



Factory Production Standard

Version 2.0.0

Fair Trade USA®

Draft Standard for Public Consultation

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INTRODUCTION

Fair Trade USA's Mission and Vision

Fair Trade empowers workers, farmers, and fishermen 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 Certified products in North America. Fair Trade USA and partnering Conformity Assessment Bodies audit and certify supply chains to help ensure that workers, farmers, and fishermen 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, factory management, businesses and consumers as an ecosystem of partners. Each of these key stakeholder groups needs the others to realize their goals. Fair Trade USA believes that:

- **Workers and factory management** will have more sustainable livelihoods if the economic model of trade enables access to markets and good working conditions, if workers and factory management have the skills and resources to manage their businesses and to produce in environmentally responsible ways, and if workers and factory management 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 Conformity Assessment Bodies, 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 Conformity Assessment Bodies.

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**



INTRODUCTION

About this Document

This document is Fair Trade USA's Draft Factory Production Standard, version 2.0.0 (hereafter referred to as the "FPS"). It is available online for a 60-day public consultation period, during which time Fair Trade USA will be receiving feedback on this document to guide the revision and finalization of the new version of the FPS. Once finalized, the Factory Production Standard version 2.0.0 will replace the currently operational FPS for Apparel and Home Goods version 1.4.0. Throughout this document you will find text in red which explains major changes to the FPS and includes specific questions for reviewers to focus on.

The Fair Trade USA Factory Production Standard (FPS) serves workers in facilities that produce a variety of products, such as apparel, footwear, and home goods. 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 working conditions and environmentally responsible production methods. The FPS is based on the following four focal impact areas:

- a) **Empowerment:** Workers are able to represent themselves effectively in their negotiations with management for improved working conditions as well as partner with factory management to increase empowerment of all workers. Grievance procedures are in place to provide a worker-management communication mechanism.
- b) **Economic Development:** Workers earn a Fair Trade Premium, paid by buyers and managed by the Fair Trade Committee, which can be distributed as a cash bonus or invested collectively in social needs identified by workers.
- c) **Social Responsibility:** Factories commit to uphold internationally-recognized labor standards and to provide greater benefits to workers. Conditions of employment are in line with or exceed sector regulations, the regional average, and official minimums. Health and safety measures are established in order to avoid work-related injuries. Buyers commit to long-term purchases from factories, providing a stable business climate and allowing factories to invest in improved working conditions.
- d) **Environmental Responsibility and Management:** Factories put forth efforts to protect and restore the natural environment and drive continuous improvement toward cleaner production, which aims to reduce the impacts of industrial production by reducing waste, water, chemical, and energy use. Hazardous chemicals must be controlled and part of a reduction plan and waste must be properly disposed of.

Fair Trade USA brings consumers, factories, and brands together to support a transformation to sustainable supply chains. Traditional sourcing practices can be disadvantageous to workers producing the product. By setting standards, establishing a rigorous certification system, and engaging the end consumer, Fair Trade USA provides a unique opportunity to change the nature of the sourcing relationships, add value throughout the supply chain and provide more benefits to workers.

Revision Process

The FPS is being updated through a rigorous and transparent review and revision process, which began in mid-2019. The foundation of the revision process is based on extensive outreach and consultation with a diverse array of stakeholders, including a variety of producers, brand partners, academics, and NGOs. Our publicly available Standard Development and Revision Procedure outlines the process we use to write and revise all of our standards. Fair Trade USA's first version of the FPS was published in 2014, it went through a minor update in 2017, and is now due for a major revision to ensure consistency and clarity of the Fair Trade program across our product categories. This Draft FPS was developed using a review of learnings from over five years of implementation in the field, as well as interviews with a selection of producers, trading partners, environmental and social NGOs, and experts spanning a variety of geographies. As part of the revision, we:

- harmonized core requirements with other Fair Trade USA producer standards to enable easier implementation;



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- restructured requirements to place a greater focus on intended outcomes of requirements, supported by a centralized Internal Management System;
- incorporated Progress criteria to allow more flexibility in timelines for compliance with the FPS depending on the context of the specific factory; and,
- incorporated Continuous Improvement criteria to incentivize ongoing improvement beyond the minimum requirements for certification.

During this phase of the revision process, the Draft FPS is being released for public consultation to give an opportunity for all interested stakeholders to provide feedback and comment on the proposed changes, and identify areas for further improvement.

History of this Standard

The Fair Trade USA Factory Production Standard, formerly called the Factory Standard for Apparel and Home Goods and originally called the CMT Facilities Standard, was developed with an aim to adopt or exceed best practice codes of conduct and labor standards set by global, multi-stakeholder initiatives such as Social Accountability International (SAI), the Fair Labor Association (FLA), Workers' Rights Consortium (WRC), the Ethical Trading Initiative (ETI), the Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In Code), and the Fair Wear Foundation (FWF).

Fair Trade USA started to research the feasibility of certifying apparel factories in 2006, producing a feasibility study that consulted over 60 organizations globally and highlighted the key issues for Fair Trade certification in the category. From 2007 to 2009, Fair Trade USA reviewed other existing standards and consulted with NGOs, trade unions, brands, retailers, suppliers, and artisan workshops to draft the first CMT Facilities Standard.

In March 2010, the first version of the Pilot CMT Facilities Standard was published, and pilots were initiated. A Multi-Stakeholder Group for Apparel was established to evaluate the implementation of the Apparel Pilot, including impact to workers and lessons learned, and issued written recommendations to Fair Trade USA; the full report is available on the Fair Trade USA's website. Fair Trade USA incorporated these recommendations into the Factory Standard. In 2014, the CMT Facilities Standard was renamed to Factory Standard for Apparel and Home Goods to increase the scope of applicable products. The content was not changed in any substantive way from the CMT Facilities Standard, Apparel & Linens Version 1.0, which the Factory Standard for Apparel and Home Goods replaced.

Scope and Eligibility

The FPS applies to manufacturing systems worldwide that produce and sell manufactured commodities that are certified to Fair Trade USA standards. The full details of which entities, sites, and activities must be included in the scope of the Certificate are explained in a separate Fair Trade USA document called *Requirements for Certificate Scope Under the FPS for Apparel and Home Goods*. Rug industry partners should refer to *Requirements for Certificate Scope in the Rug Industry Under the FPS for Apparel and Home Goods*.

A parallel Standard "Trade Standard for Apparel and Home Goods" outlines the expectations of importers, brands, and retailers interested in purchasing and selling Fair Trade Certified apparel and home goods products. Buyers commit to sourcing practices that enable manufacturers to uphold the highest labor standards and provide lasting benefits to workers.



Compliance with Local and National Laws

All Fair Trade Certified factories and Certificate Holders are expected to comply with all local and national laws and regulations. The requirements in the FPS may be stricter, less strict, or equivalent to applicable laws. In the case that an applicable law or regulation is stricter than the FPS requirements, the law will prevail. In the case that the FPS requirement is stricter, the requirements of the FPS will prevail. The intent is that where laws and the FPS requirements overlap, the one that offers the strongest protections for workers and communities prevails.

Given the broad range of jurisdictions in which Fair Trade USA operates, as well as the complexity and changing nature of laws and regulations, there is no reference to country-specific legal requirements in the FPS. Ultimately it is the responsibility of the Certificate Holder to ensure compliance with the law. In any case where there is concern that a requirement conflicts with an applicable law, the Certificate Holder or applicant should contact Fair Trade USA.

Using the Factory Production Standard

Structure

In order to align with other Fair Trade USA standards, we changed the name of each *section* to *module*. The previous Section 1 (Empowerment) and part of Section 2 (Economic Development) were merged into one, Module 1: Empowerment. Part of Section 2 and all of Section 3 (Social Responsibility) were reorganized into three modules. Module 2 covers fundamental rights at work as based on the ILO Core Conventions. Module 3 covers contracts and agreements and conditions of employment. Module 4 covers occupational health and safety and working hours. A new module was also included, Module 7: Internal Management System, which will help guide the Certificate Holder through the implementation of the FPS requirements.

The FPS is organized into seven **modules** addressing different aspects of production and facility management. The requirements under each module apply either to the Certificate Holder and factory (Modules 1, 6 and 7), to all individual sites (Modules 2-5), to the group of workers who decide on the use of the Fair Trade Premium (Module 1), or to sites acting as vendors (Module 6). An overview of each module is provided below.

Module 1: Empowerment [Previously: Empowerment (EM) and Economic Development (ED)]

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 workers on top of the product price and wage. Together as Fair Trade Premium Participants, 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 the environment. This module describes the requirements for Premium Participants to elect a Fair Trade Committee, identify the needs of beneficiaries of the Premium, and decide how the Fair Trade Premium is spent to address these needs.

Module 2: Fundamental Rights at Work [Previously: Social Responsibility (SR)]

The requirements in this module are based on the International Labor Organization (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 well-being of 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, and ensuring the opportunity for future generations to appropriately contribute to their families' livelihoods.



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Module 3: Conditions of Employment for Workers [Previously: Economic Development, Conditions of Employment (ED-CE)]

Clear employment conditions, and fair wages and benefits directly contribute to income sustainability of workers. This module ensures clear and transparent contracts, along with ensuring workers have access to services and benefits like vacation, sick leave, health benefits, maternity leave, and more. These benefits can directly improve the well-being of all workers.

Module 4: Working Hours and Occupational Health & Safety [Previously: Economic Development, Conditions of Employment (ED-CE) and Occupational Health and Safety (SR-OH)]

The individual well-being of workers is directly impacted by working conditions, including occupational health and safety, and working hours. Implementation of the requirements in this module can also contribute towards a reduction in accident and illness rates, and help facilities attract and retain workers through responsible employment practices.

Module 5: Environmental Responsibility and Management

Responsible management and good production practices can reduce negative environmental impacts. Supporting factories in implementing better production practices has myriad benefits, including minimizing adverse environmental impacts on both natural ecosystems and neighboring communities. Requirements in this section help factories protect waterways, reduce waste, reduce greenhouse gas (GHG) emissions, conserve water, minimize the use of harmful chemicals, and ensure proper waste management.

Module 6: Traceability & Transparency [Previously: Trade Requirements (TR)]

This module describes the requirements for traceability and for relationships between the Certificate Holder and/or vendors and other entities included in the Certificate or handling Fair Trade Certified product. This module ensures that the practices related to the purchase, movement, production, and sale of Fair Trade Certified products are clearly defined. This includes requirements on document traceability of Fair Trade Certified products. The requirements in this module also promote clear contracts and transparency between the Certificate Holder and/or vendors and other entities included in the Certificate to ensure the terms of trade are clear. It also outlines auditing, reporting, and transparency requirements for the Certificate Holder in relation to Fair Trade USA and the Conformity Assessment Body.

Module 7: Internal Management System [NEW]

A functioning management system within a company and group is necessary to support the implementation of the FPS and the empowerment of 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 FPS. The IMS focuses on identifying risks of non-compliance with the FPS, 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), by the sixth year of certification (Progress criteria), or as a continuous improvement practice (Continuous Improvement criteria). All entities, sites, and activities included in the scope of the Certificate will be audited according to these requirements.



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The final column of the tables in the FPS, labeled **Intent and Clarification**, includes further explanation of the requirements. Information in the Intent and Clarification column is divided into **clarifications**, which are binding, and **recommendations**, which are best practice. The recommendations also include examples and suggestions for how to achieve compliance with the requirements. The terms ‘shall,’ ‘must,’ and ‘required,’ indicate a binding requirement, which must be met to be certified. The terms should,’ ‘may,’ or ‘best practice’ indicate that the item is optional.

Note on this draft: As part of the public consultation, this Draft FPS 2.0.0 includes an additional column labeled, *Summary of Changes and Questions*, on the far right of each table. This column includes brief descriptions of the changes made to each compliance criterion, as well as questions directed towards stakeholders interested in providing feedback on the document. In addition, each compliance criterion and objective include the prior reference number in brackets (e.g. [SR-OH 1.2]), to easily identify how the standard has been restructured, which criteria are new, and which have been modified.

No.	Compliance Criterion	Year	Intent and Clarification	Summary of Changes & Questions
<i>Compliance Criterion Number</i>	<i>Defines specific requirements of the standard, against which conformance will be assessed during the audit</i>	<i>Specifies type of Criteria and point in time by which the requirements must be met</i>	<i>Further explanation of the requirements as well as guidance on best practices and recommendations for implementation</i>	<i>Description of the changes made to the criterion for this Draft FPS Version 2.0.0 and, when relevant, questions on the approach taken</i>

Types of Compliance Criteria

The Fair Trade USA FPS takes a continuous improvement approach to development. Entry criteria, or Year 0 requirements, are assessed during the initial certification audit and represent minimum requirements regarding social empowerment, economic development, and environmental responsibility. These criteria must be met prior to initial certification. Other Critical criteria are fulfilled after initial certification in the first, third, or sixth year of audits as detailed in the *Timeline* column. Progress criteria represent continuous improvement practices that build towards increased social empowerment and economic development, as well as improved practices in environmental stewardship.

Some compliance criteria have a qualifying statement at the beginning of the sub-module that clarifies its scope and timing of applicability. For example, some Critical criteria cannot be fully implemented until the time of the first Fair Trade sale or the first Premium expenditure. In these cases, the requirements must be met as soon as they become applicable, which may be some time between the Year 0 and the Year 3 audits. Conformity Assessment Bodies may conduct follow-up audits or request supporting documentation before the next full audit to ensure the compliance criteria have been met.

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 a FPS 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.



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- 3) **CI-# = Continuous Improvement.** Continuous Improvement criteria are optional and are not required for Certification (immediately or in the future). However, we encourage factories to aspire to meet these goals over time, and factories may earn achievement levels so that they can be recognized by brands and buyers for their performance. Each Continuous Improvement criterion is worth a specified number of Progress Points, valued at 1 or 3.

The criterion type (either Critical, Progress, or Continuous Improvement) is indicated in the Timeline column. The Certificate Holder is responsible for ensuring compliance with the FPS by all entities included in the scope of the Certificate.

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.
- Modules 3, 4, 5, and 7 contain Progress criteria.
- Progress points are earned even when that particular criterion might not be applicable for a specific site.

POINTS IN THE FPS	Progress points
Minimum points required, Year Zero (40%)	41
Minimum points required, Year Three (70%)	72
Points required, Year Six (100%)	102

Applicability

Where the term “worker” 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 are hired directly or indirectly via a labor contractor. Some criteria refer specifically to permanent workers, temporary workers, trainees, fixed-term contract workers, young workers, workers employed through a labor contractor, or migrant workers, and are applicable only to the specified type of worker.

Some compliance criteria define responsibilities for employers. 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 specific site or factory. Note that the Certificate Holder is always ultimately accountable for ensuring compliance by all sites and entities in the scope of the Certificate.



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Other Important Documents

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

- a) *Requirements for Certificate Scope under the Factory Production Standard*: This document explains in detail which entities, sites, and activities must be included in the scope of a Certificate and the audit, as well as which facilities must comply with a smaller list of requirements for subcontractors. This document does not apply to entities in the rug industry (see c) and d) below). **Note, new Draft available for review as part of the public consultation on the FPS 2.0.0.**
- b) *Guidance to Identifying the Fair Trade Premium Participants under the Factory Production Standard*: This document explains in detail how to determine the group of the Fair Trade Premium Participants. **Note, new Draft available for review as part of the public consultation on the FPS 2.0.0.**
- c) *Glossary*: The Fair Trade USA Glossary includes definitions of terms used in this and other key Fair Trade standards and certification documents.
- d) *Fair Trade USA Quality Manual*: The Quality Manual describes Fair Trade USA's structure, mode of operation, Mission, Vision and Values, Quality Policy, and Quality Management System (QMS).
- e) *Trade Standard*: Supply chain partners that buy and sell Fair Trade Certified products from Certificate Holders must be certified to Fair Trade USA's Trade Standard.
- f) *Apparel and Home Goods Program Assurance Manual*: Additional information on the certification process, including the application process; certification fees; auditing process; and a procedure for complaints, appeals and disputes. **Note, this document will be updated with the finalization of FPS 2.0.0.**
- g) *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.
- h) [Complaints Procedure](#): This procedure outlines the process by which interested parties may submit concerns to Fair Trade USA relating to its activities, or the activities of a Conformity Assessment Body or a Certificate Holder, applicant, or licensee currently certified or registered by Fair Trade USA.

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

Certification Process

Certification decisions are made by third party Conformity Assessment Bodies approved by Fair Trade USA, based upon compliance with the FPS as established in on-site audits.

In order to gain initial certification, all relevant criteria must be complied with. Once certified, non-compliances with any subset of requirements may result in a decision to suspend certification until compliance has been ensured or may result in decertification, depending upon the severity and extent of the non-conformity.

Contact Fair Trade USA

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: factorycertification@fairtradeusa.org



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 Group. Empowerment. 2011).

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 FPS requires the formation of a Fair Trade Committee (FTC), a Health and Safety Committee, and a Social Engagement Team (or equivalent worker committee). 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 producers above the cost of the Fair Trade Certified 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.

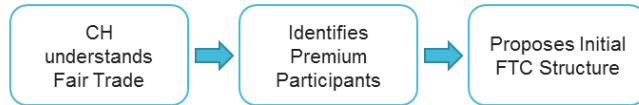
In fair trade, workers decide together how the Fair Trade Premium will be used to meet their individual and collective needs, as well as the needs of their communities and environment. They elect a Fair Trade Committee that is responsible for managing, investing, and spending the Fair Trade Premium on behalf of the workers and their communities, 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.

An Overview of Module 1

Module 1 consists of three sub-modules. The first two sub-modules describe the requirements for forming 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 sub-modules are applicable to the factory and the Fair Trade Premium Participants. The diagram below outlines the steps in this process.

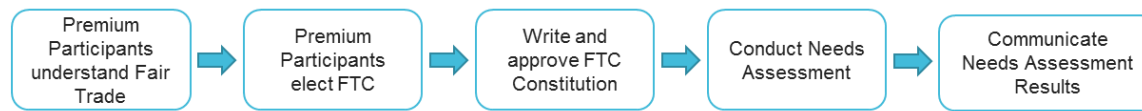


Step 1: The Certificate Holder identifies Fair Trade Premium Participants and proposes an initial Fair Trade Committee (FTC) structure



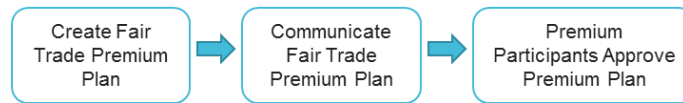
Before Year Zero (Initial) Audit

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 workers, both individually and collectively.

All criteria in the first two sub-modules are Critical criteria; some of them are applicable by Year Zero, but many are applicable in later years. The third sub-module is made up of Continuous Improvement criteria.



SUB-MODULE 1.1: Premium Participants Are Represented in a Fair Trade Committee to Manage the Use of the Fair Trade Premium.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 1.1.1: The factory and Fair Trade Premium Participants understand the Fair Trade USA program.				
1.1.1.a	The factory and management understand the intent, purpose, and requirements of the Fair Trade Committee, Needs Assessment, and Fair Trade Premium Plan.	C-Y0	Clarification: Specifically, the individuals responsible for the implementation of Module 1 as identified in 7.1.1.a understand the intent, purpose, and requirements.	NEW
1.1.1.b [EM-MS 1.2]	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 (1.3.1.c) or Y1 at the latest	<p>Clarification: The intent of this criterion is to encourage understanding about Fair Trade within the entire factory. When all parties understand the mission and concept of Fair Trade and the intended outcome of the implementation of the FPS, the benefits to the factory and workers tend to be greater.</p> <p>Training for all Premium Participants occurs before the Fair Trade Committee is elected, and at least every three years thereafter.</p> <p>Training on the Fair Trade Program should be incorporated into onboarding materials for all new workers. The factory can group trainings of workers once a significant number of Fair Trade Premium Participants are added. <i>Significant number</i> is defined as a maximum of 10% new Premium Participant members since the previous year.</p>	Focus of training shifted to all Premium Participants, and must occur before the FTC is elected.
Objective 1.1.2: Fair Trade Premium Participants are represented in a democratically elected Fair Trade Committee.				
1.1.2.a	The factory 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 Fair Trade Committee.	C-Y0	Clarification: The intent is that the composition of the Fair Trade Committee (FTC) reflects the composition of the group of Premium Participants, so that all Premium Participants feel represented on the FTC. <i>Diverse groups</i> shall be identified as appropriate to the composition of the Premium Participants (the workforce analysis required in 3.1.3.a and the Certificate Scope can help with this).	NEW Consolidates rules for FTC composition and election procedure.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Groups could include, for example, women, migrant workers, temporary workers, union members, etc.</p> <p>The role of the factory is to ensure proportional representation by designing an appropriate structure and election procedure, not to identify individuals to serve on the FTC. Workers must be able to understand who they can nominate, and which work areas and groups need to be represented on the FTC.</p> <p>When more than one FTC is created per group of Premium Participants, each Premium Participant is represented in exactly one FTC. Premium must be equitably distributed among multiple FTCs. It is most straightforward to distribute Premium among different groups according to the number of Premium Participants in each group. It may be desirable to distribute according to other factors, for instance time spent on Fair Trade Certified product. This distribution must be proposed by the factory and approved by the Premium Participants.</p> <p>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).</p> <p>Delegate systems may be used for electing the FTC if they offer equal representation of all Premium Participants. The intent of the delegate system is to represent all the Premium Participants' interests in a streamlined and implementable manner; for example, in very large factories where it is not possible for all workers to meet at once. Premium Participants must democratically elect their delegates themselves. Where delegate voting systems are used, the structure and election procedures are clearly defined and documented in the FTC Constitution.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Delegate voting systems may also be used for FTC structure approval, General Assembly attendance and decision-making, Premium Plan approval, and Premium spending updates.</p>	
1.1.2.b	<p>The majority of Premium Participants have agreed on the proportionally representative structure of the Fair Trade Committee and election procedure and understand how they are represented in the Fair Trade Committee.</p>	<p>C-Before FTC is elected or Y1 at the latest</p>	<p>Clarification: The Premium Participants may make changes to the original proposal by the factory 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. When there is a significant change in the composition of Premium Participants, then the Fair Trade Committee (FTC) structure should be proactively adjusted so that it continues to be proportionally representative.</p> <p>If there are multiple FTCs, the Premium Participants must also approve the distribution of Premium between groups.</p> <p>The approval and understanding can be attained at a General Assembly meeting of a majority of Premium Participants. A description of how diverse groups were identified, considered in the FTC structure and election procedure, and how they are currently represented in the FTC is made available to all Premium Participants. This description must be included in the written Constitution required in 1.1.2.f. In this description, it may be useful to list or map the groups that should be represented within the FTC along with the number of Premium Participants that belong to each of these groups, so that workers can visualize how the composition of the workforce determines the number of nominees from each group (women, migrant workers, temporary workers, union members, etc.).</p> <p>A representative structure means that minorities, such as but not limited to, women, temporary migrant workers, etc. are represented in the structure of the FTC.</p>	<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
<p>1.1.2.c [EM-PTA 2.1 EM-PTA 5.2 EM-PTA 5.3]</p>	<p>Premium Participants elect the members of the Fair Trade Committee through a democratic process with equal voting rights. The election process is documented.</p>	<p>C-After 1.1.2.b and before Premium is spent, or Y1 at the latest</p>	<p>Clarification: Only Premium Participants may be eligible for a position on the Fair Trade Committee (FTC). A democratic process with equal voting rights requires that each Premium Participant gets one vote, no matter how much they sell to the factory, how long they have worked in the factory, etc. All Premium Participants have equal access to the voting process.</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>FTC may now be elected by Year 1 instead of required at Year 0.</p>
<p>1.1.2.d [EM-PTA 6.1]</p>	<p>A Fair Trade Officer has been appointed by the factory as a non-voting observer to the Fair Trade Committee.</p>	<p>C-After 1.1.2.b and before Premium is spent, or Y1 at the latest</p>	<p>The intent of this criterion is for the factory to provide technical support to the Fair Trade Committee (FTC) in developing the Fair Trade Premium Plan, the annual progress report, and in making democratic and transparent decisions. Through the appointing of a Fair Trade Officer, the factory is directly involved in the FTC meetings, but may not attempt to influence the decision making of the FTC (see 1.1.2.e).</p> <p>This representative of the factory may not vote in FTC decisions, but should block any Premium project that would result in a non-conformity with the Fair Trade Premium Expenditure Rules laid out in Annex A. Any such block must be documented in the meeting minutes of the FTC. They may not vote to block Premium projects for any other reason than violation of the Premium Expenditure Rules.</p> <p>Where there is more than one FTC, each FTC must have a Fair Trade Officer appointed by the factory. The same Fair Trade Officer can serve on multiple FTCs.</p>	<p>Year 1 at the latest instead of Year 0.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>The FTC may invite more than one observer from the factory.</p> <p>The factory may nominate an independent third party, such as a consultant, to serve as their observer, as long as that individual has an agreement to act on behalf of the factory</p> <p>Recommendations: It is recommended that the individual responsible for supporting implementation of Module 1, as identified in 7.1.1.a, be the observer to the FTC.</p>	
1.1.2.e	The factory does not interfere with the independent decision-making of the Fair Trade Committee. This commitment is declared in writing and shared with the Fair Trade Committee.	C-After 1.1.2.c and before Premium is spent, or Y1 at the latest	Clarification: This includes that the Fair Trade Officer, employers, or site managers who are not themselves members of the Premium Participants do not interfere with the independent decision-making of the FTC.	NEW Intent always present.
1.1.2.f [EM-PTA 2.2 EM-PTA 2.3 EM-PTA 2.4 EM-PTA 9.1]	The Premium Participants have approved, and the Fair Trade Committee is following, a written Constitution defining the governance, roles, and responsibilities of the Fair Trade Committee.	C-After 1.1.2.c and before Premium is spent, or Y1 at the latest	<p>Clarification: The Constitution shall, at a minimum, include:</p> <ul style="list-style-type: none"> • The identification of the Premium Participants as the supreme decision-making body of the FTC; • The identification of the Premium Participants as the collective beneficiaries of Premium; • A commitment to manage and spend Premium earned in accordance with the Premium Expenditure Rules and clearly track all Premium transactions in the accounting system (see 1.2.4.f); • The voting procedures for electing the FTC and approving the Fair Trade Premium Plan, including the frequency of elections, delegate systems, the definition of a quorum, and how minor vs. major changes in the Fair Trade Premium Plan are approved; 	Consolidates rules on the FTC Constitution. Now Year 1 at the latest instead of Year 0.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • A process for Premium Participants to raise suggestions or comments on the Premium Plan; • Rules on how to include eligible <i>optional</i> individuals as Premium Participants and for the FTC to approve the changes of Premium Participants; • Rules for ongoing project funding or distribution of the remaining Premium to Premium Participants in the event of dissolution of the FTC; • Rules for emergency spending, including decision making rules and any spending limitations; • Rules for discretionary spending and incidental expenses (unforeseen and minor costs necessary to support functioning of the FTC or Premium projects); and, • A description of how diverse groups within the Fair Trade Premium Participants are identified, considered in the FTC structure and election procedure, and how they are currently represented in the FTC. <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. <i>Significant changes</i> include but are not limited to, more than 10% new workers, a new production line involving new workers, or new sites of different sizes or geographies. Note this does not include turnover of individuals unless it results in a change in the composition or distribution of Premium Participants within and/or across the multiple FTCs.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Recommendations: The process for Premium Participants to raise suggestions on the Premium Plan can be implemented at the General Assembly.</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 meets regularly and communicates with Premium Participants.				
1.1.3.a	The Fair Trade Committee establishes rules for General Assembly meetings.	C-Y1	<p>Clarification: The rules include, at a minimum:</p> <ul style="list-style-type: none"> • Procedures to call the General Assembly meeting and determine quorum; and, • Procedures to inform Premium Participants in advance of when General Assembly meetings will take place. Methods to inform Premium Participants shall take into consideration the languages and literacy of the Premium Participants. 	NEW
1.1.3.b [EM-PTA 7.1]	The Premium Participants meet annually for a General Assembly to discuss and decide on Fair Trade Committee activities and governance.	C-Before Premium is spent, or Y1 at the latest	<p>Clarification: All major decisions of the Fair Trade Committee (FTC) are discussed and approved at a General Assembly meeting according to a free, fair, and transparent voting procedure.</p> <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 must be compensated for their time spent at the General Assembly.</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>	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<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> <p>Recommendations: Although delegate systems may be used, it is recommended that for the initial General Assembly meeting, all Premium Participants join in person.</p>	
<p>1.1.3.c [EM-PTA 7.1]</p>	<p>Minutes are kept of the General Assembly meeting and any decisions made are documented.</p>	<p>C-Y1</p>	<p>Clarification: The minutes clearly record all decisions made and contain a list of all participants at General Assembly meetings.</p> <p>The minutes are signed by the Fair Trade Committee leadership.</p> <p>The decisions should be posted in a public place accessible to and used by Premium Participants, for example, in the cafeteria or other common area.</p> <p>Recommendations: Minutes can be hand-written. They should clearly record the place of the meeting, date, and time.</p>	<p>Requirement for meeting minutes separated into its own CC.</p>
<p>1.1.3.d [EM-PTA 6.2]</p>	<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>Clarification: 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.</p> <p>When projects must be actively managed, it is likely that the Fair Trade Committee (FTC) will need to meet more frequently than once per quarter, for instance once per month.</p> <p>The employer or factory must allow any workers on the FTC to participate in all meetings.</p>	<p>Requirement for meeting quarterly separated into its own CC.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Committee members must be compensated for their time spent at FTC meetings.</p> <p>Recommendations: The FTC may define what constitutes a <i>minimal</i> balance in 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 factory on Premium planning, training, and other Fair Trade matters.</p>	
1.1.3.e	The Fair Trade Committee keeps and signs minutes of its meetings and shares them with Premium Participants.	C-Y1	<p>Clarification: The minutes of the Fair Trade Committee (FTC) meetings clearly record the place of the meeting, date, time, meeting participants, and all decisions made.</p> <p>Methods for sharing meeting minutes with Premium Participants shall take into consideration the languages and literacy of the Premium Participants.</p> <p>Recommendations: Sharing with Premium Participants could be done by posting in a public place accessible to and used by Premium Participants.</p>	<p>NEW</p> <p>Implied but not explicit before</p>
1.1.3.f	The Fair Trade Committee communicates information on Fair Trade USA sales, Premium, and Premium expenditures to the Premium Participants at least annually.	C-Y1	<p>Clarification: Methods for informing Premium Participants shall take into consideration the languages and literacy of the Premium Participants.</p> <p>This requires that the factory shares information about Fair Trade USA sales and Premium income with the FTC.</p>	<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Recommendations: To aid in planning, the factory and FTC should share the estimated Premium income for the following year based on Fair Trade USA sales forecasts.</p>	
<p>Objective 1.1.4: The Fair Trade Committee is trained and empowered to fulfill their duties regarding the use and management of the Fair Trade Premium.</p>				
<p>1.1.4.a [EM-PTA 7.2]</p>	<p>Fair Trade Committee members understand the role and responsibilities of the Fair Trade Committee.</p>	<p>C-Before Premium is spent, or Y1 at the latest</p>	<p>The intent of this criterion is that Fair Trade Committee (FTC) members have a clear understanding of what the FTC is, how it functions, and what its responsibilities are.</p> <p>The full FPS is made available to the members of the FTC.</p> <p>Recommendations: This can be accomplished through a training done by the factory, which is repeated for any new FTC members.</p>	<p>Year 1 at latest instead of Year 0. Focused more on outcome than act of training itself.</p>
<p>1.1.4.b [EM-PTA 7.3]</p>	<p>Fair Trade Committee members are trained in the administrative and organizational skills needed to fulfill their duties.</p>	<p>C-Y1</p>	<p>Clarification: The trainings can be done by the factory or a third party. If a third party is hired, then Fair Trade Premium may be used.</p> <p>The Fair Trade Committee (FTC) receives training at least once per year so that its members have the skills they need to manage the Premium. Trainings may vary in form depending on the Premium projects and geographic location of the FTC members.</p> <p>At a minimum, this includes training on the management of the Premium accounting system (see 1.2.4.f) once it is functioning. New members joining the FTC should be trained on the accounting system shortly after they join.</p> <p>Other training topics can include budgeting, financial literacy, project management, meeting facilitation, consensus-building, communication technologies, and conflict resolution.</p>	<p>Now Year 1 instead of Year 3, so that FTC is prepared to support their role sooner.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Recommendations: Administrative and organizational capacity trainings should be adapted to the educational level, cultural context, and needs of the participants. Basic trainings could include understanding and using basic math and record-keeping to track sales, spending, and personal savings. More advanced training could be on accessing financing, calculating and communicating costs of harvest, negotiation skills, and/or the roles and activities of different actors in the supply chain.</p>	
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	<p>Clarification: This training can be done by the factory 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 Fair Trade Committee to take an active role in the management of the Needs Assessment process as required in 1.2.1.c.</p>	NEW
1.1.4.d [EM-PTA 6.2 EM-PTA 11.1]	The factory 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	<p>Clarification: This includes, but is not limited to, providing office or meeting space, appropriate work schedule adjustments to allow time to meet, compensation for participants' time, and supplies such as paper, pens or pencils, computer resources where appropriate, etc.</p> <p>Communication tools which must be accessible to the Fair Trade Committee (FTC) include telephone and email.</p> <p>Recommendations: It is recommended that the FTC has its own independent email account where infrastructure allows this.</p> <p>The factory and the employer 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.</p>	Combined EM-PTA 6.2 & 11.1. Some aspects of EM-PTA 11.1 are now required earlier (Year 1 instead of Year 3), and some details are recommendations, as appropriate administration and communication tools may vary by context.



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

This sub-module is applicable upon first use of the Fair Trade Premium or the year listed, whichever comes first.

No.	Compliance Criteria	Timeline	Intent and Clarification	
<p>Objective 1.2.1: There is a written Needs Assessment which identifies the social, economic, and environmental development needs of the workers and their communities.</p>				
<p>1.2.1.a</p>	<p>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 the environment. The results of the Needs Assessment are shared with the Fair Trade Committee and the Social Engagement Team.</p>	<p>C-Before Premium is spent, or by Y1 at the latest</p>	<p>Clarification: The factory is accountable for the Needs Assessment being completed. 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.</p> <p>The first Needs Assessment must be financed or undertaken directly by the factory. Subsequent Needs Assessments (see 1.2.1.b) may be financed by Fair Trade Premium if they are undertaken by a third party or led by the Fair Trade Committee (FTC).</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, such that the composition of the sample of Premium Participants that provide input for the Needs Assessment closely matches the composition of the population of Premium Participants as a whole (see 1.1.2.a for further considerations regarding diverse groups).</p> <p>The Needs Assessment shall include an evaluation of the following areas at minimum:</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; and, 	<p>NEW</p> <p>The Needs Assessment was formerly only part of EM-PTA 7.4 and Annex 5. Now more emphasis is placed on this activity.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<ul style="list-style-type: none"> Health and sanitation (for example, drinking water access and quality; latrines; or community health concerns such as high levels of HIV infection, diabetes, infant mortality, maternal death rate). <p>The results of the Needs Assessment must be analyzed in a disaggregated manner, focusing on gender and workforce demographics. A summary of the Needs Assessment results is made available to Premium Participants.</p> <p>Recommendations: 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); Community environmental health; Financial stability; and, Provision of trainings. <p>It is best practice, but not required, for the FTC to be involved in planning and undertaking of the Needs Assessment in the first year. Note that in 1.2.1.c, by Year 6 the FTC will need to take an active role in updating the Needs Assessment.</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>Clarification: The intent of this requirement is to ensure the Needs Assessment remains relevant and continues to represent the needs of all Premium Participants, even when there is a significant change. <i>Significant change</i> is defined as more than 10% new Premium Participant members since the previous Needs Assessment, an expansion in workforce and/or operations that results in significant demographic shifts (such as the addition of a new production lines, or new sites), or the turnover of individuals that results in a change in the workforce structure or distribution of Premium Participants (i.e., there</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>may be greater than 10% turnover in individual workers, but if this does not result in significant demographic shifts within the workforce, the Needs Assessment does not need to be updated).</p> <p>Note that where there is significant change related to new Premium Participant members or an expansion in workforce and/or operations, only sampling from the new group needs to be done to update the Needs Assessment. It is not necessary to re-do the entire assessment.</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>	
1.2.1.c	The Fair Trade Committee takes an active role in updating the Needs Assessment.	C-Y6	<p>Recommendations: An <i>active role</i> could mean that the Fair Trade Committee leads the assessment or hires a specialist to conduct the assessment.</p>	NEW
<p>Objective 1.2.2: There is a Fair Trade Premium Plan, which explains how the Fair Trade Premium will be spent, based on the Needs Assessment. This plan is approved by the Premium Participants.</p>				
1.2.2.a [EM-PTA 7.4]	The Fair Trade Committee, in consultation with the Premium Participants, 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>Clarification: At a minimum, the Fair Trade Premium Plan includes a list of recommended projects and investments based on the needs identified in the Needs Assessment and Premium income projections. The Plan must also include a list of any other expenses for which Premium will be used (e.g., Premium management expenses, training costs, etc.). See 1.2.2.c and Annex A for details on allowed expenditures of Premium. The Premium Plan can include larger investment projects which require saving Premium throughout multiple years. These savings can be considered an activity of a project, or the project itself, and must be reflected in the Premium Plan.</p>	Now Year 3 at the latest instead of Year 1, to allow for flexibility in supply chains that may be slow to earn Premium.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>For each project, the Premium 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>The Fair Trade Committee (FTC) must consult with other Premium Participants to generate project ideas.</p> <p>If there is more than one FTC, each FTC must develop its own Fair Trade Premium Plan.</p>	
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	<p>Clarification: This means considering the needs of distinct groups included in the scope of the Needs Assessment, and ensuring all individuals are able to access the benefits of at least one Premium project.</p> <p>Recommendations: It is best practice to carry out customized projects for distinct groups according to their unique needs.</p> <p>For example, Premium projects focused on benefiting migrants while they are at the workplace should aim to have an immediate short-term impact since the population may vary from year to year. Alternatively, a project can focus on meeting the needs of migrants' home communities.</p>	NEW
1.2.2.c [EM-PTA 7.5, Annex 4]	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	<p>Clarification: This criterion becomes applicable as soon as the first Premium Plan is developed.</p> <p>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 Fair Trade Committee Constitution. The</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>intent of Premium expenditure is that it improves the livelihoods of Premium Participants, as guided by the results of the Needs Assessment.</p> <p>The complete Premium Expenditure Rules are outlined in Annex A.</p>	
<p>1.2.2.d [EM-PTA 7.6]</p>	<p>The majority of the Premium Participants have approved the Fair Trade Premium Plan.</p>	<p>C-Before Premium is spent, or by Y3 at the latest</p>	<p>Clarification: This is done at a General Assembly of Premium Participants, where either the majority of Premium Participants attends directly or where the majority of Premium Participants are represented through their elected delegates.</p> <p>The Premium Participants should understand how the proposed Premium Plan addresses the needs identified in the Needs Assessment.</p>	<p>Now Year 3 at the latest instead of Year 1, to allow for flexibility in supply chains that may be slow to earn Premium.</p>
<p>1.2.2.e [EM-PTA 10.1]</p>	<p>An analysis of the outcomes and implementation of the previous Fair Trade Premium Plan is conducted. The results of this analysis are shared with the Premium Participants.</p>	<p>C-one year after the first Fair Trade Premium Plan is developed, or by Y4 at the latest</p>	<p>Clarification: The intent of this criterion is to promote a process by which the Fair Trade Committee continuously evaluates and improves the effectiveness of the planning tactics and methods they use to guide and carry out Premium spending. It is also to inform Premium Participants when there are situations that result in a Fair Trade Premium Plan not being carried out as originally intended or not being successful in reaching its objectives.</p> <p>The analysis 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; • Whether the objective was achieved or if further action is needed; and, • If the objective was not achieved, an analysis of the cause. 	<p>More explicit requirement to analyze performance of all Premium projects.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			The results of this analysis must be shared with Premium Participants prior to approving the next Premium Plan (1.2.2.f). This can be done at the General Assembly or through written information made available to all workers.	
1.2.2.f [EM-PTA 10.1]	The Fair Trade Premium Plan is updated by the Fair Trade Committee and approved by the Premium Participants on an annual basis. This update takes into account results from the previous Premium Plan's outcomes and implementation analysis required in 1.2.2.e, 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>Clarification: In order to spend Fair Trade Premium, the Fair Trade Premium Plan must be updated annually. The intent is that Premium is not spent according to a Fair Trade Premium Plan that is more than one year old. The first update required depends on the year of certification when the first Fair Trade Premium Plan was developed.</p> <p>Methods for sharing with Premium Participants shall take into consideration languages and literacy of the Premium Participants.</p>	More explicit requirement to updated and re-approve the Premium Plan every year.
Objective 1.2.3: The Fair Trade Premium is used 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 approved Premium Plan or approved in the Fair Trade Committee Constitution.	C-As soon as Premium is spent	<p>Clarification: This criterion becomes applicable as soon as Premium is spent.</p> <p>There shall be no evidence of misuse in the management of the Premium.</p> <p>Emergency and discretionary expenditures can be made if they were not included in the Fair Trade Premium Plan as long as these are in accordance with the Fair Trade Committee Constitution.</p> <p>If the Premium Plan is developed in compliance with the rules in 1.2.2.c, it ensures that Premium is spent according to the Fair Trade Premium Expenditure Rules (Annex C).</p>	<p>NEW</p> <p>Intent covered by other CC in section EM-PTA 7.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
<p>1.2.3.b [EM-PTA 7.7] [EM-PTA 7.8]</p>	<p>The Fair Trade Committee is responsible for managing Premium spending and implementation of Fair Trade Premium projects.</p>	<p>C-As soon as Premium is spent</p>	<p>Clarification: The Fair Trade Committee (FTC) shall manage implementation of projects in the Fair Trade Premium Plan. Once the Premium Plan is approved by the Premium Participants, the FTC may make decisions within the approved projects without having to return to the Premium Participants.</p> <p>Where necessary, the FTC shall attempt to make decisions by consensus. Emergency, discretionary, and incidental expenditures can be made by the FTC in accordance with the rules outlined in the FTC Constitution.</p> <p>The Fair Trade Officer may provide support to the FTC in project management and implementation but should, over time, attempt to transfer as much of this responsibility as possible to the FTC members.</p> <p>The FTC may recruit additional individuals from the Premium Participants to support implementation of projects. This both allows for broader worker empowerment through direct participation in project implementation and can help increase the capacity of the FTC where time or skillsets are a limitation.</p>	<p>Broader clarification of the FTC as the primary management body governing Premium use and project implementation.</p>
Objective 1.2.4: Structures and safeguards are in place to ensure Premium is spent appropriately.				
<p>1.2.4.a [EM-PTA 8.1 EM-PTA 8.2]</p>	<p>Premium use and accounting are transparent with Premium Participants.</p>	<p>C-As soon as Premium is received</p>	<p>Clarification: This is a shared responsibility between the factory and the Fair Trade Committee (FTC), once elected. Premium Participants are aware of Premium earned and can identify which projects were implemented using the Fair Trade Premium.</p> <p>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</p>	<p>Clarified that should include transparency of all Premium received as well as spending.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>request. Once the formal accounting system in 1.2.4.f is in place, information recorded in the system is regularly shared with Premium Participants.</p> <p>Methods for informing Premium Participants shall take into consideration the languages and literacy of the Premium Participants.</p>	
<p>1.2.4.b [EM-PTA 3.1 EM-PTA 3.2]</p>	<p>Each Fair Trade Committee has a bank account to hold Premium funds that has at least one signatory from the factory and at least one signatory from the group of Premium Participants.</p>	<p>C-Before Premium is Spent or by Y1 at the latest</p>	<p>Clarification: Signatures from both the factory and the Fair Trade Committee (FTC) must be required to withdraw Premium funds.</p> <p>Where the FTC has established a legal entity (1.2.4.c), the bank account is owned by the legal entity.</p> <p>By Year 1, the bank account must either be open, or it must be demonstrated that steps have been taken to start the process and make progress to open the account. For example, relevant paperwork has been submitted and the process of opening the bank account is actively underway, or the FTC has evaluated the options, chosen the bank and type of account they will open once Premium is transferred, and have agreed upon which individuals will be joint account signatories.</p> <p>Allowances can be made if the FTC is unable to open its own bank account. 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 approval process, and indicating that the true owners of the Fair Trade Premium are the Premium Participants. The Trustee could be, for instance, the factory, 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>Now Year 1 at the latest instead of Year 0.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>Regardless of who holds the account, workers and representatives from the FTC and a representative from the factory must be signatories. The FTC and factory acknowledge and document that the Premium Participants are the true owners of the Premium funds.</p> <p>Any third parties involved in managing or distributing Premium funds must comply with the Trustee requirements above as well as those listed in 1.2.4.f with regards to the accounting system.</p> <p>Where there are strict restrictions limiting the ability of the bank account to have joint signatories from both the factory and the Premium Participants, there must instead be a joint approval process for withdrawal from this account with at least one signatory from the factory and at least one signatory from the Premium Participants. In these circumstances, this joint approval process must be an integral part of the accounting system defined in 1.2.4.f and must be documented in the FTC Constitution (1.1.2.f).</p> <p>Note that if the FTC bank account is unable to send or receive funds from abroad, Premium payments may be received by the factory and then conveyed to the FTC bank account. See 6.2.4.a.</p>	
<p>1.2.4.c [EM-PTA 4.1]</p>	<p>Each Fair Trade Committee establishes a legal entity to represent the Premium Participants before fixed communal assets are acquired with Premium or when more than USD 150,000 is received or spent by a Fair Trade Committee in one year.</p>	<p>C-As soon as Premium is received</p>	<p>Forming a separate entity is a safeguard against corruption and ensures that the fixed communal assets owned by the Premium Participants, including the Premium, are protected even if the production entity becomes decertified.</p> <p>Clarification: 1.2.4.d below contains requirements for the legal entity and its structure. The legal entity is managed by the Fair Trade Committee (FTC) and represents all Premium Participants as the joint owners of the Fair Trade Premium and of any fixed communal assets acquired with the Fair Trade Premium, even if not all Premium Participants are formal members.</p>	<p>In addition to requiring a legal entity when collective assets are acquired, now also required if a certain threshold of Premium is earned or spent in a year to ensure protection of such larger investments.</p> <p>Rules about structure of the legal entity moved to separate CC.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>Note that according to the Fair Trade Premium Expenditure Rules outlined in Annex A, the FTC must also be established as a legal body if Premium is used for on-site investments which remain the property of the factory.</p>	
1.2.4.d	<p>Where there is an established legal entity to represent the Premium Participants, the structure of the legal entity clearly safeguards the Premium Participants as the primary beneficiaries of Premium and as the ultimate decision-makers.</p>	C-As soon as Premium is received	<p>Clarification: This criterion is applicable whenever there is a legal entity established, regardless of whether the conditions in 1.2.4.c are met.</p> <p>The policy document Requirements for Legal Entities defines legal entity structures that are allowed and, depending on the conditions under which the legal entity is established, outlines the expectations of the legal entity as it pertains to the Fair Trade Committee (FTC) Constitution (1.1.2.f), the rules for General Assembly (1.1.3.a), and the FTC bank account (1.2.4.b). Requirements in this policy must be followed.</p>	<p>NEW</p> <p>Covers the intent of EM-PTA 4.1. Clarification added to support more flexible legal entity structures, as defined in the linked guidance document.</p> <p>Public Consultation: Even with more flexible legal entity structures allowed, we understand that the formation of any kind of legal entity can be prohibitively challenging in some countries. What other methods would you recommend to provide legal protection for Premium Participants as the true owners and decision makers of Premium and Premium projects?</p>
1.2.4.e [EM-PTA 8.4]	<p>A third-party audit of Fair Trade Committee bank accounts is undertaken by a professional financial auditor for any Fair Trade Committee that receives or spends more than USD 75,000 in one year.</p>	C-Y1	<p>Clarification: The focus of the third-party audit of Fair Trade Committee (FTC) bank accounts shall be on ensuring 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 and the Fair Trade Premium Plan. Premium can be used to cover the costs of the financial audit of the FTC bank account. If the audit is part of a broader financial audit, the Premium cannot be used to cover the entire cost of the audit, only an incremental part of the cost.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>This audit is done by a third-party financial auditor and is separate from the Fair Trade USA FPS audit.</p> <p>Where there are multiple FTCs, only those that exceed USD 75,000 must be audited.</p>	
<p>1.2.4.f [EM-PTA 8.3]</p>	<p>The Fair Trade Committee(s) and the factory develop an accounting system that accurately tracks Premium earned and the expenses and budget in the Fair Trade Premium Plan and identifies the distribution of Premium in a transparent manner.</p>	<p>C-after FTC is elected and before Premium is spent or by Y1 at the latest</p>	<p>Clarification: The intent here is that the Fair Trade Premium can be tracked, and that the Fair Trade Committee (FTC) has visibility into all transactions in the FTC bank account, including all deposits of Premium and all outgoing expenditures of Premium.</p> <p>The factory and the FTC must be able to demonstrate that Premium is used in line with applicable rules. The factory may contract a third party to help with this as long as the third party is vetted by the FTC and has appropriate experience.</p>	<p>Similar intent to EM-PTA 8.3 requiring financial information on Premium be shared with the FTC.</p> <p>The accounting system requires a more specific method to achieve this transparency, one which will allow for more direct participation of the FTC in the ongoing financial management of the Premium.</p> <p>Required by Year 1 instead of Year 3.</p>
<p>1.2.4.g</p>	<p>The Fair Trade Committee is responsible for maintaining the accounting system.</p>	<p>C-Y6</p>	<p>Clarification: Prior to Year 6, the Fair Trade Committee (FTC) must be involved in, but does not need to be fully responsible for, maintaining the accounting system and tracking expenses, budget, and the distribution of the Premium. By Year 6, the FTC must take primary responsibility for the requirements laid out in 1.2.4.f.</p> <p>Information regarding Fair Trade Premium accounting is made available to the factory by the FTC.</p>	<p>NEW</p>

SUB-MODULE 1.3: Workers are Empowered to Improve their Lives.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
<p>Objective 1.3.1: Workers have the information they need to improve their livelihoods through improved skills and financial literacy.</p>				<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
1.3.1.a	Workers are offered trainings or support services to continue to improve their understanding of financial literacy, develop relevant skills, and improve household livelihoods.	CI-3	<p>Clarification: The intent of this criterion is for all workers to receive a training or have access to a support program at least once every three years, with the goal of raising or broadening skills in order to advance in their careers within the workplace or beyond.</p> <p>The factory must strive to make these trainings or support programs accessible and accommodating to Premium Participants’ needs and schedules, so that they are useful to attendees and easy to take part in.</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 workers manage resources and set and chart progress towards goals, enabling them to make proactive instead of reactive decisions about their life and spending.</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 income, spending, and personal savings.</p> <p>Development of relevant skills:</p> <p>The intent of relevant skill development is to support workers’ professional advancement. Relevant skills can vary depending on the socio-economic context, type of production the factory is engaged in and geographic location of the Premium Participants. A relevant skill can be, for example, language and writing skills, production line management, or higher skilled production activities.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Recommendations: Workers should be consulted to understand their interests in and needs for skill development.</p> <p>Trainings can be conducted by the factory or a third party. If a third party is hired to do a training, then Fair Trade Premium may be used if approved by the Premium Participants. It is also best practice to include household and family members in financial literacy trainings.</p>	
1.3.1.b [SR-WR 7.1]	Management implements a policy to ensure that disadvantaged/minority groups, including women, are targeted with training and capacity building programs.	CI-1	<p>Recommendations: The content of these trainings and programs should be designed to help workers access job promotion opportunities and other benefits such as quality or performance bonuses.</p>	

POINTS AVAILABLE IN MODULE 7	Progress	Continuous Improvement
Total points available	0	4



MODULE 2. Fundamental Rights at Work

The requirements in Module 2 outline the fundamental rights that form the basis for ensuring the wellbeing of workers, and managing human rights risks faced by companies and buyers in their supply chains. Although many of the fundamental rights highlighted in this module are separately addressed through national and local regulations, their inclusion here helps create consistency across many different geographies as well as reduce risk through additional verification. Safeguarding 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 Factory Production Standard (FPS) build on these fundamental rights to further empower workers to improve working conditions and invest in their individual, group, and community livelihoods.

The requirements in this module are based on the principles and rights outlined in 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 are hired directly or indirectly via a labor contractor, unless otherwise specified in the criterion. 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.

Summary of Changes: Requirements in this section in version 1.4.0 of the Factory Standard for Apparel and Home Goods often focused on factories having policies or procedures in place governing aspects of each of these topics. The structure of requirements has shifted, such that this Module now focuses on the outcomes that are intended to be achieved, putting greater emphasis on effective implementation and not just documentation. Requirements for documented policies and procedures have been consolidated in Module 7: Internal Management System.



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

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
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 [SR-FL 1.1, SR-FL 2.1, SR-FI 3.5]	All workers provide work or services voluntarily. This includes that there is no kind of forced labor, bonded labor, human trafficking, contract substitution, indentured labor, slave labor, prison labor, deception in recruitment and hiring, fraudulent visa practices, or any restrictions on freedom of movement.	C-Y0	<p>Clarification: Per ILO Convention 29 and 105, forced or compulsory labor means all work or service that is exacted 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 requirement is to ensure that employers are taking necessary steps to control the risk of forced labor, and that no forced labor is happening. The intent of this criterion includes, but is not limited to:</p> <ul style="list-style-type: none"> • There are no restrictions on an individual's freedom of movement from the workplace or employer-provided housing, including serfdom; • There is no coercion in recruitment and hiring; • Individuals are not isolated, threatened and/or physically harmed; • Individuals are not subjected to any form of mental or physical coercion to force them to remain employed; • Individuals are free to leave the employer; • The employer does not retain salary, benefits, property, documents, or control individuals' bank accounts as a means to force individuals to remain; • The employer does not make false promises about terms and types of work; • The manager and employer do not threaten to denounce individuals to the authorities, unless legally justifiable; 	Combined intent of SR-FL 1.1, 2.1, and 3.5.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • If individuals have taken out loans from the employer, these loans are subject to reasonable terms which means the interest rate and conditions attached to the offer are agreed upon in advance. Interest rates charged are not higher than the cost of borrowing (including administrative costs). Individuals are allowed to pay loans back via means other than work if they so wish; • Individuals are not required to store identity papers or important travel documents with the employer as a condition of employment; • Individuals are not recruited into armed conflict, sex work, prostitution, pornography, and/or illicit activities such as the production and trafficking of drugs; • Individuals' employment (including initial hiring) is not conditional on the employment of his or her family member. Family members are not required to work; and, • The employer does not require individuals 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 protected, 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>	
<p>2.1.1.b [SR-FL 3.1]</p>	<p>There are no restrictions on a worker's freedom of movement from the workplace or employer-provided housing beyond what is reasonable given legitimate concerns for personal safety and consideration for the security of other workers.</p>	<p>C-Y0</p>	<p>Clarification: Restriction of movement is considered an element of forced, bonded, or compulsory labor.</p> <p>Workers must be able to leave the workplace premises after completing their workday and must be able move freely from employer-provided housing.</p> <p>This also includes that:</p>	<p>Added limit on constant surveillance.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> No exit doors are locked while workers are inside the factory or worker housing; Workers are provided with unrestricted access to toilet facilities and drinking water; and, Any individual worker cannot be under any form of constant surveillance (i.e. tracking of an individual's movements within the premises at all times). 	
2.1.1.c [SR-FL 3.4]	Workers are free to terminate their employment after reasonable notice.	C-Y0	Clarification: Unless the law dictates a timeframe, or the employer and the worker agreed on a timeline (that is aligned with the law) in the employment contract, workers are free to terminate their employment at any time.	

SUB-MODULE 2.2: Children & Young Workers are Protected.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 2.2.1: Factories and employers do not support or engage in the use of child labor.				
2.2.1.a [SR-PC 1.1 SR-PC 1.2 SR-PC 2.2]	The minimum age for direct or indirect employment is the highest of: <ul style="list-style-type: none"> The legal working age; The legal age of completion of compulsory schooling; or, Age 15. The employer verifies workers' ages before hiring.	C-Y0	Clarification: Employed is defined as working for payment of any kind. This includes self-employment. This criterion also prohibits children from being brought to the workplace. Individuals under this minimum age may participate in non-hazardous, light, part-time work outside of school hours or as part of an educational or training program, or apprenticeship so long as it is in accordance with ILO Convention 138, and is permitted by law. Such individuals are considered young workers. This criterion is based on principles and rights outlined in ILO Convention 138, Article 2, and is intended to ensure that work does not interfere with children's development, schooling or their ability to benefit from it, and that it is not harmful. The intent includes that all	Combined intent of SR-PC 1.1, 1.2 and 2.2.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			forms of child labor are prohibited, including the worst forms of child labor as defined in ILO Convention 182 (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.	
2.2.1.b [SR-PC 2.5]	<p>There is remediation where child labor has occurred, which includes:</p> <ul style="list-style-type: none"> • Removing the child from all work immediately; • Ensuring the child is in a safe place; • Settling remaining compensation; • Providing free physical examination; • Consulting with their family about how to pay for the child to continue schooling and provide an incentive for them to continue in school; • Looking for employment opportunities for the adults in the family, where applicable; and, • Reporting the instance in accordance with legal requirements where local laws require child labor to be reported. 	C-Y1	Clarification: If child labor is found, the policy and procedures on child labor, required in the IMS in Module 7, should be revised to better prevent future instances.	<p>This compliance criteria has been reframed to be outcome-based. The child labor policy and procedures should be linked to this and contain these elements and this is the outcome-based requirement to make sure remediation takes place.</p> <p>Adding reporting requirements, from SR-PC 2.1</p>
Objective 2.2.2: Young workers are protected.				
2.2.2.a [SR-PC 4.1]	Young workers are employed in strict accordance with the law.	C-Y0	Clarification: This includes applicable laws on working hours, wages, physical exams, registration, type of work, etc.	
2.2.2.b [SR-PC 3.1, SR-PC 3.3,	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.	C-Y0	Clarification: Young workers are those individuals under the age of 18, or below the age of legal adulthood as defined by national law, if higher.	Combined intent of SR-PC 3.1, 3.3, 3.4 and 4.2.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
<p>SR-PC 3.4, SR-PC 4.2]</p>			<p>Work restrictions for young workers to fulfill these requirements include, but are not limited to, young workers do not handle chemicals, work at night, work at dangerous heights, work with dangerous equipment, and do not work more than 40 hours per week. The physical demands of the job, such as carrying heavy loads, must be appropriate for the young worker’s physical development. Under no circumstances shall any young worker’s school, work, and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day.</p> <p>Young workers shall be provided a work schedule that does not interfere with schooling.</p> <p>Recommendation: Young workers’ written employment contracts should clearly state their work hours restrictions, as noted above, and that their work assignments only include those that adhere to international standards and local laws on restrictions of work.</p>	
<p>2.2.2.c [SR-PC 3.6]</p>	<p>Records are kept of young workers that include:</p> <ul style="list-style-type: none"> • name; • date of birth; • date of hire; • address; • type of activity performed; • work scheduled and duration; • wage; and, • name of direct supervisor. 	<p>C-Y1</p>	<p>Recommendations: 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.</p>	



SUB-MODULE 2.3: There is No Discrimination or Abuse.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 2.3.1: There is no discrimination against workers.				
2.3.1.a [SR-ND 1.1]	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	<p>Clarification: This criterion is applicable for employed individuals. 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, health 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, for utilizing the benefits provided, or in 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>Literacy/numeracy testing is only allowed in cases where these skills are required for the specific position and may not be used as a means to discriminate against certain groups of workers.</p> <p>This criterion is associated with criteria in Sub-module 4.5 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.</p> <p>Recommendations: Compliance can be demonstrated, for example, by women having a similar promotion rate as men, similar employment rates of women in all departments in the organization (e.g., not limited to relatively lower wage positions), and/or women</p>	Adjusted language so that workers may not be discriminated against for any health status, not just HIV/AIDS.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			having similar pay rates as men.	
2.3.1.b [ED-CE 15.2, SR-PC 3.7, SR-WR 1.1 *SR-ND 1.7]	All workers receive equivalent wages for work of equal value.	C-Y0	<p>Clarification: 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.).</p> <p>Wages include overtime pay and other in-kind compensation.</p> <p>Pay differentials are permitted when they are based on seniority, merit, quantity, or quality of production. This difference must be demonstrated, such as through a Performance Management System (see 3.1.2.b)</p> <p>In correcting a pay differential, no worker's pay shall be reduced. Instead, the pay of the lower paid worker must be increased.</p>	Combined intent of ED-CE 15.2, SR-PC 3.7, SR-WR 1.1 and SR-ND 1.7, as all related to concept of equal pay for equal work.
2.3.1.c [SR-ND 2.1]	Management does not interfere with workers' rights to observe tenets or practices, or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions, or any other condition that could give rise to discrimination.	C-Y0	<p>Clarification: Other examples that could give rise to discrimination include personal choices with regards to physical appearance, clothing, headwear, worshipping practices, language, disability devices or activities outside of the workplace.</p>	
Objective 2.3.2: Workers are not subject to corporal punishment, mental or physical coercion, verbal abuse, or any other form of harassment.				
2.3.2.a [ED-CE 1.1, SR-ND 3.1]	Factories, employers, and Premium Participants 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	<p>Clarification: This applies in the workplace as well as in all residences and property provided by the factory, regardless of whether the factory owns, leases, or contracts the residences or property from a service provider.</p> <p>Sexual harassment includes all unwelcome physical, verbal, or non-verbal conduct of a sexual nature.</p>	Combined intent of ED-CE 1.1 and SR-ND 3.1.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			Supervisors shall be informed about the factory’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 protected. See Objective 3.1.2 for more on disciplinary procedures. Recommendations: It is best practice for any incidents of harassment or abuse to be recorded and for a monitoring system to be in place.	
2.3.2.b [ED-CE 1.12]	Security guards do not intimidate workers.	C-Y0	Security guards should guarantee workplace security and under no circumstance can be used to intimidate workers or restrict their freedom of movement.	
2.3.2.c [SR-ND 4.1, SR-WR 2.1, SR-WR 5.1]	No female applicants are required to take a pregnancy or virginity test or asked about their pregnancy or virginity status when applying for a job or while employed. No workers are forced to take contraception.	C-Y0	Clarification: There must be no direct or indirect pressures on workers to use contraception.	Combined intent of SR-ND 4.1 and SR-WR 5.1.

SUB-MODULE 2.4: Freedom of Association and the Right to Collective Bargaining Are Respected.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 2.4.1: 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.				
2.4.1.a	The employer does not interfere with the rights of freedom of association and collective bargaining.	C-Y0	Clarification: The intent of this criterion includes that:	Combined intent of SR-FA 1.3, 3.1 and 3.2 to create a more comprehensive



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
[SR-FA 1.3, SR-FA 3.1, SR-FA 3.2]			<ul style="list-style-type: none"> • Representatives of worker organizations have free access to workers, within reasonable limits (e.g., scheduling visits to a worksite); • 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>	requirement around respecting the right to freedom of association.
2.4.1.b [SR-FA 1.4]	The employer allows workers to hold meetings and organize themselves during working time without interference (without deductions or required payments) and within reasonable limits.	C-Y0	<p>Clarification: The time and place for these meetings must be agreed upon in advance. The factory and other employers are not required to allow these meetings if either party has not been informed beforehand.</p> <p>Workers must be free to choose whether or not to participate in these meetings. The meetings can be requested by the workers. External union officials can request the meetings if the union is involved in a Collective Bargaining Agreement within the relevant industry or at the national level.</p>	
2.4.1.c [EM-GP 1.2]	Worker representatives from trade unions or other worker organizations are provided with resources (including time and meeting space) upon request to carry out their	C-Y0	<p>This criterion is applicable where there is a trade union or other worker organization in place at the factory.</p> <p>As a best practice, representatives of an active worker's organization</p>	*



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
	functions.		meet monthly.	
2.4.1.d [SR-FA 1.6]	<i>Applicable where there is an active workers' organization:</i> Senior management agrees to meet with workers' organization representatives and to negotiate in good faith.	C-Y1	<p>Clarification: Employers shall not favor one workers' organization over another. The schedule of meetings is determined by the workers' organization representatives.</p> <p>Senior management must engage with workers' organizations in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement.</p> <p>Recommendation: It is best practice that workers and senior management have an established schedule for meetings.</p>	Reframed to focus such that management must agree to meet with workers' organization representatives and negotiate in good faith. Removed requirement that they must meet on a specific timeline, as this should be the decision of the workers' organization, not management.
2.4.1.e [SR-FA 2.1, SR-FA 1.2]	In situations where the right to freedom of association and collective bargaining are restricted by law, management allows workers to freely elect their own representatives without influence.	C-Y0	<p>Clarification: Employers shall not cooperate with organizations that rely on state powers to prevent workers from exercising their right to freedom of association.</p>	Combined intent of SR-FA 2.1 and 1.2.
Objective 2.4.2: Individuals do not suffer repercussions due to organizing.				
2.4.2.a [SR-FA 3.3, SR-FA 3.4]	The employer does not discriminate or retaliate against trade union members, and/or workers, who have attempted to form or join a trade union, or other worker organization.	C-Y0	<p>Clarification: Management does not punish, threaten, intimidate, harass, or bribe trade union members, or worker representatives.</p> <p>Discrimination means that workers are treated differently or suffer negative repercussions. Some actions that could indicate discrimination against workers who form, or try to form, a workers' organization are closing production, denying access, longer working hours, making transport difficult, or dismissals.</p> <p>This is based on the rights and principles outlined in ILO Convention 135.</p>	<p>Broadened concept of SR-FA 3.3 to cover any form of discrimination.</p> <p>SR-FA 3.4 related to reporting mechanism incorporated into broader grievance mechanism in Sub-Module 7.5.</p>



MODULE 3: Conditions of Employment for Workers

The individual well-being of workers is directly impacted by working conditions, including working hours, 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 help factories attract and retain good workers through responsible employment practices. The criteria in this module are applicable to all workers, regardless of whether they are temporary or permanent, or are hired directly or indirectly via a labor contractor, unless otherwise specified in the criterion.

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

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 3.1.1: Employers have clearly communicated employment conditions to all workers.				
3.1.1.a [ED-CE 12.2]	Workers are aware of their responsibilities, salaries/wages, payment schedules, rights to benefits, and work schedules. Employment conditions have been verbally agreed upon prior to signing the employment contract and beginning work.	C-Y0	<p>Clarification: The factory communicates the employment agreement to all newly hired workers.</p> <p>At a minimum, workers must be informed and aware of:</p> <ul style="list-style-type: none"> • Wages, overtime wages, piece rate (including how piece rate is calculated), and/or production bonuses; • Right to refuse overtime; • Right to voluntarily resign; • 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 the work to be performed; • Name and address of the employer; • Rights to benefits, including 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, • The individual’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 4.2.3.a). 	Shifted requirement to outcome focus rather than defined process. Also included more explicit list of employment conditions that must be understood by workers, consistent with contract requirements.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>This includes awareness on an individual level even if wages have been negotiated collectively via a Collective Bargaining Agreement.</p> <p>Recommendations: It is recommended to also include information on the factory’s anti-harassment policy and procedures, and commitment to non-discrimination.</p>	
<p>3.1.1.b [ED-CE 12.1 ED-CE 12.3]</p>	<p>All workers have written contracts with clear employment conditions.</p>	<p>C-Y0</p>	<p>Clarification: 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, as well as any associated documents defining rights and responsibilities such as the employee handbook or Human Resource policies. It is acceptable to have an employee handbook on display and accessible to workers at all times in a public space, e.g. the cafeteria or other place of frequent gathering. When there are updates or changes to the contract, workers are informed of these changes and receive an updated copy.</p> <p>At a minimum, the contract must be in a language the individual 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; • Right to refuse overtime; • Right to voluntarily resign; • 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 the work to be performed; • Name and address of the employer; 	<p>More details added as to what needs to be in worker contracts and combined with requirement for workers to have their own copy of any such document(s).</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • Rights to benefits, including 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, • The individual’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 4.2.3.a). <p>Recommendations: 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>3.1.1.c [ED-CE 11.1]</p>	<p>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.</p>	<p>P-3</p>	<p>Clarification: The intent of this requirement is to ensure workers have a regular and reliable record of their wages and benefits.</p> <p>Pay slips must contain the following information:</p> <ul style="list-style-type: none"> • name of factory; • employee’s name and ID; • hiring date; • pay day and pay period; • regular rate/base wage; • regular hours worked; • overtime hours worked; • regular wages; • overtime wages; • benefits, including leave balances; • bonuses; 	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> gross earnings; itemized deductions; and, net wage. 	
Objective 3.1.2: Hiring, promotion, disciplinary and termination processes are clearly defined and transparent to workers.				
3.1.2.a [SR-ND 1.4]	The factory has selection criteria in writing for each job category that are based on clear job descriptions and required competencies and use objective selection tools and criteria for all types of workers.	CI-1	<p>Clarification: The intent of clearly documented job descriptions and selection criteria is to have defined and objective measures for hiring, in order to limit discrimination as required in Sub-Module 2.3. This includes temporary positions and trainees.</p> <p>Examples of objective selection tools and criteria include skill tests or interview guides.</p>	Now Continuous Improvement. Non-discrimination is still a core tenant, but this is just one tactic for achieving this.
3.1.2.b [SR-ND 1.5]	The factory has a documented performance review system that provides for the evaluation of workers' performance as basis for promotion, determination of value of the job with regard to pay, merit increases, and access to training and job security.	CI-3	<p>Clarification: The intent of a clearly documented performance review system is to have defined and objective measures for promotion, in order to limit discrimination. This includes promotion of temporary, trainee, and fixed-term contract workers to permanent status.</p> <p>The review system must outline the review steps and process and must follow any local legal requirements.</p> <p>The performance review process should be communicated to the workforce and reviewed regularly.</p> <p>Employees are provided a copy of their review in writing and have an opportunity to provide feedback and agreement/disagreement.</p>	Now Continuous Improvement. Added intent of ED-CE 10.4 and ED-CE 10.7
3.1.2.c [ED-CE 1.3]	The factory has standardized written rules and procedures on discipline and termination which: <ul style="list-style-type: none"> State the code of behavior for all managers, supervisors and workers; 	C-Y0	<p>Clarification: Disciplinary rules are necessary for employers to maintain orderly operations. The primary objective of such measures should be to enable employers to promote a high standard of personnel conduct and performance, not to punish, humiliate, or intimidate personnel.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
	<ul style="list-style-type: none"> Describe acts of infractions or violations as well as corresponding disciplinary actions; and, Describe the discipline and termination process. 		<p>The discipline and termination procedure must include:</p> <ul style="list-style-type: none"> Communication of infractions or violations to the employee at fault; Employee’s response or explanation; Implementation of progressive disciplinary action (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally termination); and, System for appeal of unfavorably resolved complaints or disciplinary actions. 	
<p>3.1.2.d [ED-CE 1.4]</p>	<p>The discipline and termination rules and procedures are effectively communicated to all workers, supervisors, and managers.</p>	<p>C-Y0</p>	<p>Clarification: The policy and procedures can be communicated in person during the hiring process and/or in groups of workers during a training, once hired. The information can also be conveyed in writing, for example via notice boards or the employee handbook.</p> <p>The effectiveness of a communication will be measured by the workers’ understanding of the information.</p> <p>Employers shall inform workers that any form of harassment, abuse or gender-based violence in the workplace shall be subject to disciplinary measures.</p>	<p>Added explicit reference to harassment and gender-based violence as behavior that would justify disciplinary measures.</p>
<p>3.1.2.e [ED-CE 1.5]</p>	<p>All disciplinary and termination notices are documented and filed. The contents of disciplinary notices include:</p> <ul style="list-style-type: none"> A summary of infraction (when it occurred, where, witnesses, employee’s response); Date disciplinary notice was issued; Results of deliberation and corresponding disciplinary action; Signature of management; and, Proof of employee’s receipt of disciplinary notice. 	<p>C-Y0</p>	<p>Clarification: Disciplinary and termination notices include but are not limited to written warnings, sanctions, and other supporting documents.</p> <p>Workers must receive a copy of the notice in order for them to clearly understand why the notice is being issued and enable them to respond to and/or appeal the decision.</p>	<p>Added clarification that workers must receive a copy of the notice.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
3.1.2.f [ED-CE 12.4 EM-PTA 5.4 SR-FA 3.5]	The factory keeps and maintains a register of all terminated contracts and dismissals of workers with details on circumstances/reasons for termination for at least three years.	C-Y1	Clarification: Workers who are Fair Trade Committee members or union or worker organization members must be noted.	Combined ED-CE 12.4 with EM-PTA 5.4 and SR-FA 3.5, which called out specific records of dismissals of FTC members and union members.
3.1.2.g [ED-CE 1.11]	Workers are never asked to sign a blank paper, an empty or incomplete form, and are never forced to sign a letter of resignation.	C-Y0		
Objective 3.1.3: The workforce structure of each site is understood, and permanent roles are created where possible.				
3.1.3.a	There is a workforce analysis for each site which documents how many individuals are employed at each site 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-Y1	<p>Clarification: The analysis must include information regarding gender, indigenous and minority groups, and other workforce characteristics that are required in 1.3.1.a in order to ensure balanced representation in the Fair Trade Committee.</p> <p>Recommendations: It is best practice to update this analysis annually and/or when there is a significant change in the workforce (greater than 10% turnover of employees).</p> <p>It is best practice for the employer to take actions to diversify the workforce based on the results of the workforce analysis. This can include targeted recruitment and training programs to attract a more diverse workforce. The workforce analysis is also taken into consideration to increase diversification and inclusion at management and leadership levels.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
3.1.3.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.	C-Y1	Clarification: The labor needs assessment must be incorporated into the workforce analysis required in 4.1.3.a and must follow the same guidelines.	NEW
3.1.3.c [ED-CE 10.1 ED-CE 10.3, ED-CE 10.4]	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-5	<p>Clarification: The use of time-limited contracts, short-term employment status or apprenticeship schemes may not be used to avoid staffing of permanent workers or to avoid legal or social security obligations to workers. Firing and re-hiring workers or changing labor contractors to avoid paying benefits or accruing seniority is not allowed.</p> <p>The factory does not keep workers at a non-permanent status beyond the legal limits.</p> <p>Time-limited contracts are only issued to non- workers during peak periods, in the case of special tasks and under exceptional circumstances. This includes seasonal workers.</p> <p>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.</p>	Combined intent of ED-CE 10.1, 0.3 and 10.4 into a broader requirement around limiting the use of short-term or non-permanent employment.
Objective 3.1.4 Labor contractors are used on a limited, justifiable, and responsible basis and are not used to avoid legal obligations.				NEW
3.1.4.a	The site manager can identify which workers are hired through labor contractors and the rationale behind the use of labor contractors.	C-Y0	Clarification: This analysis may be part of the workforce analysis required in 3.1.3.a and must follow the same guidelines.	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>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. It is responsible for paying those workers' wages, and may also recruit, supervise, provide board, lodging, or transportation for those workers.</p> <p>Criteria within Objective 3.1.4 are applicable where labor contractors are used on a site in the scope of the Certificate.</p>	
3.1.4.b	Where labor contractors are used, the contractor complies with applicable requirements of the Factory Production Standard on sites in the scope of the Certificate.	C-Y0	<p>Clarification: 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 Factory Production Standard (for instance regarding contracts, 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 factory 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.</p> <p>Permanent workers may be employed through a labor contractor if their rights and working conditions are equivalent to or exceed those outlined in the FPS, including legal requirements.</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>	<p>NEW</p> <p>Previously the FPS did not allow the use of labor contractors. This requirement and others under this Objective were added to allow the use of labor contractors, but only when the use of labor contractors does not jeopardize workers' rights, benefits and safety. The intent is that all workers employed through labor contractors receive the same protections as directly employed workers.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
3.1.4.c	The Certificate Holder or site manager has developed and begun to implement a plan to either directly employ all workers or use only registered labor contractors in good standing.	C-Y1	<p>Clarification: 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 3.1.4.d.</p> <p>The qualifications for registered labor contractors in good standing include:</p> <ul style="list-style-type: none"> • 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); • Possess a valid identification number provided by the federal government (of the country of employment), where applicable; • Be in good standing with regards to any certificates or eligibility requirements of the country of employment; • 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; • Maintain clear documentation that accurately records: <ul style="list-style-type: none"> ○ Deployment of workers (e.g. to which facilities individuals are deployed); ○ Compensation of individuals (e.g. paystubs with any deductions clearly listed); and, ○ Terms and conditions of employment of each worker. <p><i>Begun to implement</i> means that actions have been taken according to the plan.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
3.1.4.d	All workers are directly employed or employed through a registered labor contractor in good standing.	P-5	<p>Clarification: The intent of this criterion is that Fair Trade Certified facilities are able to protect workers, preferably through direct influence and control over the conditions of employment. In order to achieve this, Fair Trade facilities shall move to either direct employment or the use of registered labor contractors.</p> <p>If labor contractors are used, 3.1.4.b must be followed. In addition, the contractor must be a legal entity that has thorough documentation of all workers, hours, wages, benefits, etc. and is able to be visited as part of the audit.</p> <p>Note that the use of labor contractors expands the scope of the audit and typically increases the cost of the audit.</p>	NEW
3.1.4.e	<i>Applicable if labor contractors are being used:</i> An agreement of responsibilities (for instance a contract or Memorandum of Understanding) is in place between the Certificate Holder and the labor contractor that specifies which FPS requirements are to be managed and/or undertaken by which party.	C-Y1	<p>Clarification: This intent of this requirement is that the labor contractor understands its responsibilities under the FS and agrees to comply with these responsibilities.</p>	NEW

SUB-MODULE 3.2: Workers Receive Fair Wages and Benefits.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 3.2.1: Salaries and wages meet legal requirements and are increasing towards a living wage.				
3.2.1.a [ED-CE 6.2]	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	<p>Clarification: This applies to all workers, including piece rate workers, apprentices, and vocational trainees.</p>	ED-CE 6.2: (Year 0M) All workers, including piece rate workers, are paid at least the legal minimum wage as their base wage.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>If local law allows for a lower minimum wage for apprentices/trainees, this lower minimum wage may only be applied for the first 30 days, if that time is dedicated primarily to training and not to production or other essential tasks.</p> <p>For remuneration based on hours, accurate time records must be used to calculate wages (see 4.1.1.b)</p> <p>For remuneration based on production, quotas, or piece rate, 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, taking into account required breaks.</p> <p>Note, any time spent at trainings required in the FPS 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 3.2.2.c.</p>	<p>I&C: A piece rate system should guarantee workers at least the local minimum wage for a regular work week, and the factory should pay any piece rate work beyond the 40-hour week (or 48-hour, depending on national laws) at a premium rate. Base wages do not include overtime wages or bonuses.</p>
<p>3.2.1.b [ED-CE 8.6]</p>	<p>All workers are provided all the benefits to which they are legally entitled. Benefits are provided upon hire, or within the time period prescribed in an applicable Collective Bargaining Agreement or by law.</p>	<p>C-Y0</p>		
<p>3.2.1.c [ED-CE 9.1 ED-CE 9.2]</p>	<p>All workers are paid the legal premium rate for overtime and work on holidays and rest days. If no rate is specified, overtime shall be paid at the factory’s premium rate or the prevailing industry premium rate, whichever is higher.</p>	<p>C-Y0</p>	<p>Clarification: If overtime is partly or entirely compensated by the allocation of time-off work, the premium factor must be applied to the time compensation. For example, four hours worked at an applicable 200% premium (twice the hourly rate) may be compensated by an equivalent of four hours wage at regular rate plus four hours of time off paid at a regular rate, or may be compensated by eight hours of time off paid at the regular rate.</p>	<p>Combined intent of ED-CE 9.1 and 9.2. Separated requirement, such that 3.2.1.c focuses on compliance with legal requirements only. 3.2.1.d, e, and f cover specific premium rates for overtime, which may be higher than legal requirements.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
3.2.1.d	The overtime rate is at least one and a quarter times the hourly rate.	CI-1	This is a continuous improvement requirement showing advancement of overtime premium rates paid.	Progressive continuous improvement requirement for overtime premium rate, where it is either not defined by law or lower than one and a quarter times the hourly rate. This rate is based off recommendations from the ILO.
3.2.1.e [ED-CE 9.1]	The overtime rate is at least one and a half times the hourly rate.	CI-3	This is a continuous improvement requirement showing advancement of overtime premium rates paid.	Progressive continuous improvement requirement for overtime premium rate, where it is either not defined by law or lower than one and a half times the hourly rate. This rate is based off original requirements in ED-CE 9.1.
3.2.1.f [ED-CE 9.1]	Work on the weekly rest day and public holidays shall be compensated at least twice the hourly rate.	CI-3		Progressive continuous improvement requirement for overtime premium rate, where it is either not defined by law or lower than one and a half times the hourly rate. This rate is based off original requirements in ED-CE 9.1.
3.2.1.g	The employer demonstrates knowledge of the living wage in their region. A comparison of total remuneration (wages and benefits) against the living wage is conducted.	P-5	<p>Clarification: 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>The intent is that workers should be adequately compensated for satisfactory performance of their work, and should not have to work overtime to earn enough to cover basic living costs for themselves and their families. Information on the gap between total remuneration</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>and the living wage can be used to support transparent conversations across the supply chain to identify barriers to living wage and shared responsibility, and develop strategies to improve wages and other benefits (including through Premium investment) to support a decent standard of living for all workers.</p> <p>It is very important to use a high quality and widely accepted methodology for the calculation of living wage. The methodology developed by Richard and Martha Anker is the most widely recognized and respected process for calculating living wage around the world. Only benchmarks consistent with the Anker Living Wage methodology¹, will be approved by Fair Trade USA to understand and compare living wage. The benchmarks approved for use and where to access them are indicated in the guidance document, Living Wage Benchmarks for Employers.</p> <p>The comparison of the living wage to current wages must not include overtime hours, nor productivity bonuses and allowances unless they are guaranteed, and must take into account mandatory taxes. In-kind benefits, such as food, transport, and housing, can be included in the value of current wages, but must not represent more than 30% of total compensation. The comparison must be updated at least every three years to account for inflation and changes in compensation structure.</p> <p>In the absence of applicable approved benchmarks the employer shall assess the current access of workers and their families to the most critical essential needs, including 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, and it</p>	

¹ <https://www.globallivingwage.org/about/what-is-a-living-wage/>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>is recommended that employers adapt findings from this data. This assessment must be updated at least every three years.</p> <p>Information on the living wage and assessed gap, or assessment of the five essential needs, shall be made available to all workers in languages the individuals understand. It may be provided through a brochure or posting in a public place where workers gather.</p>	
Objective 3.2.2: Salaries, wages, and earnings are paid directly, on time, and in legal tender.				
<p>3.2.2.a [ED-CE 8.3]</p>	<p>Payment is made in cash or cash equivalent directly to the worker.</p>	<p>C-Y0</p>	<p>Clarification: 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.</p> <p>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. Drugs may not be used for compensation or in-kind payments.</p>	
<p>3.2.2.b [ED-CE 8.4 ED-CE 8.5 ED-CE 8.7]</p>	<p>Workers are paid in full in a timely manner. Regular wages must be paid at least monthly and based on an established schedule.</p>	<p>C-Y0</p>	<p>Clarification: This includes payment of bonuses.</p> <p>Any underpayment of wages is reimbursed, with interest. When determining a fair interest rate, it is recommended to take the average monthly interest rate for a savings account from a recognized bank.</p>	<p>Combined intent of ED-CE 8.4, 8.5 and 8.7.</p>
<p>3.2.2.c</p>	<p>Payment is made via direct deposit or mobile transfer directly to the worker.</p>	<p>CI-3</p>	<p>Clarification: Electronic payment systems allow for greater transparency and traceability of wage payments.</p> <p>Where payment is made by direct deposit, the employer does not have withdrawal access to individuals' bank accounts. Direct deposits</p>	<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			must be directly accessible by the individual being paid (e.g., payment should not be made to the spouses).	
3.2.2.d [ED-CE 7.2, ED-CE 1.13]	Salary deductions are only permitted as allowed by applicable laws, as fixed by an applicable Collective Bargaining Agreement, or where the worker has given written consent in an agreement outlining repayment parameters.	C-Y0	Clarification: Deductions for tardiness or time missed do not exceed the wage equivalent of actual time missed.	Combined intent of ED-CE 7.2 and 1.13.
3.2.2.e [ED-CE 7.1]	Salary deductions are not used as a disciplinary measure.	C-Y0	Clarification: Deductions may not be used to penalize workers for failing to reach production quotas.	Rephrased, but same intent.
3.2.2.f [ED-CE 7.3]	Where the factory provides workers with housing or other benefits or services, these benefits and services are free or provided at a reasonable cost.	C-Y0	Clarification: <i>Reasonable cost</i> means that they do not exceed the actual costs incurred by the employer. Workers are free to refuse these benefits.	Added clarification that workers must be free to refuse such benefits.
Objective 3.2.3: Payments to workers during termination, retrenchment, and suspension are fair.				
3.2.3.a	Employers shall have in place a procedure for determining termination payouts, including methods for correct assessment of payouts for all modes of termination/retrenchment, taking into account national legal requirements	C-Y0		NEW
3.2.3.b	When employers are faced with major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs, employers shall communicate any alternatives to retrenchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs.	CI-1		NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
3.2.3.c	Employers can only suspend work in accordance with national laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement. Conditions of suspension should be communicated in full to all workers.	C-Y0		NEW
Objective 3.2.4: Vacation, sick, and maternity leave meet or exceed legal minimums and applicable Collective Bargaining Agreements.				
3.2.4.a [ED-CE 8.9 ED-CE 14.1]	The employer provides all eligible workers with all legally mandated leave benefits, including annual and vacation leave, sick leave, and maternity leave that meet or exceed legal requirements and applicable Collective Bargaining Agreements.	C-Y0	Clarification: Workers must be paid according to legal requirements when taking leave.	Combined intent of ED-CE 8.9 and 14.1, plus legal requirements on maternity leave for broader rule on compliance with all legally required leave.
3.2.4.b	Employers shall not impose any undue restrictions on workers' use of annual, vacation, sick, or maternity leave.	C-Y0	<p>Clarification: The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation.</p> <p>Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations, and procedures. Workplace procedures regulating the timing of annual leave must be communicated in full to all workers.</p> <p>Any workplace procedures regulating sick leave (e.g. informing the employer as soon as possible, the provision of medical certificates, etc.) must be in line with national laws, regulations, and procedures and must be communicated in full to all workers.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
3.2.4.c [SR-WR 4.1 SR-WR 4.2]	Employers shall not impose any sanction on workers for requestion or taking any type of leave, including that there is no deduction of wages or dismissal of workers on leave.	C-Y0	Clarification: Workers returning from maternity leave are given their former job back at the same rate of pay and benefits.	Combined intent of SR-WR 4.1 and 4.2
3.2.4.d	Workers receive a minimum of three days of sick leave on full pay annually.	CI-3	<p>Clarification: Workers must always receive legally mandated sick leave (3.2.4.a). This requirement is a best practice where sick days are not legally required or are less than three days.</p> <p>Sick leave can be pro-rated for part-time (less than 30 hours per week) 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, where this is allowed by law.</p> <p>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.</p> <p>Recommendations: Workers may use sick days to care for a sick family member.</p>	<p>NEW</p> <p>Continuous improvement requirement when there are no or fewer days of sick leave required by law.</p>
3.2.4.e	Workers receive a minimum of one regular workweek of vacation leave on full pay annually.	CI-1	<p>Clarification: Workers must always receive legally mandated vacation leave (3.2.4.a). This requirement is a best practice where vacation days are not legally required or are less than one workweek.</p> <p>Where a standard workweek is six days, a calendar week is six days. Where a standard work week is five days the worker receives five days off.</p> <p>Vacation leave can be pro-rated for part-time (less than 30 hours per week) and temporary workers, and employers may set up to a</p>	<p>NEW</p> <p>Progressive continuous improvement requirement when there are no or fewer days of vacation leave required by law.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>minimum employment time of 90 days in one calendar year for eligibility for this benefit, where this is allowed by law.</p>	
<p>3.2.4.f [ED-CE 14.2]</p>	<p>Workers receive a minimum of two regular workweeks of vacation leave on full pay annually.</p>	<p>CI-3</p>	<p>Clarification: This is a continuous improvement requirement showing advancement of vacation leave provided.</p> <p>Where a standard workweek is six days, two calendar weeks is 12 days. Where a standard work week is five days the worker receives ten days off.</p> <p>Vacation leave can be pro-rated for part-time (less than 30 hours per week) 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, where this is allowed by law.</p>	<p>Progressive continuous improvement requirement when there are no or fewer days of vacation leave required by law.</p> <p>Based on requirements currently in ED-CE 14.2.</p>
<p>3.2.4.g</p>	<p>Maternity leave is at least six calendar weeks on two-thirds pay, not including annual leave.</p>	<p>CI-1</p>	<p>Clarification: 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 or other annual leave.</p> <p>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.</p> <p>Women can choose to start their maternity leave before the baby's expected birth.</p> <p>Recommendation: It is best practice for maternity leave to be at full pay.</p>	<p>Progressive continuous improvement requirement when there are no or shorter requirements for maternity leave and pay.</p>
<p>3.2.4.h [SR-WR 3.1]</p>	<p>Maternity leave is at least eight calendar weeks on two-thirds pay, not including annual leave.</p>	<p>CI-3</p>	<p>Clarification: This leave can be pro-rated for part-time and temporary workers, and employers may set a minimum employment time of up to</p>	<p>Progressive continuous improvement requirement when there are no or shorter requirements for maternity leave and pay.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>90 days in one calendar year for eligibility for this benefit. Maternity leave may not be deducted from any sick or other annual leave.</p> <p>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.</p> <p>Women can choose to start their maternity leave before the baby's expected birth.</p> <p>Recommendation: It is best practice for maternity leave to be at full pay.</p>	<p>Based on original requirement in SR-WR 3.1, except pay rate reduced to two-thirds, as this is the minimum rate recommended by ILO.</p>
<p>3.2.4.i [SR-WR 3.2]</p>	<p>Breastfeeding breaks are granted for women who are nursing.</p>	<p>P-3</p>	<p>Clarification: 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>Recommendations: Best practice is to provide a private space for breastfeeding.</p>	
<p>Objective 3.2.5: Workers are protected by health insurance, workers' compensation insurance, and a retirement pension.</p>				
<p>3.2.5.a</p>	<p>Workers are provided with health insurance.</p>	<p>CI-3</p>	<p>Clarification: 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>Recommendations: 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</p>	<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>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, or where eligible individuals regularly decline to enroll in health insurance programs, 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>	
3.2.5.b	Workers are provided with workers' compensation insurance.	CI-3	<p>Clarification: 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> <p>Note that 4.3.1.b covers requirements for short-term care and wage recovery.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
3.2.5.c	Permanent workers are enrolled in and provided with pension or retirement funds.	CI-1	<p>Clarification: In addition to workers being enrolled, the employer must also pay into the fund.</p> <p>Recommendations: Pension or retirement funds may be part of a governmental program or privately operated.</p>	NEW

SUB-MODULE 3.3: Migrant Workers Are Recruited Ethically.

No.	Compliance Criteria	Timeline	Intent & Clarification	Summary of Changes
Objective 3.3.1: Workers are recruited through fair and transparent processes.				
3.3.1.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.	C-Y1	<p>Clarification: Contracts are explained verbally and in writing, in a language the migrant workers understand.</p> <p>When migrant and/or stateless workers are recruited from a different region or country, there is a prior written agreement between the employer and recruited migrant and/or stateless crew members or workers regarding:</p> <ul style="list-style-type: none"> • Wages; • Duration of employment; • Housing and food costs; • Working hours and overtime arrangements; • Trip expenses and trip safety; • Minimum age of employment; • Non-discrimination; • Breach of contract; and, • Terms of repatriation should the recruited workers 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. 	<p>NEW</p> <p>Similar in intent to SR-FL 4.4, with this and other criteria in this section adding more specific requirements on ethical recruitment practices.</p>



No.	Compliance Criteria	Timeline	Intent & Clarification	Summary of Changes
3.3.1.b [SR-FL 4.3]	If the factory hires foreign migrant workers, it maintains records of all contract workers that include the following information: <ul style="list-style-type: none"> • Name of the contract worker; • Country or place of origin; • Date of hire; • Length of contract; and, • Recruitment agency details (where applicable). 	C-Y0		
3.3.1.c	If a third-party labor contractor is used to recruit migrant and/or stateless workers, the employer has a policy and practices in place to ensure that the entity contracted to recruit migrant and/or stateless workers is compliant with the requirements in 3.3.1.a.	C-Y1	<p>Clarification: The entity contracted to recruit migrant workers is most often a labor broker or recruitment agency.</p> <p>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 3.3.1.a.</p>	NEW
3.3.1.d [SR-FL 4.4]	If a third party is used to recruit migrant workers, the recruiter is a registered entity in good standing.	C-Y1	<p>Clarification: 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. 	Shifted to Year 1 instead of Year 0, as it can take time to effectively identify and transition to registered recruiters.



No.	Compliance Criteria	Timeline	Intent & Clarification	Summary of Changes
			<ul style="list-style-type: none"> Be in compliance with any legal requirements for recruiters both in the home country (where workers originate) and the country of employment (where the factory is located). <p>Recommendations: 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 4.1.4 must also be followed.</p>	
Objective 3.3.2: Costs associated with recruitment and hiring of migrant workers are covered by the employer.				
3.3.2.a [SR-FL 4.1]	Employers pay all recruitment and hiring fees; workers do not pay any hiring fees or post any bonds.	C-Y1	<p>Clarification: Under this criterion, the levying of fees to pay for the opportunity to work is prohibited. This includes that:</p> <ul style="list-style-type: none"> Workers are not charged administrative fees by a recruiter; Workers are not charged for the costs of transportation for seasonal relocation if the employer or a recruiter have actively sought out or recruited the crew member or worker; and, Other fees, such as costs related to visas and passports or costs of medical exams are clearly defined and agreed to before employment and/or migration. The intent of this criterion is that such fees do not lead to long-term indebtedness that would effectively lead to forced employment. <p>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. The Certificate Holder and employer must keep records of any communication to the recruiter.</p>	Shifted to Year 1 instead of Year 0, as it can take time to effectively identify and eliminate all recruitment fees



No.	Compliance Criteria	Timeline	Intent & Clarification	Summary of Changes
			Workers are supported with legal and proper documentation/visas.	
3.3.2.b	For seasonal migrant and/or stateless 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-Y1	Clarification: Seasonal migrant and/or stateless workers are those recruited for work periods of less than or equal to one year.	NEW In addition to recruitment fees charged directly by a recruiter, this and 3.3.2.c limit workers spending on other associated costs of recruitment and migration.
3.3.2.c	For seasonal migrant and/or stateless 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-Y3		NEW

SUB-MODULE 3.4: Workers Have Access to Basic Needs and Services.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 3.4.1: Adequate housing, sanitary facilities, and services are provided.				
3.4.1.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.	P-3	Clarification: 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 (e.g., stores and services are far enough away that they are only accessible via motorized transportation, and private vehicles and/or public transportation are not readily available). This includes access to basic health, hygiene (including women’s hygiene products), housing and food necessities.	NEW Intended to support workers in contexts where factories are located in more remote areas with limited services.



			<p>Individuals 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 guidelines. If the employer directly offers goods and services, costs are fair and reasonable (not higher than normal market prices) in accordance with the principles and rights outlines in ILO convention 110; this may be confirmed by the auditor through worker interviews.</p> <p>Recommendations: The employer provides, or helps organize, transportation to a town with multiple providers of basic goods and services.</p>	
3.4.1.b	Workers are not compelled to make use of stores or services operated by the employer.	C-Y0		NEW
3.4.1.c [SR-OH 8.3, SR-OH 8.4, SR-OH 8.5]	In employer-provided housing, childcare facilities and schools, fire escapes, extinguishers, and exit routes are maintained, marked, and accessible, and residents/children know how to use them.	C-Y0	<p>Clarification: Exit doors are not locked or obstructed.</p> <p>Residents of employer-provided housing and children and employees in childcare facilities or schools located on-site also receive training in evacuations.</p>	Combines intent of SR-OH 8.3, 8.4 and 8.5. Also adds applicability of fire safety requirements to childcare facilities or schools located on site or provide by the employer.
3.4.1.d [SR-OH 8.6]	There are clear and established responsibilities and constraints on security guards assigned to factory grounds and factory-controlled dormitories.	C-Y0	<p>Clarification: Facilities must preserve the dignity of workers.</p> <p>Recommendations: As a best practice, female guards are assigned to female dorms and search activities.</p>	
3.4.1.e [SR-OH 8.7]	No other restrictions exist beyond those necessary for safety.	C-Y0		
3.4.1.f	The employer ensures access to first aid equipment and trained staff free of charge, for emergency first aid	C-Y0	<p>Clarification: Trained responders may be workers.</p>	NEW



	<p>situations in employer-provided housing. Equipment and trained first-aid staff are available 24 hours a day, seven days a week.</p>		<p>The intent of this criterion is that, in the event of an emergency in worker housing, there is always someone available who knows how to contact outside emergency services, how to provide immediate first aid assistance while waiting for outside aid to arrive (and has access to the supplies to do so), and when and how to evacuate the premises.</p> <p>The type of first aid equipment and level of training should be commensurate with the workplace circumstances. For example, where public emergency response providers (i.e., emergency medical services, firefighters, police officers) are available within a short distance from worker housing, first aid equipment and trained staff could consist of a basic first aid kit and someone trained on emergency and evacuation procedures, how to use a basic first aid kit, and when and how to report emergencies. This information may be provided through a brochure or poster displayed in worker housing.</p> <p>Where public emergency response providers are not readily available or are very far away, first aid equipment and trained staff must be sufficient to provide immediate lifesaving care for critical individuals, including conducting basic noninvasive interventions to help save lives and reduce harm while waiting for outside assistance.</p> <p>Trained first aid staff may be workers located in employer-provided housing or a short distance away (e.g., the individual(s) trained in first aid for criterion 4.3.1.a may also be available for emergencies that arise in employer-provided housing), so long as at least one trained individual is available 24/7, and all workers know how and are able to contact first aid staff.</p>	
<p>3.4.1.g [SR-OH 8.1,</p>	<p>Where workers are in employer-provided housing, the conditions and infrastructure of the housing meet a basic minimum standard of sanitation and safety.</p>	<p>C-Y0</p>	<p>Clarification: This criterion applies to any employer-provided housing, whether offered free of charge or for a fee, or owned by the employer or not.</p>	<p>Combined intent of SR-OH 8.1 and 8.2. Quality requirements for housing split across two criteria to allow for flexibility in progressive improvement where necessary.</p>



<p>SR-OH 8.2]</p>			<p>For family homes and dormitory housing (housing consisting of multiple sleeping quarters that are shared by unrelated individuals) provided by Mid-sized and Large Operations, 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; • There are clearly marked evacuation routes and emergency exits; • 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 low 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: <ul style="list-style-type: none"> ○ A door that closes and locks; ○ Lighting inside and outside of the building; ○ Water and hand-washing soap; 	
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			<ul style="list-style-type: none"> ○ Disposal mechanism for toilet paper and waste (bins available and regularly emptied); • There must be at least one shower/bath installation for every 20 individuals 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). 	
3.4.1.h	Where workers are in employer-provided 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.	P-5	<p>Clarification: This criterion applies to any employer-provided housing, whether offered free of charge or for a fee, or owned by the employer or not.</p> <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 individuals; • 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 3.4.1.g); • 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 	<p>NEW</p> <p>See above.</p>



			<p>families (Note that this is an increase from requirements under 3.4.1.g); and,</p> <ul style="list-style-type: none"> Recreation facilities are available. <p>These requirements are in line with the principles and rights outlines in ILO Guidance on Workers' Housing Recommendation No. 115.</p>	
Objective 3.4.2: Children of workers living on-site have access to day-care and education.				
3.4.2.a	Where children of workers live on-site, the employer ensures access to day-care services.	P-3	<p>Clarification: The intent of this criterion is to help ensure that workers whose children live with them in employer-provided housing located at the factory, 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. 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 is not one. Access also includes that day-care services must match the working hours of the factory shift schedule.</p> <p>The focus of this criterion is on access to childcare and does not imply employer responsibility for covering the fee for the day-care services, if applicable. Note that the Fair Trade Premium may be used to help address needs related to childcare where there is an identified need and if approved in the Fair Trade Premium Plan.</p>	NEW
3.4.2.b [EM-MS 5.1]	Where children of workers live on-site, access to primary education is facilitated by the employer.	P-5	<p>Clarification: The intent of this criterion is to help ensure that workers whose children live with them in employer-provided housing located at the factory, have access to schooling for their grade-school aged children. "Access" may mean providing affordable or free transportation if public transportation to schools is not available or may mean supporting the development of schools in the area via petitioning the government to construct one, directly supporting construction, staffing a school near the factory's worker housing,</p>	Broadened requirement to apply to any workers living on-site, not just permanent workers. Progress requirement for more flexibility in timing.



			<p>and/or other means of ensuring that children who live in the factory's housing have access to primary education.</p> <p>In many regions, public education and associated public transportation are available and their presence fulfills the intent of this criterion.</p>	
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POINTS AVAILABLE IN MODULE 3	Progress	Continuous Improvement
Total points available	37	33



MODULE 4: Working Hours and Occupational Health & Safety

The individual well-being of workers is directly impacted by working conditions, including working hours and occupational health and safety. Requirements in this module contribute to a reduction in incident and illness rates. 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.

SUB-MODULE 4.1: Workers Work Reasonable Hours.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 4.1.1: The regular workweek is in line with the law, applicable Collective Bargaining Agreements, and international standards. Workers receive adequate rest periods.				
4.1.1.a [ED-CE 2.1]	Workers do not work longer than 48 regular hours per week, the level agreed to in the Collective Bargaining Agreement, or the legal limit, whichever is less.	C-Y0	Clarification: Work time averaging is permitted to address irregular working hour requirements only when allowed by national law and a Collective Bargaining Agreement. In these cases, hours may be averaged over a selected period of two or more weeks and can add up to more than 48 hours in a particular week, and less than 48 hours in another week. This excludes overtime.	Added explicit reference to compliance with Collective Bargaining Agreements as well.
4.1.1.b	Employers must maintain accurate and adequate time records, which include overtime, breaks, and leave time.	C-Y0	Clarification: Employers shall not maintain multiple time-keeping systems and/or records, and all records must be authentic and accurate.	NEW Similar in intent to ED-CE 8.8 but more explicit about records.
4.1.1.c [ED-CE 8.8]	Timecards, or another recording system, must record all hours worked, including overtime hours, for all workers regardless of wage system.	C-Y0	Recommendation: Workers should personally record and/or validate time records, to ensure that the inputs for working hour records are accurate, and they understand their working hours.	Same intent with broader language to apply to different types of time recording systems.
4.1.1.d [ED-CE 2.5]	If production quotas are used, they must be based on realistic and reasonable efficiency rates.	C-Y0	Clarification: Production quotas must allow the majority of workers to complete their work within an eight-hour workday.	Covers intent of ED-CE 2.5, and ED-CE 2.6



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
ED-CE 2.6]			Workers cannot be required to work more than a regular workweek, even if they do not make quota.	
4.1.1.e [ED-CE 2.5]	Workers are consulted in setting production quotas.	CI-1		Separated best practice recommendation from ED-CE 2.5 into its own criteria.
4.1.1.f [ED-CE 2.4]	Meal and rest breaks are stipulated and respected in compliance with legal requirements.	C-Y0	Clarification: The intent of this criterion is that workers are able to take rest time in order to protect their health without losing wages. In all cases, workers must be aware of their legal rights related to breaks.	
4.1.1.g	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.	CI-3	Clarification: 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 are able to rest at their own discretion for up to 30 paid minutes per eight-hour day). Workers must still be allowed to drink water and go to the restroom as needed outside formal break time. Where informal breaks are practiced, employers must be able to demonstrate that workers are aware of their right to take informal breaks and show how workers are encouraged to do so. The required paid 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.	NEW Covers best practice recommendations from ED-CE 2.4.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>For remuneration based on production, quotas, or piecework, compensation for rest time must be based on the average or typical income per piece of labor for the equivalent period (i.e., a rest break of 15 minutes should be paid as the typical piece rate earning for 15 minutes of work). Alternatively, a guaranteed hourly or daily wage (regardless of productivity) may be created and used to calculate compensation for rest time. In these circumstances, 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 the case of hourly wage/salary workers, workers may be paid for the equivalent of 4 hours work time, during which workers actually work 3.75 hours plus take 15 minutes of formal or informal rest time, rather than through an additional payment.</p> <p>Paid breaks/rest are considered work hours that would be included in the sum of hours worked during the workweek and considered in determining if overtime was worked.</p> <p>Recommendations: 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> <p>For workers engaged in tasks that are at risk of creating repetitive strain injuries, as identified in the Hazard Assessment required in 4.3.4.b, it is recommended that workers are also encouraged to take frequent and short breaks throughout their shift to stretch and relax muscles.</p>	
4.1.1.h	Workers receive at least 24 consecutive hours of rest following every six consecutive workdays.	C-Y0	Clarification: Allowances to this rule apply only where both of the following conditions exist:	



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
[ED-CE 3.1]			<ul style="list-style-type: none"> National law allows work time exceeding this limit; and, A freely negotiated Collective Bargaining Agreement is in place that allows work time averaging, including adequate rest periods. <p>Even under exceptional circumstances, workers receive at least 24 consecutive hours of rest after 18 days.</p> <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>Rest days lost during exceptional circumstances are offered to workers at the earliest available time. Workers may choose whether or not to take those rest days. Replacement rest days must, at latest, be offered within three months, or the legal limit, whichever is less.</p> <p>Recommendations: When workers give up rest days it is best practice to assign them lighter tasks to protect against fatigue and overexertion. The replacement rest day should be offered within the following week.</p>	
Objective 4.1.2: Overtime is voluntary and not excessive.				
4.1.2.a [ED-CE 4.1 ED-CE 4.5]	All overtime is voluntary.	C-Y0	Clarification: 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.	Combines intent of ED-CE 4.1 and 4.5.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>There are no repercussions or penalties against workers for refusing to work overtime. Workers are not denied employment or discriminated against for being unable or not willing to work overtime.</p> <p>Exceptional circumstances regarding working hours have been communicated to and agreed to by workers. Documentation of this agreement shall be kept in an auditable format. This applies to all workers, including temporary and seasonal workers.</p> <p>Recommendations: It is best practice to have a written procedure for overtime work that states that overtime is always voluntary, and to train supervisors and managers on how to request overtime hours from workers in a way that is not pressuring or inadvertently coercive.</p>	
4.1.2.b	Workers do not work more than 14 consecutive hours in a 24-hour period.	C-Y0	Clarification: This includes regular and overtime hours. The intent of this requirement is to ensure minimum daily rest.	NEW
4.1.2.c [ED-CE 4.3, ED-CE 4.4]	Total working hours shall not exceed 60 hours per week or the legal limit, whichever is less.	C-Y0	<p>Clarification: This includes regular and overtime hours. Where it is not defined by national or local law, any work performed after a 48-hour week or an eight-hour day is considered overtime and must be paid at a premium rate per requirements in Objective 3.2.1. This means in most situations, overtime is limited to 12 hours a week, unless regular hours are limited to less than 48 hours by law.</p> <p>Overtime must comply with both weekly and daily legal limits.</p> <p>Allowances to working hours limits are allowed in situations of force majeure, such as severe weather conditions, a natural disaster, or an electrical outage. The justification for such exceptional circumstances must be recorded.</p>	Combined intent of ED-CE 4.3 and 4.4. Shifted criteria language to focus on the 60-hour week max in order to better accommodate countries that have restrictions on weekly regular hours that must be less than 48.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Fair Trade USA recognizes that in some circumstances complying with this criterion could require substantial operational changes that may be costly and necessitate additional time to implement. Fair Trade USA is committed to helping factories succeed in creating sustainable improvements and change in workplaces, and transparency and continuous improvement are core to the process. Therefore, where legally permitted factories facing long-term challenges to compliance, and who disclose their accurate and complete records, may obtain approval from Fair Trade USA to implement a Continuous Improvement Plan. The plan must detail steps to be taken to move towards compliance with 4.1.2.c, and/or measures to be taken to ensure overtime work does not impose an increased health and safety risk. The factory must contact Fair Trade USA to determine eligibility and apply. Any factories implementing a Continuous Improvement Plan will be marked as 'In Progress' with this requirement.</p>	



SUB-MODULE 4.2: The Work Environment at Factories is Safe.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
<p>Objective 4.2.1: Workplace hazards are minimized, and employers take all appropriate measures to ensure they and their employees are safe from harm.</p>				
<p>4.2.1.a [SR-OH 1.1, SR-OH 1.14]</p>	<p>Factory buildings and grounds are maintained to be safe, clean, and hygienic at all times.</p>	<p>C-Y0</p>	<p>Clarification: Employers must address any critical or immediate risks of injury or loss of life related to processing facility buildings and grounds. The factory is responsible for ensuring a safe environment for its workers at all times, including but not limited to maintaining the physical and structural integrity of all buildings, installations, fire safety features, and electrical safety features. Hygienic conditions also include reasonable control of any pest populations.</p> <p>Hazards that could lead to minor injuries, such as slips or falls, are clearly marked and visible.</p> <p>Buildings undergo regular maintenance and inspection of the following:</p> <ul style="list-style-type: none"> • Electrical systems; • Emergency lights; • Machines, equipment, and wiring; • Water systems; and, • Air quality where hazardous or toxic chemicals are used. 	<p>Combined intent of SR-OH 1.1 and 1.4.</p>
<p>4.2.1.b [SR-OH 1.15]</p>	<p>The factory has valid permits for all equipment used in its operations.</p>	<p>C-Y0</p>	<p>Clarification: This includes, but is not limited to:</p> <ul style="list-style-type: none"> • Elevators; • Boilers; • Generators; • Air pressure tanks; • Liquid petroleum gas tanks; 	<p>Moved example list to Clarification to increase focus on overall intent of criteria.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • Vacuum chambers; • Pressure systems; • Compressed air receivers; and • Conveyor belts. 	
4.2.1.c [SR-OH 1.18]	Lighting is adequate for workers to safely perform the tasks they have been assigned.	C-Y0		
4.2.1.d [SR-OH 1.16]	Noise levels do not regularly exceed 85 decibels.	C-Y0	Clarification: Where noise levels may exceed 85 decibels, workers must be equipped with appropriate PPE, such as earplugs. (see 4.3.2.a)	Added clarification that noise levels above this limit may occur as long as PPE is provided.
4.2.1.e [SR-OH 1.8, SR-OH 1.9, SR-OH 4.4]	All machines and equipment have adequate and appropriate safeguards and safety devices.	C-Y0	Clarification: Adequate machinery safety protocols are frequently outlined in manufacturer instructions and/or local regulations. Safeguards include, but are not limited to: <ul style="list-style-type: none"> • Emergency power cut-off; • Insulated cables; • Grounding/earthing (three-pronged plug); • Electric fan blade covers; • Safety covers for moving parts; etc. Machinery and equipment must have safety instructions displayed or posted in the factory in workers' language(s).	Combined intent of SR-OH 1.8 and 1.9. Removed specific list of safety guards that was included in 1.9, as the necessary safety devices is dependent upon the production activities occurring at a specific site.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
				<p>Public consultation: We are considering further adjustments to the structure of health and safety requirements in the FPS to be more focused on overarching concepts, and thus allow greater flexibility to adapt to new industries. Do you prefer details, like specific types of safety equipment needed for specific activities, to be included directly in the Standard, or would you find them more helpful in a separate industry specific guidance document?</p>
4.2.1.f	Machines are only operated by authorized and trained workers.	C-Y0	<p>Clarification: Workers must be trained annually on the proper use of the machines. This includes training on how to safely clean and maintain machinery.</p>	NEW
4.2.1.g [SR-OH 1.10]	Electrical systems, including wiring and electrical panel boxes, are maintained to be safe, and electrical cables and wires are safely placed.	C-Y0	<p>Clarification: Electrical equipment, wiring, and outlets must be placed, grounded, and inspected for overloading and leakage by a professional on a regular basis.</p> <p>Recommendations: The frequency of inspections should be determined according to the manufacturer’s instructions.</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.</p>	
4.2.1.h [SR-OH 1.11]	Safety hazards associated with elevators, cranes, hoists, slings, lifts, and forklifts are minimized.	C-Y0	<p>Clarification: This means that:</p> <ul style="list-style-type: none"> • Elevator shaft doors are closed when elevator is not in use; • The load capacity is clearly displayed inside or at the entrance of elevator doors, cranes, slings, hoists, and lifts; 	<p>Added reference to cranes, hoist, slings, lifts, and forklifts.</p> <p>Moved detailed list to Clarification to increase focus on overall intent of criteria.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • A warning sign advising against the use of the elevator in case of a fire is posted on or near elevator doors; • A valid maintenance certificate is posted in the elevator; and • Crane, hoist, sling, lift, and forklift operators are trained and have valid operating licenses. <p>The maintenance certificate posted in the elevator can be a photocopy if the factory keeps all original records in the office.</p>	
4.2.1.i [SR-OH 1.12]	Safety hazards associated with boilers are minimized.	C-Y0	<p>Clarification: This means that:</p> <ul style="list-style-type: none"> • The boiler is in a safe location that does not pose a danger to workers; • The boiler is maintained by a certified service provider; and, • There are "no smoking" signs posted in these areas. 	Moved detailed list to Clarification to increase focus on overall intent of criteria.
4.2.1.j [SR-OH 1.13]	Explosion hazards are minimized.	C-Y0	<p>Clarification: This includes the following measures:</p> <ul style="list-style-type: none"> • Explosive materials are locked away from unauthorized workers; • Liquid propane gas tanks/cylinders are stored safely (i.e. outdoors, posted with warnings, including "no-smoking" signs, away from exits); • Acetylene tanks are stored safely away from flammable chemicals and sources of heat; and, • Explosion-proof lights and switches in rubberized, air-tight housing, are installed in chemical storage areas or warehouses containing flammable materials. 	Moved detailed list to Clarification to increase focus on overall intent of criteria.
4.2.1.k [SR-OH 1.19]	Work areas are adequately ventilated.	C-Y0	<p>Clarification: Adequate ventilation means:</p> <ul style="list-style-type: none"> • Fumes are not more than faintly noticeable; • Dust/particulate is not more than moderately visible; 	Moved detailed list to Clarification to increase focus on overall intent of criteria.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> Where there is a risk of noxious gases, continuous monitoring gas alarm systems are installed and operational; and, Fresh air is drawn into the area and circulated. 	
4.2.1.l [SR-OH 1.17]	Temperatures in indoor workplaces accessed by individuals without appropriate Personal Protective Equipment are maintained such that heat or cold does not interfere with workers' productivity or health.	C-Y0		
4.2.1.m	Risks from bloodborne pathogens and other biohazards are minimized.	C-Y0	<p>Clarification: Applicable where bloodborne pathogens are a risk.</p> <p>Where applicable, the factory must have a bloodborne pathogen policy, and workers must receive training on bloodborne pathogens and relevant first aid.</p> <p>Hazard warning signs should be in place if there are biohazards or risk of zoonotic diseases. Bio and animal waste should be properly disposed of or destroyed.</p>	<p>NEW</p> <p>Relevant for some cosmetics production. Can include some input ingredients with biological derivatives, and if animals are used.</p>
Objective 4.2.2: The workplace is prepared for emergencies.				
4.2.2.a [SR-OH 1.2]	Fire extinguishers are maintained, fully charged, clearly marked, visible, and accessible.	C-Y0	<p>Clarification: Fire extinguishers are maintained according to the manufacturers' instructions.</p> <p>Accessible means the fire extinguishers are installed at a height compliant with local regulations and can be freely accessed.</p> <p>Fire extinguishers must be fit for purpose, including:</p> <ul style="list-style-type: none"> Appropriate to the potential risks in their respective areas; Within 75 feet (23 meters) of every worker; Stored in a dedicated location; Have written instructions for use in a language workers understand; 	Moved detailed list to Clarification to increase focus on overall intent of criteria.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • Are inspected monthly; and, • Serviced by qualified workers at least once per year, or per regulation, whichever is stricter. 	
<p>4.2.2.b [SR-OH 3.2]</p>	<p>An appropriate number of workers receive hands-on training on the use of fire extinguishers.</p>	<p>P-1</p>	<p>Clarification: At least one worker trained in how to use a fire extinguisher is present and always located in physical proximity to each fire extinguisher. Any legal requirements for training must always be followed.</p> <p>Recommendation: At least 20% of the workforce should receive hands-on training on the use of fire extinguishers.</p>	<p>Reframed requirement to be more focused on outcome and legal requirements, and more flexible as to exact number of workers that must be trained.</p>
<p>4.2.2.c [SR-OH 1.3]</p>	<p>Exit routes and exit doors are maintained, marked, and accessible (not obstructed or blocked), and workers know how to use them.</p>	<p>C-Y0</p>	<p>Clarification: Exits are unlocked when workers are present.</p> <p>Maintained means that exit routes are unobstructed, and that exit doors are functional.</p> <p>Emergency exits meet the following requirements:</p> <ul style="list-style-type: none"> • Exit doors swing out, not in. Where vertical sliding doors are installed and cannot be replaced by swing-out/push-bar doors, they are tested and maintained at least annually to ensure they operate effectively at all times, and a locking mechanism is in place to ensure that doors are locked in open position during work hours; • For exits with latches that require special operation, at least one worker trained on how to operate the latch is present and located in physical proximity to each relevant exit; • Exits lead to a safe location outside the building; • Workplaces with up to 500 workers have at least two exits that provide 22 inches (0.55 meters) of exit width; • Workplaces with over 500 workers have at least three exits that provide 22 inches (0.55 meters) of exit width; 	<p>Moved detailed list to Clarification to increase focus on overall intent of criteria.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> • Exits are on opposite sides of the workplace floor; • Each workstation is within 200 feet (61 meters) of an exit; and, • Exit signs are properly illuminated by a reliable light source. 	
<p>4.2.2.d [SR-OH 1.4]</p>	<p>Evacuation routes and emergency exits, including stairwells in multi-story buildings, are sufficient in number and capacity, identifiable, and designed in order to support evacuation of personnel.</p>	<p>C-Y0</p>	<p>Clarification: This includes that the factory complies with all legal requirements pertaining to evacuation routes. Aisles must be kept clear of equipment and materials at all times.</p> <p>Emergency exit routes and aisles must meet the following requirements:</p> <ul style="list-style-type: none"> • Aisles between workstations are wide enough for easy escape (approximately 44 inches or 112 centimeters); • Routes are marked by lines and arrows; • Updated maps of emergency exits/evacuation routes are posted prominently throughout the facility in a language understood by workers; and, • “You Are Here” markings on each map correspond to the map’s actual location. 	<p>Moved detailed list to Clarification to increase focus on overall intent of criteria.</p>
<p>4.2.2.e [SR-OH 1.5, SR-OH 1.6]</p>	<p>The indoor workplace is sufficiently equipped with functioning fire/evacuation alarms and detection mechanisms that reach all workers within the building structure in a timely manner.</p>	<p>C-Y0</p>	<p>Clarification: Any specifications mandated by local legislation must be followed.</p> <p>Where carbon monoxide is used or stored, functioning carbon monoxide detectors with an audible alarm must be properly installed at the correct height.</p> <p>Alarms must have the ability to be set off from various locations throughout the factory. This includes visual alarms where ear protective equipment is used.</p>	<p>Combined intent of SR-OH 1.5 and 1.6.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>Working emergency lights, fire alarms, and fire detection mechanisms must be backed up with batteries or a secondary power source.</p> <p>Recommendations: Emergency lights should be installed in stairwells and other key locations to illuminate exit routes.</p>	
<p>4.2.2.f [SR-OH 3.1]</p>	<p>Factory-wide fire drills (and other locally appropriate disaster training) are conducted at least twice per year.</p>	<p>C-Y0</p>		
<p>4.2.2.g [SR-OH 4.2]</p>	<p>The factory has a written and up-to-date Fire Safety Plan.</p>	<p>P-5</p>	<p>Clarification: The Fire Safety Plan must include:</p> <ul style="list-style-type: none"> • Lists of major workplace fire hazards and their proper handling and storage procedures; • Potential ignition sources and their control procedures; • Type of fire protection equipment, or systems which can control a fire involving different ignition sources; and, • Procedures for maintenance of all fire safety equipment. 	<p>Made Progress criteria to allow greater timeline flexibility for creating a documented plan.</p>
<p>4.2.2.h [SR-OH 4.3]</p>	<p>The factory has a written and up-to-date Emergency Preparedness Plan which includes:</p>	<p>P-3</p>	<p>Clarification: The Emergency Preparedness Plan must include:</p> <ul style="list-style-type: none"> • Procedures for emergencies, including weather-related natural disasters; • Type of evacuation and exit route assignments; • Procedures for reporting emergencies; • Procedures for employees who remain to operate critical plant operations before they evacuate; • Designation of assembly location and procedures to account for all employees after evacuation; • Alarm system for employees, with documented maintenance records; 	<p>Made Progress criteria to allow greater timeline flexibility for creating a documented plan.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<ul style="list-style-type: none"> Procedures to be followed by employees performing rescue or medical duties; and, Floor plan that clearly identifies all exits and exit routes. 	
Objective 4.2.3: Workers are not required to perform work that poses a risk to their health.				
4.2.3.a [SR-OH 1.20]	Workers are not required to perform any work that poses a risk to their health. 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.	C-Y0	<p>Clarification: Hazardous work can include handling or significant exposure to hazardous chemicals, working in high heat, operating heavy or dangerous machinery or tools, night work, lifting heavy objects, long periods of standing, and working at dangerous heights.</p> <p>Relevant medical conditions include pregnancy or nursing; incapacitating mental conditions; chronic, hepatic, or renal disease; respiratory diseases; and young workers. Employers must make reasonable accommodations for any such workers.</p> <p>The factory must comply with all national maternity laws when assessing employment and workplace risks to new and expectant mothers and assigning work tasks.</p> <p>Young workers are also protected under requirements in Objective 2.2.2.</p>	
4.2.3.b [ERM-HM 1.4 ERM-HM 1.5]	Workers handling any hazardous chemicals are regularly offered 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>Clarification: Where allowed under law, the employer may select the physician, but the worker may request a different physician.</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 hazardous chemicals. There can be no discrimination or punishment against workers based on the results of the medical examination.</p>	Combined intent of ERM-Hm 1.4 and 1.5. Made Progress criteria to allow greater timeline flexibility for implementation based on context and risk.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
4.2.3.c [SR-OH 9.1]	Workers have the right to remove themselves from imminent, serious danger without seeking permission from management.	C-Y0		
Objective 4.2.4: Workers have access to drinking water and sanitary facilities.				
4.2.4.a [SR-OH 7.3, SR-OH 7.4 SR-OH 7.5]	Potable drinking water is accessible at all times to all workers during their working period, and to any workers and their families that live in employer-provided housing.	C-Y0	<p>Clarification: Boiling, filtering, or chlorinating the water may be necessary to ensure potability. <i>Potable drinking water</i> means water which complies with legal requirements or the following World Health Organization parameters:</p> <ul style="list-style-type: none"> • Fecal Coliforms: Zero; • Chlorine residue or residue from other treatment disinfectants: maximum 5 mg/L; • Nitrates: 50 mg/L as nitrates; • pH: 6.5 to 8.5; • Sodium: 200 mg/L (there is no health-based guideline for this, the parameter is based on taste); • Sulfates: 250 mg/L (there is no health-based guideline for this, the parameter is based on taste); • Turbidity: Less than or equal to 5 NTU (there is no health-based guideline for this, the parameter is based on taste); and, • Arsenic: 0.01 mg/L. <p>Potable water must be clearly labelled as such.</p> <p>Any drinking water containers provided are kept clean and adequately protected to prevent contamination.</p>	Combined intent of SR-OH 7.3, 7.4 and 7.5.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
4.2.4.b [SR-OH 7.6 SR-OH 7.7]	Canteen, kitchen conditions, and food handling practices are sanitary. Kitchens and canteens have all required government health inspections and certifications.	C-Y0	<p>Clarification: Sanitary conditions for this criterion apply to all designated eating areas and kitchens made available to workers on factory premises and in factory housing, where provided.</p> <p>Recommendation: Records of inspections and certifications should be kept on file for at least 5 years, unless specified by law.</p>	Combined intent of SR-OH 7.6 and 7.7.
4.2.4.c [SR-OH 7.1]	Clean, gender-specific, sanitary facilities with accompanying hand-washing facilities are provided for workers during their working period.	C-Y0	<p>Clarification: For factories of up to 100 workers, at least one toilet per 25 employees of each gender is required.</p> <p>For factories with more than 100 workers, a ratio of one toilet for every 50 workers of each gender is required.</p> <p>Toilets have proper ventilation, adequate privacy, are clean and functional, and stocked with hand soap.</p>	Broadened overall intent.

SUB-MODULE 4.3: Workers Have Access to the Resources, Training, and Information They Need to Keep Themselves Safe.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 4.3.1: Workers have access to first aid supplies.				
4.3.1.a [SR-OH 5.3, SR-OH 5.4, SR-OH 5.5]	Adequate first aid supplies and access to medical services are available to workers in the case of workplace accidents.	C-Y0	<p>Clarification: The level of first aid equipment and supplies will vary according to the size of the workplace. First aid supplies available shall include materials needed to meet all reasonably foreseeable emergency first aid situations. These can be identified as part of the Hazard Assessment required in 4.3.4.a.</p> <p>Personnel trained in first aid shall be available in high-risk workplaces such as where sharp blades, dangerous tools, or heavy</p>	Combined intent of SR-OH 5.3, 5.4 and 5.5. Shifted focus on overarching intent and removed some of the specific details of how this had to be achieved (i.e. do not define list of items that must in a first aid kit).



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>machinery are used, but in lower-risk workplaces specific first aid training is not mandatory.</p> <p>Supplies must be accompanied by clear instructions for use, or someone present on-site who knows how to use them.</p> <p>Access to medical services includes the employer providing transportation for workers to the closest medical clinic/hospital in case of an accident.</p>	
<p>4.3.1.b [SR-OH 10.1]</p>	<p>Workers are provided with acute medical care for all workplace injuries and illnesses, as well as lost wages during immediate recovery time.</p>	<p>C-Y0</p>	<p>Clarification: The intent of the criterion is that employers ensure workers are provided with, and do not pay for, acute medical care for any workplace injuries and illnesses, and do not lose wages during treatment. Treatment and immediate recovery time are defined as the time an injured or ill worker is under medical care immediately following an accident until they are considered to be stable by a qualified first aid provider or medical professional, and/or discharged from the medical facility.</p> <p>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 while a worker is in transit to and receiving medical attention immediately after an injury or illness must be paid in full, even if insurance does not fully reimburse the employer for this. Once the worker is discharged from a medical facility, or a medical professional or a qualified first aid provider deems the worker to be stable, they are considered to be in long-term medical care and</p>	<p>Added mor clarification of how this requirement should be interpreted in different contexts.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>recovery, meaning that all medical costs and wage compensations must be covered as described in 3.2.5.b.</p> <p>Work missed due to work-related illnesses or injuries is not deducted from annual vacation leave.</p>	
Objective 4.3.2: Workers are provided appropriate Personal Protective Equipment and other equipment needed to keep themselves safe.				
<p>4.3.2.a [SR-OH 5.7]</p>	<p>Individuals use Personal Protective Equipment as appropriate to their tasks and have been trained on its proper use.</p>	<p>C-Y0</p>	<p>Clarification: This criterion is applicable to all individuals who require Personal Protective Equipment (PPE) regardless of whether they are a member of management or a worker. PPE is required for dangerous work including handling chemicals, exposure to extreme temperatures, working with sharp tools, 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 work areas that require PPE must have signs indicating equipment to be worn.</p> <p>All individuals using PPE must be 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 4.3.3.a, or it may be conducted as a separate training, for example when the PPE is first distributed.</p> <p>Recommendations: It is best practice to provide workers with clothing that is worn during work that protects workers from exposure to cold temperatures.</p> <p>Trainings can be conducted by a range of individuals, provided that they have the right expertise, and the training is of adequate quality.</p>	<p>Removed specific list required PPE, as the necessary PPE is dependent upon the production activities occurring at a specific site.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			The intent is that the user understands the proper way to use the PPE after training.	
4.3.2.b [SR-OH 5.1]	Personal Protective Equipment is functional, regularly maintained, and provided to workers free of charge.	C-Y0	<p>Clarification: The intent of this criterion is that Personal Protective Equipment (PPE) is always in good working order so that workers are protected.</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><i>Regularly maintained</i> means that, at a minimum, the manufacturer's instructions are followed.</p> <p>Workers should not take PPE home. Workers can take uniforms or work clothes off the premises for cleaning purposes.</p> <p>Recommendations: Best practice is for there to be a dedicated storage area on-site for PPE.</p> <p>It is recommended to consult the SDS/MSDS and operations manuals of equipment to determine the appropriate PPE.</p>	
4.3.2.c	The factory has all legally required showers, eyewash stations or other proper cleansing materials available for workers in the event of exposure to hazardous chemicals.	C-Y0		NEW
4.3.2.d [SR-OH 11.1]	The employer provides all workers with any required working clothes, for instance uniforms or specialized clothing, free of charge. These working clothes are replaced regularly.	C-Y1	<p>Clarification: This criterion is applicable where uniforms or specialized work clothes are required.</p> <p>Recommendation: It is best practice for the employer to provide washing machines for workers to wash their uniforms at the processing facility.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 4.3.3: Individuals have the training and information they need to keep themselves safe.				
4.3.3.a [SR-OH 3.4]	At least once per year, workers engaged in potentially hazardous work are trained in workplace hazards and how to avoid them.	C-Y0	<p>Clarification: The training can be done by the employer or a third party. If the training is done by a third party, it must be paid for by the factory.</p> <p>These trainings must be documented, and records must be kept on file for at least three years. Premium cannot be used to pay for these trainings.</p> <p>Hazardous work includes working in high heat or extreme cold, operating machinery and vehicles, using potentially dangerous tools, tasks that might result in repetitive stress injuries, and working at heights.</p> <p>Trainings must include information about possible workplace hazards and stress the importance of reporting workplace accidents and/or symptoms of repetitive strain injuries to the employer.</p> <p>For workers handling hazardous materials, training shall include:</p> <ul style="list-style-type: none"> • 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 using chemicals; • How to store and handle chemicals safely, and safely dispose of empty containers; • Signs and symptoms of chemical poisoning; and, • How to reduce spills and address them when they occur (monitoring, control, and clean up). 	



No.	Compliance Criteria	Timeline	Intent and Clarification	
4.3.3.b [SR-OH 6.3 SR-OH 6.4]	Employers must make information available to workers on the risks associated with any hazardous work, including higher risks associated with certain medical conditions.	C-Y1	<p>Clarification: This must include sharing information on risks for new and expectant mothers, as well as any other relevant medical conditions that are at a high health risk for specific tasks (see 4.2.3.a)</p> <p>Recommendation: The factory should conduct a formal written risk analysis for new and expectant mothers.</p>	Combined intent of SR-OH 6.3 and 6.4, and broadened to focus on any other medical conditions that could have specific heightened risks associated with them, not just pregnancy.
4.3.3.c	Risk areas and potential hazards are clearly identified by warning signs.	P-1	<p>Clarification: 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.</p>	<p>NEW</p> <p>Previously written warnings and signs were mentioned in various criteria. This consolidates this concept into one overarching requirement.</p>
4.3.3.d [SR-OH 1.7]	Written safety instructions are readily available in languages the workers understand and are posted for workers at their workplace. Written safety instructions and procedures have details on accident prevention and response, including pictures or pictograms where appropriate.	P-1	<p>Recommendations: These safety instructions and procedures are separate from the Health & Safety Policy (see 4.3.4.a for additional details).</p>	
4.3.3.e	Workstations shall be designed and set-up in such a manner as to minimize bodily strains. Workers have training and tools they need to prevent strain injuries.	CI-1	<p>Clarification: This includes seating and standing arrangements, and location and arrangement of tools such that they are within easy reach.</p> <p>Employers shall train workers in proper lifting techniques. Tools to help prevent strain injuries, such as lifting belts, shall be provided.</p>	<p>NEW</p>
Objective 4.3.4: Policies and procedures are in place to promote health and safety in the workplace.				



No.	Compliance Criteria	Timeline	Intent and Clarification	
4.3.4.a	There is a written Hazard Assessment that covers workers' occupational risks.	P-1	<p>Clarification: The intent of the Hazard Assessment is to identify and minimize workers' occupational risks, including accident, injury, and work-related illness rates.</p> <p>Recommendations: This hazard assessment may be included in the Internal Management System required as part of Module 7.</p>	NEW
4.3.4.b [SR-OH 4.1]	The factory has a comprehensive written Occupational Health & Safety Policy and associated procedures.	P-5	<p>Clarification: The intent of the Occupational Health & Safety Policy is to identify and minimize workers' occupational risks, as identified in the Hazard Assessment.</p> <p>Actions to be taken to minimize risks must be document in relevant procedures, and appropriate resources and staff must be dedicated to implementation.</p> <p>Recommendations: It is best practice to consider applicable national laws in addition to the requirements of the FPS when developing the policy.</p> <p>Actions may include job rotation for workers who are at risk of repetitive strain injuries, who handle chemicals, or who are exposed to extreme cold or hot temperatures.</p> <p>For tasks at risk of creating repetitive strain injuries, appropriate measures to minimize risk could include workstation redesign, tool redesign, job rotation, work pacing, or work breaks.</p> <p>Best practice is to use the hierarchy of controls when determining what actions to take to minimize specific hazards:</p> <ul style="list-style-type: none"> • The first step should be to try to eliminate the hazard. • If that is not possible, try to substitute the hazard with a safer option. 	Changed to Progress criteria to allow for greater flexibility in timeline for creating a document plan to support different contexts.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<ul style="list-style-type: none"> • If elimination and substitution are not possible, try to control the hazard using engineering (e.g., adding safety features to machinery or redesigning a task). • Administrative controls (e.g., trainings, policies, and procedures) and Personal Protective Equipment should only be used on their own as a last resort. 	
<p>4.3.4.c [SR-OH 4.5]</p>	<p>There are records of all work accidents and related first aid responses.</p>	<p>P-1</p>	<p>Clarification: The factory must maintain written records of all injuries for a minimum of two years. The records include:</p> <ul style="list-style-type: none"> • Name of worker; • Worker’s department; • Time, date, and location of the accident; • Description of circumstances (including which machinery/equipment if any involved); • Description of injury; and, • Description of treatment. <p>Recommendations: These records should be considered in the Hazard Assessment required in 4.3.4.a.</p> <p>An injury log is also recommended.</p>	
<p>4.3.4.d [SR-OH 2.1]</p>	<p>At each worksite, there is a trained individual responsible for implementing health and safety policies and procedures.</p>	<p>P-3</p>	<p>Clarification: This person brings occupational health and safety issues to the attention of the employer. The individual may have other responsibilities in the company. In this context, <i>trained</i> means that they are qualified and able to identify risks, they fully</p>	<p>Combined intent of SR-OH 2.1 and 2.2.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
SR-OH 2.2]			<p>understand the health and safety procedures and policies, and they are able to effectively explain them to others.</p> <p>Management must give the individual sufficient authority, time, and resources to effectively implement these procedures.</p> <p>Recommendations: It is recommended that this individual be a member of senior management.</p>	
4.3.4.e	<p>There is an Occupational Health and Safety Committee in place, which identifies health and safety concerns and ways to address them.</p>	P-3	<p>Clarification: The Occupational Health and Safety Committee serves to share information among workers 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 sites). In some countries, this committee may already be required by law according to the size of the workplace.</p> <p>Recommendations: Best practice is to have workers from different departments/functions represented in the Committee. The Committee should solicit information from the trained individuals responsible for implementing health and safety procedures in 4.3.4.d, and participate in the occupational Hazard Assessment and development of the actions required in 4.3.4.b. 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.</p>	NEW
4.3.4.f	<p>Incident reports are summarized annually and submitted to the Occupational Health and Safety Committee, and relevant authorities to provide notification/statistics on work-related fatalities, injuries, and diseases.</p>	P-3	<p>Clarification: Relevant authorities refers to any governmental department that requires and/or tracks workplace accidents, injuries, fatalities, or work-related diseases.</p>	NEW



POINTS AVAILABLE IN MODULE 4	Progress	Continuous Improvement
Total points available	32	5

MODULE 5: Environmental Responsibility and Management

Responsible management and good production practices can reduce negative environmental impacts. Supporting factories in implementing better production practices has myriad benefits, including minimizing adverse environmental impacts on both natural ecosystems and neighboring communities. Requirements in this section help factories protect waterways, reduce waste, reduce greenhouse gas (GHG) emissions, conserve water, minimize the use of harmful chemicals, and ensure proper waste management.

SUB-MODULE 5.1: Factories Implement Environmentally Responsible Practices and Management Systems

No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
Objective 5.1.1: Factories comply with all legal requirements and there is a continuous effort to improve environmental performance along a defined path towards cleaner production.				
5.1.1.a [ERM-MS 1.2]	The factory holds all legally required permits and licenses for its manufacturing processes.	C-Y0	Clarification: The intent of this criterion is that the factory, at a minimum, follows the local law in its attempt to protect and restore the natural environment. Permits and licenses may vary by geographic region and manufacturing process. Examples include wastewater or toxic emission permits.	
5.1.1.b [ERM-MS 1.1]	The factory has a written Environmental Policy in place which states the factory's commitment to identifying and addressing environmental risks and impacts.	P-5	The intent of this criterion is that the factory has documented their commitment to identify and address environmental risks in their operations. Recommendations: As a best practice, the Policy should be updated over time to incorporate changes to the factory's systems, and to monitor environmental performance and their plans for	Changed to a Progress criterion to allow for greater flexibility in timeline for development and implementation.



No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
			reducing risks and environmental impacts over time (see 5.1.1.c and 5.1.2).	
5.1.1.c [ERM-MS 2.1]	The factory has an Environmental Management System in place to monitor and improve its environmental performance. The Environmental Management System specifies all areas of environmental commitment and includes high-level timelines and plans for addressing each area.	CI-3	<p>Clarification: See Objective 5.1.2 for examples of areas/themes to focus on in the Environmental Management System (EMS). Factories should also consider any other key issues specific to their production.</p> <p>For this criterion, the areas included in the EMS may be addressed at a high level. Each area must be expanded upon through detailed plans in Objective 5.1.2.</p>	Changed to a Continuous Improvement criterion because a comprehensive EMS can be a significant undertaking and are often included in Standards and certifications with a primary focus on the environment. Fair Trade USA would like to encourage factories to invest deeply in practices to minimize negative impacts on the environment, and recognize those that make such investments. However, we want to balance this with a focus on worker protections and empowerment.
<p>Objective 5.1.2: Factories develop and implement plans with measurable progress, aimed at increasing efficiency and minimizing environmental impacts.</p>				
5.1.2.a [ERM-MS 3.1]	The factory has developed and is implementing a plan to monitor and reduce the use of raw materials.	CI-1	<p>Recommendation: This plan can be implemented as part of the larger Environmental Management System required in 5.1.1.c.</p>	Separated elements in original plan required under ERM-MS 3.1 in order to allow factories to focus on areas where they can make the most meaningful impact. Removed waste management and disposal plan, as already covered by 5.3.1.a.
5.1.2.b [ERM-MS 3.1]	The factory has developed and is implementing a plan to monitor and reduce energy usage.	CI-1	<p>Recommendation: This plan can be implemented as part of the larger Environmental Management System required in 5.1.1.c.</p>	Same as above



No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
5.1.2.c [ERM-MS 3.1]	The factory has developed and is implementing a plan to monitor and reduce water usage.	CI-1	Recommendation: This plan can be implemented as part of the larger environmental management system required in 5.1.1.c.	Same as above
5.1.2.d [ERM-MS 3.1]	The factory has developed and is implementing a plan to monitor and reduce air emissions.	CI-1	Recommendation: This plan can be implemented as part of the larger environmental management system required in 5.1.1.c.	Same as above

SUB-MODULE 5.2: Hazardous Materials

No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
Objective 5.2.1: All chemicals are stored, used, and disposed of in such a way as to minimize potential risk and exposure to workers, the environment, and the products being manufactured.				
5.2.1.a [ERM-HM 1.2]	Chemicals and hazardous materials are used in a way that minimizes risk and human exposure.	C-Y0	<p>Clarification: The use of chemicals in workstations must meet the following requirements:</p> <ul style="list-style-type: none"> • Chemicals kept at workstations are safely stored and clearly labeled in a language workers understand; • Areas where chemicals are used are posted with safety and warning signs; • The dispensing and mixing of chemicals are undertaken in a separate, well-ventilated room or area; • There are posted signs that require workers to wash hands after handling, storing, or disposing of chemicals in bathrooms, kitchens, and production areas; • Spilled chemicals are collected in a separate container. The contents of the container are disposed of in line with the factory's regulations and national law, and is not discharged into open water streams or sewers; and, 	Added reference to following safety precautions in SDS/MSDS.



			<ul style="list-style-type: none"> All safety precautions outlined in Safety Data Sheets (SDS/MSDS) are followed. 	
5.2.1.b [ERM-HM 1.3]	Chemicals and hazardous materials are stored and transported in a safe manner.	C-Y0	<p>Clarification: The storage of chemicals must meet the following requirements:</p> <ul style="list-style-type: none"> The bulk storage of chemicals is in a separate storage area. Only small containers with contents for daily usage are kept at the workspace/production line; Chemicals are in secure containers and labeled in a language that workers understand; The chemical storage area has adequate ventilation; Instructions for chemical handling are posted in the storage area; Safety Data Sheets (SDS/MSDS) for all chemicals used are posted or readily available; Safety Data Sheets (SDS/MSDS) are written in a language that workers understand; and, Spilled chemicals are collected in separate containers. The contents of the containers are disposed of in line with the factory's regulations and national law, and are not discharged into open water streams or sewers. 	
5.2.1.d [ERM-HM 1.1]	Written procedures are in place for reporting and responding to chemical spills.	P-1		
Objective 5.2.2: Facilities eliminate toxic and hazardous substances from products and operations.				
5.2.2.a	The factory only uses chemicals and other hazardous materials that are legally approved for use in the country.	C-Y0		NEW Intent always present.



<p>5.2.2.b [ERM-HM 1.1]</p>	<p>The factory has a list of chemicals and hazardous substances used at all sites that are included in the Fair Trade Certificate.</p>	<p>C-Y0</p>	<p>Clarification: The list must have been made or updated within the past three years and must include whether any chemicals used on-site are on the European Union’s REACH Candidate or Authorisation List of Substances of Very High Concern.</p>	
<p>5.2.2.c [ERM-HM 2.1]</p>	<p>The factory does not use any chemicals on the American Apparel and Footwear Association Restricted Substances list in the production of Fair Trade Certified product.</p>	<p>C-Y1</p>	<p>Clarification: Please see the American Apparel and Footwear Association Restricted Substance list for more details.² Recommendation: It is best practice to remove these chemicals from the entire facility.</p>	<p>Previous language was unclear if limit applied only to use in Fair Trade Certified product or the entire facility. Modified language to make clear that the minimum requirement is to remove such chemicals from production of Fair Trade Certified product only, as factories may have less control to remove such chemicals from products ordered by brands not participating in Fair Trade.</p>
<p>5.2.2.d [ERM-HM 2.2]</p>	<p>If the factory is using any of the chemicals on the European Union’s REACH Candidate or Authorisation Lists of Substances of Very High Concern in the production of Fair Trade Certified product, then the factory has and is implementing a plan to phase out the use of that chemical by the third year of certification.</p>	<p>C-Y1</p>	<p>Clarification: This applies to use in Fair Trade Certified product. Please see the European Union’s REACH Candidate or Authorisation List of Substances of Very High Concern for more details.³ REACH stands for Registration, Evaluation, Authorisation, and Restriction of Chemicals. The Candidate List shows substances of very high concern for which the European Chemicals Agency is considering imposing an authorization requirement for some or all uses.</p>	<p>Same as above.</p>

² https://www.aafaglobal.org/AAFA/Solutions_Pages/Restricted_Substance_List.aspx?WebsiteKey=49c45f4d-69b3-4c66-823a-6d285960fed2

³ <http://echa.europa.eu/web/quest/candidate-list-table>; <https://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list>



			<p>The Authorisation List, also known as Annex XIV, shows chemicals that are banned unless given authorization from the European Commission for use.</p> <p>The factory must have a plan in place to phase out the use of any chemicals on this list by Year 3, at the time of the Year 1 audit.</p> <p>The Year 3 audit will verify that the plan has been fully implemented, and that any chemicals on these lists are phased out of use.</p> <p>Recommendation: It is best practice to remove these chemicals from the entire facility.</p>	
5.2.2.e [ERM-MS 2.2]	The factory has a list of accredited suppliers from whom the factory sources potentially dangerous synthetics and chemicals.	C-Y1		

SUB-MODULE 5.3: Waste Management

No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
Objective 5.3.1: All waste is disposed of in a manner that protects human and ecosystem health.				
5.3.1.a [ERM-WM 1.1]	A waste management plan for the proper disposal of waste is developed and implemented in order to minimize associated pollution and health risks.	P-3		
5.3.1.b [ERM-WM 1.5]	Waste is stored and disposed of only in designated areas, at least 200 meters from water bodies.	P-1	<p>Clarification: All waste storage areas are properly maintained, covered, paved, and protected from the weather and from any fire risk.</p> <p>Properly maintained includes that waste is segregated by type, regularly collected/not over-flowing, and that hazardous and non-</p>	Previously was only a recommendation that waste storage and disposal be separated from water bodies by at least 200 meters. Now required.



No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
			hazardous waste are stored properly. Hazardous waste includes empty chemical containers and other items contaminated with hazardous chemicals.	
5.3.1.c [ERM-WM 1.2]	Chemical and hazardous waste that is to be disposed of is picked up by an authorized hazardous waste transporter and taken to an authorized waste disposal and recovery site.	P-1		
Objective 5.3.2: Wastewater is discharged in a manner that protects human and ecosystem health.				
5.3.2.a [ERM-WM 1.3]	Wastewater is not discharged directly into the natural environment, including water bodies, without prior appropriate treatment.	C-Y0	<p>Clarification: The intent of this criterion is that all wastewater must go through some sort of treatment before being discharged. Wastewater includes any water that has been adversely affected in quality by production, processing, or packaging activities. This includes, but is not limited to, water contaminated by human waste, chemical container or equipment rinse water, and water from dying, washing, spray painting, screen printing, etc.</p> <p>The risks associated with wastewater discharges vary depending on what processes the water was used for, what chemicals may be in the wastewater, and where and how that water is discharged. The factory should take into account the specific wastewater associated risks of their operations when developing their Environmental Monitoring System required under 5.1.1.c.</p>	
5.3.2.b	Measures are in place to ensure that discharged wastewater does not pollute drinking water sources.	C-Y1	<p>Clarification: The intent of this criterion is to specifically protect sources of drinking water as the highest priority.</p> <p>This criterion refers to wastewater that might indirectly reach or accidentally contaminate drinking water sources.</p>	<p>NEW</p> <p>Similar in intent to 5.3.2.a above and ERM-WM 1.3, but puts greater emphasis on protection of drinking water sources.</p>



No.	Compliance Criterion	Timeline	Intent and Clarification	Summary of Changes
			<p>The measures must include an emergency plan if an accident causes potential contamination to a drinking water source. As a part of the emergency plan, municipal officials and relevant water agencies must be notified immediately.</p>	
5.3.2.c	<p>Factories develop and implement a plan to monitor wastewater quality and, where necessary, implement an improvement plan to protect surrounding communities and waterways.</p>	CI-1	<p>Clarification: The intent of this criterion is that all wastewater is monitored, and improvements are put into place in order to meet safe water quality parameters to minimize risks to human health and the environment. In developing this plan, farms and facilities shall consider differing risk levels of wastewater based on where it is released, what chemicals may be present in it, etc. This plan may be developed by an independent third party.</p> <p>Wastewater quality targets shall use local law as reference. In the absence of legal guidance on any of the following indicators, the target levels are:</p> <ul style="list-style-type: none"> • Dissolved Oxygen at or above eight mg/L, corresponding to a saturation percentage of 80% at 20°C; • PH between six and nine; and, • Zero fecal coliforms. <p>All indicators above must be included in wastewater quality monitoring.</p>	NEW

POINTS AVAILABLE IN MODULE 7	Progress	Continuous Improvement
Total points available	13	8



MODULE 6: Transparency & Traceability

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

- Traceability – Only products whose required production activities are covered by a valid Fair Trade certificate and is sold to a licensed trader who has agreed to pay Fair Trade Premium, may be labelled as Fair Trade Certified.
- Contracts and Agreements – Clear terms of trade are critical in ensuring factories and workers know what to expect from their participation in fair trade. Contracts and agreements 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 and participating sites 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.

Many requirements in Module 6 apply to the documentation and agreements around sales of the Fair Trade Certified product. Where the Certificate Holder is the same legal entity selling product, these requirements apply to the Certificate Holder. In the case that there is a separate legal entity acting as a vendor(s), these requirements will apply to the vendor site(s). Such criteria make specific reference to the Certificate Holder or its vendors. Some requirements are applicable at all individual sites as well and are indicated in the All Sites column.

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

SUB-MODULE 6.1: Supply Chain Traceability.

No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
Objective 6.1.1: Fair Trade Certified products are clearly identifiable.					
6.1.1.a	Fair Trade Certified product is clearly identifiable.	C-Y0	C-Y0	<p>Clarification: This could be a system or records indicating which specific product lines are intended to be sold as Fair Trade Certified.</p> <p>Factories must be able to identify Fair Trade Certified product to ensure that only products that have been produced and ordered as Fair Trade will be labelled and sold as Fair Trade Certified. This is to ensure that not only are required production activities covered by a valid Fair Trade certificate, but also to ensure that</p>	NEW



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
				<p>product labelled as Fair Trade Certified is only sold to licensed traders who have agreed to pay Fair Trade Premium.</p> <p>See 6.3.5.a for requirements around the use of the Fair Trade Certified seal to identify Fair Trade Certified product.</p>	
6.1.1.b	There is a procedure in place documenting how Fair Trade Certified product is produced and sold. The procedure is followed.	C-Y0	C-Y0	<p>Clarification: There is a written description of the product flow from the primary production factory through any subcontractors and vendors to the buyer. All parties involved in the procedure are aware of it and follow it in their work.</p> <p>This procedure ensures traceability and accuracy of Fair Trade Certified product volumes. It shall start at the primary production factory and cover all movement of product between sites and to the point of sale. The process shall also cover product being held or processed by subcontractors.</p>	NEW
Objective 6.1.2: Documentation and records are kept of all Fair Trade USA production and sales.					
6.1.2.a [TR-ST 1.1]	There is an up-to-date list of all entities not in scope of the Certificate which are involved in the Fair Trade Certified product supply chain, including name, location, key contact person and contact details for each.	C-Y0	C-Y0	<p>Clarification: The list must include any subcontractors who will be handling Fair Trade Certified product, all material suppliers of Fair Trade Certified product, as well as any homeworkers performing work on Fair Trade Certified product.</p> <p>As per Fair Trade USA's glossary, a subcontractor is an individual or company that is neither managed nor subject to a controlling interest by the Certificate Holder which does not take legal ownership of the Fair Trade Certified product but provides services to process, pack, or transform the product. Examples of subcontractors include but are not limited to washing facilities, dye houses, embroiderers, accessory and embellishment facilities, and homeworkers.</p>	



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
				See Objective 7.6.2 for further requirements on subcontractors and homeworkers.	
6.1.2.b [TR-SC 2.1]	Records are maintained of production work outsourced to separate entities.	C-Y1	C-Y1	<p>Clarification: This includes work performed by subcontractors or home workers. Records must include the name of the person in charge, the location, and the details of orders given.</p> <ul style="list-style-type: none"> • The “name of the person in charge” is the person at the factory who assigns the production work to a homemaker or subcontractor; • “Location” is where the homemaker or subcontractor is located; and, • “Details of order” is the homemaker or subcontractor’s name, the type of product the homeworkers or subcontractor is assigned to work on, and the quantity of product received. 	
6.1.2.c	<p>Records are maintained of all products sourced or purchased as Fair Trade Certified from entities included in the scope of the Certificate. These records indicate:</p> <ul style="list-style-type: none"> • The name of the individual supplier; • Date of purchase or sourcing; • Product name; • Quantity; and, • Price paid. 	C-Y0	NA	<p>Clarification: The intent of this requirement is that the Certificate Holder or vendor has records to trace all Fair Trade Certified products sourced from within its Certificate. 6.1.2.e covers documentation of sales to Fair Trade buyers.</p> <p>Recommendations: Documentation should be kept on file in an accessible format for three years.</p>	NEW



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
6.1.2.d	<p>There are records of all Fair Trade USA sales to Fair Trade buyers. These records include:</p> <ul style="list-style-type: none"> • The quantity; • The name of the buyer; • The date of the transaction; • The Fair Trade ID of the buyer; and, • A reference that allows the Conformity Assessment Body to link these records with the corresponding sales documentation. 	C-Y0	NA	<p>Clarification: This relates to internal record keeping of transactions conducted between the Certificate Holder or vendor and their buyers.</p> <p>Note, that where transactions are conducted by a vendor, these records need to also be accessible to or shared with the Certificate Holder, to ensure they have visibility into Fair Trade sales</p> <p>Records shall be kept in an accessible format and retained for a minimum of three years.</p>	NEW
6.1.2.e	<p>All sales documentation (e.g. invoices, bills of lading, delivery notes) related to the Fair Trade Certified product clearly state the:</p> <ul style="list-style-type: none"> • Fair Trade ID of the Certificate Holder; • Fair Trade ID of the buyer; • Name of Fair Trade Certified products; • Quantity of the product being sold as Fair Trade Certified; • Product characteristics when sold; and, • Applicable dates of transactions. 	C-Y0	NA	<p>Clarification: The documentation required is between the Certificate Holder or vendor and a Fair Trade buyer.</p> <p>For any invoices that include Fair Trade Premium, the amount of Premium must be clearly distinguishable from the product price.</p> <p>Product characteristics must include which Fair Trade seal applies (Fair Trade Factory or Sewing, Fair Trade Certified Cotton, or full Fair Trade Certified seal.</p> <p>Fair Trade Certified products must be identifiable on the line item of the sales documentation. If all products on the invoice or purchase order are certified, this may be identified at the top of the document.</p>	NEW



SUB-MODULE 6.2: Agreements are Followed.

No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	
Objective 6.2.1: All fair trade agreements between the Certificate Holder or vendor and its buyers are honored.					
6.2.1.a	All elements of Fair Trade USA transactions fixed in signed written agreements between the Certificate Holder or its vendor and its buyers are honored unless both parties agree to a change in writing.	C-Y0	NA	<p>Clarification: The intent of this criterion is that it is the responsibility of the Certificate Holder or its vendor to not default on terms agreed upon in order to take advantage of changes in market conditions, to the detriment of its buyers.</p> <p>Recommendation: The Certificate Holder or its vendor should review requirements of the Fair Trade USA Trade Standard. These requirements are intended to support the Certificate Holder or its vendor have fair and transparent trading terms with its buyers. While it is the primary responsibility of the buyer, as a licensed trader, to ensure agreements comply with Trade Requirements, including defining terms and transfer of Premium payments, the Certificate Holder or its vendor should review such agreements to ensure all required terms are covered.</p> <p>In order to ensure timely receipt of Premium, it is recommended that agreements with buyers include a description of how Premium shall be invoiced by the Certificate Holder or its vendor. Such timelines must be followed.</p>	NEW
Objective 6.2.2: There are signed agreements with entities supplying Fair Trade Certified product which define the general terms of trade.					
6.2.2.a	There is a signed written agreement with all suppliers in the scope of the Certificate defining the terms of trade. At a minimum the agreement includes: <ul style="list-style-type: none"> The price to be paid for the product or service, if relevant; 	C-Y0	NA	<p>Clarification: The agreement is intended to outline the trade relationship between the Certificate Holder or vendor and all entities from which they are sourcing Fair Trade Certified product, so that terms of trade are transparent and clearly understood by all parties.</p>	NEW



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	
	<ul style="list-style-type: none"> • Payment terms, and the party responsible for paying Premium; • Terms of delivery; • Product description; and, • A mechanism to resolve conflicts. 				
6.2.2.b	The agreement in 6.2.2.a is followed and Premium calculation and payment are in compliance with requirements for Fair Trade Premium.	C-Y0	NA	Clarification: The intent is that Premium calculation and payment are always compliant with Fair Trade USA's requirements on Fair Trade Premium, independent of the contract contents.	NEW
Objective 6.2.3: The Fair Trade Committee receives the correct amount of Premium in a timely manner.					
6.2.3.a [ED-FTP 1.1]	Where the Certificate Holder or its vendor is responsible for transferring the Fair Trade Premium to the Fair Trade Committee, the correct amount of Premium is transferred and no deductions are made. The Premium is transferred to the Fair Trade Committee no more than one month after the Certificate Holder or vendor receives the Premium.	C-Y0	NA	Clarification: If there are multiple Fair Trade Committees and the Certificate Holder or its vendor is responsible for distributing Premium, the correct amount of Premium is paid to each Fair Trade Committee according to the rules agreed to by the Fair Trade Committee membership as required in 1.2.1.a and 1.2.1.b. If the bank account (1.2.4.b) is not set up by the time Premium is received, the Certificate Holder or vendor has a signed agreement with a representative of the Premium Participants that acknowledges the Premium Participants as the true owners and details the transfer to the Premium bank account once arranged.	Transfer of Premium to the FTC account, where relevant, now must be made within one month after it is received.

SUB-MODULE 6.3: Certificate Holders Are Transparent with Fair Trade USA and the Conformity Assessment Body.

No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
Objective 6.3.1: Certificate Holders only sell Fair Trade Certified products in accordance with the scope of their Certificate.					



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
6.3.1.a	The Certificate Holder or its vendor does not sell product as Fair Trade Certified unless the product and all required production sites have been included in the scope of the Certificate.	C-Y0	NA	<p>Clarification: The intent of this criteria is that products sold as Fair Trade Certified have been produced at sites covered by a valid Certificate. A valid Certificate means that entities have an active certification status.</p> <p>See the <i>Requirements for Certificate Scope Under the Factory Production Standard</i> for details of entities and activities included under the scope of the Certificate. Note that a list of sites included in the scope of the Certificate is required in 7.1.2.a.</p> <p>Requirements for adding sites to the scope of the Certificate are defined in 7.2.3.d.</p>	NEW
Objective 6.3.2: The Certificate Holder and all sites allow Fair Trade USA and approved Conformity Assessment Bodies to perform assurance activities against the scope of their Certificate.					
6.3.2.a [TR-BR 1.1 TR-BR 1.2]	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	C-Y0	<p>Clarification: Auditors must be permitted access to any site that is included in the scope of the Certificate, as well as its related records, management, and workers in a timely manner.</p> <p>Management does not interfere in the conduct of Fair Trade USA’s audits, including the selection of documents, workers chosen by auditors for interviews, and/or by coaching workers.</p>	
6.3.2.b [EM-PTA 1.1]	Workers are not penalized for participating or providing information/feedback to auditors.	C-Y0	C-Y0		



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
6.3.2.c [TR-BR 1.3]	Management is transparent with Fair Trade USA and its auditors.	C-Y0	C-Y0	Clarification: Accurate records must be shared and factory management must be honest and transparent in discussing compliance with auditors and Fair Trade USA.	
6.3.2.d	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. This person understands the scope of his/her responsibilities.	C-Y0	NA	Clarification: Relevant information includes, but is not limited to, changes to the scope of the Certificate, contact information, serious non-compliances identified, as well as any information that would make compliance to the FS no longer possible by the Certificate Holder.	NEW
6.3.2.e [TR-BR 2.2]	Records and all required documentation are kept for a period of at least three years.	C-Y3	C-Y3		
Objective 6.3.3: All additional activities required of the Certificate Holder in order to demonstrate compliance with the Factory Production Standard (FPS) and the Fair Trade USA program have been met.					
6.3.3.a	Conditions of all exceptions granted by Fair Trade USA have been met.	C-Y0	NA	Clarification: In instances where the Certificate Holder has been granted an exception, any conditions associated with this exception shall be checked during an audit.	NEW
6.3.3.b	The Certificate Holder submits information to Fair Trade USA when requested.	C-Y0	NA	Clarification: This includes, but is not limited to, sales reports and Premium spending reports.	NEW
Objective 6.3.4: Certificate Holders abide by the rules applicable during suspension.					
6.3.4.a	If the Certificate Holder is suspended, contracts or purchase agreements for Fair Trade Certified product that have already been signed must still be fulfilled. New contracts may be signed, but only with buyers	C-Y0	NA	Clarification: During a suspension, the creation of new trade relationships is not allowed. Additional rules of suspension may apply.	NEW



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
	with which the Certificate Holder or its vendor has an existing trade relationship (commercial transactions that have taken place in the previous 12 months). New contracts or purchase agreements of Fair Trade Certified product may be accepted by the Certificate Holder or it's vendor only if they can be fulfilled prior to the end of the suspension period (the decertification deadline).				
Objective 6.3.5: Products may only use the Fair Trade Certified seal if approved by Fair Trade USA.					
6.3.5.a	The Certificate Holder or its vendor does not sell finished product with the Fair Trade Certified seal unless it has a license agreement with Fair Trade USA allowing it to do so, or is performing labeling on behalf of a licensed trader.	C-Y0	NA	<p>Clarification: Only partners who sign a licensing agreement with Fair Trade USA may use the Fair Trade Certified seal and claim on finished products. Usage of the Fair Trade Certified seal on finished products has received prior approval from Fair Trade USA.</p> <p>Factories that are applying the Fair Trade Certified seal according to labeling specifications set by a buyer who themselves has a license agreement with Fair Trade USA do not need to sign a licensing agreement, as the buyer is responsible for ensuring approval of seal usage.</p> <p>Organizations that are certified to sell Fair Trade Certified products may use the Fair Trade Certified seal and claim in promotional materials (such as brochures, websites, or wholesale packaging). Any usage of the seal and claim is in accordance with the Seal Use Guide.</p>	NEW
Objective 6.3.6: Fair Trade Certified product is not sold to decertified buyers.					



No.	Compliance Criteria	CH or vendor	All Sites	Intent and Clarification	Summary of Changes
6.3.6.a	Fair Trade Certified product is not sold to decertified buyers from the date of the buyer's decertification. In such cases, contracts or purchase agreements that have not yet been shipped shall not be classified as Fair Trade Certified contracts or purchase agreements.	C-Y0	NA	Clarification: The intent of this criterion is that product is not sold to decertified operators, even if they have been Fair Trade Certified at one time. This means that the product can no longer be sold as Fair Trade Certified to the decertified buyer and cannot be marked as such to any decertified buyer or by any decertified buyer.	NEW

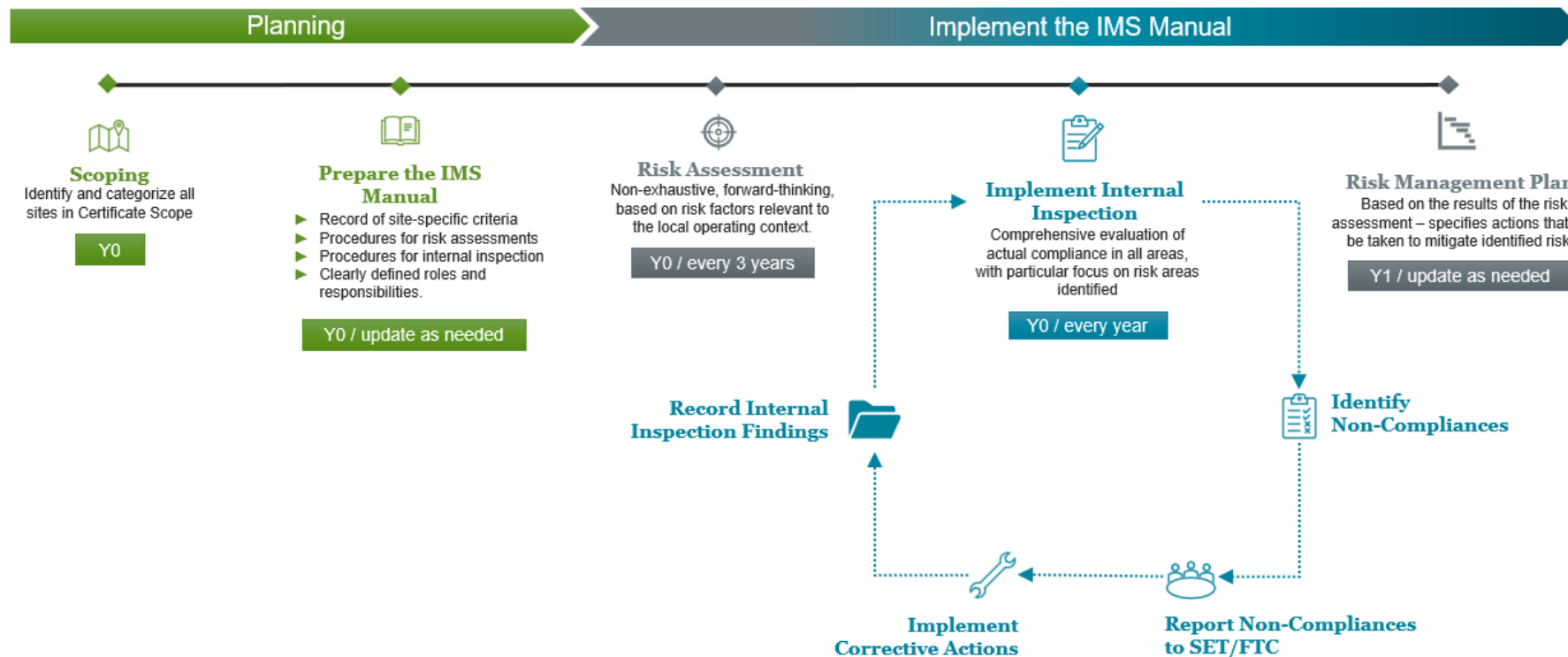
POINTS AVAILABLE IN MODULE 7	Progress	Continuous Improvement
Total points available	0	0



MODULE 7. Internal Management System

A management system is a tool to help organizations meet its objectives, and can be used to improve quality, manage environmental and health and safety implementation, or improve social performance and compliance to specific standards. The management system consists of a suite of policies, procedures, and processes, as well as trained personnel, that work together to help achieve the organization’s objectives. A functioning management system within a factory and certified group is necessary to support the implementation of the Factory Production Standard (FPS), the empowerment of workers, and improvement over time. 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 FPS. The IMS focuses on identifying risks of non-compliance with the FPS, monitoring those risks, and taking measures to address areas where non-compliances with the FPS are identified on all sites included in the scope of the Certificate. Planning, implementation, and record keeping are fundamental to the success of the IMS.

The IMS module will be best positioned to achieve the desired outcomes outlined above by implementing as follows:



The Certificate Holder must ensure that roles and responsibilities related to implementing the IMS are clearly understood by all parties in the scope of the Certificate. 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 FPS correctly.

Summary of Changes: While many of the components of an IMS were included in the previous version of the FPS, they were not centralized as a comprehensive system. Numerous specific policies and procedures were required throughout the FPS, focusing on content of such policies and procedures as a way to achieve desired outcomes. With the FPS 2.0.0, we have centralized all such requirements into a comprehensive IMS. Requirements for specific documented policies and procedures have been simplified, putting greater emphasis on the achievement of outcomes and processes and structures in place to improve performance over time.

SUB-MODULE 7.1: An Internal Management System is Created to Facilitate Compliance and Improvements.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.1.1: At least one person is appointed as responsible for compliance with the FPS and management of the Internal Management System.				
7.1.1.a [EM-MS 2.1 EM-MS 3.2]	One or more people are responsible for the overall management of the Internal Management System, as well as for the management of compliance with each FPS module.	C-Y0	<p>Clarification: The Certificate Holder shall clearly identify who is responsible for the overall management of the Internal Management System (IMS Manager), as well as any individual(s) responsible for the implementation of and training for each module of the FPS. These roles can be filled by the same person.</p> <p>The IMS must include a commitment by senior management to comply with the FPS and provide the appropriate resources and authority to personnel who manage implementation of the FPS.</p> <p>In order to adequately implement human resources (HR) requirements, there must be an experienced and qualified HR manager included with clear responsibilities related to human resources systems and compliance with relevant requirements. The HR Manager must be an experienced professional, trained in human resources management. S/he has the authority to make HR decisions</p> <p>Recommendations: Where there are multiple sites within the Certificate implementing the same management system, it is best practice to have an on-site management representative that serves as a point person for each site on IMS matters.</p>	Previously this was to be defined as senior management and was not tied to a formal internal management system. Senior management may still be responsible for this role and have responsibilities under the IMS, but this is framed differently. Merged EM-MS 3.2.



No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.1.2: The Certificate Holder can verify eligibility of the factory under the Factory Production Standard scope requirements.				
7.1.2.a	The Certificate Holder demonstrates eligibility in line with the requirements laid out in the <i>Requirements for Certificate Scope Under the Factory Production Standard</i> .	C-Y0	<p>Clarification: The intent of this criterion is to:</p> <ul style="list-style-type: none"> • Verify that the scoping of the Certificate is accurate; • Ensure all sites which must be included in the scope of the Certificate are included in the audit; • Clearly identify sites that are eligible to be included in the scope; and, • Ensure there are no clear violations revealed that would find the factory to be ineligible for certification. <p>For details on applicability of sites, see the <i>Requirements for Certificate Scope Under the Factory Production Standard</i> policy.</p> <p>Note, 7.2.3.d covers requirements for adding sites to the scope of the Certificate.</p>	<p>NEW</p> <p>Intent always present.</p>
Objective 7.1.3: The Certificate Holder identifies and documents where and by whom Fair Trade Certified product is produced and stored, and keeps an up-to-date list of all sites within scope of the Certificate.				
7.1.3.a	There is an up-to-date list of all sites within scope of the Certificate. This includes any sites where production of Fair Trade Certified product takes place and/or is handled, and any sites acting as vendors. The list includes each site name, location/address, number of workers, production activities, and the date of most recent building inspection.	C-Y0	<p>Clarification: ‘Sites’ refers to all buildings where production of a Fair Trade Certified product takes place. The list allows the Conformity Assessment Body to easily identify sites where production of Fair Trade Certified product takes place.</p> <p>This list shall be reviewed annually in preparation for the annual audit and updated where necessary.</p> <p>As part of the list, the Certificate Holder shall document each entity and detail the activities that take place at each site, including the flow of product in and out of the site.</p>	<p>NEW</p> <p>Similar to TR-ST 1.1 that was for subcontractors only. Also now asks more specifically for product flow and how it moves through multiple sites when multiple are included in scope of the same Certificate.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			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 coming year.	
7.1.3.b	The Certificate Holder maintains a map of all areas within Certificate scope where production on Fair Trade Certified product takes place.	C-Y0	Recommendations: Best practice is for facilities to be mapped with GPS references.	NEW
Objective 7.1.4: An Internal Management System (IMS) Manual is created.				
7.1.4.a [EM-MS 3.1]	<p>An IMS Manual exists that covers sites, individuals, and activities in scope of the Certificate and includes the following:</p> <ul style="list-style-type: none"> • A checklist of FPS criteria applicable to each site; • A procedure by which to conduct a risk assessment (see 7.2.2.a); • Internal defined inspection procedures (7.1.4.b); • A mechanism to resolve non-compliances revealed in the internal inspection (7.1.4.c) • Personnel, roles, and responsibilities related to the implementation of the FPS (see 7.1.1.a); and, • Details of the role of the Certificate Holder in facilitating the implementation of Module 1 of the FPS; • Stated goals for each policy under the IMS; • A process for evaluating the effectiveness of the IMS (7.4.1.a) 	C-Y0	<p>Clarification: There is one Manual that compiles all of the procedures, policies, and activities needed to fulfill other criteria in this module.</p> <p>The checklist applicable to each site is determined according to how the factory operates and activities at each site. For example, if there is a site acting as a vendor where no production activities take place, the vendor site would only be responsible for applicable requirements in Module 6</p> <p>In developing the IMS Manual the Certificate Holder must consider and specifically highlight the roles and responsibilities of any third-parties, including implementation partners and labor contractors.</p> <p>For all policies and procedures, there is a stated goal. The process for evaluating the effectiveness of the IMS shall state why the IMS process did or did not achieve stated goals.</p> <p>See 7.4.1.a for more details on what an effective IMS is and how to evaluate this.</p>	Previously the FPS specifies management systems for specific elements of the standard distinctly. Now, these are all to be held in one central IMS system all together. Improvement of systems was pulled out into another section and built out more. Risks are identified through a separate distinct risk assessment and mitigation process outlined in more detail below.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>Recommendations: The Manual may also include other requirements against which each site will be evaluated, such as internal rules or other certification scheme requirements.</p> <p>Best practice is to work with any labor contractors to develop their own manual or to share with them an abbreviated version of the Certificate Holder’s IMS Manual.</p> <p>It is best practice to update the content of the Manual as changes occur within the scope of the Certificate.</p>	
7.1.4.b	The internal inspection procedure defined by the Certificate Holder specifies when and how each site within Certificate scope will be inspected. The procedure is included in the IMS Manual.	C-Y0	<p>Clarification: Site managers are aware of the procedure and are aware that unannounced inspections may take place.</p> <p>Recommendations: 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 are being conducted and/or when the majority of workers are present at the factory.</p>	<p>NEW</p> <p>While a self assessment was required before, there was not an explicit criteria for defining the process.</p>
7.1.4.c	The IMS Manual includes a mechanism to resolve non-compliances identified during the internal inspections.	C-Y0	<p>Clarification: The intent of this criterion is to ensure that there is an agreed upon, documented 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 7.2.2.b, which is intended to prevent non-compliances. Internal inspectors may play a role in resolving non-compliances.</p> <p>As part of the management of the Internal Management System (IMS), the IMS Manager shall elect an individual or a committee to</p>	<p>NEW</p> <p>This was not an explicit requirement of the self assessment process before.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
			be responsible for reviewing and approving corrective actions, as well as following up where appropriate. Recommendations: It is best practice for the Certificate Holder to have a sanctions and appeals procedure for operations with serious non-compliances found during internal inspections.	

SUB-MODULE 7.2: The Internal Management System is Implemented.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 7.2.1: The IMS Manual is followed.				
7.2.1.a	The IMS Manual is followed.	C-Y0		NEW
Objective 7.2.2: A risk assessment is carried out according to the IMS Manual to identify areas of risk for non-compliance with the FPS, and to guide the focus of the internal inspection.				
7.2.2.a	The Certificate Holder carries out a risk assessment every three years identifying areas of risk for non-compliance with the FPS.	C-Y0	Clarification: The risk assessment is a forward-thinking process, the results of which shall inform a change in operation to mitigate possible risks from becoming a reality. It is not meant to be an exhaustive evaluation of the entire set of criteria, and should 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. This also includes the risk of non-compliance with future year criteria. The results must be used to identify the specific criteria that will be checked during the internal inspection. The risk assessment must also be a key input into the review of the IMS, including the development and improvement of policies and procedures.	NEW While risk was mentioned as part of the self-assessment [EM-MS 3.3], a distinct risk assessment was not required.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>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 new product line or new site.</p> <p>Recommendations: As a best practice, the risk assessment should be updated annually.</p> <p>It is possible to combine sites as long as the risks at each site are clear in the internal inspection.</p>	
7.2.2.b	A Risk Management Plan is designed and implemented based on the results of the risk assessment.	C-Y1	<p>Clarification: The Risk Management Plan identifies specific actions that can be taken to further reduce or mitigate the risk of facilities becoming non-compliant with the FPS. 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 7.1.4.c. The Risk Management Plan is intended to help prevent non-compliances, while the remediation process corrects existing non-compliances.</p>	NEW
Objective 7.2.3: There is an annual internal inspection.				
7.2.3.a [EM-MS 3.3]	There is an annual internal inspection of all sites included in the scope of the Certificate.	C-Y0	<p>Clarification: This is according to the procedure outlined in the IMS Manual (7.1.4.a) and defined in 7.1.4.b.</p> <p>The intent of this criterion is to help evaluate the policies, procedures, and risk mitigation strategies put in place to see if they are achieving the outcomes of the FPS.</p>	Previously, this internal audit did not have to take place until Year 3, however in the new version of the standard, this is to be conducted prior to the Year 0 audit. The internal inspection is an important compliance management tool, which also serves as a good means to prepare for an



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			<p>All production sites must receive an on-site inspection, while sites acting as vendors may be assessed through remote verification, where feasible.</p> <p>Recommendations: It is best practice for the internal inspection to be a proactive process. This way all requirements, regardless of compliance year, are evaluated to help plan in advance of the compliance schedule.</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. It is best practice to compare the results of the internal inspection with the results of the external audit to identify systematic non-compliances and improve the internal inspection system.</p>	<p>audit and establish a baseline of where the factory(ies) are at before entering the program. This is also now distinct from the risk assessment which serves a different purpose.</p>
7.2.3.b	<p>Records are kept of internal inspections of each site, which include the following:</p> <ul style="list-style-type: none"> • Date of inspection; • Name and identification of site inspected; and, • Identification of corrective actions taken to resolve any non-compliances. 	C-Y0	<p>Clarification: The intent of this criterion is to have a site-specific registry which will help address potential non-compliances by site.</p>	NEW
7.2.3.c	<p>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.</p>	C-Y0	<p>Clarification: The factory 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 factory have been resolved appropriately.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
7.2.3.d	All new sites have gone through an internal inspection and meet requirements of the FPS prior to being included in the scope of the Certificate.	C-Y1	<p>Clarification: This includes any new buildings added to the Certificate scope.</p> <p>The intent of this criterion is to identify any non-compliances and ensure that they are adequately resolved before new sites are added to the scope of the Certificate. Note that the Conformity Assessment Body must be informed about new sites to be added to the Certificate, and that an additional audit might be triggered. Criterion 7.2.2.a provides examples of significant changes to scope. Please review the Changes to Certificate Scope Procedure to determine if an audit must be carried out.</p>	NEW

SUB-MODULE 7.3: The Factory Establishes Appropriate Policies and Procedures and Training of Management and Workers to Implement the Factory Production Standard Requirements.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.3.1: The factory establishes policies and procedures to implement the Factory Production Standard				
7.3.1.a [EM-MS 1.1]	The factory incorporates Corporate Social Responsibility into its written mission or policy statement(s). The mission or policy statement is publicly available.	C-Y0	<p>Clarification: Workers are recognized as an integral part of this written mission or policy statement(s). The term Corporate Social Responsibility does not need to be a part of the mission statement, but it should be clear the objectives of the company are aligned with the objectives of the FPS.</p> <p>Publicly available means the mission or policy statement is available on the organization’s website, included in an annual report, or available upon request.</p> <p>Recommendations: Objectives or values associated with the FPS include, for example, worker support and empowerment, fair treatment of workers, and social and environmental responsibility.</p>	Largely unchanged, updated language. Now the policy needs to be made publicly available.



No.	Compliance Criteria	Timeline	Intent and Clarification	
<p>7.3.1.b [SR-PC 2.1, SR-PC 3.4, SR-FL 1.2, SR-FA 1.1, SR-ND 1.2 ED-CE 1.2]</p>	<p>The factory establishes appropriate human rights policies and associated procedures on the following:</p> <ul style="list-style-type: none"> • Prevention of human trafficking and forced, bonded, and compulsory labor (Sub-module 2.1); • Prevention and remediation of child labor and protection of young workers (Sub-module 2.2); • Prevention of discrimination, harassment and abuse, including a distinct section on sexual harassment (Sub-module 2.3); • Respect for the rights of Freedom of Association and Collective Bargaining (Sub-module 2.4). 	<p>C-Y0</p>	<p>Clarification: Policies must outline commitments to all requirements related to human rights as defined in Module 2, and procedures must outline the tangible steps to achieve those outcomes.</p> <p>Policies and associated procedures should reflect the complexity and risk of the operation</p>	<p>Previously, all human rights policies were separated by topic, throughout the standard. These are now all merged into one. These policies are specifically relating to CCs that are based on the ILO Core Conventions. Outcome-based requirements associated with these policies are found in Module 2 (e.g. there is no child labor) and the policies and procedures must cover all the related, outcome-based requirements listed.</p>
<p>7.3.1.c [EM-MS 4.1, ED-CE 6.3, 2.2, 8.1, 8.2]</p>	<p>The factory has a written Human Resources policy that at a minimum covers:</p> <ul style="list-style-type: none"> • Definition of each employment status (e.g. temporary, permanent, part-time, full-time) as well as the maximum working hours, including overtime, allowed for each status; • Hiring and recruitment practices; • Wages, overtime wages, piece rate, and/or production bonuses; • Description of how wage is calculated (including regular, overtime, and piece rate); • When and how workers will be paid; • Salary deductions and how they're calculated, e.g. for services or benefits; • Working hours and schedule, including breaks; • Rights to vacation, sick, maternity, and holiday leave; • Quality, quantity, and costs of food to be provided, if applicable; and, 	<p>C-Y0</p>	<p>Clarification: All elements of the HR policy are compliant with the national/local laws on compensation or as established in a Collective Bargaining Agreement.</p> <p>Policies and associated procedures should reflect the complexity and risk of the operation, including information from the risk assessment required in 7.2.2.a. Vacation and holiday leave are not the same. Holidays are days where the factory suspends its operations in commemoration of a special event. Vacation time is a worker's voluntary time spent away from work activity.</p> <p>Recommendations: The factory may share the policy verbally or in writing. As a best practice, the factory makes a copy of the factory's HR policy available to workers in a language they understand.</p>	<p>Merged ED-CE 2.2, 6.3, 8.1 and 8.2 with this requirement and updated language to reflect important elements from ED-CE 6.3. The content of the policies and procedures are now to be created and updated according to context and effectiveness.</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
	<ul style="list-style-type: none"> Quality and cost of housing available, if applicable. 			
Objective 7.3.2: The Internal Management System (IMS) includes a Training Plan that is used as a tool for planning and recording trainings required under the FPS.				
7.3.2.a	There is a Training Plan which ensures all personnel receive trainings required to implement the FPS.	C-Y1	<p>Clarification: The plan must contain specific training strategies on all policies and procedures, as well as other trainings required in the FPS, with distinct methods for managers and methods for workers. Trainings for managers should always cover a detailed review of all policies and procedures. The level of detail on worker training and/or awareness is to be designed based on the risk assessment and Hazard Assessment. Areas of high risk should have rigorous, detailed training for workers, whereas low risk areas may be more about building worker awareness and may use more informal training methods (including, for example, leveraging technology where possible to amplify information).</p> <p>The intent of this criterion is to ensure that the factory is planning for and documenting all trainings required to effectively implement the FPS. The factory creates a plan outlining how they will meet the training requirements within the indicated timeframes including the Progress score training requirements in Modules 3 through 7 and any Continuous Improvement criteria. The training plan and documentation must be kept up-to-date.</p> <p>Recommendations: It is best practice for the factory to update the training plan on a quarterly basis.</p>	NEW
Objective 7.3.3: The factory trains management and supervisors on all policies and procedures.				
7.3.3.a [SR-PC 2.3]	Management and supervisors are trained on all of the factory's policies and procedures required in Sub-Module 7.3.	C-Y0	<p>Clarification: The intent of this training is to ensure that all management and supervisors are aware of and understand the intent of the factory's policies and procedures.</p>	Centralizes concept of management being trained on factory's policies and procedures into a single criterion.



No.	Compliance Criteria	Timeline	Intent and Clarification	
ED-CE 1.4]			<p>When new management is hired, they must receive information on these policies, associated processes, and procedures within their first week of employment.</p> <p>While this training can take many different forms, this must be a formal training on the factory's policies and procedures on all elements outlined in Sub-Module 7.3, and necessary to implement requirements in the FPS.</p>	
7.3.3.b [SR-PC 2.4 ED-CE 1.9 EM-MS 4.3]	Management and supervisors receive training on specific techniques and practices necessary for their department and/or job function to effectively implement the FPS.	C-Y1	<p>Clarification: The intent of this requirement it to ensure that managers and supervisors have the skills and knowledge needed to implement the FPS and the factory's social and ethical standards.</p> <p>For example, any personnel assigned for recruitment, selection, and hiring must receive training in interview and other age verification techniques. Personnel managing direct reports are trained on handling discipline and termination practices.</p>	Combines intent of EM-MS 4.3, ED-CE 1.9 and SR-PC 2.4 to focus on more holistic approach to training management and supervisors on specific practices and procedures needed for their role.
7.3.3.c [ED-CE 1.8]	The factory conducts periodic anti-harassment and abuse training for management and supervisors.	C-Y1	<p>Clarification: The intent of these trainings is to give management and supervisors the knowledge and skills necessary to prevent harassment and abuse. Periodic trainings aim to foster a work culture that respects workers at all levels.</p> <p>Recommendations: As a best practice, these trainings are held annually or whenever turn-over is high. It is also best practice for a 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>	



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.3.3.d [ED-CE 1.10]	The factory has a continuing education program for managers and supervisors on positive management techniques.	CI-3	Clarification: Topics could include strategies to prevent harassment and abuse, and how to build positive relationships with workers, and how to support workers in the use of grievance mechanisms.	
Objective 7.3.4: The factory ensures workers are aware of their rights under the FPS and are aware of the factory's policies and procedures.				
7.3.4.a	Workers receive written information on their rights under the FPS and the factory's policies and procedures.	C-Y0	<p>Clarification: The 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> <p>Individuals hired through labor contractors must also receive written information on the factory's policies, associated processes, and procedures.</p>	NEW
7.3.4.b [EM-MS 4.2 ED-CE 1.4]	Workers receive training on the factory's policies and procedures required in Sub-Module 7.3.	C-Y1	<p>Clarification: Workers are trained on the policies, taking into consideration languages and literacy of the workers.</p> <p>Individuals hired through labor contractors shall be aware of and understand the factory's policies, associated processes, and procedures.</p> <p>Where areas covered in the any of the factory's policies and procedures as required in Sub-Module 7.3 are deemed to be high risk according to the risk assessment, formal trainings are given to workers on these topic areas. For example, policies on anti-harassment and abuse. Where an area is deemed low risk, passive methods of information sharing will be sufficient and must ensure workers are aware of their rights under the HR policies and procedures..</p> <p>Young workers always receive a formal training on all HR policies, including, but not limited to, specific protections for young workers.</p>	Combined content from EM-MS 4.2 and ED-CE 1.4. The underlying intent of SR-PC 3.8 was merged into the I&C of this requirement. Formal trainings must now be given to workers on subject matter deemed to be high-risk.



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.3.4.c [SR-FA 4.1]	Workers are trained by an independent third party on their labor rights under the law and Module 2 requirements that are based on the principles and rights outlined in the ILO Core Conventions.	P-5	<p>Clarification: This includes rights granted by law and outlined in the ILO Core Conventions.</p> <p>The employer provides working time (without deductions or required payments), and appropriate facilities and resources upon request and within reasonable limits for these training activities.</p> <p>The training must have occurred within the past three years.</p> <p>If there are temporary workers, the training must take place at a time when they are on-site so that they can attend.</p> <p>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.</p> <p>Recommendations: It is best practice for the training to highlight areas where workers' labor rights under the FPS overlap with, and where they exceed, those under the law and outlined in the ILO Core Conventions.</p>	Covers training on all fundamental rights at work, not just freedom of association.
7.3.4.d [ED-CE 1.8]	Workers receive a training on anti-harassment and abuse 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.	CI-3	<p>Clarification: This training is focused on equipping workers with the information needed to identify situations that are classified as harassment or abuse and helps them understand the channels that exist to report them (either for an offense against them or someone else).</p>	Separates training for workers on this topic.
7.3.4.e	The Fair Trade USA <i>Complaints Procedure</i> has been communicated to workers verbally and in writing.	P-3	<p>Clarification: The Complaints Procedure is available on the Fair Trade USA website.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>Workers understand they can submit allegations to Fair Trade USA directly if they believe the Certificate Holder 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.</p> <p>Recommendations: This may be provided through a brochure or poster in a public place where workers gather.</p>	

SUB-MODULE 7.4: The Internal Management System, including all Policies and Procedures, is Evaluated for Effectiveness and Updated as Needed.

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.4.1: There is a review of the Internal Management System (IMS) and updates are made as needed.				NEW
7.4.1.a	The factory reviews the effectiveness of the Internal Management System.	C-Y3	<p>Clarification: The intent of this criterion is to ensure that the IMS is functioning properly and evaluating whether policies and procedures are achieving their desired outcomes. This evaluation, in conjunction with results of the risk assessment, should be a primary input into the review of the IMS process and policies and procedures to ensure they are best positioned to reach desired goals.</p> <p>This evaluation must take place at least every three years.</p> <p>Each element of the IMS shall be evaluated in some form. The following are some examples of how evaluation on different areas of the IMS can be executed:</p> <ul style="list-style-type: none"> Was the Risk Management Plan executed and did it achieve desired outcomes? 	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<ul style="list-style-type: none"> • Did the internal inspection miss any areas that were determined to be non-compliances during the external audit? • Were corrective actions implemented as part of the resolution of non-compliances revealed in the internal inspection successful during the external audit? • Were there any repeated non-compliances in the external audit year over year? • Are policies and procedures achieving their stated goals? • Are policies and procedures being implemented? • Was the Training Plan implemented according to plan? • Are managers well versed in the factory's policies and procedures? • Are workers aware of the factory's policies and procedures? <p>Recommendations: There are many ways to determine effectiveness of the IMS. The following are some examples that may serve as indicators that signal an effective IMS:</p> <ul style="list-style-type: none"> • The IMS (including risk assessment, internal inspection, risk mitigation plan, internal inspection remediation and Training Plan) and policies and procedures are consistently and fully implemented; • The IMS and policies and procedures are supported and well understood at all levels of the factory; • Policies and procedures are achieving the goals defined in the IMS Manual; • The results of the internal inspection is consistent with the results of the external audit, preferably, remediation as part of the internal inspection resolved non-compliances before the external audit; • There are no repeat non-compliances year over year; 	
<p>Objective 7.4.2: The Internal Management System is updated as needed as determined by the evaluation of its effectiveness.</p>				<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.4.2.a	The IMS Manual is updated as needed.	C-Y3	<p>Clarification: This update is to take place at least once every three years. As needed means where the review of effectiveness of the IMS (7.4.1.a) has shown any opportunities for improvement.</p> <p>All elements of the IMS Manual, including the risk assessment process, internal inspect procedure, and roles and responsibilities are updated as needed.</p> <p>Recommendations: The Year 3 risk assessment results may also inform a change in stated goals of the policies and procedures in the IMS. Note that if a policy’s goal has been updated, the contents of the policies and procedures should also be updated.</p>	<p>NEW</p> <p>The intent of this and other criteria in this objective is to have a regular process by which all aspects of the IMS needed to implement the FPS are regularly reviewed and improved as needed.</p>
7.4.2.b	The factory’s policies and procedures are updated as needed.	C-Y3	<p>Clarification: This update is to take place at least once every three years. As needed means where the review of the effectiveness of the IMS and policies and procedures (7.4.1.a) has shown opportunities for improvement, or the risk assessment update indicates a significant change in risk (7.2.2.a). Note that if the goals of policies have been updated as part of the IMS Manual update above, the contents of the policy shall be updated as well. Any changes made to the policies and procedures should be aimed at better positioning the factory to achieve the goals stated for each policy in the IMS Manual.</p>	<p>NEW</p>
7.4.2.c	The Training Plan is updated as needed.	C-Y3	<p>Clarification: This update is to take place at least once every three years. The effectiveness of the Training Plan trainings must be evaluated by assessing the awareness of personnel on training topics. <i>Awareness</i> means a demonstrated understanding of the topic. As needed means, if there are topics that are not well understood by personnel, the Training Plan must be updated to attempt to improve training techniques.</p>	<p>NEW</p>



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.4.2.d [SR-FA 1.9]	Where there is an active workers' organization, the factory coordinates with union and/or workers' representatives regarding factory policies and decisions that have a direct effect on workers.	C-Y3		

SUB-MODULE 7.5: Worker Engagement and Channels of Communication Between Management and Workers

No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.5.1: There is a mechanism for submitting and processing grievances and suggestions that is understood and accessible to workers.				
7.5.1.a [EM-GP 2.1]	A grievance policy and procedure is established by the factory and communicated to workers verbally and in writing. The procedure allows for anonymous complaints, maintains confidentiality, ensures resolutions occur in a timely manner, defines standardized sanctions for each type of offense, provides management follow-up, provides a process for workers to monitor the status of complaints, and includes an appeals procedure. The grievance policy and procedures are implemented.	C-Y0	<p>Clarification: The procedure must include more than one mechanism to submit grievances and complaints, depending on the issues being reported, against whom the complaint is lodged, and how comfortable workers feel in reporting their grievances. The procedure must include mechanisms for worker' complaints for labor-related aspects of the FPS, such as issues regarding pay, working conditions, and rights to Freedom of Association, as well as mechanisms for workers to report violations such as harassment and abuse cases, and potential non-compliances to the FPS. It must be accessible to all workers regardless of employment status, i.e. temporary, migrant, permanent, employed through a labor contractor, etc.</p> <p>Grievance mechanisms must allow workers to report a grievance against a supervisor to someone other than that supervisor.</p>	Generally unchanged, except now applicable at Year 0 instead of Year 1. Language has been aligned to other FTUSA standards. Key elements are all still required. Language about management is brought into the training section.



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>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 specific manager who is trained in how to handle these cases with confidentiality and sensitivity.</p> <p>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.</p> <p>This information is made available in languages the workers understand, and translators shall be employed where necessary to support workers ability to use grievance mechanisms. The verbal and written communication must make clear how to access the procedure, what types of complaints and grievances can be raised, and the methods to do so.</p> <p>Recommendations: The information on the grievance policy and procedure may be provided through a brochure or poster in a public place where workers gather.</p> <p>Best practice is for the Social Engagement Team (see 7.5.2.a) or equivalent worker committee to be included in the resolution process, where permitted by law.</p>	
<p>7.5.1.b [EM-GP 1.1]</p>	<p>All workers are allowed to gather and discuss workplace grievances without fear of negative consequences.</p>	<p>C-Y0</p>	<p>The intent is that workers are not disciplined, dismissed, or discriminated against, neither for discussing grievances nor for using any grievance or allegations process.</p>	



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.5.1.c [EM-GP 2.3]	Workers are not disciplined, dismissed, or discriminated against, for using any grievance or allegations process.	C-Y0	<p>Clarification: This includes the Fair Trade USA Complaints Procedure and the grievance procedure required in 7.5.1.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>	
7.5.1.d [EM-GP 2.2]	Records of grievance are maintained, including a description of the grievance, the investigation process and persons involved, and the actions taken to address each grievance.	C-Y1	<p>Clarification: Records must be kept for at least five years, or longer if required by law.</p>	
7.5.1.e [EM-GP 2.4]	Factory management communicates with trade union and/or workers’ organization representatives about all grievances and corresponding actions taken related to Freedom of Association.	C-Y1	<p>Clarification: This criterion is applicable where there is a trade union or other worker organization in place at the factory. The factory should establish clear and mutually agreed-upon roles and communication mechanisms for engaging trade union and/or worker’s organization representatives on grievances and resolution.</p>	*
7.5.1.f	The factory contracts an independent third party to manage the grievance process.	CI-3		NEW
7.5.1.g	An internal employee suggestion system is in place, workers are aware of it, and processes are in place to address employee suggestions.	P-1	<p>Clarification: 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.</p> <p>Recommendations: The suggestion system may use the same mechanisms as the grievance procedure for submissions, however specific resolution of suggestions is not necessary.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
Objective 7.5.2: There is regular and open communication between employers and workers.				
7.5.2.a	There is a Social Engagement Team (SET), made up of worker representatives and management, in place to facilitate workplace communication on grievance, suggestion, and communication systems and compliance with the Factory Production Standard.	C-Y1	<p>Clarification: For the purposes of the FPS the term SET will be used. However, factories may use one or more existing worker/management teams or committees that consist of both management and elected worker representatives to fulfill this role, and do not need to call this group the SET.</p> <p>Worker representatives are chosen from and by the workforce of workers they will represent. This could be the same as the representatives on the FTC, however the roles and responsibility are distinct from those of the FTC. The factory and workers should consider time commitments required to fulfill responsibilities of both roles.</p> <p>Representatives of management or mid-management must be included in the SET in order to facilitate conversations with upper management.</p> <p>Senior management shall understand the purpose of the SET, and shall support its effective functioning, including providing sufficient time and space for regular meetings.</p> <p>Recommendations: Best practice is for there to be term limits on the SET to allow a diversity of participation.</p>	NEW
7.5.2.b	The SET receives annual trainings on their role and responsibilities.	C-Y1	<p>Clarification: This requirement includes trainings on grievance procedures and suggestion systems. When SET members are Premium Participants, 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>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
7.5.2.c	The SET shall support implementation and use of grievance procedures, suggestion systems, and other communication tools between workers and management.	C-Y1	Clarification: The SET can help to resolve disputes, act as a mechanism for submitting a grievance, and be a forum for worker input into complaints resolution or implementation of suggestions.	NEW
7.5.2.d	The employer, in collaboration with the Social Engagement Team (SET) collects feedback every three years from the workers on the grievance policy and procedure and, when relevant, makes updates as needed.	C-Y3	<p>Clarification: The intent of this requirement is to have a system in place to consult with workers on the types of the grievances that can be submitted, as well as on the process itself to receive and address grievances. The SET can be leveraged, and they can take the lead in collecting feedback from individuals and sharing it back with the employer. The employer can also choose to hire a third-party to facilitate collection of feedback.</p> <p>The process to gather feedback must provide an option to be anonymous. There shall be no retaliation to any individual who provides feedback.</p> <p>The employer shall add the relevant feedback to the grievance policy and procedure. However, the employer is not obligated to incorporate the suggestions if they are not relevant. Workers receive a summary of what, if anything, will be incorporated into the grievance policy and procedure and timeline for when the changes will occur.</p> <p>Recommendations: The employer or SET can hold workshops to collect feedback or gather feedback in writing.</p>	NEW
7.5.2.e	The SET receives training on the Factory Production Standard and worker rights under the law and the ILO Core Conventions.	P-5	Clarification: The intent of this training is to ensure that worker representatives on the SET have a more detailed understanding of the FPS and legal requirements, in order to support their role in supporting compliance and implementation (7.5.2.f & g).	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification	
			<p>For SET members who are Premium Participants, 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>Recommendations: The SET could also lead or participate in worker rights trainings and support workers' awareness of their rights under the law and the FPS (Objective 7.3.4).</p>	
7.5.2.f	The SET is involved in conducting the risk assessment required in 7.2.2.a to identify areas of risk of non-compliances with the Factory Production Standard.	P-3	Clarification: The SET must receive the training required in 7.5.2.e prior to supporting in the risk assessment.	NEW
7.5.2.g	The SET plays a role in helping to implement the Factory Production Standard, identify non-compliances, and/or the prioritization of Progress and Continuous Improvement criteria.	P-5	<p>Clarification: The SET must receive the training required in 7.5.2.e prior to supporting implementation of the FPS.</p> <p>There must be regular meetings of the SET to discuss compliance with the FPS. Issues and concerns of the workers are solicited and discussed. These meetings are documented.</p>	NEW
Objective 7.5.3: Results of Fair Trade USA audits and internal inspections are shared with workers.				
7.5.3.a	Results of Fair Trade USA audits and internal inspections are shared with the Fair Trade Committee and Social Engagement Team.	C-Y1	<p>Clarification: Results must be shared with the Social Engagement Team, or other equivalent worker/management committee, only once it has been established.</p> <p>This is only applicable where the Conformity Assessment Body has issued non-conformities for which the Certificate Holder needs to submit a Corrective Action Plan.</p> <p>Recommendations: As a best practice, representatives of the Fair Trade Committee(s) and the Social Engagement Team are invited to observe the closing meeting of Fair Trade USA audits.</p>	NEW



No.	Compliance Criteria	Timeline	Intent and Clarification
7.5.3.b [EM-PTA 1.2]	Workers participate in and are given the opportunity to review and comment on findings of the internal inspection results and third-party audits.	P-5	<p>Clarification: The intent of sharing these results is that workers will be able to assist in identifying and implementing corrective actions.</p> <p>Sensitive information that may impinge on the privacy of workers, such as individuals involved in a sexual harassment case, need not be revealed in the audit report shared with workers. However, the need to safeguard sensitive information should not be used as a pretext to keep non-sensitive information from workers.</p>

SUB-MODULE 7.6: The Relationships Between the Certificate Holder and Any Separately-Managed Sites Included Under the Certificate Are Transparent.

No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
Objective 7.6.1: Each site manager understands their responsibilities regarding certification.				
7.6.1.a	There is a written agreement between the Certificate Holder and all sites under scope of the Certificate that explains the rules of the FPS and responsibilities as they are applicable to their role in the supply chain of the Fair Trade Certified product.	C-Y0	<p>Clarification: The intent of this criterion is to ensure that all sites within Certificate scope know what benefits and responsibilities they have due to their participation in fair trade.</p> <p>The agreement shall express a commitment on behalf of the Certificate Holder to comply with the FPS.</p> <p>Recommendations: It is best practice for the Certificate Holder to share a copy of the FPS as part of this contract, to ensure the entity understands the requirements against which they will be audited.</p>	NEW
Objective 7.6.2: The factory has agreements with subcontractors and homeworkers.				
7.6.2.a [TR-SC 1.2]	The Certificate Holder has written contracts with all subcontractors and homeworkers not included in the scope of the Certificate that handle Fair Trade Certified product. The contract is followed.	C-Y0	<p>Clarification: See the Requirements for Certificate Scope under the Factory Standard for details of entities and activities included under the scope of the Certificate and requirements for contracts with subcontractors.</p>	Now Year 0 instead of Year 1.



No.	Compliance Criteria	Timeline	Intent and Clarification	Summary of Changes
			The contract contains a commitment to: <ul style="list-style-type: none"> Follow requirements in relevant compliance criteria related to traceability in Sub-module 6.1, Not violate Fair Trade USA's Policy on Zero Tolerance Issues, Allow Fair Trade USA and/or an approved CAB to enter the site(s) to perform control activities against these requirements. 	
7.6.2.b [TR-SC 3.1]	There are no violations to Fair Trade USA's Policy on Zero Tolerance Issues by subcontractors and homeworkers, and subcontractors and homeworkers abide by relevant compliance criteria related to traceability in Sub-module 6.1.	C-Y0	Clarification: Refer to Fair Trade USA's Policy on Zero Tolerance Issues for a full list of zero tolerance requirements. In case of repeated and serious violations by a subcontractor, the relationship with the subcontractor is terminated.	
7.6.2.c [TR-SC 1.1]	The factory has an established supplier and subcontractor as well as a homeworke engagement policy that encourages its business partners to uphold the factory's social compliance policies. The factory has subcontractor/supplier selection criteria and procedures that incorporate ethical, social, and environmental compliance standards.	CI-3	Clarification: This requirement goes beyond those in 7.6.2.a, which only covers subcontractor and homeworke commitment to no serious violations of social and human rights issues. The intent of this requirement is to have an engagement strategy that goes beyond these minimum requirements for subcontractors to encourage adoption of all the factory's social and ethical policies.	
7.6.2.d	The factory has a monitoring system to verify that subcontractors are complying with requirements.	CI-3		NEW

POINTS AVAILABLE IN MODULE 7	Progress	Continuous Improvement
Total points available	22	15



ANNEX A: Fair Trade Premium Expenditure Rules

This Annex explains additional rules for expenditure of the Fair Trade Premium, requires in Criterion 1.2.2.c of the FPS. The intent of Premium expenditure is to improve the livelihoods of Premium Participants by addressing needs of 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 by Criteria 1.2.2.d and 1.2.2.f Premium spending shall be approved by the Premium Participants.

Summary of Changes: All requirements in this Annex are now fully binding (i.e. no longer recommendations). Rules not originally included in this Annex are indicated as **NEW**.

Section A.1: Expenditure Rules

A.1.1. Premium may be used to hire an administrative support person to assist the FTC. 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, when applicable, other employer, for the work done supporting the FTC and Premium projects.

A.1.2. Premium shall not be used to pay for certification or audit fees, either for Fair Trade USA audits or any other standard scheme.

A.1.3. Fair Trade Premium is not used to cover the running costs of the Certificate Holder or the cost of compliance with the requirements of the Factory Production Standard.

A.1.4. **NEW:** Premium may be used for investments to support worker participation in the General Assembly, 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. Note, workers must always be paid for their time at General Assembly and FTC meetings, and this must be paid by the employer or Certificate Holder (1.1.3.b and 1.1.3.d).

A.1.5. Up to 20% of the Fair Trade Premium received in the previous 12 months may be spent on on-site investments that remain the property of the factory owner or Certificate Holder, under the following conditions:

- a. The investments go beyond what is required in the Factory Production Standard and under applicable law;
- b. The investment may only be in housing, laundry facilities, gardens, recreational/learning facilities, or other facilities used primarily by and benefiting workers;
- c. The FTC must be registered as a legal entity under the rules described in 1.2.4.c and 1.2.4.d;
- d. The Certificate Holder or employer must match (at a minimum) the amount invested from the Premium; and,
- e. There is a written contract between the FTC and the Certificate Holder or owner that requires the Certificate Holder or 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 factory or decertification.

Note: There is no limit on Premium use for investments that remain the property of factory workers.

A.1.6. Premium may be used for Premium management expenses, including bank fees, wire transfer fees, taxes, financial audits, and fees associated with establishing a legal entity, where required. Fees to set up or maintain the Premium bank account are paid by the Certificate Holder if there is no Premium yet available.



ANNEX A: Fair Trade Premium Expenditure Rules

A.1.7. If the Premium is used to cover the financial audit required in Criterion 1.2.4.e, 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.

A.1.8. **NEW:** Premium may be used for third party trainings of the FTC members as required in Objective 1.1.4, third party trainings of workers as required in Objective 1.3.1, and trainings of Social Engagement Team members as required in Objective 7.5.2. When Premium is used to pay for third party trainings, the FTC must be involved in selection of the training provider and training content.

A.1.9. When using Premium to purchase goods or services from a third party, including the provision of trainings, this entity must 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.

A.1.10. Where Premium is distributed as a cash payout, it is not to be used as a wage replacement or to take the place of any wages or bonuses paid by the factory. Such payments must always be identifiable to workers as coming from the Fair Trade Premium.

