



# SUPPLIER HANDBOOK

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## **1. ABOUT CFM**

CFM ([www.whycfm.org](http://www.whycfm.org)) is a fair trade organization based out of New Delhi, India whose mission is to create wealth for its primary stakeholders/artisan communities at the bottom of the supply chain.

As a supply chain manager for many artisan communities CFM provides a one stop shop for wholesalers/retailers who are looking to source handmade products through a comprehensive package of Customized Product Design and Development, Production Planning, Management and Quality Assurance, Export Documentation to shipping consolidation.

## **2. CFM AND FAIR TRADE**

Fair Trade means an equitable and fair partnership between marketers in developed countries and producers in Asia, Africa, Latin America, and other parts of the world. A fair trade partnership not only works to provide low-income artisans and farmers with a living wage for their work but also aims to provide them employment. As a member of the

**Fair Trade Federation, USA**, CFM subscribes to the following fair trade criteria and expects its suppliers to follow them:

1. Paying a fair wage in the local context.
2. Offering employees opportunities for advancement.
3. Providing equal employment opportunities for all people, particularly the most disadvantaged.
4. Engaging in environmentally sustainable practices.
5. Being open to public accountability.
6. Building long-term trade relationships.
7. Providing healthy and safe working conditions within the local context.
8. Providing financial and technical assistance to producers whenever possible.
9. Preserving the traditional skills of the artisans.

### **3. SELECTING SUPPLIERS**

Any producer groups or manufacturers who work with artisans or disadvantaged communities and subscribe to the above fair trade criteria are eligible to become a CFM supplier. CFM would like to work long term with its suppliers and help them improve processes so that we are able to deliver quality products to our customers.

### **4. SAMPLES**

All suppliers need to provide samples to CFM before finalizing any orders.

1. Minimum three samples of the product to be developed by the manufacturer/supplier. Two should be given to CFM and the supplier should keep one for future reference.
2. While delivering samples, the manufacturer should also send completely filled **Partner Information Sheet** (see Annex I) and **Producer and Product Information Sheet** (see Annex II) of the product, which should indicate cost inclusive of packaging and delivery in Delhi.

### **5. SAMPLING COST**

1. If the supplier gives its own designed products for approval to CFM, then the cost of the samples will be borne by the supplier.
2. If CFM asks the supplier to develop samples as per its requirement, then only the cost of the samples will be borne by CFM.
3. Only samples that conform to CFM's specification, quality and delivery date will be accepted and payments made.

### **6. DELIVERY OF SAMPLES**

1. The supplier has to bear the cost of sending the samples to buyer if the samples are not delivered on time to CFM.

### **7. PURCHASE ORDER (PO)**

1. CFM will send a **Purchase Order** (See Annex III) to all suppliers whose products have been approved.
2. The purchase order will contain detailed information about the product, material to be used, quantities, packing instruction, delivery instruction and payment terms.

3. All suppliers should check the purchase order and discrepancies, if any should be communicated to CFM before signing it. Once signed, no changes will be entertained on a purchase order.
4. Anything less than **100%** of items specified in the PO must be pre-approved from CFM.

## **8. PRODUCTION**

1. Once an order is received, all suppliers should send production sample of the product for approval before final production.
2. Any changes in the product will be communicated to the suppliers. Again a sample will be developed by the supplier for approval. The process should continue till the desired quality is achieved.
3. The approved production sample will be kept by CFM and will form the reference point for inspection before shipment.

## **9. INSPECTION OF GOODS**

1. Inspection will be carried out only after receiving an **Advance Packaging List (APL)** (see Annex IV). All suppliers should send the **APL** at least **2 days** before the final inspection date.
2. Inspection of the products will be done by CFM representative/s.
3. Inspection can be done at any stage and location during the manufacturing process.
4. The number of inspections to be done is at the sole discretion of CFM.
5. CFM representative/s will carry an **Inspection Sheet** (see Annex V) with him/her during the inspection. Both the CFM representative and supplier should sign it after inspection of the goods.
6. Once inspection is completed, the products should be packed and sealed. Any package that has been opened after sealing will be again inspected.
7. CFM will not accept any package whose seals are broken or tampered with.

## **10. REJECTION OF GOODS**

1. The goods will be rejected if they are not developed as per the instructions of CFM.
2. The cost of the rejected goods will borne by the supplier.
3. The cost of transportation of rejected goods will borne by the supplier.
4. The cost of transportation of any replacements of the rejected goods will borne by the supplier.

## **11. LABELING**

1. Labeling will be done by the supplier as per the instructions of CFM.
2. For incorrect carton label, fine to a maximum of **Rs. 500/-** per carton will be charged from the supplier.

## **12. PACKAGING**

1. The **APL** should have measurements in **meters** and **kilograms**.
2. All packaging will be export worthy and withstand transportation by air, road and sea.
3. For specific products, packaging will be done by the supplier as per the instructions of CFM.
4. For fragile products, packed cartons will be subjected to drop test.
5. For products that need to have a tag on it, they should be packed individually. In other cases they can be packed in lots.
6. The goods will be rejected if the packaging is not as per instructions of CFM.
7. The packaging should not get damaged during transportation.
8. The supplier has to bear the cost of repacking incase inferior packaging or damage during transit.

## **13. DELIVERY OF GOODS**

1. All goods are to be delivered **FOB Delhi**.
2. CFM will charge the supplier for the transportation of goods to CFM office, if goods are delivered at other place other then CFM office or CFM designated warehouse in Delhi.
3. The supplier should send in **APL** before the goods get delivered to CFM.

4. For every late and/or incorrect delivery of the packaging list will result in a fine of **Rs 1200/-** on the supplier by CFM.
5. Good should be delivered latest by the delivery date mentioned in the purchase order.
6. CFM can cancel at its sole discretion any product that is not delivered by the scheduled delivery date or can fine the amount of additional cost to airship any overdue items due to partial or incorrect fulfillment.
7. CFM will have the sole discretion to cancel the order if it is not satisfied with the goods and services of the supplier.

#### **14. QUALITY/BREAKAGE**

1. Any Quality Control issues or breakage incurred in transit to buyer due to poor packaging will be deducted from final payment of the supplier.
2. Items that do not meet minimum quality standards will be deducted from final payment of the supplier.

#### **15. MODE OF PAYMENT**

1. All payments to the supplier will be done by Cheque or Demand Draft.
2. If the payment is done by Demand Draft then the bank commission will be charged from the supplier.
3. CFM follows the following modes of payment:
  - a) **25%** of the total amount of the order would be given as advance once CFM representative is convinced that production has started, **50%** after Inspection at Delhi, the remaining **25%** after the goods have been delivered overseas.
  - b) No advance, **100%** payment on final inspection and delivery of goods to CFM Office or CFM designated warehouse in Delhi.

## **16. CONTACT INFORMATION**

Please feel free to call any CFM representative if you need any clarification/information.

### **CFM**

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### **NOTE:**

The information provided in this handbook may keep on changing from time to time. Please refer to [www.whycfm.org](http://www.whycfm.org) for an updated copy of production manual. All suppliers will be informed about these changes .

All disputes are subject to Delhi jurisdiction