



Summary and Response to Feedback

Draft Agricultural Production Standard version 0.1

June 2016

Table of Contents

Introduction	4
APS INTRODUCTION – KEY THEMES.....	5
Decision-making Authority	5
Differentiation by Farm Size	5
Structure, Layout and Detail of the Draft APS	6
Site and Facility Scope.....	8
Product Scope	8
Critical and Progress Criteria.....	8
MODULE 1 - KEY THEMES	9
Fair Trade Premium Distribution	9
Fair Trade Premium Participants	10
Structure, Role and Formation of the Fair Trade Committee(s).....	11
Timing of the Fair Trade Committee Election:.....	12
Approach to Migrant Workers.....	13
Training of and Tools for the FTC.....	13
Compensation of Time for Workers at Fair Trade Committee and General Assembly Meetings	13
Premium Spending Rules	13
MODULE 2 - KEY THEMES	15

Forced Labor and Legal Minimum Requirements.....	15
Protection of Children and Young Workers	15
Prison labor	16
Forms of Forced Labor	17
Freedom of Association (FoA).....	17
No Discrimination or Abuse	18
Sexual Harassment.....	18
MODULE 3 – KEY THEMES.....	19
Requirements that are Not Applicable for Small Farms and Facilities	19
Recommendations to Move Compliance Criteria from Progress to Critical On Small Farms and Facilities	20
Criteria That Stakeholders Felt Should Be More Stringent On U.S. Farms	21
Recommendations to Move from Progress to Critical Criteria on Large Farms and Facilities	22
The Labor Committee	22
Guidance Regarding Legal Requirements in Key Supplier Countries.....	24
Quality Requirements for Worker Housing	25
Labor Contractors and Recruiters	26
Worker Recruitment Costs.....	27
Pregnant and Vulnerable Workers	28
Implementation of Living Wage.....	28
Other Recommended Changes We Have Incorporated Into the Next Draft	29
MODULE 4 – KEY THEMES.....	29
Overall Approach in the Environmental Module	29
Choice of Progress and Critical Requirements.....	30
Clear Timelines for Required Training	31
Efficient Water Use	31
Production Methods Protecting Waterways and Ecosystems.....	32
IPM and Protecting Soils	33
Safe Agrochemical Use.....	34
Safe Waste Disposal	34
MODULE 5 - KEY THEMES	34
Physical Separation and Mass Balance	34
Structure of Module 5.....	35

Contracts and Agreements Are Followed	36
Farmers Understand the Price and Premium They'll Receive	36
MODULE 6 - KEY THEMES	37
High-Level Feasibility of a Functioning Internal Management System (IMS)	37
Timeline for IMS Implementation.....	38
IMS as a Source for Impact Data Collection.....	38
Certificate Holder Carrying Out a Risk Assessment	39
Feasibility of Internal Inspections System for Groups of Small Farmers	39
HIGH-LEVEL FEEDBACK FOR FAIR TRADE USA	40
Worker-Empowered Monitoring	40
Labeling	40
Reducing the Audit Burden for Farms	41
Training and Support	42
Minimum Price.....	42
Consultation Process and Decision-Making.....	43
Collaboration with Other Initiatives	43
Standard Implementation.....	44

Introduction

Fair Trade USA's mission is to enable sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. Fair Trade USA's approach to change is progress based. Our system recognizes that communities start their Fair Trade journey at different levels. We also acknowledge that Fair Trade farms and factories vary in their access to resources needed to make progress. Our system is one of continuous improvement, and our approach recognizes that the journey is never finished.

Since 2014 we have been in the process of revising our standards that apply to agricultural production in order to help us better achieve our mission and vision for change. We have structured our revision process to be multi-phased. During the first phase, Fair Trade USA consulted with a subset of stakeholders and experts on a first draft of the Agricultural Production Standard (APS version 0.1)). This included more than 50 organizations and over 300 individual farmers, workers, business partner representatives and staff from peer NGOs in the development process. In addition, we conducted 13 field tests across multiple commodities in multiple countries.

On April 6-7, 2016, we convened an international Stakeholder Summit as a culmination of the first consultation phase. Approximately 60 stakeholders and 16 Fair Trade USA staff participated in the Summit where they discussed key questions related to the Draft Agricultural Production Standard (APS). Summit participants from 14 different countries included 27 producers representing a diversity of farm sizes and product categories, 13 brands, buyers and traders, and 9 non-governmental organizations. The Summit focused on some of the key questions that emerged during the review of feedback we had received to date, specifically on the topics of sexual harassment, benefits and protections for workers on Small Farms, the role of a Labor Committee, and some other focused topics.

We consider ourselves lucky to have received so much feedback from our broad stakeholder base during this first phase and we could not be more thankful for the time and brainpower our partners spent to help us build a more impactful Standard. **This document contains a summary of the key themes from the feedback we received on the first draft of the APS as well as Fair Trade USA's responses to suggestions made. In addition, we received many detailed comments not captured in these key themes and we made many small edits not reflected in this summary in order to create an even more effective Standard.**

As we enter into the next phase of the revision process, Fair Trade USA is releasing its revised Draft Agricultural Production Standard (version 0.2) for public consultation along with this summary of feedback and response document. During this open consultation, Fair Trade USA will actively solicit feedback on the implications of proposed changes and on the draft Standard from Fair Trade workers and producers, Fair Trade industry partners, NGOs and other stakeholders. A number of consultation questions are integrated into this Draft Agricultural Production Standard. We welcome feedback on these questions and on the Draft APS more broadly.

To provide feedback please visit <http://fairtradeusa.org/certification/standards/standards-revision>.

APS INTRODUCTION – KEY THEMES

Decision-making Authority

One U.S. NGO asked for further clarification across the document about who actually holds the decision-making power to set prices and how it is determined what is ‘fair’ or ‘reasonable’.

Fair Trade USA response: As laid out in the introduction to the Standard, Minimum Prices and the Fair Trade Premium are set by Fair Trade USA. They can be found in the Price and Premium Database. In some cases there are additional Price and Premium requirements that relate, for example, to the spending of the Premium. These requirements can be found in the “Special Price and Premium Terms” document. With regards to the assessment of what is ‘fair’ and ‘reasonable’, these terms occasionally occur in our standards because every case is different so we can’t be too prescriptive. Our auditors are well trained to use the method of triangulation (consisting of a combination of document review, observation, and interviews) to verify compliance, and our independent third party Certification Body operates in compliance with ISO-65 requirements.

The same stakeholder inquired what happens during the audit process when violations are found; also if there was a difference between minor vs. major violations (for instance, if the water temperature is 2 degrees above the ‘suitably cool’ standard). The stakeholders inquired about the general timeline for addressing the violations and how that would be controlled. Lastly, the stakeholder inquired to whom grievances are to be addressed and where to find the policies and procedures for how grievances are handled.

Fair Trade USA response: The timelines around certification decisions are laid out in Fair Trade USA’s Certification Manual, which is accessible through the [Standards Download Center](#). As an overview: the Audit Report will be sent to the client by SCS generally within 28 calendar days from the date of the closing meeting. If any non-conformities (NCs) were identified, the Audit Report will be accompanied by a Non-Conformity Report and Corrective Action Plan Form. The client must complete this form with Corrective Action Plans (CAPs) that sufficiently address each NC identified in the Audit Report, and submit to SCS within the timeframe specified, typically 30 calendar days from the date when the form was sent to the client. In cases where major NCs are detected, a more immediate response may be required. The Standards Procedural Complaints Policy as well as the Grievances and Allegations Policy can be found at <http://fairtradeusa.org/certification/standards>.

Differentiation by Farm Size

We’ve heard mixed reviews on our differentiation by farm size parameters. Two brands, one stakeholder from the fair trade movement, and a stakeholder from the Produce sector are highly opposed to our proposal to require U.S. operations to meet Large Farm criteria, regardless of their actual number of workers. The reasoning was the concern that there are some poor and very small farmers in the U.S. and automatically holding them to Large Farm criteria would not be fair; many of the Small Farms in the U.S. are not good at keeping detailed records and documentation. One stakeholder thought that many of the labor requirements where we give Mid-Sized Farms more time are actually required by U.S. law and would

need to apply sooner. That same stakeholder thought that it would be best for Fair Trade USA to set farm size requirements for each country, and even for each state in the United States.

Fair Trade USA response: To clarify the legality issue, Fair Trade USA always expects its partners to abide by all applicable laws. In some areas that are core to Fair Trade, however, we feel we need to require more than the law regulates. Where there are laws that overlap with any of Fair Trade USA's Standards, we require compliance with either our requirements or the law, whichever is higher.

We appreciate that our stakeholders are helping us think through the different farm size parameters. We deliberately tried to find categories that were broad enough to be applicable around the globe while still being meaningful in each of the individual settings. Creating country-specific farm-size parameters is not a practical solution for Fair Trade USA at this point in time. We will keep the current proposal for farm sizes to solicit more information during public consultation before we make a final decision.

Another certification specialist was concerned that farms with very different resources would both be considered 'Large' and have to follow the same standards. They gave the example of a coffee estate in Nicaragua with 100 permanent workers and 500 temporary vs. a coffee estate in Brazil that has 300 permanent workers and 2000 temporary workers. They suggested using 100 permanent workers as the cut-off between 'Mid-Sized' and 'Large'.

Fair Trade USA response: We recognize that producers lie all along the spectrum of resources available for implementation of the Fair Trade standards. We cannot write a standard specific to every producer's capacity, and thus had to create some cut-offs in order to create three broad categories of 'Small', 'Mid-Sized', and 'Large'. This implies that the Large Farm category especially will have quite a wide range of farms. We feel that any farm with more than 25 permanent workers should have the resources necessary to implement the requirements for Large Farms. These requirements might be relatively easy for an extremely large and well-resourced farm which is already achieving a high performance level, but we feel that these farms can nonetheless continually improve through the structures and practices required in the standard, for instance the Labor Committee, Health and Safety Committee, and sustainable production techniques.

Structure, Layout and Detail of the Draft APS

Two stakeholders found it difficult at times to navigate very long sections of the Draft APS where standards run across a couple of pages. The reader sometimes has to flip pages back and forth to know which standard the text is associated with.

Fair Trade USA response: We agree that this is not very user-friendly and will fix this stylistic error as we finalize the APS.

A labor advocate recommended that we add a caveat clause at the beginning of each module which would reiterate the basic distinction between the standards and legal compliance.

Fair Trade USA response: We have added a separate section called "Applicability of Law and the APS" into the Introduction to the Draft APS version 0.2 which clarifies that the law always takes precedence over a Fair Trade Standard if it is stricter than what we require. In many cases that are core to Fair Trade we require more than what law might regulate in some countries.

Two labor advocates suggested a different format for the Intent and Clarification section. They found it sometimes difficult to judge what is required vs. what is a best practice and hence not binding. One suggestion was to delete best practices altogether since they are not binding. The other suggestion was to split the Intent and Clarification section into two columns; one that lists all information and actions that are binding and another that lists suggestions/examples.

Fair Trade USA response: We are concerned that adding yet another column will make the Standard document even longer. We've done another review of any mention of best practices to ensure that it is clear what is required and what is merely a suggestion.

One labor advocate asked us to clarify that auditors have access to worker housing.

Fair Trade USA response: We have clarified this under "Site and Facility Scope" in the introduction.

A stakeholder from the fair trade movement recommended referencing specific international conventions relevant to certain standards, such as the Convention against Transnational Organized Crime (the Palermo Convention) and its protocols or the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

Fair Trade USA response: When drafting the APS we relied heavily on ILO guidance on the topics of forced labor and recruitment, which builds on these two conventions. We have chosen not to include a bibliography of resources consulted because it would make the Standard too long.

When reading the synopsis of content covered in Module 2 in the introduction, a labor advocate asked us to clarify what the other desired impacts of Fair Trade were, given that we only mention individual and collective empowerment.

Fair Trade USA response: The full list of desired impacts of Fair Trade are spelled out in the "Goals and Objectives of the APS" section in the introduction. They are Income Sustainability, Community and Individual Well-Being, Empowerment, and Environmental Stewardship. We've clarified the description of Module 2.

One stakeholder from the fair trade movement had a question about the geographic scope of the Standard and inquired whether the APS can be used for product grown in Mexico and sold in Mexico.

Fair Trade USA response: Our standards are written to be globally applicable. Once a farm is certified, in order to be able to market the product as Fair Trade Certified by Fair Trade USA, the entire chain of custody (buyers, exporters, importers, etc.) must be registered to report and be subject to audits in order to protect the integrity of the system.

Another stakeholder from the fair trade movement recommended that we clarify that co-ops will also need to be certified to the APS in the introduction.

Fair Trade USA response: We have updated the introduction text to reflect this feedback.

A stakeholder from the fair trade movement suggested that employers, subcontractors, labor contractors and intermediaries need to sign a code of conduct/ethical code.

Fair Trade USA response: Under 5.3.2.b we require there to be a contract between the Certificate Holder and all intermediaries and subcontractors not covered by the scope of the certificate that take possession of the Fair Trade product, requiring them to comply with relevant compliance criteria related to traceability in Sub-module 5.1 and the core ILO conventions. We feel that requiring further codes of conduct will pose an unnecessary administrative burden on our partners.

Site and Facility Scope

A labor advocate requested more specificity around subcontracting, for example what happens if there are several LLCs that are separate legal entities but have common ownership. The stakeholder wondered if these were considered subcontracted entities (i.e. legally separate).

Fair Trade USA response: We have clarified in the introduction and in the Glossary that an independent subcontractor is one which is not managed by the Certificate Holder nor subject to a controlling interest by the Certificate Holder, either through ownership or family relationships.

Another labor advocate asked us to clarify with an example the scope of off-site subcontracting.

Fair Trade USA response: We have added an example in the footnote to the “Site and Facility Scope” section.

Product Scope

One brand recommended that we should not ban all CITES species in the APS as Fair Trade certification could be a good way to secure sustainable management of these natural resources. The stakeholder suggested that supply coming from controlled cultivation should be allowed, and that we be more specific about country-specific regulations concerning CITES and endangered species.

Fair Trade USA response: We have clarified that these species may be certified if the producer has the required permits and/or licenses from the relevant national authority.

One stakeholder asked how the applicant would satisfactorily demonstrate that the harvesting does not threaten survival of the species and ecosystem. At a minimum the applicant should show that they have organic wild certification and preferably also IMO or FairWild certification to prove that it is being done sustainably.

Fair Trade USA response: We have recommended a few certifications for wild products in version 0.2 of the Draft APS, but ultimately the Certification Body will decide whether the requirement for sustainable harvesting is met.

Critical and Progress Criteria

A producer asked us to specify in more detail in the introduction how the scoring system works for mixed groups.

Fair Trade USA response: We have included more information on the scoring system in the updated draft. We have also developed a separate document that explains more in depth how the scoring system works. You can find this document on the Standards Revision website.

A brand and supply chain expert thought that groups of large estates should each be able to individually choose their own Compliance Criteria and not have to form a sub-group.

Fair Trade USA response: This is an interesting option to consider further but it does not always seem feasible. We will explore this option further in collaboration with our auditing partners.

MODULE 1 - KEY THEMES

Overall, we received lots of positive feedback on Module 1, specifically on the clarity and timelines around the formation of the Fair Trade Committee and Premium Spending Rules. Although some stakeholders thought that we were too prescriptive and overly detailed, producers implementing the Standard found that our level of detail was informative and helpful. The feedback is summarized by topic below.

Fair Trade Premium Distribution

Premium distribution is mentioned in the Introduction to Module 1 as well as in the Intent and Clarification section under 1.1.2.a, where we say that Premium must be distributed among multiple Fair Trade Committees (FTCs) proportionally according to the number of Premium Participants represented in each FTC. The exception to this rule is when the Premium Participants are all farmers (i.e. no workers are included in the group), in which case Premium may be distributed according to sales volume or number of Premium Participants.

Some stakeholders flagged that a per-person distribution is not the only version of distribution that can be considered 'equitable'. A small independent producer group suggested that by production volume, or according to the level of poverty or need should also be considered equitable. Another small independent producer group also felt volume distribution was equitable, and that it also provided a very important "contribution incentive" to farmers that drives supply chain loyalty. That same producer group does not believe it is fair for those who did not deliver product to benefit from Premium.

A supply chain expert noted that our current approach in the Draft APS is a deviation from how Premium distribution currently works in the Independent Smallholders Standard (ISS). Currently, Premium is distributed back to Premium Participant groups based on the amount of Fair Trade goods they deliver. While dividing sub-groups equitably by population size may make sense for plantations where workers are the beneficiaries, it does not work as well for ISS groups since it distorts the contribution incentive. The expert provided some examples to illustrate her point.

- (1) You may have 1000 small farmers and 2000 facility workers included as Premium Participants in two separate groups. In this case, the facility workers would receive 2/3 of the Premium, whereas our core goal is to get more resources back to farmers.
- (2) You may have 1000 farmers divided into three Fair Trade Committees by region. Region 1 has 500 farmers and supplies 20% of the Fair Trade product to the Certificate Holder, Region 2 has 300 and supplies 50%, and Region 3 has 200 and supplies 30%. Under the current version of the APS, Region 1 would get 50% of the Premium resources even though they only supplied 20% of the eligible supply. This incentivizes larger member groups regardless of their participation in and contribution to the Fair Trade program.

The supply chain expert suggests where all FTCs under a Certificate Holder represent farming-related Premium Participants, they continue to earn Premium based on their contribution to supply. Where there are FTCs that represent farming-related Premium Participants and others that represent processing-related Premium Participants under the same Certificate Holder, she suggests they may default to Premium distribution based on number of Premium Participants in each group but that they have the right to submit

a proposal for a different Premium allocation scheme, based on their situation and subject to the approval of Fair Trade USA.

Fair Trade USA response: We appreciate the thoughtful feedback from our stakeholders on Premium distribution and have clarified in the Intent and Clarification section of Criterion 1.1.2.a: Where all Premium Participants are farmers we will allow for distribution based on volume delivered. Where there are FTCs that represent farmers and others that represent workers under the same Certificate Holder, we will default to Premium distribution based on the number of Premium Participants in each group, as we cannot privilege benefits for farmers over workers, or vice versa. Then within a FTC which only represents farmers, the distribution could be done on a share of supply delivered. As an example, an applicant has 1000 facility workers with one Fair Trade Committee and 1000 farmers divided into three Fair Trade Committees. Premium is first split 50/50. Then the 50% of Premium among the 3 farmer-only FTCs could be determined based on the percentage of total Fair Trade supply that each group has delivered, if that is what participants desire.

Fair Trade Premium Participants

Our stakeholders made a number of suggestions to clarify and edit the definition of Premium Participants, also known as the group of individuals who are eligible to elect a Fair Trade Committee and vote on the use of the Fair Trade Premium. One small producer group requested further clarification on which types of workers must be included as Premium Participants. Specifically, they sought to confirm that this is only workers who are part of the production chain and not, for example, the house-maid or other employee of the Mid-Sized facility owner. The same producer group highlighted that they support the formalized inclusion of tenant farmers and sharecroppers as Premium Participants. The group also flagged that it is important for the owners of Mid-Sized Farms/Facilities to also be included in the Premium Participants due to the important role they play in the production and delivery of product as well as within the formation and functioning of the Fair Trade Committee and Fair Trade program implementation. Lastly, this same producer group requested that the traders and product aggregators who help ensure that Fair Trade product gets from the farms to the Certificate Holder also be included as Premium Participants, regardless of whether they have farms of their own.

Fair Trade USA response: We agree that more specificity is needed and have made a couple of changes to the definition of Fair Trade Premium Participants, including a clarification about the types of workers included in the group of Premium Participants. With regards to the inclusion of Mid-Sized Farm and Facility owners as well as Small and Mid-Sized traders and aggregators, we agree that in some supply chains it is a good idea to include them and have clarified that they may be included in the group of Premium Participants at the discretion of the Certificate Holder.

Also related to Premium Participants, two labor advocates thought it should be a priority to include seasonal workers on Small Farms as Premium Participants, or otherwise benefit these workers. One of these advocates felt that with diligence it is feasible to keep seasonal workers on these farms engaged in Fair Trade throughout the year.

Fair Trade USA response: Based on our experiences working with small producers around the world, we agree that it should be a priority to find ways to bring more benefits to workers in those systems. It is for that reason that we have added all permanent workers on Small Farms as well as all workers on Mid-Sized Farms into the scope of Premium Participants; they were not included historically.

However, we do not see a practical solution for integrating seasonal workers on Small Farms into the group of Premium Participants. By year 3, any workers not included in the Premium Participants must be included in the Needs Assessment, so seasonal workers will benefit from Premium use even though it is not feasible to include them in decision-making.

Structure, Role and Formation of the Fair Trade Committee(s)

One brand that works with very small family farms highlighted that if these farms are individually certified, the Fair Trade Committee and the Premium Participants are effectively the same group of people.

Fair Trade USA response: We agree that this might be the case in some supply chains, although in most instances these small scale producers are grouped with others under the same Certificate. In rare cases where the FTC and the Premium Participants would be the same group of people, certain criteria related to the General Assembly or communication between the FTC and the Premium Participants would not apply (e.g. 1.1.3). Because these instances are so rare, we do not recommend changing the Standard, however we will work with those groups and the Certification Body to ensure that this is clear.

One labor advocate requested that we clarify the role of the Fair Trade Committee a bit more and potentially expand its role “in acting as an interlocutor for the workforce in concerns around the sustainable operation of the farm according to FT standards that affect them.” The advocate stated that if the FTC doesn’t have this role, then it needs to fall to the Labor Committee which then should be required from Year 0 onwards.

Fair Trade USA response: We have taken this feedback as an opportunity to clarify the role of the Fair Trade Committee in the introduction to Module 1 and the Labor Committee in the Intent and Clarifications for Criterion 3.7.3.b. The Fair Trade Committee represents the interests of small producers, workers, and their families and communities and focuses only on Premium use, whereas the Labor Committee is structured in such a way as to be able to take on a role as labor advocate.

When it comes to ensuring proportional representation, a supply chain expert flagged that it is not uncommon for the Certificate Holder to be removed from the Small Farmers and to not know or understand their populations. Since the Needs Assessment is not required to take place until Year 1, it may be quite difficult for the Certificate Holder to determine important representation of various groups in the FTC.

There was also the concern that having the Certificate Holder do the initial structure for the Fair Trade Committee would be giving them too much authority. One smallholder group also flagged that they may need to readjust the composition of their FTC over time, especially in current smallholder groups, as they learn more about the group membership and their populations.

Fair Trade USA response: We have clarified in the Intent and Clarification section of 1.1.2.a. that the role of the Certificate Holder is to ensure that groups of people are proportionally represented. Furthermore this section states that 1.1.2.a is applicable only for the initial certification. Once the set-up is certified, the Fair Trade Premium Participants may modify the proposed structure and governance for the Fair Trade Committee(s).

One labor advocate highlighted that wherever a farmer and their worker(s) are both included as Premium Participants, there is a power dynamic that makes it inappropriate for them to be on or represented by the same Fair Trade Committee.

Fair Trade USA response: We feel that the option to have more than one Fair Trade Committee representing different interest groups would allow such a dynamic, if present, to be diffused.

When reading 1.1.2.d and 1.1.2.e two Certificate Holders thought that our language was confusing and felt it was important to be clear that the Certificate Holder representative cannot vote in Fair Trade Committee decisions. A Certificate Holder and an importer also highlighted that we should be clear that participating in Fair Trade Committee discussions is not inherently interference so long as the FTC members are truly driving the process. One stakeholder from the fair trade movement felt that the observer should not attend the meeting until it was time to make decisions, so as to not dominate the process. Another Certificate Holder highlighted that the observer can play an important role and can help foster collaboration between the Certificate Holder and workers. A supply chain expert inquired whether the same individual from the Certificate Holder can act as the observer for multiple FTCs.

Fair Trade USA response: We have clarified in the Intent and Clarification section that the individual from the Certificate Holder can be the same person/observer for multiple FTCs. In many cases it would even be preferable to set it up that way. Regarding the observer role itself, we have aimed to minimize the risk of the management member dominating the FTC by limiting the number of management members to 1 and requiring training for FTC members.

Timing of the Fair Trade Committee Election:

A supply chain expert voiced a concern about the risk that if a non-representative FTC is elected after the Year 0 audit (but before the Year 1 audit), there is a risk they will spend Premium before the FTC is ensured to be representative. A brand also thought that it would be better to have the FTC elected at Year 0 so that the auditor can check before Premium is spent.

Fair Trade USA response: We realize that there are pros and cons in allowing for a more flexible timeline for the Fair Trade Committee election. We suspect that there is no right or wrong answer to this dilemma but we believe that a more thoughtful election and layout of the FTC (vs. a rushed one due to audit timing) is probably better. During the pre-consultation phase we have not heard enough feedback on the timing of the FTC election and we will see what other feedback we'll receive during the public consultation period before making any changes.

A brand asked for more clarification on how exactly the election process needs to work, i.e. whether the votes can be cast by a show of hands (public) or whether it needs to be a private vote.

Fair Trade USA response: The Intent and Clarification section of 1.1.2.c explains the election process. Premium Participants must agree on an election process including how, when and where the election will take place. This documented process can also include whether or not the election process happens in public (by a show of hands) or in a private election. It is important that the election process enables workers to vote freely for the representatives of their choice without threat or fear of discrimination.

Approach to Migrant Workers

One brand highlighted that it was important to them that we are seeking ways to better address migrant workers on estates, including being more clear about the requirement that they are represented on the FTC. Another certification specialist emphasized the difficulty of including seasonal migrant workers in Premium projects when there is high turnover from year to year.

Fair Trade USA response: We have updated the guidance under 1.2.2.a to include that projects focused on migrant workers must have an immediate short-term impact since the population may vary from year to year.

Training of and Tools for the FTC

One importer highlighted the importance of training for the Fair Trade Committee, as they can then serve as advocates and train others ('train the trainer'-concept). The same importer recommended that Fair Trade USA should provide templates for the constitution under 1.1.2.f. A labor advocate suggested that the Fair Trade Committee should also be trained in how to deal with disgruntled workers, for example in situations where workers were unhappy with how the Premium was spent, even though the project was democratically voted upon by the majority of Premium Participants. The same labor advocate also wondered how the auditor would determine the quality of the training that the FTC needs to receive on how to conduct a Needs Assessment, as required under 1.1.4.c.

Fair Trade USA response: We added two additional training topic ideas under the Intent and Clarification section of 1.1.4.b to now read "Other training topics can include budgeting, financial literacy, project management, leading meetings, consensus-building and conflict resolution."

Compensation of Time for Workers at Fair Trade Committee and General Assembly Meetings

In 1.1.3.a and b, a labor advocate and a Certificate Holder highlighted that we need to define "full pay" — is this minimum wage (for the hour, for the day)? Is it the wage a worker would have actually earned during that time? If not the latter, workers may see these meetings as punitive. A supply chain expert also highlighted that for a smallholder who already has to take a day off work to go to the General Assembly, if they also have a permanent worker and have to pay for those wages for that person to go, it could make it financially very difficult to participate in Fair Trade.

Fair Trade USA response: Regarding compensation for workers for their time at Fair Trade Committee (FTC) and General Assembly of Premium Participants (GA) meetings, the intent for workers on Large Farms is that they receive the wage plus likely bonus payments they would have been earning that day (i.e. paying only minimum wage is not acceptable). In contrast, we would like to get more feedback from our stakeholders on what would be reasonable regarding workers on Small Farms, for instance whether it is feasible to ask a Small Farmer to pay his or her workers to go to the annual General Assembly meeting. We have drafted a consultation question around this and will seek more feedback before we make a final decision on this matter.

Premium Spending Rules

A lot of stakeholders weighed in on the Premium Spending Rules. The feedback was very diverse in nature, from agreement, to partial agreement to suggesting alternate rules instead. A labor advocate feels strongly

that Medium and Large Farms should not be allowed to use Premium to pay for certification fees. Two stakeholders from the fair trade movement and a brand were also concerned about allowing Premium to be used for cost of compliance, particularly on Large Farms. At the stakeholder summit in April those same stakeholders as well as an additional stakeholder from the fair trade movement were concerned that allowing Premium to be used as cash payouts to reach or subsidize minimum wage will water down Fair Trade certification. A labor advocate stated that consumers don't want Premium to subsidize the cost of production and if the market doesn't cover this currently then we need to 'fix' the market. During that conversation two brands from the Produce sector agreed that Premium should not be used to subsidize minimum wages to reach living wages and said they'd be willing to pay more for the produce. A coffee producer thinks that while Premium should not be used for the cost of production, the price must cover it.

Stakeholders also voiced concerns about Premium use for worker health and safety. A labor advocate feels strongly that Small Farms should not pay for worker health and safety items, such as Personal Protective Equipment, using any Premium funding as that would significantly decrease the Premium amount available for Premium Participants. However, at the stakeholder summit it was recommended to allow Small Farms to use a certain percentage of Premium in the first year of certification to meet health and safety criteria, such as Personal Protective Equipment.

Lastly, there was a range of feedback on whether or not to allow cash payouts. Producers at a producer workshop were concerned that allowing Premium to be used as cash payouts would not lead to any significant impact for farmers, aside from the difficulty of measuring what that money was used for. One recommendation was to require financial training to ensure that cash payout is used effectively. A brand felt there should be limits on how much Premium can be spent on bank fees, or at least we should require transparency. Two stakeholders from the fair trade movement and one coffee producer suggested to add more requirements on Premium projects aimed at empowering women, for example capacity building/empowerment training for women or sexual harassment training for everyone. Two coffee producers want to see the Premium being used for the community, which would indirectly help workers, for example to build roads for a better infrastructure or to focus on other community projects.

In light of this feedback, at the stakeholder summit a small group of stakeholders representing producers, brands and retailers discussed the rules and restrictions around the Fair Trade Premium Spending Rules proposed in the Draft APS version 0.1. There was consensus amongst the group that the APS should require that the Fair Trade Committee conducts the Needs Assessment, develops project proposals and presents the proposals to the General Assembly for approval, to ensure that the Premium is used in line with the Standard. The group did not come to consensus regarding the proposal in the APS to cap the cash distribution of the Premium at 50% of the total Premium — some participants felt there should be no restriction and others felt that cash distribution should not be allowed at all.

The group identified three new options for Fair Trade USA to explore. All three options require Needs Assessments and that projects are presented to the General Assembly, even if the ultimate decision is for all Premium to be distributed as cash. The first was to set no restrictions on how Premium is used but to require training on financial education and project development. The second recommendation was to require at least one project but with no specifications on what percentage of the Premium funds would be required to go into this project. The third recommendation was to allow up to 75% of Premium to be distributed as a cash payout, but the other 25% of Premium would need to be invested in projects.

Another stakeholder recommended that Fair Trade USA should allow for a mechanism to use Premium for unforeseen needs which were not initially captured in the Needs Assessment and/or Premium Plan. Otherwise, the stakeholder stated that there would be no flexibility to use funds differently in an emergency.

Fair Trade USA response: There is a wide variety of opinions on what should be included in the Premium Spending Rules, from generally agreeing what we set forth to asking for more or less specificity. Looking at the wide range of feedback we've received we realized that our stakeholders have very diverse needs, and it is not clear how another proposal will result in more agreement. We will continue to seek more feedback during the public consultation period before making any significant final decisions.

MODULE 2 - KEY THEMES

Forced Labor and Legal Minimum Requirements

A labor advocate voiced concerns that our wording in the forced, bonded or compulsory labor Intent and Clarification section differs from legal requirements, specifically through the lens of U.S. law.

Fair Trade USA response: Some criteria are legally binding in one country but not in another. The APS was designed as a global Standard, so it does not exactly match the law in every country it is applied. From a legal perspective, the Draft APS should not be used as a form of legal or regulatory guidance. From a certification perspective, if any applicable law in a given country sets a standard that is higher than what the APS requires, this always prevails over a Fair Trade USA standard. For example, if a criterion is required by law in Country X but is marked as a P(rogress) criterion, the criterion automatically shall be treated as a Critical criterion in Country X. If however the APS requirements go beyond what is required in Country Y by law, then the APS applies.

Protection of Children and Young Workers

At the stakeholder summit, one stakeholder from the larger fair trade movement thought that the APS should not allow any labor under the age of 16 on U.S. farms. A labor advocate flagged that the state laws in the United States allow 14 and sometimes 12 year-olds to work and that U.S. laws are not a good reference point to determine proper age limits.

Fair Trade USA response: Working age regulations vary by country, which requires specific attention to country-specific requirements in addition to the APS, which is based on global standards. In Module 2 of the Draft APS we propose that:

- 1. We match ILO's minimum age for full-time employment (which is 15, or 14 for developing countries). This means that 15 (or 14) year-olds can be working a full workweek, if national law only requires schooling through that age. However, national law regarding the compulsory school-leaving age in many countries we work in is higher than this and national law would need to be met. For example, in all US states the compulsory schooling age is at least 16, so children younger than 16 cannot be working full-time.*
- 2. Per ILO C138, we allow children from 13-15 (12-14 in developing countries) to be employed where ILO C138 allows for light, part time work to be undertaken by younger workers AND national laws or regulations don't prohibit it. U.S. law does allow children younger than 13 to be employed*

as waged workers (i.e. not on the family farm) part-time. The United States is not a developing country and hence does not qualify for an exception on the minimum working age. Fair Trade USA's Draft APS, as a voluntary standard, is requiring its U.S. applicants to go above the law and not employ children under the age of 13 for waged work, even part-time.

Another key take-away from the child labor open space discussion at the summit was that the group found that the remediation of child labor deserved more attention. Overall, they felt that the APS generally offers the intent, but not enough requirements on this issue. One stakeholder who provided written feedback pre-summit applauded our approach to require structural changes in a constructive manner where child labor was found (i.e. keeping kids in school), rather than just prohibiting child labor from the start. Another stakeholder suggested to add an additional layer of protection for young workers by not only keeping the name, date of birth and address on record for each young worker (2.2.3.a) but also the type of activity performed by the young workers, the seasonality (and duration of work) and corresponding remuneration/payment. A brand recommended that 2.2.3.a should be applicable as a Critical criterion for all farm sizes, and flagged that the UN considers agriculture in general to be a risk area.

Fair Trade USA response: We agree that requiring more detailed record-keeping on the employment conditions of young workers will add a layer of protection, and we have revised 2.2.3.a accordingly.

One stakeholder raised the question of how a group of farmers can determine what kind of work is considered safe or unsafe for young workers. Specifically, would conversations within the community suffice, or would a written agreement need to be in place? Additionally, the stakeholder worries that the requirement may be interpreted differently by different auditors and would therefore like us to specify a list of tasks that are considered unsafe.

Fair Trade USA response: The type of work required on farms that grow different crops and are located in different geographies varies widely. We therefore are unable to provide a detailed list of activities that are deemed inappropriate for young workers. However, the Intent and Clarification section of 2.2.2.a clarifies that young workers "do not handle chemicals, work at night, work with dangerous equipment, or work more than 42 hours per week".

Lastly, a stakeholder sought clarification on 2.2.2.b where we allow children to help their parents on their own farms, but not when their parents are working as employees or workers on other farms. The stakeholder asked for clarification on Fair Trade USA's position in situations where a parent who is employed at a farm can bring their child along to help them with work.

Fair Trade USA response: The APS does allow for children of any age to help their parents on their own family farm under specific conditions, as laid out under 2.2.2.b. If children are working on a farm that is not managed by their family, even if they are working alongside their family, the child is then considered an employed 'young worker' and the minimum age requirements must be met, along with all of the other protections for workers in the APS.

Prison labor

One labor advocate recommended that we take a stronger stance on prison labor and delete the term "involuntary" before prison labor to make it clear that any form of prison labor is not allowed under Fair Trade Certification.

Fair Trade USA response: We agree that prison labor, whether voluntary or involuntary, is not allowed under Fair Trade Certification and have revised 2.1.1.a accordingly.

Forms of Forced Labor

Two stakeholders recommended we provide clearer definitions and examples around what constitutes forced labor. One stakeholder felt that the restriction of a worker's communication is a form of forced labor and should be included into the requirement. A brand recommended that we mention human trafficking also as a form of forced labor. There was agreement amongst a few stakeholders that there is a higher risk for forced labor where employers retain any kind of important documents, including important travel documents which are currently not listed as an example.

One labor advocate offered some U.S.-specific context on risks of indentured labor and mentioned that foremen are often part of the systemic problem by requiring workers to engage in schemes that profit the foreman, for example charging workers for rides at a high cost or requiring workers to purchase equipment from the foreman with a threat of losing their jobs if they won't do so. It was recommended to shine more light on the role of foremen as part of the problem, for example by clarifying in the intent that work is not predicated on financial transactions that benefit the foreman. One stakeholder from the Fair Trade movement recommended that we better lay out the steps that need to be taken if forced labor is found, similar to what we do in the section on child labor.

Fair Trade USA response: We have added "human trafficking" as a form of forced labor that is not allowed. We have also clarified that workers cannot be required to store important travel documents with the employer. Additionally, we have added a consultation question in regards to remediation of forced labor once it has been found, in order to inform a standard that could be added to the final version of the APS after the public consultation period.

Criterion 3.6.2.a does not allow companies to require workers to purchase goods and services from them, and requires certain basic goods and services to be offered at fair prices. We have updated this Criterion to indicate that it is also relevant for indirect employees, for instance of foremen.

Freedom of Association (FoA)

Criterion 2.3.1.a requires that the employer does not interfere with the rights to Freedom of Association (FoA) and collective bargaining by attempting to influence or obstruct workers' organizations, or by favoring one organization over another. This Criterion did not apply to Small Farms in version 0.1; two stakeholders from the fair trade movement and two labor advocates flagged that workers working on a Small Farm should not be penalized and that a simple acknowledgement of FoA should be something we should require from employers on Small Farms also.

Fair Trade USA response: We agree and have made this a Critical criterion for Small Farms.

Criterion 2.3.1.b is a Progress criterion and requires that workers have been informed and are aware of their rights to organize and bargain collectively. A brand and a fair trade movement stakeholder suggested that this is too important to be a Progress requirement, as that leaves open the possibility that the farm will not meet these criteria until Year 6. Lastly, there were some concerns on the auditability of 2.3.1.b.

Fair Trade USA response: We agree that workers on Mid-Sized and Large Farms need to be aware of their FoA rights as a Critical criterion. Because 3.7.1.a requires that workers on Mid-Sized and

Large Farms are informed about all their rights, including to Freedom of Association, as a Critical criterion, we have deleted 2.3.1.b entirely to avoid confusion.

No Discrimination or Abuse

Stakeholders provided some insights on how to improve Sub-module 2.4. Minor suggestions included to add a little more nuance to forms of discrimination that can occur, for example, one stakeholder recommended to add ethnic origin, in addition to race, as a reason for discrimination and also suggested to prohibit HIV/AIDS testing as a form of discrimination in recruitment. Two stakeholders mentioned that it is important to specify in the same context that the grievance procedure required under Sub-module 3.7 will be implemented without retaliation and that workers are allowed to go to the corresponding authorities when they feel discriminated against. One labor advocate recommended adding criteria and guidance related to retaliatory measures to further protect workers' rights to Freedom of Association, for example where workers report an alleged violation or want to join or support a political party of their choice. Furthermore, the stakeholder recommended requiring more action on the part of the employer: "When a national, state or local agency of government, or a court, issues a decision or recommendation finding violation of laws or regulations, the employer shall provide prompt notice to Fair Trade USA, including a copy of the relevant documents."

One producer sees an opportunity to further limit forms of abuse against women by strengthening the Draft APS to prohibit or sanction members that physically or emotionally abuse their spouses, to ensure that a woman receives the money for the sales of the goods produced on her land, and to ensure that girls attend school just as often as boys, stating that in rural communities where there aren't enough resources the education of boys is prioritized above the education of girls.

Fair Trade USA response: We appreciate all these suggested edits. We have included ethnic origin as a possible form of discrimination. We have also added a cross-reference to the grievance procedure required under Sub-module 3.7. Lastly, we have added more specific best practices to avoid discrimination based on gender to the Intent and Clarification sections.

Sexual Harassment

Under standard 2.4.2 we require that workers are not subject to corporal punishment, mental or physical coercion, verbal abuse or any other form of harassment. Sexual harassment is an issue in many agricultural production settings and we asked our stakeholders for specific requirements that would further strengthen our approach to sexual harassment and would offer additional protections for women. There was consensus amongst the stakeholders that we need to make sexual harassment an explicit part of the standard and not leave it to the Intent and Clarification sections. Recommendations to strengthen our standard included requiring sexual harassment trainings, stronger policies against sexual harassment and a stronger threat of decertification where the harasser is an owner or manager of the farming operation and no prompt action is taken.

Another suggestion was to require that more women are placed into more supervisory roles to break the vicious retaliatory culture of sexual harassment; for example, it was recommended that we should require

Large Farms to have a woman (either on staff or contracted) on call as an ombudswoman for sexual harassment grievances to help women shape and shepherd their grievances through the grievance procedure. A strong surveillance and management system would need to be in place.

One stakeholder flagged that sexual harassment sometimes occurs more easily where family members of a foreman work on the same crew due to power dynamics. Some farm labor contractors have prohibited foreman from hiring their family members for this reason. Another labor advocate confirmed that sexual

harassment often happens where men are in a position of power, for example in a supervisory role, and where they use their position of power to isolate women and then abuse them. This labor advocate said that to prevent that from happening the policy should state that women have to work at least in pairs as a stop gap.

Another stakeholder thinks that it is impossible to institutionalize good manners and believes that men do not wish to offend women, they are just ignorant of their offense. The stakeholder sees training as a potential solution to raise awareness around sexual harassment, but is concerned about the cost of ensuring a good-quality training.

Lastly, another stakeholder flagged that talking about sexuality is taboo in many cultures, specifically in Muslim populations. AIDS, for example, is a topic in Africa that should be introduced subtly.

At the stakeholder summit we presented some of the suggestions we had heard to date and learned that some are more practical than others. None of the farms supported specific policies to require women to work in pairs or that foreman cannot hire family members. However, there was strong support for policies on empowerment. Participants felt that the focus should be around training, awareness raising and building gender equity, rather than ‘policing’.

Fair Trade USA response: Our stakeholders’ feedback has shown that there is a high risk of sexual harassment and that it is important to address it explicitly in our Standard. We have added additional requirements to address this topic: we are now requiring sexual harassment trainings for workers and management and we require policies on sexual harassment to be in place that lay out actions to be taken when sexual harassment occurs.

MODULE 3 – KEY THEMES

Requirements that are Not Applicable for Small Farms and Facilities

Our Farm Workers Standard includes several topics related to worker health and safety that were not mentioned in our current Small Farmer standards. Because one of the goals of the APS was to not increase the certification burden on Small Farms, in almost all cases we left these criteria as Not Applicable (NA) in version 0.1 of the Draft APS. Stakeholders suggested that some of these elements become Critical (C) for Small Farms. Broadly, the NA criteria highlighted by stakeholders can be divided into two categories:

- 1) Elements that are low risk for Small Farms because given the low number of workers it is unlikely that they are relevant, for instance:
 - a. Requiring Small Farms to formalize relationships with any labor contractors (3.1.3.a and c)
 - b. Requiring regular maintenance of Personal Protective Equipment (PPE) for workers handling chemicals (3.2.2.b)
 - c. Requiring deductions from wages (for social security, housing, etc.) to be legal and transparent (3.3.2.c)

- 2) Elements which are low risk for Small Farms and which would likely be very expensive or cumbersome for Small Farmers to implement, for instance:
 - a. Requiring that workers be compensated if they are injured on the job (3.2.4.e)
 - b. Requiring maintenance and inspections of machinery and equipment (3.2.1.c)
 - c. Requiring company-provided housing to have fire escapes, extinguishers, and routes (3.6.2.c) (this could also be considered low risk for Small Farms).

- d. Requiring indoor workplaces and on-farm buildings to have fire escapes, exit routes, electricity inspected on a regular basis, etc. (3.2.1.c)

Fair Trade USA response: For elements falling under the first category (1) above, we have elevated these criteria to Progress or Critical for Small Farms in the Draft APS version 0.2. In the unlikely event that Small Farms are using labor contractors or are taking formal deductions from wages, it would be both reasonable and meaningful to require these elements. Regarding the items under the second category (2), we feel that requiring compliance would make the APS very difficult for Small Farms to implement and that broadly the new requirements in the APS for Small Farms are already quite strong. Our system recognizes that communities start their Fair Trade journey at different points. We also acknowledge that Fair Trade farms and factories vary in their access to resources needed to make progress. Our system is one of continuous improvement, and our approach recognizes that the journey is never finished. As one Summit participant expressed, the challenge is in “finding balance between aspirational and achievable.” To that aim, in version 0.2 of the revised Draft APS, we have moved away from labelling compliance criteria as ‘Not Applicable’ and made them ‘Best Practice’ (BP) criteria instead. A Best Practice criterion is optional and is not required (immediate or future) for that size of farm or facility. However, we encourage Small Farms and Facilities to aspire to meet these goals over time.

Recommendations to Move Compliance Criteria from Progress to Critical On Small Farms and Facilities

A few criteria were recommended to be elevated from Progress to Critical for Small Farmers, specifically:

- a) The analysis of workforce needs when temporary workers are needed (3.1.2.b)
- b) With regards to heat stress (3.2.1.d), one labor advocate felt that providing shade and cool water should be Critical for Small Farms
- c) Concerning PPE, one labor advocate thought that PPE should be required on Small Farms (3.2.1.f and g) and provided free to all workers. One importer agreed, stating that PPE costs less than the chemicals themselves, and that PPE was already required under food safety certification. However, one Small Farm representative thought it was unreasonable to expect Small Farm owners *ever* to pay for workers’ PPE. One producer thought that if Premium could be used to help Small Farms buy PPE then the requirement could be met; however this might come at the cost of not having enough Premium left for any other Premium projects. Another labor advocate suggested something in the middle of all of the above suggestions: that some low-cost PPE like gloves and long sleeves should be Critical for Small Farms, whereas any other PPE could be Progress.
- d) Annual training for Small Farmers and workers on workplace risks (3.2.3.a).

Fair Trade USA response: On a) we do not feel that this is realistic for a group of diverse Small Farms from the first year of certification, nor that the risk of abuse of temporary worker contracts is a significant one, so we will leave this as a Progress criterion. On b) we agree and have changed this to a Critical criterion for the public consultation, flagging it for discussion to make sure that it is feasible for Small Farmers to implement immediately. On c), we recognize the importance of providing adequate PPE to all workers, and have modified the criterion to require at least the same level of PPE that Small Farmers themselves use, adding a consultation question for further

suggestions for how Small Farms with limited resources can access PPE. On d), we think that the entry requirements regarding awareness of Fair Trade standards for Small Farms are already quite strenuous, and are reluctant to add workplace risk training specifically to the long list of requirements.

During the Stakeholder Summit, groups of participants were asked to discuss which requirements from Module 3 relating to wages and working conditions for workers should be prioritized as Critical Criteria for Small Farms certified by Fair Trade USA. The following list reflects the priorities identified in descending order of importance.

- a) Minimum wages, paid on time
- b) Workers knowing schedule and wage
- c) Personal protective equipment and safety
- d) Training, especially for health and safety
- e) Complying with local and national law
- f) Grievance procedures are critical
- g) Limiting hours is critical to protect workers and producers

Fair Trade USA response: Items a, b, and e are already Critical criteria for all worksites, regardless of the farm and facility size. Regarding safety training and PPE (c and d), we have added in a new Critical criterion for all sites requiring that workers and farmers are not exposed to unsafe levels of chemicals, and have elevated PPE provision and training to be a Critical criterion for Small Farms. For items f and g, we do not feel that these requirements are feasible to implement and/or monitor on Small Farms.

Criteria That Stakeholders Felt Should Be More Stringent On U.S. Farms

One labor advocate felt strongly that the Standard should take the highest common denominator law and apply it equally globally, otherwise the Standard would be below legal requirements in some countries. A few criteria were pointed out as falling short of what U.S. law already requires, for instance 3.1.3 on labor contractor requirements. One labor advocate and several companies thought that in general housing requirements should be stricter on U.S. farms. Several references were recommended, including the U.S. HUD Housing Quality Standards for Section 8 housing, Habitat for Humanity, UNHCR, and the ILO.

Fair Trade USA response: The APS is a globally applicable, voluntary standard that covers topics that may also be regulated by law in any of the countries in which Fair Trade USA operates. Fair Trade Certified producers are expected to comply with laws and regulations. The requirements in the Draft APS may be above, below, or equivalent to the law. Where laws and the Fair Trade USA requirements overlap, the one that offers the strongest protections for farmers, workers, and communities prevails; i.e., the expectation is that the more rigorous of the two is met. Auditors accredited to conduct Fair Trade USA audits are familiar with the laws in the countries in which they operate.

We nonetheless appreciate the information stakeholders provided about key areas of intersection of legal requirements and the APS requirements. For key issues, Fair Trade USA is developing additional auditor guidance that incorporates this information.

Recommendations to Move from Progress to Critical Criteria on Large Farms and Facilities

We received a few comments from labor advocates, NGOs, brands and auditing partners about criteria that are Progress for Large Farms in our draft Standard version 0.1 but which some stakeholders felt should be Critical, for instance:

- Labeling chemicals (3.2.1.h; can keep safe storage as P)
- Washing off PPE (3.2.2.a; and consider C for Mid-Sized Farms)
- Requiring free medical examinations and cholinesterase testing for workers handling dangerous chemicals (3.2.2.c)
- Requiring safe mixing and disposal of chemicals (3.2.2.d)
- On risk area warnings (3.2.3.b), safety instructions (3.2.3.c), and on training regarding workplace risks (3.2.3.d)
- Keeping records of accidents and responses (3.2.4.b; also proposed to elevate to C for Mid-Sized Farms)
- Having an Occupational Health and Safety Committee in place (3.2.4.d)
- Providing permanent workers with health insurance (3.3.4.a)
- Providing temporary workers' with disability insurance(3.3.4.c)
- Requiring prior written agreement for migrant workers (3.5.1.a) from the get-go for U.S. farms (currently this is C-Y1 but should be Y0 for U.S. farms)
- Requiring clean sanitary facilities for workers (3.6.1.b). Three stakeholders mentioned this, whereas one thought it could be a negative story against Fair Trade if we didn't make this a Critical criterion, because of food safety requirements that may already be required by law
- Requiring a private changing room for putting on uniforms or PPE (3.6.1.c)
- Requiring access to daycare for workers living on site (3.6.3.a; was recommended to move to Critical for Mid-Sized Farms also)
- Disallowing time-limited contracts to avoid having permanent employees (3.1.2.c)

Fair Trade USA response: While we recognize the importance of all of these issues, broadly our approach is to balance the number of Critical (entry) criteria so as to allow many producers to participate in Fair Trade and make continuous improvements over time. Because each site has to meet all Critical criteria in addition to enough Progress criteria to reach 40% of the possible points, sites will already be implementing many of these Progress criteria.

We also recognize that feedback on these issues largely came from labor advocates working primarily with U.S. farms. Many of these criteria are required under U.S. or state law, in which case they will become Critical automatically. We have clarified in the introduction to the Draft APS that where laws and the Fair Trade USA requirements overlap, the one that offers the strongest protections for farmers, workers, and communities prevails; the expectation is that the more rigorous of the two is met. This holds true regardless of whether the Fair Trade USA requirement in the APS is marked as "Critical", "Progress", or "Best Practice".

The Labor Committee

Although one labor rights advocate sees any sort of worker committee as potentially displacing unions and generally being a negative development, on the whole we received many positive comments on the intent

of the Labor Committee from both labor advocates and producers alike. One labor advocate in favor of the worker committee idea recommended elevating the Labor Committee given that “the collaboration of workers in the understanding of, implementation of, and enforcement of farm standards is a proven mechanism with historical roots in many countries, including the U.S.” On the contrary, another thought that if workers and management don’t have sufficient training, this standard could actually make things worse by requiring dialogue without support.

Fair Trade USA response: Fair Trade USA can offer some training to Labor Committees to improve their capacity to negotiate, but we cannot guarantee that we can provide a specific level of support across all farms. Note that worker rights training is required under 3.7.1.a, and that the Certificate Holder must be aware of the requirements (including regarding worker rights) under the Standard (in Module 6). We aim to provide templates for educating workers, for instance posters and a worker rights brochure.

One producer commented that a Labor Committee would complicate matters since they already have a streamlined system for workers to approach management: either directly, through the Fair Trade Committee (FTC), the Fair Trade and company grievance procedures, or union representatives that meet regularly with management. In contrary, another stakeholder from the fair trade movement welcomed the introduction of the Labor Committee because this stakeholder felt that the current standards do not do enough to provide workers with a way to engage with management, given that the Fair Trade Committee is supposed to focus on the Premium decision-making rather than labor related issues. Fair Trade Committee participants in one workshop suggested that the FTC serve as the Labor Committee to start with.

Fair Trade USA response: Unless the Fair Trade Premium Participants consists only of workers (for instance on an individually-certified Large Farm), the Fair Trade Committee (FTC) must be kept separate from the Labor Committee because the FTC is structured to represent the needs of small farmers, workers, and community members and to deal only with making decisions about the Fair Trade Premium. Wages and working conditions should be negotiated by a trade union, or in the absence of a trade union, the Labor Committee. We have clarified in the Draft APS this distinction in the description of the FTC, and that the Labor Committee is not needed for farms with a functioning union representing all workers.

One stakeholder queried the effectiveness of a farm-specific Labor Committee if it were not linked into larger structures. Another stakeholder suggested that we more formally involve the Labor Committee in ongoing compliance and monitoring.

Fair Trade USA response: We have now included a reference to government departments and third party ombudsmen who can help resolve grievances in the Intent and Clarifications for standard 3.7.2. We have also added a requirement in Module 6 that the Labor Committee and Fair Trade Committee be informed about the results of the Fair Trade audit.

The Stakeholder Summit included a session on the purpose and functioning of the Labor Committee described in Sub-Module 3.7. Stakeholders suggested several possible roles for this committee:

- To receive feedback from workers
- To resolve conflicts

- To communicate with workers about their rights, benefits, and responsibilities under Fair Trade certification and/or the law

Summit participants made suggestions on the composition to maximize the chance for success of a functioning Labor Committee, which included:

- Having a mix of both workers and management on the Labor Committee.
- Since difficult issues can come before the Labor Committee, committee members need to have some experience or capacity to manage such issues.
- Establishing a term length to provide committee members more experience over time.
- Allowing members to serve on both the Fair Trade Committee and the Labor Committee. This could help with capacity building and other experience.

During Summit discussions, the relationship between the Labor Committee and unions was less clear for participants. One participant noted that she doesn't see the need for a Labor Committee when a union exists, workers have elected union leadership, and the relationships are productive. One person recommended that criteria around the Labor Committee would need to be implemented consistently, regardless of whether or not a union is present. Participants also raised questions about how a Labor Committee would be implemented on a Mid-Sized Farm with relatively few workers.

Fair Trade USA response: We have included more details and best practices in the Intent and Clarification section of 3.7.3.b to reflect the suggestions that came out of the Stakeholder Summit. We do not feel that the Labor Committee should include management, as it is rather a worker organization that represents workers' views to management. We have, however, added in more details in the Intent and Clarification section regarding the need for management to understand and support the effective functioning of the Labor Committee.

Guidance Regarding Legal Requirements in Key Supplier Countries

We received a few comments about criteria that are Progress criteria in our draft Standard but which have significant overlap with U.S. legal requirements, for instance:

- Workers receiving a pay slip (3.1.1.b)
- Having contracts for temporary workers, which under US law are required for H2A seasonal workers (3.1.1.d)
- Labeling of pesticides (3.2.1.h)
- Identifying risk areas and hazards (3.2.3.b)
- Requiring workers to be aware of hazards of agrochemicals even if they don't use them (3.2.3.d)
- Keeping records of workplace accidents (3.2.4.b)
- Requiring breastfeeding breaks (3.3.3.d)
- Allowing 6-year implementation for paying all transport, visas etc. for recruited migrant workers (3.5.2.b and c)

There were suggestions to include these legal references in the Intent and Clarification section for the relevant criteria, with one labor rights advocate recommending that Fair Trade USA specifically

accommodate and detail the relevant U.S. laws and regulations so as not to encourage or condone anything less than legal compliance, both as a matter of principle and also for clear communication to critics and competitors. We were also asked for advice as to whether certain Mexican social security systems meet the requirements, complement each other, if they can be used together, etc.

Fair Trade USA response: The Agricultural Production Standard (APS) is a globally applicable, voluntary standard that covers topics that may also be regulated by law in any of the countries in which Fair Trade USA operates. Fair Trade Certified producers are expected to comply with laws and regulations. The requirements in the Draft APS may be above, below, or equivalent to the law. Where laws and the Fair Trade USA requirements overlap, the one that offers the strongest protections for farmers, workers, and communities prevails; i.e., the expectation is that the more rigorous of the two is met. This holds true regardless of whether the Fair Trade USA requirement in the APS is marked as “Critical”, “Progress”, or “Best Practice”. Auditors accredited to conduct Fair Trade USA audits are familiar with the laws in the countries in which they operate.

Given the broad range of jurisdictions in which we operate, as well as the complexity and changing nature of laws and regulations, we do not include reference to country-specific legal requirements in the APS itself. Ultimately it is the responsibility of the Certificate Holder to ensure that it is in compliance with the law and of Certification Bodies to ensure that their auditors are trained on the laws in the regions in which they operate.

Where there is a specific need or high risk, we currently address (and plan to continue to address) this intersection of standards and the law outside of the Standard itself, for example via guidelines to auditors or targeted auditor training for specific countries focused on key issues. As Fair Trade USA opens certification to producers in the United States, we have received specific requests to provide additional guidance for the U.S. and we are in the process of developing this guidance, which will provide information on key areas where U.S. law and the APS intersect. This guidance will focus primarily on the requirements under Module 3 on wages, working conditions, and access to services.

Quality Requirements for Worker Housing

We received several comments on criteria 3.6.2.e and f, which describe the Critical and Progress requirements for the quality of employer-provided housing. Unfortunately, for many of the topics covered under this section there was little alignment on proposed changes, with just as many stakeholders suggesting to move a particular criterion from Critical to Progress as recommending we keep the item as Critical.

Fair Trade USA response: We have carefully thought through all proposed changes our stakeholders made. In some instances we made small changes based on the suggestions, but have broadly kept the requirements where they are, given the lack of strong direction and the wide variety of opinions.

There was also a concern that the quality requirements for worker housing are not applicable for Small Farms and Facilities. During the Stakeholder Summit, it was suggested that rather than having the worker housing criteria be not applicable to Small Farms, the requirement could be that the housing provided to workers is similar in condition to that of the Small Farmers themselves.

Fair Trade USA response: This suggestion is similar to our approach to potable water where workers must be provided with potable water or the same water that the farmers themselves consume. As a result of this feedback, we have incorporated the suggestion that on Small Farms and Facilities, worker housing must be the same level of quality of the Small Farmer's housing and made 3.6.2.e a Year 3 Critical criterion for Small Farms and Facilities.

Labor Contractors and Recruiters

Standard 3.1.3 requires that workers either be directly employed, or if labor contractors are used that there are very formal assurances that the working conditions of their employees meet the Fair Trade standards. The feedback our stakeholders gave was generally positive about the intent of this section; while acknowledging that this is a contentious topic and one labor rights advocate suggested that direct contracting of workers should be strongly preferred, there was agreement among other labor rights advocates and companies during both the first phase of consultation and the Stakeholder Summit that labor contractors cannot be completely phased out, especially where there are very short harvest seasons. Participants that were already Fair Trade USA Certified as well as applicant farms were confident that they could comply with the requirements.

On a more granular level, there were some wording concerns. Two labor advocates and a buyer thought that distinguishing between 'formal' and 'informal' labor contractors sounds like we are condoning illegal practices. Another labor advocate felt that agents and brokers should have a legal entity with a formalized structure and procedures. One importer thought that our language sounded negative against labor contractors, when they are essential for some products.

One importer and one grower who gave direct feedback on this topic thought that control over labor contractors was the salient point, and that the Certificate Holder should be responsible for the well-being of its workers, whether subcontracted or not, and whether the subcontractor is "formal" or not. The importer felt that it was feasible for the farm to check payments and make sure workers are trained even if technically they were not the employer. One labor advocate explained that in some U.S. states, the farm owner and the labor contractor may be considered 'joint employers' and are mutually responsible for compliance. Two other labor advocates agreed with this concept of joint responsibility, i.e. that the farm is responsible for ensuring the worker is paid properly even when a contractor is used. One company suggested using the term 'jointly liable'.

One labor advocate noted that sometimes we say 'subcontractor' when we mean 'labor contractor' (for example in 3.5.1), and another suggested we clarify the roles and responsibilities of subcontractors as direct employers to differentiate them from recruiters and brokers, who are involved in the initial hiring only.

Participants in one of the several producer workshops we held as well as one company asked for more clarity about how subcontracted workers would participate in decision-making around the Fair Trade Premium. The company suggested that there be an effort by the labor contractor to keep a consistent workforce on Fair Trade farms so that workers could participate in Fair Trade.

During the Stakeholder Summit, a small group discussed the topic and made the suggestion that rather than formalization, transparency of the entire recruitment chain should be required, for example by making details about recruiters public so that watchdog organizations and workers can help identify bad actors and

inconsistencies. The concern was that if Fair Trade USA requires that just the labor contractors at the farm level be formalized, many bad actors can remain hidden in the longer chain of recruitment stretching back to the communities of origin. Rather than interviewing workers that just arrived to work on a farm, the group recommended that the auditors rely on documented transparency of the full recruitment chain. The stakeholder group felt that the ideal goal would be a vetted list of good U.S. farm labor contractors who document practices across their whole recruitment chain. Fair Trade Certified farms would only be allowed to use contractors from that list. This might require a separate Standard through which Fair Trade USA audits fair labor contractors (FLCs), analogous to our Trade Standard. The group agreed that this would take a lot of resources to implement.

The group also discussed audit methodologies, mainly worker interviews. Aside from cultural barriers that prevent workers from speaking up, workers are often not comfortable talking with auditors, especially if they had to pay fees or had their passports held by the farm management. Because migrant workers typically want to be able to return to the farm in future years, they might be hesitant to report recruitment problems to an auditor or others if they fear it could lead to retribution and jeopardize their chances of returning the following year, making it all the more important to have other means of visibility into the full recruitment chain. Additionally, the migrant worker likely only knows the person who they spoke to in their village and not any of the other actors in the supply chain, hence transparency all the way to the recruiter in the village is key.

Fair Trade USA response: In the updated version of the Draft APS, we have revised our wording in submodule 3.5 to refer only to labor recruiters, and taken out the 'formal' vs. 'informal' terminology without changing the intent of the criteria. We have included the requirement to document the recruitment process where multiple layers of recruiters might be used, and will ask for additional feedback on how such processes might be monitored during public consultation. We have also strengthened the language in the Intent and Clarification section of submodule 3.5 around the responsibility of the Certificate Holder to ensure compliance.

Worker Recruitment Costs

Under the APS, recruited workers do not pay any hiring fees; however 3.5.2.b and c allow the employer to phase in covering other costs for migrant workers such as transport to the worksite, medical testing, and visas, with a minimum of 50% cost coverage in Year 3 and 100% of cost coverage by Year 6. In all cases these costs and who is paying for them must be included in the migrant worker contract.

Many growers and importers thought that it was fine for the farm to pay for these additional costs because this is already normal practice today. One importer thought that Mid-Sized Farms and Large Farms should have the same rules (currently Mid-Sized Farms have more time to comply), because it would be very expensive for Large Farms to implement these and so their rules should not be more stringent than for Mid-Sized Farms. This importer also thought that allowing 50% of these costs to be covered by workers even at Year 6 might not be a bad idea to encourage workers to stay through to the end of their contracts. One producer thought that if after deducting these expenses, workers were making living wage, it would be reasonable to expect workers to cover these expenses.

At the Stakeholder Summit, there was a strong consensus that the APS should prohibit paying of any fees by recruited workers, regardless of the farm size, so that workers do not arrive to the farm indebted. It is also important to note that laws in this area often remain unenforced and many workers report paying fees to recruiters even where laws prohibit such practices.

Fair Trade USA response: We agree that it could be reasonable that workers pay their recruitment costs in the event that they are earning a living wage after such deductions. We have changed the Intent and Clarification section to allow for this. However, in general given the low wages in the agricultural sector and the wish to ensure that migrant and local workers earn equivalent take-home pay for the same work, we prefer for the employer to eventually cover all these costs. We have changed 3.5.2.b to a C-Y1 for Mid-Sized Farms to match requirements for Large Farms. We have also changed the criteria which were previously marked as 'NA' for Small Farms in this section to become Progress criteria.

Pregnant and Vulnerable Workers

One labor advocate thought that not allowing pregnant women or vulnerable workers (with health issues) to undertake hazardous work that would be a threat to their health, could be grounds for discrimination.

Criterion 3.2.1.e (vulnerable workers) requires that the employer offer an alternate, less dangerous job at the same pay for vulnerable workers. One brand said that Mid-Sized Farms might not be able to offer a similar, less dangerous job, and suggested that we split criterion 3.2.1.e into two criteria and make this a Progression criterion for Mid-Sized Farms. One labor advocate agrees with this proposal; another thinks all of it should be a Critical criterion for Mid-Sized Farms. On the other hand, a producer thinks that this should not be required at all for Mid-Sized Farms because a different job will not earn the same pay. The concern was also raised that workers may not self-report if they are not guaranteed another job, suggesting the requirement should stay a Critical criterion for Mid-Sized Farms.

Fair Trade USA response: We have added in the Intent and Clarification that if a relevant anti-discrimination law contradicts this clause, then the law must be followed. ILO C183 – Maternity Protection Convention, 2000 states that pregnant women must not be obliged to do work which might risk her health or that of her child. Our expectation is that workers inform their employer of any risks and that the worker is offered a safer job.

Implementation of Living Wage

During the first phase of individual consultations we received comments from only two stakeholders on the intent of the living wage section, and those were opposing viewpoints: one small farm group felt that living wage should be achieved by year 5 on Mid-Farms and Large Farms, while one Large Farm was concerned that increasing wages would put them out of business. Most of the comments centered around how to implement the requirement to improve wages over time. Suggestions included the following:

- A few stakeholders recommended that the farm be transparent about market pricing and the implications this has on wages, to inform workers during their negotiations. One stakeholder indicated that Agricultural Justice Project and FLO do this. Another suggested that FTUSA gather data about actual wages and then use this data to support a discussion about what it would take to get to living wage.

- Farms could use in-kind payments as a way to provide wage supplements.
- Using Fair Trade minimum prices to drive wage improvements – price should be set such that farms with significant Fair Trade sales can pay living wages.
- One stakeholder suggested that FTUSA play an active role in raising consumer awareness around the need to pay prices that cover living wage, working with worker organizations and retailers.

One producer asked for clearer guidance for companies as to what implementing wage improvements ‘over time’ means, what will be asked for in an audit and how they would demonstrate compliance. They were also concerned about how commodity price swings affect ability to improve wages over time – can’t lock into a higher wage and then be unable to pay if the price goes down. A helpful suggestion came from a labor rights advocate, who recommended to add indicators and frequency of measuring progress on wages (e.g. semi-annual review of pay stubs), and a timeline for enforcement (e.g. within X years).

Living wage also came up during some small-group discussions during the Stakeholder Summit, where it was clear that more definitions and guidance were needed in this section.

Fair Trade USA response: We have reviewed the Intent and Clarifications to include more specific information on how to measure progress and what elements could be included in the implementation plan. While many of the suggestions regarding implementation are helpful, they fall outside of the Standard itself and are more related to trade relationships. We will continue to monitor the work of the Global Living Wage Coalition and ensure that our Standard is aligned with their work. We will also develop tools and guidance to help producers calculate a living wage for their region.

Other Recommended Changes We Have Incorporated Into the Next Draft

We received over 100 other comments on Module 3, which we do not detail in this document because they were either relatively minor or were raised by only one stakeholder. We incorporated nearly all of them into the new Draft APS, either directly in the compliance criteria or else into the Intent and Clarifications. For a minority of the comments, we did not make any changes because we felt that they were already covered, would require going into too much detail, or were overly prescriptive. We are very grateful for the thoughtful and thorough feedback we received from a wide variety of stakeholders, which helped us improve the APS before the public consultation round.

MODULE 4 – KEY THEMES

Overall Approach in the Environmental Module

Stakeholders provided mixed feedback on our approach to the Environmental Module as a whole. Two stakeholders suggested strengthening certain aspects of this module such as climate, biodiversity and conservation. These stakeholders thought that while requirements around these topics may not need to be Critical requirements, the APS should address these topics at least as a starting point for progress and further conversation.

A labor advocate, on the other hand, commented that Fair Trade USA should specialize on the human component of the Standard, rather than include an Environmental Module; the stakeholder felt that the environmental requirements were too weak and served mainly to distract from the stronger modules on labor issues and empowerment.

Fair Trade USA response: We welcome the differing opinions of our stakeholders on the Environmental Module. We see the ability of the land to support production over the long-term as directly linked to the livelihoods of farmers and farmworkers and therefore think it important that our Standard address key issues such as protecting biodiversity, maintaining soil productivity, conserving fresh water and energy, minimizing the use of harmful chemicals, and properly managing waste. We strengthened some of the requirements where we saw an opportunity for them to have an even greater impact in the draft version 0.2. We have not added new requirements on climate or biodiversity.

Choice of Progress and Critical Requirements

Several stakeholders voiced concerns about the applicability of some of the criteria in Module 4, thinking that they should apply to farms of all sizes, rather than Mid-Sized and Large Farms only, or that some of the Progress requirements should really be Critical requirements. One brand, one producer and two labor advocates were concerned that environmental damage may occur long before Progress requirements would need to be met. Two labor advocates also pointed out that some of the standards throughout this Sub-module require less than what the U.S. law mandates.

The following criteria were recommended to be elevated from Progress to Critical for all farm sizes:

- a. 4.1.1.d on efficient water use
- b. 4.1.2.b requiring farms that use surface water for irrigation to analyze water quality
- c. 4.2.1.b on hunting of endangered species on Fair Trade farms
- d. 4.3.1 on farmers minimizing the use of chemicals by practicing integrated pest management
- e. 4.4.1 on the safe application of agrochemicals
- f. 4.5.1.a on training in proper techniques of handling organic waste
- g. 4.5.1.b on training of waste materials identified as 'hazardous', their impacts and the correct disposal procedure
- h. 4.5.2.b on measures to ensure that wastewater discharged does not pollute drinking water sources
- i. 4.5.3.a on waste storage and disposed in designated areas, away from water sources

Fair Trade USA response: We understand our stakeholders' concerns and would like to take this as an opportunity to clarify the importance of having both Critical and Progress requirements. Fair Trade USA's standards are built on the understanding that farms start their Fair Trade journey at sometimes vastly different levels and vary in their access to resources needed to make progress. Our system is one of continuous improvement, which allows for the inclusion of more requirements and themes in our Standard (as Progress requirements) without setting the bar for entrance (Critical criteria) prohibitively high. It is also important to note that even in the first year 40% of the Progress criteria must be met.

We have reviewed all Compliance Criteria through the lens of the feedback received and have strengthened some of the requirements regarding safe application of chemicals. For the other topics, we feel it makes most sense to keep them as Progress criteria.

With regards to the applicability of law the same applies throughout the APS: where there are laws that overlap with any of Fair Trade USA's Standards, we require compliance with either our requirements or the law, whichever is higher. Ultimately it is the responsibility of the Certificate Holder to ensure that it is in compliance with the law and of Certification Bodies to ensure that their auditors are trained on the laws in the regions in which they operate.

A few of the criteria that were recommended to be elevated from Not Applicable (NA) to Progress (P) for Small Farms include:

- a. 4.3.1.c and 4.3.2.f on fertilizer and herbicide use
- b. 4.5.2.c on farms and facilities developing and implementing a plan to monitor wastewater quality

Fair Trade USA Response: On a) we agree and have updated these requirements to be Progress requirements on Small Farms. We also merged criteria on pesticide and herbicide use to be more succinct. On b) we have decided to leave this as an optional Best Practice (BP) for Small Farms as to not increase their certification burden.

Clear Timelines for Required Training

A producer suggested that the APS be clearer on the required training intervals and frequencies. Specifically, the stakeholder requested that trainings on these topics be required annually or every 2 years:

- a. awareness of practices to improve the efficiency of water use (4.1.1.d)
- b. awareness of threatened and endangered species (4.2.1.a),
- c. integrated pest management techniques (4.3.1.a),
- d. practices that improve soil health and fertilizer application amounts (4.3.2.d),
- e. handling organic waste (4.5.1.a),
- f. awareness of disposal methods for hazardous waste materials (4.5.1.b),
- g. compliance with national legislation on agricultural land use (4.2.2.a).

Fair Trade USA response: We think that the frequency of 'within 6 years' for a) through f) is justified. For g) there is no specific training required on land use legislation, as this is a topic which generally does not change and which rarely affects established farms.

Efficient Water Use

We received several comments on the requirements in Sub-Module 4.1 on efficient water use. A brand suggested that the Standard should more strongly focus on improvements in water efficiency over time, with more stringency for Large Farms. A labor advocate is concerned that it may be difficult for Small Farmers to know the source of irrigation water (4.1.1.b), as water source mapping and hydrological studies can be expensive in some cases (i.e. where Small Farmers farm in mountainous regions). Two stakeholders voiced concerns that it may also be difficult to assess small producers' compliance with 4.1.1.f, which requires that users hold a valid permit for the use of water, and that there may be government delays with issuing such permits. A labor advocate found criterion 4.1.1.d on management awareness of technology and practices available to improve the efficiency of water used in farming very helpful.

Fair Trade USA response: While asking producers to keep reducing water use may be reasonable in some cases, benchmarks would be needed to determine the end goal. Given that metrics and averages are not widely available, we have maintained our approach to efficient water use, which focuses on measurement, reducing waste of water, and awareness of best practices. As far as 4.1.1.b is concerned, we expect that in most cases the source of irrigation water can likely be determined without huge investments. Where large investments are needed, small producers can choose to comply with other criteria first, as this is a Progress criterion. Regarding 4.1.1.f, we agree that it can be time-consuming for farmers to get water use permits if these are required. As this is a Progress requirement, farms should have the time to comply.

Opinions varied on criterion 4.1.2.a, which requires that untreated sewage water is not used for irrigation; while one labor advocate asked how expensive this criterion is to comply with, another thought that using even treated sewage water for irrigation may be against the law. Another stakeholder asked us to clarify which food safety certification would cover this requirement.

Fair Trade USA response: Using untreated sewage water on farms represents a serious hazard to farmer, worker, and consumer health and cannot be accepted, regardless of the cost of ensuring a clean water supply for irrigation. It is likely that farms which already have food safety certification would easily be able to prove that they use clean irrigation water; if a producer already has a relevant certification, the auditor will take this into consideration when determining compliance.

Production Methods Protecting Waterways and Ecosystems

Some certification specialists thought that requirements under standards 4.2.1 and 4.2.2 posed an excessive workload on the Certificate Holder.

Fair Trade USA response: We did not receive any feedback from producers that the biodiversity protection requirements present a barrier; these are required in our current standards and have not been identified as particularly difficult. We have therefore left this unchanged in the revised draft.

One brand raised the issue of farming that has occurred in protected areas for many years, which might be illegal but has never been prosecuted.

Fair Trade USA response: While we recognize that acquiring legal title is cumbersome and therefore we do not require it, farming must nonetheless comply with the law regarding land use. If the protected area does not allow farming, the farm would not meet this requirement.

A labor advocate suggested giving Progress points for reforestation efforts, particularly where 4.2.2.b (which does not allow deforestation) has not been met.

Fair Trade USA response: Reforestation could perhaps be an appropriate corrective action if 4.2.2.b has not been met, but normally this would preclude farming from occurring on the land. We have included more suggestions for shade-tree planting in 4.2.1.c, which requires farms to evaluate opportunities for enhancing biodiversity.

That same labor advocate suggested that Fair Trade USA provide an additional list under 4.2.1.c identifying particular NGOs and government sponsored projects in the region that facilitate crop diversification.

Another stakeholder asked for more clarification on what ‘evaluate’ under 4.2.1.c consists of and how we would treat large monocultures like Brazilian sun coffee.

Fair Trade USA response: While we cannot recommend particular partners or service providers within the Standard itself, our producer support materials include this information when available. Producers would need to evaluate whether biodiversity-friendly farming such as introducing shade or Integrated Pest Management techniques will benefit their yields or net revenue.

A labor advocate thought that criterion 4.2.3.a about adequate measures to ensure that Fair Trade planting material is not genetically modified (GM) was difficult to audit and asked for more concrete guidance. The stakeholder also requested that Fair Trade USA be more specific about best practices on comingling or preventative practices to avoid pollen drift.

Fair Trade USA response: Auditor guidance is provided separately, but would include such measures as checking records of seed purchases and interviewing farmers and seed dealers. Given that the primary measures farmers can take to protect their farms from drift involve leaving large buffer zones between their fields and fields planted with GMOs, we feel this would be too onerous for farms in our system. The intent is that farmers take all reasonable steps to ensure that their planting material is not GM, while understanding that their neighbors’ practices are out of their control. We note also that today very few crops that we certify are also available in GM form, so this topic is relevant only for a small subset of Fair Trade producers.

IPM and Protecting Soils

We’ve received a couple of suggestions to reword criteria under standard 4.3.1. One producer wondered how 4.3.1.c about herbicide use would need to be complied with when pre-emergency herbicides are used as part of normal crop management strategy.

Fair Trade USA response: To clarify, the criterion doesn’t say only to apply herbicides in emergencies, it says to only apply them when weeds are present. The producer would nonetheless need to consider other weed management strategies, as the intent of 4.3.1.c is that herbicides are only applied when actually needed.

A brand suggested to reduce some redundancy between criteria under standard 4.3.1, particularly between pesticide (4.3.1.b) and herbicide (4.3.1.c) requirements. Furthermore the brand suggested to make the clarification more explicit that agrochemicals includes organic chemicals also.

Fair Trade USA response: We agree and have merged 4.3.1.b and 4.3.1.c in the revised Draft APS. We will specify in the Glossary that chemicals approved for organic production are still agrochemicals.

One brand suggested in 4.3.2.a to make more requirements around weed management, ground cover, mulching (crop waste and crop residue left in field), and nitrogen fixing ground cover.

Fair Trade USA response: Given the wide variety of crops and farms that will be using this Standard, we cannot be too prescriptive. Wherever possible, we provide producer support materials with guidance and suggestions for how to maintain and improve soil quality.

A labor advocate suggested that we add more clarity to what “aware” in 4.3.2.c and d would look like for a Mid-Sized and Large Farm, given that we only specify this for Small Farms.

Fair Trade USA response: We have clarified in the guidance that Mid-Sized and Large Farm managers should be individually aware.

Safe Agrochemical Use

An auditor and a producer that had participated in the APS field testing expressed confusion over the implementation of the requirements with regards to the Prohibited Materials List and what a phase-out of chemicals on the list may look like.

Fair Trade USA response: The Prohibited Materials list is currently under review. The updated list should address all concerns.

A producer and importer expressed concern about understanding restricted and alternative agrochemicals when a group is trying to comply with multiple standards.

Fair Trade USA response: Producers aiming to comply with multiple standards outside of Fair Trade USA's Standards will need to cross-check the agrochemicals that they use against the various lists; they could create one combined list of all prohibited chemicals as part of their Internal Management System.

Safe Waste Disposal

A group of auditors felt that 4.5.3.e is an excessive burden on the Certificate Holder. In addition it is very similar to other sustainability standards and suggested that we accept other certification systems on this topic.

Fair Trade USA response: We feel that proper waste disposal is an important topic to minimize pollution and to maintain a healthy environment for workers and communities. If a producer already has a relevant certification, the auditor will take this into consideration when determining compliance.

A labor advocate wondered why we would give a Mid-Sized Farm the same amount of points for developing and implementing a waste management plan as we would give a Small Farm given the difference in resources.

Fair Trade USA response: We agree that Mid-Sized Farms should be able to meet this criterion more easily than a Small Farm would and have made 4.5.3.e P-3 for Mid-Sized Farms.

MODULE 5 - KEY THEMES

Physical Separation and Mass Balance

In the Draft APS, for products where we allow mass balance (e.g. cocoa, sugar, tea and fruit juices) we do not require physical traceability from the farm to the Certificate Holder. A few stakeholders were unclear why physical separation and mass balance only apply to some products but not to others. For example, one stakeholder did not understand why separation of Fair Trade from non-Fair Trade product would be voluntary for tea leaf but mandatory for peppermint leaf and all other leaves. Based on one buyer's experience with herbs there was uncertainty as to why the materials would lose physical traceability further up the supply chain. It was further noted that if the cocoa, sugar or tea entities have dual-certification (organic and Fair Trade), that the organic rules would require separation of organic from non-organic

throughout all production, storage and transport. In the case of organic, all equipment also needs to be cleaned before an organic lot number can be processed in same equipment as non-organic material.

One brand questioned the viability of mass-balance in cocoa and noted some other certification programs seem to be moving away from a mass-balance approach in cocoa. The stakeholder recommended that we more thoroughly examine the value of product segregation in cocoa for farmers, while also better understanding cocoa traders' barriers to product separation. In the opinion of the stakeholder, product separation is possible at the trader level without significant additional cost.

In addition, we specifically asked our stakeholders to weigh in on our requirements around physical traceability for all products from the farm to the first point of processing or collection, even for those products that might lose physical traceability further down the supply chain. Amongst the stakeholders that weighed in on this issue, there was some consensus that more traceability is better than less traceability for various reasons. Two producers voiced the concern that a lack of traceability will make them look weak in the eyes of their consumers and that they feel obligated to offer consumers a safe product. Supply chain efficiency was also mentioned as a reason why traceability systems are essential.

Two stakeholders think that physical traceability from farm to first consolidation or processing point should be required. At the first location where materials are sorted, separated, stored and/or processed they should be clearly labeled as Fair Trade and segregated from non-Fair Trade in a specially designated area in order to be able to check the volumes sold as Fair Trade.

Fair Trade USA response: Re-evaluating our current policy allowing mass balance traceability for certain products is outside the scope of the APS study, but we are thankful for the comments and suggestions, which will be useful in our next review of that policy. Regarding the related but more specific sub-issue of requiring physical traceability for the first step in the supply chain for these four product categories which might lose physical traceability, we did not receive sufficient feedback to justify making a change in the revised Draft APS version 0.2. We have added in a question on this topic and will get more information during in the public consultation phase.

Structure of Module 5

A couple of stakeholders had a hard time understanding how the structure of Module 5 works overall. One buyer said that Module 5 implies in many cases that the Certificate Holder will be a different entity than the farm or facility, whereas most often in their supply chains, the Certificate Holder is one of the farms itself. In some instances it was noted that farmers haven't been able to afford the annual costs of inspection and certification and that in such cases, their first buyer (trader) or sometimes even the last buyer (brand) sometimes serve as the Certificate Holder. Along the same lines, another stakeholder did not understand how Sub-module 5.2 (contracts and agreements are followed) applies to Large Farms given that this Sub-module only applies to the Certificate Holder.

Fair Trade USA response: The Certificate Holder holds the APS Certificate on behalf of one or several entities in its supply chain. It is responsible for ensuring that those entities comply with the APS. It may sell product from those entities as Fair Trade Certified™, and it may also buy product from other APS Certificate Holders and sell them as Fair Trade Certified. It may also buy product from non-certified entities, as long as it can follow the traceability rules for the Fair Trade Certified product described in Module 5 of the APS and it does not sell product from non-certified farms as Fair Trade (unless allowed under mass balance traceability requirements).

All requirements in Module 5 apply to the Certificate Holder. Some requirements are applicable only at the Certificate Holder level, while others are also applicable for supplier farms. We have added to the guidance for 5.2.2 that this is not applicable for Certificates covering only one entity.

Contracts and Agreements Are Followed

We received only a few comments on the contract section. One stakeholder suggested that we should take a stronger stance on two issues she sees as core to Fair Trade. The first recommendation was to require long-term relationships via our standards. As a second recommendation the stakeholder thought that we should take a stronger stance and require Certificate Holders to provide pre-financing to the suppliers included in the Certificate.

Fair Trade USA response: For clarification, pre-financing can occur at two different levels in Fair Trade supply chains: 1) between the Certificate Holder and its buyer/importer or 2) within the certified group itself, for example when the Certificate Holder is offering financing to its suppliers, a cooperative is offering financing to its members, or an exporter to its independent suppliers.

Our approach to pre-financing within the Certificate Holder-importer relationship is laid out in [Fair Trade USA's Trade Standard](#) and will remain unchanged for now. In the Trade Standard we require that if producers ask for pre-financing, the buyer either has to provide financing or support the producer to access financing. The pre-financing has to be provided for at least 60% of the contract, and the terms must be clear. The only exception is if the producer is judged by a third party to have a high risk of defaulting.

*The Draft APS covers pre-financing requirements that occur between the Certificate Holder and its suppliers, for instance independent Small Farmers. In the Draft APS we do not require that pre-finance be provided if requested or that it automatically be offered, just that **if** it is provided, the buyer cannot be profiting off of it. Furthermore, where pre-finance is provided all terms must be clear and not to the disadvantage of the producer. Given the difficulty that even formal, legally-registered cooperatives have accessing credit, it does not seem feasible to require it to be provided to individual small-scale farmers. There is a great deal of innovation occurring in individual small farm finance, however, and we hope one day to be able to promote pre-financing between the Certificate Holder and its supplies in the way that we do with the Certificate Holder and its importer.*

We have explored and will continue to explore how a standard and certification system can be used to encourage long-term relationships, but have not identified a way that a certifier could objectively decide if, for instance, a buyer had delivered enough support to a supplier before finally dropping them for problems with product quality. While long-term relationships between buyers and suppliers are an important goal, we don't think that standards and certification can effectively promote them.

Farmers Understand the Price and Premium They'll Receive

Standard 5.2.3 requires that the Certificate Holder pays the correct price and, if relevant, Fair Trade Premium. There were a handful of suggestions for clarity in this section. One stakeholder generally liked our framing and enhanced clarity regarding the level at which the Fair Trade Minimum Price applies, but cautioned us to be even more explicit. In our Intent and Clarification section we specify that for products

with Fair Trade Minimum Prices, the price paid to a supplier cannot be less than the Fair Trade Minimum Price or the market/contractual price, whichever is higher, minus agreed deductions. The stakeholder recommended that where there is a difference, there needs to be clear documentation around the deductions and how they are calculated, including evidence that this was agreed to by the farmers.

Fair Trade USA response: Deductions must be agreed in the contract required under 5.2.2.a. We have added a cross-reference to this after the first sentence in the Intent and Clarification section. We will also develop a public-facing pricing document with several examples of how prices should be calculated in order to comply with the Standard.

MODULE 6 - KEY THEMES

High-Level Feasibility of a Functioning Internal Management System (IMS)

The Internal Management System (IMS) presented in Module 6 is significantly more robust and detailed in this draft Standard than in previous Fair Trade USA Standards. During the pre-consultation phase we asked our stakeholders to provide feedback on the feasibility of implementation of these criteria, in particular for groups of Small Farmers.

There was generally consensus that an IMS is a valuable mechanism to have. Two brands mentioned that the requirements in Module 6 should be feasible for groups of Small Farmers where small producer groups hold organic certifications for which an Internal Control System (ICS) is already required. Furthermore it was recommended that for farms who are already certified against certain other standard systems and already have a Management System in place, there should be no need to duplicate efforts to create a new system specific to Fair Trade USA. The reasoning given was that existing systems might satisfy the requirements and creating things like the IMS Manual required under 6.1.3.a would mean additional administrative work for companies that work with existing systems. Another company found that the list of topics we require the IMS Manual to contain don't mirror the sequence of those requirements, which makes 6.1.3.a a bit hard to follow. This stakeholder also found the term "Internal Inspection System Procedure" a bit too wordy.

One producer noted that management plays an important role in the success of the Fair Trade program by allocating resources and lending support without which it would be impossible to organize and manage so many independent farmers to achieve positive program results.

At one of the producer workshops, two SPOs thought that while it is a lot of work to set up an IMS it provides more control and oversight and requires the SPO to better support its members. The third SPO did not think that an IMS is necessary because there are so many external parties (e.g. a buyer) who also audit them and when an external party finds a problem at the SPO, the producer group corrects it.

Fair Trade USA response: We are happy to hear that the vast majority of our stakeholders during pre-consultation agreed on the importance of a functioning Internal Management System. We currently are not in a position to accept other standard systems' approaches to the IMS as exactly equivalent to ours and cannot waive APS requirements around the IMS if a group already has another certification. However, this does not mean that the IMS Manual needs to be specific for Fair Trade; indeed a producer or group might have one IMS that covers several certifications. Lastly, we

have incorporated the minor wording suggestions to make the requirements as clear as they can be in the revised draft.

Timeline for IMS Implementation

One certification expert mentioned that even if producers already have an internal control system to comply with organic certification, it still takes producers a little bit of time and a significant amount of resources to set up a functioning IMS as required under Fair Trade certification. Based on experience in helping producers set up an IMS, the expert recommended to not require establishment of the IMS at Year 0 but at a later time. More specifically, the expert recommends to move standards 6.1.3-6.1.6 to at least Year 1 or even Year 3.

One small producer group voiced concerns about the requirement to have up-to-date lists of all farms and facilities where Fair Trade product is grown and processed by Year 0 (6.1.1.a), as organizing producers and tracking this information is a lot of work in Year 0.

A producer agreed that it should be best practice that each farm can be located in reference to GPS coordinates as stated in the Intent and Clarification for 6.1.1.b; having an accurate map allows small producers to calculate the necessary income from their land and it allows them to get a formal land title if they do not have that yet. They suggest that this could even be required for Small Farms after five years (currently it is an optional best practice).

Fair Trade USA response: Because Fair Trade aims to support improvements in on-farm practices, it is important that the certificate references a specific set of farms, so the requirement that the Certificate Holder has a list of farms and facilities under the certificate and at least a basic IMS seems crucial. We have tried to stagger and temper the requirements for information needed about Small Farms, but welcome additional suggestions. We have adapted the Intent and Clarification section to clarify that while the internal inspection system needs to be set up by Year 0, this does not mean that all Small Farms need to have been inspected by Year 0, since each farm needs to be visited only every 3 years at a minimum. Given that many Small Farms do not have access to the technology needed to produce GPS-referenced maps, we have kept this as a best practice and flagged it as a potential requirement in future years as this technology becomes more and more accessible.

IMS as a Source for Impact Data Collection

Criterion 6.1.1.a requires that there is an up-to-date list of all farms and facilities where Fair Trade product is grown and processed. The list includes: name, location, total area farmed, products grown, volumes grown per harvest, number of workers, as well as the date of the previous internal inspection. A labor advocate flagged that the IMS is an opportunity to collect impact data and that we should track the number of women and men instead of talking about workers as a homogenous group. That same stakeholder also flagged that workers on Small Farms can face poor conditions and that we should be collecting more data on workers on Small Farms.

Fair Trade USA response: Today our Impact Monitoring and Evaluation program tracks the number of female and male workers across all certified groups and monitors wages of workers on small farms. Our intent is that the IMS is one vehicle for collecting and verifying data that can be reported on for impact, but that we should have other, more flexible, systems as well. This will allow us to

adapt our data collection methods and indicators with new learnings outside of the standard development cycle, and also limit the length and complexity of the APS Compliance Criteria.

Certificate Holder Carrying Out a Risk Assessment

The triennial risk assessment required under 6.1.4.a was met with mixed feelings. The majority of stakeholders who commented on this section asked for more guidance on expectations, for example a list of more concrete evidence that will be looked at during an audit. One brand suggested that Fair Trade USA create a risk assessment guidance manual that clearly lays out expectations, including templates that Certificate Holders can use. No one offered up concrete examples of guidance we should add. One stakeholder suggested that there should be a clear distinction between the risk assessment portion for farms vs. facilities.

There was also disagreement amongst the group about the frequency of the risk assessment. One producer agreed that a three-year review cycle was sufficient, but another producer and a brand felt that the company should monitor the progress annually and ensure that the desired results are being achieved throughout those 3 years, for example by having regular meetings about non-compliances, corrective action plans and other risk areas. One producer felt that a quarterly review of the risk assessment was necessary.

On the opposite end of the spectrum, one brand and one certification expert wondered if the triennial risk assessment is actually needed given that we also require regular inspections for each farm and facility. They think it would be more efficient to combine the internal inspection and risk assessment process.

Lastly we asked our stakeholders who they feel should be involved in the risk assessment process. One labor advocate felt that workers should be more included in the risk assessment, not just the Certificate Holder. One farm recommended that the Fair Trade Officer should be involved in the assessment with the support of the supervisor from each area being evaluated and if necessary a risk expert. Another farm recommended that a committee representing different areas of the company be formed so that different points of view would be represented.

Fair Trade USA response: We will develop more guidance about what should be included in the risk assessment, including perhaps a template and recommendations as to how a facility vs farm assessment may differ as we finalize APS. Given the mixed feedback, we have kept the three-year risk assessment cycle the same as in the draft version 0.1. Note that this does not affect the annual audit cycle; while re-certification audits occur only every three years, producers are still subject to an annual surveillance audit. If the preparation for the annual audits and any review of non-compliances is done thoroughly, then the triennial risk assessment should be easy to conduct. Additionally we have included annual risk assessments as a recommended best practice.

Feasibility of Internal Inspections System for Groups of Small Farmers

Feedback was generally positive about internal inspections for groups of Small Farmers. One brand thought that internal inspections should be feasible for groups of Small Farms which are already certified organic, since they then may already be operating an Internal Control System (ICS) similar to this proposed internal inspection regime. One farm thought that unannounced internal inspections better highlight the areas that have opportunities for improvement.

While generally in favor of an internal inspection system for Small Farmers, most stakeholders voiced some concern about the feasibility of requiring this of Small Farms in Year 0. One producer mentioned that internal audits require a certain level of capacity of their internal control committee and more time is needed to set this up properly. In their case they said that external technical staff will probably need to do the inspections for the first three years. A certification expert also recommended that we don't require internal inspections of Small Farms in Year 0. Complying with this in a later year, Year 1 or even Year 3 (once the group leadership is more established, has more capacity, and can take more responsibility for organizing and supporting the inspections) would be more valuable and feasible.

One stakeholder agreed on a three-year internal inspection cycle, and recommended that a third of the small producers be visited each year to ensure that there are inspection activities happening each year.

One producer voiced a concern that an internal inspections system seems to generate more administrative/operational work and the farm did not see the value of having one.

Fair Trade USA response: The element of the Internal Management System that got the most feedback was internal inspections. We have adapted the Intent and Clarification section to clarify that while the internal inspection system needs to be set up by Year 0, this does not mean that all Small Farms need to have been inspected by Year 0 since each farm needs to be visited only every three years at a minimum. We have also included unannounced internal inspections as a recommended best practice.

HIGH-LEVEL FEEDBACK FOR FAIR TRADE USA

Worker-Empowered Monitoring

A few stakeholders from the fair trade movement commented that audits alone are not sufficient, and that other tools should be promoted to empower workers to monitor their own conditions. Specific tools they mentioned included effective worker training, the Labor Committee, the Health and Safety Committee, and grievance procedures including a worker hotline. They agreed that these tools mostly seem to be present, but that they are dispersed throughout the Standard and sometimes only mentioned as an optional or best practice suggestion.

Fair Trade USA response: We agree that audits are only one of many tools that can be used to assure compliance with the Standard. Some mechanisms, such as the formation of committees and development and implementation of effective grievance procedures, are built into the Standard. We have made edits to the introduction to Module 1 to better highlight the importance of these tools in fostering collective empowerment so that workers can better monitor their own conditions. We also implement other practices and tools in some of our supply chains, such as a worker hotline and visits by our staff to the field to provide support and training.

Labeling

We have heard a wide array of opinions on labelling, ranging from the request to mirror the organic labelling policy (as the Agricultural Justice Project does), to maintaining a single label all over the world, to creating geography specific labelling options.

Of the stakeholders who expressed opinions on labelling, three NGOs have no concerns with Fair Trade USA certifying U.S. products. Two brands felt strongly that the same label should be used for all products, with one explaining that it is hard enough to educate consumers about the labels that already exist. Two other brands suggested that products certified by Fair Trade USA should have an additional tag or statement on the label, with one brand preferring “U.S. grown” and the other preferring the term “domestic” over “U.S. Grown”, although overall the latter brand would prefer that Large Farms not be called “Fair Trade” but rather something like “fair labor.”

One stakeholder from the fair trade movement was concerned about calling a domestic product “Fair Trade” when it is so far removed from the traditional smallholder origin of the fair trade movement. This discomfort about Large Farms sharing the same label as product coming from smallholders was shared by a few others, including one retailer. There was the concern that using the Fair Trade label for U.S. farms “could overshadow the emerging programs developed specifically by and for farmworkers, while at the same time causing unfair competition to small-scale farmers.” Another stakeholder agreed with this sentiment and would prefer that U.S. certification not even be called Fair Trade, but did appreciate our differentiated ‘Fair Trade factory’ label for the Apparel and Home Goods Program. Some stakeholders recommended we defer to smallholders’ viewpoints on labelling.

A small group discussion on geography-specific labelling at the Stakeholder Summit showed strong support for a singular Fair Trade Certified™ label. Producers from Central and South America strongly urged keeping one label to maximize the benefits of promoting Fair Trade and take advantage of the unique philosophy while avoiding potential disfavor or confusion with different labels. Brands expressed concern about the need to add more labels to their product packaging and the realization that many products and their ingredients are sourced from multiple countries; so different labels would be problematic. One retailer strongly urged sticking with a singular label to strengthen consumer understanding and market share. Some participants were concerned about translating the benefits of Fair Trade to workers in the U.S. and thought that small domestic labels might be more tailored to this purpose. Others countered that having a single main Fair Trade USA label wouldn’t mean that you couldn’t also have optional regional ones.

Fair Trade USA response: We thank our stakeholders for weighing in on such an important issue and we appreciated hearing the perspectives from so many different stakeholders on this topic. At this time, based on the feedback we heard, we believe that maintaining our current [label use guide](#) with a single primary logo and label will provide the most value for our partners, from workers and small farmers to brands and consumers.

Reducing the Audit Burden for Farms

A small group discussion during the Stakeholder Summit focused on how to reduce the audit burden on farms, raising concerns that audits tend to happen during harvest time, which is a very stressful and busy time for farms. Often Fair Trade certification is also not the only audit they need to comply with, so multiple audits add additional burdens. Stakeholders inquired if Fair Trade USA was open to look into combining audits, for example where a Fair Trade USA-approved certification body certify both organic and Fair Trade production. One stakeholder asked for better consistency and cadence of answering questions between the certification body and the farm. Lastly, there was the question whether a farm could submit paperwork before the audit to reduce the time needed by auditors on the ground and thus reduce the cost of certification.

Fair Trade USA response: We agree that it is important to look for ways to reduce unnecessary burdens related to audits and we are happy to share that our current Certification Body, SCS, already combines audits where that is a readily available option. We are currently undergoing a review of our quality management and audit protocols and will consider this feedback as part of our review. We are also looking into setting up an accreditation program to allow other certification bodies to be part of the Fair Trade USA system and give Certificate Holders a choice of whom to work with.

Training and Support

One group discussion at the Stakeholder Summit identified a strong opportunity to provide support to producers and business partners in terms of training and support for Fair Trade implementation. Producers are often not clear what the mechanism is to seek help where support is needed. They suggested that Fair Trade USA conduct a study across producer groups as a first step towards identifying areas for standardization and focus. Ideas to provide more support included (1) mechanisms to partner with other organizations; (2) tools such as a 1-pager on implementation or a specific training tool to help guide producers through certification; and (3) to focus on building more capacity internally at Fair Trade USA for instance to support the application process, certification preparation, and/or Premium decision-making or helping to balance power among the Certificate Holder, business partners and the Fair Trade Committee.

Fair Trade USA response: We agree that it is important for Fair Trade USA to continue to improve how we support producers. Last year, we developed an internal working group of Fair Trade USA staff whose focus includes examining how we can better engage and support producers, either directly or through partnerships. We will also be developing additional tools and templates to accompany the final Agricultural Production Standard in order to support the transition to the new Standard.

Minimum Price

A small group at the Stakeholder Summit discussed what the concept of the Fair Trade Minimum Price means in theory and in practice. The group agreed that the Minimum Price should cover the cost of production to make farming a viable and sustainable business. This concept is perceived as critical to achieving “fair trade.” There are challenges in calculating costs of production. In coffee, for instance, the cost of labor is the largest portion of the cost of production, and is also the most variable. Furthermore, small producers who rely on their own labor throughout the year do not quantify their own activities into labor costs. Some participants were concerned that the APS discussions revolved around workers making a minimum wage while ignoring that the smallholder farmer is not making minimum wage on his or her unpaid labor.

A few other points were raised during the discussion:

- Some felt that the Minimum Price should also cover the cost of compliance with Fair Trade certification.
- The group agreed that using one global Minimum Price fails to account for the cost of production and the cost of living in different economies, for instance the \$1.40 FOB Minimum Price for coffee would pay for more or less in Colombia vs. Guatemala vs. Vietnam.
- A retailer suggested to switch the focus from the Minimum Price to transparency in the value chain as a potential solution, as most retailers today believe they are paying a fair price for the product but do not really understand the costs of production or where the money is going.

- Producer representatives voiced concerns that if there was no Minimum Price, co-ops that sell 100% Fair Trade Certified product would have a very hard time in the market this year.
- An exporter also expressed issues with a drop in demand at times when the C market is below the Minimum Price.

Fair Trade USA response: We recognize the shortcomings of the Minimum Price model, and appreciate these suggestions for improvement. The rules governing how the Minimum Price is paid and the level at which it is set are not part of our current producer Standards or the Draft APS, but are part of the Trade Standard. We will include these suggestions in the next revision of the Trade Standard.

Consultation Process and Decision-Making

One stakeholder from the fair trade movement and two brands were pleased with our consultation process to date. Two other stakeholders from the fair trade movement stressed the importance of reaching farmers and workers during consultations. One labor advocate specifically wanted workers to weigh in on whether they like the idea of employers being able to choose when to comply with certain Progress criteria.

One U.S. NGO highly recommended that Fair Trade USA connect with the networks and organizations that construct and support off-site farmworker housing, such as CASA of Oregon, the Office of Rural and Farmworker Housing (ORFH), and the National Farmworkers Association. These organizations were also suggested as a valuable resource for the review of the standards in addition to actual partners in relation to leveraging the Premium to develop housing and services for farmworkers and their families.

One U.S. NGO and one grower suggested that Fair Trade USA expand its Board to be more representative of those that the Fair Trade program is intended to benefit, specifically workers and farmers. Including a Board member who is also active with the United Farm Workers of America (UFW) in a decision-making role was seen as a good start, but not enough.

Fair Trade USA response: We appreciate the feedback on our consultation process as well as the suggestions for additional organizations to reach out to and suggested areas of focus during the next consultation phase. When we release the draft Standard for public consultation, we encourage stakeholders to share the announcement with others in their network that might be interested in providing feedback. With regards to the comments on governance, Fair Trade USA is committed to ensuring that our standards decision-making process takes into account a broad range of perspectives. We have plans to conduct a strategic review of that process beginning late in 2016, taking into account learnings from the revision of the agricultural production standards.

Collaboration with Other Initiatives

One stakeholder from the fair trade movement stated that all the Fair Trade programs should come to a consensus on some core principles on what Fair Trade means, domestically and internationally.

One U.S. NGO felt that Fair Trade should align more closely with organic standards with the goal of eventually having all Fair Trade products also be certified organic.

Fair Trade USA response: We share the common goal with our peers in the fair trade movement to improve the lives of farmers and workers around the globe, yet our approaches often vary – from what types of producers and farms are eligible for certification, to how standards are written and

implemented. The multitude of so many different approaches and processes makes alignment on only one way forward a difficult endeavor, but we will continue to learn from and exchange with our peers to better serve our mission and reach our shared goal.

Standard Implementation

A few stakeholders had suggestions related to certification and implementation of the Standard. One brand suggested that buyers have access to their suppliers' audit reports in order to understand non-compliances. This same brand also felt that producers should have to report using a standardized template to increase transparency around Premium use.

Lastly, a few comments revolved around the question on how to reduce the amount of reading needed to understand the implementation of the Draft APS. One exporter buying from several independent suppliers requested a short 'checklist' of key criteria which apply to farms, which they could use to inform their producers. An auditor made a similar suggestion to pare down the compliance criteria to only those that were relevant to be audited in the particular year, to move the applicability closer to the left so as to avoid reading unnecessary text, and to be able to hide the intent and clarification column unless needed.

Fair Trade USA response: We appreciate the suggestions for how to condense the amount of reading and will investigate the feasibility of a self-assessment tool which would identify the relevant compliance criteria according to the size of the operation. We also aim to create support materials for producers, for instance a list of all trainings which must take place, and when. Regarding the sharing of audit reports, these are the property of the certified party, who may share them with buyers.