



Fairtrade Climate Standard

Standard Operating Procedure

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FAIRTRADE
INTERNATIONAL



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1 Purpose

This document describes what producer organizations, project developers, traders and end buyers have to do in order to be able to trade in *Fairtrade Carbon Credits*.

This document explains which entities in the trade chain must be certified with FLOCERT and how applications for Fairtrade certification and questions related to the Fairtrade (certification) system in general can be submitted to FLOCERT and how they are processed.

This document also describes the FLOCERT certification system and its underlying rules and principles such as the certification cycle (including audit frequency), the concept of compliance criteria and the rationale behind certification sanctions. Furthermore, it provides an overview on the audit and certification process. In relation to audits this document describes the basis on which an audit is planned and structured and defines the number and kind of interviews, the number of samples taken on affiliated organizations.

2 Area of Application

This Standard Operating Procedure applies to all involved parties including FLOCERT staff, auditors and certified customers.

3 Definitions

1st grade organization: 1st grade producer organization describes organizations whose legal members are exclusively individual producers of Carbon Credits.

2nd / 3rd grade organization: 2nd or 3rd grade producer organizations describe organizations whose legal members are exclusively 1st / 2nd grade organization affiliates.

Additional Entity (AE): an entity or organization that performs activities that fall under the scope of certification of the Producer Organization and is audited as part of the Producer Organization audit (see also Project Facilitator (PF)).

Audit: An audit is an evidence-gathering process that aims to assess the compliance of a customer and/or a product with certain standards.

Certificate means a written confirmation issued by FLOCERT that a Fairtrade customer is found to comply with a Fairtrade standard.

Certification Body means an independent third party, or third parties, to whom Fairtrade International has delegated the function of inspection and certification. The certification body for the Fairtrade Climate Standard is FLOCERT.

Certification cycle: A certification cycle is the period from the point of initial certification to re-certification, or from re-certification to the following re-certification. A FLOCERT certification cycle lasts three years.

Compliance Criteria (CC): Compliance Criteria are established by FLOCERT to translate requirements of the Fairtrade Standards and FLOCERT certification policies into verifiable control points. These control points are checked during and audit and evaluated during the certification process to determine compliance with the Fairtrade Standards

Corrective Measure (CM): A measure to resolve existing non-conformities or to prevent their recurrence.

Distributors are out of scope of certification by FLOCERT. The distributor buys FCCs from Traders / Authorised FCC Suppliers and sells them to End Buyers. Distributors need to sign contracts for the use of the FCC lock-up with the National Fairtrade Organisation in charge.

End buyer: The end buyer of *Fairtrade Carbon Credits* is an organization or an individual that purchases *Fairtrade Carbon Credits* in order to compensate for its emissions and invest in a sustainable project in the South. The end buyers are out of scope of certification by FLOCERT and sign contracts with the National Fairtrade Organisation in charge.

Fairtrade Carbon Credit (FCC): A carbon credit that was produced and traded under the conditions laid out

in the *Fairtrade Climate Standard*.

Fairtrade Climate Standard (FCS): The *Fairtrade Climate Standard* defines all requirements for producer organisations and traders, project facilitators and *end buyers* of Fairtrade Carbon Credits.

Gold Standard: An international carbon offset standard, set by the Gold Standard Foundation that is best known for its carbon market certification scheme, which operates in the international compliance and voluntary markets. The Gold Standard supports energy, land use based and waste management projects that have the particularity to focus on co-benefits such as environmental benefits and local stakeholder involvement. To produce *Fairtrade Carbon Credits*, Gold Standard and Fairtrade work in a partnership where Gold Standard certification is a prerequisite to produce *Fairtrade Carbon Credits*. Carbon Credits issued under Gold Standard certification are eligible to be sold as *Fairtrade Carbon Credits* when the project is also Fairtrade certified.

FCC Lock-Up: The Fairtrade Carbon Credit lock-up is a joint lock-up, co-owned by Fairtrade International and the Gold Standard Foundation. It contains the brand mark of Fairtrade International and of the Gold Standard Foundation and further elements created by Fairtrade International, in collaboration with the Gold Standard Foundation.

Lot: a portion of the carbon credits issued by a project that is traded together. A vintage of carbon credits may be traded in different lots, some of them as *Fairtrade Carbon Credits* and some of them as GS carbon credits. Different lots may take different routes through the supply chain.

Non-conformity (NC): A non-fulfilment of a specific standard requirement.

NFO: National Fairtrade Organization, member of Fairtrade International authorized to sublicense the Fairtrade Carbon Credits Lock-Up in a specified territory. In the case that in a country no NFO is registered, Fairtrade International will be the NFO.

Objective evidence (OE): The term objective evidence describes any means of proving compliance with a (standard) requirement. At FLOCERT, objective evidence is requested from customers to verify compliance during audits, or to prove fulfilment of *corrective measures* in the case of non-conformity.

Permission to Trade (PTT): Authorization to buy and sell Fairtrade Carbon Credits before the issuance of the actual Fairtrade certificate. For traders the PTT can be issued after a successful application process; for Producer Organizations the PTT can be issued after the initial audit if no major *Non-conformities* are identified. The PTT is valid for 9 months, then a first certification decision is taken.

Producer Organization (PO): Organization producing *Fairtrade Carbon Credits*. This Producer Organization can be a Small Producer Organization, a Community Based Organization or any kind of organization following the rules laid out in the *Fairtrade Climate Standard*.¹ It is comprised of “producers”, who produce *Fairtrade Carbon Credits* through the carbon project.

Programme of Activities (PoA): Set of individual Component Project Activities (voluntary or CDM (Clean Development Mechanism)- registered) that apply the same baseline and monitoring methodologies and involve technologies or a set of interrelated measures that reduce or remove greenhouse gas (GHG) emissions.

Project Facilitator (PF): A Project Facilitator is an external entity that supports the Producer Organization to develop *Fairtrade Carbon Credits* projects. This entity can be an independent consultant, NGO, company, technology provider, buyer, etc., as long as it provides a support role and transfers skills to the producer organisation. Commonly known in the carbon sector as project developer, Project Facilitators must comply with the applicable Fairtrade standard requirements because they perform activities that fall under the scope of certification of the *Producer Organization* (e.g. handling the *Fairtrade Carbon Credits* (hold an account without legally owning the *Fairtrade Carbon Credits* or price and premium on behalf of the certified entity)). Project Facilitators are registered as an *additional entity* under the certificate of the Producer Organisation and are audited as part of the *Producer Organization*.

Project Manager: Person from the *Producer Organization* who is responsible for managing the design,

¹ In the Gold Standard system, this would be the “Project Proponent” or “Project Owner”. The Fairtrade Carbon Standard introduces the notion of Producer Organization because it wants to bring increased socio-economic and community empowerment elements in the carbon world and put producers at the heart of the decision-making for their project, lives and communities.

implementation, and monitoring of the project. This person is different from the *Project Facilitator*, since it is internal to the *Producer Organization*.

Fairtrade Minimum Price: Is the price set by the Standards Unit of Fairtrade International for one unit of a Fairtrade product.

Fairtrade Premium: Is the amount set by Standards Unit of Fairtrade International for Fairtrade Carbon Credits to be paid on top of the Fairtrade price. The Fairtrade Premium use is democratically decided in the *Producer Organization*.

Fairtrade payer: Is the legal entity in the supply chain that is responsible for the payment of the Fairtrade price, for *Fairtrade Carbon Credits* it is the first buyer (see: *trader*).

Certification fees: Are the fees that are charged by FLOCERT to cover the annual costs of certification.

Registry account: An organization/entity can have a registry account with The Gold Standard in which carbon credits can be issued or transferred. Only once the account is opened a project is eligible to generate carbon credits.

Trader (Authorised FCC Supplier): Fairtrade price and premium payer. Only the legal entity that first buys the *Fairtrade Carbon Credits* from the producer organisation needs to be certified by FLOCERT.

Vintage: the carbon credits issued from a project under the same request for issuance.

4 Prerequisites for certification

In order to produce and sell *Fairtrade Carbon Credits* the *Producer Organization*, *Project Facilitator* and *Trader* need to have a project registered under the *Gold Standard*. Only Carbon Credits issued under Gold Standard certification/verification are eligible to be sold as *Fairtrade Carbon Credits* as soon as the *Producer Organization*, *Project Facilitator* and the *trader* are also Fairtrade certified.

5 Scope of certification

FLOCERT certifies projects (*Producer Organization*, *Project Facilitator* and *traders*) against the requirements of the *Fairtrade Climate Standard*. FLOCERT does not certify whether a project is in compliance with Gold Standard or Clean Development Mechanism requirements, neither does FLOCERT verify the number of carbon credits a project is allowed to issue.

If you are a producer organization or a trader that is already certified in other Fairtrade products and want to be certified in accordance with the *Fairtrade Climate Standard*, you have to hold two separate certificates, one for Fairtrade Carbon Credits and another one for all other Fairtrade products.

In the *Fairtrade Climate Standard* Producer Organisations (if applicable with a *Project Facilitator* as an *additional entity*) and *traders* (1st buyers, see definition of *trader*) need to apply for Fairtrade certification. *End buyers* have to comply with the end buyer requirements of the Standard in case they source more than 1.000 Carbon Credits per year (see 5.4) but do not need to be certified by FLOCERT.

5.1 Producer Organisations

5.1.1 Legally registered *Producer Organizations*

As a *Producer Organizations* you sign a certification contract with FLOCERT and you are audited and certified against the requirements for Producer Organisations. In case you outsource the compliance with certain requirements to a *Project Facilitator* you have a contractual agreement with the *Project Facilitator* (see 5.3).

5.1.2 Informal *Producer Organizations*

In case you are a *Producer Organization*, who is not legally registered and thus cannot sign the certification contract with FLOCERT, the *Project Facilitator* may sign the certification contract with FLOCERT on your behalf. In this case the *Project Facilitator* is responsible for compliance of the *Producer Organization* as the certificate holder on your behalf.

5.2 Traders

If you are the first buyer taking legal title of the issued Fairtrade Carbon Credits after the *Producer Organization*, you must be certified against the *trader* requirements of the *Fairtrade Climate Standard*. You sign a certification contract with FLOCERT and you are audited against the Trade requirements of the *Fairtrade Climate Standard*.

5.3 Project Facilitators

Project Facilitators are often mandated to carry out activities related to standard requirements for the *Producer Organization*. These can be requirements for the *Producer Organization* like e.g. making sure that the project complies with laws of the country (requirement 2.2.2 of the *Fairtrade Climate Standard*) or they may hold the *Producer Organizations* Carbon Credits in their Gold Standard account without legally owning them. It is possible that there are two or more *Project Facilitators* involved with the same *Producer Organization*. In any case, if you act as a *Project Facilitator* you sign a contractual agreement with the *Producer Organization* where the relationship (including applicable fees for the services provided) is described in detail (see requirement 2.2.12 of the *Fairtrade Climate Standard*). As the *Project Facilitator* you have to comply with all requirements for *Project Facilitators* in the *Fairtrade Climate Standard*. As a service provider, you are not certified separately but you are registered under the certificate of the *Producer Organization* as an *additional entity*.

Please note that per definition, your role as a *Project Facilitator* changes over the years. It may be that you “withdraw” from certain roles, e.g. no longer hold the credits in your account on behalf of the *Producer Organization* or no longer charge for your services. In this case your contractual agreement with the *Producer Organization* has to be amended.

In case you are taking legal ownership of the *Fairtrade Carbon Credits* you must be certified separately as a *trader* and section 5.2 applies to you².

5.4 End buyers

If you are an *end buyer* you are not certified by FLOCERT against the Standard requirements but - in case you source more than 1.000 Carbon Credits per year – you sign an agreement with the National Fairtrade Organization of your country, in which you commit to fulfilling the *Fairtrade Climate Standard* requirements for *end buyers*. Please refer to the Fairtrade Organization responsible for the market where you are located. For further information please refer to the website of Fairtrade International <http://www.fairtrade.net/>

6 Application

6.1 Contact

To apply for Fairtrade certification please send an email to one of the email addresses below:

Asia (incl. Pacific Islands), Australia and New Zealand:	asia@flocert.net
South, Central America (incl. Caribbean):	la@flocert.net
Africa (includes Palestine and Middle East)	africa@flocert.net
Europe and North America:	europa@flocert.net

For information on applicable fees please consult the document “**CERT FCSFeeStructure ED**”.

FLOCERT then sends you the application package containing all documents that you need to fill/hand in.

². In cases where you are a *Project Facilitator* and a *trader* you do not have to buy all Carbon Credits issued by the *Producer Organization* as *Fairtrade Carbon Credits*. You may wait until you sign a purchase contract for *Fairtrade Carbon Credits* with the *Producer Organization* once you know that you have a buyer for *Fairtrade Carbon Credits*.

In case you would first like to check the certifiability of your organization you can request a gap analysis before taking the decision to apply for certification. For more details check our website <http://www.flocert.net/fairtrade-services/fairtrade-gap-analysis>.

6.2 Producer application

If you are a *producer organization* and you want to apply for certification you will have to hand in the following documents:

- FLOCERT Questionnaire for *Producer Organization(s)*
- Legal registration of *Producer Organization* (and, if applicable *Project Facilitator(s)*)
- Statutes (constitution, bylaws) of the *Producer Organization*
- Updated list of members of the *Producer Organization* indicating: name of member, location, number of permanent, temporary and seasonal workers³
- Proof of payment of application fee
- Signed certification contract

6.2.1 End of application phase for producers / application successful

Once you have handed in all documents to FLOCERT and paid the application fee your data is entered into the FLOCERT certification database and a FLO ID is assigned. The application results are communicated to you within 30 days of submission of complete documents.

You will be contacted by your certification analyst and will receive the invoice with the annual certification fee (please consult the document “**CERT FCSFeeStructure ED**” for details).

Once the certification fee is paid, FLOCERT will schedule the Fairtrade initial audit (please see 9.1.1 for next steps after the initial audit).

6.3 Trader application

If you are a *trader* and you want to apply for certification you will have to hand in following documents:

- FLOCERT Questionnaire for *trader(s)*
- Legal registration
- Proof of payment of application fee
- Signed certification contract

6.3.1 End of application phase for traders

Once all documents are submitted your data is entered into the FLOCERT certification database and a FLO ID is assigned. The application results are communicated to you within 30 days of submission of complete documents.

You will be contacted by your certification analyst and you will receive the invoice with the annual certification fee (please consult the document “**CERT FCSFeeStructure ED**” for details).

Once the annual certification fee is paid the *permission to trade* is issued and an initial audit is scheduled 5-6 months after the issuance (please see 9.1.2 for next steps after the initial audit).

³ See definition of “worker” in the FCS section 3. Labour conditions under “Intent and Scope”

6.4 Discontinuation of application

If you have paid the application fee but have not submitted all documents required, FLOCERT will retain your application request active for a maximum period of 12 months. After this period your application will be considered as discontinued. Should you wish to apply for Fairtrade certification after this 12-month period, you will be requested to go through the entire application process again.

7 Permission to Trade

7.1 Traders

If you are a trader, you will receive a Permission to Trade valid for 9 months upon receipt of payment of the initial certification fee. You are granted this status to facilitate initial Fairtrade sales, which would then form the basis for the initial audit.

If you (as an applicant) are found to have started transacting Fairtrade business before having received the Permission to Trade, no Permission to Trade can be issued before you have been audited. Please also see 11.4 Financial Sanctions.

7.2 Producer organisations

If you are a producer organisation, you will receive the Permission to Trade letter only after an initial audit, provided there are no major non-conformities identified or once you have corrected all major non-conformities. The Permission to Trade is valid for 9 months and enables you to start trading in Fairtrade products. Once all non-conformities are fulfilled, a valid Certificate will be issued.

You must achieve compliance within the regular timeframe (see chapter 10 Evaluation and certification) and before the expiry date of the Permission to Trade.

8 3-year certification cycle and audit frequency

After you have successfully completed the initial audit and fulfilled all evaluation steps, you will receive a valid Certificate that covers the first certification cycle. The certificate is valid for four years.

In every cycle, you receive one renewal audit. In addition, up to two more confirmation audits (i.e. focused or unannounced audits) may take place depending on FLOCERT's assessment of your individual needs. This assessment is based on the following criteria: Compliance with the Fairtrade Standards, Fairtrade Premium amount received/paid and your individual setup.

Further unannounced audits may be conducted at any time if there are strong indications that your activities reveal critical deviations from the Standard.

The first renewal audit is carried out during year 3 of your certification. Compliance, including fulfilment of Corrective Measures (CM), must be achieved before the certificate is renewed for the next 3-year cycle. The same 3-year cycle continues into year 6.

It is important to note that although some CC may only become valid at a future point in time, you are encouraged to be in conformity with these CC or start working towards conformity as early as possible as a means for organisational strengthening and sustainable business development.

9 Audit

9.1 Audit types

9.1.1 Initial Audit

Based on the information received during the application phase, your initial audit is planned. This information is part of the terms of reference of the auditor.

Scope Initial Audit

- Verification of information provided by the applicant during the application phase
- Verification of transactions traders made during the permission to trade phase
- Verification that no trade took place before the date of permission to trade
- Evaluation of compliance criteria valid for all customers

9.1.2 Focused Audit

A focused audit may take place in between two Renewal audits / an Initial and a Renewal audit in order to follow up on non-conformities identified at the last Initial/Renewal audit and to focus on specific sections of the Fairtrade Standard that are identified as critical for the individual customer.

Therefore, a focused audit concentrates on those sections of the checklist where non-compliances were detected in the last initial or renewal audit. Additionally, further subsections can be in the focus of the audit, if deemed necessary by the responsible certification analyst.

The remaining sections are not excluded from the audit scope and the auditor may request for further evidence for those sections if deemed necessary. A focused audit can be replaced by an unannounced audit if deemed necessary.

Scope Focused Audit

- Verification of continued compliance of all the subsections where non-compliances were detected in the last Renewal audit
- Verification of additional subsections / certain compliance criteria as selected by analyst
- “Reactive approach” to all other criteria
- The audit always includes the whole time-period since the last physical audit which indicated in the audit preparation letter as “focus period”.
- Please note that non-conformities can also be raised based on incidents that happened prior to the audit period.

9.1.3 Renewal Audit

A renewal audit has two objectives: first, to monitor continuous compliance with compliance criteria applicable for the valid certificate (past); and second, to verify compliance with upcoming compliance criteria which will be applicable for the next 3-year cycle (future).

EXAMPLE:

The producer has been certified for 6 years. This means the customer has successfully passed the first certification cycle, the certificate has been renewed once (after 3 years) and compliance has been monitored during surveillance phase. At this point, the producer is preparing for another renewal audit in order to achieve a certificate for the next 3 years. The auditor is required to control all compliance valid at this point in time.

Scope Renewal Audit

- Evaluation of continued compliance with *compliance criteria applicable at that point of time* for the respective customer. Depending upon whether it is a first or a second renewal audit according to the pre-defined checklist the auditor receives with the Audit Order.
- The audit always includes the whole time period since the last physical audit.



9.1.4 Follow-up audits

A follow-up audit is the result of an evaluation or certification decision. The goal of a follow-up audit is to follow-up on the implementation of corrective actions to the non-conformities identified during the regular audit. During the follow-up audit, the auditor will document the status of the Objective Evidence.

Scope Follow-up Audit

- Evaluation of compliance with the major and other compliance criteria where a non-conformity during the last audit was detected and which cannot be verified through documents, or in case of a very high number of non-conformities

9.1.5 Scope Extension Audit (only for producers)

A scope extension audit is carried out if the customer would like to add an additional product or members to the certification scope and an audit is additionally scheduled before the next regular audit.

The audit will only focus on the compliance criteria related to the new product(s)/ new members which were not covered by the last audit for the existing certification. As there is no specific checklist type for scope extension audits, the certification analyst determines the relevant checkpoints in the ToR for the auditor.

Scope Extension Audit

- Evaluation of compliance criteria applicable to new product which is supposed to be covered by the certificate in the future.
- Evaluation of compliance of additional entity which is supposed to be covered by the certificate in the future.

9.1.6 Unannounced Audit

One activity that greatly improves the credibility of the Fairtrade certification system is the use of unannounced audits which may be scheduled for certain customers based on a set of risk indicators.

The focus of the unannounced audit is flexible and will be determined by the certification analyst and communicated to the auditor via the Terms of Reference.

In general, the customer who receives an unannounced audit will not be informed at all before the auditor reaches the site. In some cases, the customer may receive short notice notification prior to the unannounced audit, depending on the reason for an unannounced audit to make sure that the customer is available on the audit date.

The audit is carried out as a 'spot-audit', focusing only on specific compliance criteria that were selected beforehand by the certification analyst and clearly described in the Terms of Reference. The auditor is then not requested to actively check other CC not being part of the ToR but may identify non-conformities with them if non-conformities are observed against those requirements.

The details on why the customer was selected and any other relevant information are captured in Ecert.

If a customer refuses access for whatever reason, then this is ground for an immediate suspension of the certificate.

Scope Unannounced Audit

- Check continued compliance of customers
- Checklist is defined by the responsible analyst.

9.2 Audit methodology

Generally, all audits are physical audits and conducted onsite.

A desktop confirmation audit can only be conducted as an exception if the auditor cannot be sent into your region due to regional conflicts, natural disasters, outbreaks of disease, or other high-risk circumstances and there is a clear indication that the audit cannot be postponed or skipped.



9.3 Audit procedure

Before the audit you agree on an audit date with the auditor and the auditor informs you in an audit preparation letter about the schedule for the audit and about documents that you need to prepare.

The audit in general comprises of the following steps

- Opening meeting (auditor explains the structure of the audit to you)
- Interviews/field visits/ document revision (auditor conducts the audit)
- Closing meeting (possible non-conformities are presented to you by the auditor)

More information about audit sampling in Initial and Renewal audits can be found in Annex I (see below).

10 Evaluation and certification

The auditor sends the audit report to FLOCERT within 14 days after the audit date or completion of the audit cluster.

After receipt of the audit results the responsible certification analyst (evaluator) will evaluate the audit report and findings. The evaluator has the right to change, confirm or delete non-conformities identified by the auditor. Non-conformities might also be added after the audit, in case the supporting documents submitted provide evidence of further non-compliance.

The table below provides you a step-by-step overview of the evaluation workflow and the corresponding timelines.

Timelines for the evaluation workflow until certification	
	Audit is finished
14 days	Auditor sends audit report to FLOCERT
2 months	FLOCERT confirms non-conformities and requests corrective measures ⁴
1 month	You send corrective measures proposal to FLOCERT in case no corrective measures have been suggested during the closing meeting of the audit
14 days	FLOCERT confirms corrective measures proposed and depending on the nature of the non-conformities, requests objective evidence ⁵ or an onsite follow up audit as a means of confirming compliance
45 days (Traders) 4 months (Producers)	You send objective evidence to FLOCERT
1 month	FLOCERT evaluates objective evidence and sends evaluation recommendation to certifier (Certification Manager or Senior Certification Analyst)
14 days	Certifier sends confirmation to evaluator; evaluator sends decision to you

⁴ Corrective Measures (CM) are measures suggested by the customer to correct a situation that is not according to the Fairtrade requirements and generated a non-conformity.

⁵ Objective Evidence (OE) is the evidence provided by the customer that proves that corrective measures have been implemented and the situation that generated the non-conformity has been therefore corrected accordingly.

11 Certification Sanctions

Based on your compliance, the certifier can decide to apply any of the following certification sanctions at his/her discretion.

The decision to apply any of these sanctions will be based on a careful consideration of your organisation's overall compliance and will be explained to you in an official communication. The certifier will consider the following aspects when deciding which sanction should be applied:

- a. Severity of non-conformities found during the latest audit.
- b. Failure to comply with certification rules and procedures.
- c. Risk to the credibility of the Fairtrade system

11.1 Cancellation of Permission to Trade / Denial of Certification

If this sanction is applied to you, you must cease trading in Fairtrade products with immediate effect. You may not sign any new Fairtrade contracts, as they will not be recognized as Fairtrade transactions, nor will already existing contracts be recognized under Fairtrade terms.

11.2 Suspension of Permission to Trade or Suspension of Certificate

If this sanction is applied to you, you are not allowed to sign Fairtrade contracts with new trade partners, nor are you allowed to advertise or make any reference to maintaining a valid Fairtrade certification.

During the suspension period, all Fairtrade contracts signed prior to your suspension remain valid and have to be fulfilled., you may also continue to trade Fairtrade products with Fairtrade certified trade partners with whom you had at least one Fairtrade transaction in the past 12 months. However the volume cannot exceed 50% of the volumes traded as Fairtrade in the preceding 12 months with that certified trading partner.

The duration of suspension is dependent on the evaluation workflow timelines (see chapter 10 Evaluation and certification).

11.3 Decertification

If this sanction is applied to you, you have to stop trading under Fairtrade terms with immediate effect. You are not allowed to sign any new Fairtrade contracts, nor are you allowed to fulfil existing contracts under Fairtrade terms, as these will not be recognized as Fairtrade contracts in the evaluation of your Fairtrade certified trading partners

11.4 Financial sanctions

FLOCERT may apply financial sanctions under the following conditions:

- If an applicant commenced Fairtrade business before having received the Permission to Trade or its Fairtrade certificate, a charge of TWICE their annual certification fee calculated on a pro-rata basis from the date of their earliest Fairtrade transaction.
- If a certified customer has non-compliances which cannot be resolved retrospectively within the certification cycle. (E.g. Non-Member Business, Overselling under suspension, Transacting with an entity who remain uncertified, etc.), a charge of TWICE their annual certification fee calculated on a pro-rata basis from the date of the earliest transaction that led to the non-compliance.

A financial sanction will not exceed 5000 EUR.

12 Right to appeal

Should you disagree with an evaluation or certification decision taken by FLOCERT, you may appeal or request a review of the evaluation decision. For further information, please refer to the Appeal & Review Procedure (**EXE AppealReview SOP**) published on the FLOCERT [website](#).



13 Re-applications / re-entry after decertification / scope extensions

13.1.1 Re-application after certification was denied after initial audit

Should you have been denied certification after the initial audit was conducted, you are not required to pay the application fee and submit application documents if you re-apply within 12 months after certification denial. However, the following conditions may apply:

- You will receive a new initial certification fee invoice and upon payment a new initial audit will be scheduled.
- If you are a Trader, you will not be eligible for Permission to Trade. An audit will be conducted to verify that you have corrected all pending non-conformities that led to the previous denial of certification.

13.1.2 Re-entry after decertification

If you have been decertified, you may re-apply to become Fairtrade certified under the following conditions:

1. You agree to undergo an audit before re-entering the Fairtrade certification system if deemed necessary by FLOCERT.
2. You have corrected all unresolved prior major non-conformities.

Should you choose to re-enter the Fairtrade certification system within 12 months of the date of decertification, you will not be required to pay the application fee. However, any outstanding certification fees from the period prior to decertification would have to be paid.

Should you choose to re-enter the Fairtrade certification system after 12 months of the decertification date, you will be required to complete the application process

13.1.3 Application for scope extension

As a certified customer you can extend the scope of certification at any point in the certification cycle. However before doing Fairtrade business under the extended scope you need to apply to FLOCERT and seek approval in the following cases:

You are a *Producer Organization* and you want:

- To add a new project to your Fairtrade activity (this might be a new product type e.g. in addition to the product type *Fairtrade Carbon Credits* of the type “energy efficiency” you want to sell *Fairtrade Carbon Credits* from a forestry project or it might be the same product type e.g. energy efficiency from cook stoves and you want to add a safe water supply project that is also under the product type “energy efficiency”).
- To add a new member organization to your Fairtrade activity: This section only applies if you are a 2nd or 3rd grade *Producer Organization* and you have limited your Fairtrade certification to a selected number of member organizations. It does not apply to you if all member organizations of your 2nd or 3rd grade organization are part of the Fairtrade business.
- To add a new commercial function / service: As a certified producer organization you can apply to have the trader function added to your certificate if you wish to trade in *Fairtrade Carbon Credits* (e.g. if you buy *Fairtrade Carbon Credits* from other certified producers).
- To add or remove a *Project Facilitator* to/from your Fairtrade activity.

You are a *Trader* and you want:

- to add a new type of *Fairtrade Carbon Credits* to your Fairtrade activity (the different types are: energy efficiency, forestry, renewable energy)

Please note: If you are a *Trader* or a *Producer* certified against the *Fairtrade Climate Standard* you can only trade *Fairtrade Carbon Credits*. If you want to trade in other Fairtrade products you need to apply for separate Fairtrade certification for all other Fairtrade products (e.g. cocoa, cotton, sugar, etc.) and vice versa.



You may conduct Fairtrade business under the new scope only once you have received confirmation from FLOCERT and if applicable, an amended Fairtrade Certificate.

14 References

CERT FCSFeeStructure ED

CERT CCListFairCarbonCredits ED

15 Change History

Version	Author	Date approved	Changes
10	Ute	01.12.2018	First version

Annex I

Audit sampling for Initial / Renewal audits

1st grade Producer Organization

Main interview partners

- Individual members of the organization (including board and committees)
- Administrative staff
- Workers hired by the organization
- Workers hired by individual members (if applicable)
- Responsible person(s) for Environmental Requirements (even though the *Fairtrade Climate Standard* does not require an “environmental officer”)
- Worker's Representatives (if applicable)

The following number of members of a producer organisation should be interviewed to have a representative sample:

Total number of members of the organisation	
< 50	Minimum 10 members in group interview plus minimum 2 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
50 - 100	Minimum 15 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
101 – 250	Minimum 20 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
251 – 500	Minimum 25 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
501 – 1000	Minimum 30 members in group interview plus minimum 10 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
> 1000	Minimum 40 members in group interview plus minimum 10 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)

In case producer organizations hire and/or employ workers at the administrative or technical department or for the production of the Carbon Credits (e.g. in afforestation/reforestation projects, for land preparation, tree planting, seeding, nursing, harvesting, etc. In energy projects to run and maintain installations but also for implementation and monitoring of the project (such as cookstoves distribution, trainings, etc.)) these workers should be interviewed to verify labour conditions. The following number of workers of a *Producer Organization* should be interviewed to have a representative sample:

Total number of workers hired by the organisation	
0-10	Minimum 5 workers
10-20	Minimum 8 workers



20-50	Minimum 10 workers
> 50	Minimum 15 workers

2nd and 3rd grade Producer organizations

The central structure of the 2nd/3rd grade organisation is always part of the audit scope. In the central structure, interviews must be conducted with members of the board, committees and management of the 2nd/3rd grade organisation.

Additionally to the central structure, a certain number of 1st grade organisations are sampled as part of a 2nd/3rd grade audit:

- At a minimum, all or 3 member organisations (whichever is lesser) are audited in the first year (initial certification).
- The exact number of samples in all other audits is calculated using the square root of the total number of member organisations part of the Fairtrade Certification.
 - At a minimum the sample is comprised of 2 member organisations
 - At a maximum the sample is comprised of 10 member organisations

Main interview partners:

- Delegates of the affiliated member organisation (including board and committees)
- Individual members of the affiliated member organisation
- Workers hired at all levels of the organization (3rd, 2nd & 1st grade and individual members)
- Responsible person(s) for ICS (Internal Control System)
- Responsible person(s) for Environmental Requirement (even though the *Fairtrade Climate Standard* does not require an “environmental officer”)
- Worker's Representatives (if applicable)

The following number of members of every 2nd/3rd grade organisation part of the audit should be interviewed to have a representative sample:

Total number of members of the organisation	
< 50	Minimum 6 members in group interview plus minimum 2 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
50 - 100	Minimum 8 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
101 – 250	Minimum 10 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
251 – 500	Minimum 12 members in group interview plus minimum 5 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
501 – 1000	Minimum 15 members in group interview plus minimum 10 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)
> 1000	Minimum 20 members in group interview plus minimum 10 individual members at the site where Carbon Credits are “produced” (planting site in afforestation project, home in cookstove project etc.)



In case the 1st grade organizations hire and/or employ workers at the administrative or technical department or for the production of the Carbon Credits (e.g. in afforestation/reforestation projects for land preparation, tree planting, seeding, nursing, harvesting, etc. In energy projects to run and maintain installations but also for implementation and monitoring of the project (such as cookstoves distribution, trainings, etc)) these workers should be interviewed to verify labour conditions. The following number of workers of a small producer organisation should be interviewed to have a representative sample:

Total number of workers hired by the organisation	
0-10	Minimum 5 workers
10-20	Minimum 8 workers
20-50	Minimum 10 workers
> 50	Minimum 15 workers

Project facilitator

The auditor is requested to verify compliance with all *Project Facilitator* requirements of the *Fairtrade Climate Standard* for all *Project Facilitators* that are providing services to the *Producer Organization*.

Traders

The auditor is requested to cross check or sample check certain trade information of the customer during an audit. Minimum levels are as follows:

Kind of Information	Sample
Original Contracts, purchase invoices and payments	One sample per supplier At a minimum, one of each per trade chain but where there are not more than 12 all are checked At a maximum 12 of each
Sales documentation including invoices	One sample per customer At a minimum, one per trade chain At a maximum 10 invoices As an alternative it is also possible to monitor the process of invoicing in the ERP system of the customer