



Quality Manual

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Fair Trade USA



Contents

1.	SCOPE AND PURPOSE.....	4
2.	TERMS AND DEFINITIONS	4
3.	ABOUT FAIR TRADE USA.....	5
3.1.	Overview of Fair Trade USA	5
3.2.	Legal Responsibility and Headquarters	5
3.3.	Funding and Finance.....	5
4.	MISSION, VISION AND VALUES	6
4.1.	Fair Trade USA's Mission.....	6
4.2.	Fair Trade USA's Vision	6
4.3.	Fair Trade USA's Values.....	6
5.	QUALITY ASSURANCE	7
5.1.	Quality Policy	7
5.2.	Internal Audit and Management Review	7
5.3.	Control of Documents and Records	8
5.4.	Normative Documents.....	8
6.	FAIR TRADE USA'S ORGANIZATIONAL STRUCTURE	8
6.1.	Organizational Roles and Responsibilities.....	8
6.1.1.	Internal Roles and Functions	8
6.1.2.	External Roles and Functions	9
6.2.	Fair Trade USA's Governance Structure and Decision Making.....	10
6.2.1.	Leadership Teams	10
6.2.2.	Board of Directors	10
6.2.3.	Advisory Council.....	11
7.	CONFIDENTIALITY AND INFORMATION MANAGEMENT	11
8.	STANDARD SETTING	11
8.1.	Principles	11
8.2.	Standard Development and Revision.....	11
8.3.	Consistency Between Standards	12
8.4.	Decision-Making Principles Within Standard Setting.....	12
8.5.	Standards' Availability	12
8.6.	Transition Periods.....	13
8.7.	Resolving Procedural Complaints	13
8.8.	Ensuring Sustainability Outcomes and Consistent Interpretation.....	13
9.	ASSURANCE.....	14
9.1.	Principles	14
9.2.	Criteria for Accepting Conformity Assessment Bodies	14
9.2.3.	Conflict of Interest	14
9.2.4.	Confidentiality.....	14
9.2.5.	Non-discrimination	14
9.2.6.	Responsibility	15
9.2.7.	Compliance Assessment Personnel	15
9.2.8.	Professional Conduct	16
9.2.9.	Relationship with Fair Trade USA.....	16
9.3.	Sanctions for Conformity Assessment Body Errors.....	17



- 9.4. Criteria for Accepting Applicants to a Fair Trade USA Standard 17
- 9.5. Changes to Fair Trade USA’s Assurance Systems 17
- 9.6. Transparency 17
- 9.7. Consistent Assessment Methodology and Procedures 18
- 9.8. Issuance of Certificates 19
- 9.9. Oversight 19
- 10. IMPACT ASSESSMENT 19**
 - 10.1. Scope and Boundaries of the Monitoring and Evaluation (M&E) System 19
 - 10.2. Intended Impacts and Outcomes 20
 - 10.3. Impact Resources, Roles and Responsibilities 20
 - 10.4. Data Management 20
 - 10.5. Stakeholder Identification and Consultation 21
 - 10.6. Performance Monitoring 21
 - 10.7. Transparency 21
- 11. MANAGEMENT OF COMPLAINTS, ALLEGATIONS, AND APPEALS 22**



1. Scope and Purpose

- 1.1. This Quality Manual applies to Fair Trade USA, a 501 (c) (3) nonprofit organization established in Oakland, California as an independent organization to set standards against and certify transactions between companies and their suppliers to ensure that the farmers and workers producing Fair Trade Certified goods work in safe conditions, protect the environment, build sustainable livelihoods, and receive community development funds to empower and uplift their communities
- 1.2. This Quality Manual describes Fair Trade USA's structure, mode of operation, Mission, Vision and Values, Quality Policy, and Quality Management System (QMS).
- 1.3. The requirements in the Quality Manual apply across Fair Trade USA and govern the implementation of our product through our core functions of standard setting, certification, and impact assessment. Human resources, resource development, information technology, and finance are not currently within the scope of the QMS.
- 1.4. Additional requirements specific to the governance, structure and implementation of individual Fair Trade USA programs are described in the relevant program assurance manuals.
- 1.5. The purpose of the Fair Trade QMS is to facilitate improvements to the quality and efficiency of Fair Trade USA's work through:
 - a) Consistent, systematic, transparent, and documented implementation of procedures;
 - b) Assurance that Fair Trade operations are conducted in accordance with national and international requirements and the ISEAL Codes of Good Practice;
 - c) Best practices are disseminated throughout Fair Trade USA;
 - d) The continuous improvement of Fair Trade USA services, e.g. the involvement of all Fair Trade personnel in quality issues;
 - e) Assurance that Fair Trade USA is provided with appropriate information to ensure the quality of certification decision making;
 - f) Customer and partner confidence and satisfaction.

2. Terms and Definitions

- 2.1. Terms and definitions are provided in the Fair Trade USA Glossary, and below.
 - a) **Applicant:** Those entities that submit an application to Fair Trade USA to initiate the process of becoming certified to one or any of the Fair Trade USA product standards.
 - b) **Client:** the entity for whom the CAB is providing services for.
 - c) **Certificate Holder:** The legal, certified entity holding the Fair Trade certificate. The Certificate Holder is responsible for ensuring compliance with the standards, and cannot be a person, but rather a company or legal entity.
 - d) **Conformity Assessment Body (CAB):** An accredited, third party entity responsible for providing independent and impartial auditing services to evaluate the compliance of the applicant or Certificate Holder with the relevant Fair Trade USA standards and compliance criteria. The CAB makes the certification decision of the client and can issue a certificate if compliant.
 - e) **Trade Partner:** Those partners certified against the Trade Standard and located after the producer in the supply chain.
 - f) **Program Assurance Manual:** For program specific eligibility requirements for applicants for certification, please see the relevant program assurance manual.
 - g) **Quality Management System (QMS):** The Fair Trade USA QMS is a suite of documents designed to ensure the organization meets the needs of all partners and stakeholders while meeting relevant



statutory, regulatory, and compliance requirements related to carrying out Fair Trade USA activities, services, and programs. The policies, processes and procedures that make up our QMS enable the consistent planning and execution of core program areas. The QMS unites the diverse aspects of the organization through the common goal of delivering products and services in their best form.

- h) **Senior Management Team (SMT):** The SMT includes the Executive Team members, plus Vice Presidents and Department Directors. The SMT is collectively responsible for operations planning, project prioritization and quarterly business review.

3. About Fair Trade USA

3.1. Overview of Fair Trade USA

3.1.1. Fair Trade USA is a non-profit organization that certifies and promotes Fair Trade products around the world. We work with more than 1,100 companies and brands to ensure that the products they offer comply with the rigorous Fair Trade standards. Certified products carry the Fair Trade Certified label, which helps consumers to purchase their way to a better world, simply by looking for the label on the products they buy.

3.1.2. When shoppers choose Fair Trade Certified™ goods, they are able to vote with their dollar – supporting responsible companies, empowering farmers & workers, and protecting the environment. Through our unique Community Development Funds, workers can address local needs so that their families and children can thrive for generations to come.

3.2. Legal Responsibility and Headquarters

3.2.1. Transfair USA is a 501 (c) (3) non-profit organization established in 1996 in the state of Minnesota. It began, doing business as Fair Trade USA in October, 2010 and is headquartered in Oakland, California. As a 501(c) (3) corporation, Fair Trade USA is exempt from Federal and State income taxes. To qualify for that exemption, the company must be organized and operated solely for exempt purposes and not private interests. None of its earnings may inure to any private shareholder or individual.

3.2.2. Fair Trade USA is considered a Corporation owned by the public interest. It is governed by an elected Board of Directors, in accordance with its By Laws. As a 501(c) (3) corporation, Fair Trade USA is eligible to receive tax-deductible, charitable contributions, in addition to earning license and service fees from its customers.

3.2.3. Fair Trade USA became the sole member of Good World Solutions, Inc. (GWS), a California non-profit public benefit organization, during 2011. GWS is also headquartered in Oakland. GWS uses data to create safe and respectful workplaces. Through its Labor link product, it enables companies and factories to make data-driven decisions that measurably improve worker well-being.

3.3. Funding and Finance

3.3.1. Fair Trade USA employs an innovative revenue model to drive impact for farmers and workers around the world. On average 75% of Fair Trade USA's revenue is derived from income earned from business partners that pay to use the Fair Trade Certified™ label. The remaining 25% is contributed revenue from individuals, foundations, and corporations who partner with Fair Trade USA to invest in innovation, growth and impact.

3.3.2. Fair Trade USA recognizes assets and liabilities in accordance with Generally Accepted Accounting Principles in the United States of America. The financial statements are presented on the accrual basis of accounting. Contingent liabilities are disclosed in the audited financial statements.



3.3.3. Fair Trade USA and GWS have an annual consolidated audit performed by Independent Auditors, sanctioned by the United States of America Institute of Certified Public Accountants. The results of the annual audit, in the form of an audit report, is published on its website.

4. Mission, Vision and Values

4.1. Fair Trade USA's Mission

4.1.1. Fair Trade USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by certifying and promoting Fair Trade products.

4.2. Fair Trade USA's Vision

4.2.1. Fair Trade USA seeks to empower family farmers and workers around the world, while enriching the lives of those struggling in poverty. Rather than creating dependency on aid, Fair Trade USA uses a market-based approach that empowers farmers to get a fair price for their harvest, helps workers create safe working conditions, provides a decent living wage and guarantees the right to organize.

4.2.2. Through direct, equitable trade, farming and working families are able to eat better, keep their kids in school, improve health and housing, and invest in the future. Keeping families, local economies, the natural environment, and the larger community strong today and for generations to come; these are the results we seek through Fair Trade.

4.2.3. We envision a day when Fair Trade products are readily available in stores across the country, when U.S. consumers can choose a "Fair Trade Lifestyle" and shop responsibly in every product category. This vision requires an inclusive approach to new products and stakeholders. For us, Fair Trade is not just a market; it is also a social movement that brings strength, hope and real choice to the world's consumers. Companies should not have to choose between social responsibility and the bottom line.

4.2.4. We envision Fair Trade as a new global business model that helps industry secure its own profitability and competitiveness while it protects the environment and ensures a fair return to farmers and workers. We help industry forge long-term partnerships throughout the supply chain so companies can both obtain the highest quality products and support disadvantaged producer communities. In our effort to reach consumers throughout the nation, we choose to collaborate with companies of all types and sizes, from mission-driven organizations and family-owned businesses to transnational corporations.

4.3. Fair Trade USA's Values

4.3.1. **Empowerment:** We believe in empowerment and freedom of choice as means to a better world.

4.3.2. **Integrity:** We strive to always act ethically and we value relationships built on honesty, mutual respect and trust.

4.3.3. **Sustainability:** We engage in sustainable solutions to global problems that affect the earth and its people.

4.3.4. **Innovation:** We transform the world through entrepreneurial creativity and lead by example.

4.3.5. **Excellence:** We believe that quality of life, work and performance are critical to achieve our mission.

4.3.6. **Personal Development:** Strong organizations rely on strong individuals. We encourage and support each other to realize our fullest potential, and will thereby strengthen our internal community.

4.3.7. **Community:** We value our global and internal communities' diversity of perspectives, and know that each may hold a piece of the solution. We collaborate and partner for mutual success.

4.3.8. **Fairness:** We work to create opportunities and extend the benefits of globalization to all people, everywhere.



4.3.9. **Impact:** We build positive solutions that achieve meaningful social and environmental change in the world.

5. Quality Assurance

5.1. Quality Policy

5.1.1. The Fair Trade USA QMS is a suite of documents designed to ensure the organization meets the needs of all partners and stakeholders while meeting relevant statutory, regulatory, and compliance requirements related to carrying out Fair Trade USA activities, services, and programs.

5.1.2. The policies, processes, and procedures that make up our QMS enable the consistent planning and execution of core program areas. The QMS unites the diverse aspects of the organization through the common goal of delivering products and services in their best form.

5.1.3. Fair Trade USA's QMS is based on the core principles of:

- a) Continuous improvement;
- b) Focus on quality of services and products for stakeholder benefit;
- c) Maximizing efficiency and facilitation of cross-team understanding;
- d) Accurate data collection and measurement;
- e) Senior management support and provision of adequate resources;
- f) Documentation of current procedures and processes.

5.1.4. Fair Trade USA is committed to seeking the highest quality in programs and services and to ensuring the vision is achieved. This commitment is demonstrated through adherence to, and continual improvement of the QMS.

5.1.5. Fair Trade USA supports the QMS by:

- a) Encouraging teamwork, facilitating accountability and developing ownership of the quality policy;
- b) Investing in personnel and ensuring competence through continual training, support and development;
- c) Exploring and investing in adaptive and innovative technological and analytical solutions to enhance oversight and effectiveness in all aspects of activities and services.

5.1.6. Fair Trade USA evaluates and improves the quality and effectiveness of the QMS via internal audits and management reviews, and identification and implementation of corrective and preventive actions.

5.1.7. Fair Trade USA's Quality Policy is publicly available.

5.1.8. Fair Trade USA has a designated quality manager who is responsible for the oversight of the QMS, including document control, record retention, training and consistency.

5.2. Internal Audit and Management Review

5.2.1. Fair Trade USA's QMS is subject to comprehensive internal audits which ensures continual improvement in the effectiveness of the QMS, and allows Fair Trade USA to determine opportunities for improvement, investigate root causes of identified non-compliances and implement the necessary corrective actions.

5.2.2. For details on the internal audit cycle please see the separate Internal Audit Procedure.



5.2.3. The Senior Management Team (SMT) reviews Fair Trade USA's QMS, at planned intervals, to ensure its continuing suitability, adequacy, and effectiveness. The review includes assessing opportunities for improvement, and the need for changes.

5.2.4. Management Review includes reviewing results from the most recent internal audit.

5.2.5. Records from management reviews are maintained.

5.3. Control of Documents and Records

5.3.1. Fair Trade USA documents and records are managed according to the Document Control and Record Retention Procedure.

5.3.2. All normative documents that guide Fair Trade USA operations and programs are controlled according to the above procedure.

5.4. Normative Documents

5.4.1. The normative document that guides Fair Trade USA programs and establishes the QMS is this Fair Trade USA Quality Manual. Requirements as stated in this manual are considered normative.

5.4.2. Additional normative documents that guide operations across Fair Trade USA, such as organizational-wide policies and procedures, are separate from, and referenced in, this manual.

5.4.3. Each Fair Trade USA program operates against a set of normative documents which include at least one standard, and supporting documents that enable and operationalize the standard(s), including program specific policies, procedures, and work instructions and relevant guidance materials.

5.4.4. The audience for each normative document may be internal, external or both. Normative documents are always made accessible to the parties responsible for compliance.

6. Fair Trade USA's Organizational Structure

6.1. Organizational Roles and Responsibilities

6.1.1. Internal Roles and Functions

6.1.1.1. Fair Trade USA's internal structure is broadly divided between functional teams and category teams. The functional teams are tasked with designing standards, certifying producers against those standards, and measuring impact. The category teams are responsible for business development and supply chain support services to all partners.

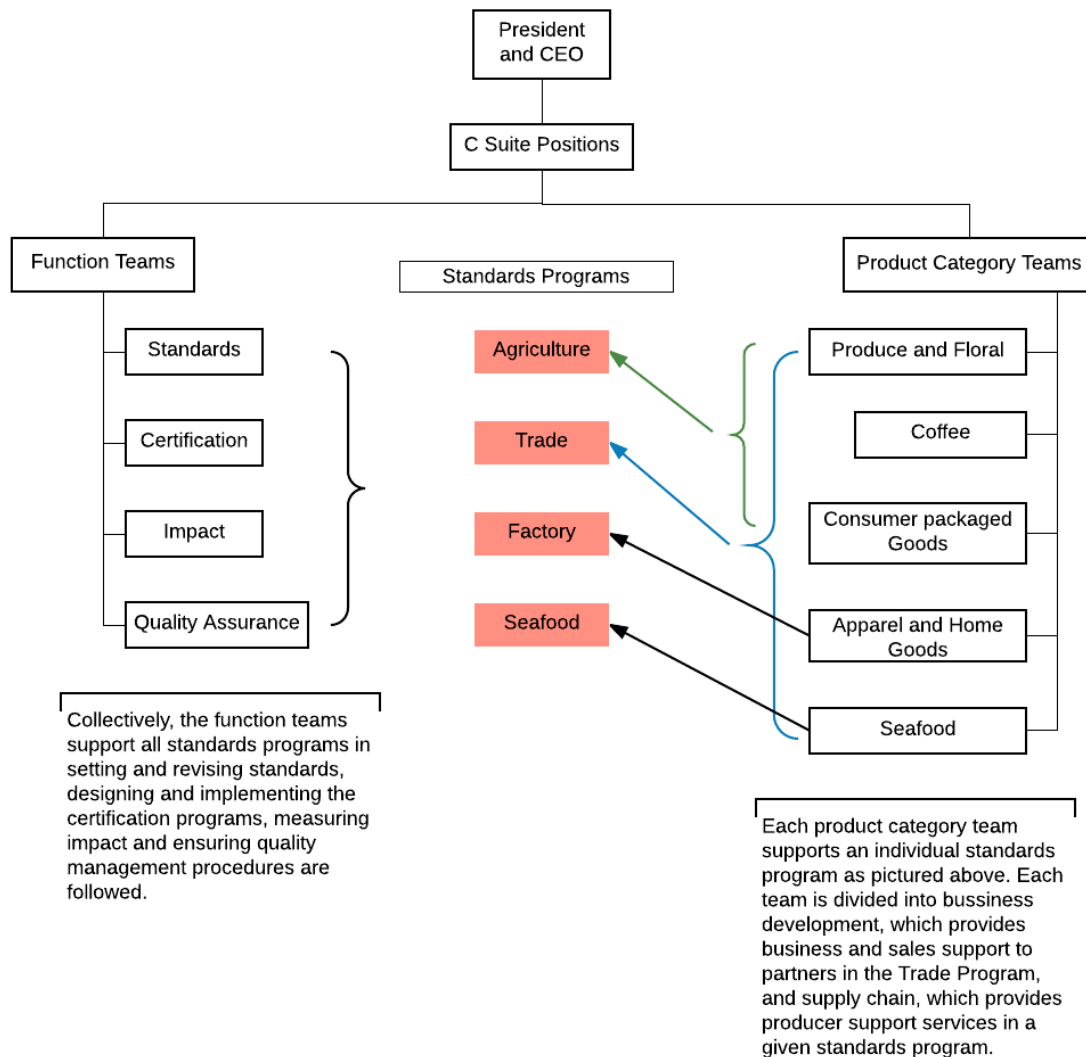
6.1.1.2. This structure allows a reasonable separation between designing standards systems and supporting applicants/Certificate Holders in certification against these systems, which safeguards impartiality.

6.1.1.3. All employees sign a confidentiality agreement which requires that they not disclose trade secrets or confidential business information acquired from other parties or use such information in connection with their services to Fair Trade USA in violation of their obligations to others. Employees must state that they are not bound by any agreement or any other existing or previous business relationship that conflicts with or prevents the full performance of services to Fair Trade USA.

6.1.1.4. The functional teams operate in accordance with ISEAL Code of Conduct good practices in Standard Setting, Assurance and Impact, as described in the corresponding sections of this manual. Each category team is responsible for operating in accordance with the requirements and procedures dictated in their corresponding program assurance manual.

6.1.1.5. The following organizational chart shows the Fair Trade USA teams and their relationship to standards programs.





6.1.1.6. The Standards team is responsible for designing and revising the normative documents associated with each of the standards programs.

6.1.1.7. The Certification team is responsible for implementing the assurance program for each of the standards programs.

6.1.1.8. The Impact team is responsible for defining, measuring, and communicating the impact of Fair Trade.

6.1.1.9. The Quality Assurance team is responsible for ensuring all teams across the organization follow the Fair Trade USA QMS, which is written to ensure compliance with ISEAL Codes of Conduct and best practices, and operationalized through program assurance manuals.

6.1.1.10. Each product category team is responsible to the partners certified under the corresponding standard for their product. Business Development staff support trade partners – those partners certified against the Trade Standard and located after the producer in the supply chain. Supply Chain staff support producers – those entities certified against the relevant production standard and the starting point of any supply chain.

6.1.2. External Roles and Functions

6.1.2.1. In addition to the teams described in the organizational chart, Fair Trade USA relies on support from parties external to the office to implement Fair Trade USA programs.



6.1.2.2. Field staff are located in regions with high concentrations of Certificate Holders. They introduce producers to the Fair Trade program, support producers in coming into compliance with the standards and provide additional services, such as on-site trainings or needs assessments.

6.1.2.3. Survey coordinators and enumerators work with the Impact team to manage the implementation of producer surveys and conduct one-on-one survey interviews with farmers/workers at producer origin.

6.1.2.4. Assurance providers are the third party companies that provide on-site auditing services for applicants and Certificate Holders. Auditors with these companies conduct compliance assessments of applicants for Fair Trade USA certification against individual standards. Assurance providers are independent of Fair Trade USA, but must adhere to the rules and audit methodologies specified for each program.

6.2. Fair Trade USA's Governance Structure and Decision Making

6.2.1. Leadership Teams

6.2.1.1. The Executive Team refers to "C level" employees, such as the CEO and CFO. They are responsible for all aspects of Fair Trade USA's operations and mission, and are accountable to the Board of Directors.

6.2.1.2. The SMT includes the Executive Team members, plus Vice Presidents and Department Directors. The SMT is collectively responsible for operations planning, project prioritization and quarterly business review.

6.2.1.3. SMT provides evidence of its commitment to the development and implementation of the QMS and continually improving its effectiveness by:

- a) Ensuring that the QMS is compatible with the strategic direction of Fair Trade USA;
- b) Ensuring that the Quality Manual is communicated, understood and applied within Fair Trade USA;
- c) Ensuring that the resources needed for the QMS are available.

6.2.2. Board of Directors

6.2.2.1. Fair Trade USA is committed to a multi-stakeholder Board of Directors. To ensure this, board members are explicitly sought from a selection of stakeholder groups that ensures a representative cross-section of Fair Trade USA's stakeholder sectors. This includes representatives from producer organizations, workers' rights organizations, industry representatives, NGOs, funders, and technical experts. Board members are listed on the Fair Trade USA website under the Board of Directors tab.

6.2.2.2. Call for nominations for the Fair Trade USA Board of Director membership is conducted through existing board members, staff and sector stakeholders to ensure the process is open to all affiliated entities and interested parties. The Fair Trade Board of Directors Bylaws guides the nomination process and decision making actions of the Board.

6.2.2.3. The general role of the Board is to provide strategic direction and financial oversight to Fair Trade USA. Regarding the standards programs, the Board is involved in the final approval of all new standards and major standards revisions. The Board is not involved in design or operations of assurance systems, except in cases where these raise questions of organizational wide strategic direction.

6.2.2.4. Board decisions are made through consensus whenever possible. Should consensus not be reached, decision-making is conducted by vote in accordance with the bylaws of the Board of Directors. A winning vote is 50% + 1, and since there is no stakeholder group that controls more than 50% of the board, the voting process ensures no one stakeholder group will control the decision.



6.2.3. Advisory Council

6.2.3.1. The Advisory Council provides additional support and topic specific knowledge to the Board and Executive team in the form of input and guidance on specific decisions. They do not vote in Board decisions and do not have the authority or obligations of Board members.

6.2.3.2. Members are appointed to the Advisory Council by the Chairman of the Board and CEO (President of the Board) and serve at their pleasure. Advisory Council members are listed on the Fair Trade USA website under the Advisory Council tab.

7. Confidentiality and Information Management

7.1. Information management at Fair Trade USA is governed by the Data Governance Policy and is the responsibility of the Technology and Quality Assurance teams.

7.2. Fair Trade USA takes all reasonable measures to safeguard confidentiality of trade secrets, intellectual property and other proprietary information obtained in the course of its activities to ensure that this information is not disclosed to unauthorized parties.

7.3. Fair Trade USA requires that a confidentiality agreement is signed by all personnel prior to allowing them access to confidential information pertaining to Fair Trade USA and its contractors and partners. Confidentiality principles do not apply to information which is already public and/or which is required to be publicly available under the requirements of a Fair Trade standard, regulation, law or contractual arrangements.

7.4. Agreements signed by compliance assessment bodies (CABs) define what information obtained in the compliance assessment process must be held confidential and what information may be disclosed to third parties.

7.5. Fair Trade USA ensures confidentiality of data as described in the Data Governance Policy. Adherence to the requirements of the policy ensure data is kept confidential and we are operating within our contractual obligations in relationship to partners.

8. Standard Setting

8.1. Principles

8.1.1. Fair Trade USA is committed to following best practices in developing and revising standards, including:

- a) Defining the objectives of the standard and justifying the need for its development or revision;
- b) Identifying directly and indirectly affected stakeholders and providing them with information about the standard development/revision process and how they can participate;
- c) Holding public consultations and ensuring that there is a balance of interests participating;
- d) Providing a variety of opportunities and tools for stakeholders to participate, such as teleconferences, meetings, and webinars;
- e) Ensuring a variety of opinions are given equal weight and providing for balanced decision-making;
- f) Making standards and supporting documents publicly available and reviewing standards on a regular basis.

8.2. Standard Development and Revision

8.2.1. Fair Trade USA employs the Standards Development and Revision Procedure as its primary process for developing and revising all existing and future Fair Trade USA standards according to best practices. This procedure includes required steps for initiating a review of a standard, project planning, the



advisory committee role, revision types, stakeholder identification, public consultation, analysis of feedback, decisions making, and revisions to the procedure itself. For detailed requirements on any of these topics please see the referenced procedure.

8.2.2. The Standards Development and Revision Procedure is available to all interested parties on the Fair Trade USA website.

8.2.3. Fair Trade USA regularly reviews its standard setting procedure, taking comments from stakeholders into account. Interested parties may provide feedback on this procedure and suggestions for improvement by writing to standards@fairtradeusa.org.

8.2.4. In keeping with best practices, major reviews of any Fair Trade USA standard occur every five years. The annual Work Program lists the planned date of the next standard review and is available on the Fair Trade USA website. The date of next review is also included in the standard.

8.2.5. Interested parties may submit proposals through the Fair Trade USA website at any time for revisions or clarifications to standards.

8.3. Consistency Between Standards

8.3.1. Fair Trade USA seeks to avoid duplication and to be consistent with standards that have overlapping scopes, while not limiting innovation and improvement.

8.3.2. At the outset of a new standards development process, Fair Trade USA:

- a) Informs organizations that have developed similar international standards of its intention to develop a new standard;
- b) Seeks input from them on the Project Plan;
- c) Encourages their participation in its development.

8.3.3. On at least an annual basis, Fair Trade USA:

- a) Prepares a work program that includes its contact information, the standards it is currently preparing, and the standards which it has adopted in the preceding period;
- b) Publishes the work program at a minimum through its website.

8.4. Decision-Making Principles Within Standard Setting

8.4.1. Fair Trade USA ensures that stakeholders see that their views are reflected in decision-making.

8.4.2. Fair Trade USA ensures that participation in governance bodies making decisions on the content of the standard is:

- a) Open to all stakeholders;
- b) Constituted by a reasonable balance of those stakeholders, including those that are directly affected.

8.4.3. Fair Trade USA strives for consensus on decisions on the content of the standard.

8.4.4. Fair Trade USA defines criteria in advance to determine when alternative decision-making procedures should come into effect, in the event that consensus cannot be achieved. In the case of Board decisions, this alternative procedure is a voting process.

8.4.5. Fair Trade USA defines what the decision-making thresholds will be. These thresholds are described in the Board of Directors Bylaws. The thresholds ensure that no one stakeholder group or type can control decision-making.

8.5. Standards' Availability

8.5.1. Fair Trade USA ensures that Fair Trade USA standards are accessible to interested stakeholders.



8.5.2. All Fair Trade USA standards are published promptly, and made available for free, in electronic format on the website.

8.5.3. Hard copies of public summaries, standards and other related materials are available upon request, for reasonable administrative costs.

8.5.4. Fair Trade USA makes draft and final standards available at least in English, the official language of Fair Trade USA.

8.5.5. In the case of inconsistency between document versions, reference defaults to the English language version.

8.6. Transition Periods

8.6.1. Fair Trade USA ensures that certifying entities and CABs have adequate time and notice to comply with any new requirements.

8.6.2. Fair Trade USA notes in each standard, or in a referenced supporting document to the standard such as a specific transition policy, the date of a revision or reaffirmation of the standard, and the transition period by which the revised standard will come into effect.

8.6.3. Fair Trade USA promptly informs its stakeholders of a revised standard and transition period, in particular CABs and, where feasible, certified enterprises.

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

8.6.5. When new or revised Fair Trade USA certification requirements are communicated to CABs, instructions for implementation as it pertains to audit work and training will be included.

8.7. Resolving Procedural Complaints

8.7.1. Fair Trade USA maintains a Procedural Complaints Policy, available on the website, which provides stakeholders with a transparent mechanism for raising concerns about the standard setting process and having those concerns considered. Fair Trade USA makes impartial and documented efforts to resolve procedural complaints related to standard-setting, based on this publicly documented complaints resolution mechanism.

8.7.2. Fair Trade USA discloses, at least to interested parties, decisions taken on procedural complaints.

8.8. Ensuring Sustainability Outcomes and Consistent Interpretation

8.8.1. Fair Trade USA follows best practices in the design and wording of standards, to ensure that:

- a) The defined social, environmental and economic outcomes are clearly and explicitly stated;
- b) Criteria clearly map onto desired outcomes;
- c) Consistent application and interpretation of requirements is possible in all geographies where the standard is implemented.

8.9. Fair Trade USA ensures in its standards that:

- a) Criteria are included to address all of the defined social, environmental, and economic outcomes, and
- b) Only criteria that are relevant to meeting these outcomes are included.

8.9.1. Fair Trade USA standards meet or exceed existing regulatory requirements, and clearly reference relevant, existing national and/or international laws and regulations.

8.9.2. Fair Trade USA standards are consistently interpreted and applied across their full geographic scope.



8.9.3. Fair Trade USA standards:

- a) Only include language that is clear, specific, objective and verifiable,
- b) Are expressed in terms of process, management and performance criteria, rather than design or descriptive characteristics,
- c) Do not favor a particular technology or patented item,
- d) Include definition of the scope to which the standard applies,
- e) Attribute or cite all original intellectual sources of content, and
- f) Do not present administrative requirements related to assurance, claims or labels or other non-technical issues integrated with technical and/or performance requirements.

9. Assurance

9.1. Principles

9.1.1. Fair Trade USA ensures that the assurance models employed in each standard program meet the requirements laid out in this manual and as such embody the principles of a credible assurance system, namely: consistency, rigor, competence, impartiality, transparency and accessibility.

9.1.2. Each Fair Trade USA program demonstrates compliance to the Assurance Code through adherence to the requirements laid out here and in the relevant program assurance manual.

9.1.3. We further ensure that CABs and applicants and participants in Fair Trade USA schemes adhere to the core principles of the Assurance Code by setting the criteria for acceptance of such parties as listed below.

9.2. Criteria for Accepting Conformity Assessment Bodies

9.2.1. All CABs must adhere to the following criteria (10.2.3 – 10.2.9) in order to enter into a working relationship with Fair Trade USA and provide assurance services against any Fair Trade USA standard.

9.2.2. For additional program specific requirements of CABs, please see the relevant program assurance manual.

9.2.3. Conflict of Interest

9.2.3.1. CABs must ensure that there is no conflict of interest by requiring that all personnel, including contract auditors, sign a conflict of interest statement.

9.2.3.2. All CAB staff, including auditors, must operate at high levels of professional integrity, be free from commercial, financial or other pressures that might affect their judgment, and are forbidden from promoting any goods or services during evaluation activities.

9.2.4. Confidentiality

9.2.4.1. CABs must ensure that information relating to any applicant or certified entity, including details of products and processes, audit reports and associated documentation, and grievance processes will be treated as confidential between the applicant, Certificate Holder, CAB, and Fair Trade USA (unless otherwise required by law).

9.2.4.2. The CAB or its agents shall not release information to third parties without the prior consent of the applicant or Certificate Holder.

9.2.5. Non-discrimination

9.2.5.1. Clients of the CAB have a right to non-discriminatory policies and procedures.



9.2.5.2. The CAB shall not use procedures which impede or inhibit access to applicants.

9.2.5.3. The CAB shall make its services available to any applicant whose activities fall within its declared field of operation. Access is not conditional upon the size of the client's operations, or the number of certificates already issued.

9.2.5.4. The criteria against which the production or handling practices of a client are evaluated are those outlined in the specified standard.

9.2.5.5. The CAB shall confine requirements, evaluation and decision on certification to matters specifically related to the scope of the certification scheme(s) being considered.

9.2.6. Responsibility

9.2.6.1. CABs must not delegate authority for granting, maintaining, extending, suspending or withdrawing certification, validation or verification to an outside person or body.

9.2.6.2. CABs with the authority to make certification decisions must ensure that each decision is taken by a committee that was not involved in any of the audit or evaluation processes. (Note that the 'committee' can be one person).

9.2.6.3. CABs must maintain formal complaint and appeals processes.

9.2.7. Compliance Assessment Personnel

9.2.7.1. CABs must ensure all relevant staff familiarize themselves with relevant procedures, forms and manuals.

9.2.7.2. CABs must ensure the auditors that they use have working knowledge of relevant, current versions of local labor laws, and understand changes that may have recently occurred.

9.2.7.3. CABs must make appropriate resources available to auditors, including:

- a) Fair Trade USA standard compliance criteria and guidelines for implementation and interpretation;
- b) Fair Trade USA audit report templates, audit checklists, and audit forms;
- c) Auditor training materials;
- d) Official communications and auditor notifications;

9.2.7.4. CABs must clearly set out roles and responsibilities for all personnel related to compliance assessment.

9.2.7.5. CABs must ensure compliance assessment personnel are competent to perform documentation reviews, certification audits, make technical judgments, write reports, and conduct client-related communications and other certification-related job duties and responsibilities to which they are assigned.

9.2.7.6. CABs must ensure terms of reference and/or job descriptions are provided to all compliance assessment program personnel, outlining duties and responsibilities. Responsibilities will include implementation of quality policies, financial planning and supervision, operational oversight, technical oversight, technical review, handling of complex compliance issues, ensuring operations are carried out in a timely and efficient manner, and maintaining up-to-date and consistent records.

9.2.7.7. CABs must ensure auditors and Lead Auditors are sufficiently qualified.

9.2.7.8. Lead Auditors are qualified experts that conduct evaluation, surveillance, re-certification, follow-up and unannounced audits. Lead Auditors may be employees or subcontractors.

9.2.7.9. The following minimum competency requirements are required for Lead Auditors:

- a) A university-level education qualification (or equivalent); or
- b) A minimum of five years of professional experience in a field relevant to the evaluation.

9.2.7.10. CABs require all staff designated as auditors to:



- a) Successfully complete ISO 9001 lead auditor training, or comparable lead auditor training;
- b) Provide a current C.V. that demonstrates applicable experience in the field and knowledge and skills in relevant disciplines;
- c) Declare and document any conflicts of interest;
- d) Successfully undergo and complete a Fair Trade USA - approved training program including review of Fair Trade USA standards and Compliance Criteria, auditing methodologies, and, if deemed necessary by the compliance assessment social auditor training activities;
- e) Adhere to all CABs internal auditing guidelines and procedures;
- f) Observe a Fair Trade USA audit conducted by an approved auditor and then be observed auditing by an approved auditor prior to conducting audits against a Fair Trade USA standard.

9.2.7.11. CABs must ensure ongoing calibration of auditors and personnel to ensure sufficient competence is maintained.

9.2.7.12. CABs must ensure auditor training records, evaluation records, and credentials are retained for a minimum of seven years.

9.2.7.13. Any auditors used, be they subcontracted or via a subcontracted auditing company, must go through the full Fair Trade USA training. It is the individual auditor, not a related company that is ultimately approved to audit on behalf of Fair Trade USA.

9.2.8. Professional Conduct

9.2.8.1. Auditors should adhere to the following ISO 19011:2011 Guidelines:

- a) Integrity: the foundation of professionalism;
- b) Fair presentation: the obligation to report truthfully and accurately;
- c) Due professional care: the application of diligence and judgment in auditing;
- d) Confidentiality: security of information;
- e) Independence: the basis for the impartiality of the audit and objectivity of the audit conclusions;
- f) Evidence-based approach: the rational method for reaching reliable and reproducible audit conclusions in a systematic audit process.

9.2.9. Relationship with Fair Trade USA

9.2.9.1. CABs must indicate a contact person who will be the representative of the CAB to Fair Trade USA. This person will be responsible for communication and administration of the Fair Trade certification program within the CAB. The contact person:

- a) Shall be fluent in English;
- b) Shall be part of the operational and/or management decision-making process of the CAB;
- c) Shall have experience in auditing and certification to Fair Trade USA or a related standard;
- d) Must be available for reasonable consultation regarding improvements to Fair Trade USA's standards and certification system. A specialist representative may be designated;
- e) Shall be responsible for returning to Fair Trade USA any communication requiring written receipt;
- f) Shall distribute all relevant communication received from Fair Trade USA to all compliance assessment staff involved in Fair Trade USA program activities.



9.3. Sanctions for Conformity Assessment Body Errors

9.3.1. In the event that a CAB is found to not be acting within the guidelines set forth in this Manual and training materials delivered, they may be subject to removal from the Fair Trade USA list of approved CABs.

9.3.2. Entities certified by a CAB that is removed from the Fair Trade USA approved list will be informed of this change and will be required to work with a new CAB for their next audit. Their certificate will then be transferred to the new CAB.

9.4. Criteria for Accepting Applicants to a Fair Trade USA Standard

9.4.1. Eligibility for application for certification is determined by Fair Trade USA and is based upon applicants meeting the Requirements for Certificate Scope for the relevant program.

9.4.2. For program specific eligibility requirements for applicants for certification, please see the relevant program assurance manual.

9.5. Changes to Fair Trade USA's Assurance Systems

9.5.1. Fair Trade USA maintains defined protocols for implementation of changes in requirements, including timelines by which changes come into effect. Such protocols and timelines are defined for each major change in requirements in a standard-specific transition policy.

9.5.2. Fair Trade USA ensures that organizations and individuals involved in or affected by any of the Fair Trade USA standards and assurance systems are promptly notified of changes in requirements.

9.5.3. Fair Trade USA ensures that auditors have all the necessary, up-to-date materials to ensure professional auditing and certification procedures in the event of changes to scheme requirements.

9.6. Transparency

9.6.1. Fair Trade USA ensures that the following information is publicly available (on each CAB's website or on the Fair Trade USA website) in a timely manner.

- a) Description of the structure of Fair Trade USA's assurance model for the relevant program, including the chain of authority and decision-making leading up to Fair Trade USA and the certification decision. The structure of the assurance model used in each Fair Trade USA program is also described in the relevant program assurance manual.
- b) Description of the type of assessment process employed in each program, including how applicants for certification are assessed, how often, and by whom. For group assurance, this includes the representative sampling formula;
- c) Current list of compliance assessment providers that are approved to work in the assurance scheme;
- d) Description of the oversight mechanism employed for the CABs working under each program;
- e) Program specific description of and processes for certification denial, suspension, and decertification;
- f) Current list of Certificate Holders and expiry date of their certificate(s);
- g) List of Certificate Holder whose certificate has been rescinded or withdrawn;
- h) Policy on sanctions for different levels of non-compliance.



9.7. Consistent Assessment Methodology and Procedures

9.7.1. Fair Trade USA ensures consistent application of its documented methodology for assessment of certification applicants within each program. The program specific assessment methodology is described within the relevant program assurance manual and includes procedures for at least the following activities:

- a) Assessment of compliance to the standards (e.g. onsite audits) and each type of audit conducted (initial, recertification, unannounced, etc.);
- b) Review and decision;
- c) Issuance of a certificate;
- d) Periodic re-assessment that includes periodic on-site audits of at least a sample of certificate holders.

9.7.2. Fair Trade USA has defined and documented procedures for audits and requires these procedures to be followed by CABs consistently within each standard program. The procedures for each program include at least the following requirements for audits (on-site and desk audits), and are described in each program assurance manual:

- a) Frequency and intensity of audits;
- b) Sampling protocol for audits (unless 100% sample is used);
- c) Structure of the audit team (if audit team is used);
- d) Minimum set of issues that need to be checked in every audit;
- e) A transparent means of calculating the time needed for an audit;
- f) Documentation to be reviewed;
- g) Timelines for submission of completed reports, following audits;
- h) Minimum content of audit reports, including a requirement for auditors to explain their rationale for their choice of samples in the audit.

9.7.3. Fair Trade USA sets the audit frequency and intensity to be employed by CABs for each program in its standards system. Please see the relevant program assurance manual for program specific requirements.

9.7.4. Fair Trade USA defines the sampling procedure to be used in each standards program and provides this direction to compliance assessment providers. In all programs the auditor, rather than the Certificate Holder, chooses the sample. The sampling procedure includes a description of when sampling is to be employed, and guidelines for the type of sampling and a standardized formula to calculate size of the samples to be employed in each instance. In all audits Fair Trade USA requires representative sampling so that conclusions about compliance can be drawn for a whole population (e.g. sampling in groups or multi-site operations). See the relevant program assurance manual for program specific sampling requirements and procedures.

9.7.5. In some instances, when a specific risk has been identified in a sub-population, Fair Trade USA employs additional purposive sampling, to investigate the extent of a non-compliance within a given set of sites. In these instances the same sampling methods are employed as described in the relevant program assurance manual, just within a subset of sites.

9.7.6. Fair Trade USA has defined program specific mechanisms for determining levels of non-compliance and provides direction to auditors on how to determine levels of non-compliance. Fair Trade USA requires assurance bodies to apply this mechanism consistently within each standards program. For the mechanism employed in each program, see the relevant program assurance manual.

9.7.7. Fair Trade USA has defined and made publicly available how different gradations of non-compliance are addressed and remediated (for applicants for certification or re-certification and for CABs). In the case of systemic failures, this includes definitions of the points at which non-compliance of the



applicant and of the compliance assessment provider results in suspension or termination from the program.

9.8. Issuance of Certificates

9.8.1. Certificates are issued for every Fair Trade USA program to demonstrate compliance with program specific standards.

9.8.2. Each Fair Trade USA program sets specific requirements for the issuance and use of certificates, which include:

- a) How the certificates are issued: by whom and to whom, and under what authority;
- b) The duration of certificates;
- c) The information to be included in a certificate, including the scope;
- d) How and when certificates must be withdrawn from use, and
- e) How certificates may be used in public communications.

9.8.3. Program assurance manuals include program specific certificate information.

9.8.4. Marks of compliance demonstrate compliance with a Fair Trade USA standard or adherence to a Fair Trade USA policy or procedure. Requirements for the use of marks of compliance are detailed for all programs in the Fair Trade USA Label and Language Use Guide.

9.9. Oversight

9.9.1. Fair Trade USA periodically reviews the competence and consistency of performance of all CABs with which we work.

9.9.2. CABs are obligated to accept periodic oversight by Fair Trade USA to demonstrate their continued compliance with the requirements laid out in the Quality Manual and relevant Program Assurance Manual.

9.9.3. Fair Trade USA specifies the approach to be used in oversight of each CAB, including the frequency of oversight, ensuring that the oversight mechanism is independent of the compliance assessment providers being assessed.

9.9.4. In instances where Fair Trade USA functions as the assurance provider, we ensure that oversight is carried out by personnel independent of those engaged in the assurance process.

9.9.5. Fair Trade USA documents and implements the procedures to be followed in the oversight mechanism. At a minimum, oversight shall include a review, at regular intervals, of requirements for assurance providers described in this Code, including:

- a) The management system of assurance providers;
- b) The competence of assurance personnel;
- c) The assessment process.

9.9.6. For a description of the oversight mechanism and procedures for a specific program, please see the relevant program assurance manual.

10. Impact Assessment

10.1. Scope and Boundaries of the Monitoring and Evaluation (M&E) System

10.1.1. The Fair Trade USA Impact Management System (IMS) Overview is the core document for the IMS. The Overview describes in detail the Theory of Change, the methods and activities by which Fair Trade USA drives impact, the Producer Impact Framework including goals and intended outcomes, the



approach to measuring outputs and outcomes through systematic monitoring, sampled data and in-depth studies, the collection methods for each approach, and how Fair Trade USA communicates impact.

10.1.2. At this time survey implementation for impact evaluation is not considered in scope of the QMS.

10.1.3. Fair Trade USA's IMS:

- a) Is designed to ensure that the M&E system monitors and evaluates Fair Trade USA's ability to achieve intended social, environmental, and economic effects;
- b) Defines the scope and boundaries of the M&E system;
- c) Enables Fair Trade USA to monitor and evaluate its most significant intended social, economic and environmental effects, through a combination of performance monitoring and outcome and impact evaluations;
- d) Is regularly updated.

10.2. Intended Impacts and Outcomes

10.2.1. Intended long-term social, environmental, and economic impacts of the standards system are driven through the four goals of empowerment, community, and individual well-being, income sustainability and environmental stewardship, as depicted in the Producer Impact Framework in the IMS Overview.

10.2.2. Short and medium-term social, environmental and economic outcomes expected as a result of compliance with Fair Trade USA standards and through other strategies employed by Fair Trade USA, are also presented as Tier 1 and Tier 2 outcomes in the Producer Impact Framework in the IMS Overview.

10.2.3. The strategies employed to contribute to these intended outcomes and impacts are described in the IMS Overview Theory of Change section, which also depicts some of the causal pathways that explain how individual strategies are expected to contribute to intended outcomes and impacts.

10.2.4. The Fair Trade Indicator List shows which sustainability outcomes and impacts each indicator contributes to.

10.3. Impact Resources, Roles and Responsibilities

10.3.1. Fair Trade USA is committed to the continual development, improvement and implementation of the M&E system. Fair Trade USA ensures rigorous impact assessment by providing adequate resources, namely sufficient, skilled staff members with the capacity to meet their responsibilities and a commensurate budget for the long term implementation of the M&E system and the Impact Department.

10.3.2. The Director of Impact is responsible for implementation of the M&E system, and specifies the M&E roles and responsibilities of relevant staff members. For a full description of all Fair Trade USA roles related to impact and contracted roles including auditors, producers, survey coordinators and enumerators, and their associated responsibilities, please see the Impact Team Resources document.

10.4. Data Management

10.4.1. Fair Trade USA's information technology systems support the M&E system by ensuring that monitoring data is safely stored and easily accessible for analysis and use. Fair Trade USA maintains two M&E data management systems, one for audit data and one for survey data. There are dedicated staff responsible for data security and storage, cleansing, analysis and distribution for each system.

10.4.2. Fair Trade USA maintains systems for storing, organizing and facilitating analysis and use of performance monitoring data. Currently audit data is stored and organized in a SQL database and analyzed in Tableau. Survey data is collected and organized in Salesforce and cleaned and analyzed in Excel.

10.4.3. Fair Trade USA implements data quality assurance measures to help ensure the quality, reliability, consistency and accuracy of data used for performance monitoring. These measures include creating and following specific indicator protocols for each monitoring indicator currently in use. Please refer to the Audit



M&E Data Entry Guidelines or the Survey Methodology for specific requirements regarding data collection and entry.

10.4.4. Confidential information is respected and protected. The Data Governance Policy ensures the protection of confidential and proprietary data.

10.4.5. Fair Trade USA has addressed any legal requirements around data confidentiality and use that would prevent it from analyzing relevant data for M&E purposes and has procedures in place to address any legal barriers to the use of relevant data for the implementation of the M&E system.

10.5. Stakeholder Identification and Consultation

10.5.1. Fair Trade USA consults with stakeholders during the design and implementation of its M&E system.

10.5.2. Fair Trade USA identifies categories of stakeholders who have an interest in different aspects of the M&E system, and documents this exercise using the Stakeholder Mapping Tool.

10.6. Performance Monitoring

10.6.1. Fair Trade USA ensures it has sufficient information to determine the extent to which outputs and short and medium-term results are being achieved.

10.6.2. Fair Trade USA ensures that data is collected on an ongoing basis to track and report progress on current performance monitoring indicators.

10.6.3. Fair Trade USA compiles, analyzes and produces reports on the results observed through performance monitoring at least once per year.

10.7. Transparency

10.7.1. Fair Trade USA is committed to publicly sharing the design and structure of the IMS and the results of impact assessment work so stakeholders and interested parties have the information they need to understand and contribute to the M&E program.

10.7.2. By making the IMS Overview available on the Fair Trade USA website, Fair Trade USA ensures that the following information is publicly available:

- a) A description of the current scope and boundaries of the M&E system, and when appropriate, plans for expansion;
- b) An explanation of the Fair Trade USA's strategies, intended outcomes and impacts, and the most significant unintended effects.

10.7.3. A contact point for submission of comments, questions or complaints about the M&E system is also available on the website.

10.7.4. Fair Trade USA is committed to publicly sharing the results of its outcome and impact evaluations on its website (<http://www.fairtradeusa.org/resources/facts-figures>). Annually, Fair Trade USA releases a system-wide impact report that highlights the quantitative and qualitative results of Fair Trade USA programs, including any in-depth studies commissioned. The goal is to demonstrate how Fair Trade USA is growing, what's working best, and how there are integrating learnings from the IMS into the model. Commodity specific impact reports are also released as they are ready.

10.7.5. The reports include at least the evaluation questions, a description of the methodology employed, the positive and negative conclusions, and recommendations.

10.7.6. In sharing these results Fair Trade USA ensures that stakeholders have access to the conclusions of evaluations and are able to judge the quality of the studies for themselves.



11. Management of Complaints, Allegations, and Appeals

11.1. Fair Trade USA offers dispute management services (including review of complaints, allegations and appeals) designed to find meaningful resolutions that address stakeholder concerns.

11.2. Dispute management is conducted in accordance with the Fair Trade USA Complaints Procedure. The procedure is available on the Fair Trade USA website and written to ensure consistent management of complaints and appeals in order to resolve disputes and determine outcomes in an equitable, objective and unbiased manner.

11.3. The procedure specifically facilitates complaints regarding, but not limited to:

- a) The standards system (from Certificate Holders and other stakeholders);
- b) Fraud or potential fraud.

11.4. The procedure requires Fair Trade USA to:

- a) Investigate and take appropriate action regarding relevant complaints;
- b) Refer complaints to the relevant body;
- c) Review and take any necessary corrective action to the standards system or compliance assessment requirements;
- d) Maintain records of all complaints and resulting actions to be made available for the system review.



ABOUT FAIR TRADE USA

Fair Trade USA is a nonprofit organization that promotes sustainable livelihoods for farmers and workers, protects fragile ecosystems, and builds strong, transparent supply chains through independent, third-party certification. Its trusted Fair Trade Certified™ label signifies that rigorous standards have been met in the production, trade and promotion of Fair Trade products from around the world. Recognized as a leading social venture by the Clinton Global Initiative, the Skoll Foundation and Ashoka, Fair Trade USA also provides critical capacity-building programs at origin, and educates consumers about the power of their purchase. Visit www.FairTradeUSA.org for more information.

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