Agenda

- Fair Trade 101
- Supply Chain Spotlight Cocoa
- Marketing Insights and Tools
- How to Use This Report
Fair Trade 101
As of 2018, producers have earned a total financial benefit of $610 million through sales of Fair Trade Certified™ products, including over $400 million in Community Development Funds and $200 million as a result of the Fair Trade Minimum Price.

We Are Fair Trade USA®

- Nonprofit organization founded in 1998
- Over 250 Fair Trade Certified ingredients available
- Over 1,250 businesses selling 40,000+ Fair Trade Certified products in North America
- 950,000 farmers & workers in 50+ countries impacted in 2018
Nearly $59.4 million of Fair Trade Premium was generated in 2018 alone.

2018 Premium generated by category*

- **Coffee**: 35.2 millions USD
- **Produce & Floral**: 9.2 millions USD
- **Apparel & Home Goods**: 4.4 millions USD
- **Seafood**: 0.6 millions USD
- **CPG**: 9.9 millions USD

*These numbers are estimates based on an initial analysis.
Fair Trade USA’s Global Model of Transformation

Harnessing the market to generate impact and scale

We believe economic empowerment and sustainable livelihoods are the basis for a market that works for everyone. From poverty to climate change to struggles with health and safety, incredible challenges face people all over the world who are simply trying to earn a living. Fair trade provides a way for producers, businesses, and consumers to help make positive, transformational changes, for themselves and for others, every day.

We empower businesses to source fair trade ingredients and support a system that treats everyone with respect. The Fair Trade Certified seal represents a conscious choice to support ethical, sustainable, and safe supply chains.

We work closely on the ground with producers and certify transactions between companies and their suppliers to ensure that the people making Fair Trade Certified goods work in safe conditions, protect the environment, build sustainable livelihoods, and earn additional money to empower and uplift their communities.
Components of the Fair Trade USA model are designed to drive meaningful change at all levels of the supply chain.

**Rigorous Standards**

Through compliance with rigorous fair trade standards, farmers and workers benefit from improved workplace safety and health, sustainable livelihoods, and an opportunity to engage and participate.

Six core modules of fair trade standards range from fundamental rights at work to biodiversity and sustainable production.

Third-party certifier audits ensure standards are met and maintained.

**Fair Trade Premium**

Producers who meet these standards receive a Fair Trade Certificate to sell their products under fair trade terms, earning an additional amount of money that goes into a Community Development Fund with every sale.

These additional funds have enabled important investments like clean water, education, and health care.

**Producer Empowerment**

Fair trade standards uphold the rights of farmers, workers, and fishermen to organize and participate in Fair Trade Committees.

This committee assesses needs and manages the use of Community Development Funds.

Field staff at origin support producers with training, organization assistance, pre- and post-audit compliance support, and financial literacy.

**Market Activation**

Retailers and brands adhere to the Trade Standard and activate the fair trade system with each purchase of a Fair Trade Certified ingredient like sugar or tea.

Consumers activate the fair trade system with each purchase of a Fair Trade Certified product.

Fair Trade USA is the leading certifier of fair trade products in North America.
Compliance with the six core modules of the Agricultural Production Standard enables producers to access the Fair Trade market.

1. **Empowerment**
   - Guides the identification of the Premium Participants, democratic election of the Fair Trade Committee, and management and spending of Premium funds on needs-based projects.

2. **Fundamental Rights at Work**
   - Outlines rights for individual and collective well-being and autonomy, including freedom from forced or child labor and discrimination, protections for young workers, and freedom of association.

3. **Wages, Working Conditions, & Access to Services**
   - Sets requirements to improve farmer and worker health and safety, working hours, fair wages, and benefits, and to promote supportive work environments and open communication.

4. **Biodiversity, Ecosystem Function, & Sustainable Production**
   - Helps protect biodiversity, soil productivity, and water; control risks from pesticides and waste; enhance resilience to climate change; and improve the environment, health and quality of life of farmers, workers, and their communities.

5. **Traceability & Transparency**
   - Provides a framework for the traceability of Fair Trade Certified goods, and ensures that Fair Trade agreements between the Certificate Holder, suppliers, and market partners are bound by fair and transparent contracts.

6. **Internal Management System**
   - Outlines requirements for the Certificate Holder and others under the Certificate to ensure compliance with Fair Trade USA's Agricultural Production Standard requirements.
Fair Trade Premium spending follows a rigorous process ensuring that producers are represented and community needs are met.

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

The FTC is formally constituted and the first Needs Assessment is done.

The FTC develops a Fair Trade Premium Plan based on the Needs Assessment and gains approval of the Plan from the Fair Trade Premium Participants.

The FTC updates the Needs Assessment, Premium Plan, and Governance structure as needed.
Community Development Funds create long-term value across and beyond the supply chain.

Collective empowerment:
Fair Trade Committees build leadership skills and strengthen the group of beneficiaries.

Investment enabling long-term impact:
Pooling Community Development Funds enables larger investments that provide benefits over the long term.

Strengthened producer-management relationships:
Collaboration and group decision-making about the use of Community Development Funds begins a group empowerment journey.

Community
The impact of fair trade extends beyond workers and farmers to their spouses, children, and other community members, leading to a broad scope of Premium beneficiaries.

Certificate Holder
Ensure farmers meet fair trade standards and manage sales to market partners.

Market Partners
Many group spending projects, like building schools and health clinics, have an impact that is easy to communicate to consumers, enabling brands to tell their fair trade story.

Farmers and Workers
Adhere to the Agricultural Production Standard and vote for Premium projects suggested by their elected Fair Trade Committee members.
Market partners like manufacturers, brand-holders, and traders close the certification loop by complying with the Trade Standard.

Traceability requirements in the standard capture the movement of product through the supply chain. All parties along the supply chain need to be registered and are audited to the applicable fair trade standards.
Supply Chain Spotlight
Cocoa
Cocoa is grown by millions of producers around the world

Fair Trade USA Origins:
Other Top Cocoa Producing Countries:

*Active defined as selling into FTUSA supply chains in 2018.
How is Fair Trade Certified cocoa different?

Fair Trade Certification helps remote farmers build unity

**Business As Usual**

Cocoa coops in West Africa call themselves cooperatives but operate like buying centres. Coop presidents are businessmen and rely on “pisteurs”, independent intermediaries to collect the beans in the farms. Often farmers are not even aware that they are part of a coop. As a result, they are isolated, not organized, not incentivized to grow cocoa in good conditions, and the coop staff has very little knowledge on the origins of the beans.

**The Fair Trade Difference**

Through Fair Trade, cocoa cooperatives have to build organizational structures to connect directly with the farmers. Farmers have to elect Fair Trade Committee members in their sections, who are empowered and trained to run needs assessments in their communities, and represent farmers at the general assembly of the cooperative where they make decisions on how to use Fair Trade Premium, and advocate on behalf of themselves.
Fair trade standards contribute to the Sustainable Development Goals (SDGs).

3. **Good health and well being** – Standards require potable water, paid rest breaks, and decent housing for workers.

5. **Gender equality** – Fair Trade Committees are required to incorporate women and other disadvantaged groups into their leadership structures. There is no discrimination allowed in the standard. Women receive paid maternity leave and are protected from workplace harassment.

8. **Decent work** - Labor and Health & Safety committees secure improvements in working conditions and promote decent work. Core labor rights are protected. Decent work is guaranteed through safe employment conditions, including working hours and health and safety protections. Trade standards require fair and transparent buying practices that strengthen small and medium enterprises.

9. **Industry innovation & infrastructure** - The collective empowerment of small farmers through organizing into group-selling organizations, which results from participation in Fair Trade, can facilitate investments by these producer groups in factories, processing facilities, or other value-added activities. Producer groups also must receive access to financing from their buyers if requested.

10. **Reduce inequalities** - Fair Trade Committees are required to incorporate women and other disadvantaged groups into their leadership structures. There is no discrimination. Women receive paid maternity leave, and are protected from workplace harassment.

12. **Responsible Consumption and production** - Standards require sustainable agriculture practices.

15. **Life on land** - Standards require that farms protect and enhance biodiversity on their land, natural forests are not degraded, buffer zones around water sources are in place, there are measures to prevent soil erosion, and other impacts on the local ecosystem are minimized.
Main issues facing cocoa

**Smallholder cocoa farmers deal with a volatile international cocoa market.** In 2017 international cocoa prices dropped by 35%. Recent studies have shown that 58% of cocoa farmers in West Africa live in extreme poverty and the median household income in cocoa communities only matches 26% of a Living Income.*

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**NO POVERTY**

**Low prices/Low income**

In 2018 The Cocoa Barometer highlighted that “not a single company or government is anywhere near the sector-wide objective to eliminate child labor”. Low prices, political instability, migrations, lack of infrastructures... root causes are complex and abundant but there is “an estimated 2.1 million children working in cocoa fields in the Ivory Coast and Ghana alone”.

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**DECENT WORK AND ECONOMIC GROWTH**

**Child labor**

From Ivory Coast to the Dominican Republic, access to safe, drinking water remains a major challenge for cocoa growing communities. Women are the most exposed to such challenge, they are often assuming water chores in the communities and sometimes need to wake up in the middle of the night and walk long distances to get to the closest water sources.

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**CLEAN WATER AND SANITATION**

**Lack of access to safe drinking water**

Cocoa producing countries are also hosting some of the biggest tropical forests on earth. Tropical, protected forests in producing countries have either largely disappeared (80% in Ivory Coast and Ghana), replaced by cocoa plantations, or face great challenges due to growing cocoa production. Monoculture and heavy use of agrochemicals has led to a system dependent on unsustainable practices.

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**LIFE ON LAND**

**Deforestation and unsustainable land use**

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*True Price study, 2018 – Fairtrade International*
How Fair Trade addresses these issues

Fair Trade minimum price and premium

Transparent minimum prices and premiums, the two core mechanisms from the Fair Trade system are directly addressing the issue of low incomes and poverty. Recently, we’ve seen more premiums invested in production costs and cash payouts to farmers. Revealing the need for farmers to reduce costs of production and increase their incomes.

Education

Module 2 of the APS strictly prohibits the worst forms of child labor and provides clear guidance on minimum working age and scope of applicability. In addition, premium investments in education such as school construction, school fees or school kits are often the 1st investments made by farmers towards their community well being and are significantly reducing risks of child labor.

Wells

Access to water is often the most urgent need farmers are reporting in the needs assessments. Among many other aspects, a well providing safe water significantly reduces infant mortality, costs of buying drinking water, and a burden for women often assuming water chores. In the DR, the well in La Mina, a section of Rizek, provides safe water for more than 3’000 people.

Supporting sustainable practices

Module 4 and 6 of the APS provide guidance on environmental stewardship: prohibiting deforestation and degradation of protected areas. In Latin America, Fair Trade premiums are often used to cover costs of organic production (ie. organic fertilizers). In West Africa, where environmental issues are more prominent, partnerships are key to develop the right answers.
Total Fair Trade Cocoa premium invested in cocoa communities over time at a premium of $200/MT or $0.09/lbs
How Cocoa producers use their fair trade premium

- Human resources and administration (39%)
- Payments to members (8%)
- Provision of agricultural tools and inputs (5%)
- Farmer training in agricultural or business practices (5%)
- Facilities and infrastructure (3%)
- Training and capacity building of Producer Organization staff, board, committees (2%)
- Credit and finance services for members (2%)
- Health services for communities (2%)
- Education services for communities (1%)
- Other (1%)

*Aggregated premium use from 2015-2018
Assoa Etienne has been president of the Fair Trade Committee (FTC) since 2018. FTC members have a prime role in Fair Trade Premium management such as: being in charge of needs assessment in their community and building development plans.

In this part of Ivory Coast, at the edge of the cocoa growing region, farmers have suffered a lot from deforestation. Assoa Etienne says:

“I saw the forests disappear and the rain coming rarely. The weather becoming too warm. That is the cause of deforestation. At the beginning, the production was good but it is different now with the forest disappearance.”

From his 8 hectares of plantation, he uses 6 for cocoa, the other two are used for cashew nuts, a more sun resilient crop becoming more prominent in the region.

Despite these challenges, Assoa Etienne sees many benefits in being part of Fair Trade:

“We can see the impact of the Fair Trade premium in our community. We receives school kits for the students; tables and benches in the school. We repaired the water pump in the village. The population is happy about the investment done with the premium. The next project is to build a new school in my section.”
Raquel Gutiérrez Meza

Organic Cocoa Producer
Machu Picchu Foods, Peru

Raquel Gutiérrez Meza is from the area of Antisuyo, she is part of the Fair Trade committee of San Alejandro in the Ucayali region of Peru.

She is 38 years old and mother of one child who’s going to the nearby school. She is the owner of a 3.5 hectare farm and grows the CC51 variety of cocoa, like the majority of producers in Peru. She was previously harvesting coca leaves illegally and now she is managing a prosperous organic cocoa farm.

She is also treasurer of the Fair Trade Committee, giving her a prime role in premium project management, being member of the FTC also brings her at the heart of the Fair Trade system, running needs assessments in her community. Being part of Fair Trade not only allows her to have price security but also this year, with a neighbor farmers, they will be able to finance a solar dryer paid with premium received from last year’s production.

Continuous improvement on quality is farmers pride, especially in this area where they started growing cocoa so recently.
Marketing Insights and Tools
Consumers choose sustainable brands over others and remain loyal to those they trust.

85% of consumers would switch to a “cause” brand

91% of consumers try to purchase products or services that are socially and/or environmentally responsible whenever possible

1 in 3 US consumers would be more likely to buy a product if it was Fair Trade Certified

84% of millennials believe companies have an obligation to help solve social problems

Source: Natural Marketing Institute, State of Sustainability, 2017; Good is the New Cool, 2016, Afdhel Aziz and Bobby Jones
The Fair Trade USA seal is nearing mainstream recognition and when recognized increases the likelihood to purchase even at a higher price.

Shoppers know & seek fair trade.

- 60% know the Fair Trade Certified seal
- 33% intend to purchase Fair Trade Certified products
- 22% willing to pay 20% more for FTC products

Source: © NMI 2018 LOHAS Sustainability in America Consumer Insights & Trends Report
Retailers and brands love the fair trade shopper because of their characteristics that increase sales.

- **Millennial Shopper**
  The fair trade shopper is ages 19-64, but over indexes ages 25-34.

- **Valuable**
  The fair trade shopper has higher incomes of $100k+ and is the finest, least price sensitive consumers.

- **Looks for High-End, Gourmet, and Organic**
  Organic shoppers are 3X more likely to purchase fair trade products and are willing to pay up to 10% more.

- **Loyal**
  The fair trade shopper is more loyal than the average shopper.

Source: National Shopper Card Data, December 2017
As a result, Fair Trade Certified products perform better than their non-certified counterparts.

Sales of coconut water with Fair Trade claims rose 32% while sales fell 5% in the overall category.

*Source: Nielsen Data, Food Business News, “Choose the Best Sustainability Claim for your Product”*

Sales of nutrition bars with fair trade claims rose 28% while sales fell 1% in the overall category.

*Source: Nielsen Data, Food Business News, “Choose the Best Sustainability Claim for your Product”*

Fair trade chocolate delivers 10% more sales in dollars and 15% higher unit sales.

*Source: Nielsen Answers on Demand (Health and Wellness Characteristics) and Nielsen Product Insider*
Sustainability Sells on the Shelves

5.6x
Sustainability-Marketed Products grew 5.6 times faster than conventionally-marketed products, and 3.3 times faster than the Consumer Packaged Goods market.

+29%
Sustainability-Marketed Product sales have grown 29% over the last five years.

50.1%
Despite the fact that Sustainability-Marketed Products are 16% of the overall market, they delivered more than half of the market growth at 50.1% over the last five years.

Source: Stern CSB Sustainable Share Index, Purchasing Data 2013-2018
Get Involved on Social Media

General tips for participation:

1. **#HashTags** - Always use **#FairTradeCertified**, plus any special campaign hashtags (e.g. **#FairTradeDifference**, **#FairMoments**).

2. **Product shots** - Tag @fairtradecertified in photos that feature Fair Trade products so we can easily find them.

3. **Cross-promote** - Let us know if there’s a post you especially want to promote! We may be able to share on one of our channels as well. Please let us know at least 10 days in advance.
04 How to Use This Report
Be Proud of What You Helped Achieve.

There are so many ways you can share the contents of this report.
Be proud of what you helped achieve!

Consumers
- Product packaging
- **Storefront**, retail
- Website: blog, news, impact section
- Social media: with ready-to-use [graphics, photos, digital best practices guide](#)

Businesses
- Next pitch with retailers: with [retail best practices guide](#)
- Tradeshows: with [FT merch](#) at your table
- Conferences, speaking engagements, trade publications

Internally
- Posters near coffee/water cooler, entrance of office
- Org-wide email
- Next All-Staff meeting
- Tie-in with other empowering events: Women’s Day, Earth Day, Fair Trade Month, etc.
Thank you