Apparel and Home Goods Program Assurance Manual

Version 1.0.0

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Fair Trade USA
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1. **Scope**

1.1. Fair Trade USA’s Quality Manual outlines the operational requirements Fair Trade USA must meet in setting standards, implementing certification systems, and assessing impact. Each standards program within Fair Trade USA (i.e. Agriculture, Fisheries, Trade, and Factory) has an assurance manual to define the operational requirements of the program-specific certification system, and how they align with the organization-wide requirements outlined in the Quality Manual.

1.2. This manual describes requirements for all assurance procedures related to compliance assessment and certification under the Fair Trade USA Factory Program.

2. **Normative Documents Under the Factory Program**

2.1. The Fair Trade USA Factory Program certifies products under the Fair Trade USA Factory Standard for Apparel and Home Goods (Factory Standard). The Factory Standard sets the requirements for all factories and is the central standard in the Factory Program, covering factories worldwide.

2.2. The Factory Standard is enabled and operationalized through other related normative documents, primarily policies, procedures, and guidance documents that describe requirements and activities related to compliance with Factory Standard criteria. Documents that are necessary for effective compliance at the factory or trader level are made available on the Fair Trade USA website. Some documents are specific to auditors or assurance providers and in such instances access is limited to those parties.

3. **Eligibility Requirements Under the Factory Program**

3.1. **Eligibility Criteria for Applicants Under the Factory Standard**

3.1.1. Fair Trade USA determines the requirements for factories and their products, sites, and activities included under the scope of a certificate for all entities audited against the Factory Standard.

3.1.2. Eligibility for certification is based upon applicants meeting the requirements as outlined in *Fair Trade USA’s Requirements for Certificate Scope Under the Factory Standard for Apparel and Home Goods, Requirements for Certificate Scope in the Rug Industry Under the Factory Standard for Apparel and Home Goods* and *Requirements for Traders in the Rug Industry Under the Factory Standard for Apparel and Home Goods*.

3.2. **Conformity Assurance Body Personnel Competency Requirements**

3.2.1. Any Conformity Assurance Body (CAB) personnel carrying out audits against the Factory Standard, reviewing audit reports submitted by those personnel, or managing the Fair Trade USA account must be appropriately qualified and competent. Qualification and competency requirements are outlined below:

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Qualifications</th>
<th>Other Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTUSA Account Managers</td>
<td>5 years managing global compliance programs</td>
<td>English fluency (spoken and written)</td>
</tr>
<tr>
<td></td>
<td>Attends all FTUSA trainings</td>
<td>Knowledge of industry norms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledge of FTUSA policies and procedures</td>
</tr>
</tbody>
</table>
3.2.2. Fair Trade USA trainings are updated annually and cover topics including intent of the Factory Standard, required reporting documents, and relevant Factory Program updates.

3.2.3. While not required, assurance personnel with accreditation from the Association of Professional Social Compliance Auditors (APSCA) and/or Social and Labor Convergence Project (SLCP) are preferred.

4. Assurance Model Under the Factory Program

4.1. Structure and Decision-Making

4.1.1. Fair Trade USA reviews factory applications, determines audit scope, schedules audits, reviews audit reports, makes certification decisions, and issues certificates.

4.1.2. Fair Trade USA contracts with third-party Conformity Assessment Bodies (CABs) who conduct audits and write audit reports. These activities are conducted on behalf of Fair Trade USA according to the requirements and process laid out in this manual, along with any other relevant normative documents.

4.1.3. Fair Trade USA and CABs co-manage the Corrective Action Plan (CAP) process with the factories. For details on the CAP process, see Section 5.9.

5. Compliance Assessment Process

5.1. Certification Process

5.1.1. Fair Trade USA enables certification against the Factory Standard by following a standardized assessment process. The requirements of the steps listed below are described in more detail in the referenced sections of this manual. The certification process consists of:

   a) Submission of application by the factory to Fair Trade USA (Section 5.3);
   b) Introduction of the factory to the CAB by Fair Trade USA;
   c) Coordination and agreement on service fees and audit scheduling with the CAB (Section 5.4);
   d) Completion of an onsite audit (Section 5.6);
   e) Preparation of an audit report by the CAB, detailing non-conformities (NCs) against the relevant Factory Standard requirements (Section 5.7);
f) Review of audit report and certification decision by Fair Trade USA;
g) Preparation of a CAP (Corrective Action Plan) by the factory to address the NCs identified during the audit (Section 5.9);
h) Post CAP certification decision based on the evidence presented in the CAP, if applicable (Section 5.8);
i) Issuance of a certificate, if awarded, attesting compliance against the Factory Standard (Section 7.1); and,
j) Commitment from the factory (Certificate Holder) to ongoing CAP remediation and surveillance audits to ensure continued compliance with relevant compliance criteria in the Factory Standard (Sections 5.9 and 5.10).

5.2. Certification Cycle

5.2.1. The certification process (described in Section 5.1 and in the diagram above) is based on a three-year certification cycle with annual surveillance audits.

5.2.2. An initial certification decision is made at audit Year 0, with subsequent certification decisions made in audit Years 3, 6, etc.
5.2.3. Certification audits are conducted every three years (Years 0, 3, 6, etc.). Certification audits follow the same auditing and reporting process, including issuance of a new three-year Certificate if the applicant or Certificate Holder is in compliance with the Factory Standard.

5.2.4. Annual surveillance audits are conducted between certification audits (Years 1, 2, 4, 5, etc.). This is to assess ongoing compliance with the Factory Standard, along with full implementation of CAPs developed as a result of NCs issued during previous audits.

5.3. Application

5.3.1. All parties interested in Fair Trade USA certification must fully and accurately complete a Fair Trade USA application form in order to be considered for certification.

5.3.2. All factories currently certified (i.e. Certificate Holders) must fully and accurately update their Fair Trade USA application form before each surveillance or certification audit.

5.3.3. Applicants and Certificate Holders can receive an application form from Fair Trade USA.

5.3.4. Once an application is submitted by a factory applicant (Applicant), it is reviewed by Fair Trade USA to ensure:

a) At least one CAB has the capacity and technical expertise to perform the assessment services with respect to the scope of certification requested, the location of the operation, and any special requirements such as language(s) used by the Applicant or the Applicant’s workforce;

b) The Applicant is eligible to receive services from at least one CAB; and,

5.3.5. If more information is needed, Fair Trade USA works with the Applicant or Certificate Holder to ensure the application form includes all necessary information.

5.4. Audit Scheduling

5.4.1. For the initial certification audit, Fair Trade USA will create a unique Fair Trade USA identification number (Fair Trade USA ID) for the Applicant after the application is submitted and accepted by Fair Trade USA.

5.4.2. Fair Trade USA assigns the CAB for the audit and sends the completed application to the CAB to initiate the assessment process. The CAB then uses the application information to scope and schedule the onsite audit. Applicants or Certificate Holders work with the CAB to ensure the audit schedule is clear.

5.4.3. Fair Trade USA or the CAB may request additional information from the Applicant to clarify the assessment scope or logistics.

5.4.4. Any differences in understanding of scope between Fair Trade USA, the CAB, and the Applicant must be resolved prior to scheduling the audit.

5.4.5. After the application, scope, and logistics are clear, the CAB provides the Applicant with:

a) A current, detailed description of the audit plan, including the expected timeframe;

b) Any relevant policies, procedures, guidance documents, and forms;

c) A cost estimate including CAP services where applicable, and payment requirements for assessment services based on the application information.

5.4.6. The Applicant or Certificate Holder must review and approve the audit cost estimate and agreed-upon schedule for the assessment process to move forward. This must be done within 10 business days of the initial communication from the CAB.
5.4.7. The Applicant or Certificate Holder must pay the audit invoice to the CAB within 10 business days of receipt, unless agreed otherwise by Fair Trade USA. The payment of service fees does not guarantee that a certificate will be issued, nor does conducting the audit.

5.4.8. Each CAB has the right to determine its own detailed fee structure and payment schedule, which it may explain to its prospective clients when providing an audit quote.

5.4.9. The audit timelines are standardized and determined by Fair Trade USA. The CAB follows the standardized audit timelines when scheduling and conducting audits.

5.4.10. For the initial certification audit (Year 0), the schedule is fully announced and dates are mutually agreed upon between the CAB and the Applicant, within the scheduling communications.

5.4.11. For following certification and surveillance audits (Year 1, 2, 3, etc), the schedule is semi-announced with a one month window being agreed with the CAB or as required by Fair Trade USA, within the scheduling communications. Certificate Holders provide a calendar of availability for the designated one month window to ensure the auditors avoid closed-days. These may include normal weekly closed-days, holidays, other scheduled audits.

5.4.12. The factory will update the CAB and Fair Trade USA at any time of any changes in their calendar of availability to avoid unnecessary charges. These may include scheduled power outage, shifted production schedule to meet ship dates, etc. These changes must be sent via email as they arise.

5.4.13. In the event the factory omits to inform the audit firm of a change in its schedule, resulting in a failed attempt to conduct the on-site audit, the factory will be charged for the audit and another audit will be scheduled immediately.

5.4.14. Certificate Holders may request an audit delay of no longer than one month, if a justifiable reason is provided to Fair Trade USA. Fair Trade USA reserves the right to approve or deny this request. Examples of justifiable reasons include: factory closure, national holidays, off-season (e.g. only 10% of workforce onsite).

5.4.15. If a delay is requested, the Certificate Holder must maintain prompt and timely communication with Fair Trade USA at all times. Unless there is an exceptional scenario such as force majeur, the request for a delay must be made no fewer than 15 days before the audit window and preferably during the application review process.

5.4.16. The Applicant or Certificate Holder must confirm agreement with the audit plan and schedule in writing.

5.4.17. Certificate Holders must facilitate all audits, including the audit scheduling and payment process.

5.5. Compliance Criteria

5.5.1. Applicable Compliance Criteria

5.5.1.1. All compliance criteria in the Factory Standard are assigned a Year in which they become applicable: Year 0, 1, or 3. Year 2 audits are against the same criteria as Year 1.

5.5.1.2. The criteria are cumulative, which means that at every applicable year, the previous years’ criteria also apply. This is intended to create a journey of continuous improvement and to monitor the previously achieved compliance. Therefore, only Year 0 criteria are audited and required at the initial certification audit, Year 0 and Year 1 criteria are audited and required at the first and second surveillance audits, and all criteria (Year 0, Year 1, and Year 3) are audited and required at the Year 3 certification audit, as well as any audit after that.
5.5.2. Types of Compliance Criteria

5.5.2.1. The Factory Standard has two types of criteria: Major and Minor. Together, they define the requirements that the Applicant or Certificate Holder must commit to meet within a certain timeline, meaning that they are binding.

5.5.2.2. Criteria identified as Major represent core Fair Trade USA values and principles.

5.5.2.3. Criteria identified as Minor represent all other requirements that enable the Standard to meet its objectives.

5.5.3. Transparency

5.5.3.1. The Transparency Policy for the Apparel and Home Goods Program and the Factory Standard requires, under TR-BR 1.3, full transparency with Fair Trade USA and CABs at all times.

5.5.3.2. Any Applicant or Certificate Holder for whom an NC is issued against TR-BR 1.3 will be required to demonstrate full transparency prior to certification being awarded.

5.5.3.3. A call with Fair Trade USA’s Certification Department, as well as a follow-up audit paid for by the factory, may be requested by Fair Trade USA at any time to discuss transparency and TR-BR 1.3.

5.6. Audit

5.6.1. Audit Team Structure

5.6.1.1. Fair Trade USA selects the CAB to conduct the audit. Generally, Fair Trade USA assigns a new CAB every two years. For example, if a Certificate Holder is assigned CAB A for the Year 0 and Year 1 audits, they will be assigned CAB B for the Year 2 and Year 3 audits.

5.6.1.2. All audits are conducted by audit teams. An audit team consists of two or more auditors.

5.6.1.3. Audit teams are comprised of at least one Lead Auditor and at least one female auditor for any factory with a significant number of female workers, unless otherwise approved by Fair Trade USA.

5.6.1.4. Audit teams must not be the same from one year to the next.

5.6.1.5. The CAB selects an audit team with the necessary composition, competencies, geographical location, and language capabilities to conduct the audit, and confirms there is no potential conflict of interest.

5.6.1.6. In instances where there is no auditor with fluency in the language(s) of the Applicant or Certificate Holder or their workforce, an interpreter is used. Ideally, the interpreter has a relevant technical background. The interpreter is always independent from the auditee to avoid any conflicts of interest.

5.6.1.7. Fair Trade USA and CABs may, in exceptional circumstances, require a different person or day ratio for any audit. In such instances, an explanation will be provided to the Applicant or Certificate Holder.

5.6.2. Audit Assessment Methods

5.6.2.1. CABs must conduct audits following ISO 19011 auditing methodologies.

5.6.2.2. The audit team conducts the assessment of the Applicant or Certificate Holder’s operations to assess compliance with the applicable Factory Standard compliance criteria.

5.6.2.3. The audit will begin with an opening meeting. The auditor will then inspect the site(s) to collect and verify information by observing the operation(s), interviewing workers and management, and reviewing applicable documents. At the end of the audit, after compiling relevant information and initial findings, the
auditor will convene a closing meeting to provide a general explanation of the initial audit findings and address any questions.

5.6.3. Audit Information Collection Methods

5.6.3.1. Evidence and information are collected and triangulated during an audit using three primary methods: document review, interviews, and observations.

5.6.3.2. Document review begins before the onsite audit with the application, the previous CAP where applicable, and any other relevant documents provided by Fair Trade USA to the CAB. The auditor must review both documents (e.g. policies, objectives, plans, procedures, work instructions, licenses, permits) and records (e.g. pay slips, timecards, production records, employee contracts, training records, purchasing records, employee complaints). It is important to note that where the Factory Standard compliance criteria specifically require documentation, the Applicant or Certificate Holder must provide accurate, adequate, and relevant documentation to be compliant.

5.6.3.3. A list of example documents Applicants or Certificate Holders should be prepared to provide for the audit team to review during an audit is provided in Annex 1.

5.6.3.4. Interviews shall be conducted with a variety of employees and relevant individuals. This shall at minimum include interviews with a sample of Fair Trade Committee members (workers and management), workers’ association or union representatives (when applicable), members of permanent, temporary, and migrant worker groups, and representatives from all genders and different job categories, with an emphasis on minority and underrepresented groups. Sampling requirements are described further under Section 5.6.5.

5.6.3.5. Auditors ensure they can directly observe a sufficient variety of workers in their daily activities.

5.6.3.6. Auditors record all audit notes and compliance information in the audit report template provided by Fair Trade USA. Relevant information noted includes but is not limited to compliance evidence, interview notes, company information, workforce data, and Fair Trade Committee and Premium information.

5.6.4. Determining Non-Conformance

5.6.4.1. Auditors evaluate Applicants and Certificate Holders against the applicable compliance criteria for the audit year (Year 0, 1, 2, 3, etc.). The evidence collected using the aforementioned assessment process and collection methods enable the auditor to determine compliance with each criterion.

5.6.4.2. A non-compliance is identified where audit findings indicate, through validated evidence, that an Applicant or Certificate Holder does not meet a requirement related to any of the applicable compliance criteria.

5.6.4.3. When information collected during interviews cannot be triangulated with other forms of evidence, e.g. records, non-compliance may only be concluded if a minimum of two interviews report consistent information.

5.6.5. Sampling Requirements

5.6.5.1. The total number of sites and workers is confirmed during the opening meeting to confirm scope and categorization, and to inform sample size.

5.6.5.2. Any and all sites determined by Fair Trade USA to be in scope must be audited. Access to every building on the site, including those determined by Fair Trade USA to be out of scope, must be available.
for auditors to visit during the audit. Building that are out of scope will not be audited, but may be visited by the auditor to verify the accuracy of the audit scope.

5.6.5.3. The worker and management interview sample is calculated according to the total workforce, including management, permanent workers, contract workers, and temporary workers, as outlined in Table 2.

<table>
<thead>
<tr>
<th>Workforce</th>
<th>Individual Interviews</th>
<th>Group Interviews*</th>
<th>Records Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>10</td>
<td>1</td>
<td>Same as interviews</td>
</tr>
<tr>
<td>101-200</td>
<td>12</td>
<td>2</td>
<td>Same as interviews</td>
</tr>
<tr>
<td>201-500</td>
<td>15</td>
<td>2</td>
<td>Same as interviews</td>
</tr>
<tr>
<td>501-1,000</td>
<td>20</td>
<td>2</td>
<td>Same as interviews</td>
</tr>
<tr>
<td>1,001+</td>
<td>26</td>
<td>3</td>
<td>Same as interviews</td>
</tr>
</tbody>
</table>

Table 2

* In addition to individual interviews, group interviews may be up to 6 workers.

5.6.5.4. The records and documentation sample is calculated according to Fair Trade USA’s sample requirements for interviews (Table 2 above). A minimum of three months, selected from the last 12 months, of samples for wages, hours, and personnel-related records (e.g. contracts) must be reviewed during the audit, in accordance with interviewed individuals.

5.6.5.5. Representative sampling is employed so that conclusions about compliance can be drawn for a whole population. The exact interview sample size is determined by the auditor considering a variety of factors to ensure a representative sample in alignment with Fair Trade USA’s sampling requirements. Examples of factors include, but are not limited to, facility size, location, gender, cultural differences, minority and socio-economic status of the workers, and environmental risks associated with the production area.

5.6.5.6. Any sample size may be increased at the auditor’s discretion based upon identified risk or findings onsite. The auditor shall document rationale, as relevant.

5.6.5.7. When there are multiple sites of different sizes owned and controlled by one factory, NCs identified in individual sites are managed as an NC for the group/factory, although the CAP form will indicate the site location of the finding itself.

5.6.5.8. In some instances, when a specific risk has been identified in a sub-population of workers, Fair Trade USA employs additional purposive sampling. For example, additional sampling may be required when auditing newly added sites that have not been audited previously, or sites which had NCs against any Major criterion during a previous audit.

5.6.6. Opening & Closing Meetings

5.6.6.1. At the beginning of every audit, the auditors hold an opening meeting with management from relevant teams (e.g. Health & Safety team, Fair Trade Officer, Finance Department, Human Resources, Compliance Responsible, etc.). The opening meeting addresses, at a minimum:

a) Audit scope;

b) Audit methodology;

c) General audit plan, (e.g. Interview timeframes and factory walk-through);
d) Signing of CAB’s pre-audit agreements;

e) Signing of Fair Trade USA’s transparency agreement; and

f) Any questions from the Applicant or Certificate Holder.

5.6.6.2. At the end of every audit, the auditors hold a closing meeting with management from relevant teams (e.g. Health & Safety team, Fair Trade Officer, Finance Department, Human Resources, Compliance personnel, etc.). If any NCs were found in the Empowerment section, the Fair Trade Committee must be present as well. The closing meeting addresses, at a minimum:

a) Overview of the audit;

b) Initial findings and list of NCs;

c) Discussion regarding potential corrective actions and root causes for initial NCs;

d) Signing of the initial CAP form detailing the discussions;

e) Next steps and the CAP process handled by the CAB (first 30-days); and

f) Any questions from the Applicant or Certificate Holder.

5.6.6.3. The opening meeting should not take longer than 30 minutes, and the closing meeting should not finish more than 30 minutes past the normal office hours of the Applicant or Certificate Holder.

5.6.7. Witness Audits and Observers

5.6.7.1. Fair Trade USA Certification personnel may join any audit at any time as a witness for quality or training purposes. The Applicant or Certificate Holder may be informed ahead of time, but this is not required.

5.6.7.2. CAB personnel not yet trained to conduct Fair Trade USA audits may join audits for training purposes, however this must be approved by Fair Trade USA in writing beforehand. These personnel are considered observers.

5.6.7.3. Other external parties, including personnel from Fair Trade USA licensees (e.g. buyers, brands, etc.), are not allowed to observe audits at any time.

5.7. Audit Report

5.7.1. Report Requirements

5.7.1.1. Following the audit, the Lead Auditor is responsible for preparing a timely, complete, and accurate audit report detailing the findings and any non-compliances identified.

5.7.1.2. All audit reports must be written in English.

5.7.1.3. All information provided in the audit report is based on evidence collected during the audit.

5.7.1.4. Audit findings are recorded in the current version of the audit report template provided by Fair Trade USA for all applicable compliance criteria, relevant data points, and performance indicators.

5.7.1.5. Confidential audit notes are shared only between the auditor, CAB, and Fair Trade USA. These notes are not shared with the Applicant or Certificate Holder, nor any other party. These notes may include, but are not limited to, general observations, systemic issues, high risk areas, rationale for sample selections, and auditor concerns that could not be triangulated.

5.7.1.6. Explanations and evidence for any non-compliances are documented for all applicable compliance criteria evaluated.
5.7.1.7. Explanations are documented for any compliance criteria in scope which were deemed not applicable by the audit team once on site.

5.7.1.8. The initial CAP form is signed by the Lead Auditor and a member of the factory management onsite during the closing meeting.

5.7.1.9. Auditors submit complete audit reports, including supplemental documents, to the CAB for technical review prior to submission to Fair Trade USA.

5.7.2. Technical Report Review and Submission

5.7.2.1. Only qualified personnel are authorized to conduct reviews of audit reports before submission to Fair Trade USA. Qualifications include training on program-specific technical requirements, relevant compliance criteria, and program-specific reporting and documentation requirements.

5.7.2.2. After technical review by the CAB, the audit report and any other relevant or required documentation is sent to Fair Trade USA. Final audit reports and documentation must be submitted to Fair Trade USA within 14 calendar days from the date of the closing meeting.

5.7.2.3. Upon receipt of the audit report from the CAB, Fair Trade USA informs the auditee via email that the report has been received and provides the opportunity to comment on the audit process and the auditor’s performance.

5.7.2.4. Any comments on the audit process or auditor performance are reviewed by Fair Trade USA only. The information is used to determine program improvements and training opportunities.

5.7.2.5. Allegations and complaints related to the audit process or auditor performance can be submitted through Fair Trade USA’s Complaints Procedure, available on FairTradeCertified.org. This procedure also outlines Fair Trade USA’s complaint review process.

5.8. Certification Decision

5.8.1. Report Review

5.8.1.1. All audit reports and supplemental documents are reviewed by Fair Trade USA Certification personnel to confirm the adequate collection of compliance evidence and relevant data to make a certification decision.

5.8.1.2. If there is any conflicting or unclear information in the audit report, Fair Trade USA contacts the CAB for clarification and resolution. The CAB should respond to Fair Trade USA within three business days.

5.8.1.3. For continued consistency and accuracy of the audit report, all new or additional information provided by the CAB to Fair Trade USA during this time shall only be submitted after a review of other relevant data points within the report, to ensure the information does not conflict with any other reported information.

5.8.1.4. If any information is clarified during the Fair Trade USA report review that confirms a non-compliance, it will be added to the Non-Compliance Report (NCR) in the audit report. It will be indicated within the report, NCR, and CAP as added by Fair Trade USA during report review.

5.8.1.5. Once the report information is clear and finalized, Fair Trade USA uses the audit report findings, NCR, and initial CAP form signed onsite to determine the certification status, final CAP, and required next steps. For more details on the initial and final CAPs, please refer to Section 5.9.1.
5.8.2. Determining Certification Status

5.8.2.1. Certification decisions are made for every audit, including initial, surveillance, and follow-up audits.

5.8.2.2. Certification decisions consist of the decision to deny, award, renew, expand the scope of, reduce the scope of, suspend, reinstate, or withdraw certification.

5.8.2.3. The certification status terminology includes:

<table>
<thead>
<tr>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Certified</td>
<td>Applicable only at Year 0, this status is for a factory not certified after the audit with NCs which must be closed or sufficiently addressed within specific timelines as indicated by Fair Trade USA on the CAP (e.g. Major NCs or Minor NCs specifically identified by Fair Trade USA).</td>
</tr>
<tr>
<td>Certified with Conditions</td>
<td>Applicable at Year 1 and beyond, this status is for a factory currently certified but with NCs which must be closed or sufficiently addressed within specific timelines as indicated by Fair Trade USA on the CAP (e.g. Major NCs or Minor NCs specifically identified by Fair Trade USA).</td>
</tr>
<tr>
<td>Certified with Corrective Actions</td>
<td>Applicable at all Years, this status is for a factory with only minor NCs remaining on the CAP, and no further NCs required to be closed or sufficiently addressed within specific timelines as indicated by Fair Trade USA on the CAP.</td>
</tr>
<tr>
<td>Certified</td>
<td>Applicable at all Years, this status is for a factory with no open or in progress NCs on the CAP. This includes factories with no NCs or with all NCs closed.</td>
</tr>
<tr>
<td>Suspended</td>
<td>Applicable at Year 1 and beyond, this status is for a factory with NCs which have led to a suspension of certification and trade. For more details on this status, please refer to Section 10.1.</td>
</tr>
<tr>
<td>Decertified</td>
<td>Applicable at Year 1 and beyond, this status is for a factory no longer certified nor able to trade. For more details on this status, please refer to Section 10.2.</td>
</tr>
</tbody>
</table>

Table 3

5.8.2.4. Major non-compliances resulting from certification audits must be closed or sufficiently addressed (marked In Progress by the CAB or Fair Trade USA) before certification can be achieved.

5.8.2.5. Major non-compliances resulting from surveillance audits must be closed or sufficiently addressed (marked In Progress by the CAB or Fair Trade USA) by a specified timeline.

5.8.2.6. Minor non-compliances resulting from any audit must be closed or sufficiently addressed (marked In Progress by the CAB or Fair Trade USA) before the next surveillance or certification audit.

5.8.2.7. In some cases, non-compliances with certain criteria will delay certification or be required to be closed or sufficiently addressed by a shorter, specified timeline, according to Fair Trade USA. This requirement and associated timeline will be clearly indicated in the CAP form.

5.8.2.8. Certification decisions are made by qualified Fair Trade USA personnel within the Certification team, in alignment with Fair Trade USA’s certification processes and policies.

5.8.2.9. Certification decisions and any applicable next steps are communicated to the Applicant or Certificate Holder in an Audit letter, which is sent by Fair Trade USA via email.
5.8.2.10. Certification decisions are communicated to the Applicant or Certificate Holder by Fair Trade USA within 14 calendar days from receiving the final audit report from the CAB, or 28 calendar days from the date of the closing meeting.

5.8.2.11. Certification decisions are recorded by Fair Trade USA and communicated to the licensees (e.g. brands, buyers, etc.).

5.8.3. Awarding Certification

5.8.3.1. When an audit does not result in any Major non-compliances, the Applicant or Certificate Holder is eligible for certification immediately.

5.8.3.2. When an audit results in Major NCs, the Major NCs must be closed or sufficiently addressed (marked In Progress by the CAB or Fair Trade USA) through the CAP process before the Applicant or Certificate Holder is awarded certification.

5.8.3.3. When an audit result reveals a total of more than 25 NCs, or five minor NCs in the same section of the Standard (ED, EM, ERM, SR, TR), Fair Trade USA may consider the partner unable to meet the core fair trade values and principles and require all NCs to be closed or sufficiently addressed within a specified timeline by the Applicant or Certificate Holder to be eligible for certification. This requirement and associated timeline will be clearly indicated in the CAP form.

5.8.3.4. In certain instances, depending on the nature of the NCs and the CAPs proposed by factories, Fair Trade USA may require the CAB to conduct a follow-up audit to confirm implementation and efficacy of the CAPs prior to issuing a Certificate. This audit may be announced, semi-announced, or unannounced. Fair Trade USA reserves the right to expand the scope of the follow-up audit to include additional compliance criteria as deemed necessary based upon audit findings.

5.8.3.5. Once the audit report, CAP review, and/or follow-up audit report confirms that all certification requirements have been met or sufficiently addressed, the certification decision is recorded and a Certificate may be issued by Fair Trade USA.

5.8.4. Denying Certification

5.8.4.1. Fair Trade USA may deny certification as a result of an initial audit (Year 0).

5.8.4.2. Non-conformance with compliance criterion TR-BR 1.3, indicating lack of transparency, will lead to a denial of certification. For more details on TR-BR 1.3, please refer to the Factory Standard for Apparel & Home Goods, the Transparency Policy for the Apparel and Home Goods Program, or Section 5.5.3.

5.8.4.3. The following circumstances may lead to a denial of certification:

a) Identification of NCs against one or more Major criteria;

b) Identification of five or more minor NCs against criteria in the same section of the Standard (ED, EM, ERM, SR, TR). For more details on the Standard sections, please refer to the Factory Standard for Apparel & Home Goods;

c) Identification of 25 or more NCs in a report;

d) Failure to present CAPs and supporting evidence within the agreed-upon timeframe; or

e) Failure to adequately address NCs within agreed-upon timelines.

5.8.4.4. If certification is denied, Fair Trade USA will notify the Applicant explaining the reasons for the decision.
5.8.4.5. Six months after their most recent Fair Trade USA audit, an Applicant who has been denied certification may voluntarily elect to re-apply to the program and begin the assessment process anew. In such cases Fair Trade USA may require that the Applicant submit a new application, along with evidence of CAP implementation to address the relevant NC(s). Accordingly, a new certification audit would then be conducted to confirm effectiveness of corrective actions and compliance with the Factory Standard.

5.8.5. **Withdrawing or Suspending Certification**

5.8.5.1. Fair Trade USA may withdraw or suspend certification as a result of a certification or surveillance audit after initial certification (Year 1, 2, 3, etc.).

5.9. **Corrective Action Plan**

5.9.1. **Creating the CAP Form**

5.9.1.1. During the closing meeting of the audit, a list of initial NCs and potential corrective actions will be discussed between the auditor and factory management. This initial CAP, signed by the factory and left onsite by the auditors, should only be used during the closing meeting and as a preliminary guide for the Applicant or Certificate Holder to begin corrective actions during the time between the audit and the audit letter from Fair Trade USA communicating the final audit results, at which time a final CAP is issued (within 14 calendar days).

5.9.1.2. After audit report review, Fair Trade USA will issue an audit letter and final CAP. This final CAP form is the official CAP for the audit and should be used throughout the CAP process as a tool to submit evidence and CAPs updates. The final CAP may contain added or removed NCs, resulting from Fair Trade USA report review and additional verifications with the CAB.
5.9.1.3. If at any time additional NCs are determined onsite (e.g. during a follow-up or investigation audit), those NCs will be added to the existing list of NCs on the Applicant or Certificate Holder’s CAP form resulting from the annual audit.

5.9.2. Preparing the CAP

5.9.2.1. The final CAP form provides a template that the Applicant or Certificate Holder uses to describe the preventive and corrective actions to be taken within an expected timeline to address the NCs identified during the audit.

5.9.2.2. The Applicant or Certificate Holder must:
   a) Complete the CAP form and provide supporting, objective evidence that sufficiently addresses the NCs identified in the audit report; and,
   b) Submit it to the CAB within 30 days of receiving the audit letter. Depending on the nature of the NCs, Fair Trade USA or the CAB may request the CAP be submitted within a shorter timeframe. This will be communicated in the audit letter or final CAP form.

5.9.2.3. The first completed CAP after each audit must at a minimum address all identified non-compliances with Major criteria and any additional criteria required by Fair Trade USA before certification.

5.9.3. CAP Review

5.9.3.1. The CAP review process occurs in two phases. During the first phase, the CAB is responsible for CAP review and Applicants or Certificate Holders collaborate with the CAB’s CAP Manager via weekly communications to close NCs. The first phase lasts 30 days from the date of the certification decision (communicated by Fair Trade USA via audit letter), after which it moves to the second phase. During the second phase, Fair Trade USA is responsible for CAP review and Applicants or Certificate Holders will collaborate with Certification staff via email as each NC is corrected. The second phase lasts until the next audit, unless Major NCs are not closed in the first six months (see Section 5.9.4). Applicants or Certificate Holders may be awarded certification by Fair Trade USA at any time during the first or second phase based on CAP progress.

5.9.3.2. Completed CAPs are reviewed by qualified personnel at the CAB or Fair Trade USA, according to the phase. This excludes auditors or any personnel who were present during the audit.

5.9.3.3. Ongoing training and calibration between Fair Trade USA and CABs occurs to ensure consistent CAP review between phase one and phase two.

5.9.3.4. If a CAP and supporting evidence is sufficient to demonstrate compliance with the specific requirement that triggered the NC, the NC is considered Closed.

5.9.3.5. If a CAP is not sufficient, the NC is considered Open and a request for more information or evidence is made to the Applicant or Certificate Holder directly in the CAP form.

5.9.3.6. If a CAP is partially sufficient, or has a long closure timeline due to issues outside of the Applicant or Certificate Holder’s control and a sufficient plan has been submitted, the NC may be considered In Progress, and a request for more information or evidence is made to the Applicant or Certificate Holder directly in the CAP form.

5.9.3.7. All changes in NC status are communicated to the Applicant or Certificate Holder within the CAP form.
5.9.3.8. Factories are required to actively participate in the CAP process until the expected timelines are met and all NCs are closed. Failure to participate in CAP process may lead to a suspension of the Certificate.

5.9.3.9. Fair Trade USA records all changes in NC status for CAPs reviewed by both the CAB and Fair Trade USA.

5.9.4. CAP Process Duration

5.9.4.1. All Major NCs must be closed or sufficiently addressed within six months of any full scope audit (e.g. certification or surveillance) or follow-up audit specifically focused on the CAP.

5.9.4.2. If all Major NCs are not closed or sufficiently addressed (with Closed or In Progress status) within the six months timeline, the Applicant or Certificate Holder is subject to an entirely new full scope audit that will replace the evaluation and results of this audit.

5.9.4.3. If all Major NCs are closed or sufficiently addressed within the required timeline, the Applicant or Certificate Holder should continue to work on their CAP to resolve minor NCs until the following full scope audit.

5.9.4.4. All minor NCs must be closed or sufficiently addressed before the next annual audit is conducted. Any minor NCs still open at the time of the next annual audit for which findings are issued again are required to be closed in the next CAP process within six months of the audit.

5.10. Audit Cadence

5.10.1. Audit Frequency and Intensity

5.10.1.1. Certificate Holders receive an onsite audit every year as part of regular compliance surveillance.

5.10.1.2. Audit intensity (the range of compliance criteria assessed) is generally dictated by the audit year and indicated in the Factory Standard. The audit cycle and compliance criteria associated with each audit year is described under Section 5.5 of this manual.

5.10.1.3. Other audits may occur at any time, as determined by Fair Trade USA. These audits may be partial or full scope and may be announced, semi-announced, or unannounced.

5.10.1.4. Facilitation of audits by factories at any time is a requirement under the Factory Standard.

5.10.2. Audit Scheduling

5.10.2.1. Fair Trade USA begins the annual audit scheduling process with Certificate Holders approximately 9 months after their most recent surveillance or certification audit to ensure timely annual surveillance. This timeline does not include follow-up audits, which may be scheduled at any time.

5.10.3. Audit Duration

5.10.3.1. All audits shall be scheduled to allow enough time to complete the audit process.

5.10.3.2. The duration of an audit may be adjusted by Fair Trade USA as needed.

5.10.3.3. Onsite audit duration is determined by Fair Trade USA based upon the size and scope of the operation (see Table 4 below).

5.10.3.4. The baseline minimum amount of time required for a certification or surveillance audit of a single-site operation is 2 person-days, to ensure sufficient time for meetings, document review, field observations, interviews, and preparation of findings. The baseline assumes two auditors are assigned for one day,
although in exceptional cases one auditor may be assigned for two days. This baseline applies to simple, single-site operations with a low number of workers (fewer than 100).

5.10.3.5. For larger and/or mixed operations and groups, additional time onsite will be required. The amount of time will be calculated according to the number of sites that must be inspected, the distance separating the sites, and the number of workers.

5.10.3.6. Obligations for Applicants or Certificate Holders to facilitate audits include timely and complete access to all sites, records, and workers required by the auditors during the verification.

<table>
<thead>
<tr>
<th># of Workers in Scope</th>
<th>Site Single</th>
<th>Multiple Sites** (centralized records &amp; management systems)</th>
<th>Multiple Sites** (separate records &amp; management systems)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>2</td>
<td>+0.5</td>
<td>+1</td>
</tr>
<tr>
<td>101-500</td>
<td>3</td>
<td>+0.5</td>
<td>+1</td>
</tr>
<tr>
<td>501-1,000</td>
<td>4</td>
<td>+1</td>
<td>+1</td>
</tr>
<tr>
<td>1,001+</td>
<td>4</td>
<td>+1</td>
<td>+1.5</td>
</tr>
</tbody>
</table>

* For Apparel and soft goods products. Furniture production sites require one (1) extra day.

** If the driving distance between sites is more than 15 miles, or takes more than one hour to drive, an additional 0.5 person-day is required for travel, or as determined by Fair Trade USA or the CAB.

6. Assessment of Groups

6.1. Defining Groups Under the Factory Standard

6.1.1. A Fair Trade USA Certificate defines the status and site(s) which have been audited and approved for Fair Trade Certified™ production. The scope of a Certificate can range from a single entity (e.g. a cut-make-trim factory) to multiple entities of different sizes owned and controlled by one party (e.g. a complex of factory buildings). For more information about scope, please see Fair Trade USA’s Requirements for Certificate Scope Under the Factory Standard for Apparel and Home Goods or Requirements for Certificate Scope in the Rug Industry under the Factory Standard for Apparel and Home Goods.

7. Fair Trade USA Certificates

7.1. Issuance of Certificates

7.1.1. Fair Trade USA takes sole responsibility for decisions related to the granting, maintaining, extending, limiting, suspending, and withdrawing of certification status.

7.1.2. Upon successful certification, Fair Trade USA will issue a certificate of eligibility which includes the unique Fair Trade USA identification number. This Fair Trade USA ID number should be included on trading documentation (e.g. invoices, purchase orders, etc.) for all Fair Trade USA transactions with Fair Trade USA registered brand partners/buyers.
7.1.3. The Fair Trade USA Certificate identifies the name and address(es) of the entity whose processes are the subject of certification and the scope of certification granted, including:
   a) The standard to which the operation is certified; and
   b) The effective and expiration dates of the certification status.

7.1.4. Certificates are valid for a period of three years from the date of the certification decision.

7.1.5. Certificate Holders may share or display their Certificate as evidence of certification.

7.1.6. Should Fair Trade USA withdraw certification status, as described under Section 5.8.5, the Fair Trade USA Certificate is rendered null and void.

7.1.7. Only certified or licensed partners of Fair Trade USA may use the Fair Trade Certified™ seal on approved finished products. They must follow the Fair Trade USA Seal & Language Use Guide.

8. Ongoing Surveillance

8.1. Surveillance Audits

8.1.1. Annual surveillance audits are conducted in the years between certification audits (Years 1, 2, 4, 5, etc.) to assess ongoing compliance with the applicable compliance criteria, along with full implementation of CAPs developed as a result of NCs issued from previous audits.

8.1.2. The target timeframe for conducting surveillance audits is 12 months from the date of the last surveillance or certification audit. In some cases, the target timeframe for a surveillance audit may fall outside of this window (earlier or later). In all cases, there will be a final date identified by Fair Trade USA by which the surveillance audit must occur. Surveillance audits are semi-announced unless otherwise advised by Fair Trade USA.

8.1.3. Surveillance audits follow the auditing, reporting, and review process described in Sections 5.6, 5.7, and 5.8.

8.1.4. All NCs identified during surveillance audits must be closed according to timelines agreed upon during the CAP process in order to maintain certification. For more details on the CAP process, refer to Section 5.9.

8.2. Follow-up Audits

8.2.1. In certain instances, Fair Trade USA may decide to have the CAB conduct follow-up audits outside of the regular cycle of certification, surveillance, and recertification audits.

8.2.2. Follow-up audits may occur any time a non-compliance with criterion TR-BR 1.3 is identified in an audit.

8.2.3. Follow-up audits occur for reasons that include, but are not limited to:
   a) Confirmation of the implementation and efficacy of CAPs;
   b) Changes to operations that impact the certification scope;
   c) Response to allegations of non-compliance; and

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1 TR-BR 1.3 Definition: Management is transparent with Fair Trade USA and its auditors.
8.2.4. The auditor may expand the scope of the follow-up audit to include additional compliance criteria as deemed necessary based on findings onsite.

8.2.5. NCs resulting from follow-up audits will be added to the current CAP (see Section 5.9) and communicated via audit letter.

8.2.6. Follow-up audits may be announced, semi-announced, or unannounced.

8.3. Investigation Audits

8.3.1. As a result of allegations or unverified findings in a previous audit report, an investigation audit may be conducted onsite.

8.3.2. Investigation audits may occur at any time.

8.3.3. Investigation audits are unannounced.

8.3.4. Investigation audits, as other audits, must be facilitated by factories at all times.

8.3.5. After Fair Trade USA receives the audit report, Fair Trade USA will schedule a call with the Applicant or Certificate Holder to discuss the investigation process as well as any resulting findings.

8.3.6. Findings from investigation audits will be added to the Applicant or Certificate Holder’s current CAP (see Section 5.9) and communicated via audit letter.

9. Changes Affecting Certification

9.1. Changes to Normative Documents

9.1.1. Fair Trade USA makes relevant resources available to Certificate Holders, in accordance with Fair Trade USA procedures, including:

   a) Fair Trade USA normative documents, including standards, compliance criteria interpretations, policies, and procedures.

   b) Fair Trade USA non-normative documents including publications, forms, templates, and guidance documents.

   c) Official communications and Certificate Holder notifications.

9.1.2. In the event of changes to any normative document, guidance document, or Certificate Holder-facing form or template, Fair Trade USA ensures that partners and individuals involved in or affected by the assurance system are promptly notified of the changes and provided with the new or updated materials.

9.2. Changes in Certification Requirements

9.2.1. Fair Trade USA maintains defined protocols for implementation of changes in certification requirements, including timelines by which changes come into effect.

9.2.2. Fair Trade USA ensures that Certificate Holders and individuals involved in or affected by the assurance system are promptly notified of changes in requirements.

9.2.3. Fair Trade USA ensures that CABs have all the necessary, up-to-date documents to ensure professional auditing and CAP review procedures.
9.2.4. In the event of new or revised Fair Trade USA certification requirements, CABs and Fair Trade USA are responsible for conducting evaluation and certification work according to any transition policies applicable during the transition period, as defined by Fair Trade USA.

9.2.5. The CAB verifies the implementation of the changes through the normal audit process, or otherwise, if necessary.

### 9.3. Changes Affecting Scope

9.3.1. According to Fair Trade USA's Changes to Certificate Scope Procedure, Fair Trade USA requires that Certificate Holders report any changes in operations that impact the certification scope (e.g. facility move, addition of building(s), production in a new building, significant construction on site, significant change in workforce, etc.). Changes must be communicated to Fair Trade USA Certification via email (factorycertification@fairtradeusa.org).

9.3.2. In the case that such a change in operations is reported to Fair Trade USA, or in response to an application for an amendment to the scope of a certificate already granted, Fair Trade USA reviews the reported change or request for amendment to determine whether an additional onsite audit is required, and if the current certification remains valid.

9.3.3. If an Applicant or Certificate Holder moves production to a different site, the change in scope may lead to decertification of the current site.

9.3.4. The Certificate Holder must report any changes in ownership or management to Fair Trade USA, who will then determine if the consequences of the change require an audit outside of the typical audit cycle.

9.3.5. Unless a new certificate is needed due to a facility move, the audit and certification cycle will be based on the Certificate Holder's current standing within the Fair Trade USA system, e.g. if the Certificate Holder is at Year 2, they are expected to be audited against Year 3 criteria.

### 10. Certification Suspension and Decertification

#### 10.1. Suspension

10.1.1. Fair Trade USA has the right to suspend certificates.

10.1.2. A Certificate may be suspended at any time, generally for a maximum period of 6 months, due to circumstances including, but not limited to, the following:

   a) Failure to address Major NCs within six months of the date of the audit letter and final CAP.

   b) Failure to fully address NCs through CAPs within the timeframe agreed upon during the surveillance audit cycle.

   c) Identification of NCs during an audit, depending on the nature of the NCs and/or the Certificate Holder's response to the NCs through the CAP process. Examples include, but are not limited to, requirements related to the Core Conventions of the International Labour Organization (ILO), corruption or fraud, lack of transparency, or any NC listed on Fair Trade USA's list of zero tolerance issues.

   d) Failure to implement CAPs from a previous audit (also referred to as repeated non-compliances).

   e) Allegation by a third party (e.g., a worker, worker organization, union, etc.) of NC with one or more compliance criteria (including any NC which was not identified during an audit), which is substantiated through an investigation process.
f) NCs identified during an audit against compliance criteria to which the Certificate Holder had previously been found in compliance which indicate falsification of evidence.

g) Failure on the part of the Certificate Holder to facilitate an audit, or obstruction of the audit process by the Certificate Holder or the Certificate Holder’s representatives.

h) Failure to schedule a required surveillance, follow-up, or certification audit within the timeframe specified by Fair Trade USA. The timeframe is specific to each type of audit and is specified by Fair Trade USA in the scheduling communications.

i) Failure to meet contractual obligations (e.g. non-payment of audit fees, non-reporting of Fair Trade USA transactions).

10.1.3. If a Certificate is due to expire during the time of the suspension, the Certificate will be extended in line with the duration of the suspension period, usually 6 months, or at the discretion of Fair Trade USA.

10.1.4. Conditions for reinstatement of certification will typically be provided in the suspension letter to allow the Certificate Holder recourse and an opportunity to respond to the issues identified.

10.1.5. Fair Trade USA may require a follow-up audit to confirm the implementation and effectiveness of CAPs, after which certification may be reinstated if all NCs are closed.

10.1.6. The follow-up audit should take place during the peak production period, where timing permits, and ideally within two months of the date of the suspension notice and no more than four months after the date of the suspension notice. In rare instances, time periods of suspension may be extended by Fair Trade USA if necessary to accommodate the audit process.

10.1.7. Reinstatement of certification is typically not provided in the following situations:

a) An intentional NC is observed (for example, during certain times of the year the Applicant or Certificate Holder disables the automatic sprinkler system);

b) Falsified or misleading information is presented to auditors or to other compliance assessment personnel; or

c) An auditor is treated in a hostile manner.

10.1.8. Fair Trade USA updates records and publicly available lists of Certificate Holders to ensure they reflect current status of certification.

10.1.9. If a decision to reduce the scope of certification is made as a condition of reinstatement of Certification, the reduced scope of certification is clearly communicated to the Certificate Holder and specified in certification documentation and public information.

10.1.10. Suspended parties are permitted to produce and trade Fair Trade Certified products under the following conditions:

a) All existing Fair Trade USA contracts, created prior to the suspension date, should be fulfilled as stipulated in the contract.

b) Any new Fair Trade USA contracts, created during the suspension period, are only permitted with other Fair Trade USA operators with whom the suspended parties have an ‘existing relationship’. An ‘existing relationship’ is defined as any Fair Trade USA operator with whom the suspended parties did Fair Trade USA business in the twelve months prior to the suspension date.

10.1.11. Certificate Holders shall not enter in new trading relationships for Fair Trade Certified products while suspended.
10.2. Decertification

10.2.1. Fair Trade USA has the right to withdraw certificates, and in so doing decertify the factory, at any time, regardless of audit timelines.

10.2.2. Certificate Holders may opt to voluntarily withdraw from certification at any point in the certification cycle. Voluntary withdrawals result in decertification.

10.2.3. A lack of responsiveness by the Certificate Holder to repeat communications related to scheduling audits or closing NCs will also be considered a voluntary withdrawal from the program. Lack of responsiveness is typically concluded after three unanswered communications requiring response by Fair Trade USA, over a two month period. At minimum, the last communication will include a decertification warning and timeframe for response.

10.2.4. A Certificate Holder may be decertified in situations where:

a) An NC is found onsite at any time against one or more Major criteria, depending on the nature of the NC(s) and the CAP(s) submitted. Examples include, but are not limited to, requirements related to the Core Conventions of the International Labour Organization (ILO), corruption or fraud, lack of transparency, or any NC listed on Fair Trade USA’s list of zero tolerance issues.

b) The outstanding issues leading to a suspension have not been addressed in a satisfactory manner within the specified time period.

10.2.5. When a suspension process has not resulted in the reinstatement of the certification, decertification is the final step to render the Fair Trade USA Certificate null and void.

10.2.6. Decertification notifications, including conditions of decertification, are sent to the Certificate Holder by Fair Trade USA, in the form of an email with an attached letter.

10.2.7. Fair Trade USA updates all records and public lists of Certificate Holders to reflect the decertified status.

10.2.8. Decertified parties are not eligible to enter into new Fair Trade USA contracts. Furthermore, contracts that have not been fulfilled (i.e. not shipped) cannot be traded or classified as Fair Trade USA contracts. The Exception Policy for Purchase of Products under Factory Suspension & Decertification outlines the process and eligibility requirements for completion of in-process purchase orders with recently decertified factories.

10.2.9. A decertified party may voluntarily elect to reapply to Fair Trade USA and begin the certification process anew. Re-application can only take place six months after the date of decertification.

11. Exceptions

11.1. In some rare cases, Fair Trade USA may make an exception to any specific compliance criterion or process outlined in this document.

11.2. Exceptions are only granted under legitimate and exceptional circumstances, determined by Fair Trade USA.

11.3. Exceptions decisions and supporting circumstances are documented by Fair Trade USA for internal records.

11.4. Exceptions decisions are communicated to the Applicant or Certificate Holder by Fair Trade USA.

11.5. The full details of the exceptions process and restrictions are provided in Fair Trade USA’s Exceptions Policy.
12. Record-Keeping

12.1. Fair Trade USA and CABs must retain records to demonstrate that all evaluation and certification process requirements have been effectively fulfilled.

12.2. Complete records are kept confidential.

12.3. External versions of some records (e.g. audit reports), are created by Fair Trade USA after review and are edited to exclude confidential information. External versions of records are indicated as such and are made available to appropriate parties, as indicated in the Fair Trade USA contract.

12.4. The following electronic records are kept for at least seven years by the CAB and/or Fair Trade USA:

   a) Compliance assessment personnel (staff and auditors) records including contracts, CVs, qualifications, confidentiality agreements, training records, declarations of potential conflicts of interest, and performance reviews;
   b) Certification applications;
   c) Assessment service agreements;
   d) Audit reports and associated records;
   e) Records of certification decisions and notification of such decisions; and
   f) Certification complaints, appeals or disputes, including records of review and follow-up on such complaints, appeals, or disputes.

13. Oversight of Conformity Assessment Bodies

13.1. CAB Oversight Under the Factory Program

13.1.1. Fair Trade USA ensures that the competence and consistent performance of CABs is periodically reviewed.

13.1.2. Fair Trade USA independently conducts oversight of the compliance assessment and CAP review process implemented by the approved CABs on an annual basis.

13.1.3. Fair Trade USA confirms that any eligibility criteria for CABs have been fulfilled by requesting a copy of relevant, current accreditations and attendance at all required trainings.

13.1.4. To assess CAB performance throughout the year:

   a) Fair Trade USA is copied on all communications from the CAB to the Applicant or Certificate Holder about audits or CAPs.
   b) Fair Trade USA observes a sampling of audits.

13.1.5. When conducting performance review of the CAB, additional supporting documentation shall be provided to Fair Trade USA upon request to facilitate any analysis of compliance assessment and/or certification decisions. These types of documents could include, but are not limited to:

   a) Confidential audit notes;
   b) Interview forms; and
   c) CAP forms and submitted evidence.

13.1.6. Fair Trade USA will observe audits, selected at their sole discretion, to review the compliance assessment process onsite and methodologies employed by the auditor.
13.1.7. Where evidence of poor audit performance warrants further review, Fair Trade USA confirms whether assurance personnel competency requirements have been fulfilled by requesting related documentation from the CAB.

13.1.8. Feedback, including but not limited to complaints, received by Fair Trade USA from their field staff or from Certificate Holders directly is anonymized where feasible and shared to facilitate continuous improvement.

13.2. Oversight of Audit and CAP Process Requirements

13.2.1. Fair Trade USA annually reviews the extent to which the required processes related to engaging with Applicants or Certificate Holders, executing audits, and reviewing CAPs has been followed by CABs.

13.2.2. This annual review is supported by the collection of data by Fair Trade USA on the execution and adherence to requirements of each stage in the certification process. During the annual review period, the data is sampled to assess each CAB’s level of compliance with the requirements for a particular stage in the audit process. The requirements reviewed for each stage, and the sampling intensity, is listed below.

13.2.3. Results from the annual assessment of each CAB’s compliance with the requirements below, will be given to each CAB as a component of their annual oversight report.

13.2.4. The table below lays out the required steps in the audit process, corresponding requirements and the percentage of audits that will be sampled for a review of compliance with the listed requirements. A narrative description of the audit process can be found in Section 5.1 and 5.7 of this manual.

13.2.5. Data on CAB performance regarding each listed requirement is collected either throughout the year at the time of the audit activity, or is reviewed during the oversight period for a sample of audits conducted in the previous 12 months. For each CAB, a sample of 20% of audits will be selected. The sample will include all audits conducted of operations with complex business structures, with the remainder of the sample evenly divided between audits of mixed size. The sample always includes all audits for which a witness audit was conducted. The column describing sampling intensity below notes whether compliance with the particular requirement will be reviewed through data collected on an ongoing basis for every audit, or will be reviewed in the audit sample.
<table>
<thead>
<tr>
<th>Audit Process Step</th>
<th>Requirement</th>
<th>Sampling Intensity (% of audits sampled for compliance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Planning</td>
<td>Audit schedules must be agreed upon at least two weeks in advance of the audit start date.</td>
<td>Audit sample</td>
</tr>
<tr>
<td>Sampling</td>
<td>Sites and interviews must be selected in accordance with the sampling methodology.</td>
<td>Audit sample</td>
</tr>
<tr>
<td>Documentation/ Reporting</td>
<td>Audit documents are sent to Fair Trade USA within 14 days of the audit closing meeting.</td>
<td>100% of audits</td>
</tr>
<tr>
<td></td>
<td>Reports submitted are complete and accurate, and all relevant supplemental documents are submitted as well.</td>
<td>100% of audits</td>
</tr>
<tr>
<td>CAP Communications</td>
<td>CAP communications are within timelines outlined in Fair Trade USA’s CAP Guidelines for CABs.</td>
<td>Audit sample</td>
</tr>
<tr>
<td>CAP Status Updates</td>
<td>CABs inform Fair Trade USA of all NC Status Changes within the timelines outlined in Fair Trade USA’s CAP Guidelines for CABs.</td>
<td>Audit sample</td>
</tr>
</tbody>
</table>

Table 5
Annex 1: List of documents/records to be made available to auditors

Examples of documents Applicants or Certificate Holders, as applicable to their operations, should be prepared to provide for the audit team to review during an audit include but are not limited to:

Factory Profile:
1. Company Profile
2. Business Registration License
3. Tax Registration
4. Organization chart
5. Land use/construction permit
6. List of Machineries
7. Company vehicle list
8. Production process flow chart
9. List of subcontractors, if any
10. Dormitory details
11. List of Fire equipment
12. Any certificate by any other independent organization like SA8000, ISO, etc.
13. Building approval plan (architectural & structural) from concern Govt. authority; Approved building construction lay out from engineering authority, if applicable
14. Building layout approval from fire service & Fire Occupancy Certificate
15. Employee name list
16. On-floor production records (cutting, stitching, quality, broken needle record etc.)

Recruitment / Hiring & Termination:
1. Recruitment policies and procedures & Age verification process
2. Child Labor Remediation Procedure
3. Security Service Contract
4. Training Records other than Health & Safety
5. Work permits (internal /external)
6. Employment Contracts
7. Job announcement/description, job application form, if applicable
8. Labor broker contract & dispatching worker personal records/contract
9. Apprenticeship program (if applicable)
10. Immigrant workers (working permit /visa, passport, contract, personal records)
11. Adolescent workers (registration/approval letter from local labor bureau, health checking record)
12. Termination policy and procedure, training records
13. Employee resign records

**Working Hours:**
1. Time in/out records (Working hour & overtime hour records)
2. Production records (Cutting, stitching, quality etc.)
3. Overtime waiver if any
4. Comprehensive working hours permit if applicable
5. Working hours policy including voluntary overtime policy
6. Overtime approval process/procedure and OT request records, if applicable

**Wages & Benefits:**
1. Minimum wage Notification
2. Payroll (Wage records)
3. Full & Final Settlement
4. Leave records
5. Bonus records
6. EOBI (Employees Old Age Benefit) records
7. Social security records & commercial insurance records
8. Receipts showing tax payments / social security remittances to appropriate public agencies
9. Evidence of granting maternity/paternity leave and subsequent return to work
10. Piece rate wages sheet, if applicable
11. Annual leave and any paid leave payment record
12. Bank transferring records (for wages if applicable)

**Human Resources & Trade Union:**
1. Records from disciplinary procedures
2. Meeting notes from any type of worker/management committee
3. Trade union records
4. Grievance register / Grievance mechanism (procedure, intake channel, investigation/ solution/ feedback records
5. Org Chart of Trade union, worker/management committee
6. Written policies regarding anti-harassment, physical/sexual/emotional abuse and non-discrimination, no forced labor
7. Freedom of association procedure

**Health & Safety:**

1. Building plan approval / Permit
2. Fire NOC
3. Genset installation approval
4. Building Stability Certificate
5. Appointment of Labor Welfare / Safety Officer
6. Drinking Water Potability test
7. Boiler License
8. Lift License / Inspection certificate
10. Noise and Illumination level test Certificate
11. Sanitation Certificate
12. Health Certificate for Workers
13. Doctor / Nurse Appointment Letter
14. First Aid Training Certificate
15. Fire Fighting Training Certificate
16. Fire Mock drill training records
17. Industrial accident records
18. Pollution Control board – Consent order
19. Waste disposal records / Procedures
20. Personal Protective Equipment (PPE) training records
21. Chemical safety training records
22. List of chemicals used (Hazardous / Non-hazardous)
23. Material Safety Data Sheets (MSDS) records
24. Maintenance records of eye wash station
25. Machines maintenance/service records
26. Lock Out/Tag Out survey report, LOTO training records
27. Water Extraction Permit, if applicable
28. Permit for onsite waste disposal
29. License issued by government authority to hazardous waste collector
30. Contract agreement with licensed contractor for hazardous waste collection
31. Hazardous Waste Transfer Contract/ License of Hazardous Waste Handler/License of Hazardous Waste Transporter/Hazardous Waste Manifest, if applicable
32. Waste inventory and tracking records
33. Wastewater monitoring records
34. Flow Chart (indicating all key processes)
35. Drainage layout
36. Waste treatment equipment’s maintenance records
37. Wastewater Treatment Plant operator certificate, if applicable
38. Approval of waste treatment system i.e. IEE (Initial Environmental Examination) / EIA (Environmental Impact Assessment)
39. Environmental Impact Assessment Reports and Approval / Environmental Protection Acceptance Report / Pollutant Discharge Permit if applicable
40. Air emissions control equipment’s maintenance records
41. Ozone Depleting Substances (ODS) inventory and maintenance records
42. Fuel consumption record for factory’s transportation
43. Green House Gases (GHG) emissions inventory
44. Emergency response plan including relevant training and drills records
45. Risk Assessment (procedure & records)
46. Banned Chemicals List, if any
47. Vehicle operator licenses for any/all types of motorized vehicles
48. Meeting notes from recent health and safety committee
49. Air receiver is fit to operate certificate
50. Steam receiver is fit to operate certificate
51. Food test reports
52. Accident records / accident analysis records
53. Electrical safety test report
54. Thermographic survey report
55. VOC test reports / Air emission monitoring report if applicable
56. Cooling tower water reports / legionella reports
57. Inspection reports (fire hydrant system, sprinkler, detection system, extinguisher, firefighting equipment, emergency lamps)
58. PPE suitability assessment, PPE selection criteria, PPE list, PPE inspection records
59. Confined space list, confined space entry procedure
60. PCB survey, PCB training records PCB
61. Asbestos survey, training records
62. Food supplier’s medical reports
63. PHI report for the canteen
64. Canteen License
65. Hot Work operation procedure
66. Compressed gas cylinder operation procedure
67. Work permits for special & dangerous operations – forklift driver, lift operator, Electrician and Welder, boiler operator

Management Systems:
1. Fair Trade USA Policies and Procedures (including goal/strategy/performance, responsible persons (roles & responsibility, FTC team org chart)
2. Factory rules and regulations / Employee handbook
3. EHS policy & procedure
4. Communication and training records for employees, suppliers, subcontractors
5. Internal audit records and improvement plan

Fair Trade USA/Fair Trade Committee:
1. Meeting notes from the past three years for Fair Trade Committee meetings
2. Needs Assessments and Premium plans from the past three years
3. Fair Trade USA product and/ or Premium invoices
4. Premium bank account records showing receipts, transfers, payments, etc.
5. Invoices from Premium projects
6. Voting records from past three years of Fair Trade Committee elections
7. Evidence of General Assembly for the past 12 months.