



**GUARANTEED
FAIR TRADE**

Updated August 2019

Guarantee System Handbook

Effective WFTO Fair Trade Standard - Version 4.2

WFTO GUARANTEE SYSTEM

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¹ Not all these documents are downloadable from the website but those that are not can be obtained from the Global office.

CHAPTER 1 INTRODUCTION

This Handbook outlines all the procedures and policies of the WFTO Guarantee System as of the date shown above. It also contains all the forms and guidelines for members, peers and auditors to use. The Handbook will also be translated into Spanish. This English version however is the definitive final reference for all procedures and policies, and nothing within this document can be changed without the agreement of the Standard and Guarantee System committee & Guarantee System Manager and in some cases of the Board, or AGM. Staff and WFTO bodies may make recommendations to the Standard and Guarantee System committee for revisions, and the Standard itself will be reviewed at regular intervals from all feedback received.

WFTO is developing resources and training materials for members and auditors. All training materials on the WFTO Guarantee System must be approved by WFTO and any training undertaken without the knowledge and approval of the global office of WFTO will not be recognised by WFTO.

The World Fair Trade Organization (WFTO) decided at its AGM in Mombasa in 2011 to develop a new Fair Trade system, which could be accredited, to guarantee the Fair Trade credentials of members. It was decided on a two-step approach, to develop the system and establish it as WFTO's membership and monitoring system, before taking the second step to certify the system.

From the outset it was clear that this must be a closed system, available to WFTO members only, and also that the Standard must be applicable to all members, whether or not they wish to use the WFTO Label on their products. Membership of WFTO will be an indication of an organisation's compliance with Fair Trade Principles², and thus all members are equally responsible for the reputation of our Guarantee System. By the same token WFTO's Guarantee System needs to be rigorous enough to rid itself of members who are not complying with its Principles.

A working group of experts and those experienced in WFTO monitoring was convened and began its work towards the end of 2011. By the end of 2012 the system was developed sufficiently to be piloted between January and May 2013, and was launched and accepted at WFTO's biennial conference in Rio de Janeiro in May 2013.

The WFTO Standard has been developed, with compliance criteria for each of WFTO's ten Principles, and will be reviewed regularly. As well as defining the mandatory criteria there is also an element of progress built into the criteria, where members can develop towards a fuller compliance with the Principles over time. However they will need to show their progress in a plan agreed with WFTO (*Self Assessment guidelines 11.1.1*).

The new system builds on WFTO's former monitoring and membership systems, using Self Assessment as the basic monitoring obligation trading members need to undertake regularly. However additional external audits are now needed to support a Label, and each trading member will have a monitoring schedule allocated to them.

The WFTO Guarantee System takes into account different levels of risk to WFTO's reputation (such as size, complexity of operation or use of the Label) and thus all trading members are regularly assessed to set a risk level which will determine their monitoring schedule (more frequent for higher risk) and also determine the scope of their Monitoring audits (*7.1 Overview and 8.3.1 Risk analysis*).

The system also introduces Peer visits (*7.2.4*) to cut down on the costs of Monitoring audits. As a membership organisation of members who know each other well, and who now have a shared interest in maintaining WFTO's reputation, we can use elements of participatory guarantee systems to make our system more affordable to members. A Fair Trade Accountability Watch has

² Many of the compliance criteria are aspirational and members need to show continual progress towards compliance with these.

been set up, where non compliances can be reported confidentially (7.2.5). There are also Complaints and Appeals procedures (8.2.2 and 8.2.3).

The working group tackled issues such as supply chain monitoring for suppliers who are not verified under any Fair Trade system (*see Ch. 6.3*), and at the same time developed a policy to recognise, either partially or wholly, other Fair Trade guarantee or certification systems (8.3.3).

The Guarantee System guarantees the compliance of members with the WFTO Standard, and any use of the WFTO Product Label on their products will guarantee the organisation rather than the product. The emphasis is on the Internal Monitoring Systems that FTOs use to monitor their supply chains, which will give some guarantee that those products are Fair Trade. There are guidelines on the use of the Product Label and a Contract for a non WFTO first buyer to use the Label acknowledging the FTO, under strict conditions (*Ch. 9 and 11.2.8*).

Finally the Guarantee System outlines the procedures for approval of membership or sanctions to be taken where non compliances are found (*Ch. 8.2.1*). This can lead to termination of membership when an FTO is found to be in serious breach of the Fair Trade Principles.

CHAPTER 2

SCOPE AND FIELD OF APPLICATION

The WFTO Guarantee System is an internal quality management system. It is based on best practices of Producer Group Internal Control Systems (ICS) and Organic Participatory Guarantee Systems (PGS) as well as past WFTO membership system experience. It employs some previous membership control elements as well as new elements and puts them into a defined framework. WFTO may eventually apply for an external third party certification and the WFTO Guarantee System would then serve as the internal guarantee system.

Scope

The WFTO Guarantee System specifies a set of procedures and criteria to demonstrate compliance with the WFTO Fair Trade Principles which govern members of WFTO. All members adhere to the Principles and commit to participative monitoring and continuous improvement.

All WFTO members are monitored according to the Standard specified in the Guarantee System and submit to the procedures of the system. Requirements for trading members differ from those for non trading members, as specified in the Guarantee System Handbook. As approved members, FTOs (Fair Trade Organisations) may use the WFTO Product Label on their products and all members may use the WFTO Member Mark on their publications (see Ch. 9 Claim, labelling and Mark). The WFTO Product Label guarantees that these organisations comply with the specific requirements of the Standard set by the WFTO Guarantee System and that their products were sourced and produced following Fair Trade Principles and practices.

The aim is that the implementation of the Guarantee System related to the conduct of members will be subject to an independent third-party audit.

Field of application

No organisation can become a member of WFTO unless they have Fair Trade at the core of their activity. The Guarantee System is applicable to the activities of members pertaining to sourcing, producing, manufacturing, trading or supporting Fair Trade. It is applicable to a WFTO member's products and activities over which it has management control or direct influence. It covers all relevant activities that occur between the organisation and its Fair Trade suppliers, Fair Trade producers, customers, workers or partners.

The WFTO Guarantee System is applicable to any WFTO member regardless of type, size, activity and products, which needs to show that it has the following Principles embedded in its mission and practices³:

1. Creating opportunities for economically marginalised producers
2. Transparency and accountability
3. Fair Trading Practices
4. Fair Payment
5. Ensuring no Child Labour and Forced Labour
6. Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment and Freedom of Association
7. Ensuring Good Working Conditions
8. Providing Capacity Building
9. Promoting Fair Trade
10. Respect for the Environment

Membership of WFTO implies compliance with these WFTO Principles, guaranteeing that an organisation has a proven set of practices, procedures and processes that demonstrate sound behaviour from a social, economic, cultural and environmental point of view. In its ongoing relationship with suppliers and others, the organisation clearly follows these Principles and its

³ The full text of the WFTO Principles can be found in Ch. 6 WFTO Standard.

daily practices demonstrate active support of those Principles. In addition, the organisation will be engaged in a deliberate process of influencing those who make decisions in the market place.

Where members are active in wholesaling and retailing to mainstream distribution channels, rules regarding the use of the Product Label in the labelling of products must be adhered to (*Ch 9*).

CHAPTER 3 GLOSSARY

Definition of main terms used in the Standard⁴

Term	Abbreviation	Definition and description
World Fair Trade Organization	WFTO	The world network of Fair Trade enterprises and the owner of the Guarantee System.
WFTO members	Member/ organisation	All WFTO member organisations. In the text they are referred to as both 'members' and 'organisations'
Fair Trade Organisation	FTO/Enterprise	All trading members of WFTO, with 50% or more of their gross revenue from trade, i.e. all Producer FTOs and Marketing FTOs, and members with an annual trade volume above 1 million euros.
Fair Trade Network	FTN	A WFTO member organisation which is an association of Fair Trade organisations.
Fair Trade Support Organisation	FTSO	A non trading WFTO member organisation whose primary mission is to support Fair Trade and provide services to Fair Trade organisations. They may have a trading component as long as this is less than 50% of their gross revenue and under 1 million euros.
WFTO Fair Trade Principles	FT Principles	WFTO has ten Principles that are the foundation of the Guarantee System. These have been worked out over the years with the WFTO membership. Any changes to the Principles require General Meeting (GM) agreement.
Criteria Applicable to Producers	Subset of CC (Compliance Criteria)	These is a selection of Compliance Criteria from the Standard that apply to an FTO's Fair Trade producers and which must be monitored by the FTO in their Producer Internal Monitoring System.
WFTO Fair Trade Standard	WFTO Standard/Standard	This defines the Standard to which WFTO members conform. The Standard document, established by consensus and approved by the WFTO Board, together with the guidelines and tools, provides the rules by which members govern their activities. The Standard comprises the ten WFTO Principles with defined compliance criteria to assess conformity with the Principles.
Compliance criteria		These are the requirements that an organisation must meet to be approved as a WFTO member and continue in membership. Not all criteria must be met from the beginning and there are three levels of requirement.

⁴ See the WFTO Standard for more definitions used in the Standard.

Term	Abbreviation	Definition and description
<i>Mandatory criteria</i>		These compliance criteria must be met before approval as a new WFTO guaranteed member. Non compliance by existing members constitutes major non conformity and may lead to suspension or termination of membership.
<i>Mandatory by Year x</i>		A time limit set for compliance with these criteria, when they become mandatory.
<i>Continuous improvement</i>		With these criteria, WFTO members are expected to progress over time to fulfil a higher level of compliance aspired to by WFTO's Principles.
Indicator		Indicators are the practical interpretation of the Compliance Criteria and they may be found in the Self Assessment Report (SAR)
Fair Trade supplier	FT supplier	<p>Vendor of Fair Trade products to an FTO. They are independent, mature business units who manage their own production/ sourcing, marketing and sales.</p> <p>Suppliers of FT Products are expected to be a WFTO members or certified by a recognised Fair Trade System ("externally verified Suppliers of FT Products"). Otherwise, a Supplier must be registered in the Supplier Section and included in an FTO's Supplier IMS (see Section 3.2) as "IMS Supplier".</p>
Fair Trade producer	Producer or FT producer	<p>Producers make or grow FT Products for the FTO and own the product until it is sold to the FTO. They are usually organised in Producer Groups. Their compliance with the Standard is the responsibility of the FTO and monitored through its Producer IMS.</p> <p>The workplace may be the Producer's home, his/her farm or even the FTO's premises as long as there is no employment relationship (see definition of "Worker"). Producers sell their product directly to the FTO (often as a group).</p> <p>Producers grow/produce the FT product predominantly by themselves or with the help of their families. Depending on the product, Producers may have a few Workers helping them. Producers with more than 50 workers and Producer Groups who are independent, mature vendors to the FTO are considered "Suppliers".</p>
Supply chain management		WFTO members need to have a system in place to ensure that economically marginalised producers are benefitting from their trading activity, from their selection of trading partners to a monitoring system to verify the Fair Trade practices of producers & suppliers.

Term	Abbreviation	Definition and description
Raw materials		These refer to the materials used to make Fair Trade products, which should be sourced responsibly. If there are Fair Trade sources available, every effort should be made to use these sources. NB Suppliers of raw materials are not included in an FTO's IMS.
Ingredients		This refers to the ingredients that make up food products and cosmetics. The Product Label may only be used on food products and cosmetics which contain at least 50% ingredients (in dry weight or value) from Fair Trade sources.
Internal Monitoring System	IMS	This is an FTO's own system to monitor all unverified Fair Trade suppliers and producers to verify that they comply with the core FT Principles. Members that work with producers and suppliers need 2 systems.
Unverified suppliers or producers		These are an FTO's suppliers or producers who are not monitored under any other FT system except the FTO's own Supplier or Producer IMS.
Excluded suppliers		Suppliers you are unable to monitor for declared reasons and do not hold other recognised verification, whose products may not carry the WFTO Product Label.
Primary producer		An organisation or an individual or group of individuals who make or farm the Fair Trade products (could be a co-op, community group, small enterprise or family workshop).

Definition of main terms and components of the WFTO Guarantee System

Term	Abbreviation	Definition and description
WFTO Guarantee System	GS	This is the verification system agreed at WFTO's Mombasa AGM and introduced as the WFTO Guarantee System at WFTO's Rio conference in 2013. It is a robust, participatory monitoring and membership system that enables WFTO members to carry a label on their products stating that they are 'Guaranteed Fair Trade'.
Guarantee System Handbook	GS Handbook	This contains every aspect governing the Guarantee System. It is posted on the members' section of the website. It cannot be changed without approval by the responsible WFTO committee & Guarantee System manager or Board.
Fair Trade Organisation	FTO	An approved trading member of WFTO.
Provisional member of WFTO		Applicants are initially approved as Provisional members by the WFTO Global Board, and will need to complete a Self Assessment Report (SAR) and

Term	Abbreviation	Definition and description
		undergo a Monitoring audit before approval as a guaranteed member.
Guarantee System obligations		All members must comply with the monitoring obligations of the Guarantee System as outlined in the Handbook.
Self Assessment		Trading members are required to evaluate themselves to assess their practice against the Standard and produce a Self Assessment Report according to their monitoring schedule. Provisional members will also need to do a Self Assessment before becoming full members.
Profile		To be completed by all new applicants and updated every 2 or 3 years by members, according to their monitoring schedule. This is included in the SAR.
Self Assessment Report	SAR	This includes a section on contact details, the organisation and its business, IMS, and Compliance Assessment. The assessment includes questions in relation to the agreed Improvement plan and proposals for their future Improvement plan. Members are also asked to propose peers to do their next Peer visit.
<i>Internal Monitoring System</i>	(IMS)	All FTOs must have Internal Monitoring Systems to ensure that suppliers and/or producers who are not verified under WFTO's or any other recognised Fair Trade system, are monitored.
<i>Compliance Assessment</i>		Part of a member's Self Assessment to assess their compliance with the Standard compliance criteria.
<i>Improvement plan</i>		In their Self Assessment members need to define areas where improvement is needed and agree an Improvement plan with WFTO for the next 2 or 3 years.
Monitoring audit		This will be done by independent auditors approved by WFTO as part of the WFTO Guarantee System. They will check compliance against the requirements of the Standard through field visits and document review.
<i>Unverified suppliers</i>		Suppliers not verified by WFTO or another FT system, but included only in the FTO's own IMS.
<i>Producer & Supplier Verification visits</i>		As part of the Monitoring audit there will be visits to a sample of unverified suppliers and/or producers, either by the main auditor of the FTO, or local auditors where suppliers and/or producers are in different countries.
Peer visit		FTOs must propose peers who can check their practice against the Standard. This will involve field visits to verify what is happening on the ground and the claims in their Self Assessment Reports, as well as some review of documents. Peers can be trading

Term	Abbreviation	Definition and description
		partners, members from regional or country WFTO networks, or local NGOs or other suitable persons.
WFTO Fair Trade Accountability Watch	FTAW	A section on the WFTO website where concerns, issues and alerts about individual members of WFTO may be logged.

Management of the Guarantee System

Term	Abbreviation	Definition and description
Standard and Guarantee System committee	GS committee	Initially this will be the main body to oversee the Guarantee System, although the Board will approve Approval and Sanctions decisions – in time the Board may establish a separate Standard Review committee.
Guarantee System Manager	GS Manager	Manager of all processes of the Guarantee System.
Risk analysis		An analysis of trading members based on categories of WFTO member and risk factors to determine the level and frequency of Monitoring audit and Peer visit required. The risk level is set after the first Monitoring audit and reviewed after each subsequent Monitoring audit.
Monitoring schedule		Each trading member is given a schedule for SARS, Peer visits and Monitoring audits, based on their risk level.
Approval procedure		Each trading member is assessed after a Peer visit or Monitoring audit. The frequency will depend on their risk level. Approval and renewal of guaranteed status is scheduled after each Monitoring audit.
Sanctions procedure		This applies in the case of non compliance with WFTO's Principles, non payment of fees or non compliance with WFTO's Guarantee System obligations. Sanctions can result in suspension, demotion or termination of membership.
Non compliance or non conformity	NC	Where a member is found to be in violation of one or several

Term	Abbreviation	Definition and description
		compliance criteria in the Standard.
Corrective action	CA	During the approval process WFTO may ask the FTO to implement corrective actions within a timescale to address any non compliances with the Standard.
Complaints procedure		This procedure covers complaints against individual WFTO members as well as complaints about the operation of the WFTO Guarantee System.
Appeals procedure		All members have the right of Appeal against decisions made by the Board in relation to their membership.
WFTO Product Label		This is the Label which signifies that an FTO has been approved as being compliant with WFTO's Fair Trade Standard. Members who are approved are entitled to use the WFTO Product Label on their products in accordance with the regulations for its use and after signing an agreement with WFTO.
First buyer label		This is a version of the WFTO Product Label that may be used by a first buyer with their own brand on products that originate at least 95% from a WFTO member. There are strict conditions for its use which are outlined in Ch 9 and a contract with WFTO needs to be signed. There is also a fee for its use.
WFTO Member Mark	Mark	The mark on its own may be used on a member's stationery and promotional materials in accordance with the regulations for its use.
WFTO qualified auditor		WFTO will train and qualify auditors to be part of a pool of auditors to use for Monitoring audits and Supplier & Producer verification visits. An ad hoc list of unqualified auditors will also be maintained to use where a WFTO auditor is not available.

Term	Abbreviation	Definition and description
Certification body		Once the Guarantee System has undergone a development period, an external certifying body will be asked to certify the system.
Certifier audits		Certification of the WFTO Guarantee System by an external body will use random audits of members. These will use different auditors from those WFTO uses for its own Monitoring audits.

CHAPTER 4

CATEGORIES OF MEMBERSHIP

There are two categories of members in WFTO⁵:

4.1 Provisional members

Organisations are initially approved as Provisional members, after submitting their Application form and supporting documents. They then need to complete a Self Assessment and comply with the audit procedures of the WFTO Guarantee System to become guaranteed members.

Members may be demoted to Provisional member status as part of the Sanctions procedure because of non payment of fees, non fulfilment of monitoring obligations or non compliance with WFTO's Fair Trade Principles.

Provisional members are not entitled to use the WFTO Member Mark on their promotional materials or the WFTO Product Label on their products nor in any way advertise themselves as being guaranteed as Fair Trade by WFTO.

4.2 Guaranteed members

Full members of WFTO can be:

- Trading organisations (FTO)
- Fair Trade Support organisations (FTSO)⁶
- Fair Trade Network organisations (FTN)

The obligations of the WFTO Guarantee System mostly apply to trading organisations. However non trading organisations need to comply with the criteria which are also applicable to them, and are monitored according to a alternative monitoring cycle. There is a separate chapter in the Handbook (*Ch. 5*) to show how the Guarantee System applies to FTNs and FSTOs.

Non trading organisations who do some trading are not entitled to use the WFTO Product Label unless they fulfil the requirements of the Guarantee System for FTOs.

⁵ WFTO also has a category for Associates who are organisations or individuals who support or promote Fair Trade, with limited rights. The WFTO Guarantee System does not apply to them.

⁶ Organisations that support Fair Trade activities but are not directly involved in trading of Fair Trade products. They could be organisations whose primary mission is to promote Fair Trade through provision of technical, financial, business advisory or other services to Fair Trade producers and/or Fair Trade organisations. Organisation that fit this description may also choose to become an Associate Organisation.

CHAPTER 5

THE GUARANTEE SYSTEM FOR NON TRADING ORGANISATIONS

WFTO also has members who are not trading. They are categorised as Fair Trade Support Organisations (FTSO) or Fair Trade Networks (FTN). Unless they opt to fulfil the Compliance Criteria set for FTOs, they may not use the WFTO Product Label. They may use the WFTO Member or Network Mark on their promotional materials but individual members of Fair Trade Networks may not use the WFTO Mark on their promotional material.

When FTSOs or FTNs apply to be members of WFTO, they need to complete the Application form and Self Assessment Report for all the compliance criteria which apply to them. They will also undergo an initial Monitoring audit.

After they are admitted as members they are given a low risk monitoring schedule in the Guarantee System.⁷

They will need to send their audited accounts and Annual Report to WFTO every year

Support or Network organisations with some trading activity

Some organisations are admitted as FTSOs or FTNs even though they do some trading as a minor part of their activities.

If they, or existing members, wish to use the WFTO Product Label on any of their products, then they will need to comply with all the requirements of the Guarantee System for trading members.

⁷ See Chapter 7 for more information

CHAPTER 6

WFTO FAIR TRADE STANDARD

The Standard has been moved to a separate document. Please see the WFTO website for the current version.

CHAPTER 7 GUARANTEE SYSTEM

7.1 Overview and Flow

The WFTO Guarantee System shall ensure that WFTO members adhere to the organisation’s Principles as expressed in the WFTO Standard. New organisations need to apply for membership according to the Membership Application procedures and demonstrate compliance with the WFTO Standard. For new members, as well as existing trading members, the three main components to assess members’ compliance with the WFTO Principles are:

1. **Self Assessment:** every 2 or 3 years
2. **Monitoring audit** by an approved WFTO auditor every 2- 6 years depending on the risk category
3. **Peer visits** by peers nominated by the member: every 2 - 6 years depending on the risk category

Additionally, the **WFTO Fair Trade Accountability Watch** tool provides a mechanism for ongoing feedback and monitoring between WFTO members and all stakeholders.

WFTO members are categorised in three risk categories (low/medium/high) based on the complexity, scale and control of their operation and whether they use the WFTO Product Label on their products or not (*see 8.3.1 Members Risk Analysis*). The risk level is set initially using a risk assessment tool, and adjusted over time depending on the findings of audits and visits, as well as FT Accountability Watch feedback.

The risk category of a member influences the frequency of monitoring. The tables below illustrate the frequency for different risk levels.

WFTO GUARANTEE SYSTEM CYCLE FOR TRADING MEMBERS			
	Low Risk - FTOs cannot be assigned low risk until after 2 good audits - FTNs and FTSOs start at low risk	Medium Risk	High Risk
Self Assessment	Every 3 years	Every 2 years	Every 2 years
Monitoring audit	Every 6 years (alternating with Peer visit)	Every 4 years (alternating with Peer visit)	Every 2 years (alternating with Peer visit)
Peer visit	Every 6 years (alternating with Audit)	Every 4 years (alternating with Audit)	Every 2 years (alternating with Audit)

In line with the monitoring schedule as outlined above, each member will be monitored, looking at their Self Assessment Report alongside the latest Peer visit or audit report. Approval will coincide with the assessment of the audit report. Audit reports of other Fair Trade schemes that are accepted by WFTO as equivalent, can be accepted, either partially or fully, as a qualifying audit (*see 8.3.3 for Recognition of other Fair Trade systems*).

Provisional members have to undergo their first Monitoring audit before they can be approved as members (see application procedure below).

7.2 Components of Guarantee System

7.2.1 Membership applications

Organisations wishing to join WFTO need to apply for membership and need to demonstrate compliance with the WFTO Standard before they can be accepted as WFTO members.

Any producer or trader organisation that can show at least one set of financial accounts, is committed to Fair Trade and can demonstrate sound behaviour from a social, economic, cultural and environmental point of view in line with the WFTO Principles may apply to become a member. Fair Trade Support Organisations and Networks may also apply to be members. A donor organisation or national or international agency that campaigns for more just trading conditions cannot be registered as a Fair Trade Organisation/member but can become an Associate member. FTSOs may choose to apply as an Associate Organisation.

Applicants first become Provisional members with restricted rights (*see Ch 4.1*). After they have submitted a SAR and have undergone their first Monitoring audit successfully they may be approved as guaranteed members.

An organisation which is not admitted as a member, may reapply after 2 years if they can demonstrate that the obstacles to membership have been dealt with. They will be required to do a new self assessment and undergo another Monitoring audit. The status of Provisional member will not apply for reapplications.

Applying for Membership

1. The applicant organisation is invited to download all required information from the WFTO website, or can request it from the WFTO Office:
 - Application procedure and application fees
 - Explanation of membership categories and who can apply
 - Membership fees categories
 - WFTO Code of Practice (*11.2.4*)
 - Relevant sections of the Guarantee System Handbook
 - Profile for new members form (*11.1.1a*)
 - WFTO Standard
 - WFTO Membership Contract (*11.2.9*) – provided by Global office after approval
2. The applicant completes the WFTO Profile form and submits all the requested documents, including the signed WFTO Code of Practice, to the WFTO Office.

Review of the Application

3. The WFTO office opens a file for each applicant. A unique number for each applicant organisation is provided by the WFTO Global office and a handling fee is charged to the applicant.
4. The global office confirms whether the applicant appears to fulfil the membership criteria and appears to operate overall in line with the WFTO Standard.
5. If the application is found to be complete, the applicant is listed in the newsletter so all members are aware of the application and can alert WFTO to issues that may exist.
6. At the same time, the office contacts all other members of WFTO in the candidate's country to provide them with the opportunity to share any comments they wish to make regarding the applicant's reputation with regard to WFTO Principles and ethics. These members will be given 2 weeks in which to respond.
7. The application is screened by the office. A recommendation for approval as a Provisional member is then drafted.

Decision on Provisional and Membership Status

8. Based on the comments and the assessment, the officer recommends approval or rejection of the applicant organisation as a Provisional member.
9. The WFTO Global Board approves or rejects the applicant as a Provisional member within one month of the recommendation, before the applicant is informed officially.
10. Organisations need to sign the WFTO membership contract and pay the membership fee to become a Provisional member. If the fee is not paid within 2 months of their acceptance, their Provisional membership automatically lapses.
11. Provisional members may not advertise themselves as WFTO members or suggest in any way that they are guaranteed by WFTO as Fair Trade. Doing so may result in immediate termination of their Provisional membership.
12. WFTO will communicate the names of all new Provisional members to the WFTO membership, and any concerns about the practice of the Provisional member may be raised through the Fair Trade Accountability Watch (*see 7.2.5 below*) so that issues can be checked in the Monitoring audit.
13. If there are any instances where it is found that the Provisional member has been misleading in their Profile form, the Provisional membership may be terminated immediately.
14. In order to become a member, the Provisional member needs to complete a Self Assessment Report (SAR) and address any identified needs for action before a Monitoring audit is scheduled. The SAR must be submitted within 12 months after the approval date and the first Monitoring audit must take place within 12 months of SAR acceptance, otherwise the Provisional membership lapses.
15. If the audit confirms that the Provisional member meets the WFTO Standard, the Guarantee System Manager, and if appropriate the Standard and Guarantee System committee, approve the organisation a WFTO guaranteed member.
16. Once approved the organisation receives a notification of guaranteed membership and at this point they will sign the Label and Mark or Mark agreement.
17. A risk analysis of the member is completed and the WFTO Guarantee System team sets the member's Guarantee System monitoring schedule and informs the organisation accordingly.

7.2.2 Self Assessment

1. Each member has to complete a Self Assessment every 2 or 3 years, following the Self Assessment guidelines (*11.1.1*). The Self Assessment date is set in the member's individual monitoring schedule.
2. The WFTO Global office sends a reminder to members 4 months before their Self Assessment is due, with the guidelines and forms as well as their existing member Profile for updating. The member receives a deadline for submission of their Self Assessment Report, when another reminder is sent.
3. The member organisation's management conducts the necessary internal consultations and visits to ensure it has assessed its entire operation against the WFTO Standard, including documentation of consultations with suppliers, producers and trading partners in the two or three years before the Self Assessment. The findings of their Internal Monitoring System with regard to Fair Trade conditions for suppliers and/or producers are also internally reviewed (*see Standard*).
4. The member organisation then completes the Self Assessment Report, including all required forms and sends it to the WFTO Global office by the agreed deadline. If the Self Assessment Report is not received within 30 days of the deadline, a reminder is sent before the sanctions

procedure is started 60 days after the Self Assessment due date (*see Ch. 8.2.1 Approval and Sanctions procedure*).

5. The WFTO office screens the Self Assessment Report for completeness and the Guarantee System team screens for issues that may need special attention during the Audit. Then the Self Assessment Report is filed until the member's scheduled approval date when it will be assessed together with the latest Monitoring audit or Peer visit report, as described in the Approval and Sanctions procedures.
6. When a Monitoring audit or Peer visit is due, the Self Assessment Report is shared with the monitoring auditor or the designated peer in preparation for the visit. It is the auditor's and peer's duty to crosscheck the information in the Self Assessment Report during the visit and include this in their reports.
7. The Self Assessment Report is then evaluated by the Guarantee System team together with the Monitoring audit or Peer visit report as a basis for approval or sanction of the member (*Ch. 8.2.1 Approval and Sanctions procedure*). Approval and renewal of contracts where necessary coincides with the assessment of the Monitoring audit report.
8. The Standard and Guarantee System committee is consulted before approval if there are any issues.

7.2.3 Monitoring audit

Every WFTO member is obliged to have a Monitoring audit at agreed intervals. The audits alternate with Peer visits to result in the intended assessment frequency according to the member's risk category (see tables in Overview & Flow above).

Each member has a prescribed Monitoring audit scheduled according to its risk category.

Equivalent systems to replace the WFTO Monitoring audit

The member (or Provisional member) submits its latest certification report from the Fair Trade scheme it is audited by. If deemed equivalent under WFTO's policy on equivalence of other systems (*see 8.3.3*), this may replace the need for a WFTO Monitoring audit or allow a reduced audit.

Selection of Auditors

1. WFTO trains and qualifies a pool of WFTO Guarantee System auditors in all membership regions. If suitable, WFTO may collaborate with an auditing organisation to coordinate Monitoring audits in certain regions.
2. The auditors sign a contract with WFTO to confirm confidentiality, freedom of conflicts of interest, due diligence, work ethics and code of conduct as well as an agreed daily rate.
3. The fees charged by each auditor for WFTO audits are negotiated and fixed per day.
4. Clear formalities of work assignment (scope, assigned tasks, preparation and report writing) are communicated to auditors.

Organisation of the Monitoring audit

5. WFTO reminds the member that the Monitoring audit is due at least 6 months in advance (as per the member's agreed monitoring schedule), including the proposed scope and length. The risk level of the member, or any received complaints, can determine the scope of the audit.
6. WFTO proposes a suitable auditor, ensuring there is no conflict of interest for the auditor selected. The member may reject the auditor on reasonable grounds and another will be proposed.
7. The member contacts the auditor and agrees on the audit date (at least 3 months before the due date). The member informs the WFTO Guarantee System Manager of the planned date of the audit.

8. The member pays for the audit services directly. It is normal procedure for the organisation to prepay for audit services fully in order to ensure the impartiality of the auditor. Problems with auditors' performance can be reported to WFTO.
9. It is the member's responsibility to organise its Monitoring audit within the agreed time frame (before the due date). Failure to organise the Monitoring audit will result in first a reminder and then the sanctions procedure will be initiated (*see Ch. 8.2.1 Approval and Sanctions procedure*).
10. Once the audit date is fixed, the WFTO Guarantee System team shares the Audit protocol and report format (*Annexes 11.1.5 and 11.1.6*) and all relevant information, notably the scope of the audit, up to date Self Assessment Report, including the Profile of the member, most recent previous Monitoring audit or Peer visit report (if any), previous approval decisions and agreed corrective actions as well as any special issues or concerns to be followed up (e.g. from WFTO Fair Trade Accountability Watch) with the auditor. In the case of complex organisations a more detailed audit plan is discussed with the auditor. The auditor may request any additional information.
11. Within the audit scope suggested by WFTO, the auditor will need to select which producers/suppliers under the FTO's IMS he/she wishes to visit by consulting the Profile, Supplier Monitoring form and other information provided by WFTO. The auditor can request additional information from the FTO about these suppliers before choosing, and WFTO will also indicate if there are particular suppliers or producers they want to check as a result of previous concerns from external visits or complaints.
12. For marketing FTOs, where their suppliers and/or producers are in a different country or require additional visits, WFTO will need to select unverified suppliers and/or producers who should be visited by a local auditor, before, or at the same time as the Monitoring audit takes place. WFTO will locate auditors to do these visits and send them the relevant information. WFTO will make the final decision which of these suppliers and/or producers are visited. If any Verification reports come in after the Monitoring audit takes place, the auditor of the marketing FTO will receive these reports in order to update the final Monitoring audit report, or the separate reports will be considered by the Guarantee System Manager.
13. As per membership contract, WFTO reserves the right to conduct unannounced Monitoring audits at any time. Where this is necessary due to suspected gross misconduct of the member, the member may be charged for this.

The Monitoring audit

14. The auditor shall respect the WFTO Guarantee System's Code of Conduct and confidentiality agreement.
15. The objective of the Monitoring audit is to assess the member's operation against the WFTO Standard based on documentary records and on site verification and interviews.
16. The Audit follows the WFTO Guarantee System Monitoring audit protocol (*Annex 11.1.5*) and includes the following activities:
 - Opening meeting to explain the scope and process and gain an overview of activities;
 - Interviews with management, including follow up on previous needs for improvement and recent changes in the organisation or trading activities;
 - Confidential interviews with the member's workers/employees, selected by auditor;
 - Visit to work places, facilities for workers or members and other production facilities;
 - In the case of producers or other FT suppliers that are not verified by a FT guarantee or certification scheme, visit a representative number of suppliers and/or producers and hold discussions with workers (individual and group discussions).

The number of unverified suppliers and/or producers to be visited, is as per the table below⁸:

Number of unverified suppliers and/or producer groups	Number of suppliers and/or producers visited
1	1
2-5	2
6-10	3
More than 10	Square root

When visiting suppliers or producer groups (counting as 1 group) there is no set number of worker interviews or farm visits per group, but the auditor should get a representative overview of Fair Trade production realities and producer views.

In choosing suppliers and producers, the auditor should also consider factors such as volume of purchases, number of workers, whether visited before, proximity etc. (*see Audit protocol 11.1.5*);

- Review of documentation relating to the FTO’s internal monitoring of suppliers and producers (their IMS);
- Review of documentary records on payments/prices, employment conditions (wages, working hours, safety related documentation, etc.), project documentation, internal policies;
- Interviews with trading staff, field staff;
- Review of product labelling, sales documentation and communication with clients;
- Review / discussion of promotion materials;
- Exit meeting with WFTO responsible staff to summarise the key findings and assessment against the WFTO Standard. The auditor may recommend changes to the member’s Improvement plan. The member may update its Improvement plan as a result of the auditor’s findings and discussions.

Reporting and Follow up

17. Within 30 days of the visit the auditor sends the preliminary Monitoring audit report and recommendations for the member’s Improvement plan or corrective measures to the visited member. The member may request correction of incorrect data or information in the report, or may present additional evidence to reassess their performance.
18. The auditor updates the report accordingly. If no agreement can be found on certain assessments, the auditor should include the member’s comments on the report in a separate section. The member should sign off the report but if there have been no comments within 15 days, and the member fails to sign the report, it is considered to have been accepted by the member.
19. Where there are Supplier verification reports from local auditors which also need to be considered, the audit report will be finalised or considered once all reports are received. The final report is signed by the auditor and sent to WFTO and the FTO.
20. The submitted report shall follow the WFTO Guarantee System Audit report format (*Annex 11.1.6*). WFTO may seek more clarifications on the member’s comments from the auditor but the member should not communicate with the auditor about the report after the final report is submitted.

⁸ If there are concerns with the suppliers visited, the auditor or GS manager may decide to include more supplier visits.

21. The final report, after any agreed changes, should be finalised within 30 days of the preliminary report.
22. The WFTO Guarantee System team will make a preliminary review of the submitted report and get back to the auditor within 30 days to accept the report or request further elaborations. In the course of the WFTO evaluation of the audit report, additional questions on audit findings and evidence found may be needed from the auditor, and can be requested within 3 months of receiving the report. The member may only share the report after WFTO has finally accepted it.

7.2.4 Peer visit

The Peer visit is part of the WFTO Guarantee System. It is one of three monitoring and verification mechanisms along with Self Assessment and the Monitoring audit.

Provisional members that do not have experience with audits are encouraged to have a peer visit before the monitoring audit, but this is not mandatory. Once guaranteed, a peer visit is a mandatory component of the monitoring cycle.

Peer visits normally take place once every cycle of the WFTO Guarantee System⁹. In the case of high risk or suspected serious non compliance, the WFTO Standard and Guarantee System committee may schedule additional monitoring of the member, including a Peer visit. Members are encouraged to look at the online training available for peers to get an idea of what is involved in case they are asked to be one.

Selection of peers

1. In the Self Assessment Report which precedes the Peer visit, the member proposes the names of 2 - 4 persons from other members in the same country/region, or from regional and country networks, trading partners (if the Peer visit is to be combined with a buyer visit) or NGOs working locally. The member will send the Guarantee System team the curriculum vitae of the nominated individuals.
2. The Guarantee System Manager shall approve the nominated peer(s) based on the following criteria:
 - the peer does not have undue commercial influence or strong conflicts of interest that could compromise his/her objectivity in carrying out the Peer visit;
 - the peer has relevant background and knowledge about Fair Trade and business practices.
3. The Guarantee System team shall communicate the decision to the member within 30 days of receiving the nomination. If one or more of the nominated peers is not approved, the member may ask the Guarantee System team to reconsider or should nominate a new candidate.
4. The Peer visit shall be carried out by at least one approved peer, but if feasible a group of two peers may be recommended. In the case of big and complex organisations, or for all high risk operations, WFTO may request that the visit is conducted by two peers.

Organisation of the Peer visit

5. WFTO reminds the member that the Peer visit is due at least 4 months in advance, including the proposed scope of the visit.
6. The member contacts the peers to agree the visit date and informs the Guarantee System Manager at least one month before the Peer visit is due to take place and confirms the name(s) of the peer(s) who will carry out the visit. The WFTO office shares the member's latest Self Assessment Report with the peer(s).

⁹ Please note that although the FTO is assessed after Peer visits the Approval cycle happens once during the full Guarantee System cycle, with approval based on a Monitoring audit report. If a Peer visit report raises issues of concern, a Monitoring audit may be scheduled earlier.

7. It is the member's responsibility to organise its Peer visit within the agreed time frame (before the due date). Failure to organise the visit without justified reasons will result in first a reminder and then the sanctions procedure will be initiated (*see Ch. 8.2.1 Approval and Sanctions procedure*).
8. The Guarantee System team will directly contact these peers and provide them with the Peer visit guidelines and forms (*11.1.3 and 11.1.4*), details of the online training available, and relevant information about the member to be reviewed, as well as additional instructions of what to pay special attention to in the Peer visit. Some of these additional instructions may be confidential and therefore the peer reviewers must agree and sign a confidentiality agreement with WFTO (*11.2.3*). The peers may communicate directly with WFTO if additional information is needed.
9. The peer reviewers then prepare among themselves the content, process and detail of the schedule. They should make direct communication with the member about the logistical support needed and, if they wish, change of visit sites but it must still follow the WFTO instructions e.g. which critical production sites to visit.
10. For FTOs whose suppliers are located in a different country, site visits of suppliers will not be possible. They will need to pay considerable attention to the FTO's Internal Monitoring System to check that the FTO's unverified FT suppliers are adequately monitored according to the WFTO supply chain management criteria (*Ch. 6.3*).
11. The member is expected to facilitate and accommodate the requests of the peer visitors as much as possible. Non collaboration with the peer(s) is considered major non-conformity and may lead to instigation of the sanctions procedure. However, the member may make a complaint about the misbehaviour of a peer visitor and this complaint should be communicated directly to the Guarantee System Manager.

The Peer visit

12. The peers shall observe the WFTO Monitoring Code of Conduct during the Peer visit.
13. The visit should include the following activities:
 - Opening meeting where the member provides a brief background of its organisation and Fair Trade operations;
 - Review of documentary records including reports from the FTO's internal system for monitoring suppliers, payments/prices, sales records, employment conditions (wages, working hours, safety related documentation, etc.), project documentation, internal policies;
 - Confidential interviews of member employees and producers, selected by the peers;
 - Site visit, where appropriate, to specified number of production sites (see table in point 16 in Audit procedure above) where important Fair Trade products are produced or sites where there have been no previous visits by either peers or auditor;
 - Interviews with trading staff, field staff;
 - Review of product labelling, sales documentation and communication with clients;
 - Review/ discussion of promotion materials,
 - Exit meeting with the member's responsible staff, to summarise the key points observed during the Peer visit and discuss whether their Self Assessment Report accurately reflects their compliance with the WFTO Standard. Recommend changes to the member's Improvement plan. The member may update its Improvement plan as a result of the Peer visit findings and discussions. Apart from this the member may not make changes to the SAR at this stage.

Reporting and follow up

14. The peers shall together compose one Peer visit report, using the report format provided by WFTO, together with supporting evidence, and submit it to WFTO and the visited member within 30 days of the Peer visit.

15. If the member disagrees with the report or wishes to comment on it, it can do so by writing directly to WFTO within 15 days of its receipt of the report. WFTO may seek more clarification of the member's comments from the peers.
16. The Guarantee System Manager will review and evaluate the submitted report and get back to the peers within 30 days to accept the report or request further elaborations or clarification. In the course of the WFTO evaluation of the Peer visit report, additional questions on the findings and evidence found may be needed from the peers.

7.2.5 WFTO Fair Trade Accountability Watch (FTAW)

1. WFTO operates an online watch system¹⁰ that allows all members as well as concerned stakeholders or the public to raise issues or concerns about a WFTO member's compliance with the WFTO Standard.
2. The platform allows WFTO members or other members of the public to raise comments or concerns about the Fair Trade practices and WFTO Standard compliance of WFTO members. The comments are stored in the online system and handled in a recorded way through the system.
3. Individuals or organisations wishing to raise a concern about a member, can submit their comment online on the WFTO FT Accountability Watch. They are advised to include their name but may request that it is not divulged to the organisation the complaint is about. WFTO reserves the right not to investigate anonymous complaints.
4. To leave a comment, the person raising the complaint shall indicate which WFTO Principle it relates to and shall describe the concern with as many facts and evidence as possible. WFTO reserves the right to not consider complaints which do not refer to WFTO Fair Trade Principles or procedures unless deemed relevant by WFTO. The complainant receives a response that the information will be addressed in due course.
5. Every complaint received is sent automatically to the WFTO Guarantee System Manager and the Guarantee System committee. The Guarantee System Manager will, as standard procedure, forward the complaint verbatim to the organisation concerned, to allow a response to the allegation. The Guarantee System Manager, together with the Guarantee System committee, may decide to not discuss the detail of the original complaint in critical cases which may jeopardise the complainant e.g. reporting workers' safety or wellbeing, and should agree a rewording of the complaint with the complainant to protect their identity. WFTO reserves the right not to pursue cases where it judges that the issues are not the concern of WFTO.
6. Any bona fide concerns and complaints received are dealt with according to the WFTO complaints procedure (8.2.2). In cases where the issues are not deemed as gross misconduct or serious non compliance, the information received is verified during the next assessment visit (Peer visit or Monitoring audit).
7. The complaint as well as any follow up is registered in the online system.

¹⁰ The system is designed after the example social watch platforms which have been in use in social certification (SA8000) for many years and which have been recognised as best practice and work well as an additional compliance tool by international organisations like SAI.

CHAPTER 8

OPERATION OF THE WFTO GUARANTEE SYSTEM

8.1 Governance of the Standard and Guarantee System

The WFTO Standard is owned by the World Fair Trade Organization (WFTO).

As the Standard is a closed standard based on a guarantee system approach, the governance system and structure is housed within WFTO, the owner of the Standard. The Board of Directors of WFTO are authorised, in consultation with the membership, to make all decisions about the Standard, and the accompanying use of the WFTO Product Label. Any changes in the Fair Trade Principles, which are part of the Standard, require approval by the General Meeting.

The Board of Directors may, at its discretion, constitute appropriate committees or working groups for various tasks:

- a) periodic review of the Standard;
- b) recognition of other FT Certification or Guarantee Systems;
- c) review of the WFTO Fair Trade Accountability Watch and Complaints procedure;
- d) qualification and empanelment of auditors;
- e) preparation/revision of the Guidance Protocol for Monitoring audits and Peer visits;
- f) implementation of the Standard (including approval of use of the WFTO Product Label and its design).

As part of the governance of the System, a Standard and Guarantee System committee has been formed from those with good knowledge of the Guarantee System. In time a Standard Review committee may be formed with certification experts and others to specifically deal with revisions to the Standard, while the Guarantee System committee will continue to deal with approvals and sanctions and other procedural issues which arise. There may also be other committees which the Board wishes to constitute.

8.1.1. Review and Revision of the Standard

The Board of Directors of WFTO will initiate the revision process of the Guarantee System and supporting technical guidance documents at least every 5 years. It has the authority to arbitrate on sustained and conflicting views in the Standard setting process and in cases of serious and legitimate complaints concerning its application in the field. To this end it may constitute a Standard Review committee¹¹ to assist it in reviewing and revising the Standard. The committee will review the Standard based on feedback from members and others during the period under review, and will recommend to the Board any changes or revisions needed.

The Standard Review committee will develop a procedure that enables stakeholder feedback from existing WFTO members, technical experts, and, optionally, representatives of consumers and buyers who may not be members of WFTO. All revisions suggested will be put up on the WFTO network platform for feedback from WFTO members and external stakeholders, and the feedback received within 30 days will be considered by the committee in its final recommendations to the WFTO Board.

¹¹ Initially this will be done by the Standard and Guarantee System committee.

The WFTO Board will consider the recommendations of the Standard Review committee, and adopt them in total or with appropriate changes as it sees fit. Any suggested changes to the 10 WFTO Principles need to be approved by the WFTO AGM.

8.1.2. Qualification of Auditors

The Board may from time to time review the process of qualification of auditors and their empanelment, and prescribe appropriate training programmes for such qualification.

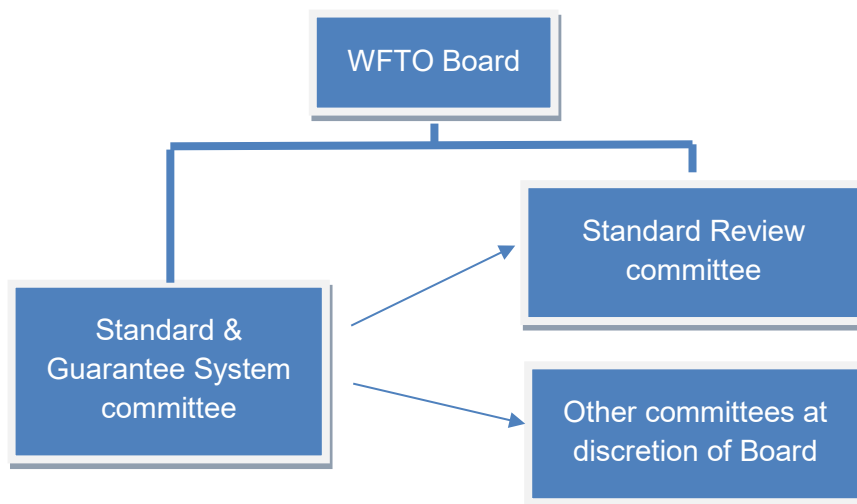
8.1.3. Review of Recognition of other standards and Fair Trade systems

The Board will also review, from time to time, the recognition of other systems and recommend any changes as felt necessary based on the experience during the period under review. *For WFTO policy on Recognition of other FT systems see Ch. 8.3.3.*

8.1.4. Review of the guidance protocols for Monitoring Audits and Peer Visits

The Board of WFTO will also review at least once every 5 years¹² the guidance protocols for Monitoring audits and Peer visits, again based on feedback from earlier audits and Peer visits. Recommendations will be made by the Standard and Guarantee System committee regarding this, and the Board may appoint a separate special Committee to review the suggestions in depth and make recommendations. The Committee will work in cooperation with the Guarantee System Manager and the Standard and Guarantee System committee.

The Governance structure of the Standard and Guarantee System can be seen in the graphic below:



¹² Initially this will be more frequent as the System is tested.

8.1.5. Review of documentation

The Guarantee System committee will consider reviews of the Handbook documentation in order to strengthen the Guarantee System and ensure consistency with procedures. The list below shows which chapters can be approved by the Guarantee System committee and which need to be approved by the Board.

List of WFTO Guarantee System Documents approval

Document	Final Approval
1. INTRODUCTION	Committee & GS manager
2. SCOPE and FIELD OF APPLICATION	Board
3. GLOSSARY	Board
4. CATEGORIES OF MEMBERSHIP	Board
5. THE GUARANTEE SYSTEM AND NON TRADING MEMBERS	Board
6. WFTO STANDARD	Board
7. GUARANTEE SYSTEM OVERVIEW	Committee & GS manager
8. OPERATION OF GUARANTEE SYSTEM	
8.1. Governance of Standard and Guarantee System	Board
8.2. Management of Guarantee System	
8.2.1. Approval and Sanctions procedure	Board
8.2.2. Complaints procedure	Committee & GS manager
8.2.3. Appeals procedure	Board
8.3. Functioning of Guarantee System	
8.3.1. Members risk analysis	Committee & GS manager
8.3.2. Operational procedures	Committee & GS manager
8.3.3. Recognition of other FT schemes	Board
8.4. Transition to full functioning of Guarantee System	Committee & GS manager
9. CLAIM, LABELLING AND MEMBER MARK	Board
(Except for 9.2.1 and 9.2.2)	Committee
10. AUDITORS	Board
11. ANNEXES	
11.1. Tools for Guarantee System	Committee & GS manager
11.1.1. Guidelines for Self Assessment plus forms	Committee & GS manager
a, b) Profile	Committee & GS manager
c) Self Assessment Report	Committee & GS manager
11.1.2. Supply chain monitoring questions	Committee & GS manager
11.1.3. Guidelines for peer visits	Committee & GS manager
11.1.4. Peer visit report form	Committee & GS manager
11.1.5. Protocol for monitoring audits	Committee & GS manager
11.1.6. Monitoring audit report form	Committee & GS manager
11.1.7. Supplier verification visit report form	Committee & GS manager
11.1.8 Flows for Monitoring audit	Committee & GS manager
11.2. Guarantee System Internal Documents	
11.2.1. Risk analysis tool	Committee & GS manager
11.2.2. Confidentiality policy	Committee & GS manager
11.2.3. Code of conduct agreement for peers/auditors	Committee & GS manager
11.1.4 WFTO Code of Practice	AGM
11.2.5. Contract for auditors	Board

11.2.6. Contract for the label use for FTOs	Board
11.2.7. Contract for Member Mark use for members	Board
11.2.8. Contract for non WFTO buyers	Board
11.2.9. Membership contract	Board
11.2.10. ToR for Standard and Guarantee System committee	Board
11.2.11. ToR Appeals committee	Board

Ch 8 Operation of WFTO Guarantee System

8.2 Management of Guarantee System

8.2.1 Approval and Sanctions Procedures

Overview

Members' compliance with the WFTO Standard is assessed at regular intervals based on the member's monitoring schedule, resulting in approval or sanction of the organisation.

The Approval and Sanctions process takes place after the Monitoring audit, which is looked at alongside the updated Self Assessment Report of the organisation¹³. (For details on approval cycle see chapter 7.1. Overview of Guarantee System.)

For members categorised as medium or high risk the approval process will be at least every 4 years, while a member categorised as low risk after two successful audits, will only go through the approval process every 6 years.

Approval and sanctions decisions are taken by the WFTO Guarantee System Manager in consultation with the WFTO Standard and Guarantee System committee when needed.

Approval and Sanctions Process

1. The WFTO Guarantee System team screens the report from the auditor alongside the latest Self Assessment Report. The Improvement plan which the member identified during their Self Assessment and finalised with the auditor, is also looked at. Any feedback received through the WFTO Fair Trade Accountability Watch is also taken into consideration. The main objectives of this assessment are to:
 - ensure that all critical aspects of non compliance with the Standard are reflected in the assessment findings;
 - that the proposed Improvement plan is adequate to address the identified weaknesses or non compliances;
 - where there are serious non compliances, with the participation of the Standard and Guarantee System committee and approval by the Board, set corrective actions with a timescale for the member;
 - make a proposal to approve the organisation (with or without agreed improvement measures) or initiate the sanctions procedure (see below);
 - Any critical cases are referred to the WFTO Standard and Guarantee System committee, before the approval or sanction decision is made.
2. Members receive a WFTO Guarantee System certificate on an annual basis when they have met all membership requirements. Certificates are distributed from February of each year to those members that have paid the fee for that year and are up to date on meeting monitoring requirements. They also receive information on permitted claims and label limitations (e.g. product restriction, if relevant), as well as the agreed Improvement plan. In the case of more serious non compliance the member receives the corrective actions required with the timescale indicated, when another external visit or report may be required before approval. The member confirms the final Improvement plan and provides an update on corrective measures already implemented.

¹³ The FTO is also assessed at the time of the Peer visit report to check there are no serious issues which need attention before the Monitoring audit is due.

3. In the case where corrective action is not met within the required timescale, or the non compliance is too severe to wait, the organisation receives a written notification of start of the sanctions procedure.
4. The member has the right to appeal against the approval decision (e.g. suspension, demotion or termination of membership). See Appeals procedure (8.2.4).

Approval Requirements

The member can be reapproved as a guaranteed member if it meets the applicable mandatory compliance criteria of the WFTO Standard and demonstrates adequate progress in addressing progress criteria, as agreed in the member's previous Improvement plan.

Not meeting a mandatory criterion of the Standard constitutes a 'non compliance'.

In the case of any serious non compliance that cannot be decided by the Guarantee System Manager based on previous cases, the matter is referred to the Standard and Guarantee System committee who will make a judgement based on an individual assessment of the history, specific situation, level of non compliance and measures to be taken by the member. The committee will decide whether the organisation can still be approved subject to an agreed Improvement plan or corrective actions, or needs to be referred to the Board as part of the sanctions procedure. In simple cases the Guarantee System Manager may take the approval decision instead of referring the matter to the committee.

The individual evaluation of the situation is based on the following considerations:

- Level of non compliance (not met at all, or almost met the requirements).
- Severity of the overall situation found.
- Awareness of the member of the situation (e.g. Self Assessment, previous Improvement plans) and demonstrated activities in the past to address the problem.
- Proposed corrective actions – are they realistic plans backed up by adequate resources and understanding to resolve the non compliance?
- Number of non compliances with mandatory criteria and whether they can be reasonably well corrected within the agreed time frame. Non compliance with a number of mandatory criteria indicates an overall weakness in adhering to the WFTO Principles and should normally lead to sanctions.

Sanctions Procedure

This is applied where there are issues which are too severe to be dealt with in the Improvement plan, or where necessary corrective actions have not been taken. Step 3 needs a Board decision.

- | | |
|--------|---|
| Step 1 | Formal communication regarding problems and immediate corrective action required |
| Step 2 | Notification of sanctions procedure – formal warning |
| Step 3 | Sanctions may include the following, depending on the severity of the issue: <ul style="list-style-type: none">• Temporary suspension of membership• Restrictions on use of Product Label• Demotion to provisional membership• Termination of membership – Member is indicated as terminated on the WFTO website for a period up to 3 months, and if an appeal is pending this will be stated. |

At any time an audit can be called to check claimed corrective action. The cost for this will be covered by the WFTO member. For any decisions made on membership status in Step 3 the member can appeal (see Appeals procedure).

Two years after their membership has been terminated, an organisation may apply again for membership if it can show that the problems have been resolved. They will be required to do a new self assessment and undergo another Monitoring audit. The status of Provisional member will not apply for reapplications.

Sanctions for non fulfilment of membership obligations

The sanctions procedure can also be used for members who do not fulfil their membership obligations, but in this case there is no right of appeal. Obligations for members include submission of SARs every 2 or 3 years, cooperation with Peer visits and Monitoring audits including payment of costs incurred, and for all members payment of membership fees as well as submitting (audited) financial records annually.

Timetable in relation to SARS and scheduled audits and peer visits:

Deadline for SAR or assessment visit	+30 days	+ 30 days <i>(i.e. 60 days after deadline)</i>
<i>Reminders have gone out 4 months before and on due date.</i>	Informal communication re sanctions procedure. Any circumstances to take into account?	Notification of start of sanctions procedure (as above).

8.2.2 WFTO Guarantee System Complaints procedure

Scope

There are 2 types of complaint:

1. Those about the Fair Trade compliance of a WFTO member.
2. Those about the operation of the WFTO Guarantee System.

Complaints relating to sanctions decisions of WFTO are covered in the Appeals procedure (see Appeals procedure below 8.2.3).

Procedure

1 Complaints against individual WFTO members

1.1 Complaints may be submitted in any format to WFTO but use of the WFTO Fair Trade Accountability Watch (FTAW) is strongly recommended. If they are not submitted via the FTAW site (*Ch 7.2.5 Overview*) they will be logged onto the site by the Guarantee System Manager. They can be submitted by anyone, including:

- WFTO members, either in the same country or in another country, stating any relationship between them;
- employees and ex-employees of a WFTO member;
- producers and ex-producers of a WFTO member;
- by non WFTO members, stating their relationship with the member they are complaining about;

Issues may also be raised during Monitoring audits and Peer visits to peers or auditors, who should submit them to WFTO.

Complaints made informally to staff or Board members can be passed to the Guarantee System committee to recommend if any action should be taken.

1.2 All complaints logged onto the FTAW will generate an automatic notification to the WFTO Guarantee System Manager, who will normally forward the complaint to the member concerned to give them the chance to respond¹⁴. If the complainant requests to remain anonymous the member will not be informed of their identity, but it is preferred that they give their name and contact details to WFTO when they lodge the complaint on the FTAW site.

1.3 If the complainant wishes that their identity is not divulged to the member concerned, but it is thought that the wording of the complaint will make it evident, the Guarantee System Manager may agree a rewording of the complaint with the complainant.

1.4 The complainant will receive notification that his/her complaint has been received and is being dealt with according to the complaints procedure.

1.5 The information provided will be duly considered by the Guarantee System Manager and followed up by WFTO according to a risk based approach. All complaints will be shared with the Standard and Guarantee System committee who can offer advice and make recommendations. The Board will also be informed of complaints which come in. Together with the Standard and Guarantee System committee, the Guarantee System Manager will decide if the complaint is minor or major, and act accordingly:

¹⁴ Reasons for not informing the member would only be if the complaint was insubstantial or not relevant to WFTO.

- Minor allegations (raised only singularly, without substantial information or data and / or contradicted by audit findings) are briefly investigated further and are considered for the next regular audit during which they are followed up and cross verified by means of workers' interviews, site inspections and document reviews as applicable.
- Major allegations (raised by several stakeholders or workers OR not substantially contradicted by audit findings and concerning mandatory compliance requirements) are always followed up in detail, with all investigations and findings fully documented. An extra investigate audit may be set up.

1.6 If the complaint is deemed serious enough to investigate further, the member complained about is informed that WFTO is investigating the complaint and given the right to submit any further information. If requested the informant's identity is kept strictly anonymous in communications with the subject of the complaint.

1.7 For major allegations WFTO may take the following actions:

- send the complaint to the appropriate national and or regional committee for any comments based on their knowledge of those involved;
- indicate documentary evidence the complainant and/or the one complained about should send within 30 days;
- Based on the response from the national/regional committee and/or any documentary evidence, WFTO may either decide to take no action, or decide on the following:
 - indicate measures the organisation must take within a time scale (when a report with documentary proof of the changes should be submitted);
 - appoint someone within WFTO to establish the extent of changes needed in the member organisation;
 - recommend that a conciliator be appointed if appropriate provided that conciliation proceedings are agreed by both parties;
 - commission an investigation or audit covering the complaints and any Principles implicated – to be done by an external consultant or within WFTO. This can be a regular Monitoring audit or have specific ToR to deal with the complaints. The cost of the audit shall be covered by the member organisation in question.

1.8 If WFTO decides on an investigation or Monitoring audit, this should be carried out within 6 months. If the organisation does not cooperate with this, WFTO may decide to terminate their membership in line with Sanctions procedures.

1.9 Once any audit or investigation report is received, it is sent by the WFTO Global office to the member investigated for comment before the WFTO Board, on a recommendation from the Standard and Guarantee System committee, may take one of the following decisions:

- no action because of insufficient evidence of verity of complaints, and close the procedure;
- request measures the organisation must take within a time scale (*when a report should be submitted with proof of the changes after which WFTO can take no action or as below*);
- demotion to the status of provisional membership until measures are taken and a revised SAR submitted (after which they may receive another Monitoring audit);
- suspension from membership and process of sanctions procedure. (*See Approval and Sanctions procedure 8.2.1 above*);
- termination of membership.

1.10 The complainant will be informed about the progress and final decision of WFTO within 15 days of any major step or final decision.

1.11 If suspended from membership, demoted to Provisional membership or their membership is terminated, the organisation has a right of appeal. (*See procedure for Appeals 8.2.3 below.*)

1.12 In case of termination, the membership will be informed of the decision. At this time it will also be communicated whether the organisation can still be considered as a Fair Trade

producer by other members. If the Board decides they are not compliant with the subset of Compliance Criteria, then they cannot be a Fair Trade producer and the Product Label may not be used on their products. If the Board does not make a decision against them as a Fair Trade producer, nevertheless until a producer visit is carried out which confirms their adherence to the subset of criteria for producers, the Label may not be used on any of their products.

1.13 If the member does not appeal within 1 month the sanctions procedure may result in termination of membership.

1.14 A WFTO member whose membership is terminated may apply for membership again after 2 years if they can show satisfactorily that the problems have been resolved. They will also undergo another Monitoring audit before they can be admitted as members upon Board approval.

2 Complaints about the operation of the WFTO Guarantee System

2.1 Complaints may be submitted in any format, to WFTO.

2.2 Complaints may relate to personnel within the global office as well as any persons involved in the WFTO Guarantee System processes.

2.3 Complaints may relate to the manner in which WFTO provides services, including but not limited to:

- failure to respond to registration relevant correspondence within a reasonable amount of time,
- unprofessional behaviour by a WFTO staff person or auditor.

Complaints relating to sanctions decisions of WFTO are covered in the Appeals procedure.

2.4 Complaints should contain enough information to make investigation possible including, wherever possible, details of:

- the individuals involved,
- the events giving rise to the complaint,
- relevant communication regarding the complaint should be attached.

2.5 The complaint will be considered by the Board of WFTO. Where the complaint is about the operation of the WFTO Board, an Appeals Committee will be convened. (*See procedure for Appeals below 8.2.3 and ToR Appeals committee Annex 11.2.11*).

2.6 Appropriate corrective action will be taken where a member of staff or auditor is found to be at fault.

2.7 Where the system is found to be lacking this will be addressed during a review of the system by the Standard and Guarantee System committee.

2.8 The complainant will be informed about the progress and final decision of WFTO within 30 days of any major step or final decision.

8.2.3 Appeals process

Members who feel aggrieved by a decision of the WFTO Board regarding their membership (i.e. temporary suspension or suspension, demotion to provisional membership, termination of membership), arising from the Guarantee System Approval or Sanctions procedures, may appeal the decision. Members expelled by the Board for reasons outlined in the Constitution Article IX 2 may also appeal using this process.

Sanctions relating to non fulfilment of obligations of membership (i.e. payment of fees, monitoring obligations, submitting financial accounts) are not open to appeal. Members may also not appeal against a decision to be subjected to an investigation or audit.

Provisional members who are not admitted as members after a Monitoring audit may also appeal the decision but organisations who have applied to be members but are not admitted as Provisional members, may not use the Appeals process. They may however appeal to the WFTO Board, through the Guarantee System Manager, if they feel they have been unfairly rejected.

The WFTO general Meeting approves the members of the Appeals committee. (*See ToR for Appeals committee 11.2.11*)

The Appeals procedure

1. The aggrieved member writes to the Guarantee System Manager appealing the decision. The appeal must be logged within one month of the contentious decision. Together with the appeal, the member must provide clear information and any documents pertaining to the appeal. If no reason is given to back the appeal, it may not be accepted.
2. The Guarantee System Manager writes to the member to acknowledge receiving the appeal within 15 days of its receipt.
3. The Guarantee System Manager informs the Board and the Standard and Guarantee System committee of the appeal within 15 days of receiving it and logs the appeal on the secure part of the website for members of the Appeals committee.
4. At this point the Board may reconsider their decision after consulting with the Standard and Guarantee System committee and based on the documentary evidence submitted by the member.
5. If the Board does not reconsider their decision within 15 days of receiving the appeal, the Guarantee System Manager refers the appeal, in writing, to the Chair (or Vice Chair in his/her absence) of the Appeals committee within 30 days of receiving the appeal. The letter (which can be sent by email) must be authorised by the Board. All documents of interest to the appeal will be attached with the letter.
6. The Appeals committee reviews the information and documents pertaining to the appeal. In conducting its work, the Appeals committee may :
 - Request any additional information from the interested parties.
 - Interview or discuss the case with any of the interested parties.
 - Send representatives to visit the affected parties, depending on the availability of funds. In certain cases the appealing organisation may be asked to cover the costs of the visit.
 - The Appeals committee must in all its decisions make reference to the rules of the Guarantee System. It may not overturn a decision of the Board regarding non compliance of a member with the Standard unless it can demonstrate that the member is in compliance with the disputed requirements of the Standard.

7. The Appeals committee prepares a report no more than 60 days after receiving the letter of appeal from the Board should no field visit be required. Should a field visit be necessary, this report should be prepared within 90 days.
8. The Board will, on receiving the decision of the Appeals committee:
 - Ratify its decision, if it agrees with or accepts it.
 - Reconfirm its original decision:
 - a. If the Appeals committee decides in favour of the member against the Board decision, the decision of the Appeals committee stands.
 - b. If the Appeals committee agrees with the sanction applied to the member, then the Board decision stands.
9. The membership will be informed of the outcome of the appeal within 1 week of the final decision.
10. WFTO members will be informed of the outcome of the Appeal and the status of the organisation's membership. WFTO may not share audit or investigation reports with members but they may be requested from the organisations involved. However if any part of a report is quoted misleadingly by the organisations involved, WFTO has the right to share the full report with members.

Ch 8 Operation of WFTO Guarantee System

8.3 Functioning of Guarantee System

8.3.1 Members' risk analysis¹⁵

The WFTO Guarantee System takes into account different levels of risk of members to the credibility of the Guarantee System (such as size or complexity of operation) and thus all members are regularly assessed to set a risk level which will determine their monitoring schedule. Monitoring is more frequent for members in the higher risk category (*7.1 Overview*). The intention is to create a system which will be affordable to all our members.

The level of risk will determine the frequency of the audits required. For instance a large FTO with many product lines all using the Label presents a greater risk to our system than a primary producer organisation with direct links to their workers, and this will be reflected in the monitoring schedule.

The risk level is set initially using the risk assessment tool (*Annex 11.2.1*), and adjusted over time depending on the findings of audits and visits, as well as WFTO's Fair Trade Accountability Watch feedback.

Implementation of the risk analysis tool will categorise WFTO members in three risk categories (low/medium/high). The tool will give a preliminary means of identifying potential risks, so that Monitoring audits can also include a risk assessment for those identified as potentially risky.

It must be recognised that a preliminary assessment as 'high risk' does not mean there is a risk. With an audit it can be discovered that a potentially risky FTO is very compliant while a seemingly low risk small FTO could ruin the reputation of WFTO's system if there are serious non compliances, and therefore these ratings for each FTO need to be kept under review and changed when appropriate.

For the preliminary analysis, only the most significant factors to base this analysis upon have been selected. The initial risk factors identified and the categories of membership (with a risk value factored in) are as follows:

Risk factors

1. number of (producer) organisations from which products are purchased
2. number of different product lines
3. level of control of the product flow and supply chain
4. use of label
5. % of purchase of primary products (value) from non WFTO members or from non FT verified sources

And later adjusted by adding:

6. Serious non compliance, results of audit, Peer visit or issues raised through complaints.

FTO categories

- A Producer
- B Marketing domestic and export organisation
- C Fair Trade Import Organisation
- D Fair Trade retailer – not included in this risk analysis as a different Standard is being prepared for them)

¹⁵ The Risk Ananalysis Tool is currently under review. The Board needs to approve the new tool before it comes into effect.

8.3.2 Operational Procedures

1. Introduction

The WFTO Guarantee System focuses on the management and operation of WFTO members in relation to their Fair Trade practices. It is based on a set of criteria built on the WFTO Principles and International Labour Organisation (ILO) conventions.

A member is expected to apply the WFTO Principles and implement the Standard in a diligent and transparent manner and work on continuously improving its Fair Trade practices. Compliance with the Standard will be assessed by various means, including Self Assessment, Peer visits and Monitoring audits. These are described in the WFTO Guarantee System Handbook.

This section looks at some of the responsibilities that the Global office will need to carry out in the implementation of the system.

2. Responsibilities and Tasks

WFTO's Board and Global office is responsible for the whole Guarantee System. It has a Standard and Guarantee System committee that oversees the development and implementation of the system. It has a Guarantee System Manager and Membership and Monitoring team. The Guarantee System Manager will be responsible for much of the routine processing and approvals, but will refer critical cases to the Standard and Guarantee System committee.

2.1 *Global Responsibilities*

- Management of the system
 - Maintaining a schedule of all members' monitoring obligations
 - Risk analysis of members
 - Preparing quarterly & annual management reports on the system
 - Providing Global office services to the Standard and Guarantee System committee
 - Working with the Standard and Guarantee System committee to review the Standard and tools, procedures, systems captured in policy documents, operational manuals and other documents
 - Reporting to the Standard and Guarantee System committee and the WFTO Board
 - Secure backup and filing of all documents
 - Develop online training, DVDs etc. for members on the Guarantee System
- Processing applications and recommending new members as Provisional members.
- Self Assessment Reports
 - Developing the SAR submission calendar
 - Sharing the SAR Calendar with members
 - Notifying members on their SAR obligations
 - Assessment of SARs to ensure they meet the requirements
 - Following up with members for additional information
 - Sharing critical SARs with the Standard and Guarantee System committee
 - Implementing decisions of the Standard and Guarantee System committee
 - Filing of documents (
- Monitoring audits (scheduled audits and investigative)
 - Scheduling members' Monitoring audits
 - Notifying members on the Monitoring audits
 - Identifying (approved auditor pool) and contracting auditors
 - Sending the required documentation to auditors and follow up of activity
 - Processing Monitoring audit reports
 - Approving or renewing guaranteed status and informing the Standard and Guarantee System committee of approvals quarterly
 - Sharing audit reports with the Standard and Guarantee System committee if there are any issues
 - Filing reports
- Peer visit
 - Scheduling members' Peer visits

- Notifying members on the Peer visit schedule
- Approve the peers for the Peer visit based on the member's suggestions
- Sending the required documentation to the peers and follow up of Peer visit activities
- Processing Peer visit reports and screening for issues
- Sharing Peer visit reports with Standard and Guarantee System committee if there are any issues
- Implementing decisions of the Standard and Guarantee System committee
- Filing of documents
- Complaints and Sanctions
 - Dealing with complaints according to the Complaints procedures
 - Making recommendations, together with the Standard and Guarantee System committee, to the WFTO Board in relation to sanctions because of non compliance.

3. General Procedures

The Guarantee System Manager is responsible for the implementation of the WFTO Guarantee System. S/he will work closely with the Standard and Guarantee System committee.

General procedures include:

Establishment of a Monitoring schedule

A Monitoring schedule will be established for each member. This will provide consolidated information of the member's monitoring obligations.

- The Guarantee System Manager will develop a Monitoring schedule for each member that will include the SAR, Peer visits and Monitoring audit dates.
- The Monitoring schedule will be shared with individual members to remind them of their monitoring obligations.
- The updated Monitoring schedules will be approved by the Standard and Guarantee System committee every year.
- Changes to the monitoring obligations of existing members under their Monitoring schedule as a result of a change to their risk status, will need to be approved by the Standard and Guarantee System committee.

Establishment of an Auditors Pool

The Guarantee System Manager will establish an Auditors pool.

- All auditors will be approved through the qualification process as outlined in Ch 10.2 and the Standard and Guarantee System committee will be informed of auditors in the pool.
- Monitoring audits will preferably be conducted by auditors from the pool.
- An ad hoc list of auditors will also be maintained for instances where there may not be a local auditor available.
- A form with criteria will be used to assess the performance of auditors after every audit.
- Auditors will be dropped from the pool, or ad hoc list, if serious concerns are raised by stakeholders, following a decision of the Standard and Guarantee System committee.

The system will allow for the use of auditors outside the pool in cases where:

- The auditors in the pool are unable or unwilling to provide services for the member;
- The costs of using auditors from the pool are prohibitive;
- The auditor is willing to provide a free or subsidised audit for the member;
- Other reasons acceptable to the Standard and Guarantee System committee.

However, the auditors used will need to meet the minimum requirements set for auditors under the system (Ch 10.1) and will need to demonstrate that there is no partiality or conflict of interest as expressed in the Code of Conduct for auditors (11.2.3).

8.3.3 WFTO Fair Trade System Equivalence policy

Scope

- Approach of recognition
- Standards recognition
- System recognition

Authorities

- The Board is responsible for this policy and its interpretation.
- This policy is a WFTO internal document and distributed only to the Board and its committees. Members and external persons can ask for a copy of this document by contacting the Global office.

Policy

- a) WFTO may recognise other Fair Trade and social certification schemes based on the review of their standards and guarantee systems. The recognition is based on the concept of equivalency, where the standards and the guarantee system of another Fair Trade certification scheme is deemed equivalent. This is so when all major objectives of the WFTO Standard and WFTO Guarantee System are addressed by the other certification scheme.
- b) The recognition can be partial or full recognition¹⁶.
- c) A register of recognised certification schemes will be published, and updated as necessary when there is a substantial change in the WFTO Guarantee System or of the recognised certification scheme.

Standards Recognition for members

- d) The determination of standards equivalency is prepared by an expert or expert team appointed by WFTO Standard and Guarantee System committee.
- e) The WFTO Standard and Guarantee System committee can also adopt the conclusion of a study done by a third party team of experts which compares the standards of different schemes.
- f) Comments and explanations may be sought from the owners of other standards to be recognised before the final approval decision of the scheme by WFTO.

Recognition of System

- g) The determination of system equivalency is prepared by an expert or expert team appointed by the WFTO Standard and Guarantee System committee, or by a third party.
- h) Comments and explanations may be sought from the owner of the other system to be recognised before the final approval recommendation by the WFTO Standard and Guarantee System committee.

¹⁶ **Equivalent:** Organisations which are certified by a Fair Trade standards and guarantee system which is considered to be fully equivalent to the WFTO system, are considered by WFTO as equivalent and any audit reports from the other system will be accepted by WFTO and can replace the WFTO Monitoring audit.

Partially equivalent: Organisations which are certified by a Fair Trade standards and guarantee system which is considered as only partially equivalent to the WFTO system, will be recognised by WFTO only if the missing parts are checked in their Monitoring audit and considered to be in compliance with the WFTO system.

- i) The WFTO Standard and Guarantee System committee will make recommendations to the WFTO Board who will make the final decision on recognition of another system.

Standards recognition for suppliers

- j) WFTO also recognises other Fair Trade certification schemes that FTOs may rely on in their monitoring of their suppliers. A list of these Fair Trade schemes is published in the Handbook Ch. 6.3.2 and FTOs do not need to include these suppliers in their Internal Monitoring Systems for suppliers.

CHAPTER 9

CLAIMS, LABELLING AND USE OF THE WFTO MEMBER MARK

9.1 Introduction

The WFTO Member Mark is owned by WFTO and may be used by members in their business to business communication, on letterhead, PR materials and on websites as defined in the rules below.

With the introduction of the WFTO Guarantee System the Mark may be used within the WFTO Product Label on product labels and product tags, subject to meeting the conditions and requirements explained in this policy.

The WFTO Mark may only be used on products¹⁷ within the WFTO Product Label and if the following conditions are met:

- a) **Where a product is labelled by a guaranteed WFTO member**, labelling may start only after the first Monitoring audit against the WFTO Standard. *The WFTO Product Label may also be used by direct buyers of such a full member – subject to conditions listed in 9.3.2.*
- b) **In the graphical presentation (context box)** as explained in Section 9.2.2.
- c) **On Fair Trade products indicated in the FTO’s Profile and Supplier Monitoring form** (in their Self Assessment Report) and originating from verified Fair Trade supply chains (*see details in Chapter 6.3 Fair Trade Supply Chain Management*) or under the FTO’s own IMS.
- d) **The labelling FTO must sign a labelling contract with WFTO.**
- e) **The FTO must be able to demonstrate** that the Fair Trade ingredients or products originate from identified Fair Trade suppliers (*if applicable*).

9.2 The WFTO Member Mark and Product Labels

9.2.1 Basics

WFTO owns the WFTO Member Mark and regulates its use in the “WFTO Product Label” as well as in communication and public relations as outlined in this chapter.

The WFTO Product Label, consisting of the WFTO Mark in a context box, is an organisational label that can be used on product labels. It is licensed by WFTO to its members by signing a labelling contract. The WFTO Product Label can be used by members on wholesale and retail packaging and for promotional purposes.

The WFTO Product Label may only be used by FTOs who have a labelling agreement with WFTO. A second Product Label version will be available for use by direct buyers of the FTO who have signed the Contract and labelling agreement for non WFTO buyers with WFTO (*Ch. 11.2.8*) undertaking to abide by key Fair Trade Principles in their dealings with the FTO¹⁸ and have agreed to pay a fee.

¹⁷ *The figures in the Mark may be used as a graphic design feature on products by WFTO members if they agree this with WFTO beforehand.*

¹⁸ *They will need to have a valid contract and have paid any fees due for use of the Label.*

The WFTO Product Label may only be used in line with the graphical rules indicated in Section 9.2.2 and on products that meet the labelling requirements listed in Section 9.3.

References to the WFTO Guarantee System and use of the WFTO Mark in business to business communication or on websites are regulated in Section 9.4.

The WFTO Product Label shall always be used in clear, unmistakable relation to the products covered in the WFTO membership. In no way shall the impression be given that other products sold by the same FTO (and excluded from their Fair Trade range in their operational profile) are meeting the WFTO Fair Trade Standard. Therefore product labels and identification tags shall be permanently attached to the product and not on shelves, bars or other presentation systems.

Also the WFTO Product Label shall not be used in any way that implies that WFTO endorses, participates in or is responsible for activities performed by the FTO, outside the scope of membership and the WFTO Guarantee System. The Product Label shall not be used to promote quality aspects not covered by the WFTO Standard.

All product labels referring to WFTO and bearing the WFTO Product Label must be approved by WFTO. Labels will be checked at the time of the Monitoring audit.

9.2.2 Label Versions and Graphical Rules¹⁹

The WFTO Member Mark consists of the 3 graphic elements: 5 people in 5 shades of green and blue forming a globe, the Circular Text “World Fair Trade Organization” and the word Member or Network (for FTNs). The WFTO Member Mark may not be used on products, but may be used by members on letterheads or PR materials or website (*see rules in Section 9.3.3 and 9.4*).



MEMBER

NETWORK

¹⁹ Also see design and brand guidelines below (9.6)

The WFTO Product Label may be used on products (including product tags) of FTO members (see details in 9.3.1) in the layout and wording shown.²⁰



The WFTO First Buyer Label may be applied on brand/retail brand products of First Buyers of an FTO, if they have a clear labelling agreement with the FTO supplying the product regarding use of the Label (see details in 9.3.2 and 9.5) and have signed a labelling contract with WFTO. The packagign always requires approval by WFTO.



This product has been sourced from
Members Name,
a WFTO Guaranteed
Fair Trade Enterprise.



**GUARANTEED
FAIR TRADE
ORIGIN**

This product has
been sourced from
Members Name,
a WFTO Guaranteed
Fair Trade Enterprise.

Only the graphics made available and released by WFTO may be used on the Product. The colours or proportions of the individual elements may not be altered. The Label may not be rotated or shown in mirror image. It should not be stretched horizontally or vertically, nor displayed with any effects.

²⁰ All diagrams show the contents, not the design, which will be provided by WFTO.

The WFTO Product Label can be used in the colour version and in greyscale or black and white, in line with the brand guidelines (9.6 below).

The FTO is responsible for ensuring that it follows the labelling rules; product labelling will be spot checked during Monitoring audits and Peer visits.

9.2.3 Placement on Products

The WFTO Product Label should be used as co-brand (use of the WFTO Product Label in conjunction with the trademark of the enterprise bringing the product onto the market), in accordance with the regulations. The use of the Product Label on products is voluntary and it may be used in combination with other product quality labels.

If the WFTO Product Label is used on products, the following rules shall be observed:

The product description and brand name stand independently of the WFTO Product Label

The size shall be at least 15 mm but less than 50mm; exceptions may be approved on a case-by-case basis.

The WFTO Product Label shall be clearly visible on the product and thus a clear zone around the Label should be maintained.

9.2.4 Text Utilisation and Typography

Text references to WFTO membership status (other than in the WFTO Product Label) on products may be printed in any font and colour, but the following rules must be respected at all times:

WFTO full name is explained as “World Fair Trade Organization” and spelled correctly with initial capital letters.

The abbreviation “WFTO” may not be translated to other languages.

Note: What is permitted on products and communication claims about the WFTO Guarantee System are explained in Sections 9.3 and 9.4.

9.3 Labelling Rules

9.3.1 WFTO Product Label for FTOs

Only guaranteed members of WFTO who have undergone their first Guarantee System Monitoring audit and have been approved according to the WFTO Standard and who have signed a labelling agreement with WFTO may use the WFTO Product Label:

The WFTO Mark may not be used on products, except as part of the WFTO Product Label (version FTO) as shown in 9.2.2 and 9.3.1.

The WFTO Product Label may only be used once the member has signed a labelling agreement with WFTO and only on products registered in the FTO’s Profile (part of Self Assessment).

The Product Label may only be used on food products which contain at least 50% ingredients (in dry weight or value) from verified Fair Trade sources. This means that the materials used originate from or are made by WFTO members, suppliers or producers verified under equivalent Fair Trade schemes or suppliers or producers monitored under the FTO's Internal Monitoring System. For details see the WFTO Fair Trade Standard.

In multi-ingredient products the FT content or minimum FT content must be displayed on the product packaging (principle display panel or side/back panels) or on the product tag. All ingredients originating from monitored Fair Trade suppliers (verified or in IMS) count towards the Fair Trade content.

The WFTO Product Label may be adapted to the FTO by indication of the marketing FTO's name. If the name displayed is different than the full name of the organisation registered with WFTO, this must be approved by WFTO. The space for the member name on the Product Label is 10 characters.



**MEMBER NAME
GUARANTEED
FAIR TRADE**

Alternatively, if the product predominantly contains ingredients from another WFTO member, the organisation of the supplying FTO may be displayed, with added information of the marketing FTO in the label text. This can only be done in agreement with the supplier FTO. WFTO encourages transparency of origin and promotion of Fair Trade producer organisations on the product packaging label. The WFTO Product Label box may, however only indicate the name of one FTO (not both marketing and producer FTO).

Text indications on product labels shall not imply that the product is certified by WFTO, and should focus on the FTO's membership status. The suggested wording is "XX a is member of the World Fair Trade Organization. The WFTO Guarantee System verifies that members abide by WFTO's Fair Trade Principles."

9.3.2 WFTO Product Label for Buyers of FTOs

Direct buyers from FTOs may place the WFTO Product Label (version buyer of FTO) on products that originate at least to 95% from the FTO:

The Product Label (version buyer of FTO) attaches the WFTO Product Label to a standardised text box about the FTO's WFTO status and country that the product originates from, and may only be used in this format.

The WFTO First Buyer Label) may only be used by direct buyers of FTOs (may be via an agent) and only if the FTO makes an agreement with the buyer allowing them to use the Product Label with information about the FTO. If the buyer is not a member of WFTO the buying organisation must sign a labelling contract with WFTO (*11.2.8 Contract for non WFTO buyers*) and pay a small fee annually for use of the Label. Each such label must be approved by WFTO.

Any information in the product description text regarding the Fair Trade origin of the product shall be truthful and should not mislead consumers to believe that the product was certified by WFTO.

9.3.3 WFTO Member Mark

As defined in the membership rules, all members may continue to use the WFTO member mark on PR materials, their organisation's website and on their letterhead. The WFTO Member Mark may not be used on products except in the Product Label context box as shown in Section 9.2.2.

9.4 References to WFTO in Communication and Websites

9.4.1 References in Business to Business Communication

Members are permitted to use the WFTO Member Mark on stationery and brochures, but the position may not be so prominent as to make it appear that any organisation represented in the publication, or its products, are endorsed by WFTO.

As the WFTO Member Mark and the Product Label are organisational marks, the FTO shall not present its WFTO membership in any way that would suggest to buyers that the products they sell are certified by WFTO.

The suggested wording about WFTO membership and the Guarantee System is "XXX is a member of WFTO and verified under the WFTO membership Guarantee System."

9.4.2 References on Websites

Use of the Member Mark on websites is only permitted for WFTO members themselves.

Companies buying products from WFTO members but not members themselves may not use the WFTO Member Mark on their websites. However, a text reference to a specific supplier and its WFTO membership in a subordinate position in the online product description of a product is permitted.

If the company buying from the FTO presents the WFTO guaranteed origin of the product in a prominent position as part of the online product description targeted at the final consumer, this is considered product labelling and thus the company marketing the products to consumers would need to sign an agreement with WFTO, and meet the labelling requirements in Section 9.3.2 of this Chapter.

If an approved WFTO member wishes to use the Label on promotional material, that will be included in the labelling contract and they may use it in product description sections of their promotional material (website, brochures, etc.), in visual vicinity to the approved fair trade products.

9.5 Guidelines for non WFTO buyer using the WFTO Product Label

If an FTO is selling a product to a first buyer who is not a WFTO member, and that buyer wishes to use its own brand with the WFTO First Buyer Label, if the FTO is agreeable to this, the first buyer will have to sign the contract for non WFTO buyer label use (11.2.8). This will also need to be signed by the FTO. If the FTO does wish the buyer to rebrand with the WFTO label, they do not need to agree to the buyer's use of the Label. The Label can only be used on products that originate at least 95% from the FTO.

Please read Ch. 9.3.2 above to see the WFTO First Buyer Label and the conditions attached to use of the Label. Its use is restricted to first buyers from the FTO, the first buyer may not allow the products to be rebranded with the WFTO Label to further buyers.

If the first buyer is a WFTO member then the trading partners can agree between them whose brand and which Label will be used (Product Label or First Buyer Label). All WFTO members however do need to sign the contract for Label use with WFTO (11.2.6) before any use of the WFTO Product Label.

In the contract the non WFTO buyer signs with WFTO they have to agree to trade with the FTO in a fair manner, in accord with the Principles outlined in the Contract for non WFTO buyer Label use. Any violations of these trading practices must be reported to WFTO by the FTO, and WFTO may withhold permission from the buyer to use the WFTO Product Label. It is a serious offence for the FTO not to inform WFTO of non compliance with this agreement and allow misuse of the Label. A copy of the signed contract will be given to the FTO.

In addition to the outlined Principles, if it is discovered that the buyer has any business practices which do not respect the general rules of Social or Environmental standards and ILO norms, they will not be entitled to use the WFTO Product Label.

The non WFTO buyer will be charged a license fee per purchase order, based on the purchase order value (1% or 100 euros minimum). Annually the FTO must inform WFTO of the value of all purchase orders in the past year.

9.6 Label design and Brand guidelines

To be included once these are ready.

CHAPTER 10

AUDITOR QUALIFICATION

10.1 WFTO Guarantee System Auditor competence

WFTO has a pool of auditors to carry out Monitoring audits of members as part of the WFTO Guarantee System. Included are individual auditors as well as auditors through an accredited certification body. Successful applicants will undergo a training course, culminating in a webinar. WFTO reserves the right to prioritise the training of auditors in the regions where auditors are needed at any one time.

Application process

Applicants need to send in their CV and a covering letter explaining: a) how they fulfil the requirements below and b) specifically declaring any existing, possible conflict of interest in performing audits for WFTO members, especially regarding Fair Trade organisations in the same geographical area of the applicant (other individual situations of conflict of interests which may arise can be declared later on). The CV and covering letter should be sent by email to the Guarantee System Manager at gs@wfto.com.

If deemed to fulfil the requirements and they are selected to participate, potential auditors will be invited to join the online training course. Tutors will mark all tasks assigned. Once qualified they will need to sign a Code of Conduct and a contract with WFTO. They may also be required to update their training if there are changes to the Guarantee System.

Requirements for Auditors for the WFTO Guarantee System

Education

University or higher education degree or equivalent plus 5 years of working experience. Applicants who do not have a higher education qualification need 8 years of working experience.

Essential:

Good written English is essential.

Good knowledge of the local languages of organisations to be audited.

Desirable:

Auditing qualification.

Knowledge

Essential:

Experience with or knowledge of Fair Trade, or at least of social corporate responsibility standards. Good knowledge of Fair Trade, social, economic issues, development issues and labour rights.

Experience

Essential:

At least 5 years work experience, of which 2 years in a relevant field of work.

Desirable:

At least 2 years auditing experience. Those without this but highly qualified in other ways, may apply to voluntarily accompany a qualified auditor to become qualified for the Auditor pool or requested to complete producer visit first.

Skills

Interpersonal communication skills.

Respectful relations with others.

Sensitivity to social, cultural, political, religious, and environmental conditions.

Reporting and analytical skills.

10.2 Qualification process for WFTO Auditor pool

WFTO has developed an on line training for auditors to qualify them to enter the WFTO Guarantee System Auditor pool. If selected for the training a small fee is charged to cover the costs of the training. It is WFTO's intention to train auditors proportionally to the WFTO members in each region, to ensure local auditors are used. WFTO will try to provide work for auditors qualified in the pool. Other auditors will only be used when a local auditor from the pool is not available.

Auditor training

An auditor who has fulfilled the requirements in Ch 10.1 above and been accepted to start the training course, will be asked to read key documents and complete a number of tasks within a specified time frame after which the tasks will be marked, before being admitted to a Webinar with a final test . Only once the final test has been completed successfully will the auditor enter the WFTO Auditor pool. The auditor will be given the next Audit in their region, and final qualification as a WFTO Auditor will be after the first audit report is approved by the trainers. Assessment of their audit may also be through shadowing by an experienced auditor. In some cases the auditor may be asked to go as an observer with a qualified auditor before conducting their first audit.

The following documents will need to be read by potential auditors before undertaking the tasks. These documents can be found on the WFTO Guarantee System web page and the tasks will be supplied by the auditor training officer. All GS training materials provided by WFTO are the property of WFTO and must not be shared with others.

- GS Handbook
- WFTO Standard
- WFTO Guarantee System Overview (Handbook Ch. 7)
- Audit protocol (11.1.5)
- Monitoring audit flow (11.1.8)
- WFTO Monitoring audit report format (11.1.6)
- Supplier Verification visit report format (11.1.7)
- Blank Member Profile and Self Assessment Report.
- Guarantee System explanatory glossary
- ISO 19011 (not provided by WFTO)

To be sent before final test:

- Claim, Label and Member Mark (Handbook Ch 9)

First task for applicants – read all documentation. Trainees may at this stage ask any questions through email, skype or phone, whichever is most appropriate.

Written test of understanding of documentation (using documents)

Second task – Scenarios with some real/hypothetical examples

Third task - Hypothetical audit

The above tasks can be conducted in the auditor's own time. If a trainee does not pass the written test for task 1, they cannot do the other parts of the training, but may try again. If a trainee does not pass the other tests, they may not try again for 2 years, unless there were extenuating circumstances and it is agreed by WFTO that they may undertake a second course.

Webinar

This will include:

Presentation of WFTO GS

Discussion based on above tests and case studies. Final solutions for case studies.

Final test