

# Trader Corporate Certification

## Explanatory Document

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Certifier for



**FAIRTRADE**  
INTERNATIONAL



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## 1 Purpose

This Document defines the certification model Trader Corporate Certification.

## 2 Area of Application

This document applies to all customers that are or wish to be certified under Trader Corporate Certification. This option is only applicable to traders. Producers are not included.

## 3 Definitions

**Trader Corporate Certification:** As opposed to traditional Fairtrade trade certification where every legal entity buying and selling Fairtrade products holds one individual certificate, **Trader Corporate Certification** allows up to five legal entities covered by one certificate, to buy and sell Fairtrade products (one master operator and up to four associates). One legal entity is acting as “master operator” (certificate holder) and the other legal entities are considered “associates”.

**Master operator** is the entity where the main contact person for FLOCERT is located and the “documentary audit” (definition see below) takes place.

**Associates** are covered under the certificate of the Master Operator and are allowed to take legal ownership of (i.e. buy or sell) the Fairtrade product.

The term **additional entity** describes owned or subcontracted entities where some activity involving Fairtrade products takes place (e.g. manufacturers, roasters) but that do not take legal ownership of the Fairtrade product. Master operators and associates can use the services of additional entities.

**The “main audit site principle”:** It must be possible to combine the **documentary audit** (i.e. check of Fairtrade transactions including contracts, purchase and sales invoices, price and premium payments, pre-financing, sourcing plans, recipe & packaging approvals, verification of volumes/mass balance, use of trademark etc.) of the master operator and of all the associates. For this purpose one “main audit site” must be defined (usually the site of the master operator). At the main audit site all audit related documents of master operator and associates must be available and access to the ERP (enterprise resource planning) system for the master operator and all associates must be given.

**Table 1: Role of the entities in the Trader Corporate Certification setup**

	Master operator	Associate	Additional entity
Documentary audit	x	- <sup>1</sup>	-
Physical traceability audit	x	x	x
Buy and sell Fairtrade product	x	x	-

## 4 Criteria to qualify for Trader Corporate Certification

The following criteria need to be fulfilled to apply for Trader Corporate Certification. If any of those criteria cannot be complied with, every entity taking legal ownership of the product needs to be certified individually.

<sup>1</sup> All documents of the associates must be available at the master operator documentary audit.



1. A Trader Corporate Certification consists of a master operator and its associated companies and – if applicable – other additional entities. At minimum there must be one master operator and one associate. Not more than four associates can be covered by one certificate.
2. Any of the associate companies can have additional/subcontracted entities, but these shall not take legal ownership of the product, i.e. buy or sell.
3. The “**main audit site principle**” must be fulfilled: It must be possible to combine the documentary audit (see definition in section above) of the master operator and all of the associates. For this purpose one “main audit site” must be defined (usually the site of the master operator). At the main audit site all audit related documents must be available, and access to the ERP system for the master operator and all associates must be given.<sup>2</sup>
4. There is only one designated contact person for the master operator and all associate companies to liaise with FLOCERT. This person is responsible for all correspondence between FLOCERT and the certificate holder and must manage all administrative communication such as arranging audit dates, follow up on non-conformities, reporting of Fairtrade transactions, updating FLOCERT in case of changes in the Trader Corporate Certification structure etc.

## 5 Certification Process

### 5.1 Application

Traders need to apply for Trader Corporate Certification with the FLOCERT applications team.

The application documents are to be handed in by the master operator and mainly consist of:

1. Application questionnaire: It has to be declared that the “**main audit site principle**” can be guaranteed.
2. Certification contract signed by the master operator and agreements signed with the associates that they agree to a) giving access to all necessary info and data for the main-site-audit and b) the fact that their certification status is linked to the certification status of all entities certified under the Trader Corporate Certificate.
3. Certificates of incorporation (documents that show the legal registration of your company and the associates).

Once the documents are complete and the applicable application<sup>3</sup> and certification fee is paid the Permission to Trade will be issued and an initial audit conducted within nine months of the issuance of the Permission to Trade.

FLOCERT will assign one responsible Certification Analyst managing the audit and certification of all the companies involved in the Trader Corporate Certification.

### 5.2 Audit

If the initial audit reveals that compliance with the Standard for all associates involved cannot be verified at the main audit site then:

- Either the certification will be denied and all entities involved have to apply for separate certification, or
- The associates for whom compliance cannot be verified are excluded from the Trader Corporate Certificate.

Once all non-conformities from the initial audit are resolved, the formal Trader Corporate Certificate is issued.

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<sup>2</sup> Physical traceability or processing of composite products in mass balance will be audited separately for every entity where necessary, see the “Audit” section in chapter 5.

<sup>3</sup> Traders switching from ‘trader score’ service to ‘TCC’ do not pay an application fee

Audit frequency after the initial audit:

- The “Main audit site” will be audited according to the certification cycle defined in the Certification SOP chapter “5. FLOCERT Certification Cycle and applicable compliance criteria”. Audit time on site for the master is 1 day for initial/renewal audits, for focused audits 0.5-1 days. For every associate there shall be 0.5 extra audit days for initial/renewal audits, for focused audits extra 0.25-0.5 days.

*Example: A master operator with 3 associates will have 1 day onsite for the master audit plus 3x0.5 extra days so 2.5 audit days in a renewal audit. This way the total days onsite are reduced as compared to individual certification (where we would have a total of 4 audit days in Renewals). The analyst in charge can amend the audit time in case it is necessary.*

- Associates and additional entities are generally audited once per certification cycle and usually only if physical traceability or processing of composite products in mass balance needs to be checked<sup>4</sup>. This audit will only verify the traceability requirements of the Standard and not involve a whole checklist (generally 0.5 days onsite).

### **5.3 Evaluation**

Each evaluation or certification decision that is taken is for the whole of the Trader Corporate Certification setup. This means that a non-conformity identified at one entity under Trader Corporate Certification could lead to sanctions for all other entities involved.

In cases where physical traceability has to be checked at the level of an associate / additional entity then the audit report of the master operator is always linked to the audit report of any site that was audited after the last audit of the master operator.

### **5.4 Certification Costs**

Please see TC FeeSys ED

### **5.5 Fairtrade Transaction Reporting**

Any purchase implying payment of Fairtrade Price & Premium must be reported online on a quarterly basis under the ID of the entity purchasing the Fairtrade product (either master operator or associate). The main contact person receives a login for the master operator and every associate that is a Price and Premium payer and is asked to report on behalf of the associates.

### **5.6 Scope extensions**

Application for additional entities are handled as per Certification SOP chapter “scope extensions”.

Application for new associates: The master operator applies to FLOCERT by handing in a signed updated version of the “associate agreement” and guarantees that the “main audit site principle” will be followed also for the newly included associate. Then an updated Permission to Trade / Certificate can be issued and the associate will be audited in the next Fairtrade audit.

## **6 References**

CERT Certification SOP

TC FeeSys ED

TC TCC ApplicationQuestionnaire FO

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<sup>4</sup> There could be other reasons that would justify an additional entity / associate audit e.g. if there is an indication that the additional entity / associate is not compliant with the requirements of the Fairtrade Trader Standard.