



# THE CONNECTION

## Between Planet and People





## Introduction

Fair trade is a movement that empowers farmers, workers, and fishers to fight poverty in ways that improve lives and protect the environment. Founded in 1998, Fair Trade USA™ is the leading 501(c) (3) nonprofit, third party certifier of fair trade products in North America. It is building an innovative model of responsible business, conscious consumerism, and shared value to eliminate poverty and enable sustainable development for farmers, workers, fishers, their families, and their communities. Fair Trade USA achieves its mission by empowering producers around the world with the business training, environmental knowledge, and capital investment necessary to create high-quality products that can compete in global markets, and by certifying and promoting fair trade products.

Fair Trade USA and its partners work together to drive system-wide impact goals related to resilient and sustainable communities, prosperity, mutually beneficial trade, and conscious consumption. At origin, this means that the farmers, workers, and fishers participating in fair trade, along with their families and communities, are prosperous, resilient, and thriving. Fair Trade USA's vision and these goals cannot be achieved without addressing the interconnectedness between people and the environment. This requires tackling not only the environmental and social impacts from production, but also the challenges and risks those producers face from a rapidly changing environment.



**Inza Sanogo**, Producer & Certified Trainer at the COOP-CA-REFSI cocoa cooperative in the Koffikro Village of Côte d'Ivoire.

**“Now that we’re certified we have gained new infrastructures and social improvements for the village and local community, as well as trainings to continue improving our skills and techniques. It’s so important to be trained.”**



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People and planet are intertwined such that the livelihoods of communities and individuals are inextricably linked to the environment. The production of the food and goods that society relies on daily has a range of impacts on the environment. Likewise, shifts in the natural environment impact society – from extreme weather to threatening the long-term viability of things like agricultural production. Fair Trade USA envisions a future where the connections between people and planet are recognized and seamlessly integrated into how individuals, companies, and communities operate. Embracing this interconnection will not only drive sustainable resource use and environmental stewardship, but it will also support individual and community well-being, facilitate long-term sustainable production, and ensure supply chain resiliency to the benefit of producers, traders, consumers, and the planet.

This interconnection between people and planet is also reflected in the United Nations' Sustainable Development Goals (SDGs), as well as in the work of the Global Reporting Index and the UN Global Compact. Recognizing how significant the climate crisis and other environmental challenges impact communities, the SDGs related to poverty and hunger (SDG 1 and SDG 2) have explicit targets related to resilience of communities and production systems. One target related to SDG 14 (Life Below Water) recognizes the critical role of fisheries and aquaculture in supporting livelihoods and economies in many developing countries. Recommended business actions related to SDG 6 on clean water and sanitation include protecting water quality, effective management of wastewater from production and processing, as well as improving efficiency of water use. Lastly, SDG 12, Responsible Consumption and Production, highlights the critical role that ensuring responsibly produced products are available to consumers – an area that Fair Trade Certified™ and its partners deliver on a daily basis.



**Esther Maritim**, farmer, Kabngetuny Farmers Cooperative Society

**Families that are part of the Kabngetuny Farmers Cooperative Society acquired bio-digesters as part of their partnership with Fair Trade. By cooking with the bio-digesters, they have reduced their reliance on wood for fuel and they are able to use the organic matter produced by them as fertilizer. Farmer Esther Maritim also likes that it saves her time and allows her to cook when it is raining.**

## Fair Trade USA's Approach to Environment

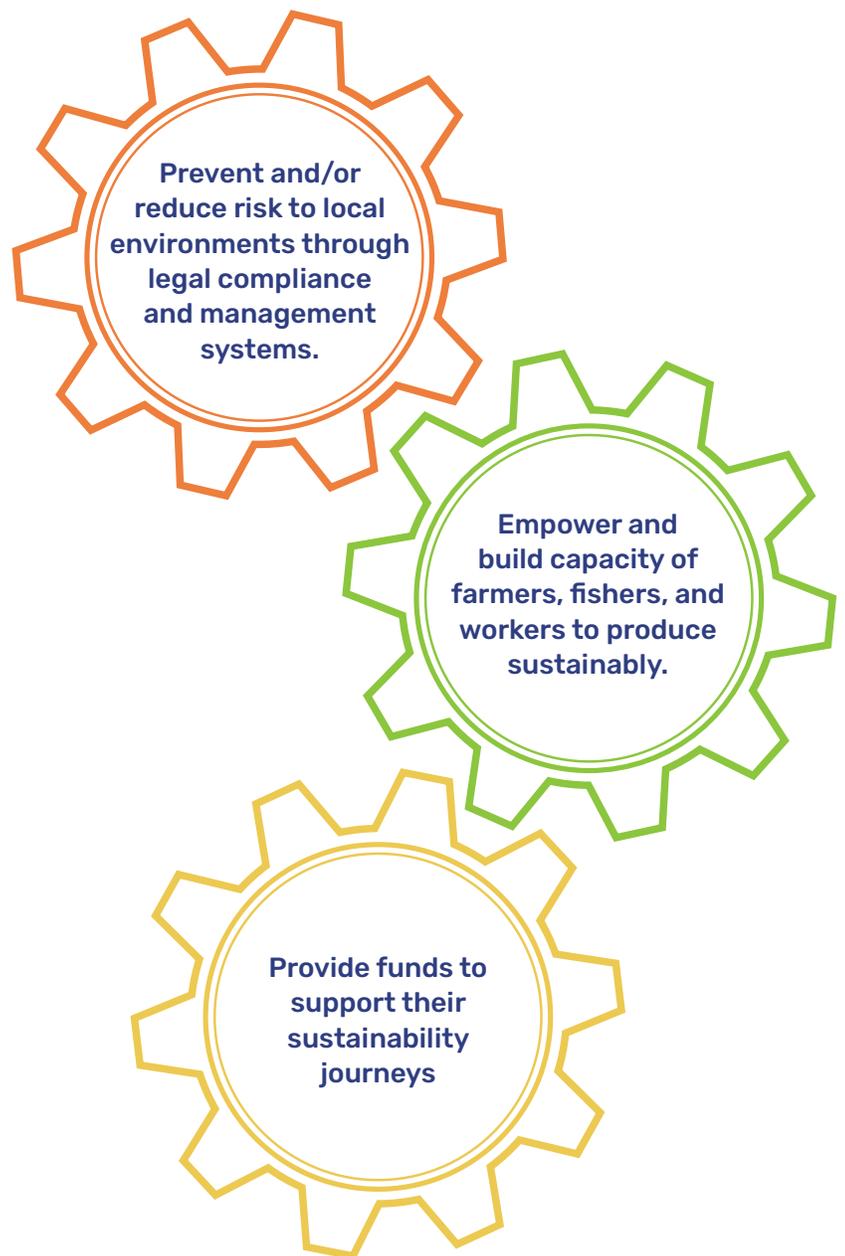
Fair Trade USA fosters production practices that preserve the environment, enhance resilience to climate change, and protect the health and quality of life of farmers, fishers, workers, their families, and their communities. Across all of its programs at origin, fair trade standards and certification focus first and foremost on the prevention and reduction of direct harm to the local environment from production activities. Standards include requirements related to management and proper disposal of waste, hazardous materials, and wastewater. Requirements address the importance of identifying and managing risks, such as the risk of contamination of local waterways. Fair trade certification also provides an additional level of incentive for producers to meet their region's environmental laws and regulations and fair trade audits provide an additional verification (on top of local authorities) that they are being met.

Simultaneously, unlocking access and opportunity for farmers, fishers, and workers is at the heart of the fair trade model. This extends to Fair Trade USA's approach to the environment. In their work with farmers, workers, and fishers on the ground, Fair Trade USA seeks to ensure individuals have the capacity, knowledge, and funds to produce sustainably and to safeguard the natural environment around them. Challenges faced by local communities and the appropriate solutions are contextual, and by empowering, educating, and supporting producers at origin, the fair trade model enables the prioritization and implementation of solutions that are the most meaningful and effective in their specific situation.

A core piece of the fair trade model is the Community Development Fund - an additional sum of money that industry and brand partners pay to producers of fair trade products. The Fund can be leveraged by farmers, fishers, and workers as they identify and implement solutions to protect their communities and natural environments.

In 2021 alone, more than 98 million U.S. dollars were paid into these Funds, which can and have been used to support a wide range of projects related to the environment.

## Fair Trade USA's Approach





## AGRICULTURE

The ability of the land to provide livelihoods for farmers and workers is directly linked to the long-term environmental impacts of farming practices. Environmental requirements in Fair Trade USA's Agricultural Production Standard are intended to help farmers and workers understand and implement sustainable farming practices and climate smart agriculture. Requirements relate to critical issues including, but not limited to, conserving water, improving soil health, and reducing risks from waste. Fair trade also prohibits the use of the most hazardous pesticides and builds farmers' capacity around integrated pest management (IPM), which not only enables them to minimize use of other pesticides but also has advantages related to yield volatility, improving soil and water quality, and reducing health risks to farmers and workers. Supporting farmers in learning about implementing better production

**In 2016, farmworkers on Wholesum Harvest's Fair Trade Certified produce farm in Los Janos, Sonora, Mexico elected to build a store where they, their families, and their community could easily access food and necessary supplies at discounted prices. However, the ongoing operation of the store requires a significant amount of electricity due to its size and refrigeration systems, with average monthly cost of close to USD \$2,000. In 2021, they decided to install solar panels to reduce the environmental footprint of the store while also lowering its operational costs to help ensure it can continue to provide necessary goods to the community over the long term. The project is a sound investment, and they expect it to pay off in as little as three years. Over the 40 year lifespan of the panels, they expect to prevent the emission of almost 1,000 tons of CO2 equivalent.**



practices has a myriad of benefits: it helps farmers achieve better yields and reduce inputs, creating more profitable businesses; it minimizes adverse environmental impacts on both natural ecosystems and neighboring communities; and it makes crop production systems more resilient to changes in climate, promoting the long-term viability of farming as a livelihood.

The Food and Agriculture Organization of the United Nations (FAO) describes climate-smart agriculture as having three objectives that support the achievement of all 17 SDGs: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible<sup>i</sup>. Fair trade directly

supports these objectives. For example, producers participating in fair trade must understand and implement measures to prevent soil erosion, improve soil fertility, and use fertilizers efficiently. Healthy soils are not only essential for productivity but also help to sequester carbon, and overuse of fertilizers (resulting in nitrogen runoff from fields) is estimated to be a significant driver of on-farm emissions from crop agriculture. Additionally, farmers can choose to use a portion of their Community Development Funds on related projects, from tree planting and rainwater collection to advanced trainings on agroforestry and soil management. Groups of smallholders often choose to invest a portion of these funds to improve productivity or product quality.

## On-the-ground support for farmers and workers

Many coffee cooperatives, such as CAFÉ ORGANICO MARCALA S.A. DE C.V. (COMSA) in Honduras, invest heavily in training of their smallholder members to improve product quality, productivity, and sustainability. In recent years as part of an ongoing program, the cooperative used a portion of their Community Development Fund, in combination with additional external financing, to train more than 1,500 farmers. Trainings covered organic and biodynamic farming techniques, practices to build soil health and combat disease, and the appropriate use of organic fertilizers produced by the cooperative. Trainings even include visits to a model farm to see these practices in the field. Farmers also receive guidance on how to collect the “aguas mieles”, byproduct left behind when they wash the coffee cherries, which can be utilized as a nutrient-rich fertilizer rather than polluting local waterways.

[There] ***“was a technical assistance training on organic coffee and another on how to manage a farm without harming the environment ... For me, it was very good, because I received it in a week and covered several topics, such as how to prepare organic fertilizer, how to preserve the environment, how to try not to pollute the environment, also the management of the harvest, how to conserve [waste] water so as not to throw it into the streams and all that”.***

As part of their work to support producers at origin, Fair Trade USA developed a series of interactive videos to support training of farmworkers on key concepts from the fair trade program. In 2022, a new storytelling video was released to engage and empower workers around themes related to biodiversity, fertilizers and pollinators, water conservation, soil management, and waste disposal. These innovative trainings have been well received by both workers and their employers. According to one HR manager responsible for implementing these trainings at a produce packhouse, ***“Trainings like this are very cool. The people, the staff, and the employees were very motivated...The truth is that we really liked the training with tablets.”***



## FISHERIES

Fair Trade USA's Capture Fisheries program focuses exclusively on small-to-mid-scale fishers who have not always been included in seafood sustainability initiatives. These fishers play an important role in the sector – from both a market and a fisheries management perspective. Fisheries resource management is highly complex due to the shared nature of the resources, the number of actors that affect the health of the fisheries, and the varying capacities of each of these actors. Fair Trade USA's program is designed to support smaller scale fisheries in key resource management and governance areas through the adoption of responsible fishing practices, the determination of stock health, the assessment of their impacts on habitat, and the collection of essential data to support continuous improvement. The program also includes the processing facilities associated with these fishers, ensuring the inclusion of the workers in those facilities in benefitting from social, economic, and environmental improvements.

Fishers in the fair trade program must use at least 30% of their Community Development Fund on projects that relate to the environment. The funds can be used to cover expenses to further improve fisheries resource management and governance or for broader projects that support the long term health of the marine and/or freshwater ecosystems on which the fishers rely. For example, shrimp fishers in Mexico elected to use funds to support health of the fishery by transplanting larvae from waterways impacted by on-land activities to more protected



**Victor Adán Contreras Armenta, 24**, has been fishing since he was 14. He and his fellow fishers are concerned about the impact of illegal fishing on their fishery: ***“Illegal fishing still continues to be the biggest issue we face.”***

**“...But once they joined Fair Trade, they knew the rules, such as taking care of protected animals, not throwing garbage into the sea. They even keep a record of their trip to the sea. You could say that their lives have been upgraded. They now know, they now understand the things they didn't understand before ... It is important. Moreover, in Fair Trade, we are taught sustainable fisheries for our children and grandchildren. So, it is very important.”** – Indonesian Yellowfin Tuna fisherman from Coral Triangle Processors, speaking to the value of implementing the environmental and resource management components of fair trade standards.



estuaries where they will have higher survival rates. These same fishers also used the funds to support surveillance and reporting related to illegal fishing in coordination with local government.

Other fishers opted to address marine trash, which is a significant problem for many coastal communities, using the needs assessment process that helps guide their spending of Community Development Funds to engage their local communities on this issue. In Mozambique and the Maldives, fishers organized a large beach cleanup, and in Indonesia, fishers used funds to expand a local recycling program to help ensure that plastic waste from the community, and the trash that washes up on shore, makes its way to the local plastic recycling facility. Many of these projects engage and educate local communities on marine conservation and include a special focus on local youth and schoolchildren with an eye to the future.

**Gabriel Tiburcio García Inzunza, 59**, who has been fishing for 42 years, joined FT as the first FT certified fishery in 2016.

***“The biggest challenge we face is the preservation of the bay, and we are working hard to address that.”***



## Smallholder Production in a Changing Climate

Family farms, or those farms whose labor is mostly supplied by the family, and small farms, or those smaller than two hectares, account for over 90% of the more than 600 million farms around the globe. They produce roughly 80% and 35% of the world's food, respectively. They do so on a relatively small share of total agricultural land, with small farms accounting for only 12% of all agricultural land<sup>ii</sup>. The majority of Fair Trade Certified product is produced by smallholders. This comes as no surprise given that small and/or family farms produce the vast majority of some of the commodities most associated with fair trade, such as coffee and cocoa.

Smallholder farmers have traditionally faced a range of environmental, socio-economic, and financial challenges that highlight the vulnerability of their livelihoods. Climate change and associated shifts in weather patterns, extreme weather events, water availability, and disease and pest prevalence present increasing challenges to producers globally, especially to those smallholders with less capacity



**Letecia Pilonos home**, one of the recipients of the Calamity Fund

***“We are thankful for the prompt response. The construction materials enabled us to rebuild after the calamity and bring our life back to normalcy,” said Letecia.***

## Calamity Fund in Philippines

Communities around the globe are experiencing more frequent and stronger storms and cyclones as a result of the changing climate. The Philippines is among the countries most at risk from the climate crisis. Typhoons present a significant threat to the livelihoods of smallholder coconut farmers in the region, as coconut trees can take more than a year to bear fruit again after these storms. Smallholder farmers who sell coconuts to Peter Paul have been Fair Trade Certified since 2013. They quickly recognized the potential of the Fair Trade Community Development Fund to support them in times of natural disaster and have been setting aside a small percentage of their Community Development Fund annually for this purpose. Funds have been used to help farming families repair or replace homes that were damaged or destroyed, as well as to provide immediate food assistance to farming families.

Letecia Pilonos and her husband Ernesto were among 54 families who benefitted from the calamity fund after Typhoon Nina struck their villages on Christmas day in 2016, blowing away the roof and a wall of their home. Their Fair Trade Committee was able to mobilize quickly to get families the supplies they needed. The farmers continue to dedicate a portion of the Community Development Fund to the calamity fund today, knowing that it provides a safety net to support their health, safety, and well-being in times of crisis. In addition, they have been learning how to adapt production and tree planting patterns to improve their farms' resilience to these storms' strong winds.



and resources to mitigate and/or adapt to them. These changes are threatening the viability of coffee and cocoa production around the globe. Without significant climate action, coffee growing areas could be reduced by as much as 50% by the year 2050<sup>iii</sup> and cocoa growing areas are also predicted to diminish. Climatic shifts are not going unnoticed by producers – a 2018 survey of smallholder farmers in Central America<sup>iv</sup> found that almost all respondents perceived changes to their local climate, in particular rising temperatures and lower or more uncertain rainfall.

Fair trade coffee farmers and cooperatives in Latin America have experienced the widespread impact of shifting climatic patterns on their production. Farmers in Peru told Fair Trade USA staff that they felt fortunate they could shift production to land at a higher elevation due to rising temperatures. Others have noted that earlier and more irregular rains can significantly shift timing of their harvest seasons due to the close relationship between bean growth and first rain of a season. This has implications not only for the coffee plants and their productivity, but also for logistics and timing of labor needs for the harvest and can result in crop loss.

Over the past decade, these same producers reported facing unprecedented and increasing challenges with rust, a fungus that attacks the leaves of the coffee trees. Coffee rust, or “roya” has become more widespread with the changing climate. At best, rust reduces yields, at worst, it decimates the trees. The cooperatives, along with their market partners, have invested significant time and resources into finding ways to mitigate the rust, and while they have found measures that help, they fear for the future as the changing climate exacerbates roya while also introducing new fungi, diseases, and pests.

Cocoa farmers face similar challenges related to “the impact of weather and climatic patterns on productivity and harvest. Farmers growing these crops also must plan years in advance to secure their livelihoods due to the time needed to establish new trees. For example, it can take three to five years for new cocoa trees to bear fruit, and fair trade producers have expressed urgency in planting strains that are more resistant to climate change to



**Letecia Pilonés with her husband Ernesto and family**

ensure continued production. Fair trade cocoa farmers in the Ivory Coast have planted trees to improve the resilience of their local environment as well as investing in wood-saving cookstoves.

Fair Trade USA supports the UN’s urgent call to action to combat climate change and its impact, as outlined in SDG 13. As the climate crisis deepens, innovations in climate adaptation and mitigation are all the more imperative, especially for smallholders. Similarly, advancements in the reduction of greenhouse gas emissions from agriculture and how to leverage agricultural lands for carbon sequestration are critical, along with the expansion of climate-smart agriculture. Fair Trade USA believes that producers must be engaged and uplifted to enable this change. Fair trade supports producers in assessing and addressing their needs, provides needed funds for investment in production and climate adaptation, and strengthens organizational management structures. This support not only plays an important role in sustaining the livelihood of producers but also in ensuring that consumers can continue to enjoy the foods and beverages they have access to today into the future.



# Program Innovations

## Furthering Support in the Climate Crisis

Addressing the climate crisis and adapting to climate change is more important than ever and it will take a wide range of stakeholders around the globe, from governments to private sector companies to non-profit organizations working in tandem to do so. In recognition of this, Fair Trade USA continues to explore how the fair trade model can better support the reduction of greenhouse gas emissions, the sequestration of carbon, and adaptation to climate change in a way that is meaningful and impactful. This includes regular consideration of these issues in the organization's regular reviews of standards and producer support services.

In addition, Fair Trade USA proudly recognizes the innovative nature of its producer and brand partners and seeks out partnership opportunities to deepen impact. Many of the Fair Trade Certified farms and cooperatives that implement climate-smart agriculture and reforestation, or agroforestry projects currently access or seek access to international carbon markets to increase income and further their ability to invest in climate adaptation. Fair Trade USA is excited to support these efforts so that producers of all scales and from all regions can benefit from sequestration credits and other mechanisms that recognize their contributions and enable them to continue to reduce their carbon footprint and contribute to global solutions for a more sustainable future.

## Approach to Model Expansion

As part of their work to bring the benefit of the fair trade model to more people around the globe, Fair Trade USA has piloted certification in the dairy and aquaculture sectors. In doing so, the organization has focused on the core social, economic, and labor



**Luis Alfonso Mozo Rodriguez** poses for a photo in front of coffee plants.

He joined the organic coffee cooperative because he was worried about the effects of agrochemicals in their environment. He states ***"We live up here, in the forest, so we depend from it. We need to make sure we don't poison ourselves. CAFICOSTA helps us develop and sell our organic coffee at even better prices than conventional coffee. So it works out great."***

**CAFICOSTA** is a cooperative of coffee producers in Colombia.

elements of the program. Focus has been placed on the unique value-add of the fair trade model—the empowerment and organization of farmers and workers around the Community Development Fund. These pilots have focused to date on these thematic areas not only because they are the heart of the model, but because the related requirements in the Agricultural Production Standard are relatively easily transferable across industries.

The environmental impacts and challenges faced in the dairy and aquaculture sectors differ from those in crop agriculture and fisheries. There are also numerous initiatives, both multi-stakeholder initiatives and within industry, already seeking to address these impacts and challenges in these sectors. Rather than immediately building new Fair Trade USA requirements, the organization is taking the time to understand and engage with existing environmental initiatives and to partner with others that have longevity in these sectors.

Approaching new sectors with a partnership mentality is essential to minimizing the burden on producers and processors that are often being asked to comply to multiple standards and certifications, sometimes with conflicting requirements. For example, initial aquaculture pilots were conducted on farms that are already certified against the Aquaculture Stewardship Council's (ASC) robust environmental standards, recognizing the effort farms had already undertaken to achieve ASC while focusing on the value-add of Fair Trade Certification. Following a partnership approach enables producers to use fair trade to either build up to or build on the requirements of other initiatives and certifications as part of a continuous journey of improvement.



**Felipe Reyes**, 50, from Oaxaca, harvests organic cherry tomatoes for Wholesum. Felipe has been working at Wholesum since 2013 and lives in the Wholesum living quarters.

**Wholesum** is a Fair Trade Certified tomato, eggplant, squash and cucumber producer in Northern Mexico and Arizona.



## Looking Forward

Fair Trade USA recognizes the importance of a healthy environment for all, as well as the great challenges that lie ahead - not only from climate change, but other critical issues including biodiversity loss, plastic pollution, and food waste. The organization is committed to continuous improvement in its approach to ensuring that fair trade products are produced in an environmentally responsible manner and that producers have the support they need to do so. Equally as important, Fair Trade USA and their partners continue to seek ways to build resilience within the communities and production systems of the farmers, fishers, and workers. As the heart of fair trade, this approach enables them to sustain their production, and their livelihoods, over the long term in a changing world.



**Penguin Apparels Pvt Ltd and Peacock Apparel Pvt Ltd,** installed solar panels that provide over one third of their energy

## Leading by Example in South India

The managing director of two Fair Trade Certified apparel factories, Penguin Apparels Pvt Ltd and Peacock Apparel Pvt Ltd, lights up when he talks about their environmental initiatives. Mr. M. Anbukani is proud that their facilities hold multiple environmental certifications and are constantly striving to lead by example. They've reduced their water consumption and protected local environments through the installation of a sewage treatment plant that is so effective that they can use the treated water for the facilities' gardens. The company created shade, sequestered carbon, and improved the land around their garment washing units by planting 850 trees. Looking forward, he wants them to become carbon neutral and they have already taken steps towards that goal by investing in solar panels that provide over a third of their energy. He also knows that the opportunity to reduce their environmental footprint extends beyond the factory doors and to that end they are in conversations with their brand partners on greening the packaging of the garments for shipping. In fact, they have already shifted to plastic-free packaging for the Fair Trade Certified apparel they produce for Mountain Equipment Company (MEC). Through their efforts to minimize and mitigate their environmental footprint, these factories embody Fair Trade USA's philosophy of continuous improvement.

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