



Agricultural Production Standard 1.1.0

Draft Dairy Amendment

Version 1.0.0

Version dated May 2020 for use in initial pilots, field trials, and public consultation.

Amendments, edits, and additional guidance are highlighted in red text or via new columns. No changes have been made directly to the compliance criteria or the original intent and clarifications from the APS.

Fair Trade USA

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The APS is available free of charge in electronic format on the Fair Trade USA website: www.FairTradeCertified.org

This version of the APS with draft Dairy Amendment and Guidance is exclusively for use in initial pilots and field trials, and is publicly available for consultation only.

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INTRODUCTION

Fair Trade USA's Mission and Vision

Fair Trade empowers farmers and workers to fight poverty in ways that improve lives and protect the environment. Rather than creating dependency on aid, it harnesses the power of markets to help producers, businesses, and consumers alike to invest in a better future.

Fair Trade USA, a nonprofit organization, is the leading certifier of Fair Trade products in North America. Fair Trade USA and partnering Conformity Assessment Bodies audit and certify supply chains to help ensure that farmers and workers are paid fair prices and wages, work in safe conditions, protect the environment, and earn community development funds to improve their lives.

Fair Trade USA's Theory of Change

Fair Trade USA views workers, producers, businesses and consumers as an ecosystem. Each of these key stakeholder groups needs the others to realize their goals. Fair Trade USA believes that:

- **Farmers and workers** will have more sustainable livelihoods if the economic model of trade enables access to markets and good working conditions, if farmers and workers have the skills and resources to manage their businesses and to produce in environmentally sustainable ways, and if farmers and workers develop and successfully implement organizational models for enterprise and community development.
- **Businesses** will strengthen themselves by enabling sustainable livelihoods for producers in their supply chains. Companies that source in socially and environmentally responsible ways, verified by independent third party certification, will create shared value and be rewarded by their consumers, employees and other stakeholders.
- **Consumers** want to feel good about their purchases. They will buy sustainable products when they are available in the right places, from the right brands, at the right quality and price, and when the products' sustainability attributes are credible and verified by independent third party certification.

In order to enable these outcomes, Fair Trade USA invests directly and with our partners in the following core activities:

- Develop and implement *standards*
- Enable *producer services* which build competitiveness
- *Certify* producers and supply chain partners
- Engage businesses and consumers to *cultivate demand*
- Define, measure, and communicate *impact*

About this Document

The purpose of the Agricultural Production Standard (APS) is to set the requirements for all agricultural producers or groups of producers certified to Fair Trade USA standards. The implementation of the APS at production sites supports sustainable livelihoods for farmers and workers, by supporting lasting, positive change in four focal impact areas:



- Income Sustainability
- Community and Individual Well-Being
- Empowerment
- Environmental Stewardship

The APS replaces Fair Trade USA's prior standards on agricultural production. Under the APS, different sizes of farms and processing facilities fall under one generic set of requirements. The APS will not directly affect Fair Trade USA's non-agricultural standards and policies, including the Apparel and Home Goods Standard, Capture Fisheries Standard, Trade Standard, or labeling, pricing, and Premium policies. The APS will not change Fair Trade USA's recognition of producers certified by FLO-Cert against FLO standards.

The APS was developed through a rigorous and transparent review and revision process, which began in 2014. The foundation of the APS is based on extensive collaboration and consultation with a diverse array of stakeholders, including producer groups representing both smallholders and large growers, farmworkers, labor experts, NGOs and fair trade movement organizations, buyers and brands. The APS references internationally recognized standards, regulations, and conventions, in particular the Core Conventions of the International Labour Organization (ILO)¹. Where other specific references are used, they are referenced within the relevant standard requirement.

Our Standard Development and Revision Procedure, available on our website, outlines the process we use to write and revise all our standards. This process follows the [ISEAL Code of Good Practice²](#) for Setting Social and Environmental Standards.

Per ISEAL practices, major reviews of our standards occur every five years. The next major review of the APS is scheduled to take place in 2021.

This version of the APS incorporates draft edits to allow for the application of the APS within the dairy sector. This dairy-adapted draft of the APS will undergo desktop review, field trials, and a public consultation period in 2020 prior to being finalized in early 2021. It also includes working draft guidance to support dairies and dairy cooperatives that are participating in the pilot program.

Scope

The APS is applicable for agricultural production systems worldwide that produce and sell commodities that are certified to Fair Trade USA standards, **with the exception of dairies. Only U.S. dairies are eligible for certification against the APS.** The APS Certificate is held by the Certificate Holder, on behalf of one or multiple entities in its supply chain. The scope of a Certificate can cover a single entity (for instance a farm) or a group of entities, which could be of mixed 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.

¹ The ILO Core Conventions include: *Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)*; *Right to Organize and Collective Bargaining Convention, 1949 (No. 98)*; *Forced Labor Convention, 1930 (No. 29)*; *Abolition of Forced Labor Convention, 1957 (No. 105)*; *Minimum Age Convention, 1973 (No. 138)*; *Worst Forms of Child Labor Convention, 1999 (No. 182)*; *Equal Remuneration Convention, 1951 (No. 100)*; and *Discrimination (Employment and Occupation) Convention, 1958 (No. 111)*.

² <http://www.isealalliance.org/>



The following sites³ and activities must always be included in the scope of the APS Certificate and comply with the full requirements of the APS:

- 1) All farming and harvesting activities, **including milking in dairies**⁴;
- 2) Any site managed by the Certificate Holder where Fair Trade Certified™ product is farmed⁵, processed, packed, sorted for quality, or transformed; and,
- 3) Any intermediate buying and selling operations between the farmer(s) and the Certificate Holder where Fair Trade Certified product is being processed, packed, sorted for quality, or transformed.

All other sites where Fair Trade Certified product is only being stored or transported do not need to be included in the scope of the Certificate. In addition, any processing, packing, sorting for quality, or transforming which is subcontracted off-site⁶ does not need to be included in the scope of the Certificate. These sites may be included under the Certificate at the Certificate Holder's discretion.

For sites where Fair Trade product is stored, transported or handled that are not included in the scope of the Certificate, the Certificate Holder must have a contract with these entities which covers all of the following elements:

- 1) That the entity will ensure that Fair Trade Certified product is not mixed with non-Fair Trade Certified product, in accordance with requirements in Sub-module 5.1;
- 2) That the entity meets the [ILO Core Conventions](#)⁷:
 - a) Forced Labour Convention, 1930 (No. 29)
 - b) Abolition of Forced Labour Convention, 1957 (No. 105)
 - c) Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
 - d) Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
 - e) Minimum Age Convention, 1973 (No. 138)
 - f) Worst Forms of Child Labour Convention, 1999 (No. 182)
 - g) Equal Remuneration Convention, 1951 (No. 100)
 - h) Discrimination (Employment and Occupation) Convention, 1958 (No. 111); and,

³ A site is a natural grouping of one or more buildings or farms 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 example, a complex of greenhouses with a common entrance. Any worker housing provided by the Certificate Holder, farm, facility, or employer is considered part of a site, even if it is located elsewhere, and is included in the scope of the Certificate and APS audit.

⁴ For animal production or dairies, the activities that relate to the meat, fish, or milk production directly and not the feed inputs.

⁵ For dairies, farming and farm sites include sites where dairy cows are bred, raised, housed, and milked, and dairy products are sold and prepared for transport.

⁶ This refers to any 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) which does not take legal ownership of the Fair Trade product but provides services to process, pack, or transform the product. One example would be an independent coffee processor who is subcontracted by the Certificate Holder to process Fair Trade Certified coffee offsite and then sends it back to the Certificate Holder. See the Fair Trade USA Glossary for more definitions of terms.

⁷ <http://ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>



3) That Fair Trade USA and/or an approved Conformity Assessment Body may enter the site(s) to perform assurance and control activities against these contract requirements.

The full details of which entities, sites, and activities must be included in the scope of the APS Certificate are explained in a separate Fair Trade USA standard document called “Requirements for Certificate Scope under the APS.”

Compliance with Local and National Laws

All Fair Trade Certified producers are expected to comply with all local and national laws and regulations.⁸ The requirements in the APS may be stricter, less strict, or equivalent to applicable laws. In the case that an applicable law or regulation is stricter than the APS requirements, the law will prevail. In the case that the APS requirement is stricter, the requirements of the APS will prevail. The intent is that where laws and the APS requirements overlap, the one that offers the strongest protections for farmers, workers, and communities prevails. This holds true regardless of whether the Fair Trade USA requirement in the APS is marked as “Critical”, “Progress”, or “Best Practice”.

Given the broad range of jurisdictions in which Fair Trade USA operates, as well as the complexity and changing nature of laws and regulations, we do not include reference to country-specific legal requirements in the APS itself. Ultimately it is the responsibility of the Certificate Holder to ensure their own compliance with the law. In any case where there is concern that an APS requirement is in conflict with an applicable law, the Certificate Holder or applicant should contact Fair Trade USA.

Using the Agricultural Production Standard

Structure

The APS is organized into six **modules** addressing different aspects of production, farm and facility management, and group administration. The requirements under each module apply either to the Certificate Holder (Modules 1, 5 and 6), to individual sites (Modules 2-4), or to the group of producers and workers who decide on the use of the Fair Trade Premium (Module 1). An overview of each module is provided below.

Module 1: Empowerment

Collective and individual empowerment are fundamental to building healthy businesses and healthy communities, and as such are core tenets of the Fair Trade system. One of the unique attributes of the Fair Trade model is the Fair Trade Premium, which is an extra sum paid to producers and workers on top of the product price and wage. Together as Fair Trade Premium Participants, producers and workers decide how the Fair Trade Premium will be used to meet their individual and collective needs, as well as the needs of their communities and environment. This module describes the requirements for identifying the needs of beneficiaries of the Premium, this joint decision-making process, and how the Fair Trade Premium may and may not be used. The module also includes requirements for small producers to be supported in important aspects of farm management and business, which will help them achieve a sustainable livelihood over the long-term.

Module 1 is applicable to the Certificate Holder and across the group of producers and workers participating in decision-making about the Fair Trade Premium (the “Fair Trade Premium Participants”), rather than one specific site. Details of which individuals are included in the group of Fair Trade Premium Participants are included in the Introduction to Module 1.

⁸ For dairies, this includes any local and national laws that govern the care and treatment of farm animals.



Modules 2, 3, and 4 describe the requirements for the individual sites included in the scope of the Certificate, for instance farms, greenhouses, packhouses, and/or processing facilities.

Module 2: Fundamental Rights at Work

The requirements in this module are based on the ILO Core Conventions addressing forced, bonded and compulsory labor; child labor and the protection of young workers; freedom of association; and discrimination. The requirements outline the fundamental rights that form the basis for ensuring the wellbeing of small producers and workers, and managing human rights risks faced by companies and buyers in their supply chains. Securing these rights facilitates individual and collective empowerment by establishing the ability to act on choices, promoting a healthy worker-management relationship, which includes the ability to negotiate, and ensuring the opportunity for future generations to appropriately contribute to their family's livelihood.

Module 3: Wages, Working Conditions, and Access to Services

The individual well-being of small producers and workers is directly impacted by working conditions including working hours, occupational health and safety, and access to basic needs and services. Clear employment terms and fair wages and benefits contribute to the income sustainability of workers. Implementation of the requirements in this module can also contribute towards a reduction in accident and illness rates, and help farms and facilities attract and retain workers through responsible employment practices. Additionally, when workers know their rights and have access to supportive structures and grievance procedures, they are empowered to make choices to improve their lives.

Module 4: Biodiversity, Ecosystem Function, and Sustainable Production

The ability of the land to provide livelihoods for farmers and workers is directly linked to the long-term environmental impacts of farming practices. Sustainable farming practices protect biodiversity, maintain soil productivity, conserve water, minimize the use of harmful pesticides, and ensure proper waste management. These practices help preserve environmental systems, enhance farms' resilience to climate change, and protect the health and quality of life of farmers, workers, their families, and their communities. **Module 4 is not applicable to dairies participating in the pilot program.**

Modules 5 and 6 describe the requirements for traceability and for relationships between the Certificate Holder and any group members or suppliers (if the Certificate includes multiple Small, Mid-sized and/or Large Farms and Facilities). They also include requirements related to the Certificate Holder's management system for ensuring that the entities in the Certificate meet the relevant APS requirements. The majority of the criteria in these modules are the responsibility of the Certificate Holder, though some in Module 5 also apply at the farm or facility level.

Module 5: Transparency and Traceability

The primary purpose of this module is to ensure that the practices relating to the purchase, movement, production, and sale of Fair Trade products are clearly defined. This module includes requirements on physical and documented traceability of Fair Trade products. It requires clear contracts and transparency between the Certificate Holder and other entities included in the Certificate, to ensure the terms of trade are clear and farms know what to expect from their participation in Fair Trade. It also outlines auditing, reporting, and transparency requirements for the Certificate Holder in relation to Fair Trade USA and the Conformity Assessment Body.

Module 6: Internal Management System

A functioning management system within a company, producer organization, and group is necessary to support the implementation of the APS and the empowerment of farmers and workers. This module details the requirements of the Internal Management System (IMS) that the Certificate Holder must have in place to assist with the implementation and



monitoring of the APS. The IMS focuses on identifying risks of non-compliance with the APS, monitoring the risks identified, and taking measures to address non-compliances on sites included in the Certificate. Planning, implementation and record keeping are fundamental to the success of the IMS.

Each **module** is split into **sub-modules** by theme. Within each **sub-module**, there are multiple principle-based **objectives**, each of which has one or more associated requirements specified in **compliance criteria**.

Compliance criteria define the requirements that must be met for certification, meaning that they are binding, either at a specific point in time (Critical criteria) or by the sixth year of certification (Progress criteria). All entities, sites, and activities included in the scope of the Certificate will be audited according to these requirements.

The final column of the tables in the APS, labeled **Intent and Clarification**, includes further explanation of the requirements as well as guidance, best practices and recommendations for implementation. The terms 'shall,' 'must,' and 'required,' indicate a binding requirement, which must be met in order to be certified. The terms 'should,' 'may,' or 'best practice' indicate that the item is optional. The Intent and Clarification column also includes examples and suggestions for how compliance with the requirement could be achieved. These items, usually prefaced with the phrase 'for example,' are not required, nor are they an exhaustive list of ways to comply.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
<i>Compliance Criterion Number</i>	<i>Defines specific requirements of the APS objective, against which conformance will be assessed during the audit.</i>	<i>Specifies point in time by which the requirements must be met.</i>	<i>Further, binding explanation of the requirements as well as guidance on best practices and recommendations for implementation.</i>	<p><i>Proposed additions, clarifications, and edits to support the application of the APS on dairies in the United States. This information will be used by farms, Certificate Holders, Conformity Assessment Bodies, auditors, and Fair Trade USA staff for field trials and consultation.</i></p> <p><i>Additional guidance to support interpretation of the APS in the U.S. dairy context.</i></p> <p><i>Compliance Criteria that have been identified for special consideration during the pilot process and consultation are also flagged as such in this section.</i></p>

Applicability

All criteria are applicable to both farms (production sites including fields and greenhouses) and facilities, unless otherwise noted. **For dairies, the farm includes barns, milking parlors, collecting yards, calf rearing areas and any other areas associated with day-to-day herd management and milking.**

Where the term “workers” is used in compliance criteria, the requirement applies to all workers included in the scope of the Certificate, regardless of whether they are temporary or permanent, work full-time or part-time, or hired directly or indirectly via a labor contractor. Some criteria refer specifically to permanent workers, temporary workers, workers employed through a labor contractor, or migrant workers, and are applicable only to the specified type of workers.

Where the term “farmers” is used in compliance criteria, the requirement applies to the training and working conditions of farmers who are Premium Participants. Small producers refers to the manager on a Small Farm who is a member of the Premium Participants.



Some compliance criteria define responsibilities for employers or site managers. The term “employer” is used to refer to any entity that controls and directs workers under an express or implied contract and is responsible for paying those workers’ wages. This includes labor contractors. The term “site manager” is used to refer to the party responsible for the day-to-day management of a farm or facility.

Note that while some modules and criteria are applicable at the site level or to employers or site managers, the Certificate Holder is always ultimately accountable for ensuring compliance by all sites and entities in the scope of their Certificate.

Differentiation by Farm and Facility Size

Fair Trade USA recognizes that smaller sites have less capacity to implement strict requirements, especially for written documentation, and that some risks can increase along with the size of the farm or facility. For modules which apply to individual sites (Modules 2-4), the requirements vary according to the size of the farm or facility. The parameters for farm and facility size are as follows⁹:

- Small Farm and Small Facility (SF): ≤5 permanent workers and no more than 25 total workers on-site at the management unit at any time;
- Mid-sized Farm and Mid-sized Facility (MF): 6-25 permanent workers and no more than 100 total workers on-site at the management unit at any time;
- Large Farm and Large Facility (LF): all others.

Permanent workers are workers who are employed on an ongoing, year-round basis. Temporary workers are those employed for limited periods related to fluctuations in demand for labor at different times of the year.

It is important to note that the size category is assessed according to the peak number of workers on site at any one time over the entire year, which could be higher than the number of workers on site during the audit. In addition, the size is assessed at the level of the management unit, which is defined by ownership or management and can encompass more than one site or farm. This means that if several sites under the Certificate are jointly managed by the same entity, they are aggregated to assess the size of the management unit. For example, if a company owns and manages two farms each employing 20 permanent workers, each of the farms is considered a ‘Large Farm’ because together they meet the requirements for a Large Farm. If these farms were independently owned and managed, they would be considered ‘Mid-sized Farms’.

If a small producer organization or Certificate Holder hires labor on behalf of member farmers, their size classification will be based on the number of these farm laborers plus any other workers they employ. This means they will be considered a site, and will be audited against the relevant size category requirements according to the number of workers they employ.

Note that the manner in which criteria are audited will vary based on farm and facility size, with larger, more complex, and more sophisticated sites expected to have more robust systems. For example, Small Farms and Facilities are not expected to have a detailed time keeping system in order to show compliance with work hour requirements in Sub-module 3.4.

⁹ These farm size definitions also apply to dairies participating in the pilot program, taking into consideration the workforce engaged in activities on the dairy, excluding crop production. These farm size definitions will be reviewed as a part of the field trials and consultation, and therefore may be modified as part of finalization of the dairy program in 2020.



Types of Compliance Criteria

Compliance criteria and their associated Intent and Clarification define the binding requirements that must be met for certification. Each compliance criterion is classified as one of the following:

- 1) **C-Y# = Critical.** Critical criteria describe requirements that must be met by a specified timeframe to receive or maintain an APS Certificate. A majority of Critical criteria are C-Y0, meaning that they must be met by the initial certification (Year Zero). All remaining Critical criteria must be achieved within a specified timeframe, by one, three, or six years of certification. Some Critical criteria must be met in a specified order in addition to a specified timeframe, before or after other related criteria have been implemented.
- 2) **P-# = Progress.** Progress criteria describe continuous improvement requirements that must be met over time, with all requirements needing to be met by year six of certification. Each Progress criterion is worth a specified number of Progress Points, valued at 1, 3, or 5.
- 3) **BP = Best Practice.** Best Practice criteria are optional and are not required (immediately or in the future). Only Small Farms and Facilities have criteria which are classified as Best Practice. However, we encourage Small Farms and Facilities to aspire to meet these goals over time.

The criterion type (either Critical, Progress, or Best Practice) is indicated in the Timeline column and for each size category: Small Farms and Facilities (SF), Mid-sized Farms and Facilities (MF), and Large Farms and Facilities (LF). Only the modules which apply to individual sites (Modules 2-4) have Progress and Best Practice criteria. The number of Critical and Progress criteria, and points which can be earned for each Progress requirement, may vary by size category.

The Certificate Holder is responsible for ensuring compliance with the APS by all entities included in the scope of the Certificate. A Certificate Holder who is ensuring compliance for a group of sites will need to categorize each site in order to understand which criteria are applicable and at which point in time.

Progress Requirements

The Certificate Holder must show a minimum level of compliance and progress over the course of certification. This is done by earning an increasing number of Progress Points over time, through compliance with Progress criteria.

- The Certificate Holder must earn at least 40% of the possible Progress Points by the initial certification (Year Zero) and maintain them through Year Two; at least 70% of the possible Progress Points by Year Three and maintain them through Year Five, and full compliance with all Progress criteria (100% of Progress Points) by Year Six.
- The Certificate Holder may select which Progress criteria to comply with to reach the minimum percentage of Progress Points required within the relevant timeline in modules containing Progress criteria.
- The required percentage must be met within each module independently.
- Only Modules 3 (Wages, Working Conditions, and Access to Services) and 4 (Biodiversity, Ecosystem Function, and Sustainable Production) contain Progress criteria.
- Although the Progress criteria are site specific, all of the sites within each size category must meet the same set of Progress criteria. In preparation for the audit, the Certificate Holder should make sure the farms and facilities in their group know which criteria they are expected to meet.
- Progress points are earned even when that particular criterion might not be applicable for a specific site, for instance if five points (P-5) can be earned for maintaining irrigation equipment on a Mid-sized Farm, farms that do not irrigate earn five points.



Other Important Documents

In addition to this document, it is recommended that producers and Certificate Holders be familiar with the following additional documents, which are available on [Fair Trade USA's website](#):

- 1) *Requirements for Certificate Scope under the APS*: This document explains in detail which entities, sites, and activities must be included in the scope of an APS Certificate and the audit, as well as which facilities must comply with a smaller list of requirements for subcontracted processors.
- 2) *Transition Policy to the Agricultural Production Standard*: This document explains the process and timeline for all applicants and existing Certificate Holders certified to Fair Trade USA standards to transition to the APS from prior Fair Trade USA standards.
- 3) *Prohibited and Restricted Pesticides List*: This document contains the list of pesticides which are prohibited or restricted in the production of Fair Trade products, as required in Objective 4.4.2 of the APS. It also includes additional rules for the use of restricted pesticides.
- 4) *Glossary*: The Fair Trade USA Standards Glossary includes definitions of terms used in this and other key Fair Trade standards and certification documents.
- 5) *Special Price and Premium Requirements*:
 - a) Minimum Prices and the Fair Trade Premium are set by Fair Trade USA and can be found in the [Price and Premium Database](#).
 - b) In some cases there are additional Price and Premium requirements that relate to the spending of the Premium. These requirements can be found in the "Special Price and Premium Terms" document.
- 6) *Certification Manual*: Additional information on the certification process, including; the application process; certification fees; auditing process; and a procedure for complaints, appeals and disputes.
- 7) *Trade Standard*: Supply chain partners that buy and sell Fair Trade Certified agricultural products from APS Certificate Holders must be certified to Fair Trade USA's Trade Standard.
- 8) *Fair Trade USA Impact Management System*: This describes Fair Trade USA's approach to defining, measuring and communicating the impact of our model. It includes the organization's Theory of Change and the indicators, processes, and technologies used to monitor and report on progress over time.
- 9) *Additional guidance documents* with further explanation and examples of requirements, such as the APS score system and scope of the Certificate, are available on the Fair Trade USA website.

Further Information on Fair Trade USA's Standards and Certification Process

To submit comments on this standard, please contact Fair Trade USA's Standards team: standards@fairtradeusa.org.

If you have any questions about the auditing process, scope of the Certificate, or other certification questions, please contact Fair Trade USA's Certification team: certification@fairtradeusa.org.



INFORMATION FOR DAIRIES AND DAIRY COOPERATIVES PARTICIPATING IN THE PILOT PROGRAM

Fair Trade USA spent early 2019 conducting research and holding conversations to better understand the dairy industry and other sustainability and labor initiatives in the dairy space. The goal of the exploration was to determine whether and how the systems, operations, implementation, and auditing of the Agricultural Production Standard (APS) could be applicable in a dairy setting. The exploration confirmed that, through a blend of standards, premium, and supply chain services, fair trade presents a strong foundation to address the socio-economic, labor, and farm culture issues in the dairy sector in the United States.

Rather than create a new standard, Fair Trade USA will be applying the existing Agricultural Production Standard (APS) and certification process in the dairy context, with the needed definitions and clarification to make it interpretable and auditable in this sector. The APS was developed through a multi-stakeholder process in line with ISEAL's Code of Good Practice for Setting Social and Environmental Standards.

This draft version of the APS incorporates edits to allow for the application of the APS within the dairy sector. It also includes working draft guidance to support dairies and dairy cooperatives that are participating in the pilot program. This dairy-adapted draft of the APS will undergo desktop review, field trials, and a public consultation period in 2020 prior to being finalized in early 2021.

More specifically, this dairy-amended version of the APS incorporates the following information to support the pilot implementation of the APS in dairies:

- A minimal set of changes have been made to the APS to ensure that it is auditable in the dairy context, in line with the aim to test existing Fair Trade USA requirements and processes.
- Minor additional guidance to help dairies and dairy cooperatives understand and implement the standard has also been incorporated. This guidance is traditionally provided to farms and cooperatives participating in the Fair Trade USA program as part of the support they receive from Fair Trade USA's Producer Services team. This team has a suite of guidance and implementation tools that they use with producers and they will work closely with participating dairies during the pilot process, and will update guidance documents to be specific to dairy at the end of the pilot period.
- Some compliance criteria have been identified for special consideration during the pilot process and consultation. These are requirements of the APS that Fair Trade USA recognizes to be particularly complex to implement or interpret in the U.S. dairy context, and where additional research and learning is needed during the pilots. Over the course of the pilot certifications and public consultation, Fair Trade USA will seek to understand what modifications or clarification may be needed to these criteria to ensure that the intent behind them is clear and that the APS is adapted to drive that intent in this sector. Fair Trade USA will work with each dairy participating in the pilot program to understand how these criteria relate to the realities on the dairy, collect information needed to inform modifications to or clarifications for the criteria, and ensure that the core intent behind any Critical criteria is met during the pilot certification.

This dairy-amended version of the APS also incorporates two more significant temporary program changes that will apply during the pilot period. These areas will be focal points during public consultation and pilot evaluation:

- A temporary Compliance Support Fund unique to the dairy sector has been created for this pilot. The intent of this fund is to support dairy owners and operators in the implementation of one-time changes and initial investments needed to achieve compliance against Fair Trade USA Agricultural Production Standard and support the intended outcomes of the Fair Trade USA Dairy Program. A Compliance Support Fund Policy will be provided to pilot participants during program implementation, and will offer additional details on the fund. See additional information in the introduction to Module 1.



- Dairies audited against this dairy-amended APS will not be assessed against Module 4. Module 4 addresses key environmental and soil health issues associated with food crop production specifically; as such, it is not well-suited to dairies. Fair Trade USA will explore how best to incorporate environmental sustainability issues relevant to dairies into the Fair Trade USA program by collaborating with supply chain partners, experts, and organizations working in the space during program development and the public consultation.

Cooperatives and dairies participating in the pilot program are supported by Fair Trade USA Producer Services team staff. This includes working to ensure that cooperatives and dairies understand not only the requirements of the Fair Trade USA standards, but also the certification and audit process. Producer Services staff also support the cooperatives and dairies in developing and implementing plans and activities associated with the Fair Trade USA program, such as compliance planning, forming Fair Trade Committees, and conducting needs assessments.

Fair Trade USA will seek input and feedback from pilot partners to inform the finalization of the program. This includes feedback on the applicability of the APS requirements in the dairy context as well as feedback on the support from Producer Services, and the onboarding, audit, and certification processes more broadly. As noted above, some of the areas where Fair Trade USA would like feedback have already been identified in this draft dairy-amended APS. In addition to requesting feedback on the areas already identified in this standard, Fair Trade USA will continue to compile questions for consultation as the pilot progresses through the first half of 2020. A formal public consultation is scheduled to take place in the second half of 2020. Pilot partner input will be essential to helping ensure that the final program is fit-for-purpose in the U.S. dairy sector, meeting the needs of stakeholders and also remaining in line with the core tenets of Fair Trade USA and driving the intended outcomes highlighted in Fair Trade USA's Theory of Change.

Pilot participants will be certified against the draft dairy-amended APS and will be required to come into compliance with the final version of the standard after it is published to remain Fair Trade Certified. The exact transition timeline will depend on the extent of changes to the standard, and Fair Trade USA will work to ensure that the transition timeline meets the needs of the supply chain and Fair Trade USA. Typical transition timeframes when standards are updated range from 6 to 12 months from the publication of the updated standard.



MODULE 1: Empowerment

“Empowerment is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.” (World Bank)

Collective and individual empowerment are fundamental to building healthy businesses and healthy communities, and as such are core tenets of the Fair Trade system. One way that a standard can drive collective empowerment is through establishing groups that foster communication and collaboration on important issues such as health and safety, community investments or working conditions. To that end, the APS requires the formation of a Fair Trade Committee, a Health and Safety Committee, and a Social Engagement Team. This module focuses on the Fair Trade Committee.

The Fair Trade Committee’s main responsibility is to manage the use of the Fair Trade Premium, which is one of the unique aspects of the Fair Trade model. The Fair Trade Premium is an extra sum paid to workers and small producers above the cost of the Fair Trade product. It is paid per volume of product sold on Fair Trade terms and varies by product, quality, and/or region of production. The amount of Fair Trade Premium to be paid per product can be found on our website: www.FairTradeCertified.org.¹⁰

In Fair Trade, workers and producers decide together how the Fair Trade Premium will be used to meet their individual and collective needs, as well as the needs of their communities and environment. They elect a Fair Trade Committee that is responsible for managing, investing, and spending the Fair Trade Premium on behalf of the workers and producers, as well as tracking and informing them about Premium projects and Premium accounting. This module describes the requirements for identifying the needs of beneficiaries of the Premium, the joint decision-making process, and how the Fair Trade Premium may and may not be used.

For dairy pilot participants, a temporary Compliance Support Fund has been created. The intent of this fund is to support dairy owners and operators in the implementation of one-time changes and initial investments needed to achieve compliance against the Fair Trade USA Agricultural Production Standard and support the intended outcomes of the Fair Trade Dairy Program. Such changes and investments have benefits for not only dairy owners, but for the family members and workers employed on those dairies. The Compliance Support Fund diverts one-third of the Fair Trade Premium¹¹ to dairy owners and operators. The remaining two-thirds will continue to be managed through the traditional Fair Trade USA processes outlined in this module. A Compliance Support Fund Policy will be provided to pilot participants during program implementation, and will provide additional details on the fund.

This module also includes requirements for small producers to be trained in important aspects of farm management and business. Such trainings strengthen individual empowerment and help producers achieve a sustainable livelihood over the long term.

Identifying the Fair Trade Premium Participants

This module refers to the “Fair Trade Premium Participants”, or “Premium Participants”. This is the group of producers, workers, and/or cooperative members who are eligible to elect 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. The people included in this group vary according to the type and size of the sites included in the scope of the Certificate.

¹⁰ The Fair Trade Premium rate for conventional milk is \$0.45/cwt.

¹¹ The Compliance Support Fund would divert \$0.15/cwt from the Fair Trade Premium rate for conventional milk.



Individuals who must always be included as Fair Trade Premium Participants:

- 1) All workers on Mid-sized and Large Farms that perform regular work in the production chain, whether the workers are permanent or temporary, directly employed, or employed through a labor contractor.
 - Regular work in the production chain includes any service that occurs at least annually and is related to production or 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. This excludes short-term non-production projects, such as special construction.
 - **On dairies, regular work in the production chain includes any work or service that relates directly to milk production and collection, including all work related to handling and raising calves and cows. This excludes work related to production of feed crops.**
- 2) All permanent workers on Small Farms that perform regular work in the production chain, whether directly employed or employed through a labor contractor.
 - Note that this does NOT include temporary workers on Small Farms, even though they are included in the scope of compliance with other requirements of the APS.
- 3) The manager of each Small Farm in the scope of the Certificate.
 - This person does not need to be the farm owner, for instance he or she can be a tenant farmer or sharecropper, but he or she is the farmer gaining or losing from changes in prices and yields, i.e. not a wage worker (employee). 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. It may be the case that a farm has more than one representative, for instance if the owner and sharecropper(s) jointly work the land for a share of the crop, they are all Fair Trade Premium Participants.

“Worker” is defined as: “The general term designating personnel working in certified organizations, regardless of whether they are temporary or permanent, work 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 chiefs earning similar pay rates and undertaking similar tasks to production line or farm workers would be included in this definition of ‘worker’, and should be included in the group of Fair Trade Premium Participants.

Individuals who may also be included in the group of Fair Trade 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 product not included in the default scope of Premium Participants above, for instance temporary workers on Small Farms, or workers in processing facilities and packhouses included in the scope of the Certificate.
 - 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.
 - **In dairies, in situations where the majority of workers split time between dairying and crop production, it is recommended that all crop workers who receive similar pay and benefits to the dairy workers be included as Premium Participants. Note this would exclude any highly specialized individuals such as an individual who owns specialized heavy equipment and leases their service and labor to the dairy’s crop fields.**



- 2) In a mixed cooperative growing both Fair Trade and non-Fair Trade product, the members who are growing non-Fair Trade product. Those members growing non-Fair Trade product would not be subject to a Fair Trade audit, but this would allow them to benefit from the Fair Trade Premium.
- 3) All Mid-sized Farm and Facility managers.
- 4) Small and mid-sized traders, product aggregators and facility managers who help ensure that Fair Trade product gets from the farms to the Certificate Holder.

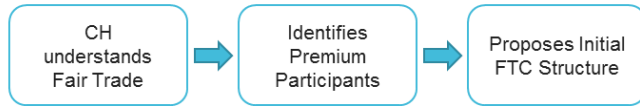
In some cases identifying the Fair Trade Premium Participants will be straightforward, for instance certification of a cooperative of small producers. In other cases, for instance where co-ops, independent farmers, and Large Farms are all selling to an exporter who holds the Certificate, the applicant can work with Fair Trade USA to make sure all the relevant individuals are included in the group of Premium Participants. As with the scope of sites included in the Certificate, the Fair Trade Premium Participants will be determined during the application process and approved by Fair Trade USA before the initial audit.

An Overview of Module 1

Module 1 consists of three sub-modules. The first two sub-modules describe the requirements for setting up the Fair Trade Committee, conducting a Needs Assessment of the Premium Participants, and developing a Fair Trade Premium Plan for how Premium will be spent. These two sub-modules are applicable to the Certificate Holder and the Fair Trade Premium Participants. The diagram below outlines the steps in this process.

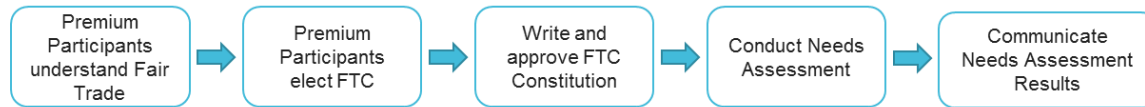


Step 1: The Certificate Holder identifies Fair Trade Premium Participants and proposes an initial Fair Trade Committee (FTC) structure



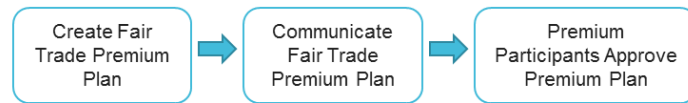
Before Year Zero (Initial) Audit

Step 2: The FTC is formally constituted and the first Needs Assessment is done



Before Fair Trade Premium is spent, or Year One at the latest

Step 3: The FTC develops a Fair Trade Premium Plan based on the Needs Assessment and gains approval on the Fair Trade Premium Plan from the Fair Trade Premium Participants



Before Fair Trade Premium is spent or by Year Three at the latest

Step 4: Spend Premium based on the projects in the Fair Trade Premium Plan

Ongoing: Update the Needs Assessment, Premium Plan, and FTC governance as needed

The third sub-module describes the requirements for ensuring that enabling conditions are present for the empowerment of small producers, both individually and collectively; it is applicable to the Certificate Holder only in Certificates that include Small Farms.

All criteria in this module are Critical criteria; some of them are applicable by Year Zero, but many are applicable in later years. There are no Progress criteria in this module.



SUB-MODULE 1.1: Small Producers and Workers Are Represented in a Fair Trade Committee to Manage the Use of the Fair Trade Premium.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 1.1.1: The Certificate Holder and Fair Trade Premium Participants understand the role of the Fair Trade Committee (FTC) in managing the Fair Trade Premium.				
1.1.1.a	The Certificate Holder understands the intent, purpose, and requirements of the Fair Trade Committee, Needs Assessment, and Fair Trade Premium Plan.	C-Y0	Specifically, the individuals responsible for the implementation of Module 1 as identified in 6.1.1.a understand the intent, purpose, and requirements.	
1.1.1.b	Fair Trade Premium Participants have been trained on the functioning of the Fair Trade Committee, the intent of the Needs Assessment, and the development of the Fair Trade Premium Plan.	C-Before FTC is elected (1.1.2.c) or Y1 at the latest	Training for all Premium Participants occurs before the Fair Trade Committee is elected, and at least every three years thereafter. When a significant number of Fair Trade Premium Participants are added, these individuals must be trained. 'Significant number' is defined as more than 10% turnover in workforce or new membership since the previous year. This includes turnover of individuals employed as temporary workers.	
Objective 1.1.2: Fair Trade Premium Participants are represented in a democratically-elected Fair Trade Committee (FTC).				
1.1.2.a	The Certificate Holder has designed an initial structure and election procedure for the Fair Trade Committee that ensures the proportional representation of diverse groups within the Fair Trade Premium Participants on the FTC.	C-Y0	The intent is that the composition of the Fair Trade Committee reflects the composition of the group of Premium Participants. The role of the Certificate Holder is to ensure proportional representation by designing an appropriate structure and election procedure, not to identify individuals to serve on the FTC. More than one FTC may be created per group of Premium Participants as long as each Premium Participant is represented in exactly one FTC. Note that this criterion is applicable only for the initial certification. Once the process for election of the FTC has started, under 1.1.2.b the Premium Participants will be responsible for modifying the proposed structure and governance of the FTC(s). Detailed rules for setting up the FTC(s) and for distributing Premium across multiple FTCs are outlined in Annex A .	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.1.2.b	The majority of Premium Participants have agreed on the proportionally representative structure of the Fair Trade Committee, and understand how they are represented in the FTC.	C-Before FTC is elected or Y1 at the latest	<p>The Premium Participants may make changes to the original proposal by the Certificate Holder presented in 1.1.2.a as long as the structure still follows the requirements in 1.1.2.a, including that it remains proportionally representative.</p> <p>The approval and understanding can be attained at a General Assembly meeting of a majority of Premium Participants.</p> <p>Delegate systems may be used if they offer adequate representation of all Premium Participants. The intent of the delegate system is to represent all of the Premium Participants' interests in a streamlined and implementable manner. Premium Participants must democratically elect their delegates themselves.</p> <p>A delegate system could be used in larger groups that are geographically dispersed, where it is difficult for all Premium Participants to come together.</p>	
1.1.2.c	Premium Participants elect the members of the Fair Trade Committee through a democratic process with equal voting rights. The election process is documented.	C-After 1.1.2.a and before Premium is spent, or Y1 at the latest	<p>A democratic process with equal voting rights requires that each Premium Participant gets one vote, no matter the size of their holdings, how much they sell to the Certificate Holder, how long they have worked in the farm or facility, etc. All Premium Participants have equal access to the voting process. Note that only individuals who themselves qualify as Premium Participants are eligible to be elected to the FTC.</p> <p>If multiple FTCs are set up, the Premium Participants shall be divided into electoral groups so that they vote for the relevant FTC.</p> <p>Delegate voting systems are allowed if they offer equal representation to all Premium Participants.</p> <p>If the Premium Participants have already formed a group (e.g. a cooperative), its Board can directly nominate the FTC as long as the Board is elected via equal representation for all Premium Participants (including all workers who are required to be Premium Participants), and this has been approved by a majority of Premium Participants. If the group uses weighted voting by shares, a separate voting process with equal voting weight will need to be created for the FTC election and approval of the Fair Trade Premium Plan.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.1.2.d	The Certificate Holder appoints a non-voting observer to the Fair Trade Committee.	C-After 1.1.2.a and before Premium is spent, or Y1 at the latest	<p>This requirement is not applicable where the Certificate Holder is a democratically-organized producer organization.</p> <p>This representative of the Certificate Holder may not vote in FTC decisions, but may block any Premium project that would result in a non-conformity with the Fair Trade Premium Expenditure Rules laid out in Annex C. Any such block must be documented in the meeting minutes of the FTC.</p> <p>Where there is more than one FTC, each FTC must have an observer from the Certificate Holder. The same observer can serve on multiple FTCs. The FTC may invite more than one observer from the Certificate Holder.</p> <p>The Certificate Holder may nominate an independent third party, such as an implementation partner, to serve as their observer, as long as that individual has an agreement to act on behalf of the Certificate Holder.</p> <p>It is recommended that the individual responsible for supporting implementation of Module 1, as identified in 6.1.1.a, be the observer to the FTC.</p>	This requirement is not applicable where the Certificate Holder is a democratically-organized producer organization, where all members of the producer organization are also under the Fair Trade USA certificate, or where no workers are Premium Participants.
1.1.2.e	The Certificate Holder does not interfere with the independent decision-making of the Fair Trade Committee. This commitment is declared in writing and shared with the FTC.	C-After 1.1.2.c and before Premium is spent, or Y1 at the latest	<p>Where the FTC is the same composition as the Board or other managerial group of a democratically controlled small producer organization, this criterion is not applicable.</p> <p>This includes that employers or site managers who are not themselves members of the Premium Participants do not interfere with the independent decision-making of the Fair Trade Committee.</p>	
1.1.2.f	<p>The Premium Participants have approved, and the Fair Trade Committee is following, a written Constitution defining the governance, roles and responsibilities of the FTC, including:</p> <ul style="list-style-type: none"> the identification of the Premium Participants as the supreme decision-making body of the FTC; 	C-After 1.1.2.c and before Premium is spent, or Y1 at the latest	<p>If there are multiple FTCs, each one shall have its own Constitution, which includes the rules for Premium distribution among FTCs.</p> <p>If there are multiple FTCs and a significant change in workforce composition or Certificate scope occurs, within one year the rules for Premium distribution must be re-assessed to ensure that they are still equitable, and re-approved by a majority of Premium Participants. Significant changes include, but are not limited to: more than 10% new membership, a new production line involving new workers, or new sites of different sizes or geographies. Note this does not include turnover of individual workers, unless a change in individual Premium Participants results in a change in the workforce structure or distribution of Premium Participants.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
	<ul style="list-style-type: none"> the voting procedures for electing the FTC and approving the Fair Trade Premium Plan, including the frequency of elections, delegate systems, procedures for electing a new member of the FTC if one resigns, and how minor vs. major changes in the Fair Trade Premium Plan are approved; rules for ongoing project funding or distribution of the remaining Premium to Premium Participants in the event of dissolution of the FTC due to the loss of Certification; and, rules for emergency and discretionary spending. 		<p>If the Premium Participants have already formed a group (for instance a cooperative) whose Board directly nominates the FTC as allowed under 1.1.2.c, it must have adopted the requirements outlined here in official governance documents.</p> <p>It is best practice to set term limits for FTC members to ensure participation by a diverse group of people.</p>	
Objective 1.1.3: The Fair Trade Committee (FTC) meets regularly and communicates with Premium Participants.				
1.1.3.a	The Premium Participants meet annually for a General Assembly to discuss and decide on Fair Trade Committee activities and governance. There are minutes of these meetings, and any decisions made are documented.	C-Before Premium is spent, or Y1 at the latest	<p>Delegate systems may be used in lieu of direct attendance, if they offer adequate representation to all Premium Participants. The majority of Premium Participants shall participate in the General Assembly and vote on Fair Trade matters, either directly or through a delegate. Workers may need to be compensated for their time spent at the General Assembly. See Annex B for requirements related to compensation and support to ensure participation.</p> <p>If the proposed structure of the FTC involves separating Premium Participants into natural groups each with its own FTC, each group can hold a separate General Assembly or choose to hold them jointly.</p> <p>The minutes of the General Assembly meetings clearly record all decisions made. The decisions should be posted in a public place accessible to and used by Premium Participants, for example, in the cafeteria, kitchen or at product drop-off locations.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			<p>If there is no balance in the Fair Trade Premium account and no funds were spent in the previous year, the annual General Assembly may be postponed or skipped. However it is recommended to always hold the General Assembly, as it is an important opportunity for sharing information, training on general Fair Trade matters, and planning for future Premium spending.</p>	
1.1.3.b	<p>The Fair Trade Committee meets at least once per quarter.</p>	<p>C-Before Premium is spent, or Y1 at the latest</p>	<p>If there is a minimal balance in the Fair Trade Premium account and no funds were spent in the previous year, this meeting frequency may be temporarily reduced. The FTC may decide what such a 'minimal' balance is based on their current Fair Trade Premium Plan. For example, if the FTC has already developed a Premium Plan but does not yet have enough Premium saved to begin any projects, it does not have to meet. However, it is recommended that the FTC continues to meet at least quarterly where feasible, to encourage regular dialogue and collaboration among FTC members and the Certificate Holder on Premium planning, training, and other Fair Trade matters.</p> <p>When projects must be actively managed, it is likely that the FTC will need to meet more frequently than once per quarter, for instance once per month.</p> <p>The employer or Certificate Holder must allow any workers on the FTC to participate in all meetings.</p> <p>Committee members may need to be compensated for their time spent at FTC meetings. See Annex B for requirements related to such compensation.</p>	
1.1.3.c	<p>The Fair Trade Committee keeps and signs minutes of its meetings and shares them with Premium Participants.</p>	<p>C-Y1</p>	<p>The minutes of the FTC meetings clearly record the place of the meeting, date, time, meeting participants and all decisions made. Sharing with Premium Participants could be done by posting in a public place accessible to and used by Premium Participants, for example, in the cafeteria, kitchen or at product drop-off locations.</p>	
1.1.3.d	<p>The Fair Trade Committee communicates information about Fair Trade sales, the Fair Trade Premium, and the Fair Trade Premium Plan to the Premium Participants at least annually.</p>	<p>C-Y1</p>	<p>This requires that the Certificate Holder shares information about Fair Trade sales and Premium income with the FTC.</p> <p>To aid in planning, the Certificate Holder and FTC should share the estimated Premium income for the following year based on Fair Trade sales forecasts.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 1.1.4: The Fair Trade Committee (FTC) has the resources and training needed to carry out its responsibilities.				
1.1.4.a	Fair Trade Committee members understand the role and responsibilities of the FTC.	C-Before Premium is spent, or Y1 at the latest	This can be accomplished through a training done by the Certificate Holder, which is repeated for any new FTC members. The full APS is made available to the members of the FTC.	
1.1.4.b	Fair Trade Committee members are trained in the administrative and organizational skills needed to fulfill their duties.	C-Y1	The FTC receives training at least once per year so that its members have the skills they need to manage the Premium. At a minimum, this includes training on the management of the Premium accounting system, once it is functioning. New members joining the FTC should be trained on the accounting system shortly after they join. Other training topics can include budgeting, financial literacy, project management, meeting facilitation, consensus-building, communication technologies, and conflict resolution. The trainings can be done by the Certificate Holder or a third party. If a third party is hired then Fair Trade Premium may be used.	
1.1.4.c	Fair Trade Committee members have been trained in how to conduct the Needs Assessment required in Objective 1.2.1.	C-Y3	This training can be done by the Certificate Holder or a third party. If a third party is hired then Fair Trade Premium may be used to pay for the training. This training is necessary to prepare the FTC to take an active role in the management of the Needs Assessment process as required in 1.2.1.d.	
1.1.4.d	The Certificate Holder provides resources necessary to hold Fair Trade Committee meetings, and the Fair Trade Committee has access to administration and communication tools.	C-Before Premium is spent, or Y1 at the latest	This may include, but is not limited to, providing office or meeting space, transportation for Committee members to get to and from the meeting, compensation for participants time (see Annex B), and supplies such as paper, pens or pencils, computer resources where appropriate, etc. The meeting space must be in reasonable proximity to the FTC members. Communication tools which must be accessible to the FTC include telephone and email. Normally, the Certificate Holder provides these tools, but Fair Trade Premium may be used for these communication tools. It is recommended that the FTC has its own independent email account where infrastructure allows this.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			As a best practice, the Certificate Holder should allow workers on the FTC to carry out project-related tasks between meetings during working hours, and consistently make time available for FTC activities, even during busy times of year.	

SUB-MODULE 1.2: Fair Trade Premium is Spent According to the Needs of the Community, Small Producers and Workers.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 1.2.1: There is a Needs Assessment which identifies the social, economic and environmental development needs of the producers and workers included in the scope of the Certificate and their communities.				
1.2.1.a	There is a written Needs Assessment identifying the social, economic, and environmental development needs of the Fair Trade Premium Participants and their families, communities and environment. The results of the Needs Assessment are shared with the FTC.	C-Before Premium is spent, or by Y1 at the latest	<p>The intent of this requirement is that the needs of all Fair Trade Premium Participants, their families and communities are well understood and can be effectively considered when prioritizing uses of the Fair Trade Premium. Note that 1.2.1.c requires that the scope of the Needs Assessment be expanded in future years.</p> <p>The first Needs Assessment must be financed or undertaken directly by the Certificate Holder. Subsequent Needs Assessments (see 1.2.1.b) may be financed by Fair Trade Premium if they are undertaken by a third party.</p> <p>The Needs Assessment may be carried out in a variety of ways including surveys, interviews, or meetings with Premium Participants. The Needs Assessment must include a diverse and representative sample of Premium Participants.</p> <p>The Needs Assessment shall include at minimum an evaluation of the following areas:</p> <ul style="list-style-type: none"> • access to education and childcare; • food security; • health services (for example, access to or affordability of health care); • housing; • health and sanitation (for example, drinking water access and quality; latrines; access to Personal Protective Equipment on Small Farms; or community health concerns such as high levels of HIV infection, diabetes, infant mortality, maternal death rate); and, 	<p>Additional recommended themes to assess in dairies include:</p> <ul style="list-style-type: none"> • Access to regular transportation for workers (for transit to and from work, grocery shopping and other necessities, and recreational purposes); and, • Access to language training as a type of education (for farmers and workers).



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			<ul style="list-style-type: none"> • for small producers: environmental health, farm productivity, and product quality (for example, climate adaptation and mitigation, water conservation, maintaining soil quality, and planting materials). <p>Additional recommended themes include:</p> <ul style="list-style-type: none"> • community infrastructure (for example, roads, bridges, or community buildings); • community services (for example, access to trainings or other support for livelihoods improvements); • gender equity, including participation by women in income generating activities and farm decision-making, and other women’s empowerment issues; • provision of trainings; • compliance and certification costs on Small Farms; and • cooperative business needs. <p>It is best practice, but not required, that the Fair Trade Committee be involved in planning and undertaking the Needs Assessment in the first year. Note that in 1.2.1.d, by Year Six the FTC will need to take an active role in updating the Needs Assessment.</p> <p>It is recommended that a summary of the Needs Assessment results also be shared with all Premium Participants.</p>	
1.2.1.b	The Needs Assessment is updated by the third year of certification and at least every three years after that point, and/or when there is a significant change in Premium Participants.	C-As soon as a significant number of new Premium Participants are added, or by Y3 at the latest	<p>Significant change is defined as more than 10% new membership since the previous Needs Assessment, or turnover of individual workers that results in a change in the workforce structure or distribution of Premium Participants.</p> <p>If a significant change in Premium Participants does not occur, this criterion is not applicable until Year 3.</p> <p>Updates to the Needs Assessment undertaken by a third party can be paid for with Fair Trade Premium.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.2.1.c	The Needs Assessment scope is expanded to include any workers in the scope of the Certificate who are not included in the scope of the Premium Participants.	C-Y3	For instance, temporary workers on Small Farms, or workers in processing facilities, might not be included in the group of Premium Participants, but their needs must be assessed so that they can benefit from the Fair Trade Premium in the future.	
1.2.1.d	The Fair Trade Committee takes an active role in updating the Needs Assessment.	C-Y6	An active role could mean that the FTC leads the assessment directly, or works closely with a hired specialist to conduct the assessment.	
Objective 1.2.2: There is a Fair Trade Premium Plan, which explains how Fair Trade Premium will be spent, based on the Needs Assessment. This plan is approved by the Premium Participants.				The Compliance Support Fund will be managed separately from the remainder of the Fair Trade Premium, following the requirements of the Compliance Support Fund Policy. As such, the processes and requirements related to the Premium Plan and Premium spending do not apply to the Compliance Support Funds.
1.2.2.a	The Fair Trade Committee has developed a Fair Trade Premium Plan which describes how Fair Trade Premium will be used.	C-Before Premium is spent, or by Y3 at the latest	<p>At a minimum, the Fair Trade Premium Plan includes a prioritized and detailed list of projects and investments that address needs identified in the Needs Assessment and a list of any other expenses for which Premium will be used (for example, Premium management expenses, training costs, etc).</p> <p>For each project, the Plan lists and details: project objectives, outcomes, respective timeline, budget, and required actions, as well as individuals' roles and responsibilities in the project. Objectives and outcomes of the required actions are measurable, and measurement criteria are defined.</p> <p>If there is more than one FTC, each FTC must develop its own Fair Trade Premium Plan.</p> <p>Premium projects focused on benefiting migrant workers while they are at the workplace must aim to have an immediate short-term impact since the population may vary from year to year. Alternatively, a project might focus on meeting the needs of migrant workers' home communities.</p> <p>See Annex C for details on allowable expenditures of Premium.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.2.2.b	All individuals included in the scope of the Needs Assessment have access to and can benefit from at least one project.	C-Y6	This means that all workers, even those who are not Premium Participants, must be able to access the benefits of at least one Premium project (see 1.2.1.c).	
1.2.2.c	The Fair Trade Premium Plan is in accordance with the Special Price and Premium Terms for the Fair Trade product.	C-Before Premium is spent, or by Y3 at the latest	This criterion becomes applicable as soon as the first Premium Plan is developed. The Special Price and Premium Terms are available as a separate document on Fair Trade USA's website. They outline specific Premium expenditure requirements for certain products.	
1.2.2.d	The Fair Trade Premium Plan is in accordance with the Fair Trade Premium Expenditure Rules and the results of the Needs Assessment.	C-Before Premium is spent, or by Y3 at the latest	This criterion becomes applicable as soon as the first Premium Plan is developed. In all cases, Premium expenditures must be linked to a need identified in the Needs Assessment and be approved by the Premium Participants, unless approved for emergency and discretionary spending as outlined in the FTC Constitution. The intent of Premium expenditure is that it improves the livelihoods of Premium Participants, as guided by the results of the Needs Assessment. The complete Premium Expenditure Rules are outlined in Annex C .	
1.2.2.e	The majority of the Premium Participants have approved the Fair Trade Premium Plan.	C-Before Premium is spent, or by Y3 at the latest	This is done at a meeting of Premium Participants (or General Assembly), where either the majority of Premium Participants attends directly or where the majority of Premium Participants are represented through their elected delegates. The Premium Participants should understand how the proposed Premium Plan addresses the needs identified in the Needs Assessment.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.2.2.f	The Fair Trade Premium Plan is updated by the Fair Trade Committee and approved by the Premium Participants on an annual basis. The update includes an analysis of the outcomes of the previous Premium Plan and any updates to the Needs Assessment as required in 1.2.1.b.	C-One year after the first Fair Trade Premium Plan is developed, or by Y4 at the latest	<p>If the FTC has developed a Fair Trade Premium Plan before Y3 in order to spend Fair Trade Premium, the Fair Trade Premium Plan must be updated annually. The intent is that Fair Trade Premium is not spent according to a Fair Trade Premium Plan that is more than one year old.</p> <p>The analysis of the outcomes and implementation of the existing Fair Trade Premium Plan shall report on:</p> <ul style="list-style-type: none"> • the status of each action proposed in the Fair Trade Premium Plan, and if not carried out, an explanation of why not; • when the actions were carried out; • at what cost; and, • whether the objective was achieved or if further action is needed. 	
Objective 1.2.3: Premium is spent according to the Fair Trade Premium Plan and Fair Trade Committee Constitution.				
1.2.3.a	Premium is spent only on projects or expenses included in the Premium Plan or approved in the FTC Constitution.	C-As soon as Premium is spent	<p>Criteria related to Premium use become applicable as soon as Premium is spent. Discretionary and incidental expenditures can be made which were not included in the Fair Trade Premium Plan as long as these are in accordance with the FTC Constitution.</p> <p>When the Premium Plan is developed in compliance with the rules in 1.2.2.c and 1.2.2.d, this ensures that Premium is spent according to the Special Price and Premium Terms and the Fair Trade Premium Expenditure Rules.</p>	
Objective 1.2.4: Structures and safeguards are in place to ensure Premium is spent appropriately.				
1.2.4.a	Premium use and accounting is transparent to Premium Participants.	C-As soon as Premium is received	Premium Participants shall receive information about Premium use and accounting directly, via posting in a public place, or via delegates at the General Assembly. Additionally, FTC records, accounts, and documentation are made available to Premium Participants upon request.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
1.2.4.b	<p>The Fair Trade Committee (FTC) has a bank account with at least one signatory from the Certificate Holder and at least one signatory from the group of Premium Participants.</p>	<p>C-Before Premium is spent, or by Y3 at the latest</p>	<p>Each FTC must have its own bank account to hold Premium funds. Exceptions can be made if the FTC is unable to open its own bank account or if a locally-registered FTC is unable to send or receive funds from abroad. In such cases the FTC must appoint a Trustee to open a bank account on behalf of the FTC. The Trustee shall be a joint signatory on the account, and the Trustee must have a signed agreement with the FTC to spend Premium according to the Premium Plan and indicating that the true owners of the Fair Trade Premium are the Premium Participants. The Trustee could be, for instance, the Certificate Holder, an NGO, a bank, or a credit union. A Trustee may not be a third party who is part of the labor supply chain, such as a labor contractor or recruiter.</p> <p>Any third parties involved in managing or distributing Premium funds must comply with the Trustee requirements above.</p> <p>The intent here is that the Fair Trade Premium can be tracked and that the FTC has visibility into all the transactions originating from the Premium payer and all outgoing expenditures of the Premium.</p> <p>The FTC and Certificate Holder understand that the Premium Participants are the true owners of the Premium funds.</p>	
1.2.4.c	<p>If more than USD 75,000 in Premium is received or spent by the Fair Trade Committee in one year:</p> <ul style="list-style-type: none"> • a legal entity is established to represent the Premium Participants; and, • a third-party audit of Fair Trade Committee accounts is undertaken by a professional financial auditor. 	<p>C-Y1</p>	<p>The legal entity is managed by the FTC, and represents all Premium Participants as the joint owners of the Fair Trade Premium and of any assets acquired with the Fair Trade Premium.</p> <p>Once it has been established, the legal body is responsible for receiving and owning the Fair Trade Premium and any assets purchased by the FTC on behalf of the Premium Participants. Forming a separate entity is a safeguard against corruption, and ensures that the assets owned by the Premium Participants, including the Premium, are protected even if the production entity becomes decertified.</p> <p>Note that according to the Fair Trade Premium Expenditure Rules outlined in Annex C, the FTC must also be established as a legal body if Premium is used for on-site investments which remain the property of the owner of a Mid-sized or Large Farm or Facility, or of the Certificate Holder.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			<p>The purpose of the third party audit of FTC accounts is to ensure that the FTC is receiving the correct amount of Premium, spending is being recorded accurately, and expenditures follow the Fair Trade Premium Expenditure Rules as described in Annex C. Premium may be used to cover the costs of the financial audit of the FTC bank account.</p>	

SUB-MODULE 1.3: Small Producers Are Empowered to Improve Their Livelihoods.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
<p>Objective 1.3.1: Small producers have the information they need to improve their livelihoods through improved farm management and business practices.</p>				
1.3.1.a	<p>The majority of small producers included in the Certificate receive support to improve their financial literacy, diversify their income sources and improve household livelihoods.</p>	C-Y3	<p>Small producers must receive a training or access to a support program at least once every three years. Over a six-year period, both financial literacy and income diversification must have been covered.</p> <p>Financial Literacy:</p> <p>Financial literacy means having the knowledge, skills, and confidence necessary to manage one’s personal finances well. It helps small producers manage resources, track inputs and productivity, and set and chart progress towards goals, enabling them to make proactive instead of reactive decisions.</p> <p>A training on financial literacy must be provided, and should be adapted to the educational level, cultural context, and needs of the participants. Basic training on financial literacy could include understanding and using basic math and record-keeping to track sales, spending, and personal savings. If there are permanent workers, it is recommended to allow them to participate in basic financial literacy trainings. Premium may be used to support the participation of workers.</p> <p>The content of financial literacy training should advance over time. More advanced training could be on: accessing financing, calculating and communicating the costs of production, negotiation skills, and/or the roles and activities of different actors in the supply chain.</p> <p>Income Diversification Support:</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			<p>This requirement could be filled by an educational program on income diversification, or by providing direct support for accessing resources and implementing practices for income diversification.</p> <p>Trainings and programs that could meet this requirement include, but are not limited to:</p> <ul style="list-style-type: none"> • A training provided to a majority of small producers on a topic like agroforestry techniques, crop diversification, or climate-resilient farming practices. These trainings could be integrated with trainings related to issues covered in Module 4, such as Integrated Pest Management. • A training provided to a majority of small producers on a non-farming activities, such as value addition or opportunities to engage in agro-tourism. • Facilitating a peer-to-peer learning structure among producers. For example, training could be given to a targeted group of small producers who serve as “model” farms or enterprises, who would demonstrate improved practices by example and provide guidance to other small producers in the group. This could relate to agricultural practices, diversifying farm income opportunities or to non-farm related enterprises. • Direct methods of support such as the provision of, or support for accessing, a loan fund that is available to all producers, or direct assistance in sales and marketing of products aside from their Fair Trade products (other agricultural products or products from non-farm related enterprises). <p>Trainings can be conducted by the Certificate Holder or a third party. If a third party is hired to do a training, then Fair Trade Premium may be used. Trainings should be available to all members, and it is best practice to make particular efforts to include less-advantaged group members, those in remote areas, and those with limited literacy. It is also best practice to include household and family members in these trainings.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 1.3.2: The Certificate Holder does not prevent entities included under their Certificate from taking on more responsibility in the supply chain.				
1.3.2.a	The Certificate Holder does not prevent entities included under the Certificate from forming groups to negotiate collectively or taking on additional responsibilities for the commercialization of their products.	C-Y1		Where the Certificate Holder is a democratically-organized producer association, this criterion does not prohibit the producer association from having agreed upon by-laws related to membership and the responsibilities of the membership and the member producers.



MODULE 2: Fundamental Rights at Work

The requirements in Module 2 outline the fundamental rights that form the basis for ensuring the wellbeing of small producers and workers, and managing human rights risks faced by companies and buyers in their supply chains. Securing these rights facilitates individual and collective empowerment by establishing the ability to act on choices, promoting a healthy worker-management relationship including the ability to negotiate, and ensuring the opportunity for future generations to appropriately contribute to their family's livelihood. Other sections of the Agricultural Production Standard (APS) build on these fundamental rights to further empower workers and small producers to improve working conditions and invest in their individual, group, and community livelihoods.

The requirements in this module are based on the following ILO Core Conventions:

- Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105), related to prohibition of forced or bonded labor;
- Minimum Age Convention, 1973 (No. 138), related to ensuring that children below a minimum age are not employed;
- Worst Forms of Child Labor Convention, 1999 (No. 182), related to protecting children from hazardous work and exploitation;
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); and,
- Equal Remuneration Convention, 1951 (No. 100) and Discrimination in Respect of Employment and Occupation, 1958 (No. 111).

The criteria in this module are applicable to all workers, regardless of whether they are temporary or permanent, or hired directly or indirectly via a labor contractor, unless otherwise specified in the criterion. The criteria in this module also apply to small producers' family members who provide unpaid labor. The term "employer" is used to refer to any entity that controls and directs workers under an express or implied contract and is responsible for paying those workers' wages. This includes labor contractors.

Note on protection of children and young workers on family farms: the intent of the APS is that children who help their parents or relatives on farms are doing so in a way that does not jeopardize their education, or physical, or emotional development. The protection of children helps them grow into healthy adults who can maintain sustainable livelihoods over the long term.

The criteria in this module are differentiated based on size classification; Small Farms and Facilities (SF), Mid-sized Farms and Facilities (MF) and Large Farms and Facilities (LF). Please see [Differentiation by Farm and Facility Size](#) in the Introduction for information on determining site size.



SUB-MODULE 2.1: There Is No Forced, Bonded, or Compulsory Labor.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 2.1.1: All workers provide work or services under no threat of penalty and are not hired under bond, debt, or other obligation.						
2.1.1.a	There is no kind of forced labor, including bonded labor, human trafficking, contract substitution, indentured labor, slave labor, prison labor, or any restrictions on freedom of movement.	C-Y0	C-Y0	C-Y0	<p>Per ILO Convention 29, forced or compulsory labor means all work or service that is extracted from any person under the menace of any penalty and for which the said person has not offered him or herself voluntarily.</p> <p>The intent of this criterion includes, but is not limited to:</p> <ul style="list-style-type: none"> • There are no restrictions on a worker's freedom of movement from the workplace or employer-provided housing; • Workers are not subjected to any form of mental or physical coercion to force them to remain employed; • Workers are free to leave the employer; • The employer may not retain salary, benefits, property, documents, or control worker bank accounts as a means to force workers to remain; • The employer does not make false promises about terms and types of work; • The manager and employer do not threaten to denounce workers to the authorities, unless legally justifiable; • If workers have taken out loans from the employer, workers must be allowed to pay them back via means other than work, if they so wish; • Workers are not required to store identity papers or important travel documents with the employer as a condition of employment; and, • The employer may not require workers to pay deposits or bonds in order to force workers to remain. <p>If forced labor is found, or signs are found that point to the possible existence of forced labor, the individual's safety must be ensured and they must be connected with social services. The Certificate Holder must work with Fair Trade USA on remediation and corrective actions to be taken.</p>	



SUB-MODULE 2.2: Children and Young Workers Are Protected.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 2.2.1: The worst forms of child labor are prohibited.						
2.2.1.a	<p>The minimum age for direct or indirect employment is the highest of:</p> <ul style="list-style-type: none"> the legal working age; the legal age of completion of compulsory schooling; or, age 15. 	C-Y0	C-Y0	C-Y0	<p>This criterion is based on ILO Convention 138, Article 2. The intent includes that all the worst forms of child labor, as outlined in ILO Convention 182, are prohibited (see also 2.1.1.a on forced and bonded labor). Note that this criterion is applicable to the hiring and employment of young workers. See 2.2.2.b for restrictions related to children helping their family on their own farm.</p> <p>Light, part time work outside of school hours or as part of an educational program is allowed for younger workers in accordance with ILO Convention 138, where permitted by law.</p> <p>If child labor is found, the child must be removed from all work immediately, his/her safety must be ensured, and the Certificate Holder must work with Fair Trade USA on remediation and corrective actions to be taken.</p>	
Objective 2.2.2: Young workers and children engaging in family labor are protected.						
2.2.2.a	<p>Young workers do not carry out work that, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety, education, or emotional, and/or physical development.</p>	C-Y0	C-Y0	C-Y0	<p>A young worker is defined as an individual over the age of legal employment but below the age of 18 (or below the age of legal adulthood, if that is above 18).</p> <p>This requires, for example, that young workers do not handle chemicals, work at night, work with dangerous equipment, or work more than 42 hours per week. The physical demands of the job, such as carrying heavy loads, must be appropriate for the young worker’s physical development.</p> <p>Young workers shall be provided a work schedule that does not interfere with schooling.</p>	<p>Activities that are considered hazardous on a dairy include: handling large animals with the potential to physically strike, charge, pin, or step on workers, or animals exposed to stressors (confined physical surroundings, startling noises, sudden contact, etc.); working in close proximity to horizontal silos (bunker silos and silage piles); and working in confined spaces such as manure reception pits, upright silos, and grain bins.</p>



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
2.2.2.b	Where children of farmers help their relatives with farming activities, they perform only light work under direct supervision of an adult and they do not engage in hazardous work. Work does not jeopardize schooling.	C-Y0	C-Y0	C-Y0	<p>Children of farmers often play an important role on family farms. Engaging children in light work on the farm is not only often necessary, but also ensures transfer of knowledge and culture.</p> <p>The intent of this criterion is that children who help their parents or relatives on farms must be doing so in a way that does not jeopardize their education or physical development. This includes helping with farming or on-farm processing activities.</p> <p>Duties include only light work that does not jeopardize the child's health, safety, or emotional and/or physical development. Night work or the handling of chemicals is not permitted and the work schedule must not conflict with the child's school schedule.</p> <p>If children are working on a farm that is not owned, rented, or sharecropped by their family, even if they are working alongside their family, the child is then considered an employed 'young worker' and the minimum age requirements outlined in 2.2.1.a must be met, along with all of the other protections for workers in the APS.</p>	Activities that are considered hazardous on a dairy include: handling large animals with the potential to physically strike, charge, pin, or step on workers, and/or animals exposed to stressors (confined physical surroundings, startling noises, sudden contact, etc.); working in close proximity to horizontal silos (bunker silos and silage piles); and working in confined spaces such as manure reception pits, upright silos, and grain bins.
Objective 2.2.3: Policies and procedures are in place to protect children and young workers.						
2.2.3.a	Records are kept of young workers that include: name, date of birth, address, type of activity performed, seasonality, duration of work, and wage.	BP	C-Y1	C-Y0	As a best practice, the employer obtains and maintains records of parental or legal guardian permission for young workers to be employed, and the guardian's contact information.	
2.2.3.b	Where child labor or the protection of young workers and family labor is a risk, risk mitigation measures are identified, documented in an action plan, and implemented.	C-Y3	C-Y1	C-Y0	<p>This criterion is applicable where:</p> <ul style="list-style-type: none"> • Children have been found to be employed; • Young workers or children of farmers have been found not to be sufficiently protected as outlined in 2.2.2; • Child labor, young workers, or family labor have been identified as areas of risk of non-compliance with the APS under the Certificate Holder's Internal Management System (Module 6); • There is no school accessible for children living in the farm or facility community; and, 	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<ul style="list-style-type: none"> The product and country is included on the US Department of Labor's List of Goods Produced by Child Labor¹². <p>The plan and actions may be undertaken at the group level or within individual farms or facilities.</p> <p>As part of the Internal Management System (see 6.1.4.b) a person or committee shall be responsible for the implementation of a Risk Management Plan. The risk mitigation measures for child labor and protection of young workers can be integrated into the Risk Management Plan or may be managed separately.</p>	

SUB-MODULE 2.3: Freedom of Association and the Right to Collective Bargaining Are Respected.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 2.3.1: All workers are allowed to establish or join an independent worker organization of their own choosing, which is free from interference of the employer, and have the right to collective bargaining.						
2.3.1.a	The employer does not interfere with the rights of freedom of association and collective bargaining.	C-Y0	C-Y0	C-Y0	<p>The intent of this criterion includes that:</p> <ul style="list-style-type: none"> Representatives of worker organizations have free access to workers; Workers have the right to choose their representatives to take part in any negotiations, without external interference; Worker organizations have the right to affiliate with national and international worker organizations; The employer does not obstruct workers' right to collectively negotiate wages and working conditions; Management representatives or their allies do not interfere with or attempt to control activities, meetings, assemblies, or demonstrations of workers; and, Management does not favor one worker organization over another. <p>This criterion covers any type or form of trade union, worker committee, or worker organization.</p>	

¹² <https://www.dol.gov/ilab/reports/child-labor/list-of-goods/>



2.3.1.b	The employer does not discriminate or retaliate against trade union members or workers who have attempted to form or join a trade union or other worker organization.	C-Y0	C-Y0	C-Y0	<p>Management does not punish, threaten, intimidate, harass, or bribe trade union members or worker representatives.</p> <p>It is recommended that the employer keep records for all cases of dismissal of union or workers' organization members including the reason for dismissal. This information can be shared with auditors to demonstrate compliance.</p>	
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SUB-MODULE 2.4: There Is No Discrimination or Abuse.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 2.4.1: There is no discrimination against workers.						
2.4.1.a	Workers are not subject to discrimination in recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement, or other activities.	C-Y0	C-Y0	C-Y0	<p>The intent of this criterion is to prohibit discrimination in employment and occupation, as outlined in ILO Convention 111.</p> <p>Discrimination is defined as distinction, exclusion or preference on the basis of race, ethnicity, color, gender, sexual orientation, disability, marital status, family obligations, age, religion, political opinion, pregnancy, HIV/AIDS status, membership status in a trade union or other workers' organization, national extraction, or social origin.</p> <p>This criterion includes that there is no discrimination in allocation of benefits or amounts charged for benefits, including housing.</p> <p>This criterion also includes that workers may not be tested for HIV/AIDS during recruitment.</p> <p>This criterion is associated with criteria in Sub-module 3.7 requiring that workers are aware of their rights and have access to a grievance process. There can be no discrimination or retaliation against workers for using a grievance process or legal complaints process. Discrimination protections for farmers and facility managers are addressed in Objective 6.2.2.</p>	
2.4.1.b	All workers receive equivalent wages for work of equal value.	C-Y0	C-Y0	C-Y0	The intent of this criterion is to ensure there is no wage discrimination based on gender, as outlined in ILO Convention 100, or employment status of the worker, i.e. temporary, migrant, permanent, employed through a labor contractor, etc. This criterion does not prohibit employers from adjusting pay rates based on seniority, work experience, and performance.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					Wages includes overtime pay and other in-kind compensation.	
Objective 2.4.2: Farmers and workers are not subject to corporal punishment, mental or physical coercion, verbal abuse or any other form of harassment.						
2.4.2.a	Certificate Holders, employers, and small producers do not engage in, support, or tolerate the use of corporal punishment, mental or physical coercion, verbal abuse, or any other form of harassment including sexual harassment.	C-Y0	C-Y0	C-Y0	<p>Sexual harassment includes all unwelcome physical, verbal, or non-verbal conduct of a sexual nature.</p> <p>On farms and facilities, crew supervisors shall be informed about the farm or facility's stance on harassment and abuse. If these behaviors are found, timely disciplinary action is taken towards the perpetrator and the safety of the person that experienced the harassment or abuse is ensured.</p> <p>It is best practice for any incidents of harassment or abuse to be recorded and for a monitoring system to be in place.</p> <p>Actions which could be taken to combat harassment or abuse against women include, farmer groups imposing sanctions on members that physically or emotionally abuse their spouses, or ensuring that a woman directly receives money from the sales of product produced on her land.</p>	
2.4.2.b	Farms and facilities have clear internal policies and procedures on sexual harassment and they are implemented.	BP	C-Y0	C-Y0	<p>These policies shall include information on grievance mechanisms and identify consequences for perpetrating sexual harassment. Where third-party recruiters or labor contractors are used, the policies and procedures must address protections for recruited workers and workers employed through labor contractors.</p> <p>This criterion is related to 3.7.2.a which requires a grievance procedure which specifically addresses sexual harassment, as well as to other criteria in Sub-module 3.7 related to workers being aware of and understanding their rights.</p>	
2.4.2.c	Workers and management are trained on the sexual harassment policy, associated processes, and procedures, and understand them.	BP	C-Y0	C-Y0	The policy shall be clearly communicated to workers in writing and in a language the workers understand. It may be provided through their employment contracts and/or through a brochure or poster in a public place where workers gather.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>It is especially important for all workers and all field or crew supervisors to be aware of and understand the policy, associated processes, and procedures. This includes any workers or supervisors who are employed through a labor contractor.</p> <p>Trainings should be repeated once every two years where worker turnover is less than 30%, or annually if turnover is greater than 30%. Additionally, any new field or crew supervisors must receive information on these policies, associated processes and procedures within their first week of employment.</p> <p>It is best practice for broader training on sexual harassment to be provided by an independent source, such as an institution that has a mission statement related to combating sexual harassment, human resource trainers, or a relevant governmental agency.</p>	
2.4.2.d	No female applicants or workers are required to take a pregnancy test or asked about their pregnancy status when applying for a job or while employed. No workers are forced to take birth control.	C-Y0	C-Y0	C-Y0		



MODULE 3: Wages, Working Conditions, and Access to Services

The individual well-being of small producers and workers is directly impacted by working conditions, including working hours, occupational health and safety, and access to basic needs and services. Clear employment terms and fair wages and benefits contribute to the income sustainability of workers. Requirements in this module also contribute to a reduction in accident and illness rates, and help farms and facilities attract and retain good workers through responsible employment practices. Additionally, when workers know their rights and have access to support structures and grievance procedures, they are empowered to make choices to improve their lives.

The criteria in this module are applicable to all workers **under the scope of the Certificate**, regardless of whether they are temporary or permanent, or hired directly or indirectly via a labor contractor, unless otherwise specified in the criterion. Some criteria are also specified as relevant for farmers’ own working conditions.

Note that some criteria in this module become critical in relation to the use of pesticides on the Yellow List of Restricted Pesticides, if any pesticides on the Yellow List are used. Please refer to the Prohibited and Restricted Pesticides List for more information.

The criteria in this module are differentiated based on size classification; Small Farms and Facilities (SF), Mid-sized Farms and Facilities (MF) and Large Farms and Facilities (LF). Please see Differentiation by Farm and Facility Size in the Introduction for information on determining site size.

SUB-MODULE 3.1: Employment Contracts and Conditions Are Clear.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.1.1: Employers have clearly communicated employment conditions to all workers.						
3.1.1.a	Workers are aware of their responsibilities, salaries/wages, payment schedules, rights to benefits, and work schedules. Employment conditions have been verbally agreed upon.	C-Y0	C-Y0	C-Y0	A verbal agreement is sufficient. At a minimum, workers must be informed and aware of: <ul style="list-style-type: none"> wages, overtime wages, piece rate (including how piece rate is calculated), and/or production bonuses; when and how they will be paid; amount of any salary deductions, e.g. for services or benefits; working hours and schedule, including breaks; nature of work to be performed; name and address of the employer; rights to vacation, sick, maternity, and holiday leave; quality, quantity, and costs of food to be provided, if applicable; quality and cost of housing to be provided, if applicable; and, on Mid-sized and Large Farms and Facilities, the worker’s right to a different job at the same pay and benefits if they become unable to perform certain tasks due to health issues (see 3.2.1.f). 	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>This includes awareness on an individual level even if wages have been negotiated collectively via a Collective Bargaining Agreement.</p> <p>It is recommended to also include information on the employer’s sexual harassment policy and procedures, and commitment to non-discrimination.</p>	
3.1.1.b	Workers receive documentation (e.g. a pay slip) with each wage payment that provides a clear account of wages earned, allowances, bonuses, overtime payment, and all deductions in detail.	BP	P-5	P-3		
3.1.1.c	All permanent workers have written contracts with clear employment conditions.	BP	P-3	C-Y0	<p>Contracts must be legally binding. They may be negotiated and signed collectively in cases where workers are formally organized, such as through a Collective Bargaining Agreement.</p> <p>All workers shall receive a copy of the contract and/or have access to the signed original.</p> <p>At a minimum, the contract must be in a language the worker understands and must explain:</p> <ul style="list-style-type: none"> • wages, overtime wages, piece rate (including how piece rate is calculated), and/or production bonuses; • when and how they will be paid; • amount of any salary deductions, e.g. for services or benefits; • working hours and schedule, including breaks; • nature of work to be performed; • name and address of the employer; • rights to vacation, sick, maternity, and holiday leave; • quality, quantity, and costs of food to be provided, if applicable; • quality and cost of housing to be provided, if applicable; and, • on Mid-sized and Large Farms and Facilities, the worker’s right to a different job at the same pay and benefits if they become unable to perform certain tasks due to health issues (see 3.2.1.f). 	<p>The intent of this compliance criterion is to ensure that, at the time of hire, employers and workers have clearly documented and agreed to the employment terms and conditions that govern the employer-employee relationship. This includes the intent that the documents are available to all parties to serve as a basis for shared understanding and enforcement of the agreement.</p>



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>It is recommended to also include the name and contact information for any insurance carriers provided through the employer, as well as information on the employer’s sexual harassment policy and procedures, and commitment to non-discrimination.</p> <p>For illiterate workers, it is best practice for the contract to be read aloud and for the worker to sign the contract in the presence of a third party.</p>	<p>While in most countries these terms and conditions are found in an employment contract, in the United States they may be recorded across multiple documents, for example: offer letters, employee handbooks, employee notices or disclosures, hiring packets, collective bargaining agreements, and other documents. These alternative documents may be used as evidence for compliance if they are signed, they are provided to workers in a language they understand, they cover the topics listed in the intent and clarification of this criterion, and workers receive copies and/or have access to the signed originals.</p> <p>In most states in the United States, employment duration is considered “at will” by default. Documenting the terms of employment in the manner required by this criterion does not prevent employers from operating as an “at will” employer.</p>
3.1.1.d	All temporary workers employed for more than 90 consecutive working days have written contracts with clear employment conditions.	BP	P-5	P-3	<p>Contracts must be legally binding. They may be negotiated and signed collectively in cases where workers are formally organized, such as through a Collective Bargaining Agreement.</p> <p>All workers shall receive a copy of the contract and/or have access to the signed original.</p> <p>At a minimum, the contract must be in a language the worker understands and must explain:</p> <ul style="list-style-type: none"> • wages, overtime wages, piece rate, (including how piece rate is calculated), and/or production bonuses; • when and how workers will be paid; • amount of any salary deductions, e.g. for services or benefits; • working hours and schedule, including breaks; • nature of work to be performed: 	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<ul style="list-style-type: none"> • duration of employment; • name and address of the employer; • rights to vacation, sick, maternity, and holiday leave; • quality, quantity, and costs of food to be provided, if applicable; • quality and cost of housing to be provided, if applicable; and, • on Mid-sized and Large Farms and Facilities, the worker’s right to a different job at the same pay and benefits if they become unable to perform certain tasks due to health issues (see 3.2.1.f). <p>The contract should be signed at the beginning of employment intended to last for at least 90 days, or once employment is extended to 90 days or more.</p> <p>It is recommended to also include the name and contact information for any insurance carriers provided through the employer, as well as information on the employer’s sexual harassment policy and procedures, and commitment to non-discrimination.</p> <p>For illiterate workers, it is best practice for the contract to be read aloud and for the worker to sign the contract in the presence of a third party.</p> <p>Additional requirements regarding written contracts for migrant workers are outlined in 3.5.1.a.</p>	
Objective 3.1.2: The workforce structure of each site is understood and permanent roles are created where possible.						
3.1.2.a	There is a workforce analysis for each site which documents how many individuals are employed by farms and facilities in the scope of the Certificate, approximately what times of year they are employed, how they are hired (directly vs. indirectly), and whether they live locally or migrate within or across regions.	C-Y0	C-Y0	C-Y0	<p>The analysis of the workforce may be completed at the group level by the Certificate Holder as long as the information from each individual Large and Mid-sized Farm and Facility is also recorded separately. For Small Farms and Facilities the information need not be specific to each site but can cover the typical situation, for instance “small producers in the group have anywhere from one to three permanent workers and directly hire five to ten local temporary workers during the harvest season.” The accuracy and specificity of information related to Small Farms and Facilities should improve over time, for instance more precise numbers for each farm.</p> <p>It is recommended to include information regarding gender, indigenous and minority groups, and other workforce characteristics that are required in 1.1.2.a in order to ensure balanced representation in the Fair Trade Committee.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.1.2.b	An assessment of each site's labor needs and indication of periods during which non-permanent workers will be needed is included in the analysis of the workforce. Staffing decisions are supported by the current assessment of needs, which is updated annually.	P-5	P-1	C-Y0	The labor needs assessment must be incorporated into the workforce analysis required in 3.1.2.a, and follow the same guidelines.	
3.1.2.c	All positions that are of a regular and on-going nature are staffed with permanent workers. Time-limited contracts are used on a limited and justifiable basis.	P-3	P-5	P-5	Time-limited contracts may not be used to avoid staffing of permanent workers or to avoid legal obligations to workers. Firing and re-hiring workers or changing labor contractors to avoid paying benefits or accruing seniority is not allowed. Time-limited foreign migrant worker visas or workers with a restricted work permit status would be a justifiable basis for not having a permanent contract, but benefits should still accrue over time.	
Objective 3.1.3: Labor contractors are used on a limited, justifiable, and responsible basis and are not used to avoid legal obligations.						
3.1.3.a	The site manager can identify which workers are hired through labor contractors and the rationale behind the use of labor contractors.	C-Y0	C-Y0	C-Y0	This analysis may be part of the workforce analysis required in 3.1.2.a, and must follow the same guidelines.	A labor contractor is a person, corporation, or agency who, for a fee, employs workers to perform work for or under the direction of a third party. They are responsible for paying those workers' wages, and may also recruit, supervise, provide board, lodging, or transportation for those workers. The use of labor contractors is less common in the dairy sector than in much of U.S. agriculture, and thus these criteria may not apply to pilot participants.



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.1.3.b	Where labor contractors are used, the contractor complies with applicable requirements of the APS on sites in the scope of the Certificate.	C-Y0	C-Y0	C-Y0	<p>The site manager and Certificate Holder are responsible for ensuring that all workers on sites in the scope of the Certificate are treated in accordance with the APS (for instance regarding wages, working conditions, and health and safety), and they are aware of their right to participate in General Assembly meetings as Premium Participants, even if they are not directly employed. The site manager and Certificate Holder are not responsible for ensuring compliance of labor contractors when the workers are on sites outside the scope of the Certificate.</p> <p>Labor contractors may not be used to avoid legal obligations, or accrual of benefits or seniority to workers. This includes accrual of benefits and seniority for workers who are employed continuously on the site by different labor contractors. Permanent workers may be employed through a labor contractor if their rights and working conditions are equivalent to or exceed those outlined in the APS.</p> <p>Any labor contractor in the scope of the Certificate may be audited and must permit an audit to take place if requested. Employers must keep records of all labor contractors used.</p>	
3.1.3.c	The employer has developed and begun to implement a plan to either directly employ all workers or use only registered labor contractors in good standing.	BP	C-Y0	C-Y0	Sites using labor contractors should be able to explain to auditors how they plan to transition to direct employment or registered labor contractors in order to meet 3.1.3.d. The qualifications for registered labor contractors in good standing are explained in 3.1.3.d and Annex D .	
3.1.3.d	All workers in production, processing, or packing facilities are directly employed or employed through a registered labor contractor in good standing.	P-5	P-5	P-5	<p>The intent of this criterion is that Fair Trade Certified farms and facilities are able to ensure the protection of workers, preferably through direct influence and control over the conditions of employment. In order to achieve this, Fair Trade farms and facilities shall move to either direct employment or the use of registered labor contractors.</p> <p>If labor contractors are used, 3.1.3.b must be followed. In addition, the contractor must be a legal entity that has thorough documentation of all workers, hours, wages, benefits, medical tests for sprayers, etc. and is able to be visited as part of the audit. Detailed requirements defining registered labor contractors in good standing are outlined in Annex D.</p> <p>Certificate Holders should note that the use of labor contractors expands the scope of the audit and typically increases the cost of the audit.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Sub-module 3.1: Total points possible		13	24	16		

SUB-MODULE 3.2: The Work Environment Is Safe.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.2.1: Workplace risks are minimized and appropriate measures are taken to ensure that farmers and workers are safe from harm.						
3.2.1.a	Adequate first aid supplies and access to medical services are provided in the case of workplace accidents.	P-3	C-Y0	C-Y0	<p>First aid supplies available shall include materials needed to meet all reasonably foreseeable emergency first aid situations. Supplies are accompanied by clear instructions for use, or someone is present on-site who knows how to use them.</p> <p>Personnel trained in first aid shall be available in high-risk workplaces such as where sharp blades, dangerous tools, or heavy machinery are used, but in lower-risk workplaces specific first aid training is not mandatory.</p> <p>For Small Farms and Facilities, access to medical services shall be comparable with what the small producer or facility manager themselves have access to.</p>	Workplaces where large animal handling takes place are also considered high-risk.
3.2.1.b	Workers are provided with acute medical care for all workplace injuries and illnesses, as well as lost wages during immediate recovery time.	BP	P-5	C-Y0	<p>The intent of the criterion is that employers ensure workers are provided and do not pay for acute medical care for any workplace injuries and illnesses, and do not lose wages during treatment. Covering costs of care and lost wages can be direct, for instance by providing transportation to a healthcare facility and paying for care and wages, or indirect, through the provision of medical, accident, and/or disability or workers' compensation insurance that covers full costs of care and lost wages.</p> <p>Wages lost during treatment and immediate recovery time must be paid in full, even if insurance does not fully reimburse the employer for this. Work missed due to work-related illnesses or injuries is not deducted from annual vacation leave.</p> <p>Please note there are additional requirements regarding insurance for long-term care in 3.3.4.b.</p>	In the United States, employers can choose to use workers' compensation insurance to support compliance with this criterion.
3.2.1.c	Machinery and equipment on the site as well as worker transportation are maintained and equipped with adequate safety devices.	C-Y0	C-Y0	C-Y0	Where legal regulations are applicable they are followed; where not, the site is in line with industry norms. This includes pesticide application equipment.	This includes ladders and farm vehicles.



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					Best practice is to have a process or plan in place to ensure regular maintenance of machinery and equipment.	
3.2.1.d	<p>Indoor workplaces and on-site buildings are maintained to be safe. This includes that:</p> <ul style="list-style-type: none"> Indoor workplaces have sufficient lighting, heating and ventilation; Fire escapes, extinguishers, and exit routes are maintained, marked, and accessible, and workers know how to use them; and, Electrical equipment, wiring, and outlets are placed, grounded, and inspected for overloading and leakage by a professional on a regular basis. 	BP	P-3	C-Y0	<p>The definition of “accessible” exit routes includes that exit doors are neither locked nor obstructed.</p> <p>It is recommended that new workers receive an initial training, and all workers are given at least annual trainings in evacuation procedures pertinent to their working areas.</p> <p>Electrical equipment used in a very hot, very cold, or humid environment should be tested more frequently than equipment that is less likely to become damaged or unsafe. The frequency of inspections should be determined according to the manufacturers’ instructions.</p>	<p>Partially open structures such as feed racks and alleys, loose housing (i.e. loafing barns or cattle sheds), compost barns, and newborn and transition housing are also maintained to be safe, with relevant components of this criterion applying.</p> <p>For example, a structure with roofing, lighting, and outlets for electrical equipment is maintained to be structurally sound and the electrical is regularly maintained and inspected. Such a structure would not be considered an indoor workplace, however, so would not require heating.</p>
3.2.1.e	<p>In hot climates and in hot workplaces, workers are provided with suitably cool water and shade for rest breaks in order to protect against heat stress.</p>	C-Y0	C-Y0	C-Y0	<p>Hot climates and workplaces are defined as those where the temperature exceeds 27 degrees Celsius (80 Fahrenheit). Water should be at a temperature that is comfortable for workers to drink.</p> <p>Water and shade need to be as near to the workers as practical, and should be able to accommodate the whole crew so that they can take their breaks simultaneously. Best practice is for shade and cool water to be available within 100 meters of the work area.</p> <p>On Small Farms and Facilities, the quality of water and shade must be comparable to what the farmer or site manager has themselves.</p> <p>Best practice is to mandate that workers take rest breaks when working in high heat and avoid working in the middle of the day when temperatures are the highest. It is also recommended that workers have water on their person, such as a water bottle, to encourage them to drink continuously throughout the day.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.2.1.f	<p>Employers must make information available to workers on the risks associated with any hazardous work, including higher risks associated with certain medical conditions.</p> <p>Workers are not required to perform any work that poses risk to their health. In Mid-sized and Large Farms and Facilities, the employer must offer workers who become unable to perform certain tasks due to medical conditions an alternate job at the same pay and benefits.</p>	C-Y0	C-Y0	C-Y0	<p>Hazardous work can include handling or significant exposure to pesticides, working in high heat, operating heavy or dangerous machinery or tools, night work, lifting heavy objects, and working at dangerous heights.</p> <p>Relevant medical conditions include; pregnancy or nursing, incapacitating mental conditions, chronic, hepatic or renal diseases, respiratory diseases, and young workers.</p> <p>Young workers are also protected under requirements in Sub-module 2.2.</p>	<p>Activities that are considered hazardous on a dairy include: handling large animals with the potential to physically strike, charge, pin, or step on workers, and/or animals exposed to stressors (confined physical surroundings, startling noises, sudden contact, etc.); working in close proximity to horizontal silos (bunker silos and silage piles); and working in confined spaces such as manure reception pits, upright silos, and grain bins. Working in extreme cold that presents a risk of cold stress is also considered hazardous.</p> <p>In the United States, protections and procedures outlined in the Americans with Disabilities Act (ADA), the Family and Medical Leave Act, and workers' compensation laws may be used to support compliance with the requirement to offer an alternate job to workers who become unable to perform a particular position.</p>
3.2.1.g	<p>Individuals use Personal Protective Equipment (PPE) as appropriate to their tasks and have been trained on its proper use.</p>	C-Y0	C-Y0	C-Y0	<p>This criterion is applicable to all individuals requiring PPE regardless of whether they are a farm owner, sharecropper, worker, etc. PPE is required for dangerous work including handling pesticides or operating machinery. At a minimum, manufacturers' PPE recommendations shall be followed. PPE also includes gloves, helmets, and boots where these are necessary to protect workers.</p> <p>All individuals using PPE shall have been trained on its proper use and understand why and how to use it. This training shall be repeated at least once per year. It may be incorporated into the training on general workplace risks in 3.2.3.a, or it may be conducted as a separate training, for example when the PPE is first distributed.</p> <p>PPE for workers on Small Farms and Facilities must, at a minimum, be comparable to what the site managers/owners use themselves. If this level of PPE is inadequate, purchasing adequate PPE must be included in the Needs Assessment and become a priority for Fair Trade Premium use.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.2.1.h	Personal Protective Equipment (PPE) is functional, regularly maintained, and provided to workers free of charge.	C-Y0	C-Y0	C-Y0	<p>The intent of this criterion is that PPE is always in good working order so that workers are protected. For instance, for PPE used in spraying, masks and filters shall be changed immediately if they appear damaged, if breathing is difficult, if the worker can smell the pesticide, or if the worker feels dizzy or unwell.</p> <p>The PPE shall be comfortable enough, appropriate to the climate, and sized properly so that workers are able to use it.</p> <p>“Regularly maintained” means that at a minimum the manufacturer’s instructions are followed. This includes that respirator filters are changed on a schedule appropriate to their usage and workers undergo regular regulator fit tests.</p> <p>On Small Farms and Facilities, the PPE provided for workers must at a minimum be comparable to what the site managers/owners use themselves. If this level of PPE is inadequate, purchasing adequate PPE must be included in the Needs Assessment and be a priority for Fair Trade Premium use.</p> <p>Best practice is for there to be a dedicated storage area on-site for PPE. Workers should not take PPE home.</p>	
Objective 3.2.2: Additional measures are taken to reduce risks associated with pesticides.						
3.2.2.a	Workers and farmers are not exposed to hazardous pesticides and fertilizers beyond what is indicated as safe in the manufacturer’s instructions or Safety Data Sheet.	C-Y0	C-Y0	C-Y0	Under this criterion small producers and their workers must understand how to safely apply pesticides, if relevant, even though formal health and safety training is a Progress requirement for Small Farms and Facilities (3.2.3.a).	This criterion applies to handling and exposure to all hazardous chemicals used in the dairy, for example any hazardous chemical that may be used in a cattle footbath.
3.2.2.b	Workers handling any hazardous pesticides are regularly given free medical examinations by a physician (according to risks and levels of exposure) and are informed of the results privately. Management reviews recommendations resulting from the examination and a remediation plan is put into place if problems are detected.	P-5	P-5	P-5	<p>Where allowed under law, the employer may select the physician, but the worker may request a different physician if a valid medical reason is presented or if the worker is concerned about discrimination or sexual harassment.</p> <p>Remediation plans shall include rotation of job tasks or other measures needed to ensure the health of workers. Workers must be offered another lower-risk job at equivalent pay and benefits if they are no longer able to be safely exposed to specific pesticides. There can be no discrimination or punishment against workers based on the results of the medical examination.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.2.2.c	For workers exposed to organophosphates and carbamates, cholinesterase examinations are carried out every six months or as stipulated by law, whichever is more frequent, and they are informed of the results privately. Management reviews recommendations resulting from the examination and a remediation plan is put into place if problems are detected.	BP	C-Y0	C-Y0	<p>Cholinesterase tests should be commensurate with exposure. Each worker exposed to organophosphates and carbamates should be tested at least once every sixth months. If workers rotate out of pesticide application or are only employed on a short-term contract, examinations may need to occur more frequently in order to ensure they receive testing. If relevant pesticides are used only for a short timeframe, testing need only happen once per year.</p> <p>If problems are detected, remediation plans shall include rotation of job tasks or other measures needed to ensure the health of workers. Workers must be offered another lower-risk job at equivalent pay and benefits if they are no longer able to be safely exposed to specific pesticides (see 3.2.1.f). There can be no discrimination or punishment against workers based on the results of the cholinesterase examination.</p>	
Objective 3.2.3: Individuals have the training and information they need to keep themselves safe.						
3.2.3.a	At least once per year, workers and farmers engaged in potentially hazardous work are trained in workplace risks and how to avoid them.	P-5	C-Y0	C-Y0	<p>Hazardous work includes working in high heat or extreme cold, handling and applying pesticides, operating machinery and vehicles, using potentially dangerous tools, tasks including hand-weeding that might result in repetitive stress injuries, and working at heights.</p> <p>Training should include information about the importance of and how to report work accidents and/or symptoms of repetitive strain injuries, heat stress, or pesticide exposure to their employer.</p> <p>For workers and farmers handling pesticides and chemical fertilizers, training should include:</p> <ul style="list-style-type: none"> • How to store pesticides safely, ensuring that they cannot be reached by children; • Storing fertilizers away from pesticides; • How to understand the product label and other safety instructions for use made available by the manufacturer; • How to handle accidents and spills when mixing, loading, and applying pesticides; • How to handle and safely dispose of empty containers, including the practices of triple rinsing and puncturing containers; 	<p>See also clarification of <i>hazardous</i> in 3.2.1.f</p> <p>Handling large, potentially aggressive, and/or stressed animals is also considered hazardous.</p> <p>Milking is considered a task that presents risk of repetitive stress injury.</p> <p>Individuals working in high heat or extreme cold should be trained in the signs and symptoms of dehydration, heat exhaustion, heat stroke, hypothermia, frostbite, and/or trench foot, as appropriate to the conditions. They should also be trained on appropriate protective and preventative measures.</p> <p>Individuals working in areas near liquid manure and slurry storage areas (pits, ponds, lagoons, or tanks) are exposed to a variety of hazards such as toxic gases and bacterial exposure and should be trained accordingly.</p>



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<ul style="list-style-type: none"> • Intervals of time when people are not allowed to enter a sprayed area or field without any Personal Protective Equipment; • Signs and symptoms of pesticide poisoning; and, • How to reduce spills and address them when they occur (monitoring, control, and clean up). 	Individuals handling other types of hazardous chemicals shall receive training needed to understand risks, protect their health, and prevent accidents. Relevant training recommendations for individuals handling pesticides and chemical fertilizers, such as training on chemical storage, also apply for individuals handling other hazardous chemicals. This includes chemicals used in footbaths and the chemical dips used on udders during milking.
3.2.3.b	Risk areas and potential hazards are clearly identified by warning signs.	P-1	P-1	P-1	Signs are posted in relevant languages and explained in pictograms. Relevant languages include those understood by workers, as well as family and community members if sites are accessible. Note that there are additional requirements related to signaling pesticide application areas in 4.4.1.b.	Physical barriers such as fences and/or covers should also be present to identify and provide protection around liquid manure and slurry storage areas.
3.2.3.c	Written safety instructions are readily available in languages the workers understand and posted for workers at their work place. Written safety instructions and procedures include details regarding accident prevention and response, including pictures or pictograms where appropriate.	BP	P-1	P-1		
3.2.3.d	All farmers and workers are aware of the hazards and risks related to pesticide exposure, even if they do not directly handle pesticides.	P-3	P-3	P-3	This criterion is only applicable for worksites where pesticides are used. Awareness means a demonstrated understanding of hazards and risks. In groups of Small and/or Mid-sized Farms or Facilities it is recommended that this awareness be facilitated via a training provided to a majority of group members and workers, repeated every three years or as necessary to ensure understanding by most members and workers.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					Such a training could include, for instance, signs and symptoms of pesticide poisoning, health impacts of pesticides, re-entry times to greenhouses, awareness of signs/signals which indicate areas of pesticide application, and pesticide storage areas and requirements.	
Objective 3.2.4: Policies and procedures are in place to promote health and safety in the workplace.						
3.2.4.a	There is a written assessment of workers' occupational risks, and actions are taken to minimize these risks.	P-1	P-1	P-1	<p>The assessment and corresponding actions can be conducted and implemented at the group level.</p> <p>This risk assessment may be included in the Internal Management System required as part of Module 6.</p> <p>Actions may include, for example, medical testing for other workers beyond that required in 3.2.2.c, or job rotation for workers who are at risk of repetitive strain injuries, who handle pesticides and other hazardous materials, or who are exposed to high heat.</p> <p>For tasks at risk of creating repetitive strain injuries, including hand weeding, appropriate measures to minimize risk could include work station redesign, tool redesign, job rotation, work pacing, or work breaks.</p>	
3.2.4.b	There are records of all work accidents and related first aid responses.	BP	P-1	P-1	These records should be considered in the occupational risk assessment required for Mid-sized and Large Farms and Facilities in 3.2.4.a.	
3.2.4.c	At each worksite, there is a trained individual responsible for implementing health and safety procedures.	BP	P-5	P-3	The individual may have other responsibilities in the company. In this context, "trained" means that they are qualified and able to identify risks, they fully understand the health and safety procedures and policies, and are able to effectively explain them to others.	
3.2.4.d	There is an Occupational Health and Safety Committee in place, which identifies health and safety concerns and ways to address them.	P-3	P-3	P-3	<p>The Occupational Health and Safety Committee serves to share information among workers, small producers, and those responsible for health and safety to maintain continuous improvement in health and safety. The Committee can be constituted at the group level (i.e. representing several farms or sites). In some countries, this committee may already be required by law according to the size of the workplace.</p> <p>Best practice is to have workers and small producers from different departments/functions represented in the Committee.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					The Committee should solicit information from the trained individuals responsible for implementing health and safety procedures in 3.2.4.c and participate in the occupational risk assessment and development of the actions required in 3.2.4.a. The Committee should analyze accident records to detect trends and identify recurring risks. The Committee should keep minutes of meetings and document findings and recommendations.	
Sub-module 3.2: Total possible points		21	28	18		

SUB-MODULE 3.3: Workers Receive Fair Wages and Benefits.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.3.1: Salaries and wages meet legal requirements and are increasing towards a living wage.						
3.3.1.a	Salaries and wages are in line with or exceed legally mandated minimum wages for the job and similar occupations, and applicable Collective Bargaining Agreements (CBA) (whichever is highest).	C-Y0	C-Y0	C-Y0	<p>CBA regulations can be relevant for one site, multiple sites organized by a trade union, or for all workers in a particular region, country, and/or industry.</p> <p>For remuneration based on production, quotas, or piecework, the pay rate allows the worker to earn at least the sector CBA wage or official minimum wage (whichever is higher) during normal working hours. 'Normal working hours' include at least one paid 15-minute break for every four hours worked, even if workers choose not to take those breaks (i.e. the break is paid as a bonus). See 3.4.1.b for requirements on remuneration for rest breaks.</p> <p>Under both salaried and piecework wage structures, this criterion includes any legally required or negotiated higher compensation rates for overtime.</p> <p>On Mid-sized and Large Farms and Facilities, any time spent at trainings required in the APS count as working hours. Workers must receive their typical wages for that time, and normal working hours and overtime limits apply. Note that in-kind contributions such as housing or meals provided by the employer may be included in the calculation of wages only if these are listed as specific salary deductions and comply with the requirement in 3.3.2.c.</p> <p>Workers are provided the tools and uniforms necessary to perform their job duties free of charge, and the costs of these cannot be included in wage calculations or as salary deductions.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.3.1.b	Employers demonstrate knowledge of the living wage in their region.	P-3	P-1	P-1	<p>A living wage is remuneration received for a standard (48 hour) work week, by a worker in a particular place, which is sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.</p> <p>A database of approved living wage benchmarks, based on the Anker Living Wage methodology¹³, is maintained by Fair Trade USA and can be found on our website. New benchmarks will be introduced over time.</p> <p>In the absence of existing benchmarks, employers shall assess the current access of workers and their families to food, water, housing, education, and health care in order to understand any gaps. These five essential needs are also required components of the Needs Assessment.</p> <p>Information on the living wage, or assessment of the five essential needs, shall be made available to workers in languages the workers understand. It may be provided through a brochure or posting in a public place where workers gather.</p>	
3.3.1.c	If current wages, including in-kind contributions, are below the living wage, a plan has been developed to increase compensation over time to reach a living wage. This plan is being implemented.	P-5	P-5	P-5	<p>The comparison of the living wage to current wages cannot include overtime hours, nor productivity bonuses and allowances unless they are guaranteed, and must take into account mandatory taxes.</p> <p>For groups of Small and Mid-sized Farms and Facilities, this comparison may be done at the group level but must then be communicated to all group members.</p> <p>The speed of implementation of the living wage plan may be affected by the amount of Fair Trade sales as well as market prices. The plan could include direct wage increases, as well as other means to increase wages such as direct provision of goods and services to meet needs. The plan could also include steps to increase revenue in order to facilitate higher wages, such as improvements in product quality, so as to increase the selling price.</p> <p>In the absence of existing living wage benchmarks, employers shall develop and implement a plan for ensuring workers and their families have access to food, water, housing, education, and health care. These five essential needs are also required components of the Needs Assessment.</p>	

¹³ <https://www.globallivingwage.org/about/what-is-a-living-wage/>



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					Information on the plan shall be made available to workers in languages the workers understand. It may be provided through a brochure or posting in a public place where workers gather.	
Objective 3.3.2: Salaries and wages are paid directly, on time, and in legal tender.						
3.3.2.a	Payment is made in cash or cash equivalent directly to the worker.	C-Y0	C-Y0	C-Y0	Cash equivalent is defined as check, direct deposit, or similar. The worker shall receive payment directly, i.e. not through a spouse or third-party labor recruiter. In-kind payments are not allowed, except where they are legally permissible, agreed upon by both parties, and documented, including a definition of the value of the goods. In-kind payments include e.g. phone cards, food, and grocery cards restricted to certain vendors.	
3.3.2.b	Workers are paid at least monthly.	C-Y0	C-Y0	C-Y0		
3.3.2.c	Salary deductions are only permitted as allowed by applicable laws, as fixed by an applicable Collective Bargaining Agreement, or where the employee has given written consent in an agreement outlining repayment parameters. When salary deductions are made for services provided by the employer, they do not exceed the actual costs incurred by the employer.	C-Y0	C-Y0	C-Y0	If an employer provides advances and loans that will later be deducted from wages, there shall be a clear written agreement with the person receiving the loan, separate from the employment contract, outlining repayment parameters. Employers should exercise full transparency in loans, advances and deductions to ensure workers are duly informed of all terms and conditions surrounding their loan and repayment.	
3.3.2.d	Salary deductions are not used as a disciplinary measure.	C-Y0	C-Y0	C-Y0		



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.3.3: Vacation, sick, and maternity leave meet or exceed legal minimums and applicable Collective Bargaining Agreements.						
3.3.3.a	The employer provides workers with vacation, sick, and maternity leave that meets or exceeds legal requirements and applicable Collective Bargaining Agreements.	C-Y0	C-Y0	C-Y0	Workers may decide to take cash payment for any unused vacation time at the end of their contract or end of the calendar year. Workers are not penalized for taking any vacation, sick or maternity leave.	
3.3.3.b	Workers receive a minimum of six days of vacation and three days of sick leave on full pay annually.	BP	P-3	P-3	Vacation and sick leave can be pro-rated for part time and temporary workers, and employers may set up to a minimum employment time of 90 days in one calendar year for eligibility for this benefit. The intent is that workers receive at least one full week of vacation per year. Workers whose regular work week is only five days may receive five days of paid vacation. Workers may use sick days to care for a sick family member. Employers may set a requirement for a doctor's approval or recommendation to take a paid sick day, however this is only allowed in circumstances where an on-site or local doctor is readily available. Workers must be allowed to present the approval or recommendation once they have returned to work after taking the sick leave. Best practice is for the number of vacation and sick days that are provided to increase over time.	
3.3.3.c	Maternity leave is at least six calendar weeks post-partum on full pay.	BP	P-5	P-5	This leave can be pro-rated for part-time and temporary workers, and employers may set a minimum employment time of up to 90 days in one calendar year for eligibility for this benefit. Maternity leave may not be deducted from any sick leave. Workers taking maternity leave are guaranteed to return to the same or a higher position at the same or a higher pay rate at the end of the maternity leave.	*Under special consideration



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.3.3.d	Breastfeeding breaks are granted for women who are nursing.	BP	P-3	C-Y0	<p>Breastfeeding breaks may be paid or unpaid. In all cases applicable laws regarding breastfeeding breaks must be followed. If a woman prefers, she may take breaks together at the end/beginning of the day, in order to provide more flexibility or a shorter time away from home.</p> <p>Best practice is to provide a private space for breastfeeding.</p>	
Objective 3.3.4: Workers are protected by health insurance, workers' compensation insurance, and a retirement pension.						
3.3.4.a	Workers are provided with health insurance.	BP	P-5	P-5	<p>The intent is that all workers have access to preventative, primary, and secondary healthcare. Employers may set a minimum employment time of up to 90 days in one calendar year to be eligible for this benefit.</p> <p>Health insurance and care may be provided through a government social security or health care system with employer contributions where applicable. Where government systems do not cover at least 50% of the insurance costs, the employer contribution shall cover at least 50% of the total cost of insurance for the worker, or the percentage required by law, whichever is higher. If the employee is unwilling to pay the remaining amount and refuses coverage, the employer must keep documentation of the employee's decision.</p> <p>Where health insurance programs are not available for eligible workers, this requirement may be filled by alternative methods of making preventative and long-term healthcare accessible to workers. This could include an on-site doctor or clinic, or by the employer paying at least half of the employee's health care costs. If employers provide an on-site clinic for urgent or primary care needs, this does not replace the need for workers to be covered for long-term or serious health issues.</p> <p>If services are being provided on-site, it is best practice to allow access to workers' family members. Premium could be used to assist in the provision of services to families of workers if approved in the Fair Trade Premium Plan.</p>	<p>*Under special consideration</p> <p>In the United States, most Affordable Care Act (ACA) compliant employer-sponsored health insurance programs will satisfy this criterion, provided they include a minimum 50% employer contribution to the employee's health insurance premium.</p>
3.3.4.b	Workers are provided with workers' compensation insurance.	BP	P-3	P-3	<p>The intent of this criterion is that workers are protected in case of long-term partial or full disability, and/or the need for long-term medical care, resulting from workplace injuries and illnesses. The workers' compensation insurance shall include both medical treatment and wage replacement benefits.</p> <p>Insurance may be provided through a government program or a private system, or administered directly by the employer.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					Note that 3.2.1.b covers requirements for short-term care and wage recovery.	
3.3.4.c	Permanent workers are enrolled in and provided with pension or retirement funds.	BP	P-5	P-5	Pension or retirement funds may be part of a governmental program or privately operated. In addition to workers being enrolled, the employer must also pay into the fund.	In the United States, compliance with the Federal Insurance Contributions Act requirements for Social Security is accepted.
Sub-module 3.3: Total possible points		8	30	27		

SUB-MODULE 3.4: Individuals Work Reasonable Hours.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.4.1: The regular workweek is in line with the law, applicable Collective Bargaining Agreements, and international standards. Workers receive adequate rest periods.						
3.4.1.a	Workers do not work longer than 48 regular hours per week, the level agreed to in applicable Collective Bargaining Agreements, or the legal limit, whichever is less.	P-5	C-Y0	C-Y0	An accurate, reliable, and transparent time keeping system with detailed records is necessary on Mid-sized and Large Farms and Facilities to demonstrate compliance.	*Under special consideration When taken in combination with criterion 3.4.2.c, the intent of this criterion is that typical weekly working hours are limited to a total of 60 hours, including voluntary overtime.
3.4.1.b	Meal and rest breaks are stipulated and respected. Workers are given one unpaid, 30-minute meal break for every five hours worked, and an additional 15 minutes of paid rest time for every four hours worked.	P-3	C-Y0	C-Y0	Breaks/rest time may either be planned and organized by management (i.e. all workers take a break at a designated time), or they may be informal (i.e. workers can go to the bathroom, get a drink of water, stretch, etc. for up to 30 minutes per eight-hour day). The required rest time (15-minute breaks for every four hours of work) must be paid even if workers choose not to take those breaks, i.e. if piece-rate workers work through their break they must still be paid for the break time as an additional payment.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>For remuneration based on production, quotas, or piecework, payment for rest time must be calculated based on the workforces' average or typical piece rate earning for the equivalent time period. It is recommended to include payment for rest breaks as a separate line item on workers' pay slips to ensure it is calculated and paid accurately.</p> <p>In hot climates or workplaces, when the temperature exceeds 27 degrees Celsius (80 Fahrenheit), it is best practice to give short breaks more frequently to help mitigate the risk of heat stress.</p>	
3.4.1.c	<p>Workers receive at least 24 consecutive hours of rest following every six consecutive workdays.</p> <p>Up to two times a harvest season, workers may agree to take only one 24-hour rest period after 18 consecutive days of work.</p>	P-3	P-3	C-Y0	<p>When workers agree to give up rest days, this must be agreed to in writing, either individually or collectively, for instance through a Collective Bargaining Agreement negotiated by a representative worker organization.</p> <p>When workers give up rest days it is best practice to assign them lighter tasks to protect against fatigue and overexertion.</p>	
Objective 3.4.2: Overtime is voluntary and not excessive.						
3.4.2.a	All overtime is strictly voluntary.	BP	C-Y0	C-Y0	Workers may agree to overtime in advance through detailed agreements on overtime prescribed in employment contracts. Workers may also agree to overtime in advance through Collective Bargaining Agreements negotiated by representative worker organizations.	
3.4.2.b	Workers do not work more than 14 consecutive hours in a 24-hour period.	BP	C-Y0	C-Y0	This includes regular and overtime hours.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.4.2.c	Overtime does not exceed 12 hours per week or the legal limit, whichever is less. If workers agree in writing and if legally permitted, this limit can be increased up to a maximum of 72 total working hours per week for up to four non-consecutive weeks per year.	BP	C-Y0	C-Y0	<p>Any work performed after an eight-hour day is considered overtime, unless otherwise defined by applicable law. Requirements in 3.4.1.a set limits on regular work hours per week, such that a worker may not work more than a total of 60 hours in a workweek (48 regular hours, plus 12 overtime hours), or the legal limit.</p> <p>Workers can agree to an increase in work hours either individually or collectively, for instance through a Collective Bargaining Agreement negotiated by a representative worker organization.</p>	<p>*Under special consideration</p> <p>When taken in combination with criterion 3.4.1.a, the intent of this criterion is that typical weekly working hours are limited to a total of 60 hours, including voluntary overtime.</p> <p>Note that overtime wage rates, and the hour limit(s) at which those rates take effect, are required to follow local laws and/or negotiated agreements. This is specified in criterion 3.3.1.a.</p>
Sub-module 3.4: Total possible points		11	3	0		



SUB-MODULE 3.5: Migrant Workers Are Recruited Ethically.

This sub-module is only applicable when the employer or Certificate Holder is recruiting migrant workers, either directly or through a third-party recruiter. A migrant worker is defined as a temporary worker whose permanent home is not within daily traveling distance to the site of employment. A migrant worker can be domestic (i.e. temporarily living far from his or her permanent home, but in the same country) or international. **Criteria in this sub-module also apply in situations where permanent workers are being recruited from their home—that is not within daily traveling distance to the site of employment—for the sole purpose of pursuing an employment offer from the participating dairy or Certificate Holder.** Workers are not considered migrant after living one year or more in the region where they work.

A recruiter is an individual who plays a role in job placement, and acts as a facilitator between the workers and the eventual employers. Recruiters may be directly employed or be an intermediary or third party such as a labor broker or recruitment agency. Where a recruiter is used, they are subject to inclusion in the audit.

This sub-module is not relevant for workers who have already migrated to and settled in the region before having contact with the employer.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.5.1: Migrant workers are recruited through fair and transparent processes.						
3.5.1.a	When migrant workers are recruited from a different region or country, there is a prior written contract between the employer and recruited migrant workers. Contracts are explained verbally and in writing, in a language the migrant worker understands.	C-Y1	C-Y1	C-Y1	The prior written contract shall include all of the required information listed for temporary worker contracts in 3.1.1.d. In addition, it shall include: <ul style="list-style-type: none"> • trip expenses, food, and trip safety and sanitary breaks; • minimum age of employment; • evidence that workers do not pay any recruitment or hiring fees or post any bonds; • terms of employment visa, if relevant; • implication of breach of contract by either party; and, • terms of repatriation should the recruited worker become ill or incapacitated before or after reaching the place of employment, be found to be medically unfit, or be denied employment after recruitment for a reason for which he/she is not responsible. 	
3.5.1.b	If a third party is used to recruit migrant workers, the employer has a policy and practices in place to ensure that the entity contracted to recruit migrant workers is compliant with the requirements in 3.5.1.a.	C-Y1	C-Y1	C-Y1	If multiple levels of recruiters are used (for instance the third-party recruiter works with independent recruiters at a village level) the criterion is applicable at all levels back to the first point of worker recruitment. This requires that the employer is able to identify all recruiters used in the labor supply chain and ensure that they comply with 3.5.1.a.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.5.1.c	If a third party is used to recruit migrant workers, the recruiter is a registered entity in good standing.	C-Y1	C-Y1	C-Y1	<p>Third-party labor recruiters must:</p> <ul style="list-style-type: none"> • Be legal entities with legal rights and duties (such as a company, partnership, association, corporation, cooperative, firm, joint stock company, trust, or other organization); • Possess a valid identification number provided by the federal government (of the country of employment/recruitment), where applicable; and, • Be in good standing with regards to any certificates or eligibility requirements of the country of employment and/or recruitment. <p>Best practice is for the Certificate Holder or employer to check that the recruiter does not have any lawsuits or complaints against them, including under a different name.</p> <p>If the third-party used to recruit migrant workers also employs the migrant workers, Objective 3.1.3 must also be followed.</p>	
Objective 3.5.2: Costs associated with recruitment and hiring of migrant workers are covered by the employer.						
3.5.2.a	Employers pay all recruitment and hiring fees; workers do not pay any hiring fees or post any bonds.	C-Y1	C-Y1	C-Y1	This includes when workers are hired via a third party recruiter. If the employer discovers that a third-party labor recruiter is charging fees or requiring a bond to be posted, the employer must ensure that the recruiter ceases this practice, or else stop using that recruiter, and complete any other corrective actions required by the Conformity Assessment Body. The Certificate Holder and employer must keep records of any communication to the recruiter.	
3.5.2.b	For migrant workers, employers pay at least 50% of the total cumulative cost of: visas, medical exams, skills testing, and other administrative expenses, transport from origin to the workplace, and home again at the end of the season or contract.	C-Y3	C-Y1	C-Y1	<p>Note that this criterion becomes not applicable at Year 3 for Mid-sized and Large Farms and Facilities, and Year 6 for Small Farms and Facilities because it is replaced by 3.5.2.c.</p> <p>If workers earn a living wage, as defined in 3.3.1.b, even after paying for these costs, the site can be considered in compliance with this criterion.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.5.2.c	For migrant workers, employers pay the full cost of: visas, medical exams, skills testing, and other administrative expenses, transport from origin to the workplace and home again at the end of the season or contract.	C-Y6	C-Y3	C-Y3	If workers earn a living wage as defined in 3.3.1.b even after paying for these costs, the site can be considered in compliance with this criterion.	
Sub-module 3.5: Total possible points		0	0	0		

SUB-MODULE 3.6: Workers Have Access to Basic Needs and Services.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.6.1: Workers have access to drinking water and sanitary facilities.						
3.6.1.a	Potable drinking water is accessible to all workers during their working period and to any workers and their families that live in employer-provided housing at all times.	C-Y0	C-Y0	C-Y0	<p>Boiling, filtering, or chlorinating the water may be necessary to ensure potability. "Potable drinking water" means water which complies with legal requirements or the following World Health Organization parameters, whichever is stricter:</p> <ul style="list-style-type: none"> • Fecal Coliforms: Zero; • Chlorine residue or residue from other treatment disinfectants: 0.2 to 5 mg/L; • Nitrates: 10 mg/L as nitrates; • pH: 6.5 to 8.5; • Sodium: 20 mg/L; • Sulphates: 250 mg/L; and, • Turbidity: Less than or equal to 5 NTU. <p>On Small Farms and Facilities, "potable drinking water" may mean the same or better water quality as what the farmer themselves drinks. Where there are risks that this water is of poor quality, assessing access to and quality of drinking water should be included in the scope of the Needs Assessment and, if prioritized, the Fair Trade Premium Plan.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>In rural areas and areas where water is not supplied through a public water system, auditors may ask for Mid-sized and Large Farms and Facilities to provide water quality testing results to ensure potability. Testing should occur during the time period when the water is used by workers, and records of results should be kept. Testing should be done at least once per year, and/or when changes to the water treatment system have been conducted. Testing may be done by the site manager.</p> <p>As a best practice, potable water is labeled.</p>	
3.6.1.b	Packing/processing facilities provide clean sanitary facilities with accompanying hand-washing facilities for workers during their working period.	C-Y0	C-Y0	C-Y0		This criterion is applicable to all areas of dairies where farmers and farmworkers come into contact with production livestock or collected milk.
3.6.1.c	Farms provide clean sanitary facilities with accompanying hand-washing facilities for workers during their working period.	BP	P-3	P-3	<p>This includes field workers; this could require portable facilities if permanent facilities are not near the fields.</p> <p>Note that farms must comply with any applicable food safety legislation.</p>	This criterion relates to fields and crop production. For dairies, this criterion is only applicable where fields and crop production are determined to be within the scope of the audit (e.g. pastures where workers spend significant amounts of time or crop production sites where dairy workers spend a portion of their time). Dairies (i.e. sites with milk parlors, barns, calving) are required to meet Criterion 3.6.1.b.
3.6.1.d	If workers are required to wear a uniform or Personal Protective Equipment, there is a private changing room.	BP	P-1	P-1	This can be a washroom/bathroom with a lock.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.6.2: Adequate workplace facilities and services are provided.						
3.6.2.a	Where access to stores or services is limited or not possible due to location, the employer provides options for purchasing goods and services at fair and reasonable prices.	BP	P-3	P-3	<p>This criterion is applicable where workers, or workers and their families, live on-site or in employer-provided housing and do not have easy access to stores or services.</p> <p>This includes access to basic health, hygiene (including women's hygiene products), housing and food necessities.</p> <p>Workers must have access to food that meets minimum nutritional standards. For information on regional minimum nutritional standards, see the Food and Agriculture Organization's Food-based dietary guidelines¹⁴.</p> <p>If the employer directly offers goods and services, costs are fair and reasonable (not higher than normal market prices) in accordance with ILO convention 110; this may be confirmed by the auditor through worker interviews. Best practice is for the employer to provide transportation to a town with multiple providers of basic goods and services.</p>	
3.6.2.b	Workers are not compelled to make use of stores or services operated by the employer.	C-Y0	C-Y0	C-Y0		
3.6.2.c	In employer-provided housing, childcare facilities and schools, fire escapes, extinguishers, and routes are maintained, marked, and accessible, and residents/children know how to use them.	BP	C-Y0	C-Y0	<p>Exit doors are not locked or obstructed.</p> <p>Residents of worker housing and children and employees in day-care or schools located on-site also receive training in evacuations.</p>	

¹⁴ <http://www.fao.org/nutrition/nutrition-education/food-dietary-guidelines/en/>



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.6.2.d	The employer provides first aid facilities, equipment, and trained first aid staff to meet all reasonably foreseeable emergency first aid situations in worker housing. Equipment and trained responders are available 24 hours a day, seven days a week.	BP	C-Y0	C-Y0	Trained responders may be workers.	
3.6.2.e	Where workers are provided with housing, the conditions and infrastructure of the housing meet a basic minimum standard of sanitation and safety.	C-Y3	C-Y0	C-Y0	<p>Small Farms and Facilities meet this requirement if the quality of the housing provided to workers is the same or better than the housing of the farmer or site manager. Quality aspects that will be evaluated include those listed with specific requirements for Mid-sized and Large Farms and Facilities below.</p> <p>For Mid-sized and Large Farms and Facilities, this includes that:</p> <ul style="list-style-type: none"> • Infrastructure, including electrical wiring and building structures is safe, and workers are protected from heat and cold; • Housing areas are free of vermin and insect infestations; • Dormitories and houses have doors that close; • There are windows or a visibly clear way to ventilate the space, and roofs do not leak; • Blankets are made available to temporary workers if nighttime temperatures fall below 18 degrees Celsius (65 degrees Fahrenheit) (may be made available with a deposit); • A bed structure (frame, cot, or bunks) is made available to all workers; • Temporary workers are provided with a sleeping surface/material such as a mattress or mat to protect them against hardness of beds and temperatures; • There is at least 3.6 square meters of floor area available per person in sleeping rooms and there is no overcrowding; • In the absence of a kitchen service (kitchen and dining hall provided by the employer), there must be installations outside the sleeping areas for preparing and eating food and for washing kitchen utensils; • Running water is provided at all times and there is sufficient hot water for all using it to take hot showers at the end of the workday; • Bathrooms/showers are provided, regularly cleaned, and have: • A door that closes and locks; 	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<ul style="list-style-type: none"> • Lighting inside and outside of the building; • Water and hand-washing soap; • Disposal mechanism for toilet paper and waste (bins available and regularly emptied); • There must be at least one shower/bath installation for every 20 workers housed in rooms, or at least one for every three families in case of houses; and, • Female workers are provided with gender-specific sleeping areas and bathrooms/showers (not required in family housing). <p>Exceptions are allowed where there is no reasonable access to electricity and water systems, or where built structures are not permitted, for instance in natural environments where wild products are collected.</p>	
3.6.2.f	Where workers are provided with housing, the conditions and infrastructure of the housing ensure a reasonable level of comfort, including sanitation, safety, ventilation, reasonable protection from heat and cold, privacy, and security.	BP	P-5	P-5	<p>This includes that:</p> <ul style="list-style-type: none"> • There is protection against insects and vermin (e.g. screens on the windows, no slits in the walls.); • Shade outside of housing in hot areas (trees, eaves, etc.) is available; • Basic furniture for storing personal belongings that closes and locks is provided for all workers; • Fans are made available to temporary workers (could be made available with a deposit); • There are at least 90 centimeters between each bed; • The vertical space in between bunk beds is greater than or equal to 120 centimeters; • There is at least one bathrooms/shower installation for every ten workers in rooms, or at least one for every two families in case of houses (Note that this is an increase from requirements under 3.6.2.e); • There is one large laundry sink for every 30 persons, or an affordable laundry service; • In the absence of a kitchen service (kitchen and dining hall provided by the employer), there must be at least one cooking installation for every ten workers in rooms or for every two families (Note that this is an increase from requirements under 3.6.2.e); and, • Recreation facilities are available. <p>These requirements are in line with ILO Guidance on Workers' Housing Recommendation No. 115.</p>	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.6.3: Children of workers living on-site have access to day-care and education.						
3.6.3.a	Where children of workers live on-site, the employer ensures access to day-care services.	BP	P-5	P-3	This criterion is applicable where children of workers from the farm or facility live on-site. "Access" may mean providing affordable or free transportation if public transportation to day-care services is not available, or may mean helping to build a facility where there isn't one.	<p>*Under special consideration</p> <p>The intent of this criterion is to help ensure that workers whose children live with them on or near farms in employer-provided housing have a safe place to leave their young children while at work, whether this be a formal day-care facility or a family support system.</p> <p>The focus of this criterion is on access to childcare, and does not imply employer responsibility for covering the cost of day-care services. Note that the Fair Trade Premium may be used to help address needs related to childcare where there is identified need.</p>
3.6.3.b	Where children of workers live on-site, access to primary education is ensured by the employer.	BP	P-5	C-Y0	This criterion is applicable where children of workers from the farm or facility live on-site. "Access" may mean providing affordable or free transportation if public transportation to schools is not available, or may mean helping to build a facility where there isn't one.	<p>The intent of this criterion is to help ensure that workers whose children live with them on or near farms in employer-provided housing have access to schooling for their grade-school aged children.</p> <p>In many regions, public education and associated public transportation are available and their presence fulfills the intent of this criterion.</p>
Sub-module 3.6: Total possible points		0	22	15		



SUB-MODULE 3.7: Workers Understand Their Rights and Are Able to Air Grievances and Communicate Concerns.

No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
Objective 3.7.1: Workers are aware of their rights under the APS.						
3.7.1.a	Workers receive written information on their rights under the APS.	BP	C-Y0	C-Y0	This includes their rights as described in Modules 2 and 3 of the APS. This information is made available in languages the workers understand. It may be provided through a brochure or poster in a public place where workers gather.	
3.7.1.b	Workers are trained by an independent third party on their labor rights under the law and the ILO Core Conventions.	BP	P-5	P-5	This includes rights granted by law and the ILO Core Conventions. The training must have occurred within the past three years. If there are temporary workers, the training must take place at a time when they are on-site so that they can attend. The third-party could be a trade union, a Fair Trade USA staff member, a government officer, an attorney, an academic specializing in labor law, or an independent labor rights NGO. It is best practice for the training to highlight areas where workers' labor rights under the APS overlap with, and where they exceed, those under the law and the ILO Core Conventions.	
Objective 3.7.2: There is a procedure for submitting and processing grievances that is understood by workers.						
3.7.2.a	A grievance policy and procedure is in place and communicated to workers verbally and in writing. The policy allows for anonymous complaints, ensures resolutions occur in a timely manner, and includes an appeals procedure.	BP	C-Y0	C-Y0	The procedure shall be designed for worker complaints regarding pay, working conditions, rights to Freedom of Association, and other labor-related aspects of the APS. It must be accessible to all workers regardless of employment status, i.e. temporary, migrant, permanent, employed through a labor contractor, etc. The policy shall specifically address sexual harassment and include separate procedures for handling cases of sexual harassment as needed. This could include, for example, specifying that sexual harassment complaints be directed to a women-only committee or a female manager. Note that 2.4.2.b explains requirements for policies on sexual harassment. The policy shall reference a third-party ombudsman or a government department that will mediate disputes that do not reach resolution at the site level. Workers do not automatically waive their legal remedies by use of the grievance procedure. This information is made available in languages the workers understand. It may be provided through a brochure or poster in a public place where workers gather. Best practice is for the Social Engagement Team (see 3.7.3) to be included in the resolution process, where permitted by law.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
3.7.2.b	Records of grievances are maintained, including a description of the grievance, the investigation process and persons involved, and actions taken to address each grievance.	BP	P-3	P-3	Records must be kept for at least five years, or longer if required by law.	
3.7.2.c	The Fair Trade USA Complaints Procedure has been communicated to workers verbally and in writing.	BP	P-3	P-5	<p>The policy is available on the Fair Trade USA website.</p> <p>Workers understand they can submit allegations to Fair Trade USA directly if they believe the employer is in violation of the Fair Trade USA Standard and if internal grievances submitted about violations have not been resolved.</p> <p>This information is made available in languages the workers understand. It may be provided through a brochure or poster in a public place where workers gather.</p>	
3.7.2.d	Workers are not disciplined, dismissed or discriminated against, for using any grievance or allegations process.	BP	C-Y0	C-Y0	<p>This includes the Fair Trade USA allegations process and the grievance procedure required in 3.7.2.a.</p> <p>The employer is responsible for ensuring that all levels of management and supervisors understand the employer's grievance policy and procedure and that they are prohibited from enacting any form of retaliation against those who use it. If disciplinary action is taken against a worker after he or she lodges a grievance, the employer must prove that this was not retaliatory.</p>	
Objective 3.7.3: There is regular and open communication between employers and workers.						
3.7.3.a	An internal employee suggestion system is in place, workers are aware of it, and processes are in place to address employee suggestions.	BP	P-3	P-1	Information on the suggestion system is made available in languages the workers understand. It may be provided through a brochure or poster in a public place where workers gather.	
3.7.3.b	There is a Social Engagement Team in place to facilitate grievance, suggestion, and communication systems.	BP	C-Y1	C-Y1	The Social Engagement Team (SET) helps to ensure awareness and effectiveness of grievance procedures, suggestions systems, and other tools in order to facilitate transparency and communication between workers and management. Management shall understand the purpose of the SET, and not interfere with its effective functioning.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>Where a democratically elected union or other elected worker organization which represents all workers is in place and actively playing this role, this criterion is not applicable.</p> <p>As a best practice, as they become familiar with Fair Trade, the SET should also play a role in helping to identify areas of potential non-compliance with the APS and/or the prioritization of Progress criteria. The SET could also be delegated the responsibility to lead worker rights trainings and ensure that workers are aware of their rights under law and the APS.</p> <p>The SET is distinct from the Fair Trade Committee, which is responsible only for making decisions about the use of the Fair Trade Premium, and may also have a different constituency if both small producers and workers are included as Premium Participants.</p> <p>SET members should be trained in skills relevant to their role. Fair Trade Premium may be used for these trainings as long as this is voted and agreed upon under the Premium use decision-making rules in Module 1.</p> <p>Setting up the Social Engagement Team:</p> <p>The SET is comprised of worker representatives, who shall be selected by workers and should be representative of the workforce (e.g. job categories, seasonality, gender, or ethnicity). Delegate selection systems are allowed so long as all workers are able to participate. Best practice is for there to be term limits on the SET to allow a diversity of participation.</p> <p>In some cases, where the structure of the group of Premium Participants permits, workers may choose to select the same group of individuals to serve as the Fair Trade Committee and SET.</p> <p>Workers may choose to form one or more SET(s), as is appropriate based on the number of independent workplaces within the scope of the Certificate. All workers should be aware of who sits on the SET for their workplace.</p> <p>Where the formation of a representative worker team, or collaboration of a representative worker team with management, is regulated under law, the Certificate Holder should ensure the SET is developed and operates in a manner that does not violate applicable law.</p>	
3.7.3.c	The Social Engagement Team (SET) meets independently as a Team and also with management to discuss relevant issues with sufficient regularity to fulfill their role.	BP	P-5	P-5	Sufficient regularity shall be defined by the SET itself, though it is recommended they meet with management three to four times per year.	



No.	Compliance Criterion	SF	MF	LF	Intent and Clarification	Dairy Amendment & Guidance
					<p>Discussion topics at SET meetings and joint SET-management meetings shall include discussion of the level of awareness among workers of grievance and suggestion systems, the effectiveness of those systems, and suggestions for improving them. Meeting topics could also include brainstorming of possible solutions to common complaints and reviewing and discussing the merits of suggestions received. Discussion topics are not limited to these systems, but focus shall be on activities that are mutually beneficial to workers and the employer. For example, there could be a discussion on providing workshops on nutrition to improve overall health of workers and their families.</p> <p>Where a democratically elected union or other elected worker organization which represents all workers is in place and actively fulfilling the role of the SET, this criterion is not applicable.</p> <p>Where collaboration of a representative worker team and management is regulated by law, the Certificate Holder should ensure the SET operates in a manner that does not violate applicable law. If needed for legal compliance, joint SET-management meetings can be waived and the role of the SET can be limited, for example, to sharing ideas and information with management.</p>	
Sub-module 3.7: Total possible points		0	19	19		

POINTS IN MODULE 3	SF	MF	LF
Minimum points required, Year Zero (40%)	21	50	38
Minimum points required, Year Three (70%)	37	88	67
Points required, Year Six (100%)	53	126	95



MODULE 4: Biodiversity, Ecosystem Function, and Sustainable Production

The ability of the land to provide livelihoods for farmers and workers is directly linked to the long-term environmental impacts of farming practices. Sustainable farming practices protect biodiversity, maintain soil productivity, conserve water, minimize the use of harmful pesticides, and ensure proper waste management. These practices help preserve environmental systems, enhance farms' resilience to climate change, and protect the health and quality of life of farmers, workers, their families, and their communities.

Harvesting activities for wild-harvested/collected products (i.e. not cultivated) are exempt from the requirements of this module, and the sustainability of harvest/collection activities must be demonstrated separately. Producers and collectors who are Trading Members in good standing with the Union for Ethical BioTrade, and products certified to USDA National Organic Program wild crop harvesting, FairWild, or Forest Stewardship Council Non-Timber Forest Product collection standards, would meet this requirement. However, any processing of wild/collected products that occurs post-harvest and which falls under the scope of the Certificate will be required to comply with the full APS requirements, including Module 4.

Note that some criteria in this module become Critical in relation to the use of pesticides on the Yellow List of Restricted Pesticides, if any pesticides on the Yellow List are used. Please refer to the Prohibited and Restricted Pesticides List for more information.

The criteria in this module are differentiated based on size classification; Small Farms and Facilities (SF), Mid-sized Farms and Facilities (MF) and Large Farms and Facilities (LF). Please see [Differentiation by Farm and Facility Size](#) in the Introduction for information on determining site size.

Dairies audited against this dairy-amended APS will not be assessed against Module 4, and the sub-modules and criteria have been removed from this document. Module 4 addresses key environmental and soil health issues associated with food crop production specifically; as such, it is not well-suited to dairies. Fair Trade USA will explore how best to incorporate environmental sustainability issues relevant to dairies into the Fair Trade USA program by collaborating with supply chain partners, experts, and organizations working in the space during program development and the public consultation.



MODULE 5: Traceability and Transparency

The primary purpose of this module is to ensure that the practices relating to the purchase, movement, production, and sale of the Fair Trade product are clearly defined. The module focuses on the following areas:

- Traceability – At all times and for all products we expect no more product to be sold as Fair Trade than has been purchased as Fair Trade. In addition to this basic principle, we seek to ensure physical traceability for commodities covered by the Agricultural Production Standard (APS).
- Contracts – Clear terms of trade are critical in ensuring farms know what to expect from their participation in Fair Trade. Contracts between all actors in Fair Trade ensure that all parties are clear about their responsibilities in the trading relationship.
- Certification Process – Participating in Fair Trade also means that Certificate Holders are signing up to a wider program of auditing and reporting as managed by Fair Trade USA. Understanding and participating in this process is an integral part of the program.

All requirements in Module 5 apply to the Certificate Holder. Some requirements are applicable at the farm and facility level as well, and are indicated in the Farms/Facilities column. There is no distinction between Small, Mid-sized, or Large Farms and Facilities in this module.

There are no Progress (P) criteria in this module. The majority of the Critical (C) criteria are applicable at Year 0.

SUB-MODULE 5.1: There Is Traceability Throughout the Supply Chain.

No.	Compliance Criterion	CH	Farms / Facilities	Intent and Clarification	Dairy Amendment & Guidance
Objective 5.1.1: Fair Trade products are not mixed with non-Fair Trade products.					
5.1.1.a	Fair Trade products are separated from non-Fair Trade products throughout production, transport, processing/manufacturing, and in storage (i.e. in separate bags/cartons/locations in transport/separate processing runs/separate lots in storage).	C-Y0	C-Y0	<p>In the case of cocoa, sugar, tea, and fruit juice, this is only required from the farm to the first point of processing. In these cases, the Certificate Holder and/or the point of first processing shall maintain records of all Fair Trade eligible purchases and volumes. After the first point of processing a mass balance traceability system may be used for these products (explained in 5.1.2.a).</p> <p>For all other products, physical separation is a requirement at all times, from the field to the sale of the finished, packaged Fair Trade product.</p> <p>Every farm, processing, and storage facility, trader, and subcontractor must ensure that Fair Trade products remain separated from non-Fair Trade products.</p>	In the case of milk from dairies, a mass balance traceability system may be used. This criterion is only required to the point where Fair Trade Certified milk is mixed with non-Fair Trade Certified milk. It is best practice to implement the mass balance system only after the product leaves the Certificate Holder and/or after the point of first processing (such as at the pasteurization facility)—in this case, its implementation is similar to that of cocoa, sugar, tea, and fruit juice and criteria and associated clarifications written for those products would apply to milk.



No.	Compliance Criterion	CH	Farms / Facilities	Intent and Clarification	Dairy Amendment & Guidance
					<p>Where it has been approved by Fair Trade USA, dairy Certificate Holders, such as a dairy coop, may implement a mass balance traceability system below the level of the Certificate Holder. This would enable, for example, a coop to send a milk truck to collect both Fair Trade Certified and non-Fair Trade Certified product on a single route. Requirements related to implementation of mass balance traceability at this level are outlined in a separate policy document.</p>
5.1.1.b	<p>Fair Trade products are marked clearly and can be identified as Fair Trade Certified at all stages (e.g. storage, transport, processing, packaging, labeling, handling, and sale.).</p>	C-Y0	C-Y0	<p>In the case of cocoa, sugar, tea, and fruit juice, this is only required from the farm to the first point of processing.</p> <p>Products should always be labeled as Fair Trade. Where labeling is not viable, locations shall be identified where Fair Trade product is stored. During processing it must be possible to identify that the product being processed is Fair Trade (through lot numbers, record keeping etc.).</p> <p>There are no specific requirements as to the exact wording needed on product while it is being handled within the operations of the Certificate Holder, however the following could be used to provide clarity: Fair Trade, Fair Trade USA.</p>	<p>In the case of dairy products, this is required only where physical traceability is being maintained through to the first point of processing or beyond.</p>
5.1.1.c	<p>There is a procedure in place documenting how Fair Trade product is sourced, bought, processed, and sold. The procedure is followed.</p>	C-Y0	NA	<p>All parties involved in the procedure are aware of it and follow it in their work.</p> <p>This procedure ensures physical traceability. It shall start at the farm gate and cover all movement of product to the point of sale by the Certificate Holder. The process shall also cover product being held or processed by subcontractors. In the case of cocoa, sugar, tea and fruit juices, physical traceability is only required to the first point of processing, but a procedure documenting product flow must be in place and followed.</p>	<p>For dairy products, a procedure documenting product flow must be in place and followed regardless of whether the Certificate Holder is implementing a mass balance or physical traceability approach.</p>



No.	Compliance Criterion	CH	Farms / Facilities	Intent and Clarification	Dairy Amendment & Guidance
5.1.1.d	Only products grown on farms included in the scope of the Certificate can be sold as Fair Trade.	C-Y0	NA	<p>This includes individual farms that supply the Certificate Holder, or who supply a small producer organization that sells to a Certificate Holder. Note that individual farmers and facility managers may not sell products as Fair Trade to anyone outside the scope of the Certificate.</p> <p>In the case of products using the mass balance traceability system after the first point of processing, this criterion applies to the volumes sourced to offset any Fair Trade sale.</p>	For dairies, only milk produced and collected in milk parlors included in the scope of the Certificate can be sold as Fair Trade Certified. Under Certificates where mass balance is being implemented prior to the first point of sale of milk, this criterion does not apply (as volumes of Fair Trade Certified milk are being accounted for under other criteria and the mass balance traceability system).
Objective 5.1.2: The volume of Fair Trade products sold matches the volume of Fair Trade products purchased.					
5.1.2.a	The balance of Fair Trade product is never negative; at no time has more Fair Trade product been sold than has been sourced, purchased, or produced.	C-Y0	C-Y0	<p>This criterion is applicable to Certificate Holders of all products, both products requiring physical traceability and those where mass balance is allowed after the first point of processing. This rule must take into account processing yields and all losses.</p> <p>Products used within a mass balance traceability system (where Fair Trade and non-Fair Trade product is mixed) must be of a similar type and quality (e.g. organic product cannot be offset with non-organic product; high-quality cocoa butter cannot be offset with low-quality cocoa butter or other cocoa by-products). Note that mass balance traceability is only allowed for cocoa, sugar, tea, and fruit juices after the first point of processing.</p> <p>This requires that product is physically sourced prior to being physically sold to a Fair Trade buyer.</p>	Mass balance traceability is also allowed for dairy products. There are two types of mass balance traceability systems for dairy products, one of which may be implemented before the point of first processing, and the other after the point of first processing. In all cases where mass balance traceability is implemented, this criterion still applies. See associated policy for additional information.
Objective 5.1.3: Documentation and records are kept of all Fair Trade purchases and sales.					
5.1.3.a	<p>There are records of all products sourced or purchased as Fair Trade from farms or facilities included in the scope of the Certificate.</p> <p>These records include:</p> <ul style="list-style-type: none"> • the name of the individual farmer or farm/facility name; • the date of the purchase; 	C-Y0	NA	<p>This relates to internal record keeping at the Certificate Holder level.</p> <p>Records shall be kept in an accessible format and retained for a minimum of five years.</p>	Records include the date the product traded hands, even if it was not formally “purchased” and ownership was not transferred. For example, this would apply to every transaction of milk from the dairy to their cooperative’s milk trucks, regardless of whether legal ownership of the product changed at that time.



No.	Compliance Criterion	CH	Farms / Facilities	Intent and Clarification	Dairy Amendment & Guidance
	<ul style="list-style-type: none"> • the product type; • volume; and, • price paid. 				
5.1.3.b	<p>There are records of all Fair Trade sales to Fair Trade buyers. These records include:</p> <ul style="list-style-type: none"> • the volume; • the name of the buyer; • the date of the transaction; • the Fair Trade USA ID; and, • a reference that allows the Conformity Assessment Body to link these records with the corresponding sales documentation. 	C-Y0	NA	<p>This relates to internal record keeping at the Certificate Holder level.</p> <p>Records shall be kept in an accessible format and retained for a minimum of five years.</p> <p>It is best practice for Certificate Holders to record all transactions regardless of whether or not they were sold into a Fair Trade supply chain.</p>	
5.1.3.c	<p>All sales documentation (e.g. invoices, contracts, bills of lading, delivery notes) related to the Fair Trade product clearly state:</p> <ul style="list-style-type: none"> • the Fair Trade ID of the Certificate Holder; • the Fair Trade ID of the buyer; • which products are Fair Trade certified; • the volume of the product being sold as Fair Trade; • product characteristics; and, • the applicable dates of transactions. 	C-Y0	NA	<p>The documentation required is between the Certificate Holder and a Fair Trade buyer.</p> <p>The product characteristics referred to in this criterion are, for example, quality and product type (e.g. green coffee), as well as any other characteristic that could affect the price of the product.</p>	



No.	Compliance Criterion	CH	Farms / Facilities	Intent and Clarification	Dairy Amendment & Guidance
5.1.3.d	Records are kept of any processing losses that occur, showing product volumes before and after processing.	C-Y0	C-Y0	<p>It is acceptable to demonstrate a verified average processing loss calculation that can be applied in place of keeping specific records of each individual processing activity. The average shall be based on actual records taken at a previous point in time.</p> <p>Exceptions may be made for Small Farms and Facilities where record keeping is not feasible (e.g. informal pre-processing), and established industry norms for average processing losses are available and used.</p> <p>Records shall be kept in an accessible format and retained for a minimum of five years.</p>	

SUB-MODULE 5.2: Contracts Are Followed.

No.	Compliance Criterion	CH	Intent and Clarification		Dairy Amendment & Guidance
Objective 5.2.1: All Fair Trade contracts between the Certificate Holder and its buyers are honored.					
5.2.1.a	All elements of Fair Trade transactions fixed in contracts between the Certificate Holder and its buyers are honored unless both parties agree to a change in writing.	C-Y0	The intent of this criterion is to ensure Certificate Holders do not default on contracts in order to take advantage of changes in market conditions.		
Objective 5.2.2: The Certificate Holder has a written contract in place with all farmers and facility owners included in the scope of the Certificate regarding how prices will be paid and calculated and how conflicts will be resolved. The contract is followed.					
5.2.2.a	<p>A written contract is in place with and clearly communicated to all farms and facilities in a language that farmers and facility owners understand. At a minimum the contract includes:</p> <ul style="list-style-type: none"> The price paid for the product, taking into consideration requirements on Fair Trade Minimum Price and Premium; 	C-Y0	<p>This criterion is applicable only to Certificate Holders who hold the Certificate on behalf of a group of sites, for instance if the Certificate Holder is a cooperative or buys from multiple independent suppliers. The contract is intended to outline the trade relationship between the Certificate Holder and the farms and facilities from which Fair Trade products are purchased/sourced.</p> <p>Where an open price or price-to-be-fixed is used, the contract must include a clear outline and calculation of how the price will be set to ensure farmers and facility owners understand how the price they receive is calculated.</p>		



No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
	<ul style="list-style-type: none"> • Payment terms, including any secondary payment adjustments, such as those described in Annex E for products with a Fair Trade Minimum Price; • Terms of delivery; • A description of all inputs and services provided and relevant deductions; and, • A mechanism to resolve conflicts. 		<p>The contract cannot restrict farms or facilities from selling to entities other than the Certificate Holder, and it cannot make the purchase of certified products by the Certificate Holder dependent on the purchase of non-certified products.</p> <p>In the case of a Certificate Holder purchasing from a farmer organization, the Certificate Holder may sign a binding purchase contract directly with the farmer organization instead of contracting with each individual farmer. The terms of the contract must be shared with each participating farmer.</p> <p>See Annex E for requirements on payment terms for products with a Fair Trade Minimum Price.</p> <p>It is best practice for the contract to include expected sourcing volumes for future years or to outline a process by which the Certificate Holder will keep farms and facilities updated on the volumes they expect to source in upcoming years.</p>	
5.2.2.b	The contract is followed.	C-Y0		
5.2.2.c	Farms and facilities receive a written receipt for each transaction that details, at minimum, the price, volume, and Premium.	C-Y0	<p>There shall always be documentation kept by both the farm or facility selling the product and the purchasing entity for any Fair Trade transaction or Fair Trade eligible transaction.</p> <p>Premium must only be included in the receipt when relevant, for instance, when farmers receive any part of the Premium directly as cash.</p>	
Objective 5.2.3: The Certificate Holder pays the correct price and, if relevant, Fair Trade Premium.				
5.2.3.a	If the Certificate Holder is purchasing Fair Trade product from suppliers, the price paid is in accordance with the contract in 5.2.2.a.	C-Y0	As required in 5.2.2.a, farmers and facility owners must understand how the price they receive is calculated and must have agreed to this calculation. See Annex E for requirements on payment terms for products with a Fair Trade Minimum Price.	



No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
5.2.3.b	Where the Certificate Holder is responsible for paying Fair Trade Premium to the Fair Trade Committee (FTC), the correct amount of Premium is paid and no deductions are made. The Premium is paid to the Fair Trade Committee no more than one month after the Certificate Holder receives the Premium.	C-Y0	<p>If there are multiple FTCs and the Certificate Holder is responsible for distributing Premium, the Certificate Holder pays the correct amount of Premium to each FTC according to the rules agreed by the FTC membership as required in 1.1.2.a and 1.1.2.b.</p> <p>Additionally, the Certificate Holder is expected to share information on expected Premium payments with the FTC based on Fair Trade sales and sales forecasts. In cases where there are no Fair Trade sales yet, the Certificate Holder should share the estimated Premium income for the following year based on Fair Trade sales forecasts.</p>	
Objective 5.2.4: Where financing and farm inputs or services are provided, this is done in a fair and transparent manner.				
5.2.4.a	When credit or pre-finance is provided from the Certificate Holder, the interest rate and conditions attached to the offer are agreed upon in advance with the farms and/or facilities.	C-Y0		
5.2.4.b	When credit or pre-finance is provided from the Certificate Holder, the interest rates charged are not higher than the cost of borrowing.	C-Y0		
5.2.4.c	Cost break downs of inputs and services are available, transparent, and coherent. Costs of inputs and services are not higher than normal market prices.	C-Y0	Here, inputs refer to pesticides, fertilizers, seeds, machinery, or other 'inputs' provided to farmers for a fee or are deducted from the cost of the product.	

SUB-MODULE 5.3: Certificate Holders Are Transparent With Fair Trade USA and the Conformity Assessment Body.

No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
Objective 5.3.1: Certificate Holders only sell Fair Trade products in accordance with the scope of their Certificate.				



No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
5.3.1.a	The Certificate Holder does not sell products as Fair Trade unless the product and its production site have been included in the scope of the Certificate.	C-Y0	<p>See the explanation of Scope in the Introduction, or the separate standard document "Requirements for Certificate Scope under the APS," for a description of entities and activities included under the scope of the Certificate.</p> <p>Note that a list of all farms and facilities included in the scope of the Certificate is required in 6.1.2.a.</p> <p>Requirements for adding farms or facilities to the scope of the Certificate are defined in 6.1.5.d.</p>	In dairies, in instances where a mass balance approach has been applied below the level of the Certificate Holder, the Certificate Holder shall provide the additional evidence needed to demonstrate that no more product was sold on Fair Trade terms than was produced as Fair Trade Certified. Fair Trade USA shall provide guidance on related information needed under their audit methodology. Such evidence shall be made available to the auditor and Conformity Assessment Body as well as to Fair Trade USA.
Objective 5.3.2: The Certificate Holder allows Fair Trade USA and approved Conformity Assessment Bodies to perform assurance activities against the scope of their Certificate.				
5.3.2.a	Audits (both announced and unannounced) are allowed to proceed unobstructed, and all information necessary to complete the audit is made available to the Conformity Assessment Body.	C-Y0	Auditors must be permitted access to any site that is included in the scope of the Certificate.	
5.3.2.b	The Certificate Holder has written contracts with all intermediaries and subcontractors not covered by the scope of the Certificate that handle Fair Trade product, requiring them to comply with relevant compliance criteria related to traceability in Sub-module 5.1 and the ILO Core Conventions. Contracts must also authorize Fair Trade USA and/or an approved Conformity Assessment Body to conduct on-site audits of each entity.	C-Y0	Further details of requirements for these additional entities of concern are described in the Introduction section on Scope , and the separate standard document "Requirements for Certificate Scope under the APS."	



No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
5.3.2.c	A contact person has been designated by the Certificate Holder to keep Fair Trade USA and the Conformity Assessment Body updated with all information relevant to the Certificate.	C-Y0	Relevant information includes, but is not limited to, changes to the following: the scope of the Certificate, contact information, serious non-compliances identified, as well as any information that would make compliance to the APS no longer possible by the Certificate Holder.	
Objective 5.3.3: All additional activities required of the Certificate Holder in order to demonstrate compliance with the Agricultural Production Standard (APS) and the Fair Trade program have been met.				
5.3.3.a	Conditions of all exceptions granted by Fair Trade USA or the Conformity Assessment Body have been met.	C-Y0	In instances where the Certificate Holder has been granted an exception, any conditions associated with this exception shall be checked during an audit.	
5.3.3.b	The Certificate Holder submits information to Fair Trade USA when requested.	C-Y0	This includes, but is not limited to, sales reports and Premium spending reports. As part of the audit, the Conformity Assessment Body will ask Fair Trade USA if there are any outstanding requests to the Certificate Holder.	
Objective 5.3.4: Certificate Holders abide by the rules applicable during suspension.				
5.3.4.a	If the Certificate Holder is suspended, contracts that have already been signed must still be fulfilled. New contracts may be signed, but only with buyers with which the Certificate Holder has an existing trade relationship (commercial transactions that have taken place in the previous 12 months). The volume traded during the suspension period cannot exceed the greater of: 50% of the volumes traded in the preceding 12 months, or the total volume contracted prior to the suspension.	C-Y0	During a suspension, the creation of new trade relationships is not allowed. The Certificate Holder has a maximum of six months to resolve non-compliances and end the suspension. However, the length of suspension may change on a case-by-case basis.	This criterion refers only to contracts and trade relationships that relate to Fair Trade USA.



No.	Compliance Criterion	CH	Intent and Clarification	Dairy Amendment & Guidance
Objective 5.3.5: Product held in stock for more than one year prior to certification cannot be sold as Fair Trade.				
5.3.5.a	Product may not be sold as Fair Trade if it has been held in stock for more than one year prior to certification being granted.	C-Y0	This applies to product held in stock by the Certificate Holder and individual farms and facilities included in the scope of the Certificate.	
Objective 5.3.6: Finished products may only use the Fair Trade Certified seal if approved by Fair Trade USA.				
5.3.6.a	The Certificate Holder does not sell finished product with the Fair Trade Certified seal unless it has an agreement with Fair Trade USA allowing it to do so.	C-Y0	This is only applicable to Certificate Holders that manufacture and sell finished products.	



MODULE 6: Internal Management System

A functioning management system within a company, producer organization, and group is necessary to support the implementation of the Agricultural Production Standard (APS) and the empowerment of farmers and workers. This module details the requirements of the Internal Management System (IMS) that the Certificate Holder must have in place to assist with the implementation and monitoring of the APS requirements. The IMS focuses on identifying risks of non-compliance with the APS, monitoring the risks identified, and taking measures to address areas where non-compliances with the APS are identified on all sites included in the Certificate. Planning, implementation, and record keeping are fundamental to the success of the IMS.

The Certificate Holder must have sufficient staff or support in the same country as the suppliers included under its Certificate to implement the IMS and ensure that its suppliers follow the APS. The Certificate Holder must either: a) be in the same country as its suppliers included in the scope of the Certificate, or b) have a local majority-owned subsidiary that is responsible for implementing the IMS, or c) have sufficient locally based staff or have contracted a local support organization as an Implementation Partner to manage some or all of the IMS. Further details on requirements for the scope of the Certificate and the Certificate Holder’s responsibilities are in the separate standard document “Requirements for Certificate Scope under the APS.”

The Certificate Holder must ensure that roles and responsibilities related to implementing the IMS are clearly understood by all parties. The Conformity Assessment Body is responsible for determining if the IMS is sufficient to ensure that all entities included in the scope of the Certificate are implementing the APS correctly.

SUB-MODULE 6.1: An Internal Management System (IMS) Facilitates Compliance and Improvements.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 6.1.1: At least one person is appointed as responsible for compliance with the APS and management of the Internal Management System (IMS).				
6.1.1.a	One or more people are responsible for the overall management of the IMS, as well as for the management of compliance with each APS module.	C-Y0	The Certificate Holder shall clearly identify who is responsible for the overall management of the IMS (IMS Manager), as well as any individual(s) responsible for the implementation of and training for each module of the APS. These roles can be filled by the same person.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 6.1.2: The Certificate Holder identifies and documents where and by whom Fair Trade products are grown, processed, and stored.				
6.1.2.a	There is an up-to-date list of all farms and facilities where Fair Trade products are grown, processed, and stored. The list includes: name, location, total area farmed, products grown, volumes grown per harvest, number of workers, as well as the date of the most recent internal inspection.	C-Y0	<p>This criterion is critical to managing the Fair Trade system. The list is where all information about individual farms and facilities is held and allows the Certificate Holder, Fair Trade USA, and the Conformity Assessment Body to identify individual farms and facilities and to classify them into 'Small', 'Mid-sized', and 'Large' in order to determine which compliance criteria are applicable to each site. It also allows the Conformity Assessment Body to easily identify sites and locations where Fair Trade products are handled.</p> <p>This list shall be updated on an annual basis.</p> <p>For agroforestry or mixed-cropping systems, the number of trees may be provided instead of "total area farmed". The intent is to gather data necessary to estimate yields.</p> <p>As part of the list, the Certificate Holder shall document all farms, processing, storage, and subcontractor facilities, and detail the activities that take place at each site, including the flow of product in and out of the site.</p> <p>For Small Farms and Facilities, the information on workers and volumes need not be specific to each site but can cover the typical situation, for instance "small producers in the group have anywhere from one to three permanent workers and directly hire five to ten temporary workers during the harvest season. Their average volume grown per harvest is expected to be x." The accuracy and specificity of information related to Small Farms and Facilities should improve over time.</p> <p>For Mid-sized and Large Farms and Facilities, the actual number of permanent workers must be included in the list along with an estimate for the peak number of temporary workers expected to be present at any time over the year.</p>	The list shall include all dairies and facilities where Fair Trade Certified milk is produced, processed and/or stored under the scope of the Certificate. The list includes total herd size, number of milking cows, and typical monthly volumes of milk in addition to other information listed in the criterion and intent and clarification.
6.1.2.b	The Certificate Holder maintains a map of all areas where Fair Trade product is grown, processed, or stored.	C-Y0	<p>Site-specific maps shall be made for all Mid-sized and Large Farms and Facilities. For Small Farms and Facilities, one or more landscape-level maps indicating the areas where the Small Farms and Facilities are located is acceptable. The map(s) shall identify all areas relevant to the APS (water resources used and/or to be protected, protected areas, buffer zones, etc.). The intent is that the internal inspectors and external auditors can check compliance with the environmental protection requirements.</p> <p>Best practice is for farms and facilities to be mapped with GPS references.</p>	Dairies will not be audited against the environmental requirements of the APS. Therefore, it is not required but is considered best practice for the map to identify water bodies, protected areas, and buffer zones.



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 6.1.3: An Internal Management System (IMS) Manual is created and implemented.				
6.1.3.a	An IMS Manual exists at the group level and includes the following: <ul style="list-style-type: none"> • internal standard; • internal inspection procedure; • risk assessment procedure; • personnel, roles and responsibilities related to the implementation of the APS (see 6.1.1.a); and, • details of the role of the Certificate Holder in facilitating the implementation of Module 1 of the APS. 	C-Y0	This Manual compiles all of the procedures, policies, and activities needed to fulfill other criteria in this module. The internal standard includes the list of compliance criteria from the APS applicable at each farm and/or facility. It may include other requirements against which each site will be evaluated, such as internal rules or other certification scheme requirements. It is best practice to update the content of the Manual as changes occur within the scope of the Certificate.	
6.1.3.b	The IMS Manual is followed.	C-Y1		
Objective 6.1.4: A risk assessment is carried out to identify areas of risk for non-compliance with the APS, and to guide the focus of the internal inspection.				
6.1.4.a	The Certificate Holder carries out a risk assessment every three years identifying areas of risk for non-compliance with the APS.	C-Y0	The risk assessment helps the Certificate Holder focus resources on the parts of the APS where they are most likely to have a non-compliance. The results should be used to identify the specific criteria that will be checked during the internal inspection. Best practice is to identify and include risk factors relevant to the local operating context, including social, political, and environmental conditions as well as practices that increase risk such as the use of in-kind payments or hiring via labor contractors and/or recruiters. As a best practice, the risk assessment should be updated annually. If significant changes to the scope of the Certificate occur, the risk assessment shall be updated. Significant changes include, but are not limited to: a large number of new members, a new product line, or new sites of different sizes or geographies.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
6.1.4.b	A Risk Management Plan is designed and implemented based on the results of the risk assessment.	C-Y1	<p>The Risk Management Plan identifies specific actions that can be taken to further reduce or mitigate the risk of farms or facilities becoming non-compliant with the APS. This includes the risk of non-compliance with future year criteria. The Certificate Holder has a process in place to prepare sites for future year criteria.</p> <p>The Risk Management Plan is updated as needed based on the risk assessment.</p> <p>The Risk Management Plan is different than the remediation process required in 6.1.6.a. The Risk Management Plan is intended to help prevent non-compliances, while the remediation process corrects existing non-compliances.</p> <p>Note that 2.2.3.b describes particular risk mitigation measures required for child labor and young worker protection. Certificate Holders may choose to integrate the risk mitigation measures in 2.2.3.b with this Risk Management Plan or to manage them separately.</p>	
Objective 6.1.5: An internal inspection system is implemented.				
6.1.5.a	There are regular inspections of each farm or facility included in the scope of the Certificate.	C-Y0	<p>For Mid-sized and Large Farms and Facilities, internal inspections of each site shall occur every year.</p> <p>For Small Farms and Facilities, each site shall be visited at least once every 3 years. By Year 0, at least one-third of all Small Farms and Facilities must have been visited. It is best practice to visit one-third of Small Farms and Facilities each year in order to evenly distribute inspections and to visit all Small Farms and Facilities prior to Year 0, if feasible.</p> <p>It is best practice to include unannounced internal inspections, as well as regular announced internal inspections in the internal inspections system. It is also recommended to have a system by which entities in the scope of the Certificate can report suspected non-compliances.</p> <p>It is also best practice for internal inspections to occur during times when high-risk activities (for instance harvest) are being conducted.</p> <p>Systematic or significant non-compliances discovered during an external audit could indicate that the internal inspection system needs to be modified to better monitor compliance during high-risk activities.</p> <p>During internal inspections, it is recommend that the inspector use the visit to gather data required for the Needs Assessment as a means to optimize time spent on-site.</p>	For dairies, it is recommended that internal inspections take place on randomized dates and times throughout the year because of the 24/7/365 nature of operations.



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
6.1.5.b	Records are kept of internal inspections of each site, which include the following: <ul style="list-style-type: none"> • date of inspection; • name and identification of farm or facility inspected; and, • identification of corrective actions taken to resolve any non-compliances. 	C-Y0		
6.1.5.c	A central registry of all non-compliances identified during internal inspections is kept and presented to the auditor prior to the audit. The registry includes the corrective actions taken to resolve any non-compliances.	C-Y0	The Certificate Holder is transparent with Fair Trade USA and the Conformity Assessment Body prior to the audit. This information will assist the auditor in focusing the audit in order to assess whether the non-compliances identified by the Certificate Holder have been resolved appropriately.	
6.1.5.d	All new sites have gone through an internal inspection and meet requirements of the APS prior to being included in the scope of the Certificate.	C-Y1	The intent of this criterion is to identify any non-compliances and ensure that they are adequately resolved before new farms or facilities are added to the scope of the Certificate. For Small Farms and Facilities, the majority of new sites must have gone through an internal inspection. Note that the Conformity Assessment Body may need to be informed about new sites added to the Certificate, and that an additional audit might be triggered. If significant changes have occurred to the scope of the Certificate, please contact the Fair Trade USA Certification Department. Criterion 6.1.4.a provides examples of significant changes to scope.	
Objective 6.1.6: A remediation process exists to assist sites, subcontractors, and suppliers in correcting non-compliances.				
6.1.6.a	A mechanism exists to resolve non-compliances identified during the internal inspections.	C-Y0	The intent of this criterion is to ensure that there is a clear process by which corrective actions are developed, implemented, and monitored to resolve non-compliances promptly. This process is distinct from the Risk Management Plan required in 6.1.4.b, which is intended to prevent non-compliances. Internal inspectors may play a role in resolving non-compliances.	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
			<p>It is best practice for the Certificate Holder to have a sanctions and appeals procedure for farms and facilities with serious non-compliances found during internal inspections.</p> <p>As part of the management of the Internal Management System (IMS), the IMS Manager shall elect an individual or a committee to be responsible for reviewing and approving corrective actions, as well as following up where appropriate.</p>	
6.1.6.b	Results of Fair Trade audits and internal inspections are shared with the Fair Trade Committee and Social Engagement Team.	C-Y1	As a best practice, representatives from the Fair Trade Committee and Social Engagement Team are invited to observe the closing meeting of Fair Trade audits. As an additional best practice, audit and inspection results are shared with all participating farmers and workers in a manner that respects privacy of individuals and treats sensitive information appropriately. The aim is that by sharing these results, the Committees, farmers, and workers will be able to assist in identifying non-compliances and participate in implementing corrective actions.	
Objective 6.1.7: The Internal Management System (IMS) is used as a tool for planning and recording trainings.				
6.1.7.a	All trainings required in the APS are planned and documented as part of the IMS.	C-Y1	The intent of this criterion is to ensure that all trainings required throughout the APS are documented and that a plan exists for meeting the training requirements within the indicated timeframes or to meet Progress score requirements in Modules 3 and 4. These training plans and records must be updated quarterly.	Module 4 does not apply to dairies.



SUB-MODULE 6.2: The Relationships Between the Certificate Holder and Any Separately-Managed Entities Included Under the Certificate Are Transparent, Empowering, and Non-Discriminatory.

These criteria are not applicable for Certificates under which all certified sites are directly managed by the Certificate Holder. They are applicable, however, for any Certificate covering sites which are independently and separately managed, for instance a small producer-owned cooperative, or a Certificate Holder buying from independent farms.

No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 6.2.1: For Certificates that include entities managed by different parties, each site manager understands their responsibilities regarding certification.				
6.2.1.a	A written statement exists and all farms and facilities under the Certificate have received clear explanations of the rules of Fair Trade as they are applicable to their role in the production of the Fair Trade product.	C-Y0	<p>The intent of this criterion is to ensure that all farms and facilities know what benefits and responsibilities they have due to their participation in Fair Trade.</p> <p>The statement shall express a commitment on behalf of the Certificate Holder to comply with the APS. As a best practice, farms and facilities should be provided with a copy of the commitment statement and a copy of the requirements applicable to their particular site, taking into consideration the size of farms and the role processing facilities play in the production of the product.</p>	
6.2.1.b	There is a written contract between the Certificate Holder and each separately managed entity under the Certificate that explains the responsibilities of each party to comply with the APS.	C-Y3	<p>Best practice is for the two parties to sign these contracts as part of the internal inspection and training process. For illiterate farmers or other entities, it is best practice for the contract to be read aloud and for the individual to sign the contract in the presence of a third party.</p> <p>It is best practice for the Certificate Holder to share the internal standard (see 6.1.3.a) as part of this contract, to ensure the entity understands the requirements against which they will be audited.</p> <p>This contract may also be a part of the contract between the Certificate Holder and its supplier farms and facilities, as required in 5.2.2.a.</p>	



No.	Compliance Criterion	Timeline	Intent and Clarification	Dairy Amendment & Guidance
Objective 6.2.2: There is no discrimination by the Certificate Holder against current or potential entities in the Certificate.				
6.2.2.a	There is no discrimination against current or potential entities of the Certificate in relation to: rules for program participation, voting rights, the right to be elected, access to markets, price received, access to training, technical support, or any other benefits that the program offers.	C-Y0	Discrimination is defined as distinction, exclusion or preference based on race, ethnicity, color, sex, gender, sexual orientation, disability, marital status, family obligations, age, religion, political opinion, pregnancy, HIV/AIDS status, membership status of trade unions or other worker organizations, national extraction, or social origin. It does not include the evaluation of sites for inclusion in the scope of the Certificate based on business needs and capacity.	



ANNEX A: Requirements for Setting up the Fair Trade Committee(s) and Distributing Premium

This Annex describes the requirements for setting up the Fair Trade Committee, as required in Criterion 1.1.2.a of the APS. *Note that for dairies participating in the pilot program, the Premium that is distributed to the Fair Trade Committee is adjusted to reflect the sharing of funding across the traditional Fair Trade Community Development Fund (or Premium) and the Compliance Support Fund. Otherwise, these requirements apply to dairies.*

Section A.1: The Certificate Holder's responsibilities

A.1.1. The Certificate Holder is responsible for designing the initial structure of the Fair Trade Committee (FTC) ¹⁵. They must propose a structure for the FTC that ensures proportional representation of diverse groups within the Premium Participants. They do not identify specific individuals to serve on the FTC.

Section A.2: Ensuring proportional representation of diverse groups

A.2.1. "Diverse groups" shall be identified as appropriate to the composition of the Premium Participants. Groups could include, for example, indigenous workers, women farmers, temporary migrant workers, workers in a processing facility, multiple farm/facility sites, multiple cooperatives, or specific communities.

The workforce analysis required in 3.1.2.a and the Certificate scope used during the application process should help identify groups within the Premium Participants.

Proportional representation within the FTC could be achieved through a set number of seats for each of the identified groups according to their size.

Section A.3: Requirements for multiple Fair Trade Committees

A.3.1. More than one FTC may be created per group of Premium Participants as long as each Premium Participant is represented in exactly one FTC.

Multiple FTCs would be appropriate, for example, in a situation where Premium Participants include small producers from one region and processing workers based in a different region, or where Premium Participants are spread throughout a large geographic area and it would otherwise be difficult to assemble a single representative FTC every three months as required in 1.1.3.b.

A.3.2. Premium must be equitably distributed among multiple FTCs.

For the initial certification, the Certificate Holder must propose the distribution of Premium among multiple FTCs. This distribution must be approved by all FTCs.

Distribution of Premium among multiple FTCs must be done in a manner that is equitable for all Premium Participants.

- It is most straightforward to distribute Premium among different groups according to the number of Premium Participants in each group. This is the most equitable distribution when all Premium Participants are workers (i.e. when no farmers are included).
- It may be desirable to distribute according to other factors, for instance volume delivered by a group, or time spent on Fair Trade product.

¹⁵ For dairies participating in the pilot program, Fair Trade USA staff will support the development of the FTC structure(s) and plan for Premium distribution across multiple FTCs.



- Where Premium Participants include farmers and workers on their farms, the Premium may be distributed among multiple FTCs according to sales volume. This would allow groups who deliver all of their product to the Certificate Holder to benefit more than groups who deliver very little product.
- Distributing according to time spent working on Fair Trade product is recommended when different types of groups are included in the same certificate, for instance a processing facility and several farmer groups. The Certificate Holder could calculate roughly how many person-days were spent growing or working on Fair Trade product by each individual, and then weigh each sub-group according to its proportion of the total number of person-days worked on Fair Trade product.

The distribution of Premium among multiple FTCs may be changed year to year to account for changes in FTC membership. Any new distributions must be agreed to by all FTCs.



ANNEX B: Compensation Requirements for Participation in Fair Trade Committee and General Assembly Meetings

This Annex explains the requirements for compensating Premium Participants and Fair Trade Committee (FTC) members for their time spent participating in meetings related to the Fair Trade Program. It further explains requirements in Criteria 1.1.3.a and 1.1.3.b in the APS.

Section B.1: For Fair Trade Committees which cover Premium Participants *only* from Large Farms or Large Facilities or a single work site

B.1.1. Workers must be paid for time spent in the in FTC meetings or at the General Assembly.

B.1.2. For meetings held during working hours, workers must earn their full pay rate, including average productivity bonuses, for the time spent in these meetings. It is acceptable to meet outside of working hours, but workers must still earn their normal wage for the hours spent during those meetings, including premium rates for overtime if relevant.

B.1.3. This compensation must be paid by the employer or the Certificate Holder, *not* with Fair Trade Premium.

Section B.2: For all other Fair Trade Committees

Other Fair Trade Committees include those that represent small producers, or those that represent a mix of producers and/or workers from sites of multiple sizes.

General Assembly

B.2.1. The Certificate Holder must ensure that the majority of Premium Participants, including workers and producers, can participate in the General Assembly and vote on Fair Trade matters, either directly or through a delegate. This could be accomplished through providing transport to and meals during the meeting, using teleconferencing, holding multiple meetings closer to the participants, or other means. Fair Trade Premium may be used for these costs. Workers could be encouraged to attend by holding the meeting during working hours and compensating workers at their full pay rate for their time, but Premium *may not be used* for this.

B.2.2. Workers who are among the Premium Participants are not required to be compensated for the time they spend in the General Assembly meeting. However, if workers are not compensated then these meetings must be held outside working hours. If workers are paid, they must be paid by the employer or the Certificate Holder, *not* with Fair Trade Premium.

Fair Trade Committee Meetings

B.2.3. Fair Trade Premium may be used to compensate elected members of the FTC (not the non-voting observer) for their time, travel expenses and meals.

- For farmers, it is expected that compensation for their time would be similar to what they would have to pay a laborer to take their place on the farm.
- For workers, if meetings are held during working hours, workers must be compensated for their time at their full pay rate, including average productivity bonuses. Premium *cannot be used* to compensate workers from Large Farms and Facilities for their time, but may be used for travel expenses.



ANNEX C: Fair Trade Premium Expenditure Rules

This Annex explains additional rules for expenditure of the Fair Trade Premium, required in Criterion 1.2.2.d of the APS. The intent of Premium expenditure is that it improves the livelihoods of Premium Participants by addressing needs of producers, workers, their families and communities with projects and expenditures informed by the results of the Needs Assessment.

Premium spending is subject to the following rules, in addition to the associated compliance criteria. As required in Criteria 1.2.2.e and 1.2.2.f, Premium spending shall be approved by the Premium Participants. Note that if a Certificate includes multiple Fair Trade Committees (FTCs), each FTC must follow the relevant rules below. This implies that different FTCs under the same Certificate might have different rules.

Note that for dairies participating in the pilot program, the Expenditure Rules outlined here apply solely to the Fair Trade Community Development Fund (or Premium) and not to the Compliance Support Fund. See the Compliance Support Fund Policy for more information on the latter.

Section C.1: Rules for all setups

C.1.1. Up to 50% of the Premium may be paid out in cash or in-kind goods to Premium Participants, as long as cash or in-kind payout is an effective way to address particular needs identified in the Needs Assessment.

C.1.2. In some cases, Premium may be used for certain costs of the General Assembly and compensation of FTC members for traveling to and participating in FTC meetings required in Criterion 1.1.3.b. See [Annex B](#) for these requirements.

C.1.3. Premium may be used to hire an administrative support person to assist the FTC¹⁶. The scope of work, hours, and rate of the administrative support person must be clearly recorded. The work contract must ensure that they report directly to the FTC, and not to the Certificate Holder or other employer, for the work done supporting the FTC and Premium Projects.

C.1.4. When using Premium to purchase goods or services from a third party, including the provision of training or purchasing of goods or services to provide directly to Premium Participants (such as grocery vouchers or physical goods), this entity should be neutral to the Certificate Holder, have no personal interest in the operation, and have no influence over the actors in the labor supply chain. It is also best practice to ask for more than one cost estimate/quote from competing vendors, and to document the different quotes.

C.1.5. Any time physical assets are acquired with Premium spending, it is recommended that the FTC be established as a legal body to ensure ownership of these assets is tied to the Premium Participants.

Section C.2: Additional rules for FTCs representing democratically-controlled small producer organizations¹⁷

C.2.1. Premium may be used for Premium management expenses, including bank fees, wire transfer fees, taxes, and financial audits;

¹⁶ For FTCs associated with larger, sophisticated operations such as a large dairy that already employs administrative staff, it is recommended that FTC administrative support be absorbed into an existing admin position paid by the dairy.

¹⁷ Democratically-controlled Small Producer Organization is defined here as a member owned and controlled organization such as a cooperative that is comprised exclusively of farms that meet Fair Trade USA's definition of small.



C.2.2. Premium may be spent on any business need, as long as it is linked to an identified need in the Needs Assessment. Such business needs could include: audit fees for Fair Trade USA or other certifications, debt repayments, facilities investments, compliance costs, member training, Internal Management System design and implementation, and distribution of agricultural inputs to members. However, only up to 50% of the Premium may be paid out in cash or in-kind goods to Premium Participants, as required in C.1.1 above.

Section C.3: Additional rules for all other producer setups (including independent small producers, Mid-sized and Large Farms and Facilities)

C.3.1. Up to 50% of the Premium received in the previous 12 months may be used by Small and Mid-sized Farms and Facilities to pay the Fair Trade USA APS certification fee only, as long as this is supported by the Needs Assessment and approved by Premium Participants. Large Farms and Facilities may never use Premium to cover certification fees. Premium *may not be used* to pay for certification or audit fees for other standards.

C.3.2. Up to 20% of the Fair Trade Premium may be spent on on-site investments that remain the property of the owner of a Mid-sized or Large Farm or Facility, or the Certificate Holder, under the following conditions:

- The investment may only be in housing, laundry facilities, gardens, recreational/learning facilities, or other facilities used primarily by and benefiting workers;
- A legal entity must be established. The legal entity must meet the parameters described in Criterion 1.2.4.c;
- The Certificate Holder or employer must match (at a minimum) the amount invested from the Premium;
- There is a contract between the FTC and the Certificate Holder/owner that requires the Certificate Holder/owner to return the amount invested (adjusted for depreciation or appreciation of the asset) to the FTC in the event of a sale of the facility or decertification; and,
- The investments go beyond what is required in the APS and under applicable law.

Note: There is no limit on Premium use for investments that remain the property of Small Farm or Facility owners.

C.3.3. Premium *may not be used* for on-farm/in-facility compliance costs for Mid-sized or Large Farms and Facilities, unless the farm/facility is owned by a democratically-controlled group of producers.

C.3.4. Fair Trade Premium may be used to meet on-farm/in-facility requirements of the APS for Small Farms and Facilities, for instance purchasing Personal Protective Equipment, building safe chemical storage, or improving worker health and safety.

C.3.5. Premium may be used for third party trainings of the FTC members as required in Objective 1.1.4, third party trainings of small producers as required in Objective 1.3.1, and training of Social Engagement Team members as suggested in Criterion 3.7.3.b.

C.3.6. Premium may be used for Premium management expenses, including bank fees, wire transfer fees, taxes, and financial audits. Fees to set up or maintain the Premium bank account shall be paid by the Certificate Holder if there is no Premium yet available.

Note that if Premium is used to cover the financial audit required in Criterion 1.2.4.c, Premium funds may be used to cover the audit costs of the FTC bank account only. While it may be beneficial to bundle the FTC bank account into the Certificate Holder's broader financial audit, the portion that is charged to the FTC must be for the work to audit the FTC account only, and this calculation must be clear and transparent.



ANNEX D: Labor Contractor Requirements

This Annex outlines the rules which apply to any labor contractors used to employ workers on sites within the scope of the Certificate, and defines “registered labor contractors in good standing”, as required in Criteria 3.1.3.d.

Section D.1: Labor contractors are required to:

- D.1.1. Comply with the requirements of the APS on sites in the scope of the Certificate (Criteria 3.1.3.b).
- D.1.2. Permit an audit to take place if requested by Fair Trade USA or the Conformity Assessment Body.
- D.1.3. Be a legal entity with legal rights and duties (such as a company, partnership, association, corporation, cooperative, firm, joint stock company, trust, or other organization).
- D.1.4. Possess a valid identification number provided by the federal government (of the country of employment), where applicable.
- D.1.5. Be in good standing with regards to any certificates or eligibility requirements of the country of employment.

Best practice is for the site manager or Certificate Holder to check that the labor contractor does not have any lawsuits or complaints against them, including under a different name.

- D.1.6. Have a direct employer relationship with respect to all workers in corresponding employment. This means the labor contractor pays workers directly and has the ability to hire, fire, supervise, or otherwise control and direct their work.
- D.1.7. Maintain clear documentation that accurately records:
 - deployment of workers (e.g. to which specific farms and facilities individual workers are deployed);
 - compensation of individual workers (e.g. paystubs with any deductions clearly listed); and,
 - terms and conditions of employment of each worker.
- D.1.8. Have written contracts with clear employment conditions with all workers. At a minimum, the contract must be in a language the worker understands and explain:
 - wages, overtime wages, piece rate (including how piece rate is calculated), and/or production bonuses);
 - when and how they will be paid;
 - amount of any salary deductions, e.g. for services or benefits;
 - working hours and schedule, including breaks;
 - nature of work to be performed;
 - duration of employment;
 - name and address of the employer;
 - rights to vacation, sick, maternity, and holiday leave;
 - quality, quantity, and costs of food to be provided, if applicable;
 - quality and cost of housing to be provided, if applicable; and,



- on Mid-sized and Large Farms and Facilities, the worker's right to a different job at the same pay and benefits if they become unable to perform certain tasks due to health issues (see 3.2.1.e).
- It is recommended to also include the name and contact information for any insurance carriers provided through the employer, as well as information on the employer's sexual harassment policy and procedures, and commitment to non-discrimination.

Contracts provided to workers must be consistent with the terms and conditions included in the contract between the labor contractor and site manager or Certificate Holder, in particular any terms related to wages, working hours, breaks and working conditions.

For illiterate workers, it is best practice for the contract to be read aloud and for the worker to sign the contract in the presence of a third party.



ANNEX E: Fair Trade Minimum Price Payment Terms

This Annex applies to payment terms, mentioned in Objectives 5.2.2 and 5.2.3 of the APS, for products with a Fair Trade Minimum Price. To find out if your product has a Fair Trade Minimum Price, please see Fair Trade USA's Price and Premium Database, available on our website.

Section E.1: Payment term requirements

E.1.1. For products with a Fair Trade Minimum Price, the price paid to a farmer or facility owner must be at least the Fair Trade Minimum Price or the Relevant Market Price (if defined), whichever is higher. Information on Fair Trade Minimum Price and Relevant Market Price can be found in Fair Trade USA's Price and Premium Database.

E.1.2. Where the Fair Trade Minimum Price or Relevant Market Price is set at a different level than that at which the Certificate Holder purchases from farms or facilities, the price paid to the farm or facility should be adjusted accordingly. Any additions or deductions made must be transparent and included in the contract between the Certificate Holder and farmers or facility owners.

- If the Fair Trade Minimum Price or Relevant Market Price is set at FOB, but the Certificate Holder purchases Ex Works, the Certificate Holder and farmers or facility owners may agree to deductions from the Fair Trade Minimum Price or Relevant Market Price (whichever is higher). These deductions will account for costs the Certificate Holder will incur from Ex Works to FOB, including transportation, processing, and export.
- If the Fair Trade Minimum Price is set for unprocessed product and the supplier sells processed product, the farm or facility receives the Fair Trade Minimum Price or Relevant Market Price (whichever is higher) *plus* any additional costs the seller incurred for activities outside the scope of the Fair Trade Minimum Price (e.g. processing costs).

E.1.3. If the Certificate Holder buys product from a farmer or facility owner that is within the scope of the Certificate, but does not buy the product on Fair Trade terms, the Certificate Holder may convert the product to Fair Trade at a later date. This may only be done if records are maintained of the original price paid to the farmer or facility owner, and any necessary secondary payments are made. A secondary payment is necessary when the Fair Trade Minimum Price or Relevant Market Price (whichever is higher), adjusted to the level of purchase by the Certificate Holder, is higher than the price originally paid to the farmer or facility owner. These secondary payments may be made at the end of the season.

