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IMO SOCIAL & FAIRTRADE CERTIFICATION PROGRAMME

For
- Hired Labour Situations
- Smallholder Producer Groups

Version 3 (31.01.2007)



IMO S&FT Programme
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PREAMBLE

This Social and FairTrade certification programme was developed by the Swiss Bio-Foundation for IMO in reaction to various customer requests, since present fair trade certification schemes do not cover the entire range of production situations and trade relations.

The programme is based on existing baseline standards such as ILO conventions and the FLO standards, but also comprises the recent recommendations on social standards as elaborated by the ISEAL SASA project. The programme is public and continued comments from stakeholders are highly welcomed to further improve and adapt the programme to common fair trade principles as well as to the practical needs of the companies who are implementing the programme.

Social Certification confirms that workers enjoy good working conditions and that producer groups have well working, accountable internal structures. FairTrade Certification includes all social standards, but focuses additionally on trade relations. The aim is to ensure fair and positive relations between producers and their cooperatives or contracting companies, between workers and their employer, between seller and buyers on the world market while at the same time ensuring performance of standards.

“FairTrade” means long-term and trustful cooperation between partners, transparent price setting, open negotiations and prices that allow for social development of the concerned communities. Although IMO does not restrict FairTrade to developing countries and marginalized producers, fair trade clearly aims at improvement of the social conditions of those groups who are most deprived in the respective local setting.

IMO Social and FairTrade certification of products also confirms full traceability of the said products from production to sales.



1 APPLICABILITY AND LABELLING

1.1 SCOPE

IMO offers certification according Social and FairTrade Criteria for the following scopes:

Scope	Content of Certification	Possible References to Certification / Labelling
<i>I Social Responsibility Certification</i>	<ul style="list-style-type: none"> • basic labour rights as expressed in the ILO conventions • some exceeding agreed social standards (such as e.g. paying living wages or social benefits) • social responsibility activities 	References in brochures, advertisements etc: a) <i>Social Responsibility certified operation</i> Product labelling (only in case of fully certified product chain): b) <i>“Social Responsibility certified by IMO”</i> c) blue IMO logo <i>“for life – Social Responsibility certified by IMO”</i>
<i>II Social & FairTrade Certification</i>	<ul style="list-style-type: none"> • fulfilment of social standards as above • plus additional FairTrade criteria such payment and use of a FairTrade premium, long term mutually beneficent trade relation, etc. 	References in brochures, advertisements etc: d) <i>Social & FairTrade certified operation</i> Product labelling (only in case of fully certified product chain): e) <i>“Social & FairTrade certified by IMO”</i> f) Green IMO logo <i>“fair for life – Social & FairTrade certified by IMO”</i>
<i>III Individual Performance Evaluation</i>	<ul style="list-style-type: none"> • in case certification can not yet be granted or only part of the standards shall be assessed • Individual approach to Corporate Social Responsibility (CSR) 	g) no product labelling possible

1.2 TYPE OF OPERATIONS

All scopes mentioned under section 1.1 are offered to a variety of operators:

- Plantations/ estates/ farms
- Smallholder producer groups: farmers associations/cooperatives or manufacturers contracting farmers for production (“contract production”), groups of handicraft producers, etc.
- Manufacturers/ processors (food or non-food products)
- Traders and marketing companies (food or non-food products)
- Service provider companies (social responsibility only)



1.3 CHAIN OF CUSTODY CERTIFICATION

1.3.1 Applicability

If an operation intends to use IMO Social and/or FairTrade Certification only in marketing and advertising only (e.g. in public relations, brochures, clients contacts, etc.) but not for product labelling, there is no implications for the chain of custody (suppliers and subsequent traders/processors). In this case, the company simply demonstrates with its certification that it complies with defined social and fair trading standards and that this is confirmed by an independent qualified certification body. In this case IMO certification only confirms that e.g. operation XXXX complies with the IMO Social & FairTrade Standards, without any products being certified.

If an operation however intends to use the certification for product labelling, the entire production and trade chain must fulfil the IMO control requirements. Depending on operation type and actual activity different control requirements apply.

1.3.2 Control Requirements along the Chain of Custody

The following rules apply in their entirety if the final consumer product shall be labelled as “Social Responsibility certified by IMO” or “Social & FairTrade certified by IMO” with or without the use of the IMO logo.

If the product shall be labelled “Social Responsibility certified by IMO” or “Social & FairTrade certified by IMO” at any intermediate stage, e.g. for export, the rules apply only up to that particular step in the chain of custody e.g. only for production and processing in origin country.

The following table highlights which chapters of the IMO Social & FairTrade Certification Programme are applicable to which operations along the chain of custody.

It also includes an overview on control procedures. Details of the audit and certification procedure are described in IMO I 2.1.5 Standard Procedures Social & Fairtrade Audits and Certification.

Type of Operation	1.4/5 .Labelling & Handling	2.1. Basic Worker Rights	2.2 Conditions of Employment	3 Smallholder Groups	4.1 FairTrade* Buying	4.2 FairTrade* Selling**	Remarks	Certification Procedures
Plantation, Estate	x	x	x			x	2.2 only applicable if > 10 workers	Full annual audit & certification of each unit (e.g. plantation & factory)
Smallholder Group or contract production	x			x		x		Full annual audit & certification of group operation
Group of medium size farms	x			x		x	Overall fair trade policy needed to determine the main beneficiaries of fair trade and good supervision of hired labour issues on farms	Full annual audit & certification of group operation
Processor company in developing country ¹	x	x	x		x	x	2.2 only applicable if > 10 workers	Full annual audit & certification
Contracted processor in developing country	x	x	x				2.2. only applicable if > 10 workers. See also 1.3.3	Simplified procedures see 1.3.3
Smallholder Group processing activities < 15 workers	x			x				Included in group operation audit & certification
Smallholder Group processing activities > 15 workers	x	x	x					Full hired labour audit & certification in addition to audit & certification of group activities
First buyer from FairTrade certified operation (normally importer)	x				x		Minimum: approval as "FairTrade product buyer". Optional: full FairTrade Certification (hired labour, chapter 2)	Normally full annual audit & approval. May be delegated to organic certification body
Processor in developed country, traders of not yet consumer packed products.	x						Optional full FairTrade Certification (hired labour, chapter 2)	Registration with IMO and annual update on trade activities. Transaction Certificates for every IMO certified product transaction
Trade with consumer packaged certified products								No registration or certification requirements.

* Grey fields with Fairtrade criteria only apply in case Social&Fairtrade Certification requested. For Social Responsibility Certification, chapter 4 never applies. Chapter 4.2 applies to selling activities to other companies. It also includes criteria on fair purchase from e.g. smallholder farmers in case of a smallholder group. Typically plantations or smallholder groups in origin country act as fair trade sellers and thus chapter 4.2 is applicable. If they also act as buyers, ie. buy from other certified companies, chapter 4.1 for Fairtrade buyers applies as well.

¹ All countries on the DAC List of Official Development Aid recipients (<http://www.oecd.org/dataoecd/43/51/35832713.pdf>)



1.3.3 Subcontracted Processing Operations

Depending on the size and the relevance of activities, subcontracted processors have to undergo the full process of certification for Social and FairTrade criteria.

<p><u>Contracted processor Type 1</u></p> <ul style="list-style-type: none"> • less than 50% of annual turnover made from processing the certified FairTrade product <p>AND</p> <ul style="list-style-type: none"> • added value by processing is < app. 20% (from unprocessed to processed product price) 	<ul style="list-style-type: none"> • No own certification, however IMO does brief compliance checks based on a risk assessment. These compliance checks (short audits) are normally conducted as part of the contracting operators audit and paid by the contractor. • Subcontractor has to confirm in writing that all core minimum labour rights as defined in chapter 2.1 are met. • The mandating company (= the certified operator) shall complete a self audit of the control points in chapter 2.1 in the subcontracted operation each year. The subcontracted company has to keep this signed self-audit on file
<p><u>Contracted processor Type 2</u></p> <ul style="list-style-type: none"> • More than 50% of annual turnover made from processing the certified fairtrade product <p>OR</p> <ul style="list-style-type: none"> • added value by processing is > app. 20% (from unprocessed to processed product price) 	<ul style="list-style-type: none"> • Normal IMO hired labour certification necessary → chapter 2 applies, depending on size • Annual IMO audit, normally operator-mandator inspection contract signed between contracting company, contracted processor and IMO.
<p>Contracted Processing in Individual Households or very small communal processing activities</p>	<p>Depending on actual project organisation, this is usually covered as part of a group certification. Compliance with fundamental labour rights as summarized in the group certification chapter3 and traceability is normally supervised by an internal control system whose efficiency is evaluated by IMO.</p>

The definition of operator types is approximate and shall roughly express the different projects situations and resulting adaptation of certification requirements. The actual categorisation of contracted operators is done by IMO.

1.4 LABELLING AS SOCIAL & FAIRTRADE CERTIFIED

1.4.1 Reference to Certification in PR Material

Certified operations are permitted to make reference to their FairTrade certification in all PR material such as brochures, company information, website, etc. IMO also provides the service to publish the Social Responsibility and FairTrade performance of the certified operation on the IMO website. Unless the actual products are also FairTrade certified (see next subsection), care should be taken that the information states clearly that only the operation's activities and not its products are FairTrade certified.



1.4.2 Product Labelling and Handling Requirements

If an agricultural product shall be certified as “Social & Fairtrade Certified by IMO” and the actual product labelled accordingly (with or without the logo “fair for life- IMO Social & Fairtrade Certification by IMO”) the following conditions must be met:

Labelling requirements for IMO Social & FairTrade certified products	
Origin of Raw material	The agricultural ingredients are from <u>certified Fairtrade origin</u> . See also chapter 1.4.4. for details regarding multi-ingredient products and non-certified ingredients. As “ <u>certified Fairtrade origin</u> ” IMO accepts <ul style="list-style-type: none"> ○ Products that are Social & Fairtrade certified by IMO ○ all FLO certified produce ○ If other fairtrade certification schemes are to be approved as “certified Fairtrade origin” → individual compliance assessment based on audit report by a qualified certification body
Processing and Handling	Products are processed and handled along the chain of custody by certified or approved processing or trading unit as defined in chapter 1.3.2 Chain of Custody requirements (up to the point of labelling) Other social responsibility certifications may be accepted as equivalent e.g. for part of the certification scope.
Traceability	Fairtrade certified ingredients are traceable and kept separate from non-fairtrade certified products. IMO accepts a maximum of 5% commingling in case of technical problems to ensure 100% separation during processing. When products are sold from one company to another company a transaction certificate confirms the traceability of the product.

For non-agricultural products such as textiles, please refer to chapter 1.4.5.

1.4.3 Use of the IMO Social & FairTrade Seal “Fair for Life”

Use of the green certification seal “Fair for Life - Social & FairTrade certified by IMO” is optional. The seal may only be used on IMO FairTrade certified products and may only be applied to the product by companies who are Social & FairTrade certified by IMO (e.g. plantation in origin country) or have at least signed a label contract with IMO (e.g. manufacturer in consuming country).

If only a company but not its products are IMO Social & FairTrade certified, use of the certification seal is not permitted.

The IMO Social & Fairtrade Certification Seal “Fair for Life” may be applied in the following variations as per need of the client. All packaging with IMO seal must be approved by IMO prior to printing.

Additionally, IMO’s corporate logo “IMO control” may be used by all operators who are certified by IMO.





1.4.4 Social & FairTrade Certified Multi-Ingredient Agricultural Products

The following composition apply for multi-ingredient (composite) products that shall be labelled as Social & FairTrade certified by IMO:

Label category*	Composition requirements	IMO "fair for life" seal, label restrictions
"Social & FairTrade certified by IMO",	<ul style="list-style-type: none"> 95% of all ingredients which are "FairTrade-certifiable"² on the market, are used in certified FairTrade quality. At the very least 50% of the agricultural ingredients (in weight) must be from certified FairTrade or certified social origin, thereof max 20% from certified social origin. 	certification seal ok.
"Made with FairTrade [...]"	<ul style="list-style-type: none"> Only selected ingredients are from certified FairTrade origin* (and even FairTrade-certifiable ingredients are not from FairTrade origin) or production chain not certified as needed³ At the very least 20% of the total agricultural ingredients must be from certified FairTrade* or certified social origin, thereof maximal 5% from certified social origin 	Certification seal ok. Label displays clearly which ingredient is FairTrade
Indication in ingredient statement only	<ul style="list-style-type: none"> < 20% ingredients from certified FairTrade origin**; 	No seal, "FairTrade" NOT displayed in product name on front label

Additional Rules and Considerations:

- The ingredient statement always indicates for each ingredient clearly the certification status (from certified social production, from certified FairTrade production, or similar expressions)
- Of each ingredient available in certified FairTrade quality in principle the total quantity used shall be from certified FairTrade origin. However, for practical reasons, IMO may grant temporary exception to blend in a small percentage of non-certified origin products to allow for sufficient processing flexibility until the market of certified FairTrade products is sufficiently developed.
- As certified social origin, IMO accepts IMO Social Certification, SA 8000 certification, Rainforest Alliance certified origin, Utz Kapeh certified origin.

² FairTrade certifiable mean that the respective product is commonly produced in FairTrade-target countries (i.e. mainly developing or merging countries) and thus would be a product that could be expected to be FairTrade certified (e.g. coffee, sugar, palm oil, coconuts, spices). All products for which FLO standards exist are considered automatically FairTrade-certifiable, for others IMO might need individual evaluation of the recipe. Typical ingredients that would be considered non-FairTrade-certifiable would e.g. milk and other dairy products.

³ Examples: soap from Fairtrade shea butter, but other ingredients are not yet from fairtrade origin, although fairtrade certifiable. Or a big body lotion factory in Ghana is not certified yet but uses Fairtrade shea butter and has FT trader approval by IMO. In this case the soap could be labelled as "made with FairTrade shea butter".



1.4.5 Non-agricultural Social & Fairtrade Certified Products

For non-agricultural / non-food produce such as e.g. FairTrade textiles in principle the same labelling principles apply as for agricultural produce. However, due to the special nature of many products (very long chain of custody, many different constituents of the final product, many of which may be of non-agricultural origin) the following slightly adapted rules apply:

Labelling Rules Non-Agricultural Products for Social & FairTrade Certification	
Origin of Raw material	<p>The principal constituent of the product is from certified FairTrade origin, e.g. the cotton fibre in a jeans. In case of a product substantially made from a non-agricultural material such as e.g. polyester fleece, the actual production of the polyester fleece would need to be social responsibility certified.</p> <p>As “certified Fairtrade origin” IMO accepts</p> <ul style="list-style-type: none"> ○ all FLO certified produce ○ If other fair trade certification schemes are to be approved as “certified Fairtrade origin” individual compliance assessment based on audit report by a qualified certification body will be necessary.
Processing and Handling	<p>IMO must be informed on the entire chain of custody of the product. Traceability of the product must be ensured by a traceable lot system or transaction certificates.</p> <p>The main labour intense processing steps are fully Social & FairTrade certified by IMO, e.g. confection in case of jeans production. IMO decides for each chain of custody which processing units thus need to be Social & FairTrade certified.</p> <p>All other intermediate manufacturers who handle the FairTrade product comply with the ILO Minimum Labour Standards and can prove this by one of the following means:</p> <ul style="list-style-type: none"> • IMO Social Responsibility certification • Certification according to IMO-acknowledged certification schemes with effective control of social minimum standards, such as e.g. SA8000, IVN natural textiles, Global Organic Textile Standard • On a case to case basis (and against equivalence check fees) IMO may also approve the following proofs as equivalent confirmation of compliance with labour standards <ul style="list-style-type: none"> ○ Documentary proof that the production unit participates a recognised Fairtrade initiative such as Ethical Trading Initiative, Fair Wear Foundation, Fair Labour Association, Workers’ Rights Consortium. ○ letter of endorsement of a union accredited by ICFTU. ○ The statutes of the company prove that the company is owned by the workers. ○ social audit reports report not more than two years old by a qualified external verification organisation <p>Based on a risk assessment along the chain of custody, IMO may decide to require IMO Social Responsibility Certification of operations with high risk of labour right violations.</p> <p>If not the full product chain can be certified, adapted labelling e.g. “made with certified fairtrade cotton” or similar may be possible.</p>



1.5 **LABELLING AS SOCIAL RESPONSIBILITY CERTIFIED**

1.5.1 Reference to Certification in PR material

Certified operations are permitted to make reference to their Social Responsibility certification in all PR material such as brochures, company information, website, etc. IMO also provides the service to publish the social responsibility performance of the certified operation on the IMO website. Unless the actual products are also certified (see next subsection), care should be taken that the information states clearly that the operation (and not its products) are social responsibility certified by IMO

1.5.2 Product Labelling and Handling Requirements

If the product shall be labelled as “Social Responsibility Certified by IMO” (with our without the IMO Social Responsibility Logo) the following conditions must be met:

Labelling Rules for Products with Social Responsibility Certification	
Origin of Raw material	<p>The agricultural ingredients are from <u>certified social responsibility origin</u>. See rules in 1.3.2.; for details regarding multi-ingredient products and non-certified ingredients.</p> <p>For non-agricultural products such as textiles, please refer to chapter 1.5.4</p> <p>As “<u>certified social responsibility origin</u>” IMO accepts</p> <ul style="list-style-type: none"> ○ all IMO Social responsibility or FairTrade certified products ○ all FLO certified produce ○ all Rainforest Alliance certified produce ○ agricultural product produced in SA8000 certified farms ○ If other social certification schemes are to be approved as “certified Fairtrade origin” individual compliance assessment based on audit report by a qualified certification body will be necessary.
Processing and Handling	<p>Products are processed and handled along the chain of custody by certified or approved processing or trading unit as defined in chapter 1.3.2 Chain of Custody requirements (up to the point of labelling)</p> <p>Other social responsibility certifications may be accepted as equivalent e.g. for part of the certification scope.</p>
Traceability	<p>Social responsibility certified ingredients are traceable and kept separate from non-social certified products. IMO accepts a maximum of 5% documented commingling in case of technical problems to ensure 100% separation during processing.</p> <p>When products are sold from one company to another company a transaction certificate confirms the traceability of the product.</p>

1.5.3 Use of IMO Social Responsibility Certification Logo “for Life”

Use of the blue logo “for life- Social Responsibility certified by IMO” is optional. The logo may only be used on Products that are Social responsibility certified by IMO and may only be applied to the product by companies who are IMO Social Responsibility certified (e.g. plantation in origin country) or have at least signed a label contract with IMO (e.g. manufacturer in consuming country).

If only a company but not its products are social responsibility certified by IMO, use of the certification seal is not permitted.



The IMO Social Responsibility Logo “for life” may be applied in the following variations as per need of the client. All packaging with IMO seal must be approved by IMO prior to printing. Additionally, IMO’s corporate logo “IMO control” may be used by all operators who are certified by IMO.



1.5.4 Social Responsibility Certified Multi-Ingredient Agricultural Products

The following composition criteria apply for multi-ingredient (composite) products that shall be Social Responsibility certified by IMO

Label category*	Composition requirements	IMO "fair for life" seal, label restrictions
“Social Responsibility certified product”,	<ul style="list-style-type: none"> 95% of all agricultural ingredients are used in certified social or FairTrade quality. 	certification seal ok
“Made with [...] from certified social responsible production”	<ul style="list-style-type: none"> Only selected ingredients are from certified social origin or production chain not certified as needed⁴ At the very least 60% of the total agricultural ingredients must be from certified FairTrade* or certified social origin. 	Certification seal ok; Label displays clearly which ingredient is from certified social origin
Indication in ingredient statement only	< 60% ingredients from certified FairTrade or certified social origin**;	No seal, reference to certified social production NOT displayed in product name on front label

Additional Rules and Considerations:

- The ingredient statement always indicates for each ingredient clearly the certification status (from certified social production, from certified FairTrade production, or similar expressions)
- Of each ingredient available in certified certified social quality in principle the total quantity used shall be from certified social origin. However, for practical reasons, IMO may grant temporary exception to blend in a small percentage of non-certified origin products to allow for sufficient processing flexibility until the market of certified social products is sufficiently developed.

⁴ Examples: soap from Fairtrade shea butter, but other ingredients are not yet from fairtrade origin, although fairtrade certifiable. Or a big body lotion factory in Ghana is not certified yet but uses Fairtrade shea butter and has FT trader approval by IMO. In this case the soap could be labelled as “made with FairTrade shea butter”.



- As certified social origin, IMO accepts IMO Social Responsibility Certification, SA 8000 certification, Rainforest Alliance certified origin, Utz Kapeh certified origin. As certified fairtrade origin, IMO accepts IMO Social & FairTrade certification as well as FLO certification.

1.5.5 Non-agricultural Social Responsibility Certified Products

For non-agricultural/ non-food produce such as e.g. textiles to be labelled as “Social Responsibility certified by IMO” in principle the same labelling principles apply as for agricultural produce. However, due to the special nature of many products (very long chain of custody, many different constituents of the final product, many of which may be of non-agricultural origin) the following slightly adapted rules apply:

Labelling Rules Non-Agricultural Products for Social Responsibility Certification	
Origin of Raw material	<p>The principal constituent of the product is from IMO certified social origin, e.g. the cotton fibre in a jeans. In case of a product substantially from a non-agricultural product such as e.g. polyester fleece, the actual production of the polyester fleece would need to be social responsibility certified.</p> <p>As “<u>certified social or Fairtrade origin</u>” IMO accepts the following certifications: IMO Social Responsibility or Social&Fairtrade Certification, FLO Certification, SA8000 certification. Approval of other social certification origins may be possible after individual compliance assessment based on audit report by a qualified certification body.</p>
Processing and Handling	<p>IMO must be informed on the entire chain of custody of the product. Traceability of the product must be ensured by a traceable lot system or transaction certificates.</p> <p>The main labour intense or possibly most critical processing steps (critical for workers right violation) are fully Social Responsibility certified by IMO, e.g. confection in case of jeans production. IMO decides for each chain of custody which processing units thus need to be Social certified.</p> <p>All other intermediate manufacturers who handle the Fairtrade product comply with the ILO Minimum Labour Standards and can prove this by one of the following means: see 1.5.5 for details</p>



2 SOCIAL STANDARD ISSUES HIRED LABOUR

Explanation of Structure in Standard Issue Sections

Policy: For each standard issue the IMO expectations and considerations regarding the specific issue are described in a general way. This introductory text shall help to understand the detailed control points. Basis for audit and certification are the control points in the table below the policy text.

Rating of Control Points:

0= very poor performance / not compliant at all

1= not yet sufficient, but already some way towards the norm (good social performance)

2= defined as the Norm for good social performance;

3= voluntary exceptionally good performance

M= indicates a "MUST", i.e. this requirement must always be fulfilled for certification

Total Norm Points = number of control points times 2 (rating 2 = norm)

For certification, an operation must meet 90% of total norm points per chapter ; E.g. total norm points in chapter 2 if you have more than 10 workers= 160 → 144 points needed for certification.

Under each table of control points, the Total Norm Points as well the Maximum Points that could be reached in this standard issue are indicated. The field "effective points" is to be completed by auditor during the audit, or may be used for self-assessment of performance

→ see IMO 2.1.5G-e IMO Standard Procedures Social & FairTrade Audit and Certification for details on audit and certification procedures.

Applicability and Reference to other Social Standards

The following control points of the IMO Social Standard Issues are based among others on the applicable ILO Conventions and the SA8000 standard and can be used for certification of any kind of plantations, manufacturing or trading operation world-wide. The requirements apply to all workers in the respective unit (all employees and temporary labour).

For bigger groups of smallholder farmers or handicraft producers, the same control points apply on level of the group operation and for processing units (e.g. cooperative). In addition, there are some specific requirements for groups (see chapter 3). For smallholder producers with some hired labour and for very small producer groups in principle the same criteria apply, however since these very small units operate on such a lower level of complexity the main basic workers rights are summarized separately in the smallholder chapter (chapter 3).

2.1 BASIC RIGHTS OF ALL WORKERS

The criteria apply to ALL operations (irrespective of size) and to all type of workers: seasonal, temporary, migrant, foreign, casual, part-time, permanent, sub-contracted workers

2.1.1 Forced Labour

There is no forced or bonded labour. The company must not retain any part of workers' salary, benefits, property, or documents in order to force workers to remain on the operation. The company must also refrain from any form of physical or psychological measure requiring workers to remain employed in the operation. Spouses and children of contracted workers are not required to work in the operation.



N°	Control Points Forced Labour	0	1	2	3
1	(0) Clear evidence (1) some indication (2=M) no indication of forced labour (incl. no suspicion from NGO side etc.).			M	--
2	Family and dependents of workers are (0) forced (1) expected to work in the operation (2) are free to have other employment (without deductions for main worker).				--
3	Employer (0) does retain (2=M) does not retain workers documents (i.e. identity card) for times longer than demanded by law.		--	M	--
4	Employer (0) does retain (2) does not retain any part of workers salary, benefits, etc.		--		--
5	(0) Clear evidence (1) some indication (2) no kind of manoeuvre to prevent or delay workers from leaving the job.				--
Maximum Points / Total Norm Points / Effective Points		10	10		

2.1.2 Freedom of Association and Right to Collective Bargaining

Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively und less restricted by government. The employer adopts an open attitude towards the activities of trade unions and their organisational activities. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted by law, the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining.

N°	Control Points Freedom of Association	0	1	2	3
1	Employer (0) clearly does not allow (2=M) allows associative activities and collective bargaining.		--	M	--
2	(1) Workers are aware of their rights to organize, but no formal information by employer. Employer provides workers with (2) some basic information about freedom of association & collective bargaining (3) very useful, up-to date and independent information.	--			
3	(0) Clear discrimination (2=M) No indication of discrimination because of union membership or union activities (or activities in other kind of workers organisations).		--	M	--
4	(1) Indication (2) no indication that employer hinders union representatives to meet workers. (3) Employer grants time within working hours and provides physical facilities for workers meetings.	--			
5	Employer or management are (0) always present at the workers meetings, (1) sometimes, (2) not present during workers meetings (unless requested)				--
Maximum Points / Total Norm Points / Effective Points		12	10		

2.1.3 Child Labour

ILO Definition of child: Any person less than 15 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If, however, local minimum age law is set at 14 years of age in accordance with developing-country exceptions under ILO Convention 138, the lower age will apply.

ILO Definition of young worker: Any worker over the age of a child as defined above and under the age of 18.



Children (<15 yrs) are not employed. *Exception family farms: Children are allowed to work on their family's farm provided that: Such work is not hazardous or dangerous to their health and safety, It does not jeopardise the children's educational, moral, social and physical development, Children are supervised by adults or have authorization from legal guardian Children are given appropriate training according to type of work they are performing. → More relevant for smallholder farmers situation*

If there are still children (<15 yrs) working in the company, the employer shall develop or participate and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

Children and young workers shall not perform work that hazardous or dangerous to the health and safety of youth workers. It could jeopardise their educational, moral, social and physical development. Total work hours shall not exceed 10 hours (15-17yrs)/7 hours (12-14yrs) per day (with one rest day out of every seven) including travel and school.

Children and young workers under 18 shall not be employed at night.

N°	Control Points Child Labour	0	1	2	3
1	There are (0) some children (2) no children below 15 working in the operation (except light household family work)		--		--
2	Children (0) often/always (1) sometimes (2=M) do not engage in work that is dangerous to their health, safety and that may jeopardize their development. If n.a. (→ 2).			M	--
3	Young workers (0) do (2=M) do not engage in work that is dangerous to their health, safety and that may jeopardize their development (3) Workplaces for minors are subjected to special safety precautions. If n.a. → (2).		--	M	
4	Young workers are (0) normally (1) occasionally (2) never engaged in work not appropriate for their age (too complex/hard/dangerous, etc.). If n.a. → (2)				
5	Young workers & child workers: work (0) does not allow them to attend school (1) interferes only slightly with education (2=M) does not interfere with education, normal school attendance (3) operator provides for schooling or specific education and training. If n.a. → (2).			M	
6	There is (0) new recruitment (2=M) no new recruitment of child labour <15 (or 12 for work on family farm).		--	M	--
7	Working hours of minors from 12 to 14 years age do (0) much (1) slightly (2) not exceed 7 hours including travel and school as well as sufficient rest periods. If no such child workers → (2).				--
8	Working hours of young workers from 15-17 years age do (0) much (1) slightly (2) not exceed 10 hours including travel and school; sufficient rest periods.				--
9	If there is still or was child labour in past year: Companies have (0) no (1) some preliminary (2=M) ok policies and programmes for remediation of children workers, and shall provide adequate support to enable such children to attend and remain in school until no longer a child. If no child labour in past year → (2).			M	--
Maximum Points / Total Norm Points / Effective Points		20	18		

2.1.4 Disciplinary Practices

There is no physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation. Disciplinary measures are clearly handled and transparent for the workers.



N°	Control Points Disciplinary Practices	0	1	2	3
1	(0) Clear evidence (1) some indication (2=M) no corporal punishment			M	--
2	(0) Clear evidence (1) some indication (2=M) no indication that disciplinary practices do violate dignity and basic human rights			M	--
3	Disciplinary practices are (0) highly unfair/not transparent (1) ok, but a few problems (2) fair and transparent				--
Maximum Points / Total Norm Points / Effective Points		6	6		

2.1.5 Equal Treatment and Opportunities

There shall be no discrimination in hiring, compensation, access to training, promotion, termination, benefits or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, HIV and Aids, union membership or political affiliation.

N°	Control Points Equal Treatment and Opportunities	0	1	2	3
1	(0) Clear evidence (1) Some indication (2=M) No indication of systematic discrimination (distinction, exclusion or preference) with respect to remuneration (wages and benefits).			M	--
2	(0) Clear evidence (1) Some indication (2) No indication of systematic discrimination (distinction, exclusion or preference) with respect to opportunities (training, promotion).				--
3	(0) Clear evidence (1) Some indication (2) No indication of systematic discrimination in hiring practices (3) company policy or quota regulation on how to avoid discrimination.				
4	(0) Clear evidence (1) Some indication (2) No indication of discriminating behaviour such as gestures, language, physical contact that is sexually coercive, threatening, abusive or exploitative (3) company policy clearly condemns and monitors such mis-behaviour.				
5	(0) No activity (3) Employer is actively engaged to increase mutual respect and good interaction amongst different groups of workers (i.e. cultural, educational activities).		--	--	
Maximum Points / Total Norm Points / Effective Points		13	8		

2.1.6 Health & Safety

A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers. The company shall assign responsibility for health and safety to a senior management representative.

Free access to clean toilet facilities and to potable water and, if appropriate, to rest areas, food consuming areas and sanitary facilities for food storage shall be provided. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

In assessment whether the taken measures are sufficient to guarantee a safe working environment, IMO will use a risk-based approach, i.e. larger factories with many workers or any particularly hazardous industry type will be expected to have better developed procedures and safety measures in place than smaller, low-risk operations.



N°	Control Points Health and Safety	0	1	2	3
1	Comprehensible warning signs on (0) no (1) most (2=M) all main danger spots. <i>If no danger spots → (2)</i>			M	--
2	Fire extinguishers (0) non-existing (1) present but in poor condition/not accessible (2=M) in place.			M	--
3	Emergency procedures (0) non-existing, nobody knows what to do in case of emergencies (1) some vague procedures/not known/displayed (2=M) ok emergency procedures with emergency numbers well displayed (3) advanced emergency handling system including training of staff.			M	
4	Emergency exits are (0) no exits or permanently blocked/locked (1) doors usable but slightly blocked (2=M) unobstructed and clear to find.			M	--
5	Workplaces, machinery and equipment are (0) very unsafe/ in dangerous condition (1=M) not safe, but not really dangerous (2) safe and without risk to health (as per good industry standard).		M		--
6	Workers are informed about risks of working place: (0) not informed (1=M) informed sufficiently for existing risk (2) workers well trained or absolutely no safety risks.		M		--
7	First aid equipment: There is (0) no (1=M) some basic/slightly incomplete (2) Sufficient and well maintained first aid equipment (3) emergency medical care is available.		M		
8	First aid Responsible: (0) No (2) A person trained in first aid available / present during normal working hours.		--		--
9	Records about accidents at work and work related sicknesses: (0) no such records (1) basic / incomplete records (2) complete records (or no accidents/illnesses ever) (3) complete records + analysis and improvement actions.				
10	Work-related accidents: medical care arranged & paid for by company: (0) No (1) some support but basically left to worker (2) covered/medical care paid by company (or insurance) (3) exceptionally good coverage for such cases, including work-related sickness. If no such accidents → (3)				
11	Special risk groups such as pregnant women and children are (0) not (1) partly (2) fully excluded from unreasonable/potentially hazardous work.				--
12	Adequate protection from noise, dust, light and exposure to chemicals (0) missing although necessary (1=M) provided (2) provided, maintained and effectively followed/implemented.		M		
13	Safety officer: (0) No (1) no safety officer, but safety no real issue at all (2) A person trained as safety officer with sufficient qualification and management powers is assigned. (3) additionally: safety policy		--		
14	If health or safety is an issue in the company, (0) no action (1) some improvement ideas, but unclear responsibilities (2) safety committee or works on improvement of situation. If not →(2).				--
15	Light situation at workplace (0) very insufficient/problematic for eyes (1) insufficient, but not too problematic (2) good light situation for respective tasks.				--
16	Good quality air / temperature: (0) No or very poor ventilation/strong air contamination/ unacceptable working temperature (in local context) (1) air/temperature problems but no serious (2) sufficient fresh air & ok temperature (by local working standards).				--
17	Access to drinking water of good quality: (0) no easy access (1) ok, but water has to be paid for (2=M) convenient access, free of charge.			M	--
18	Food: (0) no possibilities to consume/prepare food (1) some possibilities (2) workers can consume/prepare food according to their habits in clean place (3) free meal.				
19	If there is on-operation accommodation: (0) very poor conditions or very far (1) insufficient accommodation, below local standards, certain hygienic problems (2) safe & sufficient accommodation at local standards, hygienic (local standard) (3) very good accommodation. If not→ (2).				



N°	Control Points Health and Safety	0	1	2	3
Maximum Points / Total Norm Points / Effective Points		46	38		

2.2 CONDITIONS OF EMPLOYMENT

Conditions of employment criteria only apply to operations with more than 10 workers (including all type of workers: seasonal, temporary, migrant, foreign, casual, part-time, permanent, sub-contracted workers)

2.2.1 Contracts & Relation between Employer and Workforce

Employment is based on a contractual relationship between the employer and workers. The employer informs workers on their rights and duties in the contract and internal communication. The employer shall develop a corporate self-understanding of partnership with his workers and try to the best to develop a positive working atmosphere.

N°	Control Points Working Relations	0	1	2	3
1	There is a system of written employment contracts: (0) no contracts, (1) written contracts for permanent workers only, (2=M) written contracts for all workers.			M	--
2	All workers who should have a contract (as per system in place), actually have a complete and correct contract: (0) Many cases of wrong contracts or any cases of purposely missing contracts/fraud (1=M) a few contracts not correct/missing (but worker effectively has all rights of written contract) (2) no such cases.		M		--
3	Contract contains information about job description, scope of job, working hours, type and amount of remuneration (0) no such information except salary (1) vague/minimum information (2) good description, including overtime, rest and social benefits etc.				--
4	Workers are (0) not (1) sufficiently (2) well informed about their duties and rights.				--
5	There is (0) no (1) little (2) adequate (3) very good interaction and understanding between employer & workers.				
6	There is a (exceptionally) positive working atmosphere with cultural events etc. being offered to workers (3).	--	--	--	
7	Employer offers worker: (0) No professional training possibilities at all (1) some basic training options (2) advanced formation and continuous training (3) very good trainings /even with certificates/official qualifications for trainings.				
Maximum Points / Total Norm Points / Effective Points		17	12		

2.2.2 Wages

Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or, if not available, industry benchmark standards. In any event, wages should always be enough to meet the basic needs and should also provide some discretionary income. Where the certification applicant uses pay by production (piecework) system, the established pay rate must permit the worker to earn the minimum wage or relevant industry average (which ever is higher) during normal working hours and under normal operating conditions. The certification applicant must pay the workers for any time spent in required meetings and training sessions and for other unproductive time due to conditions beyond their control (such as occupational health and safety measures).

N°	Control Points Wages	0	1	2	3
1	Wages of all workers are (0) far below, (1) slightly below (2=M) in line, *(3) clearly above official minimum wages or (if not available) industry benchmark standards.			M	



N°	Control Points Wages	0	1	2	3
	(In case of pay-per-production, calculate income of an average production day without overtime). * in case industry-normal wages are always below the official minimum – ok if there is a written plan to pay minimum wages within 1 year.				
2	The paid wages are (0) not (1) almost/slightly (2) sufficient to meet the basic needs of the workers and their family. (3) The wages even provide some discretionary income.				
3	Training sessions or other kind of unproductive work (except working time loss due to weather conditions) are remunerated (0) not at all (1) at reduced rate (2) at the average daily wage rate.				--
4	Unproductive time due to poor weather conditions etc. is (1) not remunerated (2) remunerated to a reduced rate (3) fully remunerated.	--			
5	If accommodation or other in kind remuneration is offered, worker (0) cannot choose freely the type of remuneration preferred (i.e. cash instead of housing); (2) can choose freely. If n.a. → (2).		--		--
6	Deductions for food or housing are (0) high above local prices (1) slightly more than local prices (2=M) in line with local prices, (3) substantially less than local prices/subsidised or free. If n.a. → (2).			M	
7	Payments are (0) not done or with great delays (1) irregularly done (2=M) regularly done and on time.			M	--
8	Payments are (0) not (1) poorly (2=M) well documented.			M	--
Maximum Points / Total Norm Points / Effective Points		20	16		

*unproductive time: working time losses due to conditions beyond the control of workers, except working time losses due to weather conditions, which could not be avoided despite a good management

2.2.3 Working Hours

Working hours comply with national laws or benchmark industry standards, in case there are no laws in place. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be preferably voluntary, should not exceed 12 hours per week, shall not be demanded on a regular basis and shall generally be compensated at a premium rate. Adequate rest breaks (e.g. after every 6 hrs, 30 minutes break, for heavy or dangerous work allow shorter periods and longer breaks) shall be given if workers need to work longer hours

N°	Control Points Working Hours	0	1	2	3
1	Weekly working hours are as a rule (0) far higher (1) slightly higher (2=M) in line with national labour legislation.			M	--
2	Usual weekly working hours are (0) far more than 48 hours (1) slightly more than 48 hours (2) not more than 48 hours. (3) less than 42 hours				
3	Documentation of working hours and overtime is (0) not trustworthy/not existing (1=M) existing but relatively poor (2) good.		M		--
4	Overtime is obligatory for the workers (0) fully at discretion of the employer / very regularly (1) whenever needed; more than 6 weeks/year; (2=M) obligatory only during peak times (less than 6 weeks/year); (3) voluntary only.			M	
5	Overtime does (0) exceed 12 hours/week (2) not exceed 12 hours/week.		--		--
6	Overtime is (0) not remunerated extra (2) remunerated according to local legislation; at least paid extra or can be time-compensated (3) remunerated at premium rate (even if required by law → 3 if paid at premium rate)		--		
7	Rest breaks & rest days, even during peak times: (0) none (1) some efforts, but not 1 day out of 7 guaranteed, e.g during peak periods (2) 1 day for every 7-day period agreed and guaranteed. (may be averaged over 2 weeks at peak times). Adequate rest times during the day.				--



N°	Control Points Working Hours	0	1	2	3
8	(0) No consideration (3) special consideration is given to workers who need more flexibility in working hours (parents, young workers studying etc.)		--	--	
9	There is (0) no joint agreement at all (1) some basic agreement, but e.g. not written or no problem with overtime at all (2) a written agreement between workers and employer regarding maximum and minimum normal weekly working hours, annual number of hours' variation and the periods during which these hours of variation may fall.				--
Maximum Points / Total Norm Points / Effective Points		22	16		

2.2.4 Social Benefits

The employer shall provide access to adequate schemes to support the workers' welfare such as social insurance, pension funds, health insurance, medical care, etc.

If deemed suitable, the employer shall develop in-house services for the workers such as canteens, child care stations, recreation programmes, etc.

Control point 1 is not applicable in case there is no national legislation on social benefits. In such a case, the additional coverage for retirement (control point 2) and maternity (control point 3) will become MUST criteria (2=M).

N°	Control Points Social Benefits	0	1	2	3
1	Compliance with national legislation in regard to social benefits (sickness, retirement, maternity) is (0) not at all achieved (1) not fully, but almost (2=M) fully achieved.			M	--
2	Basic coverage for retirement (independent from legislation) is guaranteed (0) not at all (1) some efforts / not yet enough (2) basic coverage for permanent workers (3) for all workers or for employed workers much higher than required.				
3	Basic coverage for maternity and sickness (independent from legislation) is guaranteed (0) not at all (1) some efforts / not yet enough (2) basic coverage for permanent workers (3) for all workers or for employed workers much higher than required.				
4	Records on social benefits: (0) no/very few records (1) basic records, poor for non-permanent workers (2=M) good records.			M	--
5	Policy on social justice (wages & social benefits) existing and made known to workers: (0) no clear policy at all (1) some basic understanding on policy also known to workers, no written policy (2) written policy, made known to workers.				--
6	Extra social benefits such as additional medical insurance, unemployment insurance, accident/death insurance, membership to a private retirement fund educational fund etc. (0) are not existing (3) is provided for.		--	--	
Maximum Points / Total Norm Points / Effective Points		15	10		

2.2.5 Equal Treatment of Different Labour Types

The employer shall grant all workers the same rights and benefits, independently of their employment status, i.e. also to seasonal/temporary labour.

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

N°	Control Points Treatment of different Labour Types	0	1	2	3
----	--	---	---	---	---



N°	Control Points Treatment of different Labour Types	0	1	2	3
1	With regard to salaries*, there are (0) strong, (1) some, (2) little (3) no differences between permanent and temporary workers (for work of equal value).				
2	With regard to social benefits & working conditions, there are (0) strong, (1) some, (2) little, (3) no differences between permanent and temporary workers (for work of equal value).**				
3	If there is still substantial differences between permanent and temporary workers, (0) no actions even after certification (1) some improvement considerations (2=M) a plan for gradual improvement is in place within 1 year after certification. If n.a. → (2)			M	--
4	Employer (0) does (2=M) does NOT hire and fire workers on a continuous basis to avoid social security and benefits payments		--	M	--
5	There is (0) substantial (1) some (2) no indication that sub-contracting, home-working, apprenticeships etc. is used to avoid regular employment or direct contracting				--
6	In case work is sub-contracted: working condition of subcontractor are (0) far below (1) slightly below (2) basically the same as for directly contracted workers for similar tasks.				
7	If there are foreign/migrant workers: (0) illegal workers are not informed / no efforts taken to obtain work permits (2) employer informs and, if wished by worker, assists workers in obtaining a work permit (3). Very pro-active in obtaining work and residence permits for migrant workers If not applicable → (2)		--		
Maximum Points / Total Norm Points / Effective Points		17	14		

* for comparison permanent versus seasonal/casual workers use daily rates for comparison

** Equal social benefits: workers may have access to same schemes such as pension fund, etc, or the salaries could be increased by the equivalent amount as paid to permanent workers for social benefits.

2.3 ENVIRONMENTAL ASPECTS

All applicants for IMO Social and FairTrade Certification must be either certified according to an acknowledged organic or ecological minimum standard (Organic Textile Standards, FSC, EUREPGAP, Utz Kapeh), or must fulfil the IMO Minimum Environmental Standards (separate document).



3 SOCIAL STANDARD ISSUES FOR SMALLHOLDER PRODUCER GROUPS

Explanation of Structure in Standard Issue Sections

Policy: For each standard issue the IMO expectations and considerations regarding the specific issue are described in a general way. This introductory text shall help to understand the detailed control points. Basis for audit and certification are the control points in the table below the policy text.

Rating for Each Control Point:

0= very poor performance / not compliant at all

1= not yet sufficient, but already some way towards the norm (good social performance)

2= defined as the Norm for good social performance;

3= voluntary exceptionally good performance

M= indicates a "MUST", i.e. this requirement must always be fulfilled for certification

Total Norm Points (TNP)= number of control points times 2 (rating 2 = norm)

For certification, an operation must meet 90% of Total Norm Points per chapter.

E.g. TNP in chapter 3 for Smallholder group with > 15 workers = 108 → 97 points needed

TNP in chapter 3 for Contract production with > 15 workers = 116 → 104 needed

→ see IMO I, 2.1.5 IMO Standard Procedures Social & FairTrade Audit and Certification for details

Applicability and Reference to Other Social Standards

This section only applies to organized groups of producers (e.g. farmers co-operative or group of handicraft producers), either organized independently as a group (e.g. cooperative) or by a processor/trader ("contracted production").

The control points regarding group organisation as listed in this standard are based on the FLO standards for producer groups and IMO's experience with producer groups.

Any plantation or any factory with a substantial number of workers (> app. 15) as part of a smallholder group needs to be certified as a separate unit according to the IMO Hired Labour standards (section 1).

For the all registered smallholder growers (who may also contract labour sometimes) and for workers on the farmers' organisation's level, in principle the same basic workers' rights apply as defined by ILO and outlined in Section 1. However, due to the low-risk situation the applicable labour conditions for small operators are summarized in a respective chapter in this section (chapter 2.2).

3.1 ORGANISATION OF THE GROUP

3.1.1 Transparent Administration and Relation with Farmers

The producer group or contracting company shall have effective management in place to plan and control its activities. The group or contracting company is accountable for its economic activities, especially any activities of direct importance for its registered growers



N°	Control Points Transparent administration/ relation with farmers (all groups)	0	1	2	3
1	The group/company has a regularly updated business planning and long-term strategic policy, which included considerations how profits/benefits can be shared with the farmers: (0) no planning or written policies (1) ok planning, but no/few written documents (2) ok basic business planning, (3) very good planning, important business information accessible to all growers of the group.				
2	The group/company has (0) no (1) poor book keeping (2) OK official book keeping (3) which is audited annually by a qualified external audit company				
3	Mechanisms / rules for setting farmers prices: (0) very arbitrary and totally unclear system (1) no clear rules, but reasonable approach (2) at least roughly defined mechanisms that can be communicated to farmers (3) written, clear rules which are accepted by growers				
4	Group members are (0) not informed (2) receive basic information on approximate quantities that can be sold to the group		--		--
5	Group members receive (0) sometimes no/very late (1) rather irregular/unreliable timely (2=M) reliable payment (3) substantial prepayment (> 20% of estimated sales) for the produce delivered to the group.			M	
Maximum Points / Total Norm Points / Effective Points		14		10	

3.1.1.1 Additional Requirements for organized producer groups

Organized producer groups: farmer cooperatives, formal farmer associations etc. who collect the products from their member and sell it as a group.

N°	Additional Control Points (organized producer groups)	0	1	2	3
1	An organisational structure which enables participation and control by the members is (0) not in place (1=M) in set up phase (2) in place (may be initial phase) (3) well established and already successfully practiced since > 1 year.		M		
2	There is (0) no general assembly (1) a general assembly with limited voting rights (2) a general assembly with voting rights for all members as the supreme decision taking body for an elected executive board (3) very well attended general assembly / farmers really participating well in group decisions				
Maximum Points / Total Norm Points / Effective Points		6		4	

3.1.1.2 Additional Requirements for contract production situations

While initially the contracting company (or NGO, etc.) may be the organising instrument for the social and economic development of the contracted farmers, a farmers representation organization shall be initiated which can (at least potentially) represent the farmers' interests in negotiations with the contracting company. The contracting company may not misuse the contractual relationship as means to lower purchase prices (without prior agreement by farmers organisation due to substantial reasons) and create economic dependency of the producers.

N°	Additional Control Points (contracted production)	0	1	2	3
1	Within 1 year from 1 st certification onwards, the contracting company (1) permits (2=M) initiates and supports the set up of one or several farmers representation organisation(s). <i>First certification → assess plans for coming year → (1) or (2), no M</i>	--		(M)	--
2	Within 1 year from 1 st certification onwards, the farmers' representation organisation has (0) no democratic structure (2) constitutionally a democratic structure with voting rights for all members to elect their representatives (3) effectively a democratic structure (with at least annual assembly on which critical issues are discussed). <i>First certification → (2) and write "n.a."</i>		--		
3	Within 2 years from first certification onwards, farmers representation organisation is (0) still not existing/no effort (2) effectively in place and discussing farmers interest with contracting company		--		--



N°	Additional Control Points (contracted production)	0	1	2	3
4	Farmers feel (0) misused (1) contractual relation not good, but acceptable (2) fairly well treated in the contractual relationship (3) exceptionally well treated				
5	Cancellation of contract by producer: (0) not free (1=M) by contract free to cancel (2) effectively free to cancel the contract within an appropriate and fair time frame.		M		--
6	The contracting company gives (0) no (1) very little (2) sufficient basic (3) very detailed information about its cost/benefits calculations in order to allow open discussion on prices paid to the producers.				
Maximum Points / Total Norm Points / Effective Points		15	12		

3.1.2 Non-Discrimination and Gender Aspects

If the organisation restricts new membership, the restriction may not contribute to discrimination of particular social groups.

N°	Control Points Non-Discrimination and Gender Aspects (all groups)	0	1	2	3
1	Statutes (or similar effectively used guidelines) (0) clearly restrict (1) slightly restrict (2) do not restrict access to membership based on race, colour, religion, sex, political opinion, national extraction or social origin				--
2	Disadvantaged groups (other than women) are (0) systematically excluded (2) not systematically excluded, even if not present (3) actively encouraged to participate actively in the group (committee members, staff, become full members)		--		
3	Women group members: (0) excluded (1) not excluded but not present (2) not excluded, some women members, wives of member can also attend group meetings etc. (3) Women are actively encouraged to participate in the group and become full group members/ many women members.				
Maximum Points / Total Norm Points / Effective Points		8	6		

3.1.3 Internal Control System

A basic Internal Control System (ICS) shall ensure that all registered producers comply with the requirements on farm level and that only produce from registered farmers is bought. The ICS also ensures a close contact with the farmers and understanding their needs e.g. of extension and training. The ICS shall be set up within 1 year after 1st certification.

N°	Control Points Internal Control System (all groups)	0	1	2	3
1	The group has a list with all registered farmers (0) no list or register (1=M) paper register or electronic incomplete list (2) complete electronic list with names, farm area or area under cash crop, year of registration		M		--
2	If the group is also certified organic by IMO, the ICS (0) does not cover (2) also covers relevant social aspects (see labour criteria on farm level below). (if n.a. → 2)		--		--
3	A basic ICS is in place within 1 year after certification (included in organic ICS, if also certified organic). <i>First Certification but ok plans/capacity → (2), otherwise (1)</i>				
a	- basic farm data (with inputs) for each farmer, (0) none (1) very basic (2) ok				--
b	- risk-based internal inspection, at least 1 inspection in 2 years (if farmers have major compliance problems: 1 inspection per year): (0) none (1) very basic (2) ok (3) very good				
c	- sanction system for non-compliant farmers: (0) none (1) very basic (2) ok (3) very good				
d	- qualified ICS staff, avoiding conflicts of interest: (0) no staff (1) very basic qualified (2) ok (3) very good staff				



N°	Control Points Internal Control System (all groups)	0	1	2	3
4	Farmers receive training: (0) none at all although urgently needed (1) none/very little, but low need (2) good training opportunities, as needed (3) very good training				
5	The purchase system ensures in principle that only produce from registered farmers are bought and that these produce are kept separate from non-certified produce: (0) no such system (1) some basic system in place (2) ok system				--
Maximum Points / Total Norm Points / Effective Points		20	16		

3.2 LABOUR CONDITIONS IN FARMERS GROUPS

Also workers in producer organisations / contracting company's office and processing units as well as (usually casual) workers on smallholder farms have a right to fair labour conditions and shall be included in the social development plan of the group. Some basic criteria apply to all groups, while the complete (but condensed) list of minimum labour rights only applies to groups with a substantial number of workers (office, warehouse, processing, etc.) (> app. 15).

Note: For any bigger plantations or factories/processing workshops (> app 15 workers in plantation or factory alone) as part of the group activities the normal hired labour standards (IMO chapter 2) apply. Such operations must be separately certified acc. to these standards.

Workers = employed or contracted workers, including seasonal or casual labour

3.2.1 Monitoring of Labour Aspects (all producer groups)

N°	Control Points Monitoring of labour aspects (all producer groups)	0	1	2	3
1	The group has (0) no (1=M) good overview, but not written (2) written up to date overview information on working conditions on the group's farms (sufficient if well described in 13.1 Operator profile)		M		--
2	If bigger farmers (with some contracted labour) are members of the group, (0) these are not yet known (1=M) farmers & labour situation is known (2) farmers are listed/marked in farmers list and critical labour aspects (as listed in this chapter) are monitored and targeted in improvement plans, etc.		M		--
3	If there are potentially critical labour issues on farm level, there is (0) no (1) some ideas, but no plan (2) a written plan (3) a very good, annually reviewed plan to achieve social improvements also for this labour group. If n.a. → (2)				
Maximum Points / Total Norm Points / Effective Points		7	6		

3.2.2 Forced Labour & Child Labour (all producer group staff, incl. all registered farmers)

Children (<15 yrs) are not employed. *Exception family farms: Children are allowed to work on their family's farm provided that: Such work is not hazardous or dangerous to their health and safety, It does not jeopardise the children's educational, moral, social and physical development, Children are supervised by adults or have authorization from legal guardian Children are given appropriate training according to type of work they are performing.*

Note: the following criteria are evaluated twice, once for farmers and once for the group staff

** Control points 4-6 only applicable to farmers, not group staff.*



N°	Control Points Forced Labour & Child Labour (all producer group staff, reg. farmers)	0	1	2	3
1	(0) Some (2=M) No indication of forced labour of any farm workers (incl. no suspicion from NGO side, etc.)		--	M	--
2	Family and dependents of workers are (0) forced (1) expected to work in the operation (2=M) are free to have other employment (without deductions/disadvantages for main worker)			M	--
3	There are (0) some children (2) no children below 15 CONTRACTED in the operation				--
4*	Family farms: (1) some (2) no children below the age of 12 do SUBSTANTIAL farming work (more than app. 2 hours/day very regularly) on their own family farm (or neighbouring farms if farming is done as community). <i>N.a for group staff</i>	--			--
5*	Family farms with children doing work on the farm: the work is (0) dangerous & unsupervised (1) sometimes critical (2) does never jeopardize educational and physical development and is not hazardous or heavy. Work supervised and trained in task. (n.a for group staff)				--
6*	If there are many children <12 years working SUBSTANTIALLY on family farms / < 15 years as contracted workers working, the group has (0) no plan/activities (1) some ideas & activities (2=M) a plan with related activities (3) exceptionally good programmes to gradually reduce/eliminate child labour and improve schooling rates. (if no substantially working children → 3); <i>not applicable for group staff</i>			M	
7	If children still contracted: Children (< 15 years) (0) do (2=M) do not engage in work that is dangerous to their health, safety and that may jeopardize their development. If n.a. → (2)		--	M	--
8	Young workers (15-18 years) (0) do (2=M) do not engage in work that is dangerous to their health, safety and that may jeopardize their development. If n.a. → (2).		--	M	--
9	Young workers fields of work: (0) totally inappropriate for their age (1) some not appropriate tasks (2) only tasks appropriate to their age (in terms of complexity, training/experience needed, physical demands, etc.). If n.a. → (2).				--
10	Casual or seasonal labour are paid (0) less than local average (1) local average (2) at least slightly more than local average (within 2 years after certification) (3) paid substantially more or receive the same benefits and wages as regular workers (e.g. by paying daily fees that include a certain % of benefits). <i>If no labourer → (2)</i>				
FARMERS: Maximum Points / Total Norm Points / Effective Points		22	20		
GROUP STAFF: Maximum Points / Total Norm Points / Effective Points		15	14		

3.2.3 Freedom of Association, Employment Conditions, Health & Safety (groups with > 15 workers)

The following criteria apply to the staff of bigger producer groups (>15 staff members incl. office staff, processing, warehouse, ICS staff). The same rules apply for contracted processing unit – if they are small (less than 15 workers), the must at least fulfil the criteria listed here.

Note: If more than 15 workers work in the processing unit alone (also any contracted processing unit), this unit must fulfil the full set of hired labour standards (Chapter 2).

N°	Control Points Freedom of Association, Employment Conditions, Health & Safety (groups with > 15 workers)	0	1	2	3
1	Employer (0) clearly does not allow (2=M) allows associative activities and collective bargaining.		--	M	--
2	Discrimination because of union membership or union activities (or activities in other kind of workers organisations). (0) clear discrimination (2=M). No indication of discrimination		--	M	--



3	Workplaces, machinery and equipment are (0) very unsafe/ in dangerous condition (1=M) not safe, but not really dangerous (2) safe and without risk to health (as per good industry standard).		M		--
4	Workers are informed about risks of working place: (0) not informed (1=M) informed sufficiently for existing risk (2) workers well trained or absolutely no safety risks.		M		
5	First aid equipment: There is (0) no (1) some incomplete (2) sufficient and well maintained first aid equipment (as needed for potential work accidents) (3) very good first aid and free minor medical care for non-work related problems e.g. malaria treatment.				
6	Special risk groups such as pregnant women and young workers are (0) not (1) partly (2) fully excluded from unreasonable/potentially hazardous work. <i>If no hazardous work → (2)</i>				--
7	Adequate protection from noise, dust, light and exposure to chemicals (0) missing although necessary (1=M) provided or not necessary at all (2) provided and effectively followed/implemented.		M		--
8	If health or safety is an issue in the company, (0) no action (1) some improvement ideas, but unclear responsibilities (2) a health and safety committee or representative (preferably from within worker body) works on improvement of situation. <i>If n.a → (2)</i>				--
9	There is a system of written employment contracts: (0) no contracts (1=M) for permanent workers only (2=M) at least for all workers who work for > 2 months/year		M		--
10	Wages of all workers are (0) far below, (1) slightly below (2=M) in line (3) clearly above official minimum wages or (if not available) industry benchmark standards. (In case of pay-per-production, calculate income of an average production day without overtime.)			M	
11	Payments are (0) not done or done with great delays (1) done irregularly (2) done regularly & on time.				--
12	Payments are (0) not (1) poorly (2) well documented.				--
13	Weekly working hours and rest days are (0) far higher (1) slightly higher (2) in line with national labour legislation.				--
14	Basic coverage for retirement (whether or not required by legislation) is guaranteed (0) not at all (1) some efforts / not yet enough (2) basic coverage for permanent workers (3) for all workers or for employed workers much higher than required.				
15	Basic coverage for maternity and sickness (whether or not required by legislation) is guaranteed (0) not at all (1) some efforts / not yet enough (2) basic coverage for permanent workers (3) for all workers or for employed workers much higher than required.				
16	Differences in the conditions of employment for casual, seasonal and permanent workers are (0) not dealt with (1) dealt with some ideas, few actions (2) dealt with a reasonable plan & actions to gradually diminish differences (3) dealt with an exceptionally good action plan and implementation already started. <i>If never any differences → (3).</i>				
Maximum Points / Total Norm Points / Effective Points		38	32		

3.3 ENVIRONMENTAL ASPECTS

All applicants for IMO Social & FairTrade Certification must be either certified according to an acknowledged organic standard (or Utz Kapeh, EUREPAP), or must fulfil the IMO Minimum Environmental Standards (separate document).





4 FAIRTRADE STANDARD ISSUES

Explanation of Structure in Standard Issue Sections

Policy: For each standard issue the IMO expectations and considerations regarding the specific issue are described in a general way. This introductory text shall help to understand the detailed control points. Basis for audit and certification are the control points in the table below the policy text.

Rating for Each Control Point:

0= very poor performance / not compliant at all

1= not yet sufficient, but already some way towards the norm (good social performance)

2= defined as the Norm for good social performance;

3= voluntary exceptionally good performance

M= indicates a "MUST", i.e. this requirement must always be fulfilled for certification

Total Norm Points (TNP)= number of control points times 2 (rating 2 = norm)

For certification, an operation must meet 90% of Total Norm Points per chapter.

E.g. TNP in chapter 3 for Smallholder group with > 15 workers = 108 → 97 points needed

TNP in chapter 3 for Contract production with > 15 workers = 116 → 104 needed

→ see IMO I, 2.1.5 IMO Standard Procedures Social & FairTrade Audit and Certification for details

Applicability and Reference to Other Standards

The control points for additional fair trade aspects are based on FLO standards as well as private Fairtrade initiatives and IMO's experience with smallholder farmers groups.

For Fairtrade certification, both the social standard issues as well as the fair trade criteria in this section apply. The following table summarizes again which standard issues for FairTrade certification are applicable to different actors (for complete details see chapter 1.3 Chain of custody certification):

	Applicable Social & FairTrade standard sections
Farmers and Processors in developing/transition countries	Chapter 2 Social Standards Hired Labour & chapter 4.2 additional criteria Fairtrade. If also buying from other certified companies: also 4.1
Smallholder groups	Chapter 3 Social Standards Smallholder groups & chapter 4.2 If also buying from other certified companies: also 4.1
First buyer from Fairtrade supplier (normally importer or importing processor in consuming country)	Chapter 4.1 Additional Fairtrade Aspects Buyers Voluntary full FairTrade certification: chapter 2 Hired Labour

Beneficiaries of Fairtrade

"FairTrade" means long-term and trustful cooperation between partners, transparent price setting, open negotiations and prices that allow for social development of the concerned communities. Although IMO does not restrict FairTrade to developing countries and marginalized producers, fair



trade clearly aims at improvement of the social conditions of those groups who are most deprived in the respective local setting.

Cooperative long term trade relations and transparent price negotiations are a key aspect in the IMO FairTrade system. The resulting prices should allow for economic and social growth and well-being. Those that are weakest in their bargaining power, normally small farmers and workers, especially seasonal labour may need support in representing their rights and several control points have been added to ensure that they are a valued partner in the fair trade product chain. Since this group is often also the socially most deprived one, they are the target group of social projects paid by fair trade premium money.

In case of a longer production and trade chain in developing/transition countries, distribution of Fairtrade benefits of the chain may become a difficult question, In this setting it will be important to define how the overall Fairtrade benefits (normally a certain Fairtrade premium on top of a fair sales prices) will be shared amongst the main intended beneficiaries, being the farmers and their communities as well as the workers and their communities. Since there will be not one best solution for all type of production situations, the certified operator must develop and internally discuss an overall Fairtrade policy to define the main beneficiaries, keeping in mind their actual needs for additional support in improving social conditions.

Example: in a setting where the raw ingredients are produced by very small and marginalized farmers in remote regions and processing is done in urban setting with workers enjoying anyway really good working conditions, it may be most meaningful to use any Fairtrade premium money mainly for social projects in the farmers communities.

Another situation would be in case of rather wealthy farmers and a processing factory with many seasonal and deprived workers without fixed income nor training. In this case focus on workers as main beneficiaries would certainly be a more important overall impact of FairTrade. Seasonal labour on the medium size farms could be another important target group.

4.1 FAIRTRADE OBLIGATIONS FOR BUYING ACTIVITIES

4.1.1 Trade Relationship

First Buyers from certified Fairtrade suppliers (normally the importer in consuming country) and FairTrade suppliers (producer group, company with contracted producers, estate, etc.) should seek to establish a long term and stable relationship in which the rights and interests of both are mutually respected. Supplying smallholder groups can request prepayment of up to 60% of contract value in order to finance the buying operations of the producers' organisation at the local level

N°	Control Points FairTrade Relationship (buyers)	0	1	2	3
1	Buyer (0) changes suppliers constantly (1) changes suppliers regularly (2) has (or plans) a long-term relation with its FairTrade suppliers				--
2	Buying/sales commitments are negotiated at the beginning of the season among the parties and fixed in writing specifying approximate expected quantities and quality: 0) no such agreements (1) only vague/incomplete agreements (2) good agreement				--
3	Purchase agreements outline the expected quality (with tolerances), quality claim procedures, delivery conditions and payment conditions: (0) not at all (1) vaguely (2) in clear terms, in a way that both trading partners know their obligations clearly (level of detail required will depend on product).				--
4	In case of fresh fruits or other perishable products, the buyer provides the suppliers with sourcing plans with projected quantities in regular intervals (2). If n.a. → (2)	--	--		--



N°	Control Points FairTrade Relationship (buyers)	0	1	2	3
5	If requested by supplier (smallholder group only), the buyer provides (0) no prepayment (2=M) partial pre-payment (3) exceptionally high prepayment of the product to be delivered. Exception: new trade relation or substantial delivery problems in the past → (2)		--	M	
6	If there have been substantial quality problems and quality claims: (0) no compromises, e.g. suppliers had to pay full costs although did not agree / no steps towards improvement of situation (1) some compromises, some disagreements remaining (2) partners have found agreement on the consequences (e.g. return of produce) and have taken steps to improve the situation (3) exceptionally tolerant agreements. If n.a. → (2).				
7	The number of trade intermediaries between producer and importer is: (0) many intermediaries (1) 1-2 intermediaries (2) minimised / basically direct from producing company.				--
8	The buyer supports its suppliers (0) no assistance at all (1=M) some basic information and support (2) good support in particular providing market information and assistance with quality issues.		M		--
9	Agreement of supplied quantities: (1) partner thinks its too little quantities (2) reasonable annual quantities / well accepted by suppliers (3) exceptionally high efforts to by substantial quantities each year / acknowledged by the supplier.	--			
10	FairTrade pricing is not avoided by linking FairTrade sales contracts to reduced prices for "normal" sales contracts: (0) strong indication of such deals (1) a few cases of non-FairTrade purchases from FairTrade partners, but not very unfair deals (2) no such cases at all or all cases really fair and transparent (well accepted, not linked to FairTrade sales)				--
11	If the buyer pays & owns the FairTrade certificate of the supplying producer company: The producer company is permitted to sell its products also to other buyers directly in case the contracting buyer cannot buy all products (at agreed price), possibly the producer company has to bear part of certification costs if selling as certified to other traders (0) no such freedom (1) limited freedom (2) good/fair agreements found (3) exceptionally tolerant / producer company has lot of flexibility				
Maximum Points / Total Norm Points / Effective Points		26	22		

4.1.2 Pricing & FairTrade Premiums

FairTrade shall ensure that producers and workers receive fair prices for their products/services and thus can meet their basic needs and have some discretionary income. Thus the prices paid between FairTrade partners should exceed normal average market prices (world market prices if defined) for the respective product quality. Long-term trading partners are encouraged to agree on minimum prices to be paid irregular from market price development.

In addition to fair product prices, the buyer also agrees to pay for all purchased quantities a certain premium into the supplier's FairTrade premium fund. This fund is administered by the targeted beneficiaries of FairTrade (farmers or workers), possibly with some initial assistance by organising company and/or buyer (*see requirements for sellers in 4.2*). Alternatively the buyer and supplier can agree on FairTrade prices that are clearly higher than normal market prices for respective quality, i.e. add the FairTrade premium directly onto the product price, without separate handling in a FairTrade fund.

For all products for which FLO minimum prices & FLO premiums have been established, IMO will use these rules as rough guidelines in evaluation of adequate premiums and prices.



N°	Control Points Pricing & FairTrade Premiums(buyers)	0	1	2	3
1	Prices paid for FairTrade products are (0) never (1) sometimes (2=M) always slightly above (3) always higher than normal market prices paid on the conventional market.			M	
2	Prices paid for organic FairTrade products are (0) no organic premium price (1) 1-9% higher than conventional prices (2) at least 10% higher (3) > 15% than normal market prices for the respective non-organic product.				
3	In addition to the agreed fair price for the product, the buyer pays (0) nothing (1) only very minimal amount (2=M) an agreed reasonable FairTrade premium (3) an exceptionally high FairTrade premium into the supplier's FairTrade fund. <i>Alternatively the agreed FairTrade prices are substantially higher than normal market prices for respective quality (i.e. in case of organic produce, substantially higher than normal organic prices).</i>			M	
4	The buyer agrees with the suppliers on minimum prices in order to avoid prices for producers falling under a costs of production for the farmers (3)	--	--	--	
5	The buyer shows efforts to understand actual production costs and to adapt his pricing policy as much as possible to this understanding (3)	--	--	--	
6	The buyer pays the supplier(s): (0) delayed/no payment (1) some delays/payment issues (2) fully & on time / as agreed in purchase agreements.				--
Maximum Points / Total Norm Points / Effective Points		17	12		

4.2 FAIRTRADE OBLIGATIONS FOR SELLING ACTIVITIES

The following standard issues apply to all Fairtrade selling activities. Normally Fairtrade sellers are the producers/manufacture in developing/transition countries with their export activities. If the farmer groups, farms or processors also buy in products from other FairTrade certified companies, they also act as buyers and must fulfil the standard requirements for Fairtrade buyers as well (chapter 4.1).

Purchase from smallholder farmers within a defined group is not considered purchase from other companies and is thus included in this standard section (see 4.2.3).

4.2.1 Trade Relationship

FairTrade suppliers (producer group, company with contracted producers, plantations, etc. acting as exporters) and their clients / Buyers (usually importers) and should seek to establish a long term and stable relationship in which the rights and interests of both are mutually respected. Supplying smallholder groups can request prepayment of up to 60% of contract value in order to finance the buying operations of the producers' organisation at the local level.

Smallholders: The trade relation between the group operator (group or contracting company) and the farmers shall be as close as possible in order to ensure that any higher prices actually reach the farmers. Intermediate trade structures shall be avoided

Smallholders: If dependency on one single product is a problem, the producer organisation initiates/supports diversification of cash crops (e.g. supporting farmers in marketing alternative cash crops e.g. on local market).

N°	Control Points Trade Relationship (all suppliers)	0	1	2	3
1	Buying/sales commitments are negotiated at the beginning of the season among the trading parties and fixed in writing specifying expected quantities and quality: (0) no such agreements (1) only vague/incomplete agreements (2) good agreements <i>If no sales/first certification →2</i>				--
2	Purchase agreements outline the expected quality (with tolerances), quality claim procedures, delivery conditions and payment conditions (0) not at all (1) vaguely (2) in clear terms; in a way that both trading partners know their obligations clearly (level of detail required will depend on product). <i>If no sales/first certification →2</i>				--



N°	Control Points Trade Relationship (all suppliers)	0	1	2	3
3	The company has (0) not fulfilled its trade agreements at all (1) several delivery or quality problems (2) fulfilled the agreements or if not, has found a mutually agreed solution with his clients. <i>If no sales/first certification → 2</i>				--
4	If there have been substantial quality problems and quality claims: (0) no steps towards improvement of situation (1) some compromises found with trade partner, some disagreements remaining (2) partners have found agreement on the consequences (e.g. return of produce) and have taken steps to improve the situation (3) exceptionally tolerant agreements. If n.a. → (2).				
5	The company works towards continuous improvement of product quality: (0) no efforts (1) some improvements (2) continuous, serious efforts (3) exceptional efforts				
6	In price negotiations the supplier gives his trade partners (0) clearly wrong (1) slightly inaccurate / not clear information (2) correct information (e.g. on prices paid to farmers or overheads) if requested by trade partner.			M	-
7	If the fair trade price paid is considerably higher (> app. 20%) then normal market prices (but not declared as Fairtrade premium), the company prepares (0) no summary (1) some very basic written information (2) accurate brief overview summary what this higher price is used for (or summary of overhead costs) and sends this summary to clients upon request. If n.a. → 2				
8	<u>Smallholder projects ONLY</u> : If any prepayment has been received, it has (0) not been used for farmers payment /other justified uses (1=M) not for farmers payment but use seems justified (2) used to pay farmers in time or any other measure agreed with trade partner.		M		--
9	<u>Smallholder projects ONLY</u> : If farmers' dependency on a single product is a serious economic problem, the supplier is making (0) no (1) some (2) reasonable (3) exceptional efforts to promote product diversification.				
10	<u>Smallholder projects ONLY</u> : The trade relation between group operator and farmer comprises (0) several intermediate trade agents (1) more than 1 trade agent (2) maximum one trader/collector who only receives locally common margins for his service (3) no intermediate traders (only contracted purchase staff).				
Hired Labour Maximum Points / Total Norm Points / Effective Points		17	14		
Smallholder Group Maximum Points / Total Norm Points / Effective Points		25	20		

4.2.2 Pricing and Use of Premium

The benefits of FairTrade shall reach the main intended beneficiaries, being the farmers or workers in the certified operations as well as their families and communities. Any money in a FairTrade premium fund is responsibly administered and only used for agreed social projects. Either a general farmers/workers assembly or a committee consisting of farmers/workers representatives plus possibly representatives of contracting company or FairTrade trade partners decides on the use of the FairTrade premium money. Main decision for premium use shall lie ultimately with the farmers/workers and their families, however especially in the initial project phase, it may be useful to have also e.g. trade partner representatives or development experts etc. in the committee.

Premium fund money is normally intended to finance sustainable social community projects, however it may especially initially also make most sense for a farmer group to invest the group money into sustainable farmers business investment such as livestock purchase, organic fertilizer programmes or even a joint warehouse. However, the money is clearly not intended for maintaining normal business operations (paying farmers, paying ICS staff, etc.). Hired labour operations and contracted production projects are not permitted to use premium for business investments or for meeting their regular minimum requirements (local labour legislation).



If no premium money yet received, assess plans/capacity to administer the money once it starts coming in → most control points will normally be rated as (2), if really not ready yet → rate as (1).

N°	Control Points Pricing and Use of Premium (all suppliers)	0	1	2	3
1	Any FairTrade premium paid into a FairTrade premium fund is (0) without actual administration, use not documented (1) with some administration, incomplete records (2=M) responsibly administered and any use well documented.			M	--
2	The premium fund committee or board writes (0) no report (1) a report about some activities, but incomplete (2) each year a short report on all activities financed by fund money (with detailed budget).				--
3	The records of used expenses paid from the fund correspond (0) not at all (1=M) with minor shortcomings (2) satisfactory to the spent amount and the activities reported in the annual fund report.		M		--
4	The effective use of the FairTrade premium fund is (0) not for the projects as agreed in general assembly/by fund committee (1) mostly for the agreed projects, other use justifiable (2) only for the agreed projects.				--
5	The effective use of FairTrade premium was (0) personal misuse, money "lost" etc. (1) for business consolidation & investment mainly (2) for social projects & possibly some necessary business investment (3) for social improvement projects only.				
6	The group activities/project initiates and supports social community programmes in general (e.g. organizing joint organic fertilizer production, supporting farmers in livestock purchases, etc.) (1) no such activities beyond the agreed social projects (2) group is active in different fields of community development and initiates different approaches to promote development (3) very good programmes/activities for the farmers communities.	--			
Maximum Points / Total Norm Points / Effective Points		14	12		

4.2.3 Additional FairTrade Obligations for Smallholder Groups

The benefits of FairTrade (including a possible premium) reach all members of the group. Use of benefits is decided based on a democratic decision taken by the beneficiaries. There must be a system of fair sharing of profits in the Farmers' organisation or contracted production project. Prices paid to farmers are based on a transparent calculation of sales value versus costs of the organisation/contracting company.

N°	Control Points Additional FairTrade Obligations (smallholder groups)	0	1	2	3
1	Contracted Production: If wished so by the farmers group, it shall be (2) permitted (3) supported to gradually take over more and more responsibilities of a independent smallholder organisation. If n.a. → (2)	--	--		
2	Annual products: Farmers are implicitly or explicitly required to grow the certified cash crop each year: (0) strong such requirements, farmers immediately dropped if not growing the crop (1) requirement exists; but growers effectively not immediately dropped (2) no such requirements. (<i>Restrictions that farmer must grow the certified crop at least in e.g. 2 years out of 3 are acceptable</i>). N.a. → 2				--
3	The farmers are paid (0) with great delays/not at all (1) with some delays (2=M) always within reasonable time after product delivery and as agreed by farmer. First certification → (2) if clear plans/agreements to pay on time in future			M	--
4	The farmers are paid in a way convenient to them (cash, normally): (0) not at all convenient/according to their will/by fertilizers, etc for exaggerated prices (1) rather inconvenient (2) convenient and fair.				--
5	Farmers receive higher farm-gate prices than from local traders (0) no higher prices (1) slightly higher prices (2=M) at least 5% higher prices for non-organic,			M	--



	10% higher prices for organic produce. <i>First certification</i> → 2 if such prices are planned				
6	Use of FairTrade premium is decided (0) no formal or democratic decisions (1=M) management or cooperative board decides on use, but no clear involvement/agreement of farmers (2) by farmers assembly or by a FairTrade committee with at least 2 farmers in the committee.		M		
7	If the use of premium fund money is decided by a committee (not general assembly), farmers are (0) not aware and/or not agreeing with use (1) not informed, but ok with use (2) informed on fund activities and support the projects. (if decided by farmers assembly →2)				--
Maximum Points / Total Norm Points / Effective Points		15	14		

4.2.4 Additional FairTrade Obligations for Hired Labour Situations

Special for hired labour situations (factories, plantations, workers in co-operatives): benefits of FairTrade shall reach the workers. There is a representative body to represent workers interest. The assembly of workers decides on use of FairTrade benefits.

N°	Control Points Additional FairTrade Obligations (hired labour)	0	1	2	3
1	There is an annual assembly of workers: (0) none (1=M) informal, only very few workers (2) substantial participation, decisions documented (3) very good, active assembly, well documented.		M		
2	The assembly of workers elects a board to represent their interests towards the employer: (0) none (1) informal, board only very few activities (2) active board, good communication between board and employer (3) very good, active board, well documented activities.				
3	The assembly takes a decision on premium fund money use or elects representatives for a fund committee: (0) no such decision (1=M) workers feel of with use of money but no formal vote/decisions (2=M) documented democratic decision. <i>If no premium money yet received</i> → 2		M		--
4	If the use of premium fund money is decided by a committee (not general assembly), workers are (0) not aware and/or not agreeing with use (1) not informed, but ok with use (2) informed on fund activities and support the projects.				--
Maximum Points / Total Norm Points / Effective Points		10	8		

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