



# FAIR FOR LIFE

Policy for retailer brands

Version February 2018

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# 1. INTRODUCTION

Retailers, being in a strategic and particular position in supply-chains, have specific roles and responsibilities:

- They enable an overall supply-chain (producers, processors, etc.) to access the market;
- They have a major impact on volumes and prices;
- They have a direct access to the final consumer; and
- They often operate different / numerous retail shops.

Retailers who sell FFL or FL certified final products are normally exempted of control. However, should a retailer want to market a certified product under its own brand, it has to be certified as a “Brand Holder”.

Given the risks and particularities presented by their activities:

## Fair for Life – Fair Trade and Responsible Supply-chains

A retailer can have products labeled under its own brand Fair for Life certified. However, some amendments are made to the Fair for Life Scheme (i.e. Certification Standard & Process), in order to enable a control more suited to their activities and risks, as explained and detailed in the following sections.

## For Life – Corporate Social Responsibility

A retailer can have products labeled under its own brand For Life certified only under the condition that all sites and activities are included in the audit and certification scope. The following amendments CANNOT be applied for this case.

# 2. APPLICATION SCOPE

This policy applies to “**Fair for Life Retailer Brands**” only. These retailers are defined as companies / groups of companies having the below characteristics:

- 1) Their principal activity is to sell a variety of final consumer products, with different brands, at retail to final consumers, generally in different retail shops;
- 2) They do not process or package any Fair for Life certified product;
- 3) They buy certified finished products from other Fair for Life certified operation(s);
- 4) They wish to use their own brand on one or many Fair for Life certified finished product(s).

There are two possible settings:

- **Case 1:** Retailers that are **Brand Holders**
- **Case 2:** Retailers that are both **Fair Trade Partners** and **Brand Holders**

**As for any other certified brand holder:** the certification scope of the retailers will include the certified products sold under their own brand (products sold under the retailer’s brand).

**Unlike other certified brand holders:** if other certified products are purchased by the retailer, which are not sold under its own brand, these products will not be included in the Retailer’s certificate. However, they will be concerned by specific verifications (see part 3 below, Section 5).

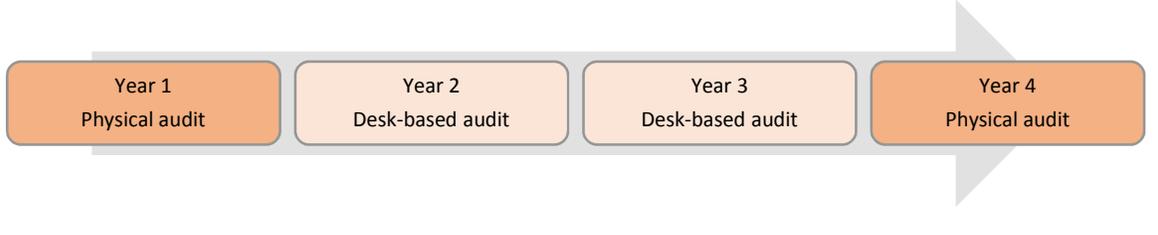
# 3. DESCRIPTION OF THE AMENDMENTS

For FFL Retailer Brands, the FFL certification standard and the FFL certification process are modified as followed:

## Certification process

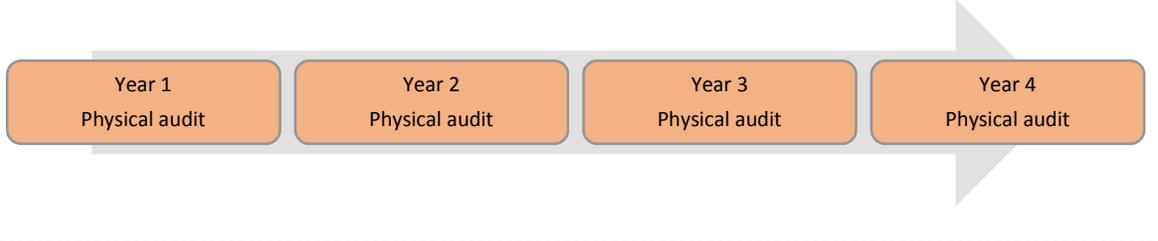
### Case 1: Retailers that are Brand Holders:

Retailers that are NOT Fair Trade Partners can be submitted to surveillance desk-based audits (i.e. physical audits performed every 3 years instead of every year):



### Case 2: Retailers that are both Fair Trade Partners and Brand Holders:

Retailers that are also Fair Trade Partners must receive an annual physical audit:



## Section “Eligible values and strategies”

### > ADDENDUM TO PART “CORPORATE COMMITMENT”

The certification scope for Retailers-Brands is defined on a case-to-case basis, based on the company’s group overall structure and governance. As a general rule:

- the certification scope normally at least includes the company owning the brand of the certified products, and which ideally is also able to monitor fair trade contractual issues;
- its affiliated companies (which are separate legal entities), and more particularly the retail shops, do not necessarily need to be included;

In all cases, during the audit of the entities included in the certification scope, the following information shall be made accessible to the auditor:

- Purchasing policy of the group and its implementation, including information about contractual & sales aspects for the certified products;  
For Retailers who are both Fair Trade Partner and Brand Holder these elements must be centralized. These include the setting and implementation of purchase prices and FT Fund and the contractual relations with the suppliers.  
In case of a certain autonomy regarding these aspects on retail shop level, the compliance with the FFL requirements must be centrally monitored and documented.
- CSR policy (including human resources management issues) of the group and evidences of its implementation;
- Proofs (such as audit reports) that the above policies have been internally and/or externally verified;
- Additionally, when the retailer also buys and sells certified products that are NOT under its own brand: information about contractual & sales aspects for the related products.

In case of doubts regarding the implementation of the group CSR policy and of the Purchasing policy at the level of the affiliated companies, the CB reserves the right to perform additional verifications at the level of the affiliated companies.

› **ADDENDUM TO PART “ELIGIBILITY OF THE APPLICANT”**

The below requirements complement ELIG-1 & 2:

- 1) The applicant must submit a Corporate Social Responsibility policy explaining the way CSR is managed and implemented at the level of all the retail shops (including human resources responsible management at retail shop level)
- 2) The brand under which the certified products are sold is a specific and (if the retailer holds different brands) separate brand, dedicated to responsible / ethical / fair trade sourcing
- 3) For this specific and separate brand, there is a specific internal standard / charter assorted with specific and sound verification modalities (either internal or external) ensuring that the defined responsible / ethical / fair practices are implemented.

## **Section 1. Fair Trade Policy management**

This section applies without modification.

## **Section 2. Social Responsibility**

The social aspects are verified at least at the certified entity level (i.e. generally, the company owning the brand), and, in case of doubts, at the level of its affiliated companies (e.g. the retail shops).

## **Section 3. Environmental Responsibility**

The environmental aspects are verified at least at the certified entity level (i.e. generally, the company owning the brand), and, in case of doubts, at the level of its affiliated companies (e.g. the retail shops).

## **Section 4. Local Impact**

This part (which includes sub-sections 4.1 “Legitimate Use Rights” & 4.2 “Use of Biodiversity and Traditional Knowledge”) applies without modifications.

## **Section 5. Fair Trade in supply-chain management**

The control will focus on the certified products bought by the retailer which are sold under its own brand.

For certified products bought by the retailer but which are NOT sold under its own brand, a general BONUS criteria is added (see the end of this section).

In addition to the Standard Requirements, the following amendments apply:

› **NO INDICATION OF ABUSE OF ECONOMIC DEPENDENCE:**

The contracts with certified suppliers must (in addition to the requirements defined in criterion TRAD-6) respect the below rules:

- **Penalties for late delivery:** Price deductions / penalties for delays shall remain reasonable, and must be agreed with the supplier.
- **Retroactive Contract Changes:** Retroactive changes, such as deductions from the invoiced amount to cover promotion fees, unilateral discounts based on quantities sold, listing fees, etc. are forbidden.
- **Unfair Transfer of Commercial Risk,** e.g. obligations to compensate for losses / costs incurred by the retailer (including shrinkage fees\*), long payment delays, etc. are forbidden.  
*\*shrinkage: losses occurred between the purchase from the supplier and the point of sale, generally caused by internal / external theft.*
- As a general rule, particular attention will be given to:

- Unilateral modification clauses
- Liability disclaimers
- Terms unreasonably imposing or shifting risks
- Ambiguous Contract Terms, making it possible to impose additional obligations on the supplier.

› **REASONABLE PROFIT MARGINS:**

Particular focus will be made on the profit margins applied by the retailer on the certified products (see criteria TRAD-49).

› **ADDITIONAL BONUS CRITERION:**

Requirements described in Section 5 and the abovementioned amendments are also respected for Fair for Life certified products which are not sold under the Retailers' own brand.

## **Section 6. Empowerment**

The control will focus on the certified products bought by the retailer and that are sold under its own brand.

This section applies without modification.

## **Section 7. Respect for the consumer**

The control will focus on the certified products bought by the retailer and that are sold under its own brand.

This section applies without modification, except for section 7.1 ("Traceability"), which does not apply. Indeed, traceability will be checked upstream in the supply-chain.

## **Section 8. Managing certification and performance**

This section applies without modification.

## **Annex I, II, III, IV, V and VI.**

These annexes apply without modifications wherever relevant.