



Summary and Response to Feedback

Draft Agricultural Production Standard 0.2

February 23, 2017

Fair Trade USA

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Introduction

Fair Trade USA is the leading third-party certifier of Fair Trade products in the United States. We enable consumers to make a difference with their dollar. We help people and the planet work in tandem so both are healthy and sustained. We provide farmers in developing nations the tools to thrive as international business people. Instead of creating dependency on aid, we use a market-based approach that gives farmers fair prices, workers safe conditions, and entire communities' resources for fair, healthy and sustainable lives. We seek to inspire the rise of the conscious consumer and eliminate exploitation. Learn more at FairTradeUSA.org.

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. The first draft of the Agricultural Production Standard (APS 0.1) was revised based on consultation with a subset of diverse stakeholders and experts. A Summary and Response to Feedback on APS 0.1 can be found on our standards revision [website](#).

The second draft of the APS (APS 0.2) was released for public consultation through July and August, 2016. In addition to providing an opportunity for all interested parties to provide comments on any of the APS 0.2 requirements, a number of consultation questions were integrated into the Draft APS 0.2 and highlighted in the public comment form in order to ensure diverse stakeholder feedback on key issue areas. We received extensive feedback through our online comment form and outreach to experts and stakeholders. Comments were also collected directly from producers and workers through a Producer Workshop held in Guadalajara, Mexico, August 10-11, 2016. During this public consultation phase, we received feedback from more than 50 companies and organizations, including producer groups representing both smallholders and large growers, labor experts, NGOs and fair trade movement organizations, buyers and brands. These stakeholders submitted over 700 individual comments which were considered during the finalization of the APS.

We consider ourselves lucky to have received so much feedback from our broad stakeholder base during the public consultation 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 second draft of the APS as well as Fair Trade USA's responses to suggestions made.**

The document begins with a summary and response to higher level feedback and comments that are more general in nature and not necessarily specific to the content of the APS. Then, we document the key themes from each module of the APS. We also received many detailed comments not captured in these key themes and we have made many small edits not reflected in this summary in order to create an even more effective and clear Standard.



HIGH-LEVEL FEEDBACK FOR FAIR TRADE USA

Overall, stakeholders were very positive about the direction of the revised APS, both compared to the previous draft and to our prior standards. We heard that the updated and consolidated format was easier to understand, that the Progress score system created flexibility and was positively focused on continuous improvement, and that the areas where we strengthened protections for workers were important. Many stakeholders also expressed appreciation of the consultation process and the opportunities to participate both via written comments and in workshops.

Structure and Scope of the APS

One brand wanted to better understand why Fair Trade USA decided to make the APS globally applicable rather than develop a separate standard by country or region, in particular as Fair Trade USA expands into operating in the United States.

Fair Trade USA response: Fair Trade standards have always been global in scope and implemented in many different environments. The challenges our standards aim to address, and our vision for farmers and workers, are applicable across all regions and countries. While we agree that producers across different regions can face very different legal and operating environments, we believe our focus on allowing flexibility based on farm size more effectively accommodates these needs than differentiating by location. In this revision process, we also evaluated the way our prior standards differentiated producers by the structure of the farm or group of farms (e.g. small producer organizations vs independent smallholders vs an estate). We realized that this approach didn't work well for producer groups with unique or complex structures, nor did it highlight the fact that the core elements of Fair Trade remain the same across all of the producers, workers, and farms that Fair Trade USA works with. The new structure and continued global applicability of the APS addresses these issues, and was supported by Fair Trade USA's leadership and Board, and confirmed via the broad support we received from stakeholders and partners.

Governance and Worker Voice

A stakeholder from the fair trade movement was concerned about Fair Trade USA certifying businesses in the United States and Canada and having what they felt was minimal worker representatives in the governance structure and participation in developing standards and policies. The stakeholder recommended that Fair Trade USA revises its governance structure to be more inclusive of workers. The stakeholder also asked that Fair Trade USA clarifies how involved its Board is in setting Standards and policies.

Fair Trade USA response: We agree that input from workers, as well as from small farmers, is extremely important to a standards revision process. We held more than 10 workshops specifically intended to solicit feedback from workers and small farmers, and workers from approximately half of Fair Trade USA's currently certified estates directly provided comments and feedback to us.

With regards to governance, Fair Trade USA's Board was responsible for approving the final version of the APS. The APS was unanimously approved by the full Fair Trade USA Board in November 2016 with support from the Advisory Council. Fair Trade USA's Board and Advisory Council include experts in labor, smallholder production, certification, and development, and include producers from the developing world and an expert from a trade union.



Even so, we continue to look for ways to even better ensure that small farmers, workers, and other participants in the Fair Trade system have a meaningful voice in our standards and our program. Fair Trade USA is in the early stages of a strategic review of our standards governance and we are taking into account learnings from the revision of the agricultural production standards. Stakeholders interested to learn more about our current standards governance can review Fair Trade USA's Standards Development and Revision Procedure, which is available on our website.

Addressing Audit Burden and Costs for Certificate Holders and Farmers

Several stakeholders shared that they would like to see Fair Trade USA recognize and accept other certification schemes, especially in relation to the internal inspection requirements, to avoid duplication of effort and reduce burden on the Certificate Holder.

Fair Trade USA Response: We understand the benefits of being able to recognize other certification schemes which share common goals with Fair Trade USA, and we have and continue to recognize specific schemes as part of our overarching program (e.g. in our factory and seafood programs). Where we see a significant opportunity to benefit Certificate Holders through a recognition process due to significant overlap with Fair Trade USA's program, we will consider benchmarking such standards and their assurance systems against the APS and Fair Trade USA's assurance system, and conducting recognition trials. This process takes time, however, and has to take into account similarities and differences across a range of factors: from what types of producers and farms are eligible for certification, to how standards are written and audited, to auditor competency requirements. While at this time we cannot recognize internal inspection systems for other programs, this does not mean that the inspections needs to be specific for Fair Trade: a producer or group may have one internal inspection process that covers several certifications, as long as all Fair Trade USA requirements are met. We will continue to look for ways to improve our system and support services, facilitate joint audits, and reduce burden while maintaining a robust program.

Two stakeholders, a fair trade advocacy group and a labor expert, expressed their belief that the burden of certification and compliance should be shared throughout the supply chain. One highlighted that the expenses of certification can be challenging for Small Farms in particular, which tend to have less resources available to them. They recommended that Fair Trade USA look into addressing the issue of audit costs for Small Farms and how the cost can be shared across the supply chain.

Fair Trade USA Response: We recognize that implementing Fair Trade USA's requirements, and the audit process, have a direct financial cost and we agree it is important to ensure that producers have access to the resources they need to implement socially and environmentally sustainable production. In Small Farm settings, we directly address this through the Fair Trade Premium, which can be used to support costs associated with implementing Fair Trade requirements and sustainable production. In addition to the Premium, for many commodities with a high percentage of small producers and a history of price volatility Fair Trade also requires payment received by farmers be at least the defined Fair Trade Minimum Price, even when market prices drop very low. In general, strategies to best ensure that all farmers, workers, and Certificate Holders in the Fair Trade USA program have the financial resources and support they need are outside the scope of the agricultural production standards: they relate more directly to our requirements for others in the supply chain and the direct support services we provide to Certificate Holders.



Overall Approach to Awareness and Trainings

A few stakeholders sought more clarity about how they can demonstrate compliance with criteria which require 'awareness' or 'understanding'. For example, 1.1.1.a requires that the Certificate Holder understand the purpose of the Fair Trade Committee, and 4.1.1.d requires that farmers and facility managers are aware of technology and practices to improve water efficiency. Another stakeholder commented on frequency of trainings, and felt it onerous to require training of new workers when there is significant worker turnover, such as training on the role of the Fair Trade Committee (1.1.1.b).

Fair Trade USA response: With these types of requirements we have focused on outcome rather than process. In the final APS, we clarified that 'awareness' means a demonstrated understanding of the indicated practice or concept. Auditors are trained on methods to determine awareness and understanding, primarily through interviews. For most criteria which mention awareness, the guidance includes a recommendation that awareness be facilitated via training provided to the relevant group (workers, farmers, or group members). Where awareness or trainings are required, the APS includes requirements or recommendations for the frequency of trainings, including repeating some trainings when there is significant turnover in workforce or new members, as this is necessary to ensure understanding by participants. However, a separate, dedicated training is not always the only way to achieve compliance, and may not be necessary if participants or group members already have a strong understanding of the material, or if the sharing of the relevant information can occur as part of another process, such as during employee onboarding.

Terminology and Definitions

Stakeholders pointed out a number of terms throughout the APS that they felt needed further definition or that were used interchangeably with synonyms in other parts of the document. For example, we heard that the terms "contractor" and "recruiter" can be very confusing and are not always consistent with what is used locally.

Fair Trade USA Response: We agree that inconsistent or unclear terminology can be confusing, and appreciate stakeholders pointing out these terms. In the APS we have ensured that terms are clearly defined, consistently used, and incorporated into Fair Trade USA's glossary, which is available on our website. The translation process for such terms always presents a challenge, but these terms will be highlighted in auditor training to ensure proper understanding and terminology.

INTRODUCTION TO THE APS

Site and Facility Scope

A labor advocacy group asked for additional information on the enforcement of requirements on-sites not included in the scope of the APS Certificate. We require that "FTUSA and/or an approved Certification Body may enter the site(s) to audit these requirements [of the contract between the Certificate Holder and the entity]" (page 7), however they sought further clarity on how this is enforced, i.e. whether these audits are unannounced and at what frequency they occur. The advocacy group felt that without adequate enforcement of these standards, they begin to lose meaning.

Fair Trade USA Response: Issues like these which concern the audit and certification process are covered in the Fair Trade Certification Manual. The Certification Manual is being updated, and the updated Manual will include a separate section to clarify processes to assure compliance with contract requirements at sites outside the scope of the Certificate. These assurance



processes will be in accordance with the certification cycle, sampling methodology, and assessment of risk and may include announced and unannounced audits.

Complying with Local and National Law

A fair trade advocacy group questioned how compliance with local and national laws which relate to APS requirements will be enforced. They want to ensure that there will be thorough auditor training on relevant federal and state laws so these requirements are properly evaluated.

Fair Trade USA response: We agree that operationalization of the APS on the ground, including ensuring proper auditing of relevant legal requirements, is a critical part of Fair Trade USA's work. Our Certification Program requires that any approved Certification Bodies provide auditing services under a rigorous internal quality management system based on the principles of ISO 17065, the internationally-recognized norm for third-party organizations operating product certification systems. It requires that approved Certification Bodies work and conduct Fair Trade USA audits with qualified auditors that (1) are familiar with the laws in the countries in which they operate, (2) understand local contexts and (3) speak local language (or work with approved translators when the circumstances require it). It also requires the competence of auditors be demonstrated on an ongoing basis through evaluation by the approved Certification Bodies, and/or by FTUSA Certification Department, as part of their annual auditor training.

Differentiation by Farm Size

Public comments on the farm size definitions were limited. Two auditors and an NGO recommended further clarifying that the size should be defined according to the maximum number of workers on-site at any one time over the year, not necessarily during the audit. One auditor also suggested to clarify our definition of management unit as it pertains to farm size definition.

We received only two comments regarding the definitions themselves. One grower felt that labor-intensive organic farms would have a heavier burden than a mechanized farm, which might be quite large in area but employ fewer workers. This grower recommended using hectares or sales as a differentiator, rather than a number of workers on-site.

Fair Trade USA response: The stakeholder suggestion to use the surface area or sales volume of the farm as an indicator of size is an interesting one and we explored both these ideas multiple times throughout the development and finalization of the APS. However, we found that there is no uniform way to define small or large farms based on area, sales volume or level of mechanization given the broad range of commodities and regions we operate in. Such an approach would require several different country or commodity-specific definitions, the verification of which could add significantly to the audit cost. We also found that these factors are not always a good indicator of resource capacity or risk.

Given the difficulty in creating other generic metrics and the fact that Fair Trade standards are people-focused, we will continue to tie our farm size parameters to the number of people farming the land or working in the facility.

We have added clarifying language to the section defining farm size to ensure that it is clear that we are referring to the maximum number of workers on-site at any one time, not just during the audit. We also improved language explaining how ownership of multiple sites and centralized hiring for a large group of small sites affects the classification of farm or facility size.



Critical and Progress Criteria

One brand felt that a majority of criteria, particularly throughout Module 3, should be Critical at initial certification (Year Zero) for all farm sizes, including Small Farms. They suggested it is better to require farms and facilities to plan ahead when applying for Fair Trade certification so that they can start at a high level of compliance, as they feel is required for USDA Organic Certification.

Fair Trade USA Response: Fair Trade USA's approach to change is and has always been progress-based. Our system is one of continuous improvement, and our approach recognizes that the journey is never finished. We believe it is important to balance initial certification requirements with ongoing progress, in order to encourage more companies to join the Fair Trade system and help them improve over time. Similarly, for Small Farms which often have extremely limited resources we acknowledge that some requirements remain exceptionally challenging. We also recognize that the intervention or requirement needed to reach a desired outcome can be different within groups of Small farms than on a single large estate, particularly when it comes to areas where paperwork, documentation, and recordkeeping are required on Large Farms. In classifying the compliance requirements for all criteria, we have attempted to focus the timing of the requirements based on risk, desired outcomes, and complexity and feasibility.

Another brand questioned if operations could avoid the required progression of compliance by dropping their certification, and then becoming recertified later. The brand was concerned this would allow operations to avoid the stricter requirements which come into effect after the Year 3 and Year 6 audits.

Fair Trade USA Response: We agree this is important and our updated Certification guidelines include rules to prevent an organization which is decertified or voluntarily drops certification from avoiding the required progression of compliance. For organizations re-entering to the Fair Trade USA certification system after decertification, within a certain timeframe they will be required to re-apply to the last certification year achieved. After longer periods of decertification, flexibility will be allowed depending on their previous year of certification, and requirements will be stipulated by Fair Trade USA certification department on a case by case analysis.

Score System

One stakeholder expressed concern that in some situations a farm could meet a significant portion of the Progress Point requirements simply by having a high number of "Not Applicable" requirements and with very little implementation, and recommended that points be given only where compliant action has been taken. To help control for this, it was also suggested to have more clarity and a definition for auditors as to when Compliance Criteria can be audited as Not Applicable.

Fair Trade USA Response: We agree that it is important for auditors and producers to understand when a criteria can be "Not Applicable" and what that means in practice. The vast majority of situations where Progress Points could be earned by criteria being marked as "Not Applicable" in actuality represent "compliance" to the intention of Fair Trade USA's requirements. For example, the requirements governing the use of hazardous chemicals are unnecessary if hazardous chemicals are not used and criteria intended to conserve water in irrigation systems are not needed where producers have already adapted to rely solely on rainwater. We re-reviewed all Progress criteria with this comment in mind and are confident that in the final APS there is a low risk of any operation earning significant Progress Points from simple inaction. In addition, we have ensured clear guidance is provided for auditors on when it is appropriate to mark a criterion as "Not Applicable" rather than compliant or non-compliant.



MODULE 1 – Empowerment

Fair Trade Premium Participants

The Draft APS 0.2 required the inclusion of temporary workers on Large and Mid-sized Farms as Premium Participants and in decision-making. However, questions remained about the feasibility of temporary workers participating in Premium decision-making in a meaningful way, so this topic was highlighted during the public consultation phase.

Overall, we received positive feedback on the inclusivity and clarity in our definition of Fair Trade Premium Participants. A majority of stakeholders supported the requirements of who must be considered a Premium Participant for each farm size. Many stakeholders acknowledged that the inclusion of all workers as Fair Trade Premium Participants can present challenges, but felt it is nonetheless important and valuable.

Who benefits from the Premium?

Nearly all stakeholders were in agreement that temporary workers should benefit from the Premium, i.e. should be included in the Needs Assessment and benefit from projects, cash pay-out, etc. Only a small minority of stakeholders expressed reservations. One importer felt that Premium benefits should be limited to local workers, as it is too difficult to do projects in the home communities of temporary migrant workers. Some producers at the Producer Workshop felt that only workers who are there for a minimum amount of time should benefit, and that the benefits should be pro-rated based on the amount of time spent on the farm.

There were mixed opinions among stakeholders on whether sub-contracted workers should benefit from the Premium. A few thought it would be challenging to include them into the group of Fair Trade Premium Participants, but a majority felt that they also had the right to benefit and could be included through similar methods as other temporary workers.

Fair Trade USA response: We are glad that most stakeholders support our expansion of Premium Participants to include all temporary and permanent workers on Mid-sized and Large Farms. Fair Trade USA's intent is that all workers, regardless of duration or frequency of employment, have the opportunity to benefit from Premium spending. However, in practice this will vary slightly from farm to farm, and we recognize that an individual working on a farm for a week is not likely to meaningfully benefit from Premium.

We have kept the scope of required Premium Participants the same, such that all workers, permanent and temporary, are included on Mid-sized and Large Farms. Criterion 1.2.1.c requires that all workers be included under the scope of the Needs Assessment. Additionally, we added a new criterion, 1.2.2.b, stating that everyone included in the Needs Assessment, even those who are not part of the Premium Participants, must benefit from at least one Premium project by Year Six.

Who should participate in the decision-making of Premium?

The feedback was more mixed regarding whether temporary workers on Large and Mid-sized Farms should participate in decision-making around Premium spending. Many respondents felt that there should be no limits on participation, with some mentioning that even day laborers could be included in the decision-making process. Those who supported full inclusivity, including through some group statements from the Producer Workshop, stated that solutions can be found for involving temporary workers into planning processes. An NGO felt that there was a risk that farms would look for loopholes



to change work status to classify more people as temporary if there were different rules for different types of workers. Another felt that it was important to define minimum thresholds of the percent of temporary workers who attend the General Assembly to ensure that they are represented.

Other respondents expressed reservations. Three respondents stated that temporary workers should not be involved at all in decision-making, and one that it would be too difficult to involve day laborers specifically. Two other stakeholders indicated that temporary workers should get a vote on Premium use, but that it might not be feasible for temporary workers to oversee the Needs Assessment, draft the Premium Plan, etc. – i.e. to participate directly in the Fair Trade Committee. An auditor agreed that it would be difficult to directly include temporary workers in decision-making, but felt their inclusion as Premium Project beneficiaries was possible and important.

A number of stakeholders suggested thresholds for when temporary workers could be considered able to participate meaningfully in decision-making around the Premium, ranging from one to three months. Two suggested that only temporary workers who returned after one season should be allowed to participate in decision-making. One suggested that the workers themselves should decide the limits. A few stakeholders pointed out that any threshold should vary by product, as in some instances temporary workers may represent the main workforce. Two other stakeholders suggested there should be no specific timeframe requirements, and the General Assembly meetings should simply be held during peak season to ensure that the highest percentage of all workers have the opportunity to participate.

Fair Trade USA response: The diverse feedback on this issue has been very valuable. Overall the balance of opinion was towards inclusivity in decision-making. We have kept the requirement that temporary workers participate in the Premium decision-making process on Mid-sized and Large Farms, while maintaining minimal prescriptiveness about how each group of workers must participate. Fair Trade USA will work to develop additional guidance tools, including for the use and implementation of delegate voting systems.

Timing of the Fair Trade Committee (FTC) Election

Fair Trade USA's prior Standards require the FTC to be elected before the initial audit. The APS allows for the FTC to be elected after this audit, which will provide enough time to train participants on Fair Trade principles before electing those who will lead decision-making around Premium use. Given that this could mean that Premium might be spent without a physical audit of the FTC election having occurred, some concerns were raised over this change in the timeline. Therefore, during the public consultation phase, we specifically asked for feedback on this topic.

Feedback was overwhelmingly supportive of the proposed timing. Many stakeholders expressed the view that there was a low risk of Premium being misspent because of the clear need to link every expenditure to a need identified in the Needs Assessment, and for all Premium use to be approved by Premium Participants. One auditor also supported the new timing of events because it would allow the Year Zero audit to be more streamlined.

It should be noted, however, that another auditor was concerned about the risk that Premium might be misspent by an un-audited FTC during the first year. They questioned how funds not spent properly could be recovered.

Fair Trade USA response: Given the high level of support for allowing the FTC election and activities to occur after the initial audit and the small percentage of current Certificate Holders that choose to spend Premium before the Year One audit, we perceive the risks to be minimal and will keep the timing of the FTC election as proposed. However, we believe an additional safeguard is needed to ensure that a representative FTC is elected. To accomplish this, we added into 1.1.2.a (which requires the Certificate Holder to propose a structure for the FTC) the



requirement that the Certificate Holder propose an election procedure that ensures the desired structure is achieved.

Equitable distribution of Fair Trade Premium

Some Fair Trade producer setups have several different groups of Fair Trade Premium Participants each represented by a FTC, for instance clusters of small producers might have separate FTCs for each cluster, or a group of farmers and a group of factory workers might each have their own FTC. Because the Premium arrives centrally, the APS has requirements for how Premium should be distributed among the various groups. The Draft APS 0.2 required that if there are workers in one or more of the groups, the Premium must be distributed according to the number of individuals (farmers and permanent workers) in each group.

One exporter was concerned that this rule could weaken certain producer groups, where Premium has historically been distributed only among farmers according to the volume of product delivered, in order to encourage farmers to participate in the Fair Trade program. They suggested that the Certificate Holder be allowed greater flexibility in Premium distribution, including based on volume delivered even when workers are included.

Fair Trade USA response: Based on this feedback, we agree that more flexibility is needed to ensure equitable distribution of Premium. We have modified the rules for Premium distribution when multiple FTCs are created (1.1.2.a) to allow more flexibility in distributing Premium among different groups of Fair Trade Premium Participants. For the initial certification, the Certificate Holder must propose the distribution of Premium among multiple FTCs. This distribution must be approved by all FTCs. Distribution of Premium among multiple FTCs must be done in a manner that is equitable for all Premium Participants.

- *It is most straightforward to distribute Premium among different groups according to the number of Premium Participants in each group. This is the most equitable distribution when all Premium Participants are workers (i.e. when no farmers are included).*
- *It may be desirable to distribute according to other factors, for instance volume delivered by a group, or time spent on Fair Trade product.*
 - *Where Premium Participants include farmers and workers on their farms, the Premium may be distributed among multiple FTCs according to sales volume. This would allow groups who deliver all of their product to the Certificate Holder to benefit more than groups who deliver very little product.*
 - *Distributing according to time spent working on Fair Trade product is recommended when different types of groups are included in the same certificate, for instance a processing facility and several farmer groups. The Certificate Holder could calculate roughly how many person-days were spent growing or working on Fair Trade product by each individual, and then weigh each sub-group according to its proportion of the total number of person-days worked on Fair Trade product.*

We note that within each sub-group, however, the FTC must still represent all Premium Participants equally, and that everyone must be able to benefit from at least one Premium project. Finally, the rules for distributing Premium would be allowed to change from year to year to account for changes in FTC membership if approved by the Premium Participants.



Functioning and Governance of the Fair Trade Committee (FTC)

One auditor and attendees at the Producer Workshop suggested that term limits for FTC members and officers be included.

Fair Trade USA response: We have included in 1.1.2.f that term limits for FTC members and officers are a recommended best practice.

One brand felt that requiring the FTC to meet once per quarter (1.1.3.b) could be a waste of time and money, especially if there is not a lot of Premium coming in or being spent. They also recommended allowing flexibility in structures and administration for small groups where there is not a lot of Premium coming in.

Fair Trade USA response: We recognize that for some groups it is challenging to bring together all members of the FTC because of geographic distribution. We have clarified the guidance to state that if there is a minimal (as opposed to zero) balance in the Fair Trade Premium account, and if no projects are ongoing, the Committee does not need to meet. If there are funded projects, it is important for the FTC to meet to make sure that they are on track, even if no decisions need to be made. Our aim is that the new timeline allows meetings and activities to occur at a slower pace if no Premium is coming in.

The FTC may define what "minimal" is based on their current Premium Project Plan.

Compensation for participation in Premium-related activities

In 1.1.3, the APS requires that workers be paid for the time they spend attending meetings of the General Assembly of Premium Participants and serving on the Fair Trade Committee (FTC); Premium cannot be used for this, so the employer must cover this cost. Now that the FTC and Premium Participants include permanent workers on Small Farms, we asked stakeholders for their thoughts on whether it is feasible for Small Farmers to pay their workers for participating in these extra meetings.

We received contradictory comments about this section of the APS, even regarding whether workers should be compensated at all. A labor advocate felt that in order to ensure worker participation in Fair Trade, they must be compensated for time, especially if these meetings are held during working hours when they would otherwise be earning a wage. Another respondent also felt compensation is important, and stressed that workers should receive not just the wages but the actual amount they normally would earn, including average productivity bonuses. However, two brands felt that workers should participate in Fair Trade of their own volition, as volunteers, much as the Small Farmers themselves do.

We also received several comments about where the funds to pay participants would come from. One producer requested the option for farms of any size to be able to provide time off in lieu of covering wages, another expressed concern that even Large Farms could not afford to cover wages paid to those who participate in these meetings, and suggested providing meal or transportation support instead. One exporter noted that sometimes these workers are not paid directly by the Certificate Holder, but by a labor contractor, which would make implementation difficult. A labor advocate agreed with the proposal that Premium should *not* be used for compensating workers for their participation, at least on Large Farms.

For Small Farms, one importer and one stakeholder from the fair trade movement thought that Small Farmers can and should pay for workers to participate in these meetings, and that other supply chain partners (for instance the Certificate Holder or buyer) should only provide support in exceptional circumstances. However, many stakeholders were of the opinion that the farmers would not be able to cover this cost themselves. Some suggested instead that it should be the responsibility of the Certificate Holder to cover this cost, or provide other support such as transportation to facilitate participation. Two



importers, two exporters, and an auditor all suggested Premium should be allowed to be used to pay workers or provide transportation on Small Farms for their participation in Fair Trade activities. However, an importer expressed concern that using Premium in this way would divert resources away from Premium projects that deliver more impact.

Stakeholders provided several ideas for how to keep the costs of meetings down, especially for groups with participants spread across several farms and villages. Such ideas included making meetings shorter, using delegate systems, organizing General Assembly meetings in different locations at the same time, and using teleconferencing technologies.

Fair Trade USA response: The feedback we received shows the challenge of involving Premium Participants in a consistent manner among setups which could include one farm with several workers on one site, thousands of farms spread out across a region, or any combination in between. Given the wide variety of situations, we think it is important to introduce more flexibility for group setups to ensure participation but not end up in a situation where all Premium funds are spent on meetings instead of projects.

*For FTCs and General Assemblies **which cover only a single work-site or Large Farms or Facilities** (normally, one plantation, or a group of several certified plantations who each have their own single-site FTCs), we will keep the same rules: workers must be compensated for their participation in General Assembly and FTC meetings, and Premium may not be used for this. We will clarify that they must earn what they would normally earn for that time, i.e. their normal wage plus average productivity bonus. If meetings are held outside working hours, workers must still be paid but this does not need to include productivity bonuses. If they are paid via a labor contractor, the Certificate Holder would have to ensure that they receive the lost income through the contractor.*

*For **all other FTCS** (including those that represent small producers, or those that represent a mix of producer and/or workers from sites of multiple sizes), we have modified the rules because of the concerns expressed in stakeholder feedback, and differentiate between the General Assembly meeting, which is an annual meeting of all of the Fair Trade Premium Participants, and the FTC meetings, which are more frequent but involve fewer people. For the FTC, if the meetings are held during working hours and workers are on the FTC, they must be paid for the income lost, i.e. their salary plus average bonuses for performance. Premium may be used to cover these costs. Compensating workers who meet on the FTC outside of working hours, or farmer members of the FTC, is optional, and Premium can be used for this.*

We will no longer require that workers be compensated for their time attending the General Assembly, but leave this as an option to be paid for by the Certificate Holder or another supply chain partner, i.e. Premium funds could not be used for this. If workers are not compensated, then these meetings must be held outside of working hours so that workers are not losing income when they participate. The Certificate Holder must nonetheless ensure that the majority of Premium Participants, including workers, can participate in the General Assembly and vote on Fair Trade matters, either directly or through a delegate. This could be accomplished through providing transport to and meals during the meeting, using teleconferencing, holding multiple meetings closer to the participants, or other means; Fair Trade Premium can be used for these costs. It could also be accomplished by holding the meeting during working hours and compensating workers according to what they would have normally earned, but Premium cannot be used for this.



Premium Spending Rules

Many comments were received around rules for Premium spending. A majority focused around three major questions: the distribution of Premium as cash, using Premium to pay audit fees, and using Premium for on-farm investments.

Distribution of Fair Trade Premium as cash

During the Producer Workshop, we asked all participants for their opinion on the Premium Expenditure Rule which allows up to 50% of the Premium to be paid out as cash to Premium Participants, if linked to the Needs Assessment and approved by the General Assembly of Premium Participants.

While there were no objections to distributing cash to Small Farmer members of farming groups, a majority of the attendees at the Producer Workshop, including both producers and workers, were against allowing any Premium to be distributed as cash to workers. The main reasons cited for disagreeing with the proposal were that:

- it is hard to prove the impact of cash distribution;
- workers and producers alike felt that pooled spending on projects is more impactful;
- there is a risk that current Premium projects would have to shut down due to lack of ongoing funding;
- workers would have to pay taxes on the cash distribution;
- it would change the meaning of the Premium and Fair Trade program;
- it might result in downward pressure on wages, since workers would be compensated through another mechanism;
- farms like to communicate group projects in order to differentiate themselves to buyers and attract workers; and,
- it seems a drastic change for farms which have been doing collectively-funded projects for many years.

Some groups at the Producer Workshop indicated that they could support the Premium being distributed as cash, recognizing that it might be the easiest way to ensure that temporary and migrant workers benefit from it. The following modifications were suggested for allowing cash pay-outs:

- lowering the percentage from 50% to 20-30%;
- only allowing cash pay-out after a minimum number of years certified, so that workers could see the benefits of group projects;
- only allowing this when Premium received was too low to be invested; and,
- only allowing this for temporary migrant workers.

Others observed that for operations where the employer is already providing many benefits, project options may be limited and cash pay-outs could be a good alternative.

Fair Trade USA response: We are grateful for the numerous comments on this challenging issue. While in this consultation round feedback was primarily against allowing Premium to be distributed as cash in setups other than Small Producer Organizations, previous feedback was much more mixed, with some stakeholders feeling that there should be no restrictions on how workers choose to use Premium, and others stating that cash pay-out should not be allowed at all. After much thoughtful discussion amongst the Standards Team and the Board Task Force we have decided to maintain the allowance that up to 50% of Premium may be used as cash pay-outs in all cases.



Using Fair Trade Premium for audit fees

The APS has few restrictions on Premium use for democratically-controlled Small Producer Organizations. For all other setups, the Premium cannot normally be used to pay for Large and Mid-sized Farms to cover the costs of complying with the APS. However, the Draft APS 0.2 did allow for up to 50% of the Fair Trade Premium to be used to pay certification (audit) fees. The reasoning behind introducing this option included the following:

- In groups of independent small producers, the exporter must invest heavily in producer capacity-building in order to get certified, but does not benefit from the minimum price or Fair Trade Premium. Allowing Premium to be used for the audit fees reduces some of the financial burden of participating in Fair Trade.
- Workers and small producers who contribute to certification fees can be seen as co-owners of the program and are likely more invested in compliance with the APS. This option also offers them a way to stay in the Fair Trade system if the farm owner or exporter's interest diminishes to the point where they no longer wish to pay for certification.
- If groups are successful in the Fair Trade journey and are receiving large amounts of Premium, then audit costs represent a small investment.

Comments on this topic were received from an auditor and an importer, who were against allowing farm owners and exporters to use Premium to pay the audit fee. The main reasons cited include:

- it would change the purpose of the Premium, which is generally understood as a fund from which producers, workers and their communities should benefit;
- management will put pressure on workers to vote to use Premium in this way;
- stakeholders can no longer say that 100% of the Premium goes to producers or workers;
- it is difficult to measure impact of Premium used in this way;
- it would be challenging to link this use to the Needs Assessment; and,
- certification expenses should be included as part of the business calculation and hence covered by product sales.

Fair Trade USA response: In reviewing the feedback, there was no support for allowing Premium to pay audit fees which would normally be paid by farm owners and Certificate Holders in this round or in previous consultation rounds. We decided to continue to allow democratically-controlled small producer organizations to use Premium to cover any audit fees. However, we changed requirements for other producer setups, such that Large Farms may never use Premium for audit fees, and Small and Mid-sized farms may use a maximum of 50% of Premium on Fair Trade USA audit fees only (not for other certifications). This must still be included in the Needs Assessment and voted on by the General Assembly.

Using Fair Trade Premium for on-farm investments

The Draft APS 0.2 allowed up to 20% of the Premium to be used on investments which remain the property of the owner of a Large or Mid-sized Farm or Facility, or the Certificate Holder, as long as these investments go beyond the requirements of the APS and the farm owner provides co-funding for the investment.

We asked tea estate owners and participants in the Producer Workshop for feedback specifically on this proposal. Nearly all stakeholders were in agreement that this should be allowed for investments which go beyond legal and APS requirements because they provide real benefit to workers. One group at the Producer Workshop felt that all on-site investment should be paid for by the farm owner, and one



auditor expressed concern that this could allow tea estate owners to shirk their legal obligations to provide worker benefits. Additionally, a labor advocate felt that it was problematic to allow workers to use 20% of Premium for on-farm investments which would remain the property of the farm, even with the requirement that the funds be returned to the FTC if the farm is decertified, because this would be unenforceable.

Almost all stakeholders felt that 20% of Premium was a good limit for this type of project, though one stakeholder suggested allowing this only after a certain minimum amount of Premium was received. Additionally, two stakeholders from the tea industry felt that it is very challenging for tea estates to meet the housing requirements in the APS because of local conditions, and that Premium should be allowed to be used on housing where there is a demonstrated need to meet the APS and no ability to do so, or if the housing investment goes beyond the APS.

Fair Trade USA response: Based on feedback we received, most were supportive of letting Mid-Sized and Large Farms or Facilities or the Certificate Holder use up to 20% of the Premium for on-site investments as long as they go beyond what is already required by law and in the APS. While we understand that the requirement to reimburse the FTC for the value of the assets after decertification would be difficult for Fair Trade USA to enforce, we have other safeguards, such as requiring that the FTC become a legally-registered entity with a contract with the property owner. Small Farms and Facilities have no limitations for on-site investments.

Other Premium Spending Issues

One importer said that Premium should not be allowed to be used for training the FTC because it should be the responsibility of the Certificate Holder and would take Premium away from other projects.

Fair Trade USA response: Given the limited number of trainings that are able to be covered by the Premium, we feel that there is a low risk of a significant amount of Premium being spent on trainings. Furthermore, depending on the topic, it may be important to use a third party for training to ensure good quality, and Premium should be available for this. We have thus kept the option for Premiums to be used for training the FTC.

An auditor suggested that the FTC be required to be set up as a legal body whenever physical assets are acquired with FT Premium.

Fair Trade USA response: Setting up a legal body can be expensive and complicated, so the APS requires that a legal body be set up if more than USD75,000 is received, or if Premium is going to be used to build or improve something on the farm or facility owner's property. We have added further detail to the guidance regarding the FTC and Trustee roles in managing the bank account, to ensure that it is clear that they are not the owners of the Premium or any assets purchased with the Premium. We have also added a recommendation that a legal body be formed prior to physical assets being acquired.

Needs Assessment

We received some comments regarding the content of the Needs Assessment, and who should conduct it. One exporter expressed concern that the Needs Assessment will be difficult for the Certificate Holder to implement, and that training materials from FTUSA will be necessary.

Fair Trade USA response: We are developing training materials to accompany the APS, and we have created a template on how to design and conduct the Needs Assessment.



One brand felt that the Fair Trade Premium Participants should conduct their own Needs Assessment, and not hire a third party and use Premium funds. This would ensure that the Premium Participants have ownership over the project, and also that more Premium funds are reserved for projects.

Fair Trade USA response: We have adjusted the language in 1.2.1.d, which requires that the FTC take an active role in updating the Needs Assessment by Year 6, such that they may hire a third-party specialist to run the Needs Assessment but the FTC must still work closely with them.

One labor advocate suggested that living wage needs to be included in the Needs Assessment.

Fair Trade USA response: We feel that specific discussion of wages should be led by workers or a formal workers organization, not the Fair Trade Premium Participants. We have however indicated that in the absence of an approved living wage benchmark, information from the Needs Assessment can be used to evaluate access to the five essential needs of; food, water, housing, education, and health care.

Small Producer Empowerment

During the public consultation phase, we specifically asked co-op leaders, NGOs who work with cooperatives, individuals who work with small producer organizations, and a small group at the Producer Workshop about whether this sub-module, 1.3, adds value, and for their opinion on the feasibility of training small producers on these topics. The feedback was mixed. A Certificate Holder from a group of independent small producers agreed that the topic was highly relevant and important to include in trainings for all farmers, as it develops their confidence and ability to manage their farm and community activities better. Another Certificate Holder from a group of independent small producers thought that only a sub-group of small producers should be trained, based on their potential to use the skills on 'model farms' from which other farms could learn. This echoed a comment from an NGO which typically conducts financial trainings at the group level, not for individual farmers. This NGO did believe that one of the topics, income diversification, is an extremely important component of their work with small producers.

Other stakeholders were concerned that there were already too many trainings required in the APS and/or by law, that the topics were too complicated for illiterate farmers, and that farmers would not see the value in attending the trainings. Two respondents suggested that these trainings be recommended as part of best practice, or suggested as Premium projects. One felt that training was not enough on its own, and that if the program was not backed up with access to capital, mentorship opportunities, and support from the Certificate Holder and other business partners, it would not have the intended impact.

Fair Trade USA Response: We appreciate the diverse feedback on this issue. We understand concerns that extensive training requirements may be challenging for some groups of small producers to implement. We also believe that producer empowerment is an important part of Fair Trade USA's mission, and agree with those stakeholders that felt income diversification and financial literacy provide valuable skills to producers. We also appreciate the comments that training alone is often not sufficient, and that support programs or other alternative learning systems are also valuable tools for empowerment of small producers. To add some flexibility in approach, and better balance the requirements for training and the value of producer empowerment, we have streamlined the requirements in 1.3.1. We combined the three training criteria into one, which requires that a majority of small producers receive training or access to a support program at least once every three years. Over a six-year period, small producers should receive training or support in both financial literacy and income diversification, and have added guidance of what these can entail.



MODULE 2 – Fundamental Rights at Work

Children and Young Workers

A perspective on child labor was offered by a brand, who commented that in the majority of Central American countries the school year was designed around the coffee harvest season so that children could support their family during peak harvest times. This brand stated that young people's involvement on the farm, to a certain degree, is part of the lifestyle and culture in Central America, and that allowing children to help with farm labor tasks in the case of a lack of childcare and/or schooling is better than leaving the children at home without access to care or school. The brand felt that there may therefore be circumstances in which children under the age of 15 should be able to participate in harvesting, especially on Small Farms. A labor advocate requested an absolute minimum age for children to work on a Fair Trade certified farm.

A similar comment was made by another brand sourcing from Asia, which pointed out that often a young worker's income is the necessary, additional amount needed for a family's survival. This brand suggested that working on the farm, in addition to providing income, could have an educational purpose. Lastly, this brand noted that in their experience, accidents are not very common for young workers.

Fair Trade USA response: While recognizing the diversity of cultural contexts regarding children and young workers engaged in farm labor, we seek to ensure that children and young people fulfill their childhood development and educational needs. Our aim is to help secure a livelihood for the parents of the household so that children and young people are not obligated to bring home an income. We therefore have not changed our requirements, which are based on the relevant ILO Conventions, and do allow children to help on their family's farm if their schooling is not jeopardized and their physical and emotional needs are met. The Intent and Clarification of 2.2.1.a has more explicitly stated the age limit requirements, also in line with ILO Conventions. Regarding the concern for a lack of childcare or schooling, 1.2.1.a requires the Needs Assessment to evaluate both access to education and childcare. Thus where a farm or farming community identifies a need to provide either childcare or schooling, this can be addressed with Premium spending.

Regarding the employment terms and conditions for when young workers are appropriately employed, as outlined in 2.2.2, an importer suggested more specific guidelines for their protection, such as adding stipulations on heavy lifting, physical demands, hours, and rest times. The importer also recommended that 2.2.3.a, regarding detailed record-keeping for young workers be a Year One requirement, not a Best Practice criterion, for Small Farms. The stakeholder deemed this requirement both critical and attainable.

Fair Trade USA response: In response to this suggestion, we have added clarification on appropriate working conditions to 2.2.2.a to protect young workers. Criterion 2.2.3.a was maintained as a Best Practice so as to not overburden Small Farms with paperwork.

Freedom of Association and Collective Bargaining Agreement

A labor advocate and an auditor warned that independent trade unions in some countries, such as Mexico and Costa Rica, face impediments to carrying out their activities due to specific laws, agreements or company-implemented affiliations that diminish the worker's opportunities to freely associate. Another auditor requested alternative wording to "Freedom of Association", as some associate the term with negative connotations.

Fair Trade USA Response: We are grateful for the additional warnings regarding impediments to worker organizations. To address such concerns we have edited the Intent and Clarifications of Criterion 2.3.1 to more clearly express that any form of employer obstruction in any type of a



worker organization is not permissible. We will continue to use the ILO phrase “Freedom of Association”, noting that in different countries there might be preference for other terminology, such as, worker association, trade union, worker committee, etc.

Sexual Harassment

A fair trade advocacy body stressed that the risk of sexual harassment on Small Farms warrants 2.4.1.b and 2.4.2.c to be Critical, not Best Practice. The stakeholder would like to see Fair Trade USA more directly and more strictly address Small Farmers’ vulnerability to sexual harassment. The stakeholder also recognized that a training for Small Farms might look different than for Mid-sized or Large Farms, according to their means. It was further recommended that Fair Trade USA provide resources and training materials if Small Farms do not have the resources or knowledge to provide this training, and suggested that other mechanisms of communicating a sexual harassment policy may be more effective, for example verbal communication to workers.

Fair Trade USA Response: The steps to address sexual harassment were heightened from Draft 0.1 to 0.2 in light of suggestions from stakeholders during the pre-consultation phase. We recognize the resource constraints a Small Farm might have compared to a Mid-sized or Large Farm and deliberately did not require employers on Small Farms to write internal policies on sexual harassment (2.4.2.b) or for employers on Small Farms to provide training on sexual harassment from a qualified source to workers and management (2.4.2.c). However, we encourage Small Farms and Facilities to aspire to meet these goals as a Best Practice. Fair Trade USA will look into providing more accessible tools for Small Farms to address sexual harassment.

MODULE 3 – Wages, Working Conditions, and Access to Services

Documentation and Contracts

A stakeholder from the fair trade movement and a labor advocate argued that the requirements for the provision of pay-slips (3.1.1.b) should be a Critical Year Zero requirement instead of Progress for Large Farms, as they have the capacity to provide this documentation for all workers.

One brand felt strongly that the compliance requirements to provide workers with written contracts should always be required, as this is an important protection for the workforce. A stakeholder from the fair trade movement and a labor advocate also felt the compliance requirements for providing temporary workers with a written contract (3.1.1.d) should be Critical.

Fair Trade USA response: We agree that it is very important for workers to be clearly informed of their wages, hours, and any pay deductions. However, we do not feel that requiring written documentation such as pay-slips and contracts would provide significant benefit to workers on Small Farms where verbal agreements are often more appropriate, and could prove overly burdensome for some small producers. We have attempted to focus the requirements for Small Farms in the APS on those issues which pose the greatest risk. In regards to making the requirement for pay slips Critical at Year Zero for Large Farms, we believe there are some situations in which farms may need time to update their systems in order to comply with this requirement. We have kept this as a Progress requirement to provide flexibility for farms to comply with this requirement as early as they are able.

Understanding the Workforce Structure

One brand suggested including “information on gender, indigenous and minority groups, and other indicators which are helpful for ensuring balanced representation in the Fair Trade Committee” as a



requirement rather than Best Practice in 3.1.2.a. They also asked for clarification of how this requirement applies to workers employed through labor contractors.

This brand and a labor advocate also believed that analysis of the employers' labor needs (3.1.2.b) should be Critical at Year Zero for all farm sizes.

Fair Trade USA response: While we provide recommendations as to the types of information which are helpful to classify workers, workforce structures vary so widely across geographies and supply chains that we do not believe it is useful to dictate exact criteria which would be sufficient or appropriate for all operations. We have strengthened the language however to indicate that this data is needed for 1.1.2.a, in order to ensure a representative Fair Trade Committee, and thus would be logical for the Certificate Holder to track in the same way. This criterion, and all other criteria which refer to "workers" generally, includes and applies to any workers employed through labor contractors.

We agree that the analysis of an employer's labor needs is an important aspect of enhancing their understanding of the workforce. However we also believe that to be done right, this requirement presents a significant investment for some operations and so we have kept this requirement as Progress for Small and Mid-sized Farms.

Labor Contractors

Stakeholders expressed mixed opinions about the use of labor contractors and how to ensure they comply with APS requirements. The majority of companies who commented on the issue felt that labor contractors are a necessary part of production, as many farms do not regularly employ the workforce necessary to complete certain tasks. A majority agreed that it would be feasible to require contractors to comply with the requirements of the APS, though some were concerned that contractors would not understand what parts of the APS applied to them. There was disagreement as to how feasible it is to require labor contractors to be included as part of the Fair Trade audit, though most agreed it would be an important enforcement mechanism.

Workers commented that some of them had bad experiences with contractors who hired poorly-qualified individuals. All the workers believed the hiring process is better when done by the farm and not through a third-party contractor. They expressed a belief that all contracted workers should still be able to receive the same benefits as directly-employed workers. Where a contractor is used, they suggested the Certificate Holder can help ensure workers receive these benefits by improving their communication with the contractor and carrying out trainings to inform them about the APS's requirements.

Some companies also suggested ways the Certificate Holder could ensure compliance of labor contractors. This includes the use of employee surveys, the inclusion of requirements in contracts between the Certificate Holder and the labor contractor, internal or pre-audits, requiring documentation of proof of compliance, and suspending or revoking the contract if compliance is not met. A fair trade expert also suggested that when contractors are used the Certificate Holder should be a "joint employer" to ensure they are still ultimately responsible for the contractors' actions. They also suggested limiting the number of contractors a company can use to increase transparency.

Fair Trade USA response: While many stakeholders acknowledged that enforcing the APS's requirements on labor contractors will be challenging, most agreed with our overall approach and requirements. We agree that the Certificate Holder needs to ensure that all workers on their operations are treated fairly. In the Fair Trade system the Certificate Holder is accountable for labor contractors' compliance with the requirements of the APS, and the Certificate Holder may be suspended or decertified if these requirements are not met. We therefore do not believe specific requirements for "joint employment" are necessary, nor that they are feasible across



diverse geographies. We strongly encourage limiting the use of labor contractors, and as labor contractors are always included in the scope of the audit employing a large number will necessarily increase the cost and complexity of the audit. Thus we do not believe a specific limit on the number of labor contractors used is necessary, and would be challenging to set across diverse supply chains.

This fair trade expert was also concerned that labor contractors must comply with the APS's requirements (3.1.3.b) only while on Fair Trade certified sites, as they felt this could allow labor contractors to violate basic rights while at other sites.

Fair Trade USA response: The APS necessarily focuses on activities happening on-sites included in the scope of the Certificate, not across all operations of labor contractors or the Certificate Holder. We do define a site to be a natural grouping of one or more buildings or farms with a common workforce which might work at different places on different tasks, or where workers might cross paths during the day even if they do not work together, with the goal of having good and equal working conditions for all workers on a site. We also hope that both labor contractors and Certificate Holders will learn from the best practices they implement on Fair Trade sites and apply them throughout their operations.

Some companies were also concerned by the requirement to only use "registered" labor contractors (3.1.3.c and d), stating this could be a challenge as many did not think there is always a formal legal system by which contractors can be registered. This was commented on by many produce companies, and it was suggested to accept written agreements between contractors and farms, or other alternatives. One brand disagreed and felt that the compliance requirements for both these criteria should be Critical at Year Zero for all farms, and also recommended that there be a process for Fair Trade USA to certify labor contractors.

Fair Trade USA response: Criterion 3.1.3.d and the newly created Annex D describe the requirements for registration, which include being a legal entity with legal rights and duties. Having a legally-recognized identification number is only required where this is applicable under law. We have clarified in the Intent and Clarification section for 3.1.3.c that the definition of 'registered' is explained in the following criterion and Annex D. At this point, we cannot directly certify labor contractors, but have clarified that they are included in the scope of the audit and that auditors must be allowed to visit them.

Workplace Safety and Heat Stress

Two stakeholders felt that the requirements around safety of indoor workplaces and on-farm buildings, (3.2.1.c in Draft APS 0.2, now 3.2.1.d) should be Critical for all farm sizes, including Small Farms.

Fair Trade USA response: Having a safe workplace is a key part of the requirements in the APS. However we also recognize that farms entering the Fair Trade system vary greatly in their access to resources. Occupational health and safety issues on Small Farms are addressed in numerous other criteria, including requirements for first aid and access to medical services, an occupational risk assessment, and use of proper Personal Protective Equipment. To provide flexibility in prioritization of workplace safety investments, we have kept this requirement as-is.

Heat stress protections (3.2.1.d in Draft APS 0.2, now 3.2.1.e) are new to our Standards, and we asked a consultation question on the feasibility of this requirement for Small Farms. A majority of those submitting comments believed that these requirements would be feasible for Small Farms to implement, and represent a valuable protection for workers. Two brands believed this was not feasible prior to initial certification, as it requires capital investments that operations cannot generally afford without the use of Premium funds.



A foundation also suggested additional best practices, including ensuring each worker has water on their person and encouraging workers to drink continuously throughout the day, and that shade and cool water are available within 100 yards of the work area.

Fair Trade USA response: Based on the overall opinion that the required heat stress preventions would be achievable for Small Farms, and that they represent meaningful protections for workers, we have kept the criteria as Critical for all farm sizes. To accommodate Small Farms, we have included language in the Intent and Clarification section stating that for Small Farms, shade and water provided to workers should be of equal quality as what farmers have access to themselves. We have also added additional best practice recommendations per stakeholder comments.

A number of comments on the requirement that employers not knowingly engage pregnant women and other vulnerable groups in hazardous work (Criterion 3.2.1.e in the Draft APS 0.2, now 3.2.1.f) requested clarification around the meaning and intention of the Criteria. Additionally, a labor advocate felt that this requirement is discriminatory. Some other comments questioned why Small Farms are not required to inform workers engaged in hazardous working conditions about this requirement.

Fair Trade USA response: We believe this requirement is an important protection for individuals who are particularly vulnerable to harm from hazardous activities. It is a legal requirement in many countries and regions, and it is in our Standards today. We do not believe this requirement would result in discrimination, as the individuals would be required to be given an alternate job at the same pay and benefits. This also a common legal requirement and is part of our previous Standards on agricultural production. We have however clarified the language such that employers must offer workers an alternate job, as they could not force an individual to switch jobs.

We also agree with comments that the obligation to inform workers of this requirement be applied to Small Farms, and think this will be feasible as Small Farms are already required to inform their workers of employment conditions in 3.1.1.a. We have modified the criteria so that all farm sizes must make information available on the risks associated with any hazardous work, including higher risks associated with certain medical conditions. We will however continue to only require Mid-sized and Large Farms to offer an alternate job at the same pay and benefits, as this is likely not feasible for a small operation with few positions.

Personal Protective Equipment (PPE) and Risk Training

We changed the requirement for the provision of Personal Protective Equipment to workers free of charge in 3.2.1.g in Draft APS 0.2, now 3.2.1.h, to be Critical at Year Zero for Small Farms. We asked a consultation question on the feasibility of this for small producers. A majority of comments received stated that PPE should be required of Small Farms. Comments included that PPE is a necessary investment in production, just like seed or fertilizer, and that provision of PPE is less of a financial challenge and more of a cultural rejection by Small Farmers who don't use it. Only two comments specifically stated they felt this requirement would be challenging to achieve for Small Farms by Year Zero and suggested making it Year One. Many other comments suggested ways that Small Farms could be supported to achieve compliance, with some suggesting the use of Premium to support/fulfill this requirement. There were also numerous recommendations to find ways to involve companies, retailers, purchasers, and Certificate Holders in providing safety equipment, and some suggested that it represents an opportunity for pre-financing or loans. Some of these felt that the onus for provision of PPE should actually fall on Certificate Holders and not farmers, though they still supported purchasing PPE as a valid use of Premium.

Additional comments include a suggestion to include a requirement that PPE be appropriate to climate, as this greatly influences if workers actually use the PPE.



Fair Trade USA response: The use of appropriate PPE is critical in protecting workers performing hazardous work. As a majority of stakeholders believe that it will not be overly burdensome for Small Farms to provide PPE, we have kept this requirement as Critical at initial certification for all farm sizes. Additional language has also been added to the guidance section of 3.2.1.h recommending that equipment be appropriate to the climate.

Comments were split fairly evenly between those who thought the comprehensive training on workplace risks required in 3.2.3.a. should be Critical at Year Zero for Small Farms, and those who thought that this training represents a heavy burden, and would be challenging for Small Farms to implement effectively by Year Zero. Two commenters suggested making the training Critical at Year One, and another suggested Year Three. Three representatives from Certificate Holders for groups of Small Farms and one labor advocate thought training was feasible to implement at Year Zero, however. Some comments received suggested the onus of providing training on how to use PPE should be on the Certificate Holder, not the small producer.

Many stakeholders were concerned about the alignment of 3.2.3.a and 3.2.1.f/g (now 3.2.1.g/h), which govern the provision and use of PPE vs. training on risks and proper use. Many believed that use of PPE has little value if workers are not trained on how to use or why they need to use it. One suggestion was to split the training criterion so that basic PPE training is provided in Year Zero, but more thorough workplace risk training comes later. A labor advocate felt that training on workplace risks generally in the agricultural industry is extremely important and should be fully required.

Fair Trade USA response: We agree with stakeholders that effective training on workplace hazards is important for managing risks. However, we also agree that this training can be onerous for large groups of small producers, and that it is important that it is implemented correctly. We therefore have kept this as Progress but with a high point value to encourage earlier completion of the criterion for Small Farms. To balance this Progress requirement for general training on workplace hazards and the importance of proper PPE use at all times, we have added a requirement to 3.2.1.g that individuals using PPE have been trained in its proper use. Additional language has been added to the Intent and Clarification section recommending that the Certificate Holder facilitate implementation of the training for groups of Small Farms.

Risks from Chemicals and Pesticides

Comments included some specific suggestions for strengthening various requirements in the section on safe use of chemicals, now primarily referred to as pesticides. One brand thought we should disallow all hazardous chemical use. For cholinesterase tests required in 3.2.2.c, there were some suggestions to require that tests be carried out within a shorter time frame than six months for workers who may have rotated out of the job or who have had a worrisome test result, and also allow for less frequent testing if application is only done once a year. Comments from producers did not find the requirement for medical exams overly burdensome overall, and a labor advocate felt that if a producer can't afford the testing they should not be using those types of highly hazardous chemicals.

Fair Trade USA response: Our Standards do not ban the use of pesticides completely. Our focus is on safe practices to protect workers' health and the environment, including requiring the implementation of Integrated Pest Management practices; minimizing the use of pesticides; and safe pesticide handling, storage, and application practices. In addition, our Prohibited and Restricted Pesticides List prevents the use of the highly hazardous pesticides on the 'Red List', and outlines additional required risk mitigation practices for other hazardous pesticides (those on the 'Yellow List').

We have added language to the Intent and Clarification to indicate that the requirement for cholinesterase testing becomes immediately applicable, for farms of any size, when any



organophosphate or carbamate that is on our Yellow List is used. (A number of these types of pesticides are prohibited outright in our Red List.) We also agree with comments that flexibility should be allowed for cholinesterase testing to be once a year if spraying only occurs in a short time frame, and this is already allowed according to the Intent and Clarification section. Per recommendations to require more frequent testing for workers who have rotated out of the relevant task, we have added a clarification that each worker should be tested at least once every sixth months, meaning any temporary worker exposed to the listed hazardous chemicals must be tested prior to the completion of their work contract.

Living Wage Implementation

Overall the comments indicated that the living wage concept, outlined in Objective 3.3.1, is a relatively new one for stakeholders, and that further clarity is needed regarding what living wage means, and the required actions to meet the APS. Many suggested that it is important to clarify the intent of including living wage in the APS, and what we are suggesting to farmers they do in order to achieve a living wage for themselves and their workers. There were many comments showing confusion between the differences between minimum and living wages. Some comments expressed the need to clarify that living wage differs between regions, and the time frame allowed for achieving increases in wage towards a living wage. Others were concerned with how to deal with increases in prices due to increasing production costs from higher wages, and what this would mean for producers' ability to sell their Fair Trade Certified crops.

Stakeholders from a group of small producers stated that providing living wage is ideal, but not realistic. They said that a first step would be to have clarification of what living wage is and then to introduce additional income generating activities, or create loan facilities with reasonable interest rate and insurance programs which support farmers and workers' needs and augment their income. Produce companies added that given that the living wage level increases every year, it's very hard to have a plan to increase compensation to meet it. One company expressed concern over who has the right to define a living wage, and an exporter pointed out that the definition and amount of decent salaries and wages varies from country to country. Both felt the APS should use the minimum wage dictated by the local government.

Companies at the Producer Workshop commented that reaching a living wage implies increasing Fair Trade sales as well as the price of the product and associated tax and social security payments. Given that there will be an increase in price for the product to achieve living wage, Fair Trade USA should have a way to ensure the costs are accounted for throughout the supply chain. One table discussion commented that minimum wage is certainly insufficient, but that a living wage is unachievable. Workers commented that the minimum wage does not cover their basic needs.

A brand said that before looking at the level of compliance with the APS, we should be addressing the problem of price pressure from buyers towards producers. This situation makes achieving a living wage very difficult. This stakeholder suggests that Fair Trade USA should launch an educational campaign for buyers and consumers, to teach them why they should support incorporating the fair costs of economic and social sustainability into the products they're buying. Two other stakeholders suggested that the living wage calculation be included into the cost of production calculation of the operator, and producers should receive a sales price from the Fair Trade buyer that covers this cost. One of these stakeholder, a certification body, also believed that for groups of Small Farms the responsibility of a living wage should be on the Certificate Holder, as it is not feasible for small producers to manage this themselves. However, concerns were raised that increasing production costs would face the challenge of competitors who offer lower prices for the same product quality. Another Certificate Holder suggested using Premium to reach the living wage.



An NGO suggested including a comparison of the farmer's wage to their farmworkers. If there is a large gap, it is realistic to expect worker wages to increase, but if there is a small gap then only small wage increases are possible.

Fair Trade USA response: We appreciate all the comments which we have received concerning the feasibility of achieving a living wage, and the importance of ensuring these costs are accounted for throughout the supply chain. We believe the APS, which requires employers to have knowledge of the living wage and develop a plan for how they can move towards it, strikes a good balance of promoting a living wage while allowing for flexibility. By including a greater focus on living wage in our Standards, this will help Fair Trade USA communicate the importance of accounting for the full cost of production in the purchase price throughout the supply chain.

We have modified the Intent and Clarification section of the living wage requirements to give greater clarity to employers and the Certificate Holder, and to align our approach to that of the [Global Living Wage Coalition](#). We now clarify that employers do not need to calculate the living wage themselves, but must use an approved living wage benchmark for their country or region. A list of approved living wage benchmarks, based on the Anker Living Wage methodology, will be published and maintained by Fair Trade USA. In the absence of an approved living wage benchmark for their country or region, employers shall assess the current access of workers and their families to food, water, housing, education, and health care.

Vacation and Sick Leave

During the public comment period, Fair Trade USA solicited feedback on an idea to add a Progress criterion setting a minimum number of vacation and sick days. The suggested amounts were six days of paid vacation and three days of sick leave, for which workers would be eligible after 90 days of employment and which would be pro-rated according to the length of employment.

Vacation Leave

A vast majority of comments agreed with the suggestion of including a minimum number of vacation days in the APS. A majority of participants in the Producer Workshop stated that the proposed six days was equal to Mexican law, so they supported it. Workers especially were very supportive of such a requirement.

Nevertheless, two groups expressed concern that setting the minimum at six days was lower than the current 12 days required under the Farm Worker Standard, and could lead to a reduction of benefits. Multiple groups expressed the need to stress that six days represented only the minimum number of vacation days required. Two stakeholders commented that six days is below the minimum required in some countries, so it should not be difficult. One company from Peru suggested the minimum should be 15 days.

There was some disagreement as to if and how this requirement should apply to temporary workers. Most comments were generally supportive of the 90-day eligibility requirement. One group of workers at the Workshop felt there should be no requirement above that required by law around vacation days for temporary workers, while another group of workers felt it should be provided to temporary workers who reach 60 days, rather than 90. Some employers felt it would be easy to include temporary workers by paying out vacation as cash on top of their wages. Stakeholders from three NGOs were very concerned that leaving out temporary workers below 90 days would discourage permanent employment. They felt the benefit could easily be pro-rated for workers under 90 days, even on Small Farms.

Two stakeholders believed that the minimum vacation days should be a Critical requirement, as not ensuring vacation benefits represents a health risk to workers.



Sick Leave

The reaction to the suggestion to require three days of sick leave was very mixed. Workers at the Producer Workshop were very appreciative of the idea. They also liked the idea that a sick day could be used to take care of a sick family member, especially a child. A stakeholder from an NGO believed it would be a safety hazard to not require sick leave.

Two groups of employers at the Workshop supported three days of paid sick leave, but only if the worker had a doctor's note. One group wanted more clarification around how it would be paid.

A majority of employers from the Workshop, however, were not in favor of paid sick leave. They supported the idea of allowing three days off with a doctor's recommendation, but did not want to have to pay for the time themselves. They thought this would be a significant cost, even for Large Farms. Some said that in Mexico, workers can be paid for a sick day through social security if it is recommended by a doctor.

General Comments

A few companies were opposed to the idea of setting minimums for both vacation and sick day requirements. One company thought it would be feasible for facility workers, but hard to control on farms. Another company said they would not accept a mandate that is above the law, while another was concerned about the financial impacts when the requirement is higher than the local law, and thought these impacts should be analyzed. A brand was concerned about the appropriateness of the defined minimums in different countries and preferred to defer to law.

Attendees at the Producer Workshop largely felt small producer set ups would be able to comply with legal requirements around vacation and sick time, though one group was concerned that the cost could be burdensome, especially if it requires providing benefits to temporary workers.

Fair Trade USA response: Based on the wide support for setting a minimum for vacation days, and general approval of sick days, we have added a new Progress criterion, 3.3.3.b, setting a minimum of six paid vacation days and three paid sick days for all workers. This is the minimum requirement to comply with the criterion, with a maximum 90-day eligibility. Vacation days can be paid out in cash only when there is consent from the workers, and the payments are never included in the salary. We also clarified that vacation and sick days are paid at full rate.

The intent of six paid vacation days is that workers have at least one full week of vacation. However, we acknowledge that workplaces that have a typical five-day workweek should only need to provide five days of paid vacation and have added this clarification.

For sick days, we added clarification that employers may set a requirement for a doctor's approval or recommendation to take a sick day. However, this is only allowed in circumstances where an on-site or local doctor is readily accessible. This note may be presented upon return to work after taking the sick leave. Sick days may also be used for taking care of a sick family member. This criterion is Best Practice for Small Farms.

These benefits are different from our current Farm Worker Standard, with some specific elements now higher, and some lower. We considered all of these elements as a whole, and overall in the APS, the level of benefits has improved for workers.



Maternity Leave

All comments were supportive of the requirement to provide maternity leave for permanent workers, as required in 3.3.3.b in the Draft APS 0.2, now 3.3.3.c. A majority of comments came from the Producer Workshop where it was noted that the legal requirements in Mexico and Guatemala were equivalent to the APS in providing six weeks of leave, and are stricter in terms of the amount of time spent working required to earn the benefit (30 weeks in Mexico vs. three months in Guatemala vs. one year in the APS).

Two groups of employers stated that they were supportive of providing maternity leave only after one full year of employment. They expressed concern that if it was a shorter time requirement, pregnant women would hide their pregnancy and try to work for them so they could get maternity benefits. They also feared this could be a safety risk if it encourages women to hide a pregnancy. Two groups of workers and another group of employers were adamantly opposed to maternity benefits not coming into effect until after one year of employment. They felt that maternity leave represented a basic human right, and that it should be provided immediately upon permanent employment for Mid-sized and Large Farms. They expressed concern over discrimination if it is not required. One group also believed it should be provided to temporary workers on a pro-rated basis. Three other stakeholders also believed the benefit should be effective immediately, or after a shorter length of time. One brand felt it should be a Critical requirement for all farm sizes. Workers also suggested allowing flexibility to include paternity leave.

There were some additional comments concerning Criterion 3.3.3.c in Draft APS 0.2 which required that women not be penalized for taking maternity leave, and that they are guaranteed the same or higher position upon return. Two stakeholders believed this should be a Critical requirement instead of Progress for Small Farms, and another questioned how this requirement applies to temporary workers.

One NGO and one brand also felt that the requirement to provide breastfeeding breaks should be Critical at Year Zero for all farm sizes.

Fair Trade USA response: There was great support for the maternity leave requirement overall. While opinions differed as to the required eligibility timeframe, many stakeholders felt that not requiring maternity leave until after one full year of employment was unreasonable, as maternity leave represents a basic right and is an important deterrent against discrimination. We agree with the importance of maternity leave, and have changed the minimum eligibility requirement to be in line with those for vacation and sick days, requiring 90 days of employment. This may be pro-rated for temporary and part-time workers.

We have restructured the requirements under Criterion 3.3.3.c of the Draft APS 0.2. We have added the requirement that all workers are never penalized for taking leave, including maternity, sick, or vacation, to Criterion 3.3.3.a. This is applicable to all farm sizes. We have incorporated the requirement that that workers taking maternity leave are guaranteed to return to the same or higher position at the same or higher pay into the requirement to provide maternity leave, now 3.3.3.c. This Criterion is Best Practice for Small Farms.

Additional Worker Protections and Benefits

Health Insurance

A suggestion was made to extend the requirement of health insurance, required in 3.3.4.a, to temporary workers. A consultation question was asked about the feasibility of such a requirement.

Many of the stakeholders who responded came from countries where government requirements and systems for providing temporary workers with health insurance exist. Some stated that this benefit is



available immediately upon employment, and in other cases it accrues after a period of two or three months of employment. For many producers this requirement wouldn't require changes to their practices, therefore they were largely supportive of it.

On the other hand, a number of stakeholders expressed concern that legal platforms and systems for providing health insurance do not exist in many countries, leading to infeasibility for this requirement. In the tea industry in India, health insurance is not available for either temporary or permanent workers. However, farms provide basic medical services for free, and for advanced health care, workers are referred to Government Health Care Centers, where treatments are not always affordable. For these cases, stakeholders suggested allowing the use of Premium to offer health care for workers. In the US, a labor advocate thought providing health insurance to temporary workers in the US should not be a problem because there are farmworker organizations that help provide this benefit. Workers from the US stated that they currently only have access to private insurance which they must pay for themselves, and often cannot afford.

One producer reiterated that the provision of health insurance would not be feasible at the farmer level for small operations. Multiple stakeholders suggested Premium could be used to cover temporary workers on Small Farms. One producer suggested changing the requirement to Best Practice. A representative from a Certification Body believed this would increase implementation costs in countries without existing systems in place, but thought it should still be included.

Stakeholders from the Producer Workshop in Mexico suggested that in circumstances where there are no government health insurance systems for temporary workers, the direct provision of medical services through on-farm doctors or clinics could be provided instead. Other suggestions included for the employer to pay the direct medical costs for private service, or provide private insurance. One producer said it is common practice for the employer to provide loans for health assistance to their workers.

Fair Trade USA response: While a majority of respondents came from countries where health insurance systems for temporary workers exist, we also acknowledge that these systems do not exist in all countries. To balance this challenge with the rights of workers to have access to health care, we have included temporary workers in the requirement to provide health insurance on Mid-sized and Large Farms, but only for those who are employed for 90 days or more in one calendar period unless this is required earlier by law. We have clarified that where health insurance programs for any eligible workers do not exist, this requirement may be filled by alternative methods of making preventative, primary, and secondary healthcare accessible to workers. This may include an on-site doctor or clinic, or matching health care costs. The provision of health insurance will continue to be Best Practice for Small Farms.

Disability Insurance

A number of stakeholders commented on the difference between disability insurance, required in 3.3.4.b, and workers' compensation insurance. One labor advocate felt that workers' compensation insurance would better guarantee full coverage of all costs associated with workplace injuries and wondered if this was required by the APS. Another brand felt that disability insurance in addition to workers' compensation was not necessary.

Fair Trade USA response: We have restructured the criteria that cover worker protections in the case of workplace injuries or illnesses. We have moved Criterion 3.2.4.e of Draft APS 0.2 to be 3.2.1.b, and reworded the requirement to clarify that employers must ensure workers are provided and do not pay for acute medical care for any workplace injuries or illnesses, and that workers do not lose pay during immediate recovery. We have changed 3.3.4.b to require that workers be



covered by workers' compensation insurance, so that workers are protected in the case of long-term partial or full disability.

Pension or Retirement Funds

Some producer companies were concerned about the requirement to provide a pension or retirement fund to permanent workers, as it could be a challenge for Mid-sized Farms. However, the majority thought it was easy to provide a pension to all workers because there is a government system in place.

Fair Trade USA response: We believe that systems for the provision of some sort of pension or retirement fund are feasible to provide for permanent workers. We have kept this requirement as Progress for both Mid-sized and Large Farms and Facilities.

Work Week

There was some confusion expressed by stakeholders on how the requirements around overtime (3.4.2) relate to regular work week requirements (3.4.1), and that overall the language in these requirements needs to be made clearer.

One US brand felt that workers should be allowed to work more than 48 hours plus 12 hours overtime if they desire, and felt 70 hours total work was a more reasonable baseline, especially for seasonal migrant workers. They felt that overtime requirements should be whatever the legal limit allows, and that a separate criterion that overtime is voluntary is not necessary as long as everything is agreed to in the employment contracts.

Fair Trade USA response: Our current requirements allow for 60 hours of total worktime a week on a non-regular basis, and 72 hours of total work time for up to 4 non-consecutive weeks a year. We believe it is important to set limits on overtime and total work hours to ensure proper rest and recovery for workers. Legal limits may not always exist or may be not be reasonable. We believe our requirements allow for sufficient flexibility in working hours while protecting workers' health.

We have improved the language used in the criteria related to work week and overtime hours to ensure they are clear.

An NGO and a labor advocate expressed concern that all of the requirements covering the regular work week in 3.4.1 are Best Practice for Small Farms. They considered breaks a basic and essential safety and human rights need. The NGO understood that setting the maximum work week to 48 hours may not be appropriate for Small Farms, but at minimum, compliance with any Collective Bargaining Agreements and legal limits should be required.

Fair Trade USA response: We appreciate the feedback from stakeholders highlighting their concern over these requirements. Small Farmers generally work alongside their workers in the field and thus often work the same hours and days, lowering the risks of exploitation. We have attempted to balance these requirements against what would be significantly increased costs of record-keeping and audit requirements, which we instead reserve for higher-risk issues. However we agree that the basic requirement for the work week to be in line with the law and any applicable Collective Bargaining Agreements should be applicable to all farm sizes. We have made the requirements in 3.4.1 applicable for all farm sizes instead of Best Practice for Small Farms, but with clarification that these criteria will not be implemented or audited in exactly the same manner due to the degree of documentation that is reasonable for a Small Farm to maintain.



Rest Days

There was a diversity of opinion among buyers and producers on overtime and rest day requirements (3.4.1.c and 3.4.2).

A brand suggested that the requirement for one rest day after six consecutive days of work be Best Practice for all farm sizes. There were also mixed opinions concerning this requirement among companies at the Producer Workshop in Mexico. All Workshop attendees agreed that rest days are important, and that overtime should always be voluntary. However, there was a division between those who felt a rest day should always be mandated and those who thought flexibility should be allowed for peak harvest periods and seasonal migrant workers.

Most groups agreed that one rest day a week is a good baseline and is equivalent to the basic legal requirements in Mexico and Guatemala. Some believed the law allowed for extended work periods with extra pay in special circumstances, such as peak harvest, and many felt this was important. Many groups agreed with Fair Trade USA's proposal to allow up to 18 consecutive work days, a limited number of times per year. However, others thought it should be more flexible because of: the importance of being able to accommodate temporary workers and their needs; perishable crops and their demand for constant harvesting; and difficulties in setting Monday through Friday schedules for all workers. As part of the solutions mentioned, a company said they have policies for ensuring that any extra work days and overtime are characterized by lighter tasks to help protect worker health.

Workers also felt that one rest day a week was a good baseline, and that up to three consecutive weeks of work without a rest day during peak period should be allowed.

Fair Trade USA response: While we understand that many seasonal migrant workers wish to earn as much as they can in a work season, we also think sufficient rest days are imperative for the health of workers. We also recognize that the short seasons for some crops make it challenging to stop work for a day, however we agree it is the responsibility of the employer to ensure a harvest schedule which allows for workers to take rest days. If a system is in place which is completely dependent upon workers giving up their rest days, it is unlikely that workers would consider this voluntary. We believe requiring a maximum standard six-day work week, and allowing up to two extensions of up to 18 days during a harvest season, strikes a fair balance between protecting workers' rights, health, and flexibility for short, intense harvest periods. We also added as a recommended best practice that when workers work extra hours and skip rest days, they are assigned to lighter tasks.

Recruiters and Transparency in the Recruitment Process

A majority of companies attending the Producer Workshop felt it would be possible to ensure that recruiters comply with all of the requirements indicated in 3.5.1.a. Similarly, a majority felt it would be feasible to include recruiters in the scope of the Fair Trade audit, as this could be included as a requirement in the contract with the recruiter. However, many of these companies, either employed recruiters directly or went through only one external third party, and they acknowledged that it would be more challenging for longer recruitment chains.

Some companies felt that it would not be possible to include recruiters in the scope of the audit, especially if they are a third party operating elsewhere and are simply not available during the audit. Another of the main challenges identified for ensuring recruiters comply with the requirements in 3.5.1.a was the difficulty of confirming that recruiters give workers a written contract at origin (where they are recruited from). Additionally, some workers also expressed concern with this being ineffective for illiterate workers. Some employers suggested it would be more feasible to ensure that recruiters communicate



the conditions of employment verbally or through a video, with a written contract being provided once the workers arrive on-site.

Producers and workers generated many ideas for how to ensure transparency in the recruitment process. These included:

- survey workers to rate the recruiters and recruitment process and to confirm all the requirements were met;
- provide a phone number to receive comments and complaints about the recruiters;
- conduct unannounced visits and internal audits;
- keep photographic records of the workers, transportation quality, and provision of meals and rest breaks;
- require recruiters to have documentation of the recruitment process;
- withhold payment to recruiters until they prove the requirements have been met;
- specify rules in contract with the recruiter;
- suspend recruiters for a violation of the requirements;
- fire a recruiter after multiple violations;
- offer trainings to staff and the recruiters; and,
- have a dedicated staff person in charge of coordinating recruitment efforts.

A labor advocate also suggested that only recruiters vetted by an independent monitoring system should be allowed.

Workers felt it was important to hold managers accountable for the actions of recruiters, as they were responsible for hiring the recruiter. They pointed out that when recruitment is done through a third party there is often a lot of document forgery.

Some companies stressed the importance of not just firing recruiters who have bad practices, but allowing a system to work with them to improve.

Other stakeholders expressed the importance of ensuring transparency in the recruitment process. A representative from a Certification Body felt that employers would benefit from better controls over their recruitment chain. A domestic fair trade expert felt it was important to set limits on the number of levels of recruitment so that transparency could be better ensured.

Fair Trade USA response: While many stakeholders acknowledged that enforcing contract requirements on recruiters will be challenging, most agreed with our overall approach and requirements and felt they will provide valuable transparency in the labor supply chain. As long as employers and recruiters can demonstrate compliance with these requirements, we do not feel it is necessary to set specific limits on the number of recruitment levels, as what would be reasonable varies widely across regions and supply chains. We kept the requirements as they were, and added clarification in the Intent and Clarification to incorporate stakeholder comments.

An auditor suggested that the APS should include specifications on how the migrant workers will be transported, including ensuring adequate restroom stops and/or restrooms on the vehicle.

A labor advocate thought that the requirement to fully cover all other associated recruitment costs (3.5.2.c) should be required sooner.

Fair Trade USA response: We added to the Intent and Clarification of 3.5.1.a that trip safety includes sanitary breaks. Regarding bringing forward the requirement to cover all administrative costs, this is a significant cost for employers and they will need time to comply. Based on other stakeholder comments during the pre-consultation, we have already required this as a Critical criterion for Year 3 instead of as a Progress criterion for Mid-sized and Large Farms and Facilities, but we do not think that we can require this sooner without blocking access to certification for



farms who will need time to comply. Employers must, however, always meet any legal requirements.

Potable Water and Sanitation

A public health NGO commented that in order to adequately assure potable water quality, as required in 3.6.1.a, a third party should always be used to test the water source at least three times throughout the harvest period.

Fair Trade USA response: We agree that the provision of safe and quality drinking water is extremely important. For farms utilizing public water systems, we do not feel that requiring water quality testing would provide much value and would be an unnecessary cost for producers. We include guidance in the APS and to our auditors clarifying situations in which water quality testing may be required for Mid-sized and Large Farms. This includes rural areas and systems which get their water from sources that are not part of a public water system. We do not think water quality testing would be feasible for Small Farms.

One brand and a labor advocate believe that Criterion 3.6.1.b on providing clean sanitary facilities should be Critical at Year Zero for all farm sizes, including Small Farms. They believe not doing so disregards basic food safety and could result in potential health threats to consumers. However another stakeholder believes this criterion would not be very easy to implement in some cases, for example rural areas and wild plant collection, where having portable toilet facilities is impossible.

Fair Trade USA response: We agree that sanitation is extremely important for the health and safety of workers and consumers alike. However, for many Small Farms, which may not have access to running water or electricity, we feel this requirement would be infeasible. We added in the Intent and Clarification that farms must comply with applicable food safety legislation. We have also split out the requirement into a separate Criterion for packing and processing facilities, so that sanitary facilities are Critical at Year Zero for all facility sizes.

Housing Quality

Various stakeholders expressed concern that the quality for worker housing on Small Farms is defined as being "the same or better than the housing of the farmer" in Criterion 3.6.2.e. A company expressed concern with how this would be audited, and suggested allowing for some flexibility in interpretation. Others suggested this definition of quality would not be strict enough. An agricultural research organization thought the APS should include a specific list of minimum requirements for housing in Small Farms, just as for Mid-sized and Large Farms. A labor advocate suggested that the quality of the housing should be such that the grower's family would be willing to live in the house.

Fair Trade USA response: Setting specific housing quality requirements for Small Farms is extremely challenging, as the infrastructure and resources available vary widely across geographic regions. We believe setting quality standards to be the same or better than what the farmers themselves experience is the best proxy to ensure workers are not unfairly denied proper housing, without putting undue burden on the farmer. We acknowledge that this may mean that the worker housing in some situations does not meet the minimum quality requirements outlined for Mid-sized and Large Farms, however we believe this is necessary to account for Small Farms' reduced access to resources. We have however added additional clarification in the APS and in guidance to auditors on the main aspects of "quality" to look for in making this comparison.

Two brands and one importer expressed concern that the housing quality requirements are too prescriptive and may not be feasible even for Mid-sized and Large Farms in some contexts, due to different operating conditions across countries. Two of them mentioned that some of their suppliers



operate in very remote areas where there is no running water or electricity. One brand also stated that if the product is gathered in the wild, workers must sometimes live in temporary moveable housing, such as yurts or large tents.

Fair Trade USA response: We agree that when farms are located in areas without access to electricity or running water, exceptions to these requirements should be allowed, and have added this to the Intent and Clarification section. Similarly, exceptions will be allowed where built structures are not permitted, for instance in natural environments where wild products are collected.

At the Producer Workshop, participants agreed with a majority of the worker housing quality requirements covered in 3.6.2.e and 3.6.2.f. However, a number of companies expressed concern with the requirement to provide five square meters of space for each worker. Many believed this was not feasible and that it is much greater than the legal requirements in both Mexico and Guatemala, though it should be noted that a few companies seemed to be interpreting this requirement to mean five meters by five meters (25 square meters), not 5m². Still, many stated they provided their workers with bunk beds, and they felt that in these circumstances the size requirement should be reduced to account for the use of vertical space. Another stakeholder not at the Workshop also expressed confusion as to how the requirement for five square meters of space relates to the spacing requirements for beds.

There were a few other key requirements that concerned companies at the Workshop. A number expressed concern with the requirement that hot water be available for all workers to shower. They, and another coffee producer who was not at the Workshop, felt that hot water should only be a requirement in cold climates or winter, as at other times it represents little benefit and could be challenging to provide. Some employers at the Workshop also felt it should not be the responsibility of the employer to provide lockers, fans, or blankets. Some felt it is reasonable to require a deposit for these items, though a few felt workers would not be willing to pay the deposit fee and so they should only be required to offer the items, however, the workers are not required to take them.

Workers pointed out that housing security requirements are not specified in the APS, and they suggested including requirements for smoke detectors, fire extinguishers, safety signs and evacuation route signals and sirens, as well as security cameras where feasible.

Fair Trade USA response: We appreciate the detailed comments received from stakeholders on this topic. We have changed the requirements for space for workers to be in line with ILO Recommendation 115 on workers' housing, such that in workers' sleeping rooms the floor area should be at least 3.6 square meters per person. We have also clarified language such that employers must offer items such as fans and blankets, even if workers do not choose to take them because of a deposit being required.

We have kept the requirements that hot water and basic furniture for storing personal belongings be available for all workers, as we believe these represent important basic services, and are included as part of ILO recommendations.

Regarding security requirements, 3.6.2.c requires that "fire escapes, extinguishers, and routes are maintained, marked, and accessible," and we believe this covers a majority of workers concerns. We have not mandated any additional security measures, the need for which would vary greatly according to local circumstances.

A representative from a Certification Body suggested that there be clear requirements for gender-specific sleeping areas and bathrooms.

Fair Trade USA response: A requirement has been added to 3.6.2.e that female workers are provided with gender-specific sleeping areas and bathrooms, except in family housing.



Grievance Requirements for Small Farms

There were a variety of concerns expressed around the fact that none of the criteria in Sub-module 3.7 are required for Small Farms.

A labor advocate and a brand felt that the criteria in 3.7.1 regarding informing and training workers of their rights under the APS should be required of Small Farms, rather than being Best Practice.

The brand and a fair trade expert also believed the requirements around a grievance procedure in 3.7.2 should be required for Small Farms. The fair trade expert expressed understanding of the limitations for Small Farms to have a written policy, but felt such a procedure should still exist and be communicated to workers, that records of complaints be maintained, and that workers should not be disciplined for using the procedure.

Finally, the brand also felt all criteria in section 3.7.3, which includes the formation of a Labor Committee (now called the Social Engagement Team), should be required for Small Farms.

Fair Trade USA response: We agree that it is important that workers understand their rights and have formal systems for communicating concerns with management. However, the nature of the relationship between workers and employers on Small Farms is very different than on Mid-sized and Large Farms. Small Farmers generally work alongside workers in the field and often have closer relationships and communication. We believe the lack of formal communication procedures on Small Farms represents a very low risk to workers, while maintaining and auditing these systems would greatly increase the burden on small producers. Thus we have decided to keep these requirements as Best Practice for Small Farms, and keep the focus of the compliance criteria for Small Farms on areas that have a larger potential impact for workers.

Labor Committee (now Social Engagement Team)

Some concerns were voiced around the requirement for a Labor Committee. (Note that in the final version of the APS this Committee is now called the Social Engagement Team). Attendees at the Producer Workshop agreed it could be beneficial in helping prepare for the Fair Trade audit, and identifying problems on-site before they become an issue. However, they expressed concern that this could lead to confusion and "committee fatigue", as three different committees would exist under the Fair Trade system: Labor, Health and Safety, and the Fair Trade Committee. All of these committees would create administrative work, and workers might be confused as to whom to go to for what issues. However, those at the Producer Workshop felt these issues could be controlled if a provision was added to allow the Fair Trade Committee to be the same as the Labor Committee, with clearly defined roles for each. A brand also suggested making the requirement for the quarterly meetings Critical at Year 1, rather than a Progress criterion.

Fair Trade USA response: We understand the concerns raised around confusion and fatigue from the existence of multiple committees. However, we believe this committee provides an important avenue for communication between workers and management that is very different than the responsibilities of the Fair Trade Committee. We have ensured that clarifications on the distinct purpose and functioning of the Labor Committee are clear in the APS. We believe keeping the requirement for meetings between the Labor Committee and management allows flexibility in timeline to ensure this requirement is implemented effectively. As it is worth the highest Progress Point value, five, we believe this will encourage companies to implement this requirement as soon as possible. Additionally we have changed the name to the Social Engagement Team to better reflect the focus of the group, the language of which we have refined based on feedback from the consultations.



MODULE 4 – Biodiversity, Ecosystem Function, And Sustainable Production

Efficient Water Use

We received a handful of comments on the requirements in Sub-module 4.1, mainly around irrigation and efficient water use. A brand commented that Objective 4.1.1 was too broad and difficult to comply with. Another brand considered it very unlikely that Mid-Sized and Large Farms will be able to measure, record, and analyze the volume of water extracted for irrigation (4.1.1.e) or to carry out a risk assessment of water sustainability (4.1.1.f).

Fair Trade USA response: Given the limited feedback on this issue, we have made little changes to the requirements in 4.1.1. Ensuring sustainable water use in irrigation is an essential business need in a climate of increasing scarcity of fresh water available for agricultural use.

Protecting Biodiversity

A certification specialist and a brand suggested changes to 4.2.1.c, which requires farmers to analyze ways to enhance biodiversity but does not mandate implementation of any activities. The stakeholders thought that if the intent is to increase biodiversity, the criterion should include the requirement to act on the analysis. The brand suggested clarifying how the monitoring of deforestation and ecosystem degradation should be done in 4.2.2.b.

Fair Trade USA response: While the desire is that the farmers will implement those biodiversity-enhancing activities they find feasible, we do not mandate that they do so, as resource constraints may not make this possible. We have added more clarity around defining deforestation and degradation in 4.2.2.b.

Updated Prohibited & Restricted Materials List

Note that in the final version, FTUSA has changed the name of the Prohibited and Restricted Materials List to Prohibited and Restricted Pesticide List, and has changed most references to “chemicals” to “pesticides”.

We asked producers, auditors, and an agricultural NGO for feedback on our updated Prohibited and Restricted Materials List, which requires risk mitigation practices when using hazardous chemicals in addition to prohibiting the most hazardous chemicals. Overall, a majority of stakeholders agreed with the new structure of the List, and felt the requirements and rationale were much clearer than in our previous List.

Chemicals Included in the List

While stakeholders were mostly supportive of the structure and rationale for the updated List, there were a variety of comments on the inclusion of specific chemicals. Many related to those used in banana and pineapple operations, and other specific pest problems for which alternative options are not readily available.

Other general concerns and suggestions were raised. Some producers and auditors suggested that we compare our list to those of registered chemicals in specific countries, including USA, Brazil, and Costa Rica. A few producers were concerned by the inclusion of some chemicals in our List which are approved for use in organic operations. An NGO was concerned that we had moved some chemicals with high acute toxicity to the Yellow List, and suggested we evaluate and provide clarification as to why these



chemicals did not remain on the Red List. They also suggested greater analysis of similar chemicals to ensure those with the same toxicity are included on the same list.

A brand and NGO felt that the chemicals on the Yellow List had a variety of toxicity levels, and suggested these be re-evaluated and only the most toxic included. The NGO also suggested we ensure the goal of each List is clear. For example, they felt the criteria for materials with high environmental impacts do not quite match our stated goal of reducing human health impacts.

Fair Trade USA response: We appreciate the feedback received on challenges associated with specific chemicals included in our List. As the APS is a globally applicable standard and pesticide regulations and registrations vary widely across countries, we cannot compare our List to those of registered chemicals in individual countries. We however have attempted to base the content of both the Red and Yellow Lists on the mostly widely recognized classifications of hazardous pesticides. We have attempted to achieve balance in the length of our List of Prohibited Pesticides, ensuring that the most highly hazardous pesticides are not used while allowing flexibility for the responsible use of hazardous pesticides for which alternatives are limited. We have re-evaluated the contents of the List based on stakeholder feedback and made some adjustments to the classification of some pesticides. We have kept some pesticides approved for use in organic operations on our List, as they are indicated to have significant health or environmental risks based on international classifications.

Risk Mitigation Requirements

Stakeholders agreed with a majority of our requirements and how they were structured. A variety of specific suggestions were made for how to improve risk mitigation practices. Those which received multiple remarks are included below.

All stakeholders agreed that requiring adequate Personal Protective Equipment (PPE) is essential when using hazardous chemicals. One producer mentioned that it can be challenging to ensure proper use in hot climates, when the PPE becomes extremely uncomfortable to wear. An auditor and a group of small producers also felt it could be challenging for Small Farms to procure adequate PPE. However an NGO felt it is very important not to allow exceptions for Small Farms on PPE for chemical application.

Some stakeholders commented that it would not be challenging to demonstrate the implementation of the necessary risk mitigation practices, though they did not think a list or records should be required.

The requirement for “advanced notice of workers and nearby communities” was considered by some brands and the NGO to be too obscure and potentially challenging to implement. They felt the same for the requirement to avoid spraying “when rain is predicted”.

Some concerns were raised about the requirement that workers always work in pairs when handling chemicals which are hazardous to health. One brand felt if interpreted too strictly it would create unnecessary extra work, such as when application is done via a driven boom sprayer. The NGO also felt it was not advisable for pesticides that have long-term risks, as it would simply increase those exposed.

There were a number of concerns regarding the requirements for mitigating risk on chemicals which are toxic to bees, which is a new requirement. While a number of stakeholders were happy that we had included bee risk mitigation practices, many also felt some of our specific requirements were too strict and infeasible for certain crops and climates. One brand suggested eliminating reference to dew and to be more flexible in allowing application while crops are flowering. They suggested instead to avoid spraying during the middle of the day when bees are most active and to target application to late in the day, evening, or even night where possible, when bees are either less active or not present in the



field. The NGO suggested limiting bee toxicity controls, and suggested the requirement to change to not spray during flowering.

Fair Trade USA response: The development of pesticides risk mitigation guidelines which are adequate and universally applicable has been challenging, and we appreciate the detailed feedback on these requirements by many stakeholders. To take into account the feedback received, we have adjusted our requirements around advance notice to communities, limitations on spraying when rain is predicted, spraying in pairs, and requirements for pesticides which are toxic to bees.

Furthermore, auditors and a certification expert recommended clarifying exactly where pesticides on the List could be used, and if they could be used before growing (planting) Fair Trade USA certified crops, and/or before certification.

Fair Trade USA response: We have clarified that the rules around Prohibited and Restricted pesticides apply to any pesticide used by parties included in the scope of the Certificate while handling Fair Trade products. This includes any activity included in the scope of the Certificate, for instance production, post-harvest treatment, processing, storage, and/or transportation. In order to avoid receiving a non-compliance, any operations seeking certification should not use prohibited pesticides within the production cycle of the crop being audited.

Other Hazardous Chemical Requirements

Auditors asked for specific clarification on how organic farms should be treated regarding various requirements covering agrochemical use.

Fair Trade USA response: We have adjusted our terminology to primarily refer to "pesticides" rather than chemicals or agrochemicals. We have specified in the Glossary that pesticides include those approved for use on certified organic products. Safety-related procedures outlined in the manufacturer's instructions or the Safety Data Sheet must be followed for any pesticides, even those approved for use on organic products.

An importer commented that in 4.4.1.c the language for Intent and Clarification on Small Farms should be either more strict, e.g. "In order for smallholders to keep hazardous chemicals in their home, they must ensure they are out of the reach of children", or deleted and kept as auditor guidance. A brand asked for more detail regarding the "qualified person" who can distribute agrochemicals.

Fair Trade USA response: We have amended the Intent and Clarification section for Small Farms as suggested. We have also added more clarity around the qualifications for the person who can distribute agrochemicals.

Safe Waste Disposal

A labor advocate thought that 4.5.3.e, regarding the waste management plan, should be a Critical criterion rather than a Progress criterion, given the potential for health risks to consumers.

Fair Trade USA response: The requirements in Objective 4.5.3 primarily focus on protecting waterways and surrounding communities from wastewater. We agree that protecting workers and consumers from the risks associated with waste contamination is important. Other Critical criteria address crop exposure to human waste, including Objective 4.1.2 which requires that only clean water is used in irrigation. We believe a proper waste management plan is essential, but it takes time to develop and implement effectively. Thus we have left this as a Progress criterion.



MODULE 5 – Trade (now Traceability and Transparency)

Physical Traceability

Physical traceability refers to the separation and marking of Fair Trade products to distinguish them from non-Fair Trade products at each step along the supply chain (required in Criterion 5.1.1.a and 5.1.1.b). The Draft APS 0.2 did not require physical traceability for tea, cocoa, sugar, or juices, as these products are allowed to use a mass balance system of traceability after the point of first processing. During the consultation, we asked if we should require physical traceability from the farm to the first point of processing for these products, even though it would then be lost further along the supply chain. A brand commented that the requirement of mandatory physical traceability from the producer to the Certificate Holder is essential to ensure the real quantities of Fair Trade product being sold at this level are known.

Fair Trade USA response: While we received a limited amount of feedback on this topic, the stakeholder's feedback indicated that requiring first-level traceability for cocoa, tea, sugar, and juices was desirable. Additional comments from internal certification specialists also supported this view. We have amended the Intent and Clarifications sections under 5.1.1.a & b to require that physical traceability be maintained from the farm through the first point of processing.

Price Transparency at the Farm Level

Some supply chain specialists expressed concern that requiring price transparency to the farmer level for any product with a Fair Trade Minimum Price (5.2.2 and 5.2.3) will be very difficult to audit due to a lack of robust records for many farms. However, several coffee producer groups commented that they already keep everything documented, from the price paid to the producer (including receipts), all the way to the moment of shipment. A representative from a Certificate Body mentioned that the process for auditing price transparency to the farmer level will take time during an audit, but is not difficult to do and could be condensed by requesting additional documentation prior to the on-site visit.

Fair Trade USA response: We recognize that this requirement may be challenging to implement and cumbersome to audit for some groups. Nevertheless, given the importance of fair and transparent pricing to the mission of Fair Trade, we have decided to keep this requirement as it is. In addition we will prioritize the creation of templates and tools to help cooperatives, producer associations, processors, Certificate Holders and those who buy from small farmers to implement this requirement efficiently.

MODULE 6 - Internal Management System

Fair Trade USA's Approach to the Internal Management System (IMS)

Given our more robust approach to Internal Management Systems (IMS) in the APS, we asked stakeholders during the public consultation period about the feasibility of implementing the IMS requirements, in particular for groups of small producers. We received strong support for the general direction of the IMS. For example, one stakeholder working with small producers appreciated the requirements and stated that it will be beneficial by promoting compliance support and forecasting production.

The majority of feedback revolved around requests for additional guidance and clarification to support IMS implementation. Some stakeholders requested a training or manual to aid the Certificate Holder in developing an IMS and for the risk assessment as required in 6.1.4. A labor advocate flagged that human resource and management capacity in agriculture are often quite underdeveloped so there is a need for Fair Trade USA to support growers, large and small, to ensure the desired outcomes are reached. Overall,



a significant number of commenters stated that the IMS requirements for small producers should be achievable, but that more support and clarification from Fair Trade USA would be beneficial.

Fair Trade USA Response: We are happy that a majority of stakeholders are supportive of our approach to the IMS. We will be creating an IMS guidance document to further assist Certificate Holders in the process of developing an IMS. This guidance document will be accessible to both our Supply Chain staff and partners directly.

One brand expressed concern that the Certificate Holder is held responsible for ensuring compliance to the APS for entities that are close to the producer, even if they are far removed from them in the supply chain. They are worried that when the Certificate Holder is buying from a producer group or a middleman, it will be difficult to ensure that Fair Trade Premium distribution is occurring according to the requirements of the APS. Similarly, auditors commented that there should be more onus on the Certificate Holder to monitor the price paid directly to the farmers, especially when the supplier is involved in the transaction.

Fair Trade USA response: Ultimately the Certificate Holder is responsible for ensuring that all individuals and groups included under the scope of the Certificate follow the requirements of the APS, including price and Premium payments and distribution. When the Certificate Holder does not have a direct relationship with the producers in their supply chain, these requirements may be more challenging to implement. Where the Certificate Holder is far removed from producers in their supply chain a more robust IMS will be necessary to ensure compliance by all entities included in the scope of the Certificate. Roles and responsibilities for implementation of all APS requirements, including Premium and price payment and distribution, must be clearly defined and included in the IMS manual (see 6.1.1.a and 6.1.3.a). The robustness of the IMS thus helps ensure that requirements around Premium distribution and price payments are being followed.

Under the topic of the risk assessment, a brand suggested that the Certificate Holder and the various committee members should be involved in the risk assessment process. The brand also suggested adding the following topics to the risk assessment: conflict of interest, nepotism, graft and corruption, incompetence, dishonesty, etc. Another comment on the risk assessment came from a fair trade advocacy group, who requested more clarification on the role of Fair Trade USA in the risk assessment process. This stakeholder felt that assistance and guidance by Fair Trade USA would make the risk assessment process more feasible for small producers.

Fair Trade USA Response: We agree that it is important to include other risk areas relevant to the local operating context in the risk assessment, including issues such as social, political and environmental factors. We have added a recommendation to the Intent and Clarification for 6.1.4.a to include additional risk factors, however, have not listed the issues mentioned by the stakeholder specifically as they may not be appropriate in all contexts. Additionally, Fair Trade USA supply chain staff will be further equipped to support Certificate Holders with conducting a risk assessment.

Internal Inspections

For those responding from the perspective of Large and Mid-sized farms, internal inspection requirements received overarching support and minimal suggestions for changes. Answering from the perspective of small producers, stakeholders cautioned that IMS implementation requires a special budget, expert advice, and man-hours which might be a challenge for small producers who tend to have limited resources. An auditor said that for those Certificates with numerous and distant small producers, the burden of internal inspections can be especially great and complicated. While stakeholders generally felt positive about IMS implementation for all farm sizes, there were requests to see if there are portions



of the IMS where Fair Trade USA could adapt expectations and requirements related to small producer groups. An exporter suggested the requirements for Small Farm inspections be made less strict and less bureaucratic than what is expected of Large Farms.

In contrast, a labor advocate and an importer recommended that all small producers in scope be required to be visited in internal inspections prior to the year zero audit. The labor advocate said this initial step would be providing farmers and any workers present with the means to report violations of the APS requirements, either on the farm or on other farms included in the certificate. An importer warned that not requiring all farms to be visited at year zero would dilute the validity of the initial certification and could erode trust in Fair Trade USA's certification process. Both commenters agreed that after the initial audit it would be sufficient to maintain the requirement that each Small Farm be visited once every three years.

Fair Trade USA response: We were pleased to hear that the stronger requirement around internal inspections was well received. A well-functioning organizational structure and management system are necessary to support the implementation of the APS. Because it takes time and resources to build a good IMS, we decided to not require small producers to visit all farms and facilities before the initial certification audit because we do not want initial IMS requirements to be a barrier of entry into the Fair Trade system. Instead we require that at least one-third of the small producers are visited before Year Zero. The Intent and Clarification section was edited to be more clear and consistent with the requirements throughout the section.

A fair trade advocacy group recommended that unannounced inspections should always be required in the internal inspection system, rather than as a best practice recommendation in 6.1.5.a. The stakeholder said that unannounced inspections are one of the only ways the Certificate Holder (and Fair Trade USA) can ensure that good labor and environmental practices are occurring at all times and not only at a scheduled inspection.

Fair Trade USA response: Since Fair Trade USA received comments from stakeholders that the IMS requirements may be difficult to meet for small producers we decided to not mandate unannounced inspections in the APS. It would be in the Certificate Holder's best interest to conduct unannounced inspections so that non-compliances can be addressed prior to the certification audit. Requiring the Certificate Holder to conduct unannounced internal inspections is something that Fair Trade USA will consider for future standard revisions once we have a better understanding of how this new criterion is implemented on farms.

Sanctions for Non-Compliances

A Certification Body and auditor advised adding a mechanism for sanctions for certain non-compliant actions on farms. The stakeholder sees stronger sanctions as a means to promote ongoing improvement and consistency in compliance for farms under a certificate.

Fair Trade USA response: Per this suggestion, we have added a line in the Intent and Clarification section of 6.1.6.a which states it is best practice for Certificate Holders to have a sanctions procedure for non-compliances found during internal inspections.

Fostering Communication and Transparency

Three stakeholders thought Fair Trade USA should take a stronger stance on fostering communication and transparency between a Certificate Holder and its supplier farms. A fair trade advocacy body felt strongly that 6.1.6.b which states "results of Fair Trade audits and internal inspections are shared with the Fair Trade Committee and Labor Committee [now the Social Engagement Team]" should be a requirement, not a recommended best practice. This stakeholder said that at minimum Fair Trade USA



should require that the committees are invited to attend the closing meeting, reasoning that this way workers will hear audit results directly from the source rather than passed down through multiple channels, and can also directly address any of the auditor's misunderstandings. A labor advocate also felt strongly that the 6.1.6.b should be a critical requirement to ensure that farmers and workers understand the audit process and any non-compliances.

The third stakeholder commenting on this topic, an importer, said there should be clear communication of audit results, from both the Certification Body and Certificate Holder, to the Fair Trade Committee or to a separate "Approval Committee," so long as the information is confidential and comments cannot be traced to individuals. The importer suggested the formation of an Approval Committee, which would be informed about all internal audit details and would make a final decision with regard to approval or sanctions.

Fair Trade USA response: We were enthusiastic about the suggestion to include an additional level of transparency and communication to the Fair Trade Committee. However, we did not think it would be feasible to mandate participation in the closing audit due to confidential business matters which might arise. Regarding the suggestion to have an 'Approval Committee', this could be an option for the Certificate Holder but we do not want to mandate another group within the APS. In Criterion 6.1.6.b Intent and Clarification section, we added further emphasis and encouragement on the benefits of sharing audit results.

