

Certification Manual

Fair Trade USA V2.1 English Version



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1. Introduction

The mission of Fair Trade USA is to enable sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the environment. Fair Trade USA's mission is achieved by certifying and promoting Fair Trade products.

The Fair Trade certification model is designed and audited to ensure equitable trade practices at every level of the supply chain. For companies to earn a license from Fair Trade USA to use the Fair Trade Certified™ label on their products, they must buy from certified farms and organizations, pay Fair Trade prices and premiums and submit to rigorous supply chain audits.

Fair Trade USA contracted SCS Global Services (SCS), a global third-party certification body with 30 years' experience, to provide technical assistance in the revision, piloting, and implementation of the Fair Trade USA standards. As an independent third-party certification body, SCS develops scientifically informed and methodologically sound evaluation tools through which processes, practices and products are assessed and validated against certification schemes.

This Certification Manual was created by SCS Global Services (SCS) on behalf of Fair Trade USA to describe the certification process pertaining to Fair Trade USA's certification program. The manual includes a discussion of the prerequisites for participation in the Fair Trade USA certification program, a step-by-step description of the associated certification process and the fee schedule for auditing and auditing services.

The role of SCS in the Fair Trade USA certification program is to provide auditing services and issue certification decisions. In certifying Fair Trade USA products as Fair Trade Certified™, SCS adheres to a rigorous internal quality management system based on the principles of ISO Guide 65 (ISO 17065), the internationally-recognized norm for third-party organizations operating product certification systems. Adherence to a quality management system based on ISO Guide 65 ensures that SCS is committed to:

- Providing high quality auditing services trusted by businesses and consumers;
- Maintaining its independent, third-party status, thereby ensuring fairness and accuracy in certification; and
- Providing clients and stakeholders with a transparent and credible certification process.

Program Prerequisites

All parties interested in Fair Trade certification must fully and accurately complete a Fair Trade USA application form in order to be considered eligible. The application form for the Fair Trade USA program may be found online at www.scsglobalservices.com or requested by contacting SCS via email at fairtrade@SCSglobalServices.com, with a copy to Fair Trade USA at producercertification@fairtradeusa.org. Once SCS has received the application, a confirmation of receipt will be sent via email, along with any additional requests for information, if necessary.

In addition to completing an application form, an applicant must be a legally constituted entity and responsible for the production of an agricultural product that is eligible for Fair Trade certification. Fair Trade audits evaluate conformance with the applicable standard at the point of production and processing.

2. Key Terms

Annual Surveillance Audit: The audit conducted by an SCS auditor to ensure ongoing conformity to the applicable Fair Trade USA Compliance Criteria; occurring on an annual basis for two years in between the evaluation and re-certification audits and required to maintain certification.

Application Form: The form used to collect information regarding the entity applying for certification, for the purpose of defining the scope of the evaluation audit. An application form must be submitted in order to receive an evaluation audit. An updated application form must be submitted prior to re-certification audits (Years 3 and 6), or when the scope of the certification changes.

Audit Report: A report prepared by the assigned auditor and provided to the client upon completion of the audit following SCS technical review. The audit report provides details of the audit findings and identifies non-conformities (NC).

Certification Decision: The process of determining whether a producer is in conformance with the requirements of the applicable Fair Trade USA standard compliance criteria. This decision is made by a qualified technical staff member based on a review of the audit report and all evidence submitted therein, in addition to a review of responses to any NCs issued in the form of Corrective Action Plans (CAPs).

Corrective Action Plan (CAP): A plan prepared by the client and submitted to SCS in response to NCs issued by the auditor, describing corrective and preventive actions taken and the expected timeframe of completion.

Evaluation Audit: The initial audit conducted by an SCS auditor to determine baseline conformity with the applicable Fair Trade USA standard compliance criteria.

Follow-Up Audit: An audit carried out following an evaluation audit or surveillance audit to evaluate the implementation and effectiveness of corrective actions.

Label Use Guide: Guidelines that provide direction on how to use the Fair Trade Certified label and the term “Fair Trade Certified™” on product labels, packaging and point-of-sale (POS) materials.

Market Access Partner: The legal entity, either trade or non-trade, forming a partnership with the independent smallholders or the independent farms and/or multi-site companies it contracts and supports. The Market Access Partner holds the Fair Trade certificate.

Multi-estate Organization: A group of independent farms and/or multi-site companies selling through a Market Access Partner.

Multi-site Organization: A group of farms or facilities with a single owner, or owned by a single company. There is one central office (not necessarily the headquarters of the organization) at which activities are planned, controlled, or managed and which is responsible for ensuring implementation of a management system for the group. The farms/facilities can be registered to different owners for legal reasons, as long as the relations between them and the owner are clearly documented.

New Information Request (NIR): Written request by SCS to provide additional information to determine compliance with specific requirements.

Non-conformity (NC): Audit finding(s) that the client is not meeting one or more requirements of the applicable Fair Trade USA standard compliance criteria. NCs must be addressed with a Corrective Action Plan (CAP) and corrected within a timeframe specified by SCS. In some cases, one NC written by the auditor may address several non-conformant requirements.

Non-conformity Report (NCR): If any NCs are identified during the audit, the client will be issued an NCR including all NCs detected during the audit. A Non-Conformity Report and Corrective Action Plan form (NCR-CAP) is sent with the audit report. Clients must complete a Corrective Action Plan (CAP) for each NCR. Satisfactory responses to NCRs are required to obtain initial certification in the Fair Trade USA program and are also required on an ongoing basis following any annual surveillance or re-certification audit in which NCs are detected.

Re-certification Audit: The audit conducted by an auditor every three years to determine ongoing conformity with the applicable Fair Trade USA Compliance Criteria and to provide the basis for maintaining continued Fair Trade USA certification status.

Unannounced Audit: Audits with no notification provided to the client by Fair Trade USA or the certifier prior to the audit taking place, except when notification is necessary to gain access to the certified sites. In these cases advance notification generally will not exceed 24 hours, except in cases where travel and scheduling is particularly difficult, and a short notice period exceeding 24 hours is deemed necessary.

3. Step-by-Step Certification Process Description

1. The first step in the certification process is to review the Fair Trade USA standard applicable to your operation and then to email the completed application form to SCS at fairtrade@SCSglobalServices.com, with a copy to Fair Trade USA at producercertification@fairtradeusa.org (an application form can also be requested via email by contacting SCS and Fair Trade using these email addresses). SCS will confirm receipt of the application as soon as possible and will send additional information requests or confirmation of application approval generally within 12 calendar days.

2. After reviewing the application, SCS may request additional necessary information from the client in order to clarify the audit scope. Once SCS has all the information necessary to define the audit scope, a quote for the auditing services will be provided to the client for review and approval. When the quote is approved, SCS will then send an auditing services work order to the client. The work order includes a summary of auditing and administrative fees and estimated auditor travel expenses. The work order should be signed and returned to SCS as soon as possible. *Please note that while SCS makes every effort to accurately estimate travel expenses, actual travel expenses may vary.* In the evaluation audit year (Year 0) an SCS Assessment Services Agreement will be sent along with the work order detailing SCS' policies related to auditing and auditing services.

3. Once the signed work order and SCS Assessment Services Agreement are received, SCS will issue a retainer invoice, representing 50% of the total estimated cost for the audit. *Before the audit process can proceed, SCS must receive payment for the retainer invoice, in addition to the signed work order and SCS Assessment Services Agreement.*

4. Upon receipt of the signed documents and payment of the retainer invoice, SCS initiates the audit planning process and sends the client an audit plan, which details scope of the audit, contact information for the auditor/audit team assigned to complete the work, the daily agenda for the audit, and any documentation that should be sent in advance of or prepared by the time of the audit. The SCS auditor will review any documentation received prior to the audit. The client should

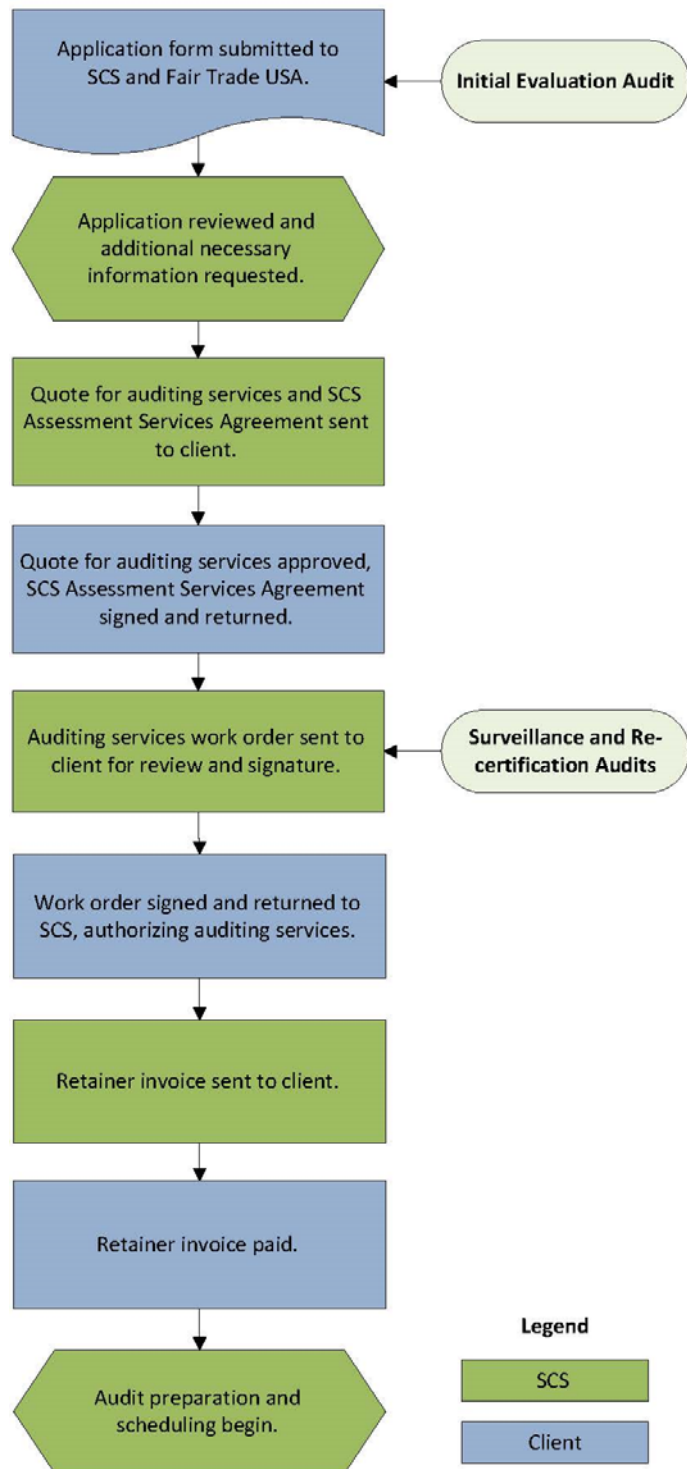


Figure 1. Overview of the Pre-Audit Process

confirm agreement with the audit plan in writing.

5. The onsite audit will be conducted using three primary methods: document review, interviews, and direct observation. The audit will begin with an opening meeting to address the audit scope, audit methodology, and any questions. The auditor will then inspect the site to collect and verify information by observing the operation(s), interviewing workers, management, and producers, and reviewing applicable documents. After compiling this information and initial findings, the auditor will convene a closing meeting to provide a general explanation of the initial audit findings and address any questions.
6. Following the audit, the SCS auditor will prepare the Audit Report detailing the findings and providing a summary of any non-conformities (NCs) identified and submit the report to SCS. SCS will conduct an internal review of the Audit Report.
7. The Audit Report will be sent to the client by SCS generally within 28 calendar days from the date of the closing meeting. If any NCs were identified, the Audit Report will be accompanied by a Non-Conformity Report and Corrective Action Plan Form (NCR-CAP). The client must complete the NCR-CAP with Corrective Action Plans (CAPs) that sufficiently address each NC identified in the Audit Report, and submit to SCS within the timeframe specified, typically 30 calendar days from the date on which the NCR-CAP is sent to the client. In cases where major NCs are detected, a more immediate response may be required. The final invoice for the balance of the auditing fees and the actual travel expenses will be sent to the client with the Audit Report. Full payment must be received by SCS before a certification decision can be made (Years 0, 3, and 6).
8. Once the completed NCR-CAP is received, it will be reviewed by an SCS technical reviewer. If a CAP is sufficient to bring the client into conformance with the specific requirement that triggered the NC, the NC will be closed. If the CAP is not sufficient, SCS will send the client a new information request (NIR). Responses to NIRs must be received within 15 calendar days or within the timeframe specified by SCS (typically not to exceed 30 calendar days).
9. When all NCs have been closed, the NCR-CAP and CAPs will be presented to a qualified technical staff member who is responsible for final review and issuance of a certification decision. Certification decisions are made by qualified SCS personnel who did not participate in the audit process nor in the review of CAPs. This separation of responsibilities ensures impartiality and objectivity in the certification decision process. In certain instances depending on the nature of the NCs and the proposed CAPs, SCS may need to conduct a follow-up audit to confirm implementation and efficacy of the CAPs prior to making a certification decision. The scope of the follow-up audit includes evaluation of the compliance criteria specific to the CAPs to be confirmed, and may also include an evaluation of conformance with all of the Major compliance criteria. The auditor reserves the right to expand the scope to include additional Compliance Criteria as deemed necessary based on findings on-site.
10. Upon successful certification, SCS will provide the client with a Fair Trade USA identification number,

certificate, and applicable certification label, along with the Fair Trade USA Label Use Guide. Certificates are valid for a period of three years from the date of the certification decision. Certified producers and products are listed on the SCS website at <http://www.scsglobalservices.com/food-and-agriculture-products>. In cases where certification is denied, a written explanation will be provided. See Section 6 for more information about certification denial.

4. Certification Cycle and Applicable Compliance Criteria

Three-year Certification Cycle

The certification process is based on a three-year certification cycle, with the initial certification decision made during audit year 0 and subsequent certification decisions made in audit years 3 and 6.

Annual surveillance audits will be conducted in the years between evaluation and re-certification audits (Years 1, 2, 4 and 5) to assess ongoing conformance with the applicable Fair Trade USA standard compliance criteria, along with full implementation of CAPs developed as a result of NCs issued from previous audits. The target timeframe for scheduling surveillance audits is generally between the date of the evaluation audit and the certification anniversary date. In some cases, depending on the timing of and nature of activities at the certified site(s) (i.e. harvest, presence of workforce), the target timeframe for a surveillance audit may fall outside of this window (earlier or later). In all cases, there will be a final date identified by which the surveillance audit should occur. Surveillance audits follow the same auditing and reporting process as the evaluation audit described in Section 3. All NCs identified during surveillance audits must be closed in order to maintain Fair Trade USA certification in good standing.

Re-certification audits are conducted every three years (Years 3 and 6) to assess continuous improvement against the applicable Fair Trade USA requirements. Additional compliance criteria apply in re-certification years (please refer to Table 1 below for information about the applicable compliance criteria by audit year). It is important to note that re-certification audits must be scheduled to allow enough time to complete the audit process (i.e., any NCs must be closed) prior to the certificate expiration. Re-certification audits follow the same auditing and reporting process as the evaluation audit described in Section 3, including issuance of a new three year certificate, provided that all NCs have been satisfactorily addressed.

Applicable Compliance Criteria

During the initial evaluation audit, the auditor will evaluate only the compliance criteria identified as Year 0 (minimum criteria). Additional progress criteria will be evaluated during the first annual surveillance audit (Year 1), and re-certification audits (Years 3 and 6).

Table 1. Applicable Compliance Criteria by Audit Year

Certification Year	Applicable Compliance Criteria
Initial evaluation audit (Year 0)	All Year 0 compliance criteria
1 st annual surveillance audit (Year 1)	All Year 0 and Year 1 compliance criteria

2 nd annual surveillance audit (Year 2)	All Year 0 and Year 1 compliance criteria
1 st Re-certification audit (Year 3)	All Year 0, Year 1 and Year 3 compliance criteria
3 rd annual surveillance audit (Year 4)	All Year 0, Year 1 and Year 3 compliance criteria
4 th annual surveillance audit (Year 5)	All Year 0, Year 1 and Year 3 compliance criteria
2 nd Re-certification audit (Year 6)	All Year 0, Year 1, Year 3 and Year 6 compliance criteria

5. Certification Fee Schedule

This section provides interested parties with the schedule of audit fees that SCS uses to calculate pricing for Fair Trade certification. Table 2.1 outlines the auditing and certification fees for Fair Trade certification while Table 2.2 summarizes the audit fees based on the region where the certification is taking place. The number of days required for auditing will depend on a variety of factors and is to be determined on a case-by-case basis. Pricing for audits of multi-site entities, multi-estate organizations and producer organizations will be based on a visit to all central facilities, offices and operations, with a sub-set of production sites and producers, respectively, to be included as part of the audit process based on a sampling approach.

Table 2.1. SCS Certification Fee Schedule

Certification Activities	Description of Activities	Fees (\$ USD)	Years
Application Review	Application Review ¹	\$250/Application Review	0,3,6
Auditing: Audit Planning, Onsite Audit, Travel and Audit Reporting	Audit Planning ²	\$720/Day	0-6
	Audit and Audit Reporting	\$500-\$1,000/Day	
	Audit Travel Time ³	\$250-500/Day	
Certification Process: Non-conformity Reports (NCRs) and Corrective Action Plans (CAPs)	Issuance of Non-conformity Reports (NCRs) and Review of all Corrective Action Plans (CAPs) to Address Non-conformities	\$750/Project	0-6
		\$1,500/Project (Multi-site/Multi-estate)	
Certification Process: Certification Decision	Certification Decision ⁴	\$250/Project	0,3,6
		\$500/Project (Multi-site/Multi-estate)	
Program Management	Program Management ⁵	\$500/Project	0-6
		\$1,000/Project (Multi-site/Multi-estate)	

Notes:

1. Application review fees are to be assessed if the certification project is feasible, and included in the retainer invoice.
2. Audit planning will typically require 0.5 to 1 day of support, but could require more time in some exceptional cases. SCS reserves the right to bill for additional time required due to change order requests within 1 week of the audit date, or short-notice audit requests.
3. Travel time is billed at 50% of normal rates plus direct expenses (e.g., travel costs, food and accommodation). Additional fees may apply for translation of documents that are not in English, Spanish or Portuguese, and related to logistical support for auditors (e.g. costs associated with securing interpreters and drivers). SCS reserves the right to adjust auditor fees on a periodic basis. Auditor fees are dependent on auditor qualifications, geographic region, and other factors.

4. SCS reserves the right to increase fees associated with the certification process in the final invoice by up to 25% based on the number of non-conformities issued in the Audit Report or if a significant amount of time is needed to close out all non-conformities. Clients will be provided written justification in support of any increase in certification fees.
5. Program management fees cover costs not captured in other areas, such as accreditation fees, ongoing training of staff and contract auditors, and communications with clients and stakeholders.

Table 2.2. SCS Audit Fees by Region (\$ USD)

Activities	Latin America Audit Fees	Africa/India Audit Fees	Asia/Asia Pacific Audit Fees	Central Office Audit Fees ¹
Audit Planning	\$720/Day	\$720/Day	\$720/Day	\$720/Day
Audit	\$500-600/Day	\$500-800/Day	\$500-800/Day	\$1,000-1,200/Day
Audit Travel	\$250-300/Day	\$250-400/Day	\$250-400/Day	\$500-600/Day
Audit Reporting	\$500-600/Day	\$500-800/Day	\$500-800/Day	\$1,000-1,200/Day

Notes:

1. The SCS Central Office is based in Emeryville, California, on the West Coast of the United States of America. SCS Central Office auditors will only be used in situations where qualified regional auditors are not available.

6. Certification Denial, Suspension, and Decertification

Certification Denial

SCS may deny certification if any non-conformities identified during the audit have not been adequately addressed. The following circumstances may lead to a denial of certification:

- Failure to present CAPs and supporting evidence sufficient to close the NC(s) within the timeframe specified in the NCR (see Steps 7 and 8 in Section 3).
- Identification of NCs against one or more Major or critical requirements, depending on the nature of the NC(s) and the CAP(s) submitted. Examples include, but are not limited to, non-conformities with critical requirements concerning child labor, forced labor, human trafficking, sexual harassment, physical abuse, and non-discrimination. In such cases SCS may require that the client address the non-conformity by implementing corrective actions and then submit a new application for certification, along with evidence of corrective action plan implementation. Accordingly, a new evaluation audit would be conducted to confirm the implementation and effectiveness of corrective actions and to ensure that the reasons for denial of certification have been fully addressed.

If certification is denied, SCS will send a formal notification letter to the client explaining the reasons for the decision to deny certification. In all cases resulting in a denial of certification, a client may voluntarily elect to reapply to the program and begin the certification process anew.

Suspension

A Fair Trade USA certificate may be suspended at any time for a maximum period of 6 months due to circumstances including the following:

- A substantiated lapse in conformance with one or more compliance criteria during the interim period between annual audits.

- Failure to fully address NCs through CAPs within the timeframe specified by SCS during the surveillance audit cycle (see Steps 7 and 8 in Section 3).
- Identification of NCs against one or more Major compliance criteria during a surveillance or follow-up audit, depending on the nature of the NC(s) and the client response to the NC(s) through the CAP process.
- NCs reopened during a follow-up audit due to failure to implement CAPs from previous audit.
- Allegation by a third party (e.g., a worker, worker organization, producer organization, or union) of non-compliance with one or more compliance criteria (including non-compliances which were not identified during an audit) which is substantiated through an investigation process.
- NCs identified during an unannounced audit against compliance criteria to which the client had previously been found in compliance, failure on the part of the client to facilitate an unannounced audit, or obstruction of the unannounced audit process by the client or the client's representatives.
- Voluntary withdrawal from the program. Examples of voluntary withdrawal include electing to forgo a surveillance audit and failure to schedule a required surveillance audit by the date specified by SCS. A lack of responsiveness on the part of the client to repeat SCS communications related to scheduling surveillance audits or closing NCs will be considered a voluntary withdrawal from the program, and may result in the client being immediately decertified (see below).
- Failure to meet contractual obligations (e.g., non-payment of fees).

In the case of a re-certification audit (Years 3, 6) the above listed examples would result in the expiration of the certificate without renewal rather than suspension of the certificate. At all other times, including surveillance audits and the interim period between annual audits (both surveillance and re-certification), the suspension process will apply.

Suspension notifications will be sent by SCS in the form of an email with an attached letter and may or may not include conditions for certification reinstatement, as follows:

- Conditions for reinstatement will typically be provided to allow clients recourse and an opportunity to respond with CAPs to the NCs identified. SCS may require a follow-up audit to confirm the implementation and effectiveness of CAPs, after which certification may be reinstated if all NCs are closed. The follow-up audit should ideally take place within two months of the date of the suspension notice, and must be conducted no more than four months after the date of the suspension notice.
- Conditions for reinstatement will generally not be provided in the following situations: a systemic or willful lapse in conformance with the compliance criteria is observed; falsified or misleading information is presented to auditors or to the SCS non-auditing personnel; an SCS auditor is treated in a hostile manner; and/or NCs are identified for one or more Major compliance criteria, depending on the nature of the NC(s).

While an organization's certificate is suspended, the organization may not sign Fair Trade USA contracts with new trade partners.

Decertification

A client's certification may be withdrawn in situations where the outstanding issues leading to a suspension have not been addressed satisfactorily within the specified time period. When a suspension process has not resulted in the reinstatement of the certification, decertification is the final step to render the Fair Trade USA certificate null and void. After an organization is decertified, the organization may not sign Fair Trade USA contracts with trade partners nor fulfill existing contracts. A decertified organization may voluntarily elect to reapply to the program and begin the certification process anew.

7. Appeals and Disputes

The following definitions for 'appeals' and 'disputes' will be used:

Appeal: A request by a certificate holder or applicant for formal reconsideration of any adverse decision made by SCS related to its desired status, to be resolved by SCS in accordance with the company's investigation process.

Dispute: An appeal that cannot be satisfactorily resolved by SCS, such that the matter is referred by SCS to the program owner, Fair Trade USA.

The client may disagree with the actions or decisions taken by SCS or its representatives during the certification process. In these cases, the client may lodge a formal appeal with SCS. An appeal may be made against any adverse decision taken by SCS within 30 calendar days of receiving notification of the decision. Adverse decisions may include:

- Refusal to accept an application;
- Refusal to proceed with an audit;
- Denial of closure of a non-conformity;
- Decisions to deny, suspend or withdraw certification; and
- Any other action that impedes the attainment of certification.

The client may lodge an appeal by contacting SCS at Complaints@scsglobalservices.com or by using the online form found at <http://www.scsglobalservices.com/your-feedback>. Once the appeal is received by SCS, it will be reviewed, and a response will be issued detailing SCS' appeal decision, justifying the decision and outlining further actions required.

8. Complaints

The following definition of 'complaint' will be used:

Complaint: A written expression of dissatisfaction by any person or organization, relating to the activities of SCS services, personnel and/or representatives of SCS, where a response from SCS is expected.

If a Fair Trade USA client wishes to make a formal complaint regarding the actions of SCS or SCS representatives, it may do so by contacting SCS Headquarters. Formal complaints should be submitted to:

SCS Headquarters: Complaints/Appeals
2000 Powell Street, Suite 600
Emeryville, California, USA 94608
Or via e-mail to: complaints@scsglobalservices.com

All complaints should be also submitted to Fair Trade USA at complaints@fairtradeusa.org.

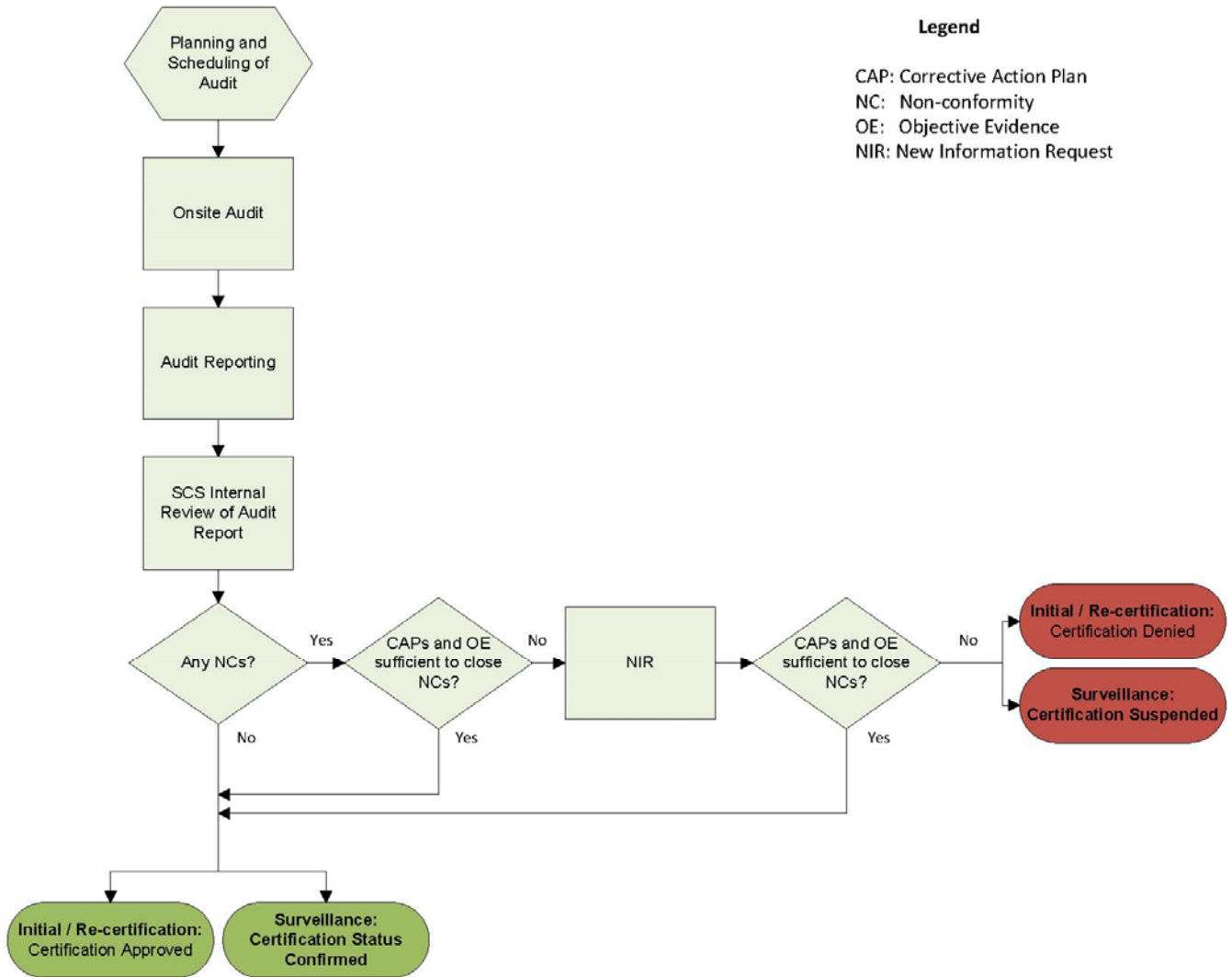
9. Rights and Responsibilities

SCS clients have a right to non-discriminatory policies and procedures. Procedures are not used to impede or inhibit access to applicants. SCS makes its services available to all applicants whose activities fall within our declared field of operation. Access is not conditional upon the size of the client's operations, or the number of certificates already issued.

The standard requirements against which a client is evaluated are those outlined in the applicable compliance criteria document. SCS confines requirements, evaluation and decision on certification to matters specifically related to the scope of the certification scheme(s) being considered.

Appendix 1. Overview of Certification Process

The following process flow diagram provides an overview of the certification process and certification decision logic.



Appendix 2. Fair Trade USA Policy for Unannounced Audits

Effective as of April 1, 2014

Unannounced Audit Definition

For the purposes of Fair Trade USA, “unannounced audit” refers to audits with no notification provided to the client by Fair Trade USA or the certifier prior to the audit taking place, except when advanced notification is necessary to gain access to the certified sites. When advance notification is needed such notification will not exceed 24 hours, except in cases where travel and scheduling is particularly difficult, and a short notice period exceeding 24 hours is deemed necessary. Attempts will be made to conduct unannounced audits during periods of high activity (e.g. harvest) to ensure that findings are relevant and representative of the overall management of the sites included under the certification.

Facilitation of unannounced audits is a requirement in each Fair Trade USA standard and may be found in the respective Compliance Criterion identified below:

- Farm Workers Standard: TR-BR 1.2
- Independent Smallholders Standard: STR-CT 1.1
- Small Producer Organization Standard: 1.1.0.02

Client facilitation of audits includes granting auditors access to all documentation (for document review including records, contracts, receipts, forms, policies, etc.), all workers (for worker interviews) and all production sites (for observation) needed to evaluate compliance with the compliance criteria. All new and preexisting clients will be informed of this Unannounced Audit Policy.

Selection Criteria for Unannounced Audits

Unannounced audits will be focused on clients with a high risk profile, and will cover approximately 10% of certified clients for a given calendar year unless the risk profile of the certified client base or product category requires a higher number. Identification and classification of high risk clients is based on the following criteria:

- Allegations of non-compliance with standards;
- Large amount of volume transacted and/or large amount of premium received;
- Location in regions known to be high risk for noncompliance with Major Compliance Criteria;
- Location in regions with a history of certification suspensions for the same Major Compliance Criteria;
- Product-specific issues such as agricultural production methods that typically include the use of agrochemical inputs on the Prohibited Materials List, or where harvesting typically involves hazardous labor or migrant workers;
- Large number of nonconformities (NCs) identified in previous audit;
- Random selection.

Scope of Unannounced Audit

The focus of an unannounced audit will be on the compliance criteria specific to the reason for selection, where applicable, as well as an evaluation of conformance with all of the Major Compliance Criteria. The auditor reserves the right to expand the scope to include additional Compliance Criteria as deemed necessary based on findings on-site.

Unannounced Audit Process

In the event that the auditor is denied access to a company or organization's facilities/production areas, is asked to wait an unreasonable amount of time before being given access to the required locations, is not granted access to required documentation, or is otherwise obstructed such that completion of the audit is not possible, the client will be suspended.

The unannounced audit will include an opening meeting and closing meeting focused on the evaluation of compliance criteria included in the audit scope. Reporting of non-conformities to the client will follow the process used for a regular audit, including the issuance of Non-Conformity Reports and subsequent client response to these in the form of Corrective Action Plans. In cases of audits that result from allegations, the circumstances of the allegation will remain confidential.

In the event that a follow-up audit is required based on the auditor's inability to collect objective evidence during the first unannounced audit, to lift a suspension resulting from an unannounced audit, or for other reasons, the company or organization will be given a window of time within which the auditor will conduct the audit to recapture some of the element of surprise (typically a one month timeframe will be used).

Fair Trade USA will pay for the unannounced audit although time/expenses associated with any follow-up audits needed due to a lack of facilitation with the unannounced audit may be billed to the client at the discretion of Fair Trade USA.

Reporting

The auditor will generate an audit report detailing the findings from the unannounced audit and will deliver this to the certification body within five business days, unless otherwise stipulated. The certifier will then have five business days to review the report and deliver it to Fair Trade USA, along with any recommendations related to the status of the client's certification. The client will receive notification of completion of the process via a copy of the report or letter of completion, depending on the audit scope and the findings identified during the audit.