



Onsite Audit Terms for Traders

Fair Trade USA

Version 1.0.0

Fair Trade USA certification gives consumers confidence that every purchase has a real impact on farmers' and workers' lives. The Fair Trade USA certification model is designed to ensure fair trade practices at every level of the supply chain – producers are audited against one of our producer standards and every other actor in the supply chain is registered and audited against the Trade Standard.

WHY WAS I SELECTED FOR AN ONSITE AUDIT?

Fair Trade USA's audit methodology considers several factors, including supply chain role(s), scope of certification, trading practices, previous non-compliances, allegations, exceptions, and analysis of reported transaction data to determine which traders will be audited. We also reserve the right to conduct random audits. All traders licensed or registered with Fair Trade USA are evaluated for an onsite audit annually, however, not all traders will receive an onsite audit.

WHO WILL BE CONDUCTING THE AUDIT?

Fair Trade USA partners with Oregon Tilth, Control Union, and Scientific Certification Services (SCS) to evaluate the compliance of traders according to Fair Trade USA's Trade Standard. These Conformity Assessment Bodies (CABs) encompass Fair Trade USA's rigorous audit criteria and provide timely, detailed results of each audit.

WHAT DOES THE AUDIT INVOLVE?

Onsite audits assess compliance with the Trade Standard including physical traceability, documentation requirements, and adherence to our specific criteria for buying, selling, storing, manufacturing, and processing Fair Trade Certified™ products.

HOW ARE AUDITS SCHEDULED?

Fair Trade USA provides the CABs with information about the traders who are selected for an onsite audit. The CABs coordinate directly with the trader to schedule the audit. Traders will receive notification in advance when an audit is scheduled to take place. Fair Trade USA reserves the right to give little or no notice of an onsite audit when a high-risk situation¹ is identified.

¹ A high risk situation is defined as a confirmation, allegation, or suspicion of a major non-compliance with the Trade Standard, Reporting Requirements, or Fair Trade Certified Seal and Language Use Guide.



WHO PAYS FOR THE AUDIT?

Audit costs for Fair Trade USA's contractual partners will be subsidized by Fair Trade USA. Certain situations described below may warrant the trader covering the costs of the audit.

- a) The trader canceled the audit without enough time to reverse incurred expenses by the auditor.
- b) The trader has not adhered to the Trade Standard with respect to any registered product.
- c) The trader has not taken the necessary monitoring and/or storing measures to maintain a clear chain of custody for the registered product, as required by the Trade Standard.
- d) The trader has used the Fair Trade Certified seal for a product that is not a registered product.
- e) The trader has submitted materially inaccurate reports.
- f) The trader failed to provide any report within thirty (30) days of the report due date.
- g) The trader failed to provide Fair Trade USA with notification of any of the following:
 - Any changes in subcontractors or other entities or individuals, including their contract information;
 - The identity of third parties that manufacture registered product; or
 - A change in name of the trader.

