A. Introduction

Apparel and home goods supply chains are often highly complex, with components sourced in multiple countries and unfinished product traveling among different facilities for cutting, assembly, embellishment, and other processing steps. The Fair Trade USA Factory Standard for Apparel and Home Goods (Factory Standard) covers diverse supply chains under one set of requirements that apply to all manufacturing set-ups. A Fair Trade Certificate defines the status and site(s) which have been audited and approved for Fair Trade Certified™ production. The scope of a Certificate can range from a single entity (e.g. a cut-make-trim factory) to multiple entities of different sizes owned and controlled by one party (e.g. a complex of factory buildings).

Since the Factory Standard can be applied to one or more entities of varying structures, the scope of an individual Certificate can vary widely between different Certificates. It is therefore very important to ensure that scope requirements are followed so that all applicable requirements within each entity can be evaluated for compliance during the audit.

B. Purpose

This document explains the requirements for the scope within which an audit will be conducted and a Certificate issued. It defines the entities, products, sites, and activities that must or may be included in the scope of the Certificate. It also explains the requirements for sites handling Fair Trade product that are not included in the scope of the Certificate.

All entities, sites, and activities included in the scope of the Certificate must comply with the requirements of the Factory Standard, and are subject to audits by Fair Trade USA and/or an approved Conformity Assessment Body (CAB). An additional document called Guidance for Determining Scope under the Factory Standard provides step-by-step assistance in determining the scope of a Certificate.

C. Scope and Applicability

This document applies to all entities applying to be certified or currently certified against the Fair Trade USA Factory Standard.

The phrase “full scope” refers to the entire Factory Standard. If an entity is subject to all sections of the Factory Standard, then it will be referenced as being included in the full scope of the Certificate. However, Sub-section 5.3 of the Factory Standard is required only for subcontracted entities. If an entity is only subject to Sub-section 5.3, then this will be specified as such.
1. Requirements for the Certificate Holder

1.1. The Certificate Holder (CH) is the entity that holds the Fair Trade Certificate on behalf of one or multiple sites in its supply chain. The CH is responsible for ensuring compliance with requirements in the Factory Standard for all sites included in the Certificate, and cannot be a person but rather is a company or legal entity. In many instances, the CH is the same entity as the factory seeking Fair Trade Certification.

1.2. The CH must either:
   - be located in the same country as its sites included in the scope of the Certificate;
   - have a local subsidiary which is responsible for implementing the Factory Standard and monitoring suppliers and subcontractors; or,
   - have sufficient locally-based staff or have contracted a local support organization to implement the Factory Standard and monitor suppliers and subcontractors.

1.3. A subcontractor is defined as an individual or company that is neither managed by the CH nor subject to a controlling interest by the CH and which does not take legal ownership of the Fair Trade Certified™ product but provides services to process, pack, or transform the product. Examples of subcontractors include but are not limited to: washing facilities, dye houses, embroiderers, accessory and embellishment facilities, and homeworkers.

1.4. The CH must ensure that management of each site understands its roles and responsibilities for compliance with the relevant sections of the Factory Standard. The CAB is responsible for determining if the CH’s monitoring actions are sufficient to ensure that all entities included in the scope of the Certificate are implementing the Factory Standard correctly.

1.5. Only the CH may sell product as Fair Trade Certified™ which has been produced at sites included in the scope of their Certificate.

2. Requirements Regarding Sites Included in the Scope of a Certificate

2.1. Multi-level buildings where the entire building is not owned or rented by the CH are not eligible for Fair Trade USA certification. CHs, whether owners or tenants, may produce different products or brands on each floor, and different activities may occur, however, mixed legal ownerships are not eligible for Fair Trade USA certification for multi-level buildings.

2.2. The entire building(s) in which Fair Trade production occurs and/or common areas where Fair Trade production workers might be present must always be included in the full scope of the Certificate and audit, even if Fair Trade production only occurs on one floor.

2.3. Any buildings, under one or multiple business licenses, where the final substantial production processes (i.e., sewing and/or final, substantial assembly) and labeling of a Fair Trade Certified™ product occur must always be included in the full scope of the Certificate and audit. This includes subcontracted entities conducting final substantial production processes. Section 3 of this policy provides more details about final substantial processes.

2.4. Any worker housing provided by a site included in the full scope of the Certificate is considered part of the site, even if it is located elsewhere. It is included in the full scope of the Certificate and audit.
2.5. Other sites managed by the CH where finished and labeled Fair Trade Certified™ product is only stored or transported do not need to be included in the scope of the Certificate.

2.6. Sites not required to be in the full scope of the Certificate may be included at the CH’s discretion, if agreed by the Fair Trade Committee and Premium Participants. For example,
   - sites where Fair Trade product is only stored or transported;
   - sites where any processing steps before or after substantial finishing occur, such as material or product inspection.

2.7. If the CH chooses not to include other optional sites in the scope of the Certificate, then any entities subcontracted by fully in-scope sites to handle Fair Trade product are subject to the requirements explained in Section 4.

3. Requirements Regarding Activities Included in the Scope of a Certificate

3.1. At a minimum, the final substantial production processes, such as sewing and/or final substantial assembly activities that make up the finished product, as well as Fair Trade USA labeling activities, must be included in the full scope of the Certificate and audit. This includes subcontracted entities conducting final substantial production activities and any labeling activities.

3.2. If the CH only undertakes a sub-processing or assembly step, such as printing, embellishment, quality checking, or packing of the final product, then the subcontractor(s) undertaking the major sewing and/or assembly steps must be included in the full scope of the Certificate. The CH is responsible for ensuring compliance with the full Factory Standard by those subcontractor(s).

3.3. For any site in the full scope of the Certificate, all on-site regular work and workers in the production chain are included in the full scope of the Certificate and their working conditions must meet all the requirements in the Factory Standard at all times. This applies equally to permanent and temporary workers.

3.4. Regular work in the production chain includes any process or service that occurs at least annually related to production, even if it is not for a Fair Trade product. This includes, but is not limited to, regular production-related activities such as weaving, knitting, cutting, dying, sewing, sanding, painting, welding, assembling, embroidering or adding other embellishment, labeling, printing, packing, quality checking. It also includes regular support activities happening on-site such as cooking and maintenance/cleaning of equipment or facilities. This excludes short-term non-production projects, such as construction.

3.5. Working conditions for all workers on any site in the scope of the Certificate must follow the full Factory Standard, even if there are some workers who never handle Fair Trade products.

4. Requirements for Subcontractors

4.1. Any subcontracted entity conducting final substantial finishing activities must be included in the full scope of the Certificate.

4.2. All other entities subcontracted by the CH that handle Fair Trade Certified product must comply with the requirements in Sub-section 5.3 of the Factory Standard.