



Frequently Asked Questions

On the Factory Production Standard 2.0.0

August 22, 2022

Fair Trade USA™

Version 1.0.0

Lead Authors

standards@fairtradeusa.org



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About Fair Trade USA’s Factory Production Standard (FPS)

What is the FPS?

The FPS sets the requirements for Fair Trade Certified™ factories that produce a variety of products, including apparel, footwear, and home goods, among others. The objective of the FPS is to increase empowerment, including leadership, economic development, and organization of workers employed in these facilities, and to ensure fair and safe working conditions and environmentally responsible production methods.

Fair trade certification, however, is more than just the standard itself. In addition to our rigorous standards, our model drives impact and value through the investment of Community Development Funds (the Fair Trade Premium) and the provision of producer support services, such as education and training on human rights, leadership, gender equity, and financial resilience.

Please visit our [website](#) to learn more about our model.

How does the FPS benefit workers?

The FPS benefits workers through the third-party verification of its requirements, which benefits factory workers by securing safe and fair working conditions. Furthermore, the Fair Trade Premium is a direct sum of money passed through the supply chain, untouched, to the workers directly. The workers democratically decide how to spend this money to meet the needs of themselves and their community.

About the FPS Major Revision

Why did you update the FPS?

Fair Trade USA regularly updates all of our standards to drive increased benefit and impact to Fair Trade Certified supply chains. Following the [ISEAL Code of Good Practice](#), we revisit and revise a standard at minimum every 5 years to ensure continued relevance and effectiveness in meeting its stated objectives.



Updating our standards allows us to better enable sustainable livelihoods for producers and workers while creating value for businesses and consumers.

What were the objectives of the FPS major revision?

The current iteration of the FPS – the Factory Standard for Apparel and Home Goods, 1.4.0 – has been effective since 2017. During this time, Fair Trade USA gained experience through the implementation of the program, and we identified areas for improvement. In general, the main objectives of the FPS major revision were as follows:

- **Increase alignment** with other fair trade standards to strengthen impact for factory workers and provide factories with more effective and efficient support services;
- **Enable recognition** of other certifications and audits to reduce program cost and audit burden;
- **Facilitate expansion into new manufacturing categories** in support of Fair Trade USA's organizational growth strategy;
- **Refine the Factory Program's approach to continuous improvement** with the purpose of increasing program accessibility, streamlining onboarding and implementation, and incentivizing long-term improvement; and
- **Incorporate industry learnings**, ensuring we sufficiently address key issues of concern for brands and factories, and enhance compatibility with industry initiatives.

You can find more information about the FPS Major Revision in the [Project Plan](#).

How was the FPS 2.0.0 developed, and how were stakeholders involved?

The Factory Standard for Apparel and Home Goods was first published in 2014, developed from a pilot program launched in 2010 called the Pilot CMT Facilities Standard. Since then, the Factory Standard underwent several minor revisions where we focused on format and clarification of existing language. However, it became clear that a substantial update was needed to ensure that the Standard remains fit for purpose in the different geographies and industries we work in.

The Standard has been re-named the **Factory Production Standard (FPS)** to better represent this diversity. In early 2021, Fair Trade USA began a major revision process to update the standard. The primary goal was to innovate the existing standard to improve our value proposition for all those involved, while ensuring the standard delivers on Fair Trade USA's organizational strategy for increased impact and rapid growth.

The Draft FPS 2.0.0 was subsequently developed based off a review of learnings from the implementation of our Factory Standard for more than five years, and direct interviews with a selection of stakeholders including Certificate Holders, brands, academics, social and labor rights NGOs, and more. The Draft FPS was put out for public consultation from October 2021 to January 2022, along with a public comment form including targeted questions for review and space for additional comments. Webinars were conducted with representatives from brands and factories to educate them about the new draft standard and encourage submission of feedback. A targeted survey was also sent to thousands of workers at Fair Trade Certified factories.

What were the biggest changes in the major revision of the FPS?

While many of the FPS requirements are limited to structural and general language changes, the continuous improvement model represents a major innovation in the Factory Program's approach to bolster fair trade's accessibility and impact along the fair trade journey. Under this model, Fair Trade USA

has introduced new scoring and non-compliance ranking systems designed to enable factories to rapidly onboard as well as achieve and maintain progress toward industry best practices over six years.

The scoring system now defines three types of criteria:

- Year: Mandatory criteria which must be met by a specific audit year;
- Progress: Mandatory criteria that may be met any time prior to Year 6; and
- Best Practice: Optional criteria that promote advancement of worker rights and empowerment in alignment with international best practices.

With this approach, factories have the ability to flexibly implement criteria throughout the certification cycle while ensuring that keystone components of the fair trade program are reliably met in a timely manner.

Second, Fair Trade USA has introduced a new non-compliance (NC) ranking system, which designates NCs (rather than individual criteria) as either Minor, Major, or Priority. The goal of the NC ranking system is to tailor identification and resolution of NCs to ensure that corrective actions are both timely and appropriate. In combination with the scoring system, the NC ranking system will empower factories with more customized support to address challenges, highlight areas of excellence, and maintain sustainable compliance with Fair Trade USA, brand, industry, and consumer expectations.

In addition to the continuous improvement model, the structure of the FPS has been updated to group requirements in such a way that they will be easier to understand. The new Module breakdown of the FPS is as follows:

- Module 1: Empowerment;
- Module 2: Fundamental Human Rights at Work;
- Module 3: Conditions of Employment for Workers;
- Module 4: Occupational Health and Safety;
- Module 5: Environmental Responsibility and Management;
- Module 6: Transparency and Traceability; and
- Module 7: Internal Management System.

Finally, some key topics that have been added or significantly expanded upon include premium management and accounting, grievance mechanisms, responsible recruitment, living wage, document traceability, and the Internal Management System. Requirements on occupational health and safety have also been restructured to enable application across diverse industries and expansion into new manufacturing categories.

For detailed changes, please refer to the *Summary of Changes* available on our website.

What happened to the feedback I provided during the public consultation?

Feedback received during the public consultation period was reviewed and used to refine the Draft FPS 2.0.0 into its final version. The feedback was processed and analyzed along with the learnings and data that has been collected since the beginning of the revision to consolidate all inputs appropriately into the final version of the FPS 2.0.0. Fair Trade USA's External Standards Committee – consisting of experts from a variety of industry backgrounds across all of Fair Trade USA's categories – provided support and advice on this revision process and played a critical role in understanding and reacting to stakeholder feedback on core strategic and technical issues.

A *Summary of Feedback and Response*, which outlines the comments received during the public consultation and Fair Trade USA responses, is available on the [revision website](#). We evaluated all feedback to ensure the FPS is relevant, impactful, and clear, and that Fair Trade USA meets the needs of our partner producers, consumers, and businesses.

About the Implementation of the FPS 2.0.0

When does the FPS 2.0.0 go into effect, and how can I learn more about the transition process?

The FPS will go into effect on January 1st, 2023, at which time all audits will be conducted against the requirements of the FPS 2.0.0. We understand that for existing Certificate Holders time is needed to comply with requirements that are new or more rigorous in the FPS 2.0.0 than in the previous version. A transition period of one year from publication of the FPS will be allowed for new requirements (August 22, 2022 – August 22, 2023). This transition process does not change the overall audit process, and for Certificate Holders who are currently certified under the previous Standards, their certification cycle continues to progress based on their year of certification. For further details, please consult the *Transition Policy* published on Fair Trade USA's website.

Where can I find the supporting documents referred to in the FPS?

Throughout the rest of 2022, Fair Trade USA will be developing and publishing supporting documents to the FPS. Please visit our main [Standards website](#), reach out to your Fair Trade USA representative, or email us directly at factorymarketing@fairtradeusa.org to find new and updated documents.