

Common Requirements for the Certification of Producer Groups

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Introduction

Common requirements for the certification of producer groups serve three purposes. Where these are integrated into different standards systems, they will streamline the process by which groups can demonstrate standards compliance for different markets. They will also create a shared understanding of the practices that are necessary to instil confidence in a group's performance. Thirdly, common requirements can be used as a basis for a common policy position to gain greater acceptance for the concept of group certification.

Group certification evolved as a response to the constraints on small-holder producers to be able to access certification. Group certification is a practice of organising individual producers into structured groups and shifting responsibility in part from an external audit to internal inspections. In order to bring about this shift, the group must have an internal management system in place that instils confidence that the individual group members are meeting the requirements of the standard. At the same time, the management system plays a vital role in supporting a learning organisation whose members seek to improve their practices over time. The group certification requirements in this document recognise that we are seeking to support learning organisations in a way that instils confidence in the performance of the group and its individual members.

This document focuses on requirements for the credible structure and functioning of a group. It does not include performance requirements that are specific to any one standard but is intended to complement them. It applies primarily to agricultural producers but is intended to be generic enough for application to other sectors. The requirements are presented in an order that is logical for application by a learning organisation. Underlying these requirements is the assumption that a producer group relies on a management system to ensure that it consistently meets external standards and can respond to changing market requirements.

One of the key challenges in defining a single, common set of requirements for group certification is that there is a great diversity in producer group size, structure and scope. It is difficult to determine any one set of criteria that is equally applicable to all these different groups. The approach taken here is to recognize that there are a number of factors that contribute to a sense of confidence that a group (its members and management) is meeting its designated performance standards. The key factors in an internal management system that contribute to this sense of confidence include the following:

- > **Documentation and records** - How well documented are the group structures and individual group member practices? How accurate and complete are the production and management records?

- > **Risk assessment** - How well are the key risks identified at the producer and management levels and to what extent are they integrated into training and communication (continual improvement)?
- > **Knowledge and understanding** - How well do the producers understand what is expected of them? How well does the group management understand the full standard requirements? Training is one tool to achieve this understanding.
- > **Internal inspection and sanctions** - How effective are the internal checks on performance and how strong are the repercussions for failing to comply?

The way in which each producer group will combine these key factors to deliver confidence will vary. As a result, there is a need for flexibility on the part of auditors to take into account this variation when assessing whether or not there is confidence that a group and its members comply with external performance standards. For example, a group that has excellent records and a high level of producer knowledge may not require strict internal sanctions to achieve confidence in the integrity of its management system.

Purpose

This document sets common requirements for certification of producer groups. It includes requirements for group members, for the group itself, for the internal management system and for how the certification body shall assess the performance of the group. The intention is for these requirements to be integrated into existing standards systems such as Fair trade via FLO and IFAT, organic, UTZ Certified, Rainforest Alliance, etc. The overall objective is to arrive at one set of requirements for group certification that is accepted and implemented by certification bodies and, in that manner, enables producer groups to have one internal management system even if certified to several standards.

Scope

These requirements apply to groups where part of the work of assessing compliance of group members is performed by the group itself, reducing the need for certification bodies to verify the conformity of each member of the group.

There may be other scenarios for “group certification” where the group is an administrative unit and holder of the certificate but doesn’t have an operational internal management system in place. These scenarios are not covered under the scope of this document.

Definitions

Audit: A systematic, independent and documented process for obtaining evidence and evaluating it objectively to determine the extent to which specified requirements are fulfilled.

Note: The term 'audit' refers in this document to the external audit carried out by an auditor on behalf of a certification body. 'Inspection' refers to the internal inspection of producer group members carried out by an internal inspector.

Certification Body: The body that takes a decision on certification based on the results of audit findings.

Chain of Custody: All steps in the production chain between primary production and final consumption (including growing, handling, processing and retailing).

Competence: Demonstrated ability to apply knowledge and skills.

Conflict of Interest: The situation where an individual or group's capacity for objectivity is put at risk by financial or personal interests that are in conflict with their interest in conducting fair and impartial inspection or certification.

Continual Improvement: Recurring activity that has the effect of increasing the ability of a group to fulfil specified requirements. The process of establishing objectives and finding opportunities for improvement is a continual process, based on risk assessment, audit findings, management reviews and other means.

Contract: A binding agreement.

Declaration of Interest: A declaration of personal and/or commercial interests in the certified production by those involved in the certification process, to enable determination of an individual's objectivity.

External Auditor: A person appointed by a certification body to perform an external audit.

Group Certification: Certification of an organized group of producers with similar production systems, where certification applies to the group as a whole.

Group Management: The person or group of people who manages and is responsible for the actions of the group.

Group Members: The individuals who participate formally in a group.

Internal Inspector: A person appointed by a producer group to undertake an internal inspection of individual group members.

Internal Management System (IMS): A documented set of procedures and processes that a group will implement to ensure it can achieve its specified requirements. The existence of an

Internal Management System allows the certification body to delegate inspection of individual group members to an identified body within the producer group.

Note: A management system often serves as a group's internal control system. The term 'Internal Management System' is used throughout this document and should be considered interchangeable with 'Internal Control System'.

Non-conformity: Non-fulfilment of a requirement.

Procedure: Specified way to carry out an activity or a process.

Risk Assessment: Quantification of the risks associated with critical aspects of a group's operations, including external risks. Risk assessments include identification, analysis and evaluation of risks at the different stages over which a group has responsibility, from group member production to processing and transportation.

Record: Document stating results achieved or providing evidence of activities performed.

Sanctions: Measures taken against operators who have failed to comply with a standard or with other specified requirements. Internal sanctions can be taken by a group against group members, while external sanctions can be taken by a certification body against the group as a whole.

Scheme: A standards system, referring both to the standards and certification requirements, and to the bodies managing that system (standard-setter, certification bodies, mark licensor, etc.).

Note: Reference to a scheme in these requirements suggests that certain information will be scheme-specific, e.g. the type of information required in a list of producers.

Requirements for the Group and its Members

1. Group Membership

1.1 Group members shall have a similar production system and be in geographic proximity. Producers with a considerably different production system (in size, nature or geography) can be part of the group and of the Internal Management System (IMS) but shall be audited individually by the external auditor.

Justification: A uniform group allows for a more efficient and streamlined handling of group members through the internal management system.

2. Internal Management System

2.1 The group shall have a defined and documented structure and an internal management system with established procedures. The scope and objectives of the internal management system shall be defined and the system shall reflect the unique characteristics of the group. Group management and members shall each understand their responsibilities within the group.

Note: Recognizing that legal frameworks and traditions vary significantly, this requirement doesn't necessarily mean that a group has to be legally registered. However, failing legal registration, the group needs to have some organizational documents and show its relationship with the internal management system. A group can also be a private company, contracting producers.

Justification: Allows group members, group management and the certification body to understand the structure and the scope of the IMS and their responsibilities within it.

2.2 There shall be a description of the internal management system including at least the following:

- > Roles, responsibilities and competencies of staff, elected persons, and committees;
- > Procedure for approval of new members and annual decision-making on status of each member in the group;
- > Chain of custody / product flow;
- > Group and group member record keeping requirements;
- > Procedure for internal inspection; and
- > Procedure for sanctions and appeals.

Justification: Creates a documented system of oversight and control for the group management. Enables oversight for the certification body.

2.3 When a group has members with both certified and non-certified production, the IMS shall include written procedures to ensure that the products are separated at all stages of production up to the final stage for which the group is responsible.

Justification: Helps to avoid mixing of certified and non-certified production.

2.4 All descriptions and procedures shall reflect the current situation and, therefore, shall be updated as necessary.

Justification: Allows group staff and members to stay current on how the IMS works. Allows the certification body to understand and assess the system.

3. Group Management

3.1 Group management is responsible for implementation of the IMS, including compliance with standards and certification requirements by all its group members.

Justification: Clarifies that it is the group management who is responsible for compliance of all its members

3.2 The internal management system shall be adequately resourced in the form of competent personnel and finances to implement the internal management system so as to ensure compliance of individual members with standards in an objective and transparent manner.

Justification: Allows for product and process integrity over time

3.3 The group shall have an assigned person or group in charge of the internal management system.

Justification: Allows both group members and certification bodies to know who is in charge of the IMS

3.4 Group management shall manage potential and actual conflicts of interest in a manner appropriate to its scale and conditions. Individuals shall disclose potential conflicts of interest and shall not take part in work or decisions in the internal management system process related to their potential conflict.

Justification: Avoids biased decisions

3.5 All persons in the group including management, committees, internal inspectors, buying staff and others shall be competent for their tasks. Group management shall determine the necessary competencies for various positions and provide training or take other actions to satisfy these needs. This includes appropriate training for new staff and elected people where needed for them to fulfil their tasks. Records of education and training of all personnel shall be maintained by the group.

Justification: Helps to ensure that group members with management responsibilities are competent for their responsibilities.

3.6 Group management shall report annually to the certification body, including important changes in the group's production and management practices, and comments and actions regarding any shortcomings in the system.

Note: The annual report can be a narrative or in the form of a template provided by the scheme

Justification: Allows the certification body to know what is happening. Encourages the group to summarize what has happened in the previous year for reflection and corrective action. The annual report is an embryonic “annual review”

4. Group Members

4.1 Group members shall each sign, by way of signature or practical alternative (e.g. in the case of illiterate members), a contract / agreement with the group management. Group management shall make sure that group members understand the implications of the contract. The contract shall contain at least:

- > a commitment by the group member to fulfil internal standards and certification requirements;
- > a commitment by the group member to provide the group management with required information;
- > acceptance by the group member of internal inspection and external audit;
- > an obligation for the group member to report intentional or unintentional non-conformities; and
- > the right of members to terminate membership.

Justification: Enables members to understand their obligations and rights which is essential for their adherence to the system. Gives a legal basis for the certification of the individual members.

4.2 All members shall have a copy, or at least access to specified requirements determined by the group (standards and certification requirements). Where appropriate, this should include diagrams, pictures and oral presentations to members that explain the requirements. Depending on the scheme, this document can be an internal standard developed by the group or the external standard in its entirety.

Justification: Members understand what practices are expected of them.

4.3 Documents such as contracts and internal standards which the group members need to understand shall be written in a way that is adapted to their language and level of understanding.

Justification: Supports member understanding of key documents.

4.4 Group members shall have adequate knowledge about standards, requirements and production methods, on the basis of appropriate education, training, skills and experience. The group shall determine the necessary competence for group members and provide training or take other actions to satisfy these needs. Records of member training shall be maintained by the group.

Justification: Creates a support mechanism for group members to fulfil the standards and other requirements

5. Continual Improvement

5.1 Group management shall determine and implement plans for improving the internal management system and group members' performance against specified standards and certification requirements. Among the information that can inform these plans are:

- > risk assessments;
- > internal inspection findings;
- > external audit findings;
- > complaints and appeals;
- > review of market requirements.

Note: A plan-do-check-act cycle forms the foundation of an effective management system.

Justification: Allows the group to develop and improve over time and to become more resilient to changing requirements.

5.2 When setting up the internal management system, the group management and members shall carry out a risk assessment in relation to compliance with specified standard and certification requirements. The risk assessment shall be updated as necessary and include at least identification of risks at the level of:

- > group member production;
- > chain of custody ; and
- > performance of the IMS.

Justification: Allows the group to identify and analyse risks to the integrity of the certified product. It is a basis for identifying critical control points in the chain of custody.

5.3 Group management shall take relevant measures to prevent or minimize the identified risks and address non-compliances. Group management shall focus its resources on these areas.

Justification: Supports the group to minimize risks to product integrity.

6. Product Integrity

6.1 There shall be a description of the full product flow and records that cover all steps in the production chain for which the group is responsible. Group management shall have full control and overview of the product flow at each of these steps. The product shall be tracked at each step of the product flow.

Note: Product tracking can be achieved through labelling, numbering or identification of the physical location where the product is stored or handled.

Justification: Enables staff to understand the product flow. Identifies all steps in the production chain. Is a basis for risk assessment and identification of critical control points. Reduces risk of mix-up of products. Allows certification bodies to understand and check the product flow.

6.2 Group management shall be responsible for the sales of certified product up to and including the final stage in the production chain for which the group has ownership. Group members shall not sell certified products individually, unless they have been individually audited and certified.

Justification: Ensures group management has effective oversight and management of product through the product flow.

6.3 Safeguards shall be in place to ensure that non-certified production is not brought into the system by group members. There are a wide range of tools that can act as safeguards, among them:

- > Yield estimates or production estimates;
- > Spot checks on production;
- > Clear labelling of products;and
- > Physical separation at the member level.

Justification: Avoids contamination by non-certified products resulting from members bringing them in and delivering/ selling them as own-certified production.

7. Internal Inspections

7.1 The internal inspection shall give group management the possibility to determine if an individual group member is fulfilling the standards and other requirements.

Justification: Internal inspection is the mechanism to evaluate individual group member compliance.

7.2 Each member of the group shall be inspected annually except in circumstances that are defined by an individual scheme. Justifications for less frequent inspection can be based on different factors including the results of risk assessments. Inspections should take place at different times of the year and not be so regular as to become predictable.

Justification: Allows the group to evaluate if the member is following standards and requirements. Schemes have the flexibility to alter inspection frequency where justified.

7.3 New group members shall always be internally inspected before their production can be certified.

Justification: Recognizes that internal inspection is a necessary pre-requisite to sale of certified product.

7.4 Internal inspectors can provide advice to group members but shall only inspect those same members in justified cases, e.g. when the group management ensures and monitors the neutrality of the internal inspector.

Justification: Controls potential conflict of interest.

7.5 A decision by group management on the status in the group of individual members shall be taken annually. This decision shall be based on internal inspections and other relevant information. Safeguards shall be in place to ensure that internal inspectors are not unduly influenced in their findings by group management or group members.

Justification: Clarifies the status of members. Supports the independence and impartiality of internal inspectors.

7.6 Group members should have the right to appeal findings of non-compliance.

Justification: Supports transparency in the internal inspection system.

7.7 The internal management system shall include the application and enforcement of sanctions to individual group members who do not comply with the internal standards or other requirements. The consequences of non-compliances and sanctions shall be made clear to group members. Sanctions shall include, but are not limited to, exclusion from sales of certified products for violations. Records of sanctions shall allow for the easy identification of sanctioned group members.

Justification: Establishes repercussions for members who have not followed the standards. Fosters compliance. Contributes to integrity of the products.

8. Records

8.1 Records covering the relationship between the group management and group members shall be maintained and kept up to date, including at least the following:

- > contracts between the group and individual group members;
- > group member list;
- > maps of production areas;
- > records for selling, buying, processing and transporting certified products;
- > internal inspection reports;
- > non-conformities, sanctions and follow-up action arising from both internal inspections and external audits; and
- > complaints and appeals.

Note: More information is provided about these records in subsequent clauses.

Justification: Supports accurate, up to date information about each group member.

8.2 When a group member is not able to handle records, the group management shall assume responsibility for maintaining these records, including recording of products bought from the group member and inputs supplied to the group member.

Justification: Creates a system to cover transactions with group members even if they are not capable of handling the record keeping themselves.

8.3 All group members shall be recorded in a list. This list shall be updated as necessary and shall include at least the following information for each member:

- > name of the member or code assigned to the member;
- > size of the production area;
- > volume of production;
- > certification status;
- > dates of internal inspections; and
- > any scheme-specific data needed.

Justification: Allows oversight and control for the group management. Allows oversight for the certification body.

8.4 Maps showing each production location shall provide the information that is relevant to the specified scheme. The group shall have a uniform method for mapping. Maps may be replaced with GPS-based information where allowable by the scheme.

Note: For example, in organic agriculture, the activities on neighbouring fields to the certified production are a risk to the integrity of the certified production and more detailed maps are required to document this risk.

Justification: Creates an oversight mechanism for the group management and the certification body. Identifies potential risks in the production area or in neighbouring areas.

8.5 There shall be records of the production and sale or delivery of product by the group member appropriate to the scale of production, complexity and risks, and relevant to the scheme. Major production activities shall be recorded, including inputs brought in.

Justification: Provides tools for tracing production and sale of products.

Requirements for the Certification Body Evaluating the Group

9. Communication between the Certification Body and the Group

9.1 The certification body shall communicate clearly to the group management, the standards and certification requirements for group certification, including these requirements and any additional scheme specific requirements (regardless if these are set by the certification body or the standard-setter)

Justification: Ensures group management understands its obligations.

9.2 There shall be a contract between the group and the certification body, including a commitment by group management to meet the standards and certification requirements.

Justification: Gives a legally binding relation between the group and the certification body

9.3 The certification body shall promptly inform the group management of any changes in the requirements, indicating a reasonable time for implementation.

Justification: Group management needs to be aware of changes and have time to incorporate them.

10. Competence of Auditors and Certification Body Personnel

10.1 External auditors and certification body personnel shall be competent in evaluation of group certification systems. Competence of personnel shall be based on defined knowledge, skills and personal attributes. The certification body shall:

- > determine the necessary competence for auditors and certification personnel specific to the evaluation of producer groups;
- > provide training or take other actions to satisfy these needs;
- > evaluate the effectiveness of the actions taken;
- > ensure that its personnel are competent for the tasks to which they are assigned; and
- > maintain appropriate records of education, training, skills and experience.

Justification: Evaluation of group certification systems requires specific knowledge and skills. Competent personnel contribute to good quality of the certification scheme.

11. Evaluation of the IMS

11.1 The certification body shall audit the group's internal management system in order to evaluate its functioning and effectiveness, and to ascertain whether the IMS results in full application of the standards and certification requirements.

Justification: External audit needs to confirm whether IMS is functioning and whether group members are in compliance with all aspects of the standard.

11.2 Certification body audits of the IMS shall be at least as frequent as for individual certification audits to the same standard.

Justification: Puts group certification under the same rigour of auditing as individual audits.

11.3 The external audit of the internal management system shall include assessment of compliance with the requirements set forth in this document and, in particular, that:

- > all internal procedures are in place;
- > the group members understand the internal standards;
- > a risk assessment, appropriate to the nature, scale and complexity of production, is carried out by the group;
- > internal inspections of all group members are carried out at least annually or as required by the scheme;
- > new group members' production is only accepted as certified after the record-keeping requirements are fulfilled and a decision is taken on the results of the internal inspection;
- > instances of non-compliance are dealt with by the group management; and
- > adequate records of internal inspections are maintained through the internal management system.

Justification: Framework for the certification body to assess the IMS system. Checks that the IMS is functioning as described.

11.4 The auditor shall carry out a risk assessment of all steps in the production chain and its immediate environment, as well as in the IMS, to identify risks to the integrity of the production. The risk assessment shall function as a basis for the audit and certification activities.

Justification: External auditor can identify major risks to the integrity of the certified production and weaknesses in the IMS, making the audit more targeted and effective.

11.5 The auditor shall assess the competence of internal inspectors. A witness audit of an inspector is one technique for assessing competence.

Justification: Allows the certification body to evaluate the performance of the internal auditors.

11.6 The external auditor shall audit a sample of group members to evaluate the effectiveness of the internal management system. The sample size shall be based on results of the risk assessment. The minimum number of group members to be audited annually by the certification body shall be the square root of the total number of members in the group. The members to be audited shall be selected in a way that represents the whole group, based on a combination of risk-based and random selection of the sample.

Justification: Allows for adaptation of the number of group member audits based on the risk of non-compliance. Sets a minimum level of audits to avoid having this as a factor of competition between certification bodies. Helps

to prevent the complacency that might be inadvertently encouraged by a certifier focusing only on higher-risk sub-units.

11.7 The outcome of the external audit of group members shall be compared with the outcome of the groups' internal inspection.

Justification: Allows the certification body to cross-check and evaluate the internal inspections.

12. Sanctions

12.1 Corrective action requests regarding group compliance shall be based solely on the stated standards and certification requirements.

Justification: Encourages fair treatment of groups

12.2 The certification body shall have a documented sanctions policy for non-conformities regarding certification of groups. The sanctions shall be applied to the group as a whole.

Justification: Repercussions of non-compliance are clear for the producer group and apply to the group as a whole.

12.3 Failure of group management to detect non-conformities shall lead to sanctions. Failure of group management to act on non-conformities and apply appropriate sanctions to group members shall also lead to sanctions.

Justification: Provides a basic framework for the situations in which sanctions are to be applied.

12.4 Severe non-conformities, when the internal management system is not functioning, when there is systemic failure of production to meet the standards, or when there is a direct risk that non-certified products are sold as certified, shall lead to suspension and de-certification.

Justification: Leads to consistency in definition of severe non-conformities and the repercussions.

12.5 A group shall have the right to appeal any decisions on certification.

Justification: Mechanism for recourse for producer groups.

12.6 The certification body shall follow up sanctions in a timely manner to determine if conditions have been fulfilled and shall render further sanctions where necessary.

Justification: Gives clarity to the group what will happen if standards and requirements are not fulfilled. The certification body has to take responsibility to check if and how conditions are fulfilled.