permanent workers: such as regular work guaranteed, social security payments, sick-days / paid leave entitlements and others; may be salaried or paid on daily wage (3) all regular workers have permanent status (4) in comparison to the industry norm, special effort is made to employ more workers as permanent workers, rather than temporary labour.	4 M=2 from Yr 3	
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 employment or direct contracting. <i>If done, plan for improvement within 1 year.</i>	2 M=2	
7	Where work is sub-contracted: working conditions of subcontractor are (0) far below (1) slightly below (2=M) basically the same as for directly contracted workers for similar tasks; clear agreements on working conditions between operation and the subcontractor; subcontractor's working and employment conditions are internally supervised (3) working conditions of subcontractor are confirmed by third party.	3 M=2	

TOTAL	MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points	20	14	

2.3 SOCIAL RESPONSIBILITY AND COMMUNITY RELATIONS

2.3.1 Commitment and Management of Social Responsibility

Principle 2.3.1 The operation commits to fair working conditions and Social Responsibility and takes the necessary management steps to ensure continuous compliance with the Fair for Life standards and improvement of performance.

- a) The company has a Social Responsibility Policy or Social & FairTrade Policy (depending on certification scope) that details its commitment to complying with labour laws and the Fair for Life requirements indicated in this programme and its continuous improvement of performance. The policy shall confirm commitment to fair working conditions and good relations between workers. Ideally, the Social Policy is developed in close cooperation with workers.

The policy should include the following:

- *Longterm commitment to comply with national labour laws and with Fair for Life certification requirements and to continuous improvement within these requirements.*
- *A summary of the rights and responsibilities of the management and workers with regard to basic worker rights, conditions of employment, living conditions (if applicable), basic services, occupational health and safety, training opportunities and community relations. References may be made to more detailed employment manuals, but still the overall commitment should be written down in all key aspects of fair working conditions (e.g. as defined by the chapters of this programme)*
- *The policy must be signed by top management and must be made known to all staff. Corporate Social Responsibility and workers' welfare shall be embedded in the overall mission statement and company policy.*
- *If there is also FairTrade certification, the policy includes details on FairTrade beneficiaries, administration of the FairTrade Development Premium funds, the decision process for Development Premium use and intended Premium use (rough description of types of projects to be possibly funded) in adequate detail to ensure smooth implementation of FairTrade obligations described in Section 2.6 below.*

- b) The Social Responsibility Policy or Social & FairTrade Policy is documented, implemented and communicated. It is accessible in a comprehensive form (workers language) to all personnel, including executives, supervisors and all other workers. It shall also be made publicly available, preferably on the company's website. The policy is reviewed regularly and revised when necessary.

Informing workers means e.g. that the policy is presented at annual staff meetings or trainings, or published prominently on site, or distributed to all staff, etc.

- c) The company shall appoint a representative with sufficient management power who shall ensure that the Fair for Life certification requirements are met. The company shall encourage non-management staff to choose a representative from their own group to facilitate communication with company management on matters related to Fair for Life certification. This representative shall be involved during social audits.

- d) All labour and environmental performance related documentation must be kept available for at least 3 years.

- e) The company openly presents and communicates its activities to the community and society in which it operates.

This may be through good regular information to the public, inviting the community to meetings and discussions of new developments where relevant for the community, public reports or through engaging actively in stakeholder dialogue with local and other relevant stakeholders. For large organisations stakeholder consultation is part of the certification process.

- f) The operation shall inform its workers - and the workers' organisations that represent them - of any plans for changes in management activities or organisational structure with any potentially significant social, environmental and economic impact and shall strive to mitigate negative impact for workers.

Workers who are replaced by the use of machines or for any other reason due to significant changes in management activities or organisational structure should be given assistance to find other work opportunities within the company and workers shall be trained in those new tasks.

No	Control Points: Commitment and Management of Social Responsibility	MAX	SCORE	
1	Social Responsibility Policy or Social & FairTrade Policy (see above): (0) none, very low management awareness of social issues, low commitment (1) no written policy, but clear social commitment (2=M from year 2) written basic Social Policy covering the key commitments (3) well developed Social Policy, developed in close cooperation with workers.	4 M=2 from Yr 2		
2	The policy has been developed (and is being updated) (0) without any involvement of workers, nor top management, as a documentation for certifier only (1) in small team including at least HR staff, not formally signed by top management (2) in discussion with HR as well as worker representatives and has been signed by top management (3) with active discussions and interaction amongst workers as well as HR and top management; policy firmly embedded in overall company values.	3		
3	The policy and the commitment to externally certified Social Responsibility performance: (0) is not made known to the workers at all (1) is made available on request or only formally available to workers (e.g. on 1-2 inactive notice boards) (2) workers are adequately informed of the company's commitment to Social Responsibility (and FairTrade, if applicable) and of the availability and content of the Social Policy (3) workers are trained and well aware of the Social Policy commitments of their employer.	3		
4	There is a senior management representative responsible for Social Responsibility and a workers' representative with regard to Social Responsibility or Social & FairTrade certification performance: (0) no clear responsible manager or coordinator (1) somebody responsible, insufficient management power OR no workers representative in this matter appointed (2) suitable Social Responsibility / Social & FairTrade coordinator appointed, an elected workers representative acts as special contact person to establish improved communication between management and workers (3) good, active management and workers representation with regard to standard performance, spirit of cooperation to reach / maintain certification and improve performance in social matters.	3		
5	The company has adequate management in place to implement its Social Responsibility Policy and ensure continued compliance with this standard (0) no quality management system nor social quality awareness in place at all (1) simple management system, responsible coordinator reasonably capable of coordinating implementation, but social issues not embedded in overall company management (2) adequate basic management in place to ensure continued compliance with the standard, and to address specific social issues of concern (3) social aspects firmly embedded in all company policies and overall management.	3		
6	The operation informs its workers on any plans for changes in management activities or organisational structure with potentially significant social, environmental and economic effects and strives to mitigate adverse effects on workers as far as possible (0) deliberately not done and history of sudden major negative changes for workforce (1) no formal mechanism of communicating such changes, but no drastic changes in past years nor to be expected (2) adequate communication and efforts to mitigate negative effects (3) very respectful and aware of its responsibility as employer, all management decisions are taken very careful to avoid overall negative impact on workforce.	3		
7	The operation maintains good open communication with the local community and informs it of important new developments that concern the local community (if any): (0) no communication although a history of various conflicts or strong impact on community (2) good public communication of company activities (3) good dialogue with community and stakeholders; very good public information on activities (4) outstanding efforts.	4		
TOTAL		MAX	TNP	SCORE
Maximum Points / Total Norm Points / Effective Points		23	14	

2.3.2 Community Relations

Principle 2.3.2 The operations play a positive role in the sustainable development of the communities and societies in which they operate. Companies are expected to make positive social and cultural contributions beyond legal obligations.

The company's business activities should be accompanied with high social and cultural values. Companies are expected to make positive social and cultural contributions beyond legal obligations.

a) The operation employs and trains staff from the local community.

- b) The operation strives to support social, cultural and environmental community projects and activities as well as international or local Social Responsibility or fair trade movements.

E.g. supporting community cultural activities, engagement in social projects in the community (e.g. direct support, fundraising, management support), supporting the Corporate Social Responsibility and fair trade movement, educating the public and providing training in local businesses or within the operation's supply chains, promoting environmental protection and improved environmental management (e.g. training in composting and recycling), or marketing own products locally at a reasonable price.

Projects financed through FairTrade Development Premium may be mentioned – but in the performance rating it should be considered that the FairTrade Development Premium is usually a contribution paid by the FairTrade buyer of the products.

Community support is evaluated with respect to size and position of the operation in local context. It is acknowledged that small, more marginalised hired labour operations will often have little capacity for community commitment beyond FairTrade Premium projects.

- c) The company's activities and efforts in the local community do not have a negative impact on local / indigenous communities, on the environment or on local sustainable development.

No	Control Points: Community Relations	MAX	SCORE
1	The company provides employment (incl. training if required) for people from nearby local communities: (0) no employment opportunities for local communities provided (1) very few jobs provided for local communities (2=M from year 2) significant job opportunities for local communities ; If present workforce is not local, local employment should be positively encouraged (positive discrimination) for all new employment (3) job opportunities for local / indigenous communities include management positions (4) operation is predominantly run by the local / indigenous groups.	4 M=2 from Yr 2	
2	<u>Additional Points for voluntary commitment:</u> The company provides income and employment to marginalised groups in the respective local setting. Rate from 0 to 4: (0) no employment (2) provides some employment to marginalised groups or provides employment in a region that generally lacks employment opportunities (3) provides work to many marginalised workers (4) mission to provide employment to particularly marginalised local people. No norm requirement.	(4)	
3	The company supports the local communities through its engagement in social projects (e.g. support of school or local health services, scholarship programmes). Rate performance from (0) no commitment although big operation (1) some commitment OR small / marginalised operator with limited means (2) good support according to means of operation (3) high engagement (4) outstanding engagement and support of local community development.	4	
4	<u>Additional points for voluntary commitment:</u> The company supports the local communities through its engagement in environmental projects (e.g. composting programmes, training of local farmers in organic production, supporting development of local recycling programme, etc.). Rate performance from (0) to (4) and provide comments. No norm requirement.	(4)	
5	<u>Additional points for voluntary commitment:</u> The company is active in creating awareness, educating and training in Social Responsibility and environmental protection / sustainable use of land and natural resources. Rate performance from (0) to (4) and provide comments. No norm requirement.	(4)	
6	The company's activities and efforts in the local community do not have a negative impact on local / indigenous communities, on the environment or on local sustainable development (0) activities have a clear negative impact on local sustainable development, e.g. lobbying for weaker environmental legislation, active promotion of unsustainable practices (2=M) company's overall activities are in line with sustainability principles (3) to (4) very good / outstanding overall efforts and contribution to sustainable development.	4 M=2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		24	6

2.3.3 Respecting Rights of Indigenous and Local Peoples

Principle 2.3.3 Rights of local and indigenous peoples are respected.

- a) The operation must have a legitimate right to land use and legal tenure. Disputes on land must be resolved responsibly and transparently before certification can be granted.

If there are disputes on land rights, a committee is established to resolve them. In this committee all stakeholders must be adequately represented and have equal rights.

- b) If biodiversity resources are used commercially, efforts are taken to ensure the use of biodiversity and traditional knowledge is recognised, transparently negotiated with local peoples and adequately compensated.

In the application of criteria a) and b) the rules outlined in ILO Convention 169 (Indigenous and Tribal Peoples Convention) must be respected at all times when the rights of indigenous or tribal peoples may directly or indirectly be affected by an operation.

No	Control Points: Rights of Indigenous and Local Peoples	MAX	SCORE
1	The company holds valid, legal and undisputed land use and tenure rights (including resource use rights such as water use): (0) significant, unresolved disputes OR no legal and legitimate land use rights (2=M) legal and legitimate land use and tenure rights. If there are any disputes, they are handled responsibly (3) mutually beneficial land use / tenure agreements with the local / indigenous communities, based on transparent communication and negotiation and mutually agreed terms OR long term property without history of disputes regarding tenure rights.	3 M=2	
2	There are no unresolved disputes related to the use of biodiversity and traditional knowledge (TK): (0) unresolved disputes with regard to the use of biodiversity and TK; no efforts to solve them (1) unresolved disputes with regard to the use of biodiversity and TK; steps have been undertaken to resolve them (2=M from year 2) no unresolved disputes with regard to the use of biodiversity and TK OR all such disputes resolved in a transparent and mutually beneficial way, based upon written agreements including prior informed consent and mutually agreed terms (3) proactive company initiative that has resolved all potential disputes with regard to biodiversity use and TK as described in (2) before starting the operation.	3 M=2 from Yr 2	
3	Use of traditional knowledge is (0) neither recognised nor compensated (2) recognised, promoted and adequately compensated.	2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		8	6

2.3.4 Animal Rights

Principle 2.3.4 Animal rights are respected.

- a) Hunting and trafficking of protected wild animals listed in the CITES Annex I and trafficking of animal parts originating from protected animals or products that are derived from such animals or animal parts is not practiced. Species listed in CITES Annexes II and III shall be traded according to the CITES regulations.

Local ethnic groups may be allowed to hunt or collect protected fauna for subsistence purposes, in a controlled manner and in areas designated for those purposes under clear conditions³ :

- b) Companies do not test their products on animals.

Additional control points on animal welfare apply to Fair for Life animal production – these must be either covered under an organic or Good Agricultural Practice standard that ensures basic animals rights, or must fulfil the Animal Welfare Criteria in Module 9 Integrated Production Criteria.

No	Control Points: Animal Rights	MAX	SCORE
1	Hunting, capturing, extracting and trafficking protected wild animals are prohibited on the operation: (0) evidence of illegal hunting or trafficking of protected animals (2=M) no such activities OR only permitted hunting, see guidance text above (3) awareness creation and active organisation in this field.	3 M=2	
2	No production, commercialisation and trafficking of animal parts originating from protected animals or products that are derived from such animals or animal parts: (0) animal parts originating from protected animals or products that are derived from such animals or animal parts are produced and / or traded (2=M) no such activities OR only	3 M=2	

³ The activities do not involve species of precarious conservation status according to the IUCN (endangered; critically endangered; or threatened with extinction). There are established customs or laws that recognize the rights of indigenous / local groups to hunt or collect wildlife for subsistence purposes. Hunting and collection activities do not have negative impacts on the ecological processes or functions important for agricultural and local ecosystems. The long-term viability of the species' populations is not affected. Commercialization of products from subsistence hunting is prohibited.

	permitted production for subsistence use (3) company actively supports animal rights and programmes to stop illegal production and trafficking of animal parts or products based on these.		
3	The company does not test its products on animals nor does it require others to do so: (0) clear proof of products based on animal testing (1=M) some indication that production involves animal testing OR confirmed animal testing , but written commitment of the company to phase out animal testing in the entire production chain within 1 year (2=M from year 2) no indication of animal testing in production (3) to (4) production free of animal testing is part of the company philosophy; company actively supports initiatives against animal testing in production and manufacturing of products.	4 M=1 M=2 from Yr 2	
TOTAL		MAX	TNP SCORE
Maximum Points / Total Norm Points / Effective Points		10	6

2.4 ENVIRONMENTAL RESPONSIBILITY

The following general environmental aspects apply to ALL For Life - Social Responsibility and Fair for Life - Social & FairTrade certified operations world-wide.

Additionally, agricultural production or industrial manufacturing operations must provide evidence of responsible production practices e.g. with regard to chemical handling and soil protection.

The following certifications are accepted as sufficient proof of good production practices: Organic Certification (any organic standards, Global Organic Textile Standard and other organic textile standards) and other schemes that cover good practice: FSC, MSC, Rainforest Alliance, GlobalGAP, AquaGAP, UTZ certified,

Operations without such a baseline certification must fulfil the IMO Integrated Agricultural Production Standards in addition to the environmental criteria included in this module. The Integrated Production Criteria are presented in Module 9 of this Certification Programme and deal with responsible use of agrochemicals and other aspects of good agricultural production.

Exception: agricultural product processing companies (food processors, ginneries, etc.) → only general environmental criteria as listed below apply.

2.4.1 Water Conservation and Water / Air Pollution

Principle 2.4.1 The operation takes care to ensure rational use of water and minimise consumption. Contamination of groundwater and surface water bodies as well as air pollution is minimised.

- a) The operation practices adequate water use and minimises water usage.
- b) Ground water contamination and contamination of surface water bodies is monitored and minimised.
- c) Air pollution is minimised.

No	Control Points: Water Conservation and Water / Air Pollution	MAX	SCORE
1	Overview of water usage: (0) water usage not known (2) the company knows at least roughly the source and quantity of all surface and ground water directly and / or indirectly used. Concessions / permits are available if required (3) very good overview of water usage.	4	
2	Water conservation practices: (0) no water conservation practices / apparent waste of water (1) still relatively poor water conservation, but no apparent wastage (2=M from year 3) adequate water use practices and rational use of water ; no apparent waste of water, e.g. through very inappropriate irrigation techniques, ineffective use in processing, or other loss of water (3) very good water conservation practices compared to regional standards (4) exceptional efforts.	4 M=2 from Yr 3	
3	Waste water treatment (processing waste water, domestic sewage water, farm waste water): (0) no waste water treatment (1=M) basic waste water treatment with no substantial risk to environment or people (2) adequate treatment of all waste water generated in the operation; regular monitoring of water quality in case of own water treatment (3) very good water treatment; efficacy of own waste water treatment is	4 M=1	

	professionally supervised OR no waste water produced (4) exceptional efforts; minimisation of waste water and high standard of water treatment.		
4	Discharge of contaminated water into natural water bodies: (0) discharge of untreated contaminated water (2=M from year 3) discharge only of water with physical and biochemical characteristics that do not degrade the receiving water body ; no organic or inorganic solids discharged into water body (3) no such discharge OR very good waste water management and continuous supervision. Waste water analysis done regularly.	4 M=2 from Yr 3	
5	Groundwater contamination: (0) no efforts to minimise contamination (2) adequate awareness of contamination impact and efforts to minimise groundwater pollution (e.g. good septic systems, adequate storage of chemicals, appropriate fertiliser application techniques) (3) no ground water contaminating activities OR very good groundwater quality protection management (4) advanced environmental management system.	4	
6	Air pollution: (0) no efforts to minimise air pollution, if relevant (2) adequate awareness of air pollution impacts and efforts to minimise pollution (e.g. good air filters, use of better fuels) (3) very good air quality monitoring and efforts to minimise pollution (4) advanced environmental management system.	4	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		24	12

2.4.2 Energy Management and Climate Change

Principle 2.4.2 The operation strives to minimise and mitigate climate change. Energy consumption is monitored and minimised with renewable energy sources being used where possible.

- a) Energy consumption is monitored and appropriate steps are taken to minimise consumption and use sustainable renewable energy sources wherever possible.

Even beyond reducing energy consumption and the use of renewable energy sources, the operation is encouraged to become aware of its particular contribution to climate change and to engage in minimising its impact on climate change within the operation and community

No	Control Points: Energy Management and Climate Change	MAX	SCORE
1	Overview of energy consumption: The operation (0) has no (1) has a rough idea of energy and fuel use in terms of costs (2) is able to roughly quantify the electricity and fuel consumption associated with its production (3) has a very good overview and monitoring of energy consumption in different parts of operation.	4	
2	Minimising electricity consumption: (0) no efforts (2=M from year 3) electricity is not apparently wasted and reasonable efforts to minimise overall consumption (lights and machines are turned off after use, rational use of airconditioning, new machines / facilities are optimised with regard to energy efficiency) (3) high efficiency with regard to electricity use OR very low overall consumption OR investment in alternative sources of electricity (solar, wind, water, etc.) (4) exceptional efforts to minimise electricity consumption and to use renewable energy sources.	4 M=2 from Yr 3	
3	Minimising fuel consumption: (0) no efforts (2=M from year 3) adequate fuel saving practices (for new machines also fuel consumption considered in purchase decisions; minimising car / truck / tractor trips around operation, optimised operation schemes in factories, adequate temperature setting if heating / cooling required) (3) investment in energy efficient equipment, high efforts to minimise fuel consumption, increased use of biogas, solar, wind or water power OR very low overall fuel consumption (4) exceptional efforts, e.g. low-energy buildings, advanced processing techniques, use of sustainable renewable fuel sources only.	4 M=2 from Yr 3	
4	Renewable energy sources: (0) no awareness of sustainability of energy sourcing; only non-renewable or exploitive energy sources used (e.g. indiscriminately harvested wood from unmanaged forests) (1) some awareness but due to local situation only oil and gas are being used as sources of energy – but use minimised as much as possible (2) adequate efforts to increase percentage of renewable (own biogas from byproducts, solar, water, wind, etc.) and / or sustainably harvested energy sources and low carbon energy sources (e.g. natural gas instead of coal) (3) very good efforts and improvements to convert to renewable / low carbon energy sources (4) exceptional efforts OR all energy used is already sourced from renewable energy sources.	4	
5	<u>Additional points for voluntary commitment:</u> Further efforts to mitigate climate change:	(4)	

	Assess operation's overall awareness and engagement to minimise impact on climate change in its operation and community with rating from (0) to (4). No norm requirement. E.g.: training and information on energy management and climate change, active in reduction of greenhouse gases (CO ₂ , NO ₂ , methane). For farms, relevant aspects are (additional to other energy management efforts): reduction of CO ₂ , NO ₂ and methane emissions by optimized livestock management, no burning of grassland / bushland, build up of organic soil fertility, appropriate composting methods, appropriate animal manure management (collection, storage, spreading) and efforts to reduce or avoid fertilisers that use nitric acid or ammonium bicarbonate.		
TOTAL		MAX	TNP
	Maximum Points / Total Norm Points / Effective Points	20	8

2.4.3 Ecosystem Management

Principle 2.4.3 Threatened or endangered species and habitats are protected and natural ecosystems are not destroyed.

The following control points apply to both plantations and manufacturers, even though the ecosystem impact of manufacturers may be less apparent. However, many manufacturers also manage quite substantial areas and often have important ecosystems within or adjacent to their boundaries. In the case of manufacturers who are e.g. in an urban industrial zone, with no actual natural area, there still may be endangered species (even in urban ecosystems) that need to be protected, or the manufacturer could engage in conservation programmes elsewhere for performance beyond minimum requirements. Some points will not be applicable.

- a) Endangered or rare habitats and near threatened, vulnerable, endangered or critically endangered species of fauna and flora are known and adequately protected.

In order to prevent any negative impact on these habitats and species, all natural and semi-natural ecosystems and threatened species on and in vicinity of the operation's land must be identified and known.

If operating in or in vicinity of protected areas, production shall be in accordance to the regulations and zoning of the area and operators must remain in close contact to the protected area authority.

- b) Natural land or aquatic ecosystems are not destroyed.

No destruction may take place from the date of certification onwards. Destruction of natural ecosystems (e.g. deforestation of bushland, or destruction of mangroves for shrimp ponds) in the preceding 5 years before the application must be compensated by adequate ecosystem conservation practice. Any land which was made cultivable by clearing primary forests up to 10 years prior to application for certification cannot be accepted for Fair for Life production.

- c) Genetic diversity and biodiversity is promoted. Production of genetically modified products is not permitted.

No	Control Points: Ecosystem Management	MAX	SCORE
1	Documentation of natural and / or semi-natural ecosystems and other areas of special ecological value within and adjacent to the boundaries of the operation: The operation has (0) no knowledge (1) adequate knowledge and some documentation of key potential threatening conditions or threats to these ecosystems (2=M) good knowledge and documentation of ecosystems and key potential threatening conditions or threats to these ecosystems (3) made successful efforts to address these threats (4) a management plan or other advanced management programmes on ecosystem conservation and minimisation of impact on local ecosystems. <i>Manufacturer without natural / seminatural areas → (n.a.)</i>	4 M=2	
2	Knowledge of endangered or rare habitats and near threatened, vulnerable, endangered or critically endangered species of fauna and flora, as defined by the CITES, IUCN Red List and national red lists: The operation has (0) no (1) little (2) adequate knowledge of the species and habitats and key threats to their conservation (3) good documentation of any such species and / or habitats within and adjacent to its boundaries (4) a management plan or other advanced management programmes providing details on effective management measures to conserve endangered habitats and threatened species of fauna and flora.	4	
3	Protection of threatened or endangered species of flora, fauna, fungi and threatened habitats: Present operation (0) directly destroys such species and / or habitats (1) has some negative impact (2=M) no evidence that operation has substantial negative impact on such species and / or habitats ; existing key threats are addressed. Operation does not process species or parts of such species (3) protects all near	4 M=2	

	threatened, vulnerable, endangered or critically endangered species and threatened habitats within and adjacent to its boundaries OR is active in conservation outside of own boundaries (if no own land) (4) exceptional efforts.		
4	Conversion or destruction of land ecosystems, e.g. clearings of primary or old-growth secondary forests; introduction of potentially invasive species; conversion of natural grass- or bushland or of other ecologically valuable areas: The operation (0) carries out or is responsible for such land conversions / destruction of ecologically valuable areas (1) shows some shortcomings OR no longer practices such land destruction of ecosystems without compensation but has done so in the past few years (2=M) does not engage in any destruction of natural ecosystems . See guidance above on practices previous to certification; Key threats to the ecosystem have been addressed (3) is responsible for no such conversion or destruction and good awareness of conservation principles (4) practises management of land use according to acknowledged ecosystem conservation standards. <i>Manufacturer without natural / seminatural area and no fauna / flora impact → (n.a.)</i>	4 M=2	
5	Major destruction of or adverse impact on aquatic ecosystems (e.g. regulation of water courses, water bodies or wetlands; destruction of benthic ecosystems through intensive aquaculture or fisheries; introduction of potentially invasive species into water bodies, pollution of rivers): The operation (0) carries out or is responsible for such adverse impact or destruction (1) no longer applies such destructive practices, but has done so in the past years without having taken sufficient compensatory ecosystem conservation action (2=M) does not engage in such destructive practices OR has taken sufficient compensatory ecosystem conservation action; <i>If M not met: the operator must provide a written declaration that they will stop such practices immediately and take compensation measures</i> (3) no conversion or destruction at all and some awareness of conservation principles (4) operation practises active management of aquatic ecosystem use according to internationally acknowledged ecosystem conservation standards. <i>If basically no aquatic ecosystem inside or adjacent to operation → (n.a.)</i>	4 M=2	
6	Major land clearing or conversion of land or aquatic ecosystems: (0) carried out without necessary permits and / or not in accordance with national / local legislation; uncontrolled burning as means of land clearing (2=M) carried out in accordance with national / local legal requirements; and with the assistance of an environmental expert. Compensation measures are taken; no burning OR controlled smallscale burning only (3) exemplary efforts to minimise environmental impact.	4 M=2	
7	Genetically modified organisms (GMOs) are excluded from the productive system and all associated operations: (0) confirmed GMO production, for crop production, animal fodder or other applications (1) GMO-free status of some crops not confirmed (2=M) no GMO crops grown (3) <i>GMO are excluded from the entire production system, including inputs.</i>	3 M=2	
8	Promotion of genetic diversity of managed species: (0) genetically uniform monoculture (1) some genetic diversity, but not actively promoted (2) genetic diversity of managed species is promoted (3) high genetic diversity of managed species.	3	
9	Biodiversity (diversity of habitats, flora, fauna, fungi and microorganisms) in and around the managed areas shall at least be maintained and, wherever possible, increased (0) no efforts; intensively managed monocultures (1) some efforts to maintain or increase biodiversity (2) sufficient measures are taken to maintain or increase biodiversity, e.g. planting of indigenous non-target plant species in or around cultivated areas (3) considerable efforts to increase biodiversity through integrated agricultural management, e.g. by connecting fragments and remnants of natural vegetation to promote genetic exchange of species and create population (4) strong and effective measures to increase biodiversity, e.g. biodiversity analysis, action planning and implementation.	4	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		34	18

2.4.4 Waste Management

Principle 2.4.4 Waste is reduced and managed responsibly with adequate efforts to compost and recycle.

a) Waste is managed and disposed of in a responsible manner.

Waste that is not collected by municipal waste collection shall be properly managed and not be disposed in surrounding landscape. It shall also not be transferred to other companies unless these confirm the same minimum good management practices. Any final or semi-final waste deposit areas on the land of the operation

must be identified and designed in a way that they are suitable for responsible waste disposal that minimise negative impacts. Open burning only permitted for combustible materials without harmful emissions (e.g. no plastic)

- b) The operation strives to compost, reuse and recycle as much waste as possible and reduce overall waste production.

No	Control Points: Waste Management	MAX	SCORE
1	Integrated waste management (clean operation; waste production, collection and disposal is handled in an organised way): (0) no adequate waste management (1) very basic / insufficient active waste management (2) integrated waste management for continuous improvement in place (3) very good waste management plans (4) exceptionally good waste management (present practices and targets).	4	
2	Composting, recycling and waste reduction: (0) no efforts at all (2) adequate efforts (3) very good performance with regard to recycling, composting and reduction of waste production.	4	
3	Waste disposal: (0) no structured waste disposal in place (1) open waste disposal dumps and / or open air burning of waste (2=M from year 3) municipal waste disposal OR optimised waste disposal by means of burial of waste or proper incineration that minimises impact on the environment and on human health (3) advanced / low emission waste disposal OR very low waste production (4) exceptional waste disposal management OR no waste at all.	4 M=2 from Yr 3	
TOTAL		MAX	SCORE
Maximum Points / Total Norm Points / Effective Points		12	6

All requirements up to here apply to all hired labour operations certified under the Fair for Life Certification Programme either under the option For Life – Social Responsibility or Fair for Life – Social & FairTrade.

The following section on FairTrade criteria applies as additional section to all hired labour Fair for Life – Social & FairTrade certification.

2.5 FAIR FOR LIFE FAIRTRADE CRITERIA

The following standard section applies to all Fair for Life Social & FairTrade producer companies, i.e. primary agricultural production with hired labour, e.g. plantations and their associated processing unit. However, also other companies further up the trade chain can apply for Fair for Life producer certification if they fulfil the minimum eligibility criteria of this section and wish to demonstrate FairTrade practices in their production facilities with specific FairTrade Premiums for workers or selected social target groups in the local community.

This section does not apply to companies who apply for For Life Social Responsibility certification and it does not apply to any subsequent buyers of Fair for Life certified products. Criteria for such Fair for Life handling operations are outlined in Module 4 of this programme.

If the FairTrade producer also buys products from other FairTrade certified producer companies, it acts as a FairTrade buyer as well and must therefore fulfil the same basic requirements as applicable to other FairTrade buyers (see Module 4 Handling Operations).

2.5.1 Eligibility Criteria and FairTrade Focus

Introduction to Fair for Life FairTrade

“Fair trade is a strategy for poverty alleviation and sustainable development. Its purpose is to create opportunities for producers (or workers) who have been economically disadvantaged or marginalised by the conventional trading system” (WFTO Fair trade Principle 1)

Fair for Life strives to improve the livelihood and wellbeing of particularly marginalised social groups. Smallholder producers are a particular focus of the programme. However, also workers are often a very

important target group for FairTrade, in particular temporary workers whose workforce is often exploited and who do not have appropriate bargaining power.

In the case of hired labour operations, Fair for Life therefore aims at improving the livelihoods of marginalised workers, their families and local communities and at the empowerment of workers beyond fair working conditions (as covered in the Social Responsibility section 2.1 to 2.5.).

Fair for Life FairTrade certification is available for highly committed and dedicated hired labour companies world-wide, provided that they fulfil the required eligibility criteria and are committed to promoting social change and the empowerment of workers.

Fair for Life FairTrade certification is a suitable option for

- Hired labour operations with workers who are clearly marginalised in the respective local setting
- Hired labour operations with workers who are in need of additional protection and support through FairTrade
- Any company that can demonstrate outstanding commitment to promoting social change and development through its employment and community projects.

Applicants should be aware that the benefits of FairTrade have to reach the workers and the communities and that any FairTrade Development Premium has to be administered separately and used for dedicated development projects only. It may never be used for complying with legal labour requirements or for business investment. Assets acquired as Development Premium money are not property of the company.

Therefore, Fair for Life sets eligibility criteria for Fair for Life Social & FairTrade certification. For companies wishing to demonstrate their Social Responsibility and very good working conditions, but who do not fulfil these eligibility criteria or do not wish to work according to the criteria listed in this section, For Life Social Responsibility certification is recommended.

Principle 2.5.1 Fair for Life certification applicants must demonstrate expected positive impact of FairTrade on marginalised workers or communities beyond providing fair working conditions before their application can be accepted.

- a) The applicant presents a basic FairTrade justification statement to outline the expected benefits of FairTrade for marginalised producers, workers or communities, beyond providing fair working conditions.
- *Brief socio-economic analysis of status and position of workers and their families in the local community (all types of workers). Brief description of social-economic situation and concerns in the region*
 - *Expected focus and impact of FairTrade on workers, their families and the communities.*
 - *History, mission and commitment of the company to social and community development.*
 - *Potential marketing links to buyers interested in buying FairTrade products including a FairTrade Development Premium, if any.*

In order to become a meaningful FairTrade chain, contacts with buyers interested in FairTrade should be in place at an early stage. This helps set up a full FairTrade trade chain with appropriate FairTrade Development Premiums being paid into the Fair for Life Development Premium Fund, so allowing for meaningful social development projects.

- b) The applicant operation confirms its commitment to continuously improve the working and employment conditions in his operation and to support the empowerment of workers.

No	Minimum Eligibility Criteria for Fair for Life
1	The applicant presents a complete FairTrade justification statement which demonstrates that FairTrade can be expected to have positive benefits on marginalised workers or communities.
2	The applicant confirms his commitment to continuously improve the working and employment conditions in his operation and to support the empowerment of workers.

2.5.2 Accountable Trade Relations with Buyers

Principle 2.5.2 The trading relationship between FairTrade producer and his FairTrade buyers are based on trust, transparency, equity, accountability and continuity. The trade relation should be long term and based on mutual advantage, including price stability.

- a) FairTrade producer companies and their FairTrade primary buyers should seek to establish a long term and stable relationship in which the rights and interests of both parties are mutually respected and prices are negotiated based on transparent communication.
- b) FairTrade producer companies are accountable trade partners for their buyers and work continuously on meeting the quality standards requested by their buyers.

All primary buyers of Fair for Life producers must undergo FairTrade handler certification and their trading behaviour will be evaluated in detail. See Module 4 Fair for Life requirements for handling operations for details.

No	Control Points: Accountable Trade Relations with Buyers	MAX	SCORE
1	The company has (0) not fulfilled its trade agreements at all (1) several delivery or quality problems (2) fulfilled the agreements with FairTrade buyers OR if not, has found a mutually agreed solution with its clients. <i>If no sales / first certification → (n.a.).</i>	2	
2	The company keeps good regular communication with its FairTrade buyers and specifically also coordinates with them any need for adaptation of trade terms, e.g. delivery times in order to fulfil its responsibility of providing fair working conditions: (0) no good communication links (2) adequate regular communication as needed (3) very close relations and regular exchange, also on problems and challenges.	3	
3	The company acts as responsible long-term trade partner (0) company often drops / changes FairTrade buyers without warning or open communication (2) efforts to maintain long-term trade relation with committed FairTrade buyers, open communication in case the trade relation is threatened by higher demand etc. (3) very good and close cooperation with long-term FairTrade buyers.	3	
4	The company provides its customers with truthful information about its organisation and products and in which conditions they are made. Truthful information is given on working conditions during buyer visits or upon request: (0) wrong / misleading information given (2) truthful information given if requested (3) open and proactive communication with FairTrade buyers to address and solve identified deficiencies and problems, or other areas of concern.	3	
5	The company uses honest marketing and advertising techniques and does not provide misleading information about its activities and achievements with regard to Social Responsibility and FairTrade: (0) misleading information; wrong claims made (2) adequate (3) very good efforts to provide education of the public and raise awareness of FairTrade.	3	
6	The company aims to achieve high standards of product quality and to fulfil all key requirements of the market: (0) no efforts (1) some improvements (2) continuous, serious efforts (3) good efforts (4) exceptional efforts.	4	
7	If there were / are substantial quality problems and quality claims: (0) no steps towards improvement of situation (1) some compromises found with trade partner, some disagreements remaining (2) partners agreed on resulting consequences (e.g. return of produce) and took steps to improve the situation (3) exceptional efforts to immediately improve situation. <i>If no substantial quality problems / quality claims → (n.a.)</i>	3	
TOTAL		MAX	SCORE
Maximum Points / Total Norm Points / Effective Points		21	14

2.5.3 FairTrade Policy and Worker Empowerment

Principle 2.5.3 The operation develops a FairTrade Policy which defines the intended beneficiaries of FairTrade and procedures to administer the FairTrade Development Premium responsibly. It confirms its commitment to FairTrade and empowerment of workers.

- a) The company develops a FairTrade Policy which addresses the following aspects:
 - The intended beneficiaries of FairTrade, based on a short social analysis in case of several different potential target groups. Note: most of this information will be already available from the justification statement, but may need to be adapted over time with changing focus and situation.

In a hired labour company, the intended beneficiaries are typically the workers and their families, this should particularly also include seasonal or casual workers. In some cases, different target groups in the local community may be the FairTrade beneficiaries; this must be clearly stated and justified in the in the FairTrade Policy.

- In the case of production chains with farm production as well as substantial processing, the FairTrade Policy defines the main beneficiaries and FairTrade target groups, depending on a social impact and needs assessment.

Any primary production unit of Fair for Life certified products must undergo full Fair for Life producer certification. If there is a processing unit at the same site, it is considered one unit and the FairTrade producer certification concept is applied to the entire unit. If the production process involves two different entities at separate locations within the responsibility of the applicant (e.g. the plantation and a separate processing unit), the FairTrade Policy analyses the situation and proposes whether the processing unit also needs to apply for full Fair for Life producer organisation (including payment of FairTrade Development Premium). If not, the processing factory should undergo Social Responsibility certification (chapter 2.1 to 2.5 of this module).

For any subsequent buyers of the FairTrade products, the Fair for Life handler requirements defined in Module 4 apply. Supervision of subcontracted processors is also covered in that module.

- Justification of any compliance costs or other costs included in FairTrade Sales Price if higher than normal sales price (apart from FairTrade Development Premium money that is administered separately).
- FairTrade Development Premium decision processes and projected Premium use (scope of possible projects).
- Commitment to the empowerment of workers and to improving working conditions for all or at least the most marginalised workers; refers to related target plans for stepwise improvement of working and living conditions of workers and / or for social community projects in the region.

Note: The FairTrade Policy can be combined with the social Policy as addressed in chapter 2.3 and must be made known to all workers. It should ideally be developed in close consultation with workers, or jointly by workers and management.

No	Control Points: FairTrade Policy and Worker Empowerment	MAX	SCORE
1	The company has a FairTrade Policy (see details above): (0) no FairTrade Policy; not even clear ideas (2=M) written FairTrade Policy , approved by top management (3) well developed FairTrade Policy documents. <i>If M not met → FairTrade Policy must be submitted before certification.</i>	3 M=2	
2	The FairTrade Policy is made known to relevant groups: (0) workers not aware of any FairTrade activities (2=M from year 2) workers and all supervision and management staff are informed about basics of overall FairTrade approach and possible implications (e.g. workers attending Premium funds meeting during working hours) (3) workers (if relevant) fully involved in FairTrade Policy development; well aware of policy.	3 M=2 from Yr 2	
3	Implementation of the FairTrade Policy is monitored and the policy reviewed if necessary (0) policy not used or known, principles not implemented (1) some informal implementation, management aware of principles, no monitoring (2) company reviews and monitors the implementation of its FairTrade Policy (3) good internal quality management system also with regard to FairTrade aspects.	3	
4	There is an annual assembly of workers: (0) none (1) informal, only very few workers involved (2=M from year 2) annual workers assembly of all workers with presentation and discussion of Social Responsibility and FairTrade relevant aspects and election of workers' representatives in Premium Fund Committee ; discussions are documented (3) very good, active assembly (4) exceptionally high worker involvement in business decisions and addressing of workers' problems.	4 M=2 from Yr 2	
5	<u>Additional points for voluntary commitment</u> : There are programmes for workers to obtain ownership shares of the company at preferential conditions. Rate from (0) to (3). No norm requirement.	(3)	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		16	8

2.5.4 FairTrade Pricing

Principle 2.5.4 The company agrees with its buyers on a FairTrade Sales Price as well as a Fair for Life FairTrade Development Premium for its products, based on open and transparent communication and exchange.

- a) The operation agrees with its buyers on a FairTrade Sales Price for the certified products. The FairTrade Sales Price shall include specific costs to comply with the requirements for Fair for Life FairTrade certification.

Compliance costs are limited to 5% of market prices as a standard rule. Upon demonstration of adequate pricing analysis and with due communication of costing issues with the FairTrade buyer, the company is free to negotiate higher FairTrade Sales Prices with their buyers. If prices are more than 10% higher than typical market prices, the company has to provide its FairTrade buyers with an overview of additional income from FairTrade and what it has been used for.

- b) The FairTrade Sales Price shall always be at least the agreed Fair for Life Floor Price.

The Fair for Life Floor Price:

- *shall ensure that the operation can always cover the costs of production*
- *shall include the costs for specific compliance with Fair for Life requirements, e.g. certification costs, raising wages to living wage level beyond minimum wage - but not the costs for complying with statutory legal requirements.*
- *applies to all sales to Fair for Life FairTrade buyers. A stable floor price should be negotiated; re-negotiations if required.*
- *The FairTrade price differential (compared to average market price plus compliance costs) shall be for the sake of workers and their communities or other identified marginalised beneficiaries.*

A hired labour operation may chose not to apply a FairTrade Floor Price.

- c) Additionally, a Fair for Life FairTrade Development Premium shall be paid for all sales of Fair for Life certified products. If no Development Premium is paid, the buyer may not label the products as Fair for Life certified, even if they originate from a Fair for Life certified producer.

The FairTrade Development Premium is normally calculated as a set premium price for at least one year, or even a two year period. It is expected that the FairTrade producer charges all Fair for Life and other fair trade buyers the same FairTrade Development Premium; the Premium shall not be discounted for individual customers unless agreed with the other buyers. The Premium may be part of the total sales price, but must be specified at least in each purchase contract.

The FairTrade Development Premium for hired labour producer companies is recommended to be between 7-10% of non-management labour costs⁴, depending on expected FairTrade sales, the potential social impact of the FairTrade Development Premium and the expected additional FairTrade development contribution paid directly by the FairTrade producer company. In the case of large hired labour market players entering FairTrade, the FairTrade producer company is also expected to contribute directly into the FairTrade Development Premium Fund. If lower Development Premiums are negotiated, an adequate justification must be presented. This should include an analysis of FairTrade benefits and impact achieved with the overall Premium income.

In exceptional cases, well established FairTrade suppliers may have sales prices without separately established Development Premiums (FFL-Price-Including-Premium):

- *In this case buyers must be informed that the certification body cannot follow up the exact use of a specific Premium. More detailed information on overall business activities done with the overall income from FairTrade sales must be provided to the buyer.*
- *This is only possible for organisations who can demonstrate that they are as an entire organisation dedicated and committed to FairTrade, e.g. long-term WFTO members. The Fair for Life certification body has to authorise the use of a FFL-Price-Including-Premium in writing.*

No	Control Points: FairTrade Pricing	MAX	SCORE
1	In trade contract and price negotiations the supplier gives trade partners (0) clearly wrong information (1) slightly inaccurate / not clear information (2) correct information (e.g. on workers remuneration or other compliance costs) if requested by trade partner (3) detailed and correct information about operation.	3	

⁴ 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 40 tons → Premium is 70.000/40.000 x 0.10 = 0.175 \$ / kg

2	The company negotiates a FairTrade Sales Price with its buyers: (0) exaggerated price differentials; not at all related to FairTrade compliance costs (2=M from year 2) adequate FairTrade Price (see above) negotiated in reasonably open negotiations.	2 M=2 from Yr 2	
3	Pricing is based on an adequate overview of production costs as well as compliance costs: (0) no overview of production costs (2) adequate basic overview of production costs including non-management labour costs, management costs and specific costs for Fair for Life compliance (3) very good cost analysis.	3	
4	The company negotiates a Fair for Life FairTrade Development Premium with its buyers: (0) no defined Premium OR insignificant Premium (2=M) adequate Development Premium defined ; suggested 5 - 10% of non-management labour costs, <i>see guidance above</i> (3) higher Development Premium negotiated and actually invoiced to several buyers.	3 M=2	
5	The company provides an annual Premium Fund report: (0) no overview or informal information on Premium use provided (2=M) basic annual report of FairTrade Premium Fund : total money received ⁵ , use decision process, Premium use description (with justification if needed) and details of all expenditure, balance, overview on other Social & FairTrade related activities, brief work plan for coming year (3) detailed and good information of activities provided.	3 M=2	
6	Summary of funds report is provided to all Fair for Life FairTrade Buyers: (0) no information although requested (1) very basic, slightly inadequate information (2) good overall communication of Premium use to buyers; may be only regarding use of the money received from the specific buyer (3) very good flow of information; shares complete Premium report with buyer.	3	
7	If the FairTrade Price paid is considerably higher (> approximately 10%) than normal market prices for respective quality (not including the separate additional FairTrade Development Premium), the company prepares: (0) no summary (1) some very basic written information (2=M) accurate brief overview summary what this higher price is used for (or details of its costs structure) and sends this summary to clients every year (3) or (4) very good / exceptional overview.	3 M=2	
TOTAL		MAX	TNP
Maximum Points / Total Norm Points / Effective Points		20	14

2.5.5 FairTrade Development Premium Administration and Use

Principle 2.5.5 The FairTrade Development Premium is administered separately and used only for social and environmental development projects as decided by an assembly of workers or a Premium Fund Committee.

- a) Premium money received is administered in a separate bank account, with appropriate signatory rights. Normally this is a joint signature by company and workers representative, or another appropriate setting that is practical while at the same time preventing misuse.

If only the company holds signatory rights or if for specific reasons a separate bank account is not possible, a written confirmation signed by the executive management is required that the company acknowledges that the money in the Premium Fund is not its property and use can only be decided by a Premium Committee for social projects within the scope of the Fair for Life Certification Programme.

- b) The Premium money is only used for agreed projects. Any expenditure and use are well documented. The Fair for Life Development Premium Fund is intended to finance sustainable social or environmental community projects or social projects for the workers and their families.

The Development Premium may not be used for business investments or for meeting the company's regulatory obligations (compliance with applicable labour legislation). If any substantial assets are purchased with Premium money, a FairTrade funds legal entity must be established as owner of such assets.

It may not normally be used for individual premium payments to workers, except in well justified cases, e.g. payments to migrant seasonal labourers who may not be present after the harvest and so would not benefit from any Premium funded community projects.

- c) Decisions on the use of the FairTrade Development Premium are taken either by the assembly of workers or by a Fair for Life Premium Fund Committee. Such a Committee must always include

⁵ If no separate premium is defined the report provides summary how the higher FairTrade Price is used (with details of the company's costs structure).

worker representatives and may include external experts or buyer representatives, not only company management. Normally it is expected that worker representatives account for half of the Committee members.

The workers representatives in the Funds Committee must be chosen through a democratic process. Adequate gender representation and fair representation of different interest groups are very important.

In Fair for Life operations, workers shall be actively informed and included in all efforts towards FairTrade and Social Responsibility. Therefore, an annual assembly of workers is required, with initial and updated information on the company's commitments to Social Responsibility and FairTrade (as summarized by its Social Responsibility and FairTrade Policy) and on processes and ideas regarding Fair for Life Premium use. Workers' feedback and open discussion of concerns shall be encouraged.

No	Control Points: FairTrade Development Premium Administration and Use	MAX	SCORE
1	FairTrade Development Premium Fund administration (0) Premium amounts not specified, not documented (1) Premium amount can be traced and is known but not in a separate account (2=M) Premium specified in sales contracts and separate bank account for the Fair for Life Development Premium. Signatory rights are documented and appropriate. Written procedures ensure that Premium money received is transferred to the Premium account in a timely manner (3) Premium funds organisation is a separate legal entity.	2 M=2	
2	A Fair for Life Premium Committee is set up with elected workers' representatives: (0) no Committee although Premium expected very soon / already received (1) some idea about Committee, not formally set up (2=M) a balanced Funds Committee is established, with documented members and procedures. <i>If not existing at first inspection: rate accordingly, set condition that the company has 6 months to set up Committee and inform IMO accordingly. The Committee has to be defined before any Premium money is used</i> (3) well balanced, active Funds Committee.	3 M=2	
3	Decisions on Premium use as well as any money spent for the agreed activities are well documented (0) no documentation (1) some basic documentation (2=M) decision and use are documented. <i>If no Premium yet received, assess procedures and capacity of future implementation.</i>	2 M=2	
4	The Premium Fund Decision Committee or board writes (0) no report (1) a summary or overview about some activities, but incomplete (2=M) an annual report on all activities financed by Premium Fund money (with detailed budget) (3) a very good report.	4 M=2	
5	The records of expenses paid from the Fund correspond (0) not at all (1) with minor shortcomings (2=M) satisfactorily to the amount spent as per bookkeeping and the activities reported in the annual Fund report (3) with very good fully traceable records.	3 M=2	
6	The effective use of the FairTrade Development Premium Fund money is (0) not for those projects as agreed by Premium Fund Decision Body OR unacceptable projects (1) mostly for adequate projects, other use is justifiable (2=M) only for agreed projects and justified related expenses (3) or (4) very good / exceptional projects / activities.	4 M=2	
7	The Premium funds use was (0) clearly not in line with Fair for Life requirements, used to meet statutory requirements OR business investment (1) partly in line with Fair for Life requirements (2=M from year 2) overall in line with Fair for Life requirements and guidance; In borderline cases: Fair for Life certification body was consulted before use of the money (3) very good projects.	3 M=2 from Yr 2	
8	Social and environmental impact from use of FairTrade Premium: (0) no particular social impact although Premium received (1) some positive impact (2) ok social or environmental impact OR mediocre impact but due to the small amount of Premium received from buyers (3) good social impact (4) very good social impact achieved, ongoing projects.	4	
9	The company supports social community programmes (e.g. schools, hospitals, education scholarships, etc.): (1) no such activities beyond the agreed FairTrade Premium and related social projects (2) group is active in different fields of community development and initiates different approaches to promote development (3) very good programmes / activities (4) exceptional commitment.	4	
TOTAL		MAX	SCORE
Maximum Points / Total Norm Points / Effective Points		29	18

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