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March 20, 2024

Ms. Kate Jelly  
Labour Rights Researcher  
Business & Human Rights Resource Centre

Dear Ms. Jelly,

Thank you for the opportunity to respond to the allegations presented in the Certified Exploitation report published by the Corporate Accountability Lab in October 2023. We take allegations incredibly seriously and believe in the rigor of our program. We have chosen not to reply to the report publicly prior to this due to our deep concerns with the methodology employed and the broad conclusions that the authors came to regarding multiple programs, including ours and all multistakeholder initiatives. We did not want a response to validate what we see as problematic. That said, we believe in the approach that the Business & Human Rights Resource Centre takes in serving as an aggregator of claims and allegations with an open space for responses and follow up. It is in that spirit that we share our response below.

[Fair Trade USA™](#), a tax-exempt 501(c)(3) nonprofit organization, is the leading certifier of Fair Trade products in North America. Our award-winning, rigorous, and globally recognized sustainable sourcing certification programs improve livelihoods, protect the environment, and build resilient, transparent supply chains. The Fair Trade Certified™ label on a product signifies that it was made according to stringent Fair Trade standards that over 1,500 industry partners trust to verify their supply chain commitments. Workers' rights are central to our mission and standards.

Our certification programs establish robust management systems that improve farmworkers' safety, working conditions, and lives; provide safe channels for addressing concerns; and are platforms for true accountability. That infrastructure includes mechanisms like our [complaint policy](#) to hear and resolve worker grievances, trigger spot-audits, and provide anonymity throughout to avoid any kind of retaliation. Those functions have been successfully utilized throughout our history and have led to positive outcomes and resolutions where possible, and suspension or decertification if not. This is included in trainings and education provided to workers on their rights within Fair Trade certification. Additionally, each location has a Social Engagement Team (SET), trained to help process complaints, and resolve disputes internally.

With regards to this report, one of the authors reached out to Fair Trade USA in 2022 with allegations around freedom of association and underpayment of wages at one of the sites included in the report. Fair Trade USA launched a thorough, independent investigation that was unable to substantiate the claims. This is a signal that we have an effective program, able to detect and resolve problems. Like all credible systems, Fair Trade programs create an environment of accountability. When poor or intentionally deceptive practices occur, strong systems have mechanisms that trigger corrective action. It is also worth noting that, outside of any other outreach or allegations to Fair Trade USA with regards to the claims in the report, **three of the four sites mentioned as Fair Trade Certified were already decertified by the time of the report's publication.**

In addition to our confidence in the efficacy of our model, we also have deep concerns about the methodology employed in the report.

The authors share that 200 semi-structured interviews were conducted over a six-year period, which was inclusive of the height of the COVID pandemic – a time of disruption across all production and supply chains that uprooted lives around the world, and perhaps no more so than frontline agricultural workers. The authors do not claim that all, or even most of those interviews were conducted with workers from the farms mentioned, but rather, with “workers, labor contractors,



community leaders, activists, and union leaders.” The value that non-worker stakeholders represent is significant and helps construct the full context on the ground. However, by not identifying how many, or even if those workers who were included in the interviews ever worked on a Fair Trade Certified farm specifically raises significant concern. Additionally, only one farm identified in the report as Fair Trade Certified was part of the program in 2016 with the others earning certification in 2017 (2) and 2021, further decreasing the likelihood that workers interviewed were from certified farms. Similarly, three of the farms identified as Fair Trade Certified were decertified prior to the publication, one in 2019 and two in early 2023.

The four farms listed employ roughly 10,000 permanent and temporary workers at a given time, meaning that the full potential sample size over the six-year period when interviews were conducted could have totaled well over 60,000 workers. One of those four farms operates across 35 sites. We respectfully suggest that due to the complexity of these supply chains and size of operations, what was likely well less than 200 interviews with workers is an unreliable sample size.

When presented by one of the authors with the detail needed through our allegation process, we were able to conduct a comprehensive investigation with definitive results. Without that level of detail, and presenting allegations in a broad report, it is impossible to identify the sites where the alleged transgressions took place, or if they took place on a certified site.

The Freedom of Association claims made in the report are troubling, and highlight the systemic challenges faced by workers in Mexico for generations. The reformed labor law passed by the Mexican government is a welcome step in the right direction. This reform, however, also highlights the contexts in which Fair Trade USA has operated in to ensure worker rights. Freedom of association is paramount in the face of legal restrictions on labor rights and Fair Trade USA’s standards create structures that ensure freedom of association. As laws are passed and implemented, Fair Trade USA makes sure that the third-party auditors are provided with up-to-date information and guidance on how to audit new legal requirements as was done when the 2019 Mexican Labor Reform law was implemented in 2023.

While we believe that the report was well-intentioned, due to the reasons enumerated above, we do not believe it is an accurate representation of what is happening on the ground in Mexico at Fair Trade Certified farms. We deny the allegations of our involvement in the intentional circumvention of workers’ rights or other activities that put workers at risk. Additionally, due to the broad, unspecified nature of the report’s methodology, it is not possible to credibly claim that these transgressions took place while farms were certified under our standards, or even on farms that were ever Fair Trade Certified.

Thank you again for the opportunity to share our perspective.

In Community,

A handwritten signature in black ink, appearing to read "Sugumar Raman".

Sugumar Raman  
Chief Program Officer  
Fair Trade USA