Guidance for Determining Scope Under the APS

Fair Trade USA
Version 1.0.0

A. Introduction

The Fair Trade USA Agricultural Production Standard (APS) covers diverse groups of farms and processing facilities under one general set of requirements. The scope of a Certificate can thus cover a single entity (for instance a farm), or a group of entities which could be of different sizes and/or owned and controlled by multiple parties, such as a cooperative collectively owned by multiple small producers, or an exporter buying from independent farms.

Because the APS can be applied to one or more entities of varying sizes, the scope of an individual Certificate can vary widely between different Certificates. Ensuring that scope requirements are followed is important to ensure that the proposed scope is eligible for certification and all applicable requirements are evaluated for compliance within each entity during the audit.

B. Purpose

This guidance document provides step-by-step assistance in determining the scope of a Certificate under the APS. The full requirements for which sites must and can be included in the scope are included in a separate policy, “Requirements for Certificate Scope under the APS,” which can be downloaded on the Fair Trade USA website. This guidance document further explains this policy, with greater detail and examples, and is intended to help understand which sites within a supply chain must or can be included in the Certificate and which requirements are applicable for each actor in the supply chain.

Scope is determined prior to conducting an audit, using information from an application, to ensure the proposed scope is eligible for certification and all applicable requirements are evaluated for compliance during the audit.

C. Scope and Applicability

This document applies to all entities certified against the Fair Trade USA Agricultural Production Standard.

D. Related Documents

- Agricultural Production Standard, Version 1.0.0
- Requirements for the Scope of the Certificate Under the APS
1. Certificate Holder Roles and Responsibilities

1.1. Identifying the Certificate Holder

The Certificate Holder holds the APS Certificate on behalf of one or more entities in its supply chain. The simplest model is a single site, for instance Farm A in the diagram below which grows, harvests, and packs its own coconuts. Farm A can be the Certificate Holder.

A more complicated but very common supply chain structure is where an entity grows or processes its own product and also buys from others. In the example below, Farm B grows, harvests, and packs its own coconuts, and also buys coconuts from farms C and D. If Farm B has a mechanism to ensure that the standards are followed on its own farm as well as farms C and D, Farm B can be the Certificate Holder, include Farms C and D under the scope of its APS Certificate, and sell certified product from all three farms.
Farm B can also buy certified coconuts from other Certificate Holders, like Farm A, and sell those as Fair Trade, even though Farm A is not under Farm B’s own Certificate. Because Farm A is also an APS Certificate Holder, it can sell Fair Trade Certified product to other buyers.

It is also possible for a Certificate Holder to only include some of their suppliers in the scope of their Fair Trade Certificate. For example, Farm B may buy from Farms C, D, E and F, but only want to include Farms C and D under its Certificate. They may do this if there is an adequate traceability system to ensure only products supplied by Farm B itself or Farms C or D are sold as Fair Trade. Products from Farms E and F can never be sold as Fair Trade unless the scope of the Certificate is expanded to include them. Note that products from all five farms can be sold under non-Fair Trade terms.
Even though Farms C and D are included under the scope of the Certificate, they are not individually certified (they are not APS Certificate Holders), so any product they sell to other buyers (for instance Exporter E in the diagram below) is not Fair Trade Certified.

1.2. Restrictions On and Responsibilities of the Certificate Holder

Generally, the Certificate Holder is an actor in the supply chain that buys and sells Fair Trade product. It can be a processing facility that buys raw product from farms, or it can be solely an exporter that buys finished or nearly-finished product from processors or farms. It can be a cooperative which buys directly from small producers, or from groups of small producers. In rare circumstances the Certificate Holder may be an entity not directly involved in the supply chain, such as a non-governmental organization (NGO), but this is not recommended and requires additional discussion with Fair Trade USA.

The Certificate Holder can be in another country from where the product is farmed or processed, as long as it has local staff or contracted local support organization in the country of production. The Certificate Holder may work with a local NGO to assist them with implementation. The Certificate Holder must be far enough along the supply chain such that farming and harvesting, at a minimum, are included in the certified activities (see Section 2.2.1).

In all cases the Certificate Holder must be a legal entity, and have the capacity to run the Internal Management System to ensure that its suppliers follow the APS. This means that it must have sufficient local staff, or have contracted a local support organization, to run internal inspections and ensure corrective actions are implemented; to train suppliers and sign contracts with them; and to make sure that traceability is maintained.
2. Identifying Sites and Activities to Include in the Scope of the Certificate

A Fair Trade Certificate is held by a company or cooperative. However, not all the Certificate Holder’s sites, nor all its suppliers, must be included in the scope of the Certificate. This section explains which sites and activities must be included and be in full compliance with the APS for the Certificate to be granted. Section 4 describes the requirements for other sites which are part of the supply chain but not included in the scope of the Certificate.

2.1. Defining a Site

We define site as any natural grouping of farms or buildings with a common workforce who might cross paths during the day even if they do not work together. It includes, for example, a complex of greenhouses with a common entrance, even if some of the greenhouses do not have Fair Trade product. This means that all the greenhouses, fields, processing facilities, etc. in the same site must be compliant with the full APS even if they are not growing or processing Fair Trade product – for instance, they must respect the wages and working conditions requirements equally for all workers, regardless of whether they touch Fair Trade product. The intent here is that workers sharing living spaces, eating areas, or rest areas have similar working conditions, even if not all of them are producing Fair Trade product.

While all operations within the site must comply with the full APS requirements, some compliance criteria may be not applicable to areas where non-Fair Trade certified crop is grown. For instance, the compliance criterion covering restrictions on pesticides and use of GMOs indicate that they are ‘not permitted on the Fair Trade crop’ only. Unless specifically indicated in this way, APS requirements apply to all farms and activities in the site.

The sites included in the Certificate must comply with the APS at all times, even when not growing or processing Fair Trade product. For instance, an APS-certified mill processing both Fair Trade and non-Fair Trade product must follow the full APS at all times, even when not processing Fair Trade product.

Any worker housing provided by the site’s management is considered part of a site, even if it is located elsewhere, and is included in the scope of the Certificate and APS audit.

2.2. Determining Which Sites and Activities Must Be Included in the Certificate

2.2.1. Farming and Harvesting

All sites where farming and harvesting of Fair Trade product occurs must always be included in the scope of the APS Certificate and audit, even if the farming or harvesting is done by a subcontractor or contracted labor force. Thus, if the Certificate Holder is buying harvested product from suppliers, those suppliers must be included in the scope of the Certificate.

This means that if a farmer is selling ‘fruit on tree’ to a company which comes and harvests the fruit, this farmer cannot be the APS Certificate Holder because the harvesting step must also be included under the
Certificate. The company responsible for harvesting (or another company later in the supply chain) must be the Certificate Holder so that at least the farming and harvesting steps are included.

2.2.2. Processing, Packing, Sorting for Quality, and Product Transformation

If processing, packing, sorting for quality or product transformation are done on a site managed by the Certificate Holder, even if done by a contracted entity on-site, they must be included in the scope of the Certificate. Similarly, if these activities occur on the site of an intermediary who purchases product from farmers and then sells it to the Certificate Holder, these sites and activities must be included in the scope of the Certificate.

Where such activities are subcontracted off-site to a third party but the Certificate Holder or other entity included in the scope of the Certificate retains ownership of the product, the activity does not need to be included in the scope of the APS Certificate but must comply with the requirements for ‘Sites Not Included in the Scope of the Certificate’ as described under Section 4 of this document.

Example

The principles explained in Sections 2.2.1 and 2.2.2 are illustrated in the example below, in which a cooperative of small producers hires independent workers to harvest their avocados and sells to a packhouse owned by a separate entity, Company A. There are two options for setting up this Certificate.

Option 1: The cooperative can be the Certificate Holder, since the cooperative sells harvested fruit. The independent avocado harvesters are included in the scope as well, while they are performing work on-site of the cooperative farms. Note that if these harvest workers also do harvest work for other farms not included in the scope of the Certificate, their work on those farms is not included.

In this case, the packing activities would not need to meet the APS requirements since they occur later in the supply chain.
Option 2: The other option is for the packhouse to be the Certificate Holder. In this case, the farming, harvesting, and packing would all be in scope, and the packhouse would need to be compliant with the full APS. The independent avocado harvesters are still included in scope while performing any work on-site of the certified farms.

If, in the example above, the harvesting is done by the packhouse, it is recommended that the packhouse (or another entity later in the supply chain) be the Certificate Holder. The Certificate must always be scoped to include harvesting activities and workers.

2.2.3. Storage and Transport of Product

Other sites where Fair Trade product is only being stored or transported do not need to be included in the scope of the Certificate, although the Certificate Holder may choose to do so. If not included, these sites must comply with the requirements for ‘Sites Not Included in the Scope of the Certificate’ as described under Section 4 of this document.
3. Determining Activities and Workers in Scope at Covered Sites

For any site in the scope of the Certificate, all on-site regular work and workers in the production chain are included in the scope of the Certificate. This applies equally to permanent and temporary workers, workers employed directly, and those employed through a labor contractor.

“Regular work” includes any service that occurs at least annually related to production and transformation, even if it is not for a Fair Trade product. This includes, but is not limited to, all harvesting, spraying, and regular maintenance/cleaning of equipment or facilities. Short-term non-production projects, such as special construction, are not considered “regular work”.

Note that in the case of Small farms, the Small farm manager and any family members performing work on the farm, even if unpaid, would be included in the scope of the Certificate and their working conditions would need to comply with the requirements of the APS.

It is important to note that not all of the workers in the scope of the Certificate will necessarily be included in the group of Fair Trade Premium Participants, who are responsible for electing the Fair Trade Committee and decide on the use of the Fair Trade Premium. Once all sites in scope have been determined, the introduction to Module 1 of the APS explains which workers within each site must or can be included in the group of Fair Trade Premium Participants.

3.1. Subcontracted Activities

A subcontractor is an individual or company that is wholly separate from the Certificate Holder, and any other farms or companies included in the scope of the Certificate, which provides services off-site to process, pack, or transform Fair Trade product without taking legal ownership of it. For work subcontracted off-site, the subcontractor does not need to be included in the APS Certificate, but must follow the requirements in Section 4.

Note that if a subcontractor is hired to perform services on a site included in the scope of the Certificate, for instance if a farmer hires a company to provide a harvest crew, these entities are considered “labor contractors” under the APS. As stated above, any regular work on a site in the scope of the Certificate is included in the scope of the APS requirements, even if undertaken by a contractor. This means that a labor contractor will need to make its accounts available to the auditor to check that proper wages and benefits were paid. For instance, the labor contractor providing a harvest crew must be able to prove that the harvest workers had working conditions and contracts that met the full requirements of the APS.

4. Considering Sites Not Under Scope

For any sites where Fair Trade product is stored, transported, packed, processed, or otherwise handled that are not included in the scope of the Certificate, the Certificate Holder must have a contract with the entities that ensures that: traceability requirements are followed, that the entity meets the ILO Core Conventions, and that Fair Trade USA and/or an approved Certification Body may enter the site to audit...
These contract requirements. These requirements are explained in APS Criterion 5.3.2.b., and Section 5 of the policy document on “Requirements for Certificate Scope Under the APS.”

5. Examples of Different Certificate Options in One Supply Chain

This section uses a coconut supply chain with various levels of processing to illustrate several different options for setting up an APS Certificate. In this example, individual Small farms transport and sell harvested coconuts to independent coconut dryers, who then sell dried coconut (copra) to a mill, which presses the dried coconut for oil. The mill subcontracts independent entities to transport the copra from the dryers to the mill.

There are several options when determining the Certificate Holder.
Option 1: As shown in the diagram below, the individual farms could each be a Certificate Holder, since the farming and harvesting would be included. Each Small farm manager would be included in the scope of the Certificate, as would all workers performing production, harvesting, or processing work on each farm. In this case the dryers and the mill would be traders buying from an APS Certificate Holder and would need to get certified against the Fair Trade USA Trade Standard. (Note that this scenario is unlikely as it would likely be too expensive for a Small farm to get individually certified to the APS, but could be possible for a similar arrangement of Large farms.)

Option 2: The independent coconut dryers could get certified individually and each be a Certificate Holder. In this case the dryer and the farms would be included in the scope of each APS Certificate. Each Small farm manager would be included in the scope of the Certificate, as would all workers performing production, harvesting, or processing activities at all farms and the dryer facilities.

Note that the farms included under each Certificate would only be able to sell coconuts under Fair Trade terms to the dryer under whose Certificate they are included. This scenario is also unlikely due to the high cost to each individual dryer; however, this arrangement would allow each dryer to sell Fair Trade Certified product to any mill they wished.
**Option 3:** The mill could be the Certificate Holder. In this case the farms, dryers, and mill would all be included as sites in the scope of the APS Certificate. Each Small farm manager would be included in the scope of the Certificate, as would all workers performing production, harvesting, or processing activities at all farms and processing facilities (including both dryers and the mill). The two dryers may not sell any product as Fair Trade to anyone other than the mill which is their Certificate Holder.

![Diagram showing the scope of APS Certificate]

Note that as the mill subcontracts separate entities to transport the copra from each dryer to the mill, and these subcontracted transporters do not take legal ownership of the product, they are not included in the scope of the Certificate. They must however comply with the rules for entities not included in the scope of the Certificate, outlined under Section 4 above.