Apparel and Home Goods Program Assurance Manual
Version 2.0.0

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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 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*.

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

3.2.1. The *Conformity Assessment Body Manual* (CAB Manual) for the Factory Program describes general eligibility requirements for CABs and competency requirements for assurance personnel.

4. **Assurance Model Under the Factory Program**

4.1. **Structure and Decision-Making**

4.1.1. Fair Trade USA reviews factory scoping forms, 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.

4.2. Exceptions

4.2.1. Requests for exceptions to the assurance model, certification system, and standard requirements under the Factory Program are considered and granted in accordance with the process described in the Fair Trade USA Policy on Exceptions.

4.2.2. The Factory Program will consider exceptions of all types listed in section four (4) of the Exceptions Policy.

4.2.3. As the scheme owner, Fair Trade USA reserves the right to apply exceptions to the assurance process in response to extraordinary circumstances such as in response to a country crisis or global emergency.

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 diagram to the right provides a visualization of this process. The certification process consists of:

   a) Submission and review of the scoping form by the factory to Fair Trade USA (Section 5.3);

   b) Introduction of the factory to the CAB by Fair Trade USA for audit coordination and agreement on service fees (Section 5.4);

   c) Completion of an onsite audit (Section 5.6);

   d) Preparation of an audit report by the CAB, detailing non-compliances (NCs) against the relevant Factory Standard requirements (Section 5.7.1);

   e) Review of audit report and issuance of a certification decision by Fair Trade USA (Section 5.7.2 and 5.8);

   f) Submission of a CAP by the factory to address the NCs identified during the audit (Section 5.9);

   g) Certification decision based on the evidence presented in the CAP, if applicable (Section 5.8.2);

   h) Issuance of a certificate, if awarded, attesting compliance against the Factory Standard (Section 6); and,

   i) Commitment from the Certificate Holder to ongoing CAP remediation and surveillance audits to ensure continued compliance with relevant compliance criteria in the Factory Standard (Sections 5.9.4).

5.1.2. The certification process is implemented through Rizepoint for completing a scoping form, scheduling audits, assigning auditors, conducting audits and sharing the audit letters and certificates. Corrective actions are managed through the Fair Trade USA Partner Portal, the online site that hosts the CAP.
5.2. Certification Cycle

5.2.1. The certification process is based on a three year certification cycle, depicted in the diagram to the right.

5.2.2. An initial certification status is issued after the audit Year 0, with subsequent certification statuses 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 and a half year certificate if the applicant or Certificate Holder achieves 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 for Certification

5.3.1. All parties interested in Fair Trade USA certification must fully and accurately complete a Fair Trade USA scoping 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 scoping form before each surveillance and certification audit.

5.3.3. Applicants and Certificate Holders receive the scoping form from Fair Trade USA Certification.

5.3.4. A complete scoping form is necessary to confirm correct audit scope and determine audit length.

5.3.5. Once a scoping form is submitted by an applicant or Certificate Holder, 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; and,

   b) The applicant is eligible to receive services from at least one CAB.

5.3.6. To complete preparation of audit logistics and confirmation of scoping, Fair Trade USA and/or the CAB communicates directly with the applicant or Certificate Holder who is responsible to respond actively and timely.

5.3.7. Any differences in understanding of scope between Fair Trade USA, the CAB, and the applicant or Certificate Holder must be resolved prior to scheduling the audit.

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 scoping form is submitted and accepted by Fair Trade USA. This is used for Fair Trade USA recordkeeping.
5.4.2. For subsequent audits, 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 is not altered by follow-up audits, which may be scheduled at any time.

5.4.3. Fair Trade USA assigns the CAB for all audit types. The CAB then initiates the assessment process starting with scheduling. The CAB uses the scoping form to determine audit length and schedule the onsite audit. Applicants or Certificate Holders work with the CAB to ensure the audit schedule is clear.

5.4.4. The audit length is standardized and determined by Fair Trade USA. The CAB follows the standardized audit timelines (Table 1 and 2) when scheduling and conducting audits (see Section 5.6.1).

5.4.5. After the scope and logistics are clear, the CAB provides the applicant or Certificate Holder with:

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

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

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

5.4.6. The applicant or Certificate Holder must review and approve in writing 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 CAB’s cost and schedule communication.

5.4.7. The applicant or Certificate Holder must pay the audit invoice to the CAB within 10 business days of invoice receipt, unless agreed otherwise by Fair Trade USA. The payment of the audit invoice and successfully completing the audit, do no not guarantee or indicate that a certificate will be issued.

5.4.8. Each CAB has the right to determine its own detailed fee structure and payment schedule that may vary, this can be explained to its clients when providing an audit quote. Factories can ask for a detailed breakdown of audit cost.

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

5.4.10. For the following certification and surveillance audits (Year 1, 2, 3, etc.), the schedule is semi-announced with a one month window. The window is determined based on the year 0 certification audit month, or as otherwise required by Fair Trade USA.

5.4.11. Certificate Holders may state dates of unavailability during the designated one month window to ensure the auditors avoid closed days. These may include normal weekly closed days, holidays, or other days of factory closures. These dates of unavailability are reviewed and approved by Fair Trade USA in the scoping form.

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, for example, scheduled power outage, etc. These changes must be sent via email as they arise.

5.4.13. In the event the factory omits to inform the CAB 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. The request for an audit delay must be made no fewer than 15 days before the audit window and preferably during the review of the scoping form, unless there is an exceptional scenario such as force majeure. 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). A delay is granted only after written approval from Fair Trade USA Certification. During the process of reviewing the delay request, the Certificate Holder is required to maintain prompt communication.

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

5.4.16. Applicants and Certificate Holders must promptly facilitate all audits, including the audit scheduling and payment process.

5.5. Compliance Criteria

5.5.1. Applicable Compliance Criteria

5.5.1.1. The Factory Standard is organized into five sections. Each section is split into sub-sections by theme. Within each sub-section, there are multiple principle-based standards, each of which has one or more associated requirements specified in compliance criteria.

5.5.1.2. 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 compliance criteria as Year 1.

5.5.1.3. The criteria are cumulative, which means that at every applicable year, the previous years’ criteria also apply, creating a journey of continuous improvement, while monitoring 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 subsequent audit.

5.5.1.4. Initial certification, annual surveillance, and recertification audits are always full scope, meaning all applicable criteria from the Factory Standard will be audited. Follow-up audits may be full or partial scope as per the need identified by Fair Trade USA Certification.

5.5.2. Types of Compliance Criteria

5.5.2.1. The Factory Standard has two types of criteria: Major and minor. Criteria type defines the requirements that the applicant or Certificate Holder must commit to meet within a certain timeline and are therefore binding.

5.5.2.2. Compliance criteria identified as Major in the Factory Standard represent core Fair Trade USA values and principles.

5.5.2.3. Compliance criteria identified as minor in the Factory Standard represent all other requirements that enable the Standard to meet its objectives.

5.5.3. Transparency

5.5.3.1. The Transparency Statement 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. For Certificate Holders, the Factory Standard requires that Premium administration and use is transparent under EM-PTA 8.1.

5.5.3.3. Any applicant or Certificate Holder for whom a non-compliance is issued against TR-BR 1.3 or EM-PTA 8.1 will be required to agree to a commitment of transparency and to demonstrate transparency in the CAP process and prior to certification being (re-)awarded.
5.5.3.4. Fair Trade USA reserves the right to require a call or follow-up audit to discuss and verify compliance with TR-BR 1.3, EM-PTA 8.1 or transparency concerns.

5.6. Audit

5.6.1. Audit Duration

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

5.6.1.2. Onsite audit duration is determined by Fair Trade USA based upon the size and scope of the operations at a factory.

5.6.1.3. The audit duration is calculated to account for sufficient time for meetings, document review, field observations, interviews, and preparation of findings. The exact amount of time required for interviews and site visits may be adjusted according to factors such as the distance between sites, reviewing sites with worker housing, or the context of the audit (e.g., high risk situations).

5.6.1.4. The audit duration may be adjusted by Fair Trade USA as needed. The CAB may request additional time to the audit length but this must be pre-approved by Fair Trade USA.

5.6.1.5. The baseline minimum amount of time required for a certification or surveillance audit of an apparel or soft-goods factory is 2 person-days. This baseline applies to simple, single-site operations with a low number of workers (fewer than 100).

5.6.1.6. Audit duration for apparel and soft-goods factory is determined based on Table 1.

<table>
<thead>
<tr>
<th># of Workers in Scope</th>
<th>Single Site</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 days</td>
<td>2.5 days</td>
<td>3 days</td>
</tr>
<tr>
<td>101-500</td>
<td>3 days</td>
<td>3.5 days</td>
<td>4 days</td>
</tr>
<tr>
<td>501-1,000</td>
<td>4 days</td>
<td>5 days</td>
<td>5 days</td>
</tr>
<tr>
<td>1,001+</td>
<td>4 days</td>
<td>5 days</td>
<td>5.5 days</td>
</tr>
</tbody>
</table>

Table 1

5.6.1.7. The baseline minimum amount of time required for a certification or surveillance audit of a furniture or hard-goods factory is 3 person-days. This baseline applies to simple, single-site operations with a low number of workers (fewer than 100).

5.6.1.8. Audit duration for furniture or hard-goods factory is determined based on Table 2.

<table>
<thead>
<tr>
<th># of Workers in Scope</th>
<th>Single Site</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>3 days</td>
<td>3.5 days</td>
<td>4 days</td>
</tr>
<tr>
<td>101-500</td>
<td>4 days</td>
<td>4.5 days</td>
<td>5 days</td>
</tr>
</tbody>
</table>
5.6.1.9. The baseline audit length accounts for two auditors assigned for one day. In exceptional cases one auditor may be assigned for two days.

5.6.1.10. 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.

5.6.1.11. 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.

5.6.2. Assessment of Multiple Entities

5.6.2.1. 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, see the policy Fair Trade USA’s Requirements for Certificate Scope Under the Factory Standard for Apparel and Home Goods.

5.6.2.2. A Fair Trade USA certificate identifies the site(s) which have been audited and approved for Fair Trade Certified™ production. The first name and address on the certificate states the Certificate Holder.

5.6.2.3. When there are multiple sites in scope of one audit and one Certificate, 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.

5.6.2.4. Compliance must be achieved at all sites in scope of the certificate ahead of awarding (re-)certification.

5.6.3. Audit Assessment Methods

5.6.3.1. CABs conduct audits following ISO 19011 auditing methodologies.

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

5.6.3.3. A list of documents applicants or Certificate Holders should be prepared to provide for the audit team to review during an audit is provided in the Guidance on Recommended Audit Documents.

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

5.6.3.5. Interviews shall be conducted with a variety of employees and relevant individuals as identified by the audit team.

5.6.3.6. The audit begins with an opening meeting. The auditor then inspects 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 convenes a closing meeting to provide a general explanation of the initial audit findings and address any questions.

Table 2

<table>
<thead>
<tr>
<th>501-1,000</th>
<th>5 days</th>
<th>6 days</th>
<th>6 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,001+</td>
<td>5 days</td>
<td>6 days</td>
<td>6.5 days</td>
</tr>
</tbody>
</table>

5.6.1.9. The baseline audit length accounts for two auditors assigned for one day. In exceptional cases one auditor may be assigned for two days.

5.6.1.10. 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.

5.6.1.11. 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.

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5.6.3.5. Interviews shall be conducted with a variety of employees and relevant individuals as identified by the audit team.

5.6.3.6. The audit begins with an opening meeting. The auditor then inspects 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 convenes a closing meeting to provide a general explanation of the initial audit findings and address any questions.
5.6.3.7. At the end of each audit day that is not the final day, it is a best practice for auditors to summarize verbally or in writing the initial findings found. Auditors are required to communicate the schedule for the following days, especially if there is a change in the plan.

5.6.3.8. 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.

5.6.4. **Sampling Requirements**

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

5.6.4.2. 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 to be out of scope by Fair Trade USA, must be available for auditors to visit during the audit. Buildings that are out of scope will not be audited but may be visited by the auditor to verify the accuracy of the audit scope.

5.6.4.3. The worker and management interview sample size is calculated according to the total workforce, including management, permanent workers, contract workers, and temporary workers, as outlined in the CAB Manual.

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

5.6.4.5. 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.

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

5.6.5. **Determining Non-Compliance**

5.6.5.1. The evidence collected using the aforementioned assessment process and collection methods enable the auditor to determine compliance with each criterion.

5.6.5.2. A non-compliance is identified where audit findings indicate that an applicant or Certificate Holder does not meet a requirement related to the applicable compliance criterion.

5.6.5.3. When and where possible, auditors share findings with the applicant or Certificate Holder’s audit team as they are identified by the auditor during an audit.

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

5.6.6. **Opening & Closing Meetings**

5.6.6.1. At the beginning of every audit, the auditors hold an opening meeting with the applicant or Certificate Holder’s audit team (as outlined in 5.6.6.3). The opening meeting addresses, at a minimum:

   a) Audit scope;
b) Audit methodology;
c) Audit plan, (e.g., general schedule, 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. 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 and agreement or disagreement of the findings;
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. Required attendees at both the opening and closing meeting include team members from senior management, the Fair Trade Officer, at least one worker FTC member, and Compliance Personnel. Relevant team members should also be present from Human Resources, Health & Safety, and the Finance Department. The union representatives and any workers council may be allowed to attend.

5.6.6.4. 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. 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. CAB Report Preparation

5.7.1.1. Following the audit, the Lead Auditor is responsible for preparing a timely, complete, and accurate audit report detailing the findings, any NCs identified and completing the data collection sections.

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

5.7.2. Fair Trade USA Report Review

5.7.2.1. All audit reports and supplemental documents are quality reviewed by Fair Trade USA Certification personnel to confirm the adequate collection of compliance evidence and relevant data to make a certification decision.
5.7.2.2. Information clarified during the CAB or Fair Trade USA report review that confirms a change in a compliance status (NC, NA, C) from what was reported in the initial CAP will be edited and finalized in the final audit report. It will be indicated within the report and CAP as edited during the report review.

5.7.2.3. Once the report information is clear and finalized, Fair Trade USA accepts the report and uses the audit report findings to determine and issue the certification decision, certification status, final CAP, and required next steps, as written in the audit letter.

5.7.2.4. Fair Trade USA uses the report review results to analyzes CAB performance according to the Oversight Program.

5.8. Certification Decision

5.8.1. Determining Certification Status

5.8.1.1. An audit result determines the certification decision which is made for every audit, including initial, surveillance, follow-up, and investigation audits.

5.8.1.2. Certification decisions inform the certification status: certified, suspended, or decertified.

5.8.1.3. Certification decisions are issued by qualified Fair Trade USA personnel within the Certification department, in alignment with Fair Trade USA’s certification work instructions and this manual.

5.8.1.4. Certification decisions and any applicable next steps are communicated within an audit letter to the applicant or Certificate Holder by Fair Trade USA within 14 calendar days from receiving the audit report from the CAB, or 30 calendar days from the date of the audit closing meeting.

5.8.1.5. Certification decisions are recorded by Fair Trade USA and communicated to licensees (e.g., brands, buyers, etc.) that trade Fair Trade Certified product with the factory.

5.8.1.6. The certification decision terminology includes:

<table>
<thead>
<tr>
<th>Terminology</th>
<th>Applicability</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified</td>
<td>All years</td>
<td>An audit result with no NCs.</td>
</tr>
<tr>
<td>Not Certified</td>
<td>Year 0</td>
<td>An applicant whose initial audit results in one or more Major NC or the stipulations in 5.8.1.8 which must be sufficiently addressed on the CAP before initial certification.</td>
</tr>
<tr>
<td>Certified with Conditions</td>
<td>Year 1+</td>
<td>Issued initially to a Certificate Holder when an audit results in Major NCs and/or the stipulations in 5.8.1.8 which must be sufficiently addressed in the CAP before re-certification.</td>
</tr>
<tr>
<td>Certified with Corrective Actions</td>
<td>All years</td>
<td>Issued initially when an audit results only in minor NCs. This decision is issued in the second audit letter when a factory that is Not Certified or Certified with Conditions closes or sufficiently addresses the Major NCs or the stipulations in 5.8.1.8.</td>
</tr>
<tr>
<td>Suspended</td>
<td>Year 1+</td>
<td>For a Certificate Holder with NCs or conditions which have led to a suspension of certification as cited in Section 9.1.</td>
</tr>
<tr>
<td>Decertified</td>
<td>Year 1+</td>
<td>A Certificate Holder who is no longer certified due to conditions cited in Section 9.2.</td>
</tr>
</tbody>
</table>

Table 3
5.8.1.7. Excessive non-compliances, including those issued against minor criteria in the Standard, may be considered a significant risk to the intent and objective of the Standard. Fair Trade USA may consider the applicant or Certificate Holder unable to meet or maintain the core fair trade values and principles and require all or specified NCs to be closed or sufficiently addressed within a set timeline for the Certificate Holder to be eligible to achieve or maintain certification. This requirement and associated timeline will be clearly indicated in the audit letter. This applies when:
   a) An audit result reveals a total of more than 25 NCs (Major and minor); or
   b) An audit result reveals five or more minor NCs in the same section of the Standard (ED, EM, ERM, SR, TR).

5.8.1.8. NCs or issues that are identified and are classified as Zero Tolerance may result in a status of Not Certified, Suspended, or Decertified in accordance with the Policy on Zero Tolerance Issues Under the Factory Standard and the Agricultural Production Standard.

5.8.2. Awarding and Maintaining Certification

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

5.8.2.2. When an audit does not result in Major NCs, the applicant or Certificate Holder is eligible for (re-)certification immediately with a certification decision of Certified or Certified with Corrective Actions.

5.8.2.3. When an audit results in Major NCs, the Major NCs must be closed or sufficiently addressed through the CAP process before the applicant or Certificate Holder is awarded certification. Once achieved, this will be communicated through a second audit letter with a certification decision of Certified with Corrective Actions.

5.8.2.4. 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 (re-)issuing a Certificate.

5.8.2.5. Once the conditions explained in this section and outlined in the audit letter are met by the applicant or Certificate Holder, the certification decision is made for a second time, recorded, communicated in an audit letter, and, if the audit was a certification audit, a Certificate may be issued by Fair Trade USA.

5.8.3. Denying an Applicant Certification

5.8.3.1. Fair Trade USA may deny certification as a result of an initial audit (Year 0). This is communicated in the audit letter as the certification decision.

5.8.3.2. Non-compliance with compliance criterion TR-BR 1.3, indicating lack of transparency, may lead to a denial of certification.

5.8.3.3. The following circumstances may lead to a denial of certification:
   a) Identification of NCs against one or more Major criteria;
   b) An instance of violation to the stipulations in 5.8.1.8;
   c) Failure to present CAPs and supporting evidence within the agreed-upon timeframe; or
   d) Failure to adequately address NCs in the CAP within agreed-upon timelines.

5.8.3.4. If certification is denied, Fair Trade USA will notify the applicant explaining the reasons for the decision.
5.8.3.5. Six months after the factory’s 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 scoping form, 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.

5.9. Corrective Action Plan

5.9.1. Creating and Issuing the CAP

5.9.1.1. After the audit report review, Fair Trade USA issues the official CAP with the certification decision. The final CAP may contain added or removed NCs, resulting from the CAB or Fair Trade USA report review. The CAP is managed in the Partner Portal and is the official CAP from the audit. The Partner Portal is the tool that is utilized throughout the CAP management process to submit evidence, information and CAP updates.

5.9.1.2. One business day after receiving the audit letter, the applicant or Certificate Holder will receive a notification directly from the Partner Portal alerting the factory of the new and available CAP. At this time, all CAPs will have a status of New.

5.9.1.3. If at any time additional NCs are determined onsite (e.g., during a follow-up or investigation audit), then those NCs will be added to the existing list of NCs on the applicant or Certificate Holder’s ongoing CAP form resulting from the most recent certification or surveillance audit.

5.9.2. Preparing the CAP

5.9.2.1. The factory shall submit a CAP response for every NC within 10 calendar days of receiving the CAP in the Partner Portal. Depending on the nature of the NCs, Fair Trade USA or the CAB may request the CAP to be submitted within a shorter timeframe. This will be communicated in the audit letter and/or the CAP in the Partner Portal.

5.9.2.2. The CAP for each NC includes fields that the applicant or Certificate Holder must complete to describe the preventive and corrective actions to be taken within an expected timeline to address the NCs identified during the audit.

5.9.2.3. The applicant or Certificate Holder must:
   a) Complete the CAP for every NC. This includes the fields of Root Cause, Action Planned, Action Taken, Expected Completion Date and Person Responsible; and
   b) Submit supporting, objective evidence that sufficiently addresses the NCs identified in the audit report and what was requested by the CAP reviewer.

5.9.2.4. It is the applicant and Certificate Holder’s responsibility to manage timely submissions and comprehension of the issue to ensure that compliance can be achieved by the required timelines.

5.9.2.5. An NC classified as a Zero Tolerance finding will need to follow the remediation requirements and timelines within the Zero Tolerance Remediation Guidance.

5.9.3. CAP Review

5.9.3.1. CAP submissions 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.
5.9.3.2. For the first phase of the CAP review, the CAB is the responsible CAP reviewer and approver. Applicants or Certificate Holders collaborate with the CAB’s CAP reviewer to close NCs. The first phase lasts 30 calendar days from the date of the audit letter. CABs reference the CAP Support Procedure for details on managing this step.

5.9.3.3. During the second phase of the CAP, Fair Trade USA transfers the CAP approver role to Fair Trade USA Certification staff. This phase lasts for the remaining time on the CAP, or until the next audit.

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

5.9.3.5. When a CAP has been reviewed, the reviewer issues a CAP status:

<table>
<thead>
<tr>
<th>CAP Status</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
<td>A CAP and supporting evidence is sufficient to demonstrate compliance with the specific requirement that triggered the NC</td>
</tr>
<tr>
<td>Open</td>
<td>A CAP is not sufficient and a request for more information or evidence is made to the applicant or Certificate Holder directly in the CAP in the approval history</td>
</tr>
<tr>
<td>In Progress</td>
<td>A CAP is partially sufficient, or has a long closure timeline due to challenges outside of the applicant or Certificate Holder’s control and a sufficient plan has been submitted, and a request for more information or evidence is made to the applicant or Certificate Holder directly in the CAP form</td>
</tr>
</tbody>
</table>

Table 4

5.9.3.6. CAP statuses, decisions, and requests are only communicated within the Partner Portal and any communication on the CAP from the factory made via email is not considered in the CAP process, unless otherwise confirmed in writing by Fair Trade USA Certification.

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

5.9.3.8. Applicants or Certificate Holders may be awarded (re-)certification by Fair Trade USA at any time during the first or second phase based on CAP progress.

5.9.3.9. A Certificate Holder’s failure to participate in the CAP process may lead to a suspension of the Certificate.

5.9.4. CAP Process Duration

5.9.4.1. Factories are required to actively participate in the CAP process until the timelines are met and all NCs are closed. It is the factory’s responsibility to ensure that required timelines are met.

5.9.4.2. All Major NCs must be closed or sufficiently addressed within six months of any surveillance, certification, or follow-up audit, unless specified otherwise.

5.9.4.3. If all Major NCs are not closed or sufficiently addressed within the six months timeline, then the applicant is subject to a new full scope audit that will replace the audit and results of the initial audit. Failure to meet the six months timelines may result in suspension for Certificate Holders.

5.9.4.4. If all Major NCs are closed or sufficiently addressed within the required timeline, the applicant or Certificate Holder must continue to work on their CAP to resolve minor NCs until all are closed or no later than the following full scope audit.
5.9.4.5. 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.

6. Fair Trade USA Issuance of Certificates

6.1. The Fair Trade USA certificate identifies the Certificate Holder name and address(es) of the sites whose processes are the subject of certification and the scope of certification granted, including:
   a) The Fair Trade ID;
   b) The standard and version to which the operation is certified;
   c) The cycle commencement date;
   d) The valid until date; and
   e) The date of issue.

6.2. Certificates are valid for a period of three and a half years from the date of the certification audit and issued once (re-)certification has been achieved, as specified in the audit letter. The certificate length matches the three year certification cycle plus six months, the window in which Majors must come into compliance.

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

6.4. Should Fair Trade USA withdraw certification status, as described under Section 9.2, the certificate is rendered null and void.

6.5. 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.

7. Ongoing Surveillance

7.1. Audit Frequency and Intensity

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

7.1.2. Audit intensity (the range of compliance criteria assessed) is 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.

7.1.3. 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.

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

7.2. Surveillance Audits

7.2.1. 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.

7.2.2. The timeframe for conducting surveillance audits is 12 months from the month of the last surveillance or certification audit. Surveillance audits are semi-announced with a 30 day window unless otherwise advised by Fair Trade USA.
7.2.3. Surveillance audits follow the auditing, reporting, review and CAP process described in Sections 5.4 through 5.8.

7.2.4. All NCs identified during surveillance audits must be closed according to timelines stated in Section 5.9 during the CAP process in order to maintain certification.

### 7.3. Follow-up Audits

7.3.1. 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 re-certification audits.

7.3.2. Follow-up audits occur within the time frame specified in the audit letter stating its requirement, generally within four to six months of the original audit.

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

7.3.4. 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.

7.3.5. Follow-up audits occur for reasons that include, but are not limited to:
   
   a) A non-compliance with criterion TR-BR 1.3\(^1\) is identified in an audit;
   
   b) Confirmation of the implementation and efficacy of CAPs;
   
   c) High number of NCs raised during the last audit;
   
   d) Changes to operations that impact the certification scope;
   
   e) A suspension condition;
   
   f) Response to allegations of non-compliance; and
   
   g) Ongoing risk management.

7.3.6. The auditor may expand the scope of the follow-up audit to include additional compliance criteria as deemed necessary based on findings onsite.

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

### 7.4. Investigation Audits

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

7.4.2. Investigation audits may occur at any time.

7.4.3. Investigation audits are unannounced.

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

7.4.5. After receiving 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 findings.

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

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\(^1\) TR-BR 1.3 Definition: Management is transparent with Fair Trade USA and its auditors.
8. Changes Affecting Certification

8.1. Changes to Normative Documents

8.1.1. 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; and

   c) Official communications and Certificate Holder notifications.

8.1.2. 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.

8.2. Changes in Certification Requirements

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

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

8.2.3. Fair Trade USA ensures that CABs have all the necessary, up-to-date documents to ensure professional auditing and CAP review procedures.

8.2.4. In the event of new or revised Fair Trade USA certification requirements, CABs and Fair Trade USA are responsible for conducting audits and certification work according to any transition policies applicable during the transition period, as defined by Fair Trade USA.

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

8.3. Changes Affecting Scope

8.3.1. 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.

8.3.2. Changes to scope include, but are not limited to, merging of certificates, a facility move, addition of building(s), production in a new building, significant construction on site and significant change in workforce.

8.3.3. Changes must be communicated to Fair Trade USA Certification via email (factorycertification@fairtradeusa.org) three months ahead of the proposed changes.

8.3.4. Fair Trade USA reviews all reported changes or request for amendment to determine whether an additional onsite audit is required, and if the current certification remains valid.

8.3.5. If an applicant or Certificate Holder moves production to a different site, the change in scope may lead to denial of certification or decertification of the current site.
8.3.6. 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.

8.3.7. Unless a new certificate is needed, 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.

9. Certification Suspension and Decertification

9.1. Suspension

9.1.1. Fair Trade USA has the right to suspend certificates at any time, generally for a maximum period of 6 months, due to circumstances outlined in the Suspension Policy for the Apparel and Home Goods Program.

9.1.2. Conditions for reinstatement of certification will be provided in the suspension letter to allow the Certificate Holder recourse and an opportunity to respond to the issues identified. Not meeting the conditions for reinstatement result in decertification.

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

9.1.4. Suspended parties are permitted to produce and trade Fair Trade Certified products under the following limited 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.

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

9.2. Decertification

9.2.1. The Decertification Policy for the Apparel and Home Goods Program states the conditions, subsequent communications and post-decertification requirements for factories.

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

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

9.2.4. 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 and annex.

9.2.5. Fair Trade USA updates all records and public lists of Certificate Holders to reflect the decertified status.
9.2.6. 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. The factory will be re-audited at the Standard Year in which they departed if the leave is within 1 year's time.

10. Complaints and Appeals

10.1. 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.

10.2. Applicants or Certificate Holders that disagree with a certification decision may appeal that decision to Fair Trade USA. Appeals may only be made on the grounds of either the CAB or Certification personnel not following the process established by the Fair Trade USA assurance program and/or making an error in fact.

10.3. The auditee may contest the audit findings, on the basis that the auditor made an incorrect assessment, by submitting an appeal via the Complaints Procedure.

10.4. General comments by the factory on the audit process or auditor performance are reviewed by Fair Trade USA only through a survey. The information is used to determine program improvements and training opportunities.

11. Recordkeeping

11.1. Fair Trade USA and CABs retain records to demonstrate that all audit and certification process requirements have been effectively fulfilled.

11.2. All records and information obtained in the course of conducting certification work are kept confidential in accordance with disclosure and information-sharing agreements.

11.3. 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.

11.4. 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) Scoping forms;
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.
12. Oversight of Conformity Assessment Bodies

12.1. Oversight Program Structure

12.1.1. Oversight in the Factory Program includes regular assessments of all components described in the *Conformity Assessment Body Oversight Procedure*. CAB oversight activities are further described in the *CAB Manual*.

12.2. Oversight of CAB Audit Processes

12.2.1. The Factory Program assesses CAB compliance with the audit process as described in section 7.1 of the *Conformity Assessment Body Oversight Procedure*. The audit process requirements for which compliance is assessed are further described in the *CAB Manual* and its related policies, procedures, and guidance materials.

12.3. Sanctions for CABs

12.3.1. While suspended, CABs are not permitted to take on new work, but may continue to service existing clients. Details of the CAB sanction process are described in the *CAB Manual*. 
ABOUT FAIR TRADE USA

Fair Trade USA® is a nonprofit organization and the leading certifier of fair trade products in North America. Its trusted Fair Trade Certified™ seal on a product signifies that it was made according to rigorous fair trade standards that promote sustainable livelihoods and safe working conditions, protection of the environment, and strong, transparent supply chains. Rather than creating dependency on aid, Fair Trade USA’s model empowers farmers, workers, and fishermen to fight poverty and earn additional money to improve their communities. Visit FairTradeCertified.org for more information.

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