

Flo-Cert Producer Certification System Single Plantation

Explanatory Document

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Distribution: External

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The Producer Certification Fee System comes into effect as of 1st January 2007.

Disclaimer

Please note that FLO-CERT has revised its fee schedule effective 1 January 2010 (Application Fee effective 1 February 2010). So please be aware that all following fees were increased by 2%, except the Application Fee which were increased by 5%. In 2010 the invoices will reflect the fee increase separately.

1 INTRODUCTION

The producer certification fees are applicable for all producers applying for a FLO Fairtrade certification and for all producers certified by FLO-CERT GmbH. Please note that the Fees reflect the audit costs and must be paid no matter what the Certification Decision will be.

All Fee System documents are publicly available on the FLO-CERT web page www.FLO-CERT.net.

1.1 Definitions

Plantations are companies which structurally depend on hired labour and are prepared to promote workers development. A plantation is a single-estate which has one single production site, where one central management is responsible for the labour conditions of their workers.

Factories^{1,2} are companies which structurally depend on hired labour and are prepared to promote workers development. A factory is one production site where a raw product is transformed into a product with higher value.

1.2 Cost Structure

Fees charged by FLO-CERT are considered to be flat fees including, if not otherwise indicated on the invoice, all costs related to the certification service of FLO-CERT and all travel expenses related to onsite audits.

For the calculation of the Initial Certification Fee, the version of the producer certification fee system in place at the date of the application evaluation decision applies.

On a case-by-case evaluation, FLO-CERT reserves the right to send more than one auditor to conduct a Fairtrade audit on the producer level at the cost of the producer organisation. The additional costs may vary between 20 - 80% of the certification costs.

2 APPLICATION FEE

2.1 Application for a Fairtrade Certification (First Year)

Hired labour setups applying for a Fairtrade certification are charged a flat fee of € 500 for the application service.

Further information on the application process is available on the FLO-CERT web page www.flo-cert.net.

¹ Only applicable for the product category sports balls.

² For simplification reasons, factories fall under the category plantation

2.2 Application for a New Product

Fairtrade certified hired labour setups applying for a new/additional product to be traded under Fairtrade conditions are charged a flat fee of € 150 per product. The new product Application Fee applies only to certain products.

The application fee is not charged separately. It is added to the next upcoming Annual Certification Fee invoice.

3 INITIAL CERTIFICATION FEE (FIRST YEAR)

The Initial Certification Fee is charged once and is related to the Initial Audit and Certification carried out by FLO-CERT. Please note that the Audit Fee has to be paid before the Initial Audit, otherwise FLO-CERT can not conduct the audit.

For the initial certification service, charges are based on a daily rate of € 400.

Depending on the number of workers, products and processing installations, FLO-CERT charges the following fees:

Initial Basic Fee

Type of organisation	Cat	Indicator	Total days charged	Auditor days onsite	Total fee charged
Plantation		Workers ³			
	A	< 50	3,5	1.25	€ 1.400.00
	B	50 - 100	5.0	2.5	€ 2,000.00
	C	101 - 499	6.5	3.5	€ 2,600.00
	D	500 - 999	8.0	4.25	€ 3,200.00
	E	> 1000	9.5	5.25	€ 3,800.00

The fee is calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

Initial Additional Product Fee

Type of organisation	Cat	Indicator	Total days charged	Auditor days onsite	Total fee charged
Plantation	A	Additional product	0.5	0.5	€ 200.00

If the Plantation runs a processing installation, the following surplus is charged per processing installation:

Initial Processing Installation Fee

Type of organisation	Cat	Indicator	Total days charged	Auditor days onsite	Total fee charged
Plantation	A	1 - 10 workers	0.5	0.5	€ 200.00
	B	11 - 100 workers	1.0	1.0	€ 400.00
	C	> 100 workers	1.5	1.5	€ 600.00

Example:

A flower plantation with 250 workers is applying for 1 additional product (e.g. tea) to be traded under Fairtrade conditions. Furthermore, the plantation runs 1 processing installation with 50 workers.

³ Workers include permanent, seasonal and casual workers (seasonal and casual workers are considered as temporary workers)

Type of organisation	Cat	Indicator	Factor	Individual Fee	Total fee charged
Plantation		Workers			
	C	101 - 499	x 1	€ 2,600.00	€ 2,600.00
	A	Additional product	x 1	€ 200.00	€ 200.00
	B	11 - 100 workers	x 1	€ 400.00	€ 400.00
			Sum:		€ 3,200.00

4 ANNUAL CERTIFICATION FEE

For the Annual Certification Service, FLO-CERT charges a daily rate of € 350.

Fairtrade certified producers are audited at least once a year as part of a three year certification cycle. However, please note that the annual certification fee will always be invoiced by FLO-CERT even if for one reason or another no audit takes place in a specific year, as the certification continues to be valid.

Depending on the number of workers, products and processing installations, FLO-CERT charges the following fees:

Annual Basic Fee

Type of organisation	Cat	Indicator	Total days charged	Auditor days onsite	Total fee charged
Plantation		Workers ⁴			
	A	< 50	3.25	1.0	€ 1,137.50
	B	50 - 100	4.5	2.0	€ 1,575.00
	C	100 - 499	6.0	3.0	€ 2,100.00
	D	500 - 1000	7.25	3.5	€ 2,537.50
	E	> 1000	8.75	4.0	€ 3,062.50

The fee is calculated for one product. The following surplus is charged per additional product to be traded under Fairtrade conditions:

Annual Additional Product Fee

Type of organisation	Cat	Indicator	Auditor days onsite	Total fee charged
Plantation		Additional product		
	A	+ 1	0.5	€ 175.00

If the Plantation runs a processing installation, the following surplus is charged per processing installation.

Annual Processing Installation Fee

Type of organisation	Cat	Indicator	Auditor days onsite	Total fee charged
Plantation		Processing Installation		
	A	1 - 10 workers ⁷	0.25	€ 87.50

⁴ Workers include permanent, seasonal and casual workers (seasonal and casual workers are considered as temporary workers)

B	11 - 100 workers	0.5	€ 175.00
C	> 100 workers	1.0	€ 350.00

Example:

A flower plantation with 250 workers is certified for 1 additional product (e.g. tea) to be traded under Fairtrade conditions. Furthermore, the plantation runs 1 processing installation with 30 workers.

Type of organisation	Cat	Indicator	Factor	Individual Fee	Total fee charged
Plantation		Workers ⁷			
	C	100 - 499	x 1	€ 2,100.00	€ 2,100.00
	A	Additional product	x 1	€ 175.00	€ 175.00
	B	> 10 Workers	x 1	€ 175.00	€ 175.00
			Sum:		€ 2,450.00

5 MODIFICATIONS AND SPECIAL CASES

- Fairtrade certified organisations entirely organic certified (not in conversion phase) by an accredited organic certifier, shall receive a reduced certification fee. The deduction is 20% of the time the auditor spends onsite and will be disclosed in the certification invoice. The reduction does not apply for Initial audits or for audits which last one day or less.

Companies which are only partly organic certified do not qualify for the deduction.

- The certification fees are calculated based on the assumption that Fairtrade audits in a region can be combined to save travel costs.

In cases where a hired labour setup is the first or the only certified operator in a wide region or country, additional auditor travel days are added to the certification fee. The increase will be disclosed in the certification invoice.

- There are some crops with peak seasons which require more labour force during certain times e.g. flower or tea harvest. For these cases an application for overtime and rest day exception must be submitted. For this service FLO-CERT charges € 200. The fee will be invoiced with the annual certification fee to avoid additional transaction costs.
- If the company runs an exporting business for himself, the activities are always part of the audit scope.

In cases where companies export for other Fairtrade organisations, the auditor verifies that the producer is in compliance with trade certification requirements. When this occurs, one audit day is added to the audit days charged, 0,75 days for onsite visits and 0,25 days for reporting.

- **Cotton Social Compliance:**

In case of a Cotton trader related setup/structure (e.g. subcontracted ginner) for which the requirements for Social Compliance apply, please also refer to the following documents.

- TC Appendix3TCFeeList GD
- TC SocialComplianceCotton GD

- If an audit is unilaterally cancelled or postponed by an operator less than 10 calendar days prior to the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay 100% of the amount invoiced for the audit. The auditor will consequently receive her/his normal fee, even though the audit was not conducted. When the audit is re-scheduled, the operator will again be charged the normal fees.

If an audit is unilaterally cancelled by an operator within 30 calendar days but 10 or more calendar days before the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay 50% of the amount invoiced for the audit. The auditor

will receive 50% of her/his normal fee, even though the audit was not conducted. When the audit is re-scheduled, the operator will be charged the normal fees.

If the auditor and operator mutually agree in writing that an audit should be re-scheduled the operator will be charged only the travel costs (if any) that have been incurred and are non-refundable.

In the event of force majeure, the responsible Regional Manager will decide whether the conditions justify a cancellation of the audit. If justified, the operator will not be required to pay any costs.

- In exceptional cases, FLO-CERT may conduct a Desktop Review instead of a Surveillance or Renewal Audit. The Desktop Review comprises of a document review. No physical onsite visit is performed. Exceptional cases may be major incidents in a region such as natural catastrophes.

Desktop Review Fee

Type of organisation	Cat	Indicator	Total days charged	Auditor days onsite	Total fee charged
Plantation		Workers ⁵			
	A	< 50	1.0	0	€ 350.00
	B	50 - 100	1.0	0	€ 350.00
	C	100 - 499	1.0	0	€ 350.00
	D	500 - 1000	1.5	0	€ 525.00
	E	> 1000	1.5	0	€ 525.00

- As part of the FLO-CERT certification process, it may be necessary to verify fundamental breaches and major non-compliances of the Fairtrade Standards by an onsite Follow Up Audit.

These Follow Up Audits focus solely on the non-compliances identified during an Initial or Annual Audit and is charged in addition to the respective Initial or Annual Certification Fee.

A Follow Up Audit is charged on a time and expense basis. The daily rate is € 400.

Should you have questions regarding the Producer Fee System of FLO-CERT, please contact us at info@flo-cert.net.

⁵ Workers include permanent, seasonal and casual workers (seasonal and casual workers are considered as temporary workers)