



Guide to Identifying the Fair Trade Premium Participants under the APS

Fair Trade USA®

Version 1.2.0

Introduction

The *Fair Trade Premium Participants*, or *Premium Participants*, is the group of producers, workers, and/or cooperative members who are eligible to elect members of one or more Fair Trade Committees to manage the use of the Premium. Premium Participants and their families are the primary beneficiaries of the Fair Trade Premium, and they vote to approve the use of the Fair Trade Premium. The people included in this group vary according to the type and size of the sites included in the scope of the Certificate.

Purpose

This guidance document provides step-by-step assistance in determining the scope of the Fair Trade Premium Participants. The requirements for who must and may be included as Fair Trade Premium Participants are outlined in the Introduction to Module 1 of the Agricultural Production Standard. This document provides further clarification and examples to assist Certificate Holders in properly defining the scope of the Premium Participants. Applicants may work with Fair Trade USA Supply Chain staff to make sure all relevant individuals are included in the group of Premium Participants.

Scope and Applicability

The guidance document applies to all Certificate Holders certified under Fair Trade USA's Agricultural Production Standard (APS).

Related Documents

- Agricultural Production Standard
- Requirements for the Scope of the Certificate Under the APS
- Guidance for the Scope of the Certificate



1. Timeline for determining the Premium Participants

Prior to identifying the Fair Trade Premium Participants, a Certificate Holder must determine the sites and groups of individuals which will be included in the scope of the Certificate. Information on the sites and activities which must and may be included in the scope of the Certificate can be found in the *Requirements for the Scope of the Certificate under the APS* policy, and *Guidance for the Scope of the Certificate* document. Once the sites included under the Certificate have been established, the individuals who will make up the Premium Participants from each site can be determined.

As with the scope of sites included in the Certificate, the Premium Participants are determined during the application process and approved by Fair Trade USA before the initial audit. Any time a new site is added to the Certificate, the groups of people to be included as Premium Participants from that site must be determined. Other significant changes to the scope of the Certificate or composition of the workforce may require adjusting the groups included as Premium Participants, such as a change in the use of labor contractors or restructuring of field worker management.

In addition, over time the Certificate Holder should consider adjusting the groups included as Premium Participants based on the amount of Premium received. For example, if a high amount of Premium is being accumulated, the Certificate Holder should consider adding additional optional Premium Participants, such as packhouse workers, who were not previously included.

2. Overview of Premium Participants Requirements by Size

The table below summarizes the groups of individuals who must always be included as Premium Participants, those who may optionally be included, and those who may never be included. Note: Size requirements are defined in the Introduction to the APS. For dairies, the term *farm* equates to the dairy operation, including the workers and managers on the dairy. As such, *field and harvest* workers on a dairy are the workers directly involved with the production and collection of milk, even in cases where work is performed inside a building or a barn that might otherwise be interpreted as a *facility*.

	Small Farms or Facilities	Mid-sized Farms or Facilities	Large Farms or Facilities
Permanent Workers	Required	Required	Required
Temporary Workers	Optional	Required	Required
Facility Workers	Optional	Optional	Optional
Farm Managers	Required	Optional	Never
Traders, product aggregators, and facility managers	Optional	Optional	Never
Feed Crop Workers on Dairies	Optional	Optional	Optional

2.1. Individuals who MUST always be included as Premium Participants:

1. All workers (permanent and temporary) on Mid-sized and Large Farms.



2. All permanent workers on Small Farms.
3. The manager of each Small Farm in the scope of the Certificate.

2.2. Individuals who MAY be included in the group of Premium Participants:

The Certificate Holder may choose to include additional people in the group of Fair Trade Premium Participants, for instance:

1. Other workers handling or growing Fair Trade Certified™ product not included in the required scope of Premium Participants above, for instance temporary workers on Small Farms, or workers in processing facilities, in packhouses, or involved in the production of animal feed crops, that are included in the scope of the Certificate.
2. Mid-sized Farm managers.
3. Small and Mid-sized traders, product aggregators, and facility managers who help transform Fair Trade Certified product or ensure that it gets from the farms to the Certificate Holder.

2.3. Individuals who may NOT be included in the group of Premium Participants:

1. All managers of Large sites, including farms, facilities, traders, or product aggregators.
2. Personnel who do not qualify as workers, including middle and senior management and recruiters.

2.3.1. Clarification on Premium Beneficiaries

Note that while middle and senior management may never be included as Premium Participants, in some cases they could benefit from a Premium project if a project is targeted at the broader community of which these individuals are also members. For example, if the Premium is used to conduct a medical clinic where free check-ups are carried out for anyone from the community, the administration could participate in this event as long as resources are sufficient to allow this while ensuring benefits to the most in need Premium Participants.

However, individuals who are not allowed to be Premium Participants may NOT be included as beneficiaries for projects which include any form of direct or in-kind goods or payments (i.e. vouchers to a store, coupons with monetary value, or distribution of a food basket).



3. Workers as Premium Participants

3.1. Who qualifies as a worker

Worker refers to personnel working on certified sites, regardless of whether they are temporary or permanent, full-time or part-time, or 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.

Junior managers or crew leaders with similar pay rates and benefits, and undertaking similar tasks to production line or farm workers, are included in this definition of *worker*, and should be included in the group of Premium Participants.

This means that all field workers and harvest crews would always be included as Premium Participants. For dairies, *field and harvest workers* are all workers directly involved with the production and collection of milk. Crew leaders and other managers who also work in the field and are within a similar salary range as field workers would also be included.

Middle to senior management, engineers, agronomists, veterinarians, and any recruiters who are not also field staff may not be included as Premium Participants. Such individuals generally do not work in the field, are expected to have higher qualifications than a typical worker, and earn a significantly higher salary than field workers. Where facility workers or feed crop workers on dairies are optionally included as Premium Participants, this same differentiation between workers who are eligible as Premium Participants and those that earn a higher salary in more managerial or quality assurance roles applies.

3.2. Which types of workers are included as Premium Participants

3.2.1. Type of Role

All field and harvest workers on farms are required to be included as Premium Participants, even when they are not performing work for a Fair Trade Certified product. This includes, but is not limited to, all harvesting, spraying, and regular maintenance/cleaning of farm equipment or facilities, and on dairies work or service that relates directly to milk production and collection, including handling and raising calves and cows at the dairy, and managing manure on-site.

The intent is that all workers performing similar tasks or receiving similar wages and benefits are treated equally, regardless of their direct involvement with the Fair Trade Certified product. If a single farm site has multiple fields and only one is growing Fair Trade Certified product, Fair Trade Certified product all field workers for the site would still need to be included as Premium Participants, not just those working on the fair trade specific field or line.

Additional personnel who qualify as workers, but are not necessarily considered field or harvest workers may also be included. For example, lower level office workers or workers engaged in daily support activities on-site, such as food preparation, security of facilities or sites, and transporting workers and/or Fair Trade Certified product, who earn similar pay and benefits as field workers.

Facility workers, those employed in sites which perform packing, processing, or other operations engaged in transformation of the Fair Trade Certified product, are optional to include. However, when processing facilities are part of the same site where growing and harvesting occurs, facility workers and farm workers share the same worker housing, or in situations where there are some workers who split time



between farms and processing facilities, it is recommended that all processing facility workers be included as Premium Participants.

Whenever facility workers are included, all workers at the facility must be included even if some do not directly handle Fair Trade Certified product.

Dairy feed crop workers, those employed in sites which produce animal feed crops for Fair Trade dairy operations, are optional to include. However, when animal feed crop workers and dairy workers represent a common workforce that is highly interrelated (e.g., where workers share a number of workplace facilities and housing, or where workers commonly split time between the dairy and feed crop operations), it is recommended that all feed crop workers be included as Premium Participants.

3.2.2. Type of Contract

Permanent workers on all size farms must be included as Premium Participants. Permanent workers include all workers who are employed on an ongoing, year-round basis. They may be full-time or part-time.

Temporary workers on Mid-sized and Large Farms are required to be included as Premium Participants, but are optional to include on Small Farms. Temporary workers include those employed for limited periods related to fluctuations in demand for labor at different times of the year.

It is important to note that, even where workers are optional to include as Fair Trade Premium Participants, this does not imply that they are not within the scope of the APS Certificate. All working conditions for workers within the scope of the Certificate must still comply with the requirements of the full APS.

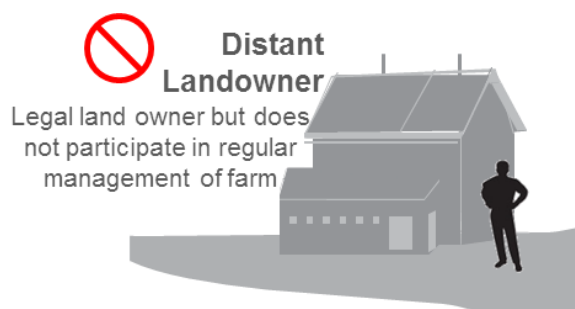
4. Farm Managers as Premium Participants (Small & Mid-sized Farms)

4.1. Who is the farm manager?

The farm manager is the individual making day-to-day decisions about farm operations - he or she is the farmer gaining or losing from changes in prices and yields, i.e. not a wage worker (employee). The farm manager does not need to be the farm owner, for instance he or she can be a tenant farmer or sharecropper. The intent is that the small-scale farmer working the land (i.e. not a landlord in another town) is the active participant in decision-making about the use of the Fair Trade Premium. An owner who does not work on the farm because of physical or mental incapacity, conflicting duties as a single head of household, or other farmer group management duties, may still be included in the Fair Trade Premium Participants if they are making the management decisions for the farm.

While in general each Small Farm will only have one representative who qualifies as a Premium Participant, there are cases where a farm may have more than one representative. For example, if the owner and sharecropper(s) jointly work the land for a share of the crop, they should all be included as Fair Trade Premium Participants.





4.2. Which farm managers are included as Premium Participants?

The manager of each Small Farm in the scope of the Certificate **must** be included in the Premium Participants. Additional Small and Mid-sized Farm managers may be included at the discretion of the Certificate Holder.

In a mixed cooperative growing both Fair Trade and non-Fair Trade Certified product, where only some cooperative members are included in the scope of the Fair Trade Certificate, the members who are growing non-Fair Trade Certified product **may** be included as Premium Participants. Those members growing non-Fair Trade Certified product would not be subject to a Fair Trade audit, but this would allow them to benefit from the Fair Trade Premium.

Managers of Mid-sized Farms and Facilities **may** also be included as Premium Participants, when appropriate. For example, if the certificate consists of a group of farmers who are part of a cooperative, the members who manage Mid-sized Farms could be included. Or, if there are farms or facilities classified as Mid-sized which have fewer workers, and operate like a Small site, it would be appropriate to include these managers as Premium Participants.

A manager of a Mid-sized Farm that is part of a group of large estates and has a larger number of workers, or generally operates like a Large site, would not be appropriate to include as a Premium Participant. Managers of Large sites may never be included.

5. Case Study Examples

5.1. Case Study 1: Large packhouse and independent group of farms

All sites and workers included under the scope of the Certificate must comply with the full requirements of the APS and are subject to be audited.

5.1.1. Sites in Scope of the Certificate:

Facility: A single large packhouse, which is the Certificate Holder, buys avocados from various independent producers as “fruit on tree”.

Farms: There are 50 Small and 25 Mid-sized Farms, for a total of 75 farms, which sell to the packhouse.

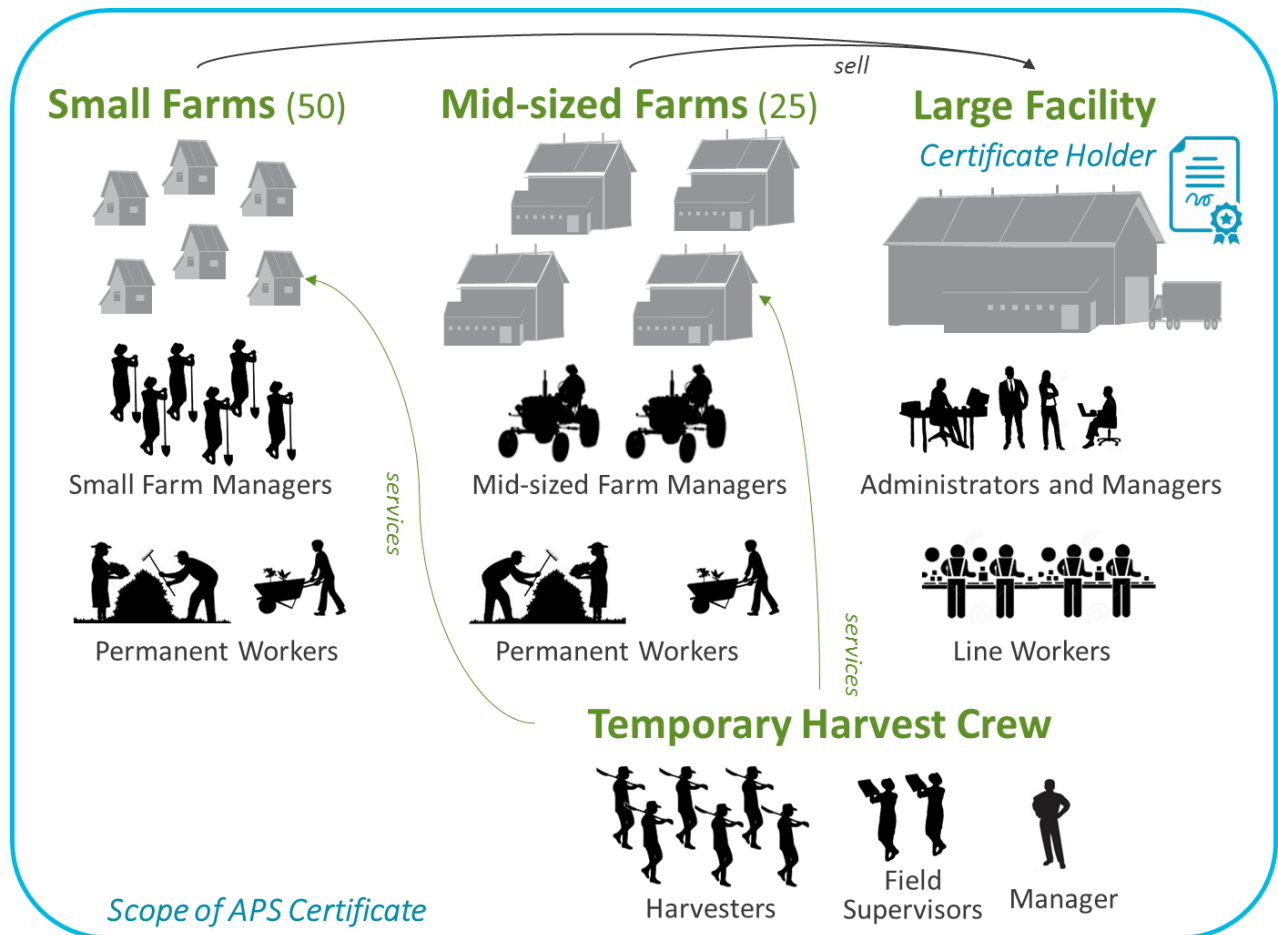


5.1.2. Workers in Scope of the Certificate:

Packhouse Workers: 250 employees, of which 225 are line workers. The remaining 25 are permanent office and administration staff and managers.

Farm Workers: Each farm hires their own permanent workers. Some farms are family run and do not hire permanent workers (Small), while others have up to 20 permanent workers (Mid-sized).

Harvest Workers: The Certificate Holder hires a temporary harvest crew to cut Fair Trade avocados at the farms. The harvest crew working is made up of 125 harvesters, five supervisors, and one manager.



5.1.3. Scope of the Premium Participants:

The manager of each of the 50 Small Farms are included as Premium Participants. The Certificate Holder decides not to include the managers of the 25 Mid-sized Farms, as the Mid-sized growers tend to make decent money in the avocado industry.

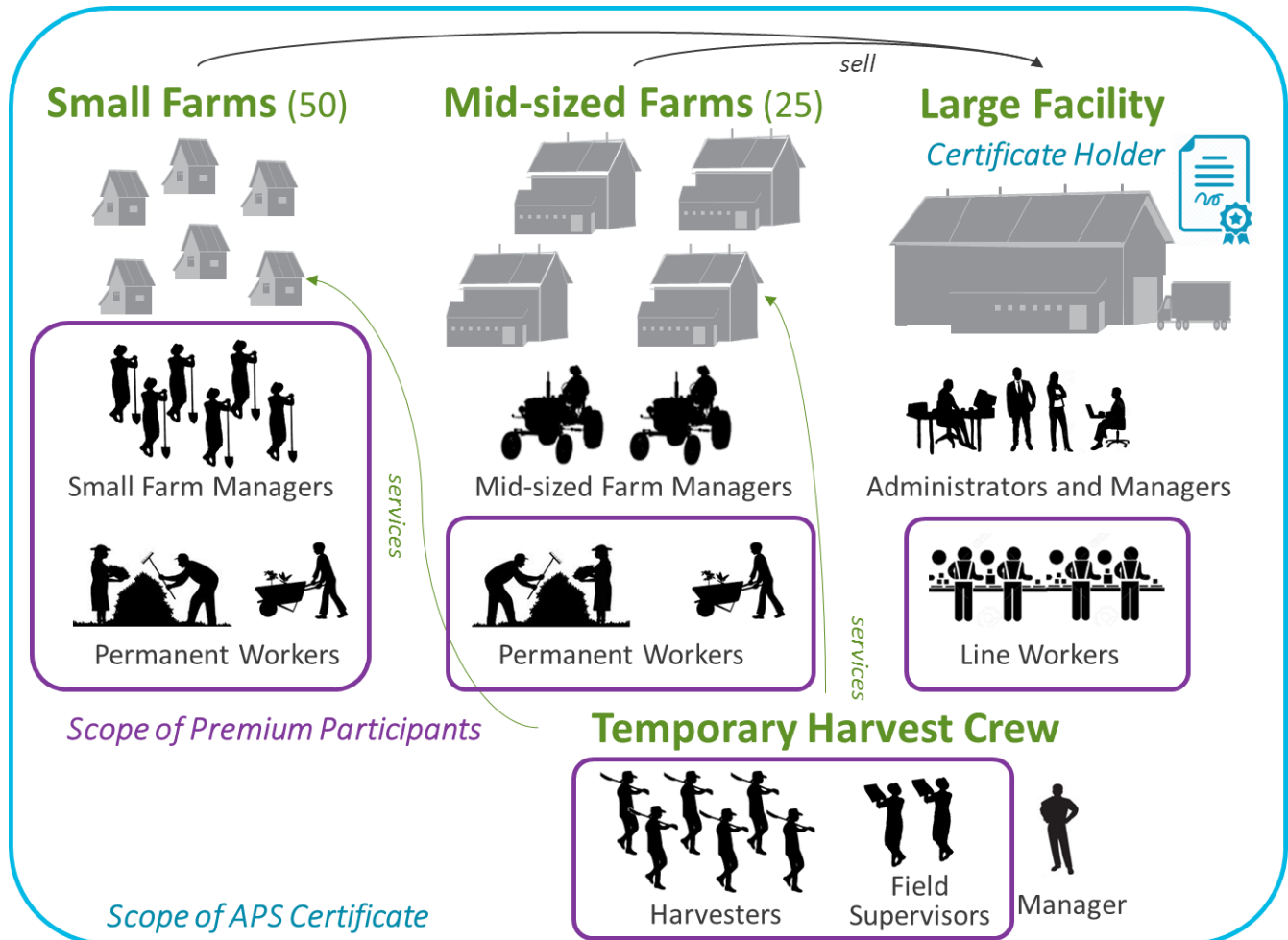
All permanent workers on all 75 farms in the Certificate are Premium Participants. This does not include family members who help out on the family farm and are not paid, as they are represented by the Small Farm manager who is the Premium Participant.

All 125 harvest crew workers are included as Premium Participants, regardless of if they work on Small or Mid-sized Farms. As the harvest crews are hired by the Certificate Holder, they are considered temporary workers of a large site, even if they are working on a Small Farm or hired through a labor contractor, and



thus required as Premium Participants. The five harvest crew supervisors earn a similar wage as the harvesters and work alongside them in the field, so have also been included as Premium Participants. The harvest crew manager earns a significantly higher wage than the harvesters, so cannot be included.

As the packhouse workers represent a significant portion of the production chain, and are from the same local community as the farm workers, the Certificate Holder decides to include all 225 line workers. The remaining workers at the packhouse have significantly higher pay and benefits than the line workers, so they are not included as Premium Participants.



5.2. Case Study 2: Large mill and independent processors and farms

All sites and workers included under the scope of the Certificate must comply with the full requirements of the APS and are subject to be audited.

5.2.1. Sites in Scope of the Certificate:

Facilities: A single large mill, which is the Certificate Holder, buys copra (dried coconut) from two independent dryers, and mills and packages the copra for export. The two independent dryers buy coconuts from a group of independent farmers.

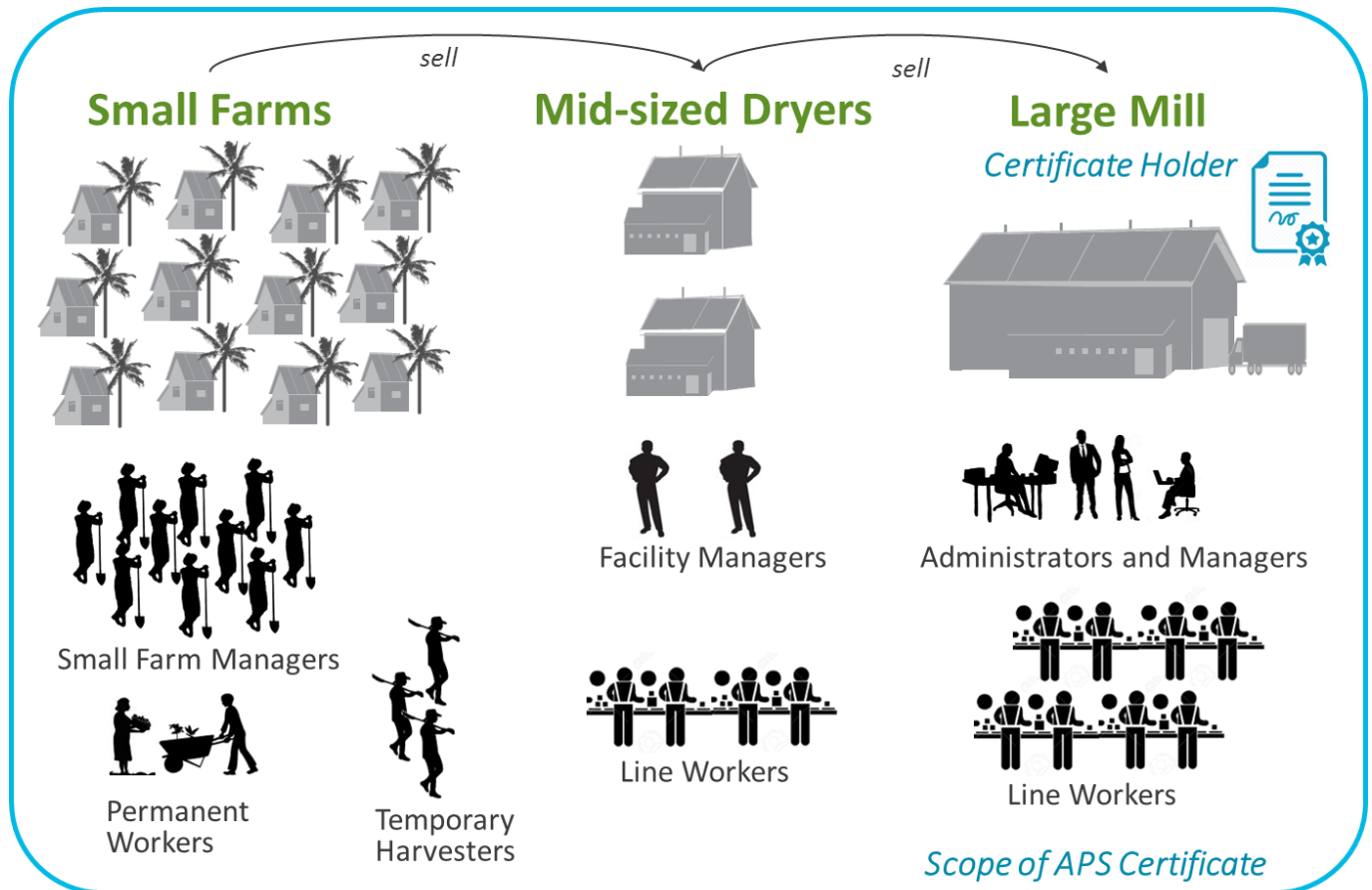
Farms: There are 1,000 Small Farms which transport and sell whole coconuts to the two dryers.

5.2.2. Workers in Scope of the Certificate:

Mill Workers: 125 employees, of which 100 are line workers. The remaining 25 are permanent office and administration staff and managers.

Dryer Workers: Each dryer employs 15 permanent workers who manage the processing line, plus five managers and administrative staff.

Farm Workers: A majority of farms are family run and do not hire permanent workers. Some farms have one to two permanent workers. Most farms also hire temporary workers to assist with periodic harvesting of coconuts.



5.2.3. Scope of the Premium Participants:

The manager of each of the 1,000 Small Farms are included as Premium Participants. The Certificate Holder elects not to include the facility managers of the two dryers, as they make significantly more money than the Small Farmers.

Any permanent workers on all 1,000 farms in the Certificate are Premium Participants. This does not include family members who help on the family farm and are not paid, as they are represented by the Small Farm manager who is the Premium Participant.

The Certificate Holder wants the focus of the Premium benefits to be on the Small Farmers, as making a decent living as a small coconut farmer is very challenging. To begin with, the Certificate Holder decides



not to include any of the processing facility workers or temporary workers on the Small Farms as Premium Participants. If the group accumulates a large amount of Premium in the future, the Certificate Holder will consider adding these optional groups. Note that these workers are still considered as part of the Needs Assessment and may benefit from Premium projects (see 1.2.1.c of the APS). They just cannot take part in the active management and decision making around the Premium until they are Premium Participants.

