

Effective Corrective Measures

Explanatory Document

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1 Purpose

This document gives guidance for you as a FLOCERT customer on how to propose effective corrective measures after an audit in order to resolve non-conformities.

2 Area of application

This document applies to FLOCERT's certified Fairtrade customers.

3 Background

In an audit, FLOCERT looks into your organisation's practices and level of compliance with the Fairtrade Standards. The auditor might find non-conformities and thereby identify areas for improvement. In addressing these areas to resolve the non-conformities, the organisation goes through a positive development. In order for this process to work, it is crucial that the organisation chooses the most suitable and effective corrective measures to fix its non-conformities. This document attempts to support customers in this process.

4 Effective corrective measures

During the closing meeting of your audit, the auditor presents the findings of the audit to you. If he or she found non-conformities to the Fairtrade Standards, you will have to correct them after the audit. You can choose to propose your corrective measures during the closing meeting, or you can take more time and wait for the FLOCERT evaluator to request them from you after the audit.

FLOCERT encourages you to suggest corrective measures during the closing meeting as this will speed up the entire evaluation process and as you can benefit from the momentum of the audit to start working on the corrective measures immediately. There are, however, situations in which a more detailed analysis of the root cause of a problem is needed in order to propose an effective corrective measure.

The auditor must not advise you on how to fulfil the non-conformities identified. But he or she can explain the requirements on corrective measures and offer practical examples of what other customers have done in similar situations.

When suggesting a corrective measure, keep the following aspects in mind (not all elements might necessarily be relevant for each corrective measure).

Corrective measures should...

4.1) ...fix the situation:

Corrective measures need to remedy the current situation. You can solve the non-conformity by either stopping to conduct a prohibited action or by starting to perform a certain required action.

Examples for stopping an action:

- *If discrimination practices are found, these should be stopped with immediate effect.*
- *If the amount of Fairtrade premium had been calculated incorrectly, a corrected calculation should be implemented immediately.*
- *If prohibited hazardous materials are used, the practice should be stopped with immediate effect.*

Examples for starting an action:

- *If no General Assembly has taken place, you should call for one as soon as possible.*
- *If no sourcing plan has been provided, then buyer should share it with the producer as per the applicable timeline.*

4.2) ...prevent the situation from recurring by addressing the root cause:

Corrective measures need to prevent the current and similar situation(s) from reoccurring. To do so, they have to address the underlying root cause(s) of the non-conformity. If the root cause is unclear, you need to investigate. It might be necessary to change the underlying processes instead of just carrying out one-off actions.

Examples:

- *If Fairtrade and non-Fairtrade products are mixed during production and storage, the traceability system needs to be improved.*
- *If payments are always being done too late, the payment cycles need to be reviewed and adapted, including possible controls.*
- *If the Fairtrade Premium accountancy shows discrepancies, the accountancy system should be revised.*

Where a non-conformity is specifically affecting a certain group of people, taking the view of the affected party into consideration when designing the corrective measure is recommended to ensure that you address the root cause.

Example:

- *In case of a non-conformity in the area of employment conditions, the corrective measure should be discussed / aligned with worker representatives.*

4.3) ...compensate for losses or damages:

Corrective measures need to compensate the loss or damage caused by the non-conformity to producer organisations or workers, for example if the Fairtrade Premium wasn't paid then the identified aggrieved party should be recompensated by paying the past unpaid dues.

Examples:

- *Differences between mandatory wages and wages paid should be compensated for.*
- *If the initial payment was below the Fairtrade Minimum Price, the difference needs to be paid to the producer organisation.*
- *A negative mass balance would need to be corrected by purchasing additional FT input and also propose a measure to prevent this situation to reoccur.*

4.4) ...be in proportion to the damage caused:

A corrective measure should be appropriate to the damage caused, i.e. the bigger the damage, the stronger the corrective measure.

Examples:

- *If a Premium amount that is too low was paid a year ago, then the amount to be paid should compensate for this by applying an interest rate at market conditions in the country of the producer.*
- *If workers have been paid below minimum wages for six months, the minimum wage has to be raised and the arrears for the last six months need to be paid to workers in addition.*

4.5) ...contain a new aspect:

Repeated non-conformities cannot be solved by simply repeating a (previous) corrective measure.

Example:

- *In year 1, a non-conformity was given for the lack of Fairtrade references on sales documents. As a corrective measure, the organisation suggested to train its staff members accordingly. In year 2, the same non-conformity was found. In addition to training its staff members, the organisation now also suggested to add a Fairtrade description to the article description in the organisation's resource planning system, ensuring that all futures sales documents will clearly display the products as Fairtrade.*

4.6) ...be specific

Avoid corrective measure suggestions which do not address the underlying problem. Corrective measure suggestions such as '*Corrective measure will be discussed with FLOCERT*' should be avoided. In case you cannot suggest a meaningful and appropriate corrective measure during the closing meeting, leave it open and suggest it during the follow-up process after the audit.