Fair Trade Annual Report 2018 for Sugar
Fair Trade 101, Supply Chain Spotlight, and Marketing Insights
2019
BY: FAIR TRADE USA
Table of Contents

- Fair Trade 101
- Supply Chain Spotlight: Sugar
- Marketing Insights and Tools
- How to Use This Report
01 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.
$59.4 Million of Fair Trade Premium Generated in 2018

2018 Premium generated by category

- Coffee: 35.2 millions (USD)
- CPG: 9.9 millions (USD)
- Cocoa, tea, sugar, coconut, and other: 9.2 millions (USD)
- Produce & Floral: 4.4 millions (USD)
- Apparel & Home Goods: 0.6 millions (USD)
- Seafood: 0.6 millions (USD)

*These numbers are estimates based on an initial analysis*
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.
The Fair Trade USA Model Drives Meaningful Change

**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.
Standard Compliance Helps Producers Tap the FT 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 Empowers Producers

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 Value

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.
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: Sugar
Sugar Cane is Grown by Millions of Producers Around the World

- **Fair Trade USA Origins:**
  - Brazil
  - Paraguay

- **Other Top Sugar Producing Countries:**
  - Argentina
  - Belize
  - Malawi
  - India
  - Peru

*Active defined as selling into FTUSA supply chains in 2018.
How is Fair Trade Certified™ Sugar Different?

Fair trade certification helps remote farmers build unity.

**Business As Usual**

Sugar cane is grown by smallholders who are very dependent upon mills to commercialize their sugar and often are vulnerable to asymmetrical power dynamics. On large plantations, local communities are highly dependent upon the company for employment and other public services without having a voice to advocate for themselves.

**The Fair Trade Difference**

Through fair trade certification, farmers and workers organize into groups through which they make decisions on how to invest Fair Trade Community Development Funds and advocate for better conditions and trading/employment terms.
Fair trade Standards Contribute to UN Sustainable Development Goals (SDGs).

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

**SDG #5, Gender equality & SDG #10, Reduce inequalities:** In order to access the Community Development Funds, the workforce must elect a committee that must be representative of the workforce in terms of gender and ethnicity. There is no discrimination allowed in the standard. Women receive paid maternity leave and protection from workplace harassment.

**SDG #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. The Trade Standard requires fair and transparent buying practices that strengthen small and medium enterprises.

**SDG #9, Industry innovation & infrastructure:** The collective empowerment of small farmers through organizing, which results from participation in fair trade certification, can facilitate investments in factories, processing facilities, or other value-added activities. Producer groups also must receive access to financing from their buyers if requested.

**SDG #12, Responsible consumption and production:** Standards require sustainable agriculture practices.

**SDG #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 and measures to prevent soil erosion are in place, and other impacts on the local ecosystem are minimized.
Main Issues Facing Sugar Cane Farmers

1. **Low Income/Low Yields**
   Smallholder sugar farmers in many countries deal with a volatile international sugar market. This, compounded with low yields due to aging cane, means that farmers can be stuck in negative feedback loops of poverty.

2. **Lack of Access to Health Services**
   Like many other smallholders across the world, many sugar growing communities can be located in rural areas. This creates greater difficulties for them to access proper medical services and even routine care.

3. **Harsh Working Conditions**
   Sugar cane is grown in very hot and humid environments. Much of the field work, especially cane cutting, is very physically taxing. This high workload has been associated with fatal diseases like Chronic Kidney Disease (CKD).

4. **Unsustainable Production**
   All of agriculture depends heavily on ensuring sustainable production, both for smallholders and for large estates. Cane burning, fertilizer, water overuse, and threats to biodiversity are all issues in the origins in which cane is grown.
Benefiting from greater collective bargaining power and Fair Trade Community Development Funds, fair trade sugar cane producers have used their increased funds to improve land management practices, begin a journey to mechanization, and invest in better seedlings.

Members of ASOCASE in Paraguay decided to invest their Fair Trade Community Development Funds into a dental care program, benefitting over 100 cooperative members and their families. Farmers receive routine dental work, dentures, and prosthetics.

Modules 1-3 of our Agricultural Production Standard are dedicated to improving various human rights, working conditions, and empowerment challenges. In addition, many producers have dedicated resources to transitioning to mechanized production and training field workers to fulfill new positions.

Module 4 of our Agricultural Production Standard requires water and waste management practices, limiting the burning of organic material, promoting biodiversity, controlling agrochemical uses, and promoting integrated pest management systems.
Sugar Producers’ Strategic Use of Fair Trade Community Development Funds

- Human Resources & Admin: 24%
- Facilities: 21%
- Other Services to Members: 17%
- Payment to Members: 13%
- Credit & Finances Services: 10%
- On-Farm Best Practices: 7%
- Agricultural Tools/Inputs: 5%
- Other: 3%

*Aggregated Premium use from 2015-2018
Artemia Rodriguez, Fair Trade Sugar Cane Farmer

CORA, Tebicuarymi, Paraguari, Paraguay

Artemia, 72, lives with her siblings and has been a sugar cane farmer all her life. She stands in front of a small home that was built with Fair Trade Community Development Funds. CORA’s Fair Trade Committee provided emergency funds for a small home to the Rodriguez family since the three members were living in a dismal structure.

“Even though times are hard for numerous reasons, I am very proud of our accomplishments with CORA,” said Jorge Baez, Fair Trade Committee Treasurer at CORA. Many producers have benefitted from our certification with fair trade in ways they never imagined and above what the State has provided. We are seen as the most successful association in the region. For the future, we plan to provide our producers with organic fertilizer, which would allow us to grow and nearly double our production. Unfortunately there is so much poverty here that we can train and provide workshops, but without an influx of cash, we will not grow. I want to thank our consumers in the US for buying Fair Trade Certified sugar from us here in Paraguay. Without your business, we would no longer be here. I personally have been an organic producer for 14 years, and many of us here have understood the importance of continuing this kind of agriculture. We are offering a product that not only benefits our communities economically, but also pitches in to the safeguarding of our country, and world as a whole.”
03  Marketing Insights and Tools
Consumers Choose, Remain Loyal to Sustainable Brands

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
Seal Recognition at Mainstream Levels, Garners 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
Fair Trade Shoppers are Highly Prized

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
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
Promote Fair Trade & Your Partnership with 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.
Tell Your Fair Trade Story via Online Channels

Wholesome Sweeteners’ multi-image Instagram posting, 2/2019
04 How to Use 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.