

Fee System Small Producer Organization and Artisanal, Small- scale Mining Organization (ASMO)

Explanatory Document

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INTERNATIONAL



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1 Introduction

Initial and Annual Certification Fees

Initial and annual producer certification fees are applicable for all producers applying for FLO-CERT certification and for all producers certified by FLO-CERT 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

Small Producers

are defined in two product specific categories.

1. Small producers that are not (highly) labour dependent.

They are understood as those that are not structurally dependent on permanent hired labour and that are managing their farm mainly with their own and their family's labour.

2. Small producers that are (highly) labour dependent have to meet all following criteria:(as defined by the Standards)

The number of permanent hired workers does not exceed a specific factor per hectare per crop, as defined by the certification body in its compliance criteria.

Most of their working time is spent undertaking agricultural work on their own farm.

Revenues from their agricultural activities constitute the major part of their total income.

The production area under cultivation is below or at the level of the average range of farm size in the district or region.

Small Producer Organizations

are structures of 1st, 2nd or 3rd grade organizations as defined below.

1st grade

is a legally formed Small Producer Organization which is able to contribute to the social and economic development of its members and its communities and is democratically controlled by its direct members. The majority of members of the organization are Small Producers.

2nd grade

is a Small Producer Organization formed by 1st grades (members) which are legally affiliated to the 2nd grade. The 2nd grade is democratically controlled by their direct members. The 2nd grade organization provides central services for its members.

3rd grade

is a Small Producer Organization legally formed by their affiliated 2nd grades.

Processing Installations

are in the ownership of or subcontracted by the Small Producer Organization where the raw or intermediate product is transformed into a product with higher value. Processing installations relevant in these circumstances are listed in CERT Certification SOP.

Number of Workers	is the number of permanent employees plus the maximum number of temporal or casual employees working for the organization in peak season. Workers also include employees working in administration.
Product	is the goods which is produced or harvested by the Small Producer.
Central Structure	is the central (umbrella) organization of a 2 nd or 3 rd grade organization which is audited by FLOCERT.
Artisanal and Small-scale Mining Organization	An ASMO is comprised of artisanal and small-scale miners and/or held by legal owners, landowners, shareholders and/or members. An ASMO is constituted according to the legal, social, cultural and organizational reality of the local context. An ASMO has direct (held by the ASMO) or indirect (held by miners of the ASMO) legal or contractual rights and environmental permits to mine. Where a country does not provide community-based ASM with legal status, the ASMO has all other direct or indirect legal or contractual rights and environmental permits to mine legally.
2nd grade ASMO	is an organization set up of individual Artisanal and Small-scale Mining Organizations. The ASMOs are legally affiliated to the 2nd grade organization. The 2nd grade organization is democratically controlled by its direct members. The 2nd grade organization provides services to its direct members.
Domestic Processing Plants	Domestic Processing plants are micro-enterprises and part of the family economy, which may – due to their size and characteristics – not require formal public registration, operation permits or labor inspection. The ASMO is obliged to register all domestic processing units and the miners if they belong to the ASMO's System of Production and deliver into the Fairtrade supply chain. All people involved in activities of the domestic processing units (family members above age classified as child labor) are Miners. Domestic processing Plants may include e.g. small mills, amalgamation, smelting, dredges and pumps in alluvial mining operated by family members and their workers.
Industrial Processing Plants	Industrial Processing Plants are those plants that structurally depend on contracted labor (more than twenty workers, seasonal, temporary or permanent). Due to necessary safety measures, cyanidation/leaching plants are always considered to be "industrial" - regardless of their size and number of workers they employ. Note: For invoicing, Industrial Processing Plants are considered as Processing Installation.
Members of the ASMO	Members of the ASMO can be different artisanal and small-scale miners: self-employed miners, family units, groups of self-employed miners, other community-based organizations like women mineral selectors, micro-enterprises belonging to the family economy, small enterprises, and similar, as well as all types of workers.

Miner	The term “miner” refers to any person working in the scope or for the System of Production of the ASMO. They can be owners, self-employed people, workers, mineral extractors, processors, selectors, etc.
Production Partners	An organization or commercial entity that an ASMO may partner with in the production or processing of their certified metals, e.g. a cyanidation plant, or ore crushers. Note: For invoicing, Production Partners are considered as Subcontracted Entity.
Workers	Refers to all waged employees of the ASMO, and of registered miners or their organizations – including processing units. It includes migrant, temporary, casual, seasonal, sub-contracted and permanent workers.
Product	is the goods which are produced or mined.

2 Application Fees

2.1 Application for Fairtrade Certification

A Small Producer Organization applying for Fairtrade certification is charged **€ 565** for the application service. Please note that application fees are non refundable.

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

3.1 1st grade Organization

Table 3.1.1 Initial Basic Fee

Type of organization	Cat	Indicator	Total fee charged
1st grade		Members ¹	
	A	< 50	€ 1545
	B	50 - 100	€ 2200
	C	101 - 250	€ 2425
	D	251 - 500	€ 2640
	E	501 - 1000	€ 3295
	F	> 1000	€ 3735

Table 3.1.2 Initial Additional Product Fee

The initial 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
1st grade	A	Additional product	€ 195

Table 3.1.3 Initial Processing Installation Fee

If the Small Producer Organization runs a processing installation as defined in Appendix 2, the following is charged per processing installation. Also applies to Industrial Processing Installations of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
1st grade		Workers per Processing installation	
	A	1 - 10 workers ²	€ 225
	B	11 - 100 workers	€ 440
	C	> 100 workers	€ 665

¹ Members include all active legal members of the organization

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

Table 3.1.4 Initial Additional Fee for Domestic Processing Plants

If the ASMO, its shareholders or members or the Production Partners run Domestic Processing Plants, the following fee is charged for each plant:

Type of organization	Cat	Indicator	Total fee charged
ASMO		Number of Domestic Plants	
	A	1 - 10	€ 225
	B	11 - 30	€ 440
	C	> 30	€ 665

Table 3.1.5 Initial Fee for Subcontracted Entities

If the Small Producer Organization 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 will be invoiced. Certified customers that act as subcontractors will be exempt. Also applies to Production Partners of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
1st grade		Subcontracted entity	
	A	+ 1	€ 325

Example:

A 1st grade coffee organization with 200 legal members applying for coffee and 1 additional product (e.g. honey) to be traded under Fairtrade conditions. Furthermore, the 1st grade organization is running a wet processing plant with 45 workers.

Type of organization	Cat	Indicator	Factor	Individual fee	Total fee charged
1st grade		Members			
	C	101 - 250	x 1	€ 2365	€ 2425
	A	Additional product	x 1	€ 195	€ 195
	B	11 - 100 Workers	x 1	€ 440	€ 440
			Sum:		€ 3060

3.2 2nd grade and 3rd grade Organizations

The Initial Certification Fee for 2nd grade or 3rd grade Organizations is calculated on the basis of the number of member organizations included in the Fairtrade application. Only the member organizations indicated by the 2nd grade or 3rd grade Organizations are audited and certified.

Furthermore, the fee charged by FLOCERT depends on the number of products and additional entities (Note 1) the fee comprises of the following components:

Table 3.2.1 Initial Central Structure Fee

Type of organization	Cat	Indicator	Total fee charged
2nd / 3rd grade	A	Central Structure	€ 1645

If one organization acts as the central structure, only the central structure fee will be charged for this organization.

Table 3.2.2 Initial Basic Fee for Affiliated Member Organizations

The fee for affiliated member organizations is calculated as follows:

$$M * \text{Category}$$

Where M is the square root of the total number of member organizations part of the Fairtrade certification.

The Category can be found in the table below.

Type of organization	Cat	Indicator	Total fee charged
2nd / 3rd grade	Average number of members per affiliated Member Organization		
	A	< 50	€ 990
	B	50 - 100	€ 1095
	C	101 - 250	€ 1215
	D	251 - 500	€ 1325
	E	501 - 1000	€ 1645
	F	> 1000	€ 1875

Table 3.2.3 Initial Additional Product Fee

The initial 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
2nd / 3rd grade	A	Additional product	€ 195

Table 3.2.4 Initial Processing Installation Fee

If the Small Producer Organization runs a processing installation³ as defined in the CERT Certification SOP, the following is charged per processing installation. Also applies to Industrial Processing Installations of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
2nd / 3rd grade		Workers ⁴ per processing installation	
	A	1 - 10 workers	€ 225
	B	11 - 100 workers	€ 440
	C	> 100 workers	€ 665

Table 3.2 Initial Additional Fee for Domestic Processing Plants

If the ASMO, its shareholders or members or the Production Partners run Domestic Processing Plants, the following fee is charged for each plant:

Type of organization	Cat	Indicator	Total fee charged
ASMO		Number of Domestic Plants	
	A	1 - 10	€ 225
	B	11 - 30	€ 440
	C	> 30	€ 665

Table 3.2.6 Initial Fee for Subcontracted Entities

If the Small Producer Organization 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 will be invoiced. Certified customers that act as subcontractors will be exempt. Also applies to Production Partners of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
1st grade		Subcontracted entity	
	A	+ 1	€ 325

Example:

A 2nd grade coffee organization with 20 member organizations (average number of members for each organization is 322 members) applies for coffee and as additional product for honey to be traded under Fairtrade conditions. Furthermore, the 2nd grade organization runs 1 processing installation with 48 workers.

Factor $M = 4$

³ The processing installation can be in the ownership of the affiliated 1st grade organizations or in the ownership of the 2nd or 3rd grade organization.
⁴ Workers include all permanent, seasonal and casual workers working in the respective processing installation

Type or organization	Cat	Indicator	Factor	Individual fee	Total fee charged
2nd grade	A	Central Structure	x 1	€ 1645	€ 1645
	D	Member 251 - 500	x 4	€ 1325	€ 5300
	A	Additional product	x 1	€ 195	€ 195
	B	11 - 100 workers	x 1	€ 440	€ 440
			Sum:		€ 7580

4 Annual Certification Fee

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

4.1 1st grade Organization

Depending on the number of members, products (note 2) and additional entities (note 1), FLOCERT charges the following fees:

Table 4.1.1 Annual Basic Fee

Type of organization	Cat	Indicator	Total fee charged
1st grade		Members	
	A	< 50	€ 1260
	B	50 - 100	€ 1730
	C	101 - 250	€ 1925
	D	251 - 500	€ 2120
	E	501 - 1000	€ 2595
	F	> 1000	€ 2985

Table 4.1.2 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
1st grade		Additional product	
	A	+ 1	€ 195

Table 4.1.3 Annual Processing Installation Fee

If the Small Producer Organization runs a processing installation as defined in the CERT Certification SOP, the following is charged per processing installation. Also applies to Industrial Processing Installations of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
1st grade		Workers per processing installation	
	A	1 - 10 workers ⁵	€ 95
	B	11 - 100 workers	€ 190
	C	> 100 workers	€ 380

Table 4.1.4 Annual Additional Fee for Domestic Processing Plants

If the ASMO, its shareholders or members or the Production Partners run Domestic Processing Plants, the following fee is charged for each plant:

Type of organization	Cat	Indicator	Total fee charged
ASMO		Number of Domestic Plants	
	A	1 - 10	€ 100
	B	11 - 30	€ 195
	C	> 30	€ 390

Table 4.1.5 Annual Fee for Subcontracted Entities

If the Small Producer Organization 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 will be invoiced. Certified customers that act as subcontractors will be exempt. Also applies to Production Partners of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
1st grade		Subcontracted entity	
	A	+ 1	€ 325

⁵ Workers include all permanent, seasonal and casual workers working in the respective processing installation

Example:

A 1st grade coffee organization with 200 members is certified for coffee and as second product for honey. Furthermore, the 1st grade organization is running a wet processing plan with 45 workers.

Type of organization	Cat	Indicator	Factor	Individual fee	Total fee charged
1st grade		Members			
	C	Member 101 - 250	x 1	€ 1925	€ 1925
	A	Additional product	x 1	€ 195	€ 195
	B	11 - 100 workers	x 1	€ 195	€ 195
			Sum:		€ 2315

4.2 2nd grade and 3rd grade Organizations

The Annual Certification Fee for 2nd grade or 3rd grade organizations is calculated on the basis of the number of member organizations included in the Fairtrade certification

Furthermore the Annual Certification Fee depends on the number of products and additional entities (Note 1)

The Annual Certification Fee comprises of the following components:

Table 4.2.1 Annual Central Structure Fee

Type of organization	Cat	Indicator	Total fee charged
2nd grade / 3rd grade	A	Central Structure	€ 1260

If one organization acts as the central structure, only the central structure fee will be charged for this organization.

Table 4.2.2 Annual Basic Fee for Affiliated Member Organizations

The fee for affiliated member organizations is calculated as follows:

$$M * \text{Category}$$

M is the square root of the total number of member organizations part of the Fairtrade certification.

The Category can be found in the table below.

Type of organization	Cat	Indicator	Total fee charged
2nd grade / 3rd grade		Average number of members per affiliated member organization	
	A	< 50	€ 775
	B	50 - 100	€ 775

	C	101 - 250	€ 870
	D	251 - 500	€ 970
	E	501 - 1000	€ 1165
	F	> 1000	€ 1350

Table 4.2.3 Annual Additional Product Fee

The fees above are calculated for one product. The following is charged per additional product to be traded under Fairtrade conditions (refer to Appendix 1):

Type of organization	Cat	Indicator	Total fee charged
2nd grade / 3rd grade	A	Additional product	€ 195

Table 4.2.4 Annual Processing Installation Fee

If the Small Producer Organization runs a processing installation as defined in the CERT Certification SOP, the following is charged per processing installation⁶. The annual fee is the sum of the fees per individual processing installation, as listed in the table below. Also applies to Industrial Processing Installations of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
2nd grade / 3rd grade		Processing installation	
	A	1 - 10 workers ⁷	€ 100
	B	11 - 100 workers	€ 195
	C	> 100 workers	€ 390

4.2.5 Annual Additional Fee for Domestic Processing Plants

If the ASMO, its shareholders or members or the Production Partners run Domestic Processing Plants, the following fee is charged for each plant:

Type of organization	Cat	Indicator	Total fee charged
ASMO		Number of Domestic Plants	
	A	1 - 10	€ 100
	B	11 - 30	€ 195
	C	> 30	€ 390

⁶ The processing installation can be in the ownership of the affiliated 1st grade organizations or in the ownership of the 2nd or 3rd grade organization.

⁷ Workers include all permanent, seasonal and casual workers working in the respective processing installation

Table 4.2.6 Annual Fee for Subcontracted Entities

If the Small Producer Organization 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 will be invoiced. Certified customers that act as subcontractors will be exempt. Also applies to Production Partners of ASMOs.

Type of organization	Cat	Indicator	Total fee charged
2nd grade / 3rd grade		Subcontracted entity	
	A	+ 1	€ 325

Example:

A 2nd grade coffee organization with 20 member organizations (average number of members for each organization is 350 members) is certified for coffee and honey. Furthermore, the 2nd grade organization runs 2 processing installations with 9 and 45 workers.

Factor $M = 4$

Type of organization	Cat	Indicator	Factor	Individual fee	Total fee charged
2nd grade	A	Central Structure	x 1	€1260	€ 1260
	D	Member 251 - 500	x 4	€ 970	€ 3880
	A	Additional product	x 1	€ 195	€ 195
	A	1 - 10 workers	x 1	€ 100	€ 100
	B	11 - 100 workers	x 1	€ 195	€ 195
				Total	

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. If the customer chooses to have the TC Initial audit separately to the PC regular audit the fee is calculated as if it were a follow-up audit
- 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 ravel costs (estimated travel costs plus 20% contingency)
- Supplement for lode mining €215.
- If you send the organic certificate on an annual basis, a 12% reduction can apply. This applies to renewals and confirmation audits only. For initials no reduction applies.

In the event that any invoice adjustments are made pursuant to this section, such adjustments will be clearly indicated on the invoice.

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.

If an audit is unilaterally cancelled by an operator within 30 calendar days but 10 or more calendar days before the mutually-agreed (between the auditor and the operator) audit date, the operator will be required to pay 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-conformities with the Fairtrade Standards by an onsite Follow Up Audit.

The Follow Up Audits focus solely on the non-conformities identified during an Initial, Confirmation or Renewal Audit and are charged in addition to the respective Initial or 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.

Appendix 1

Product List

1. Adding a product category to the Fairtrade certification

For example if you want to add the product honey to your Fairtrade Certification and you are currently certified for the product coffee, you add a new product category to your certificate. For this you have to notify and get confirmation from FLOCERT before you can sell the product under Fairtrade conditions.

2. Adding a product type from the same product category to the Fairtrade certification

In the case of certain product types you have to get confirmation from FLOCERT if you want to add a product to your Fairtrade certification even if it belongs to the same product category you are currently certified for. The respective product types are listed below:

Product Category:	Product Type:	Application necessary
Dried Fruit	Apricot, Banana, Date, Mango, Pineapple, Raisin, Sultana, Tomato, Wild Apricot	Yes
Fresh Fruit	Apple, Avocado, , Grapefruit, Lemon, Lime, Lychee, Mango, Melon, Orange, Papaya, Passion Fruit, Peach and Nectarine, Pear, Pineapple, Plum, Soft Citrus, Table Grapes, wine, banana	Yes
Fresh Vegetables	Green Beans, Green Pepper, New Potato, Peas, Red Yellow Pepper, Sweet Potatoes	Yes
Fruit Juice	Apple, Araza Pulp, Banana, Grapefruit, Guava Pulp, Lime, Lychee Pulp, Mandarin, Mango Pulp, Mangos for Pulp, Orange, Passion Fruit, Pineapple	Yes
Nuts and Oil Seeds	Almond, Amazonian Nut, Apricot Seeds, Brazil Nut, Cashew Nut, Macadamia Nut, Olive Oil, Olives, Peanut, natural white Sesame Seeds, Shea tree nuts (shea butter), Walnut, coconut, olives, soya bean,	Yes

Note 1: An additional entity is a company or legal entity that does not take legal ownership of the Fairtrade product but provides services which are in scope of certification to a certified customer. Certain services are out of scope of certification; entities providing such services are not considered additional entities, for further details see CERT Certification SOP. Certified customers that act as subcontractors will be exempt.

Note 2: Additional products will be invoices as per the products standards set by Fairtrade International