



Frequently Asked Questions: Policy on Emergency Premium Use for COVID-19 Response

Fair Trade USA

Version 1.0.0

Purpose

The purpose of this document is to provide answers to frequently asked questions (FAQ) related to the Fair Trade USA *Policy on Emergency Premium Use for COVID-19 Response*.

Fair Trade USA reserves the right to review and modify the content of this FAQ as needed in the face of this evolving crisis.

Scope and Applicability

This FAQ applies to all Certificate Holders leveraging the accommodations provided by the *Policy on Emergency Premium Use for COVID-19 Response*.

Related Documents

- Policy on Emergency Premium Use for COVID-19 Response



1. What number of Premium Participants must be used to calculate an equal distribution of goods in-kind or cash payout?

Per 1.2.4 of the Policy on Emergency Premium Use for COVID-19 Response, for Emergency Premium Plans that include cash payouts or the distribution of goods in kind, all Premium Participants must benefit equally, unless a clear differentiation in needs is documented. In these cases, Certificate Holders must use the peak number of Premium Participants throughout the year as the basis for calculating equal payout in cash or distribution of goods.

For example, if there are 50 Premium Participants who are permanent workers employed all year, plus an additional 3,000 Premium Participants employed during peak production, the Premium to be distributed would need to be divided by 3,050 to determine equal benefits.

2. How should cash payouts be handled for Premium Participants who are no longer on-site?

Per 1.2.4 of the Policy on Emergency Premium Use for COVID-19 Response, for Emergency Premium Plans (EPPs) that include cash payouts or the distribution of goods in kind, all Premium Participants must benefit equally, unless a clear differentiation in needs is documented. However, some Certificate Holders may be faced with the reality that some Premium Participants are no longer on site at the workplace. In these cases, the Certificate Holder must document that they made a good-faith effort to reach these Premium Participants and arrange for them to receive the cash payout or in-kind goods generated from Premium. If there is a cost associated with distribution, this can be covered by Premium so long as it is in the EPP.

Fair Trade USA recognizes that, despite a Certificate Holder's good faith effort to reach these Premium Participants, there may be insurmountable challenges that prevent distribution. In this case, any Premium funds or in-kind goods intended for these Premium Participants must be reserved for future distribution to these Premium Participants or for a future Premium Plan. Cash payouts or goods that are not distributed to their intended beneficiaries must not be redistributed to Premium Participants who have already benefitted from cash payouts or goods as a result of the EPP.

3. Can Emergency Premium Be Used to Purchase Personal Protective Equipment (PPE) for Workers and Producers?

Unless otherwise stated in the *Policy on Emergency Premium Use for COVID-19 Response*, Certificate Holders must follow regular Premium expenditure rules as outlined in the Fair Trade USA standard under which they have been certified. Those rules indicate that, for most producers¹, Premium cannot be utilized

¹ Annex C of the Agricultural Production Standard allows small producer organizations and Small Farms and Facilities to use Premium for PPE (See C.2.2 and C.3.4) if it is identified as a need in the Needs Assessment and included in the Premium Plan. The same applies to the Emergency Needs Identification and Emergency Premium Plan.



to purchase PPE for workers' use in the workplace. This is not permitted because it is the employer's responsibility to provide all necessary PPE to ensure a safe working environment for all employees, and Premium must not be relied upon to ensure safety in the workplace.

If it is documented as a need in the Emergency Needs Identification and included in the Emergency Premium Plan, Emergency Premium can be used to purchase PPE for workers only if the PPE is to be utilized outside of the workplace. The intent is that the Premium only be used for PPE that provides additional benefits and protections to workers that the employer/Certificate Holder would not otherwise be required to provide by the relevant Fair Trade USA production standard. For example, Premium Participants may want PPE to protect their families and themselves at home, around the community, or in onsite housing. The PPE purchased with Premium and distributed to workers is owned by the workers, not by the employer, and does not replace the employer's responsibility to ensure a safe working environment through the provision of PPE and/or other measures, as relevant.

