



Fee System Contract Production

Explanatory Document

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Certifier for



FAIRTRADE
INTERNATIONAL



Table of contents

| | | |
|----------|---|----------|
| 1 | Introduction | 3 |
| 1.1 | Definitions..... | 3 |
| 2 | Application Fees..... | 4 |
| 2.1 | Application for Fairtrade Certification..... | 4 |
| 2.2 | Application for an exception from Fairtrade Standards and respective Certification Requirements | 4 |
| 3 | Initial Certification Fee (First 12 Months)..... | 4 |
| 4 | Annual Certification Fee | 6 |
| 5 | Modification of Certification Fee | 7 |
| 6 | Product specific Fees..... | 7 |
| 7 | Cancellation Fees | 7 |
| 8 | Follow-up Audit Fee | 8 |

1 Introduction

Initial and annual producer certification fees are applicable for all producers applying for FLOCERT certification and for all producers certified by FLOCERT respectively. The *Initial and Annual Certification Fees* cover a period of 12 months from the date of the initial invoice and are payable regardless of whether an audit has been conducted and the Certification Decision taken. The fee covers the cost for auditing including the travel to the main address. However, this excludes the internal travel within the different audit sites, which should to be organized by the customer.

1.1 Definitions

Contract Production Projects

The contract production project represents the partnership between a promoting body and a producer group.

A producer group is a group of individual farmers. These farmers are registered as members of the new producer organization. At the start of the project the producer organization does not necessarily need to have a legal status.

The producer group must have defined democratic structures for participation and decision making among them.

The topology of the producer organization must enable the individual members to participate in a general assembly per year.

The promoting body must organize the producer group in a way that enables the producer organization to gain autonomy and individual Fairtrade certification against the Generic Fairtrade Standard for Small Producer Organizations in a realistic period of time.

Promoting Bodies

A promoting body can promote more than one contract production project.

They are the intermediary organizations that either contract and/or support small producers in producing and marketing one or more crops and that are responsible for supporting these producers to get organized. A Promoting Body can be either a trader (exporter / processor), or non-trader (NGO or private) which is a legal entity forming a partnership with the producers it contracts and/or supports, i.e. the registered producers. The Promoting Body is the holder of the Fairtrade certificate and is responsible for supporting the registered producers in complying with these standards.

Producer Organization

This is a group of small producers contracted and/or supported by the Promoting Body, the registered producers, and whose purpose is to enable the registered producers to democratically decide on the Fairtrade Premium use and through which they can negotiate with the Promoting Body over terms of trade. The Producer Organization is expected to become stronger over time and become an autonomous small producer's organization which can in time comply with the Generic Fairtrade Standards for Small Producers' Organizations.

Number of Workers

This is the number of permanent, seasonal employees plus the maximum number of temporal or casual employees of a Small Producer Organization working for the organization in peak season. Workers also include employees working in administration.

Process Installations

These are in the ownership of or subcontracted by the Promoting Body where the raw or intermediate product is transformed into a product with higher value.

2 Application Fees

2.1 Application for Fairtrade Certification

Contract Production Projects applying for Fairtrade certification are charged **€ 565** for the application service. Please note that application fees are nonrefundable.

2.2 Application for an exception from Fairtrade Standards and respective Certification Requirements

For the application evaluation regarding an exception from the Fairtrade Standards and respective Certification Requirements FLOCERT charges a fee of **€ 215**.

3 Initial Certification Fee (First 12 Months)

The Initial Certification Fee has to be paid prior to the Initial Audit.

Table 3.1 Initial Fee Promoting Body

The producer development activities of the promoting body are audited.

| Type of organization | Total fee charged |
|----------------------|-------------------|
| Promoting Body | €1645 |

Table 3.2 Initial Fee for Group Members

| Type of organization | Cat | Indicator | Total fee charged |
|-------------------------------|-----|----------------------|-------------------|
| (Small) Producer Organization | | Members ¹ | |
| | A | < 50 | € 990 |
| | B | 50 - 100 | € 1095 |
| | C | 101 – 250 | € 1215 |
| | D | 251 – 500 | € 1325 |
| | E | 501 – 1000 | € 1645 |
| | F | > 1000 | € 1875 |

¹ Members include all active legal members of the organization

Table 3.3 Initial Additional Product Fee

The initial fee calculated includes the first product. Additional product to be traded under Fairtrade conditions will be invoiced per Product Standard set by Fairtrade International.

| Type of organization | Cat | Indicator | Total fee charged |
|--------------------------------------|-----|--------------------|-------------------|
| (Small) Producer Organization | | Additional product | |
| | A | + 1 | € 195 |

Table 3.4 Initial Processing Installation Fee

If the promoting body or the producer group runs a processing installation, the following surplus is charged per processing installation.

| Type of organization | Cat | Indicator | Total fee charged |
|--------------------------------------|-----|-----------------------------|-------------------|
| (Small) Producer Organization | | Processing Installation | |
| | A | 1 - 10 workers ² | € 225 |
| | B | 11 - 100 workers | € 440 |
| | C | > 100 workers | € 665 |

Table 3.5 Initial Fee for Subcontracted Entities

If the promoting body or the producer group has subcontractors that are involved with the Fairtrade products of the Certified Operator and whose activities are controlled by contract the following is charged per subcontracted entity. Please note that only a maximum amount of 3 subcontractors is charged per Contract Production Project. Certified customers that act as subcontractors will be exempt.

| Type of organization | Cat | Indicator | Total fee charged |
|----------------------|-----|----------------------|-------------------|
| Plantation | | Subcontracted entity | |
| | | + 1 | € 325 |

² Workers include all permanent, seasonal and casual workers working in the respective processing installation

4 Annual Certification Fee

The annual certification fee will be invoiced using the **initial invoice date** as reference.

The certification fee is calculated as follows.

Table 4.1 Annual Fee Promoting Body

| Type of organization | Total fee charged |
|----------------------|-------------------|
| Promoting Body | € 1260 |

Table 4.2 Annual Fee for Group Members

| Type of organization | Cat | Indicator | Total fee charged |
|-------------------------------|-----|----------------------|-------------------|
| (Small) Producer Organization | | Members ³ | |
| | A | < 50 | € 775 |
| | B | 50 – 100 | € 775 |
| | C | 101 – 250 | € 870 |
| | D | 251 – 500 | € 970 |
| | E | 501 – 1000 | € 1165 |
| | F | > 1000 | € 1350 |

Table 4.3 Annual Additional Product Fee

The annual fee calculated includes the first product. Additional products to be traded under Fairtrade conditions will be invoiced per product standard set by Fairtrade International.

| Type of organization | Cat | Indicator | Total fee charged |
|-------------------------------|-----|--------------------|-------------------|
| (Small) Producer Organization | | Additional product | |
| | A | + 1 | € 195 |

Table 4.4 Annual Processing Installation Fee

If the promoting body or the producer group runs a processing installation, the following surplus is charged per processing installation.

³ Members include all active legal members of the organization

| Type of organization | Cat | Indicator | Total fee charged |
|--------------------------------------|-----|-----------------------------|-------------------|
| (Small) Producer Organization | | Processing Installation | |
| | A | 1 - 10 workers ⁴ | € 100 |
| | B | 11 - 100 workers | € 195 |
| | C | > 100 workers | € 390 |

Table 4.5 Annual Fee for Subcontracted Entities

If the promoting body or the producer group has subcontractors that are involved with the Fairtrade products of the Certified Operator and whose activities are controlled by contract the following is charged per subcontracted entity. Please note that only a maximum amount of 3 subcontractors is charged per Contract Production Project. Certified customers that act as subcontractors will be exempt.

| Type of organization | Cat | Indicator | Total fee charged |
|----------------------|-----|----------------------|-------------------|
| Plantation | | Subcontracted entity | |
| | A | + 1 | € 325 |

5 Modification of Certification Fee

Certification Fees may be increased or decreased by the following factors:

- Producers exporting for other producers will be charged an additional 15% on top of their certification fee.
- FLOCERT reserves the right to charge additional costs to the certification fees if established audit costs are exceeded. This might be additional audit days (daily rate is €375) and/or audit related travel costs (estimated travel costs plus 20% contingency).
- In the event that any invoice adjustments are made pursuant to this section, such adjustments will be clearly indicated on the invoice.
- On submission of organic certificate for surveillance and renewal audits, a 12% fee reduction will apply

6 Product specific Fees

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

- TC FeeSys ED
- TC SocialIndicatorCotton ED

7 Cancellation Fees

If an audit is cancelled or postponed by an operator less than 10 calendar days prior to the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay another invoice equal to the amount of the initial/annual certification fee prior to the date of the next audit. The cancellation fee applies to both announced and unannounced audits.

⁴ Workers include all permanent, seasonal and casual workers working in the respective processing installation

If an audit is cancelled by an operator within 30 calendar days but 10 or more calendar days before the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay another invoice equal to 50% of the amount of the initial/annual certification fee prior to the date of the next audit.

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

8 Follow-up Audit Fee

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

The Follow-Up Audits focus solely on the non-compliances identified during a precedent audit and are charged in addition to the respective Annual Certification Fee.

A Follow-Up Audit is charged on a time and expense basis.

The invoiced amount is €375 per day (incl. travel and reporting days) plus travel costs. The travel costs are the estimated travel costs plus 20% contingency.

Should you have questions regarding the Producer Certification Fee System of FLOCERT, please contact us at info@flocert.net.