Identifying the Fair Trade Premium Participants Under the Factory Standard for Apparel and Home Goods

Fair Trade USA
Version 1.0.0

Introduction

The “Fair Trade Premium Participants,” or “Premium Participants,” is the group of workers eligible to elect members of the Fair Trade Committee who manage the use of the Premium, as described in requirement EM-PTA 2 in the Factory Standard for Apparel and Home Goods, version 1.3.0 (Factory Standard). Premium Participants are the primary beneficiaries of the Fair Trade Premium, and they vote to approve the use of the Fair Trade Premium.

Purpose

This document outlines the requirements for who must and who may be included in the scope of the Fair Trade Premium Participants. Additional related requirements about Fair Trade Premium Participants and the Fair Trade Committee are described in Annex 1: Composition and Eligibility to Serve on the Fair Trade Committee of the Factory Standard.

This document is complemented by a guidance document that provides further clarification and examples to assist Certificate Holders in properly defining the scope of the Premium Participants. Applicants may work with Fair Trade USA Supply Chain staff to ensure all relevant individuals are included in the group of Premium Participants.

Scope and Applicability

This document applies to all applicants for certification and all Certificate Holders certified under Fair Trade USA’s Factory Standard.

Related Documents

- Factory Standard for Apparel and Home Goods, version 1.3.0
- Requirements for Certificate Scope Under the Factory Standard for Apparel and Home Goods
- Guidance for Certificate Scope Under the Factory Standard for Apparel and Home Goods
- Guidance for Identifying the Fair Trade Premium Participants under the Factory Standard for Apparel and Home Goods
1. Timeline for Determining the Premium Participants

1.1. Prior to identifying the Fair Trade Premium Participants, a Certificate Holder must determine the sites and workers which will be included in the scope of the Certificate. Information on the sites and activities which must and may be included in the scope of the Certificate can be found in the Requirements for Certificate Scope under the Factory Standard for Apparel and Home Goods policy and the Guidance for Certificate Scope under the Factory Standard for Apparel and Home Goods document.

1.2. Once the sites included under the Certificate have been identified, the individuals who will make up the Premium Participants from each site can be determined.

1.3. As with the scope of sites included in the Certificate, the Premium Participants are determined during the application process and approved by Fair Trade USA before the initial audit. Any time a new site is added to the Certificate, the groups of people to be included as Premium Participants from that site must be determined.

1.4. Additional beneficiaries of Fair Trade Premium projects, outside of the group of Premium Participants, can be included at a later time at the discretion of Premium Participants on a project-by-project basis. Premium beneficiaries are individuals to whom Premium Participants have decided, by a democratic vote, to extend the benefits of a Premium project, for example, workers out of the scope of the Certificate or people of the community.

2. Overview of Premium Participants Requirements

2.1. Premium Participants must be workers within the scope of the Certificate.

2.2. All workers on sites included in the full scope of the Certificate must be included as Premium Participants. This applies equally to permanent and temporary workers as well as production and non-production workers. This also includes any workers employed at sites of subcontracted entities that are included in the full scope of the Certificate.

2.3. Workers become Premium Participants at the start of their employment, without any probationary period. There can be no discrimination in participation in the Fair Trade program based on the length of employment or type of contract. However, the Fair Trade Committee and Premium Participants may decide to develop eligibility requirements for specific Premium projects.

2.4. For example, a group of Premium Participants may have three projects: a scholarship fund, a toiletry distribution project, and a football field. The Fair Trade Committee and Premium Participants agreed that:
   a) Workers must be employed by the factory for at least 6 months before their child or grandchild is eligible to receive a scholarship.
   b) All Premium Participants, regardless of the length of employment, receive the toiletry kit when it is distributed.
   c) The football field should benefit not only the Premium Participants but also their families and community—so the field can be used by any of the workers, their families, and their neighbors in the community where the field was built.

2.5. Personnel who do not qualify as workers, including middle and senior management.

2.6. Table 1 further illustrates who may and may not be included in the scope of Premium Participants.
Table 1

<table>
<thead>
<tr>
<th></th>
<th>Scope of Premium Participants</th>
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<tbody>
<tr>
<td>Permanent Workers</td>
<td>Included</td>
</tr>
<tr>
<td>Temporary Workers</td>
<td>Included</td>
</tr>
<tr>
<td>Managers and Supervisors</td>
<td>Included if similar pay rate/tasks as workers</td>
</tr>
<tr>
<td>Middle and Senior Management</td>
<td>Excluded</td>
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</tbody>
</table>

3. Workers as Premium Participants

3.1 Who Qualifies as a Worker

3.1.1. “Worker” refers to personnel working on certified sites, regardless of whether they are temporary or permanent, full-time or part-time, production or non-production workers. It excludes middle and senior management.

3.1.2. Production line managers or supervisors earning similar pay rates and undertaking similar tasks to production line workers are included in this definition of worker and should be included in the group of Premium Participants.

3.1.3. Middle to senior management who are not also working on the production line do not meet Fair Trade USA’s definition of workers and may not be included as Premium Participants. Such individuals generally earn a significantly higher salary than production workers.
3.2 Types of Workers Included as Premium Participants

3.2.1. All workers employed in the scope of the Certificate are required to be included as Premium Participants (see Figure 1).

3.2.2. This includes workers doing regular work in the production chain, for instance, weaving, knitting, cutting, dyeing, sewing, assembling, embroidering, sanding, painting, welding, finishing or adding other embellishing, labeling, printing, packing, and quality checking. It also includes additional personnel who qualify as workers, but are not necessarily part of regular work in the production chain, for example, security staff, cooking and cleaning staff, or lower level office workers who earn similar pay and benefits as factory workers. This excludes individuals hired for short-term non-production projects, such as construction.

Figure 1