



Requirements for Certificate Scope Under the Factory Production Standard

Fair Trade USA

DRAFT Version 2.0.0

A. Introduction

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

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

B. Purpose

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

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

C. Scope and Applicability

This document applies to all sites applying to be certified or currently certified against the Fair Trade USA Factory Production Standard (FPS).

D. Definitions

- **Certificate Holder:** The legal entity that holds the Fair Trade Certificate on behalf of one or multiple sites in its supply chain.



- **site:** The physical location(s) where activities related to the Fair Trade Certified product occur, including production and sales of product. A site is made up of a natural grouping of one or more buildings where production of Fair Trade Certified products takes place, 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. It includes, for instance, buildings within the same compound with a common entrance.
- **vendor:** Sites that are managing sales and transactions of Fair Trade product but are not performing final substantial production processes.
- **worker:** Refers to personnel working in or for sites included in the scope of the certificate, regardless of whether they are temporary or permanent, work full-time or part-time, production or non-production workers, or are hired directly or indirectly via a labor contractor. It excludes middle and senior management, and normally only includes personnel who are eligible to join unions.

1. Requirements for the Certificate Holder

- 1.1. The Certificate Holder is the legal entity that holds the Fair Trade Certificate on behalf of one or multiple sites in its supply chain.
- 1.2. The Certificate Holder cannot be a person but rather is a company or other legal entity.
- 1.3. The Certificate Holder is the legal entity that represents and manages the factory site(s) where final substantial production processes of Fair Trade product occurs. Final substantial production processes are those activities which are labor intensive and critical to the value of the product.
- 1.4. The Certificate Holder is responsible for ensuring compliance with requirements in the FPS for all sites included in the scope of the Certificate.
- 1.5. The Certificate Holder must ensure that management of each site understands its roles and responsibilities for compliance with the relevant sections of the FPS. The Conformity Assessment Body is responsible for determining if the Certificate Holder's Internal Management System (Module 7) is sufficient to ensure that all sites included in the scope of the Certificate are implementing the FPS correctly.

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

- 2.1. All sites performing final substantial production processes of Fair Trade Certified product, which are owned and operated by the Certificate Holder, must be included in the scope of the Certificate.
- 2.2. Sites performing production activities included in the scope of the Certificate must be in the same country, must be linked to the Certificate Holder through common ownership or management agreement, and must have either shared product flow (i.e. they are part of the supply chain for the same product) or management systems and operational procedures with the Certificate Holder.
- 2.3. Any building(s) where production activities on Fair Trade product may occur, or where workers may mix, must be included in the scope. This means that if workers sometimes move between two buildings to support changes in production activities, both buildings and all workers in both buildings must be included in scope even if Fair Trade product only moves through one building.
- 2.4. The entire building(s) in which Fair Trade production occurs and/or common areas (e.g. canteens, living areas, dormitories) where Fair Trade production workers might be present must always be included in the scope, even if Fair Trade production only occurs on one floor.



- 2.5. Any worker housing provided by a site included in the scope of the Certificate is considered part of the site, even if it is located elsewhere, and is included in the scope of the Certificate and audit.
- 2.6. Other buildings managed by the Certificate Holder or other legal entities included in the scope of the Certificate where Fair Trade Certified™ product is only stored (e.g. warehouses) or transported do not need to be included in the scope of the 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
- 2.7. Any legal entities subcontracted¹ by sites in scope of the Certificate that handle Fair Trade product are subject to the requirements for 'Sites Not Included in the Scope of the Certificate' as described under Section 4 of this document.
- 2.8. Vendors, i.e. sites that are managing sales and transactions of Fair Trade product but are not performing final substantial production processes, must comply with requirements specific to vendor sites specified in the FPS Module 6.
- 2.9. Vendors that handle sales of the Fair Trade Certified product and are linked to the Certificate Holder through common ownership (parent company) must be included in the scope of the Certificate as sites subject to vendor requirements. There may be multiple vendor sites included under one Certificate, and vendors may be located in another country.
- 2.10. Vendors that do not have a link to the Certificate Holder through common ownership may not be included in the scope of the Certificate and must be licensed Traders and comply with the Fair Trade USA Trade Standard.
- 2.11. All required sites must be included in the scope of the Certificate before product or transactions going through these sites can be sold as Fair Trade Certified. Certificate Holders must follow the *Changes to Certificate Scope Procedure* for approval of new sites or new buildings within a site.

3. Requirements for Workers and Activities Included in the Scope of a Certificate

- 3.1. 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 and their working conditions must meet all requirements in the FPS at all times. This applies equally to permanent and temporary workers, workers employed directly, and those employed through a labor contractor.
- 3.2. *Workers* refers to personnel working in or for sites included in the scope of the certificate, regardless of whether they are temporary or permanent, work full-time or part-time, production or non-production workers, or are hired directly or indirectly via a labor contractor. It excludes middle and senior management, and normally only includes personnel who are eligible to join unions.
- 3.3. *Regular work in the production chain* includes any process or service that occurs on-site at least annually related to production, even if it is not for a Fair Trade product. This includes regular support activities happening on-site such as cooking and maintenance/cleaning of equipment or facilities. This excludes short-term non-production projects, such as construction. Examples of non-production workers

¹ This refers to any subcontractor (individual or company) that is not managed by the Certificate Holder nor subject to a controlling interest by the Certificate Holder (either through ownership or family relationships) and which does not take legal ownership of the Fair Trade product but provides services to process, pack, or transform the product off-site.



that must be included in scope include electrical checker, security guards, machinal repair people, canteen workers, etc. working or performing services in sites included in scope.

4. Requirements for Sites Not Included in the Scope of the Certificate

4.1. Sites or buildings not required to be in the scope of the Certificate may be included at the Certificate Holder's discretion. For example, buildings which are located on the same campus and managed by the Certificate Holder but have separate workforces and do not handle Fair Trade product, or sites or buildings where Fair Trade product is only being stored or transported, are not required to be included in the Scope of the Certificate.

4.2. For any site where Fair Trade Certified product is stored, transported, or handled that is not included in the scope of the Certificate, including subcontractors, they must:

- a) Follow requirements to ensure that Fair Trade Certified product is clearly and accurately identifiable, in accordance with requirements in Sub-module 6.1 of the FPS.
- b) Not violate Fair Trade USA's [Policy on Zero Tolerance Issues](#).
- c) Allow Fair Trade USA and/or an approved CAB to enter the site(s) to perform control activities against these requirements.

4.3. The Certificate Holder must have a contract with the legal entity that manages the non-included site, or for sites owned by the Certificate Holder or factory the Certificate Holder or factory must have a declaration of compliance, which requires them to comply with the commitments listed in 4.2 above.

