



4.2.3 Additional FairTrade Obligations for Hired Labour Situations

In hired labour situations (factories, plantations) the benefits of FairTrade shall normally reach the workers and their communities as main target groups.

There is an annual workers assembly which provides the opportunity for all workers to formally come together and discuss their needs with the management, as well as to gain experience in investing FairTrade Premiums to achieve a 'social return' in their communities. An institutionalized workers assembly and active representation board allows companies to better understand and address worker issues through this open forum.

The Company also has to develop a FairTrade Policy which states at least:

- Justification for FairTrade: expected impact of FairTrade, e.g. on social groups in need of special support or for community projects.
- The intended beneficiaries of FairTrade distribution of Premiums over production steps, based on a short social analysis in case of several different potential target groups.
- Justification of any compliance costs or other costs included in FairTrade price if higher than normal sales price (apart from FairTrade Premium money that is administered separately).
- FairTrade Premium decision processes and projected FairTrade Premium use (not detailed project for use, rather overall scope of possible projects).
- Commitment to improve working conditions for all or at least most marginalized workers; target plans for gradual improvement of working and living conditions of workers and / or for social community projects in the workers' communities.
- Note: The FairTrade Policy can be combined with the Social Policy as addressed in chapter 2.2.1 and must be made known to all workers. It should ideally be developed in close consultation with workers, or jointly by workers and management.

Note: in situations where the need of additional market support through FairTrade or additional social impact is not evident, IMO may require this policy to be presented before the application for certification can be accepted.

The FairTrade Premium is administered in a clearly separate bank account, and all use for agreed social projects is well documented. Decisions on the use of the FairTrade Premium are taken either by the assembly of workers or by a FairTrade Fund Decision Committee. Such a committee must always include workers and possibly external experts or buyer representatives, not only company management.

Premium fund money is intended to finance sustainable social community projects or social projects for the workers directly. It may not be used for business investments or for meeting the company's regulatory obligations (compliance with applicable labour legislation).

If no Premium money has yet been received, assess policy, plans and capacity to administer the money and organized FairTrade Premium decision processes once Premium is received → most control points will normally be rated as (2), if not clear ideas / capacity yet → rate as (1) or (0).

N°	Control Points Additional FairTrade Obligations Hired Labour	MAX	Score
1	The company has a <u>FairTrade Policy</u> (see details above): (0) no FairTrade policy; not even clear ideas; (2=M) written FairTrade policy , approved by top management; (3) well developed FairTrade Policy documents. <i>If M not met → policy must be submitted before certification</i>	3 M=2	
2	The <u>FairTrade Policy</u> is made known to relevant groups: (0) workers not aware of any FairTrade activities; (2) workers (if relevant) informed about basics of overall FairTrade approach; (3) workers (if relevant) very involved in FairTrade policy development; well aware of policy	3	
3	There is an <u>annual assembly</u> of workers: (0) none; (1=M) informal, only very few workers involved ; (2) substantial participation; decisions documented; (3) very good, active assembly; well documented; (4) exceptionally high worker involvement in business decisions and addressing of workers' problems	4 M=1	
4	The <u>assembly of workers</u> elects a board to represent their interests towards the employer: (0) none; (1) informal, board with only very few activities; (2) active board; good communication between board and employer; (3) very good, active board/workers representation; well documented activities; (4) acts as a very strong and involved negotiating partner	4	
5	<u>Premium use decisions</u> are taken (0) by the management only (2=M) by workers assembly OR a well balanced Premium decision committee (see above) (3) by active workers assembly or very competent balanced committee	4 M=2	

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N°	Control Points AdditionalFairTrade Obligations Hired Labour	MAX	Score	
6	<u>Workers have effective influence on Premium use:</u> (0) no such influence; (1=M) workers feel ok with use of money but no formal vote/decisions; (2) documented democratic decision (assembly decision or selection of representatives for committee); (3) all workers involved in decision. <i>If no Premium money yet received → 2</i>	3 M=1		
7	<u>If the use of Premium fund money is decided by a committee</u> (not general assembly), workers are (0) not aware and / or not agreeing with use (1) not informed, but ok with use (2) informed of fund activities and support the projects	2		
8	<u>Effective use of FairTrade Premium:</u> (0) misuse, money "lost" etc.; (1) for social projects but also some business investment or fulfilling legal obligations towards workers; (2=M) acceptable social projects; (3) / (4) high/very high social impact through Premium use <i>If M not met → written confirmation of correction within one year</i>	4 M=2		
9	The company supports social community programmes in general (e.g. schools, hospitals, education scholarships, etc.): (1) no such activities beyond the agreed FairTrade Premium social projects; (2) group is active in different fields of community development and initiates different approaches to promote development; (3) very good programmes/activities; (4) exceptional commitment	4		
10	The company shows (0) no efforts at all (2) some own efforts to improve life of their workers (beyond good working conditions and use of FairTrade Premium), e.g. loan schemes, scholarships for workers children, etc (3) or (4) high/excellent programmes and commitment	4		
11	<u>Additional points for voluntary commitment:</u> (3) or (4) There are programmes for workers to obtain ownership shares of the company at preferential conditions. No norm requirement	4		
TOTAL		MAX	TNP	Score
Maximum Points / Total Norm Points / Effective Points		39	20	

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