



Requirements for Certificate Scope under the Trade Standard

Fair Trade USA

Version 1.1.0

A. Introduction

The Fair Trade USA Trade Standard covers traders and brands of various products¹ in different parts of the world under one generic set of requirements. The scope of a Trade Certificate can cover a single entity (such as a trader that organizes all aspects of its business within a single legal entity) or a group of entities (such as a trader that works with one or several independent entities that provide services such as processing or storage).

The scope of the Certificate can vary significantly depending on the type of activities and the number of entities and/or sites that are included. Scope requirements must be followed to ensure that as product is processed, transported, stored, exported, imported, manufactured, packaged, and sold to the consumer as Fair Trade Certified™, the necessary entities along the supply chain are covered by Fair Trade USA certification. This allows Fair Trade USA and an approved Conformity Assessment Body to verify that the correct amounts of Fair Trade Price and Fair Trade Premium have been paid and ensure traceability of product such that only those products eligible for sale as Fair Trade Certified are sold or claimed as such.

These requirements become effective in May 2019.

B. Purpose

This document explains the requirements for the scope against which the Certificate will be issued and compliance will be assessed. It defines the entities, products, sites, and activities that must be included in the scope of the Certificate. This document also explains the requirements for sites handling Fair Trade Certified product that are not included in the scope of a Certificate.

All entities, sites, and activities included in the scope of a Certificate must comply with the requirements of the Trade Standard and are subject to audits by Fair Trade USA and/or an approved Conformity Assessment Body. Additionally, Licensees are required to report to Fair Trade USA on transactions that are within the scope of the Certificate.

¹ "Product" refers to both products that contain Fair Trade Certified components and single ingredients that are intended for sale to the end consumer as Fair Trade Certified (i.e., cocoa, sugar, etc.) at any stage along the supply chain. The term covers all types of Fair Trade Certified products, ingredients, and components of final products and includes (but is not limited to) agricultural products, seafood, and apparel and home goods.



C. Scope

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

1. Requirements for the Trade Licensee

1.1. The Licensee holds the Certificate on behalf of one or multiple entities. It is responsible for ensuring compliance with the Trade Standard by those entities.

1.2. The Licensee must be able to make and enforce agreements with other sites included in the Certificate (i.e. have in place sufficient controls). See Section 3 of this document for more information on which sites and entities are included in the scope of a Trade Certificate. The Licensee must be a company or legal entity and cannot be a person. In the case of subcontracted entities, the Licensee is required to ensure that the subcontracted entity complies with the traceability requirements of the Trade Standard, as well as with the “Requirements for Subcontractors” as described in Section 4 of this document.

1.3. Only a Licensee may buy and sell product as Fair Trade Certified and handle Fair Trade Premium or Fair Trade Price payments; other sites and/or entities independent from the Licensee but which are included in the scope of the Certificate may not.

2. Requirements for Products Included in the Scope of a Trade Certificate

2.1. Only product produced by entities certified against a Fair Trade USA producer standard or by an approved certifier are eligible for purchase as Fair Trade Certified. See Section 3.5.b of this document for detail on approved certifiers.

2.1.1. It is the responsibility of the Licensee to ensure that only eligible product is purchased as Fair Trade Certified. Traders can search for Fair Trade Certified producers and check the certification status of their suppliers by logging into the Fair Trade USA Partner Portal or by contacting Fair Trade USA.

2.2. A list of products that Fair Trade USA currently certifies is available in the Price and Premium database on our website: FairTradeCertified.org. If a specific product is not listed here, or if the product listing is unclear, please contact [Fair Trade USA](https://FairTradeUSA.com) directly for more information.



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

3.1. All activities connected to trading and/or handling of Fair Trade Certified product and/or Fair Trade Premium and Fair Trade Price² must be included in the scope of the Trade Certificate and audit.

3.2. Any site or entity that buys, sells, or otherwise takes legal ownership of a Fair Trade Certified product, up to the point where it is in final packaging for the end consumer, must be included in the scope of the Certificate. This can include sites or entities that do not take physical ownership of the Fair Trade Certified product.

3.3. Any site or entity that invoices, pays, or otherwise handles Fair Trade Premium and/or Fair Trade Price must be included in the scope of the Certificate. This includes brokers who do not take legal ownership of the Fair Trade Certified product but negotiate the contract and handle Fair Trade Premium.

3.4. Any site or entity that is owned or managed by the Licensee and any entities subcontracted³ by the Licensee that handle Fair Trade Certified product, paperwork on Fair Trade Certified sales or purchases, or Fair Trade Premium must be included in the scope of the Certificate.

3.5. The following sites and/or entities are exempt from being included under the scope of the Trade Certificate:

- a) Entities purchasing finished, labelled Fair Trade Certified product ready for sale to the end consumer, as long as they are not responsible for paying the Fair Trade Premium or Fair Trade Price. However, they must sign an agreement with Fair Trade USA committing to traceability requirements for Fair Trade Certified product.
 - i) This typically includes retailers and distributors. This also includes entities purchasing product in bulk to sell directly to end consumers, such as retailers for fresh case or food service providers.
- b) Entities and activities which are covered by another approved Fair Trade Certificate. This includes:
 - i) Most entities certified against the Fairtrade International Trader Standard by FLOCERT. Determining the exempt or non-exempt status of such entities is at the discretion of Fair Trade USA. In some cases, Fair Trade USA may require that a FLO-certified entity become a Fair Trade USA Licensee.
 - ii) Trading activities which are covered by a producer Certificate⁴ issued by Fair Trade USA or an approved certifier (Fairtrade International). Note that if a Certificate Holder for a producer Certificate is also classified as a Fair Trade Payer, they must be licensed with Fair Trade USA as a trader and their Fair Trade Price and Premium payment activities must be covered by a Trade Certificate (e.g. in a vertically integrated supply chain).

² Fair Trade Price is the final price required to be paid by Fair Trade Payers and Conveyors, taking into account the requirements on relevant market price, Fair Trade Minimum Price, and appropriate price adjustment defined in Module 2 of the Trade Standard.

³ This refers to any subcontractor (individual or company) that is not managed by the Licensee nor subject to a controlling interest by the Licensee (either through ownership or family relationships) and which does not take legal ownership of the Fair Trade Certified product but provides services to process, pack, or transform the product.

⁴ A producer Certificate refers to all entities, sites and activities certified under the Agricultural Production Standard (APS), Capture Fisheries Standard (CFS), or the Factory Standard for Apparel and Home Goods (Factory Standard) by Fair Trade USA, or Fairtrade International producer standards.



- c) Any site or entity that physically labels a product with the Fair Trade Certified seal, designs a product label with the Fair Trade Certified seal, and sites or entities that do not apply the Fair Trade Certified seal but contract other entities to do this on their behalf.
- d) All other sites where Fair Trade Certified product is only being transported.

4. Requirements for Subcontractors

4.1. For any entities and/or sites where Fair Trade Certified product is handled by a subcontractor, the Licensee must have a written contract or agreement with the entity which covers all of the following elements:

- a) That the entity or site will ensure that Fair Trade Certified product is not mixed with non-Fair Trade Certified product, in accordance with requirements in Module 3 of the Trade Standard.
 - i) The entity or site will ensure that Fair Trade Certified product is marked clearly and can be identified as Fair Trade Certified at all stages (i.e. storage, transport, processing, packaging, labeling, handling and sale). These products are also identified as Fair Trade Certified in all related records and documents.
- b) That Fair Trade USA and/or an approved Conformity Assessment Body may enter the site(s) to perform control activities against these contract requirements.

