

TRANSFORMING TRADE

TO TRANSFORM LIVES

Communications on Progress

**Report to the
Global Compact Network Australia**

September 2015 – September 2017



FAIRTRADE
AUSTRALIA
NEW ZEALAND



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A LETTER FROM

OUR CEO

In 2015, Fairtrade ANZ became a member of the Global Compact Network Australia. In doing so, we committed to the United Nations Global Compact and its 10 universal principles, as well as to the UN's 17 Sustainable Development Goals.

This report forms our Communication on Progress to the UN Global Compact for the 2016 and 2017 financial years.

When the first Fairtrade-labelled coffee appeared on the shelves of Dutch supermarkets in 1988, the idea that consumers could help tackle poverty simply through their purchasing power was a radical idea, but one which captured the public's imagination.

Today, Fairtrade is the most widely recognised and trusted certification system in the world.

We are demanding more from our business and political leaders than ever before, and we expect corporations to demonstrate their social license to operate. In this context, a world in which small producers and workers can enjoy secure and sustainability livelihoods is within our grasp.

We have a powerful new ally in our efforts – the United Nations Sustainable Development Goals and the 193 nations which adopted them.



The overarching driver of the 17 SDGs is to end poverty “in all its forms, everywhere”, while leaving no one behind. Of course, this has been core to Fairtrade’s mission and purpose for nearly 30 years.

Our message is clear: the SDGs can only be delivered successfully when smallholder farmers and workers play a central role.

In mature markets like Australia and New Zealand, businesses large and small are turning to Fairtrade to demonstrate authenticity, transparency, social responsibility and measurable impact.

The power of our positive message continues to grow. Sales in Australia and New Zealand increased from AUD \$259 million in 2014 to AUD \$377 million in 2016, and we now have 3,214 Fairtrade certified products.

Each sale represents a new opportunity to reduce poverty, enhance communities, address gender inequalities and tackle climate change.

A handwritten signature in black ink, which appears to read 'Molly Harriss Olson'. The signature is fluid and cursive, with a long horizontal line extending to the right.

Molly Harriss Olson

Chief Executive Officer, Fairtrade Australia New Zealand

ABOUT FAIRTRADE

Fairtrade changes the way trade works through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries.

By choosing Fairtrade products, people can create change through their everyday actions, and farming communities can improve their lives and invest in their future.

Fairtrade Australia & New Zealand is a full and active member of Fairtrade International and has the sole right to license the use of the international Fairtrade Mark in Australia and New Zealand.

Fairtrade ANZ has three key objectives:

- **Market growth:** Increase the range, availability and sales of Fairtrade certified products
- **Credibility and trust:** Promote, position and protect the Fairtrade mark
- **Producer support:** Increase impact and sales for producers in the Pacific region.

VISION

A world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

MISSION

Connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives.

VALUES

1. **Action:** We get the right things done promptly and effectively to deliver services that achieve maximum impact for people and communities.
2. **Integrity:** We nurture and promote fairness and equality in global trade by being open, trustworthy and transparent in our work.
3. **Respect:** We treat everyone with equality, respect and understanding.
4. **Challenge:** We strive to increase the impact of our work, going beyond expectations to set the agenda for rights in trade.
5. **Optimism:** We believe we can make lives better and explore opportunities for working together to make long term improvements.

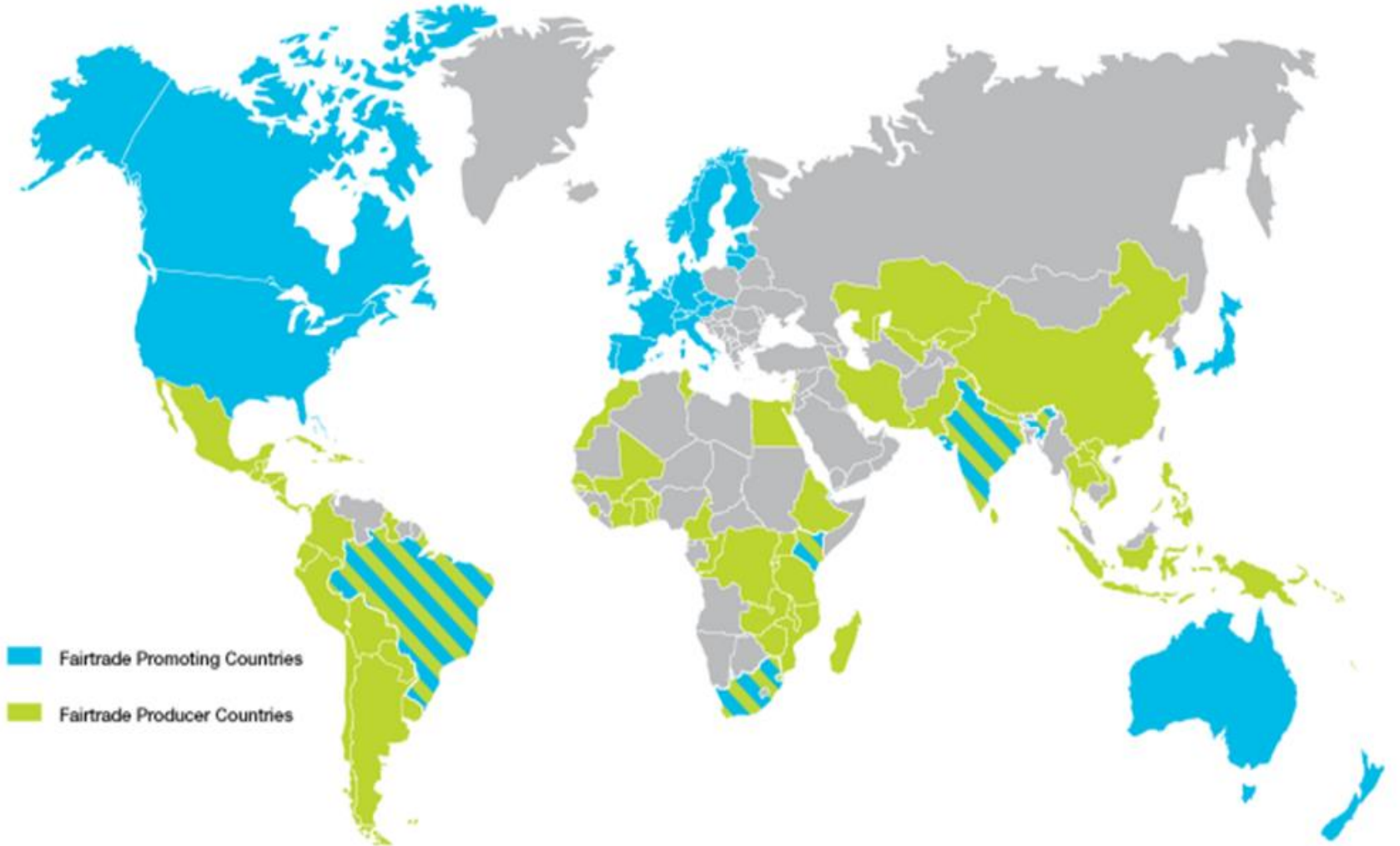
1,226

FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS



IN 74 COUNTRIES

MORE THAN
1.65 MILLION
FARMERS AND WORKERS
IN FAIRTRADE CERTIFIED
PRODUCER ORGANIZATIONS



® THE MOST
WIDELY RECOGNIZED
ETHICAL LABEL –
GLOBALLY.

WORKING WITH

THE 10 PRINCIPLES

Fairtrade advocates for decent working conditions, fair prices for farmers, sustainable practices, environmental protection and the empowerment of farmers and workers in developing countries.

By levelling the playing field for farmers to ensure they can improve their livelihoods and strengthen their businesses, Fairtrade meets the objectives of the 10 principles.

HUMAN RIGHTS

Principle 1: We support and respect the protection of internationally proclaimed human rights

Principle 2: We make sure that we are not complicit in human rights abuses

Our work on the ground in developed countries in the region is reducing poverty, supporting sustainable businesses and strengthening communities. Our advocacy work, particularly on issues such as modern slavery, is shaping government policy, amplifying the message of the UN's SDGs and driving change in consumer behaviour.



LABOUR

Principle 3: We uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: We uphold the elimination of all forms of forced and compulsory labour

Principle 5: We uphold the effective abolition of child labour

Principle 6: We uphold the elimination of discrimination in respect of employment and occupation

Fairtrade's model ensures that smallholder farmers and agricultural workers have a voice and decision-making power within their organisations and communities.

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Workers on Fairtrade plantations in the banana sector, for example, have secured 100% indefinite term contracts, compared to 16% for those on non-certified plantations.

Fairtrade certified producer organisations and traders are committed to preventing and effectively eliminating all forms of forced labour, child labour and human trafficking.

We tackle unequal power relations to promote gender equality and women's empowerment. Fairtrade gives women an equal voice, through equal pay and better representation, as well as training, education and programs to address women's burden of care.

Fairtrade works in partnership with trade unions and labour rights organisations to help workers negotiate better pay and conditions.

And we are working together with other standard-setters to ensure common approaches to calculating and paying a living wage.

ENVIRONMENT

Principle 7: We support a precautionary approach to environmental challenges

Principle 8: We undertake initiatives to promote greater environmental responsibility

Principle 9: We encourage the development and diffusion of environmentally friendly technologies

People in disadvantaged communities in developing countries will bear an unequal burden as the effects of climate change intensify. Fairtrade gives farmers the tools and training to adapt to climate change, and reduce its impacts.

And by implementing and enforcing the highest environmental standards, Fairtrade is also taking steps to reduce our overall carbon footprint.

ANTI-CORRUPTION

Principle 10: We work against corruption in all its forms, including extortion and bribery

As a member of the Australian Council for International Development, Fairtrade ANZ adheres to the ACFID Code of Conduct, which sets standards of good practice for the governance, management and accountability of non-government organisations.

Fairtrade ANZ is also a member of the New Zealand Council for International Development, and adheres to its Code of Conduct.



STRIVING TO MEET

THE SDGS





Setting the policy agenda

In September 2015, Fairtrade ANZ released a five-point policy agenda, *Delivering the Sustainable Development Goals through Trade*, which was shared with business, government and civic leadership.

A public awareness campaign about the SDGs was coupled with an online petition which asked the Australian and New Zealand governments to adopt the SDGs, as well as policies that break the cycle of poverty in the region.



Launching climate neutral coffee

In October 2016, we launched Australia's first Fairtrade Climate Neutral Coffee with several brands across Australia and New Zealand: Woolworths in Australia, and Countdown, Kokako and Grounded Coffee in New Zealand.

All emissions generated in the production of Fairtrade's Climate Neutral Coffee are reduced as much as possible within the supply chain, and then the remaining emissions are offset by purchasing Fairtrade Carbon Credits. The Fairtrade Carbon Credits are generated by Fairtrade coffee farmers through climate projects that reduce greenhouse gases, and provide communities with extra income.

In conjunction with the launch of Fairtrade's Climate Neutral Coffee, Fairtrade ANZ commissioned The Climate Institute to investigate the impact of climate change on coffee farmers. The report, *A Brewing Storm*, found that increasing temperatures and extreme weather could cut the area suitable for coffee production by up to 50 per cent, affecting the livelihoods of the world's 120 million coffee farmers.

The report was picked up by international media, including The Age, The Guardian, Breakfast, ABC, NZ Herald, Radio NZ, Stuff.co.nz, several regional newspapers, and global media, including the New York Times.



Tackling modern slavery

In February 2017, Fairtrade ANZ presented to the Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade at the inquiry into modern slavery. This inquiry follows the introduction of the Modern Slavery Act in the United Kingdom in 2015.

Our submission was the result of extensive collaboration with our international Fairtrade counterparts and commercial partners, and we continue to gain media coverage for our thought leadership in this space.



Promoting our impact

In November 2016, Fairtrade certified roasters and customers joined Fairtrade ANZ on a tour of coffee farms in Aceh, Indonesia. Two-day cupping training equipped farmers with industry-standard tasting and grading skills. Understanding the intricate aspects of flavour, quality and taste means farmers can improve their product for market and generate more income.

We also visited the Network of Asia Pacific Producers coffee forum in Medan, Indonesia. There, we built on relationships with small producer organisations and national Fairtrade organisations to strengthen trade along the whole coffee supply chain, demonstrate Fairtrade's impact in the field, promote Fairtrade coffee and establish a new coffee producer network.



Promoting sustainable living

In March 2017, Fairtrade ANZ helped highlight how ethical choices can be incorporated into our everyday lives.

The New Joneses, a pop-up tiny house in Melbourne's Federation Square, was open for a fortnight. During this time we strengthened partnerships and increased awareness of Fairtrade by proudly displaying certified chocolate, tea, coffee and bedlinen on every shelf and at the Fairtrade opening weekend market.

The event attracted more than 340,000 people.

Choosing Fairtrade bananas

In April 2017, a report commissioned by Fairtrade ANZ on banana exports and consumption in New Zealand, *The Big Squeeze*, aimed to encourage more consumers to choose Fairtrade bananas.

The report revealed that New Zealand has the highest per capita consumption rate of bananas, but only 18 per cent of the end price of bananas sold in the country goes to banana farmers and workers. Thirty per cent is retained by major supermarkets.

The story on the dark side of New Zealand's banana supply chain was featured on Newshub, Newstalk ZB, Prime TV as well as in various online publications and in regional papers.



Linking farmers in PNG

In June 2016, we completed the Linking Farmers in Papua New Guinea to Fairtrade Markets program, funded by the United Nations International Fund for Agricultural Development (IFAD).

This pilot project worked with more than 6,000 farmers, their families and communities in rural Papua New Guinea (PNG) and aimed to increase the entrepreneurial abilities of Fairtrade cocoa and coffee producer organisations.

By training people and trialling new ICT technologies, we have increased the capacity of 25,000 Fairtrade farmers and community members in PNG.



Building partnerships

In early 2017, Fairtrade hosted partnership forums in Sydney, Melbourne and Auckland to enhance engagement with our commercial partners.

We shared our new commercial and communication strategies and also received valuable feedback from our partners.

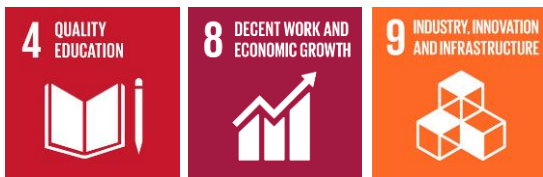
In addition to building connections between our partners in a variety of sectors, the Partnership Forums proved an excellent opportunity for open dialogue about Fairtrade's plans and their alignment with the SDGs.

Fighting gender inequality

Fairtrade ANZ joined forces with CARE International to embark on a project aiming to unlock the power of female farmers in Papua New Guinea.

Phase one of this project was delivered in May 2016 when 42 smallholder farmers attended a workshop on gender equality and governance.

Participants were given the opportunity to discuss traditional gender roles and actively challenge them. Chairperson of Alang Daom Cooperative Society put words into action when he elected to babysit his granddaughter so his daughter could attend the training.



Joining the World Fairtrade Challenge

More than two million consumers across the 43 countries joined the World Fairtrade Challenge in May 2017 to showcase their love for Fairtrade farmers, workers and products.

In Australia and New Zealand, more than 50,000 people joined the celebrations and events ranged from a market held by the Melbourne Cricket Club at the MCG to morning teas in some of the most remote parts of the country like Kalgoorlie, Lightning Ridge, Rapid Creek and Broome.

In New Zealand, the focus was on bananas as we asked Kiwis to join us in support of Fairtrade banana farmers and workers getting a fairer deal around the world.

With the support of community groups, schools and retailers, Fairtrade fans competed in a banana eating contest, a banana bake-off, and staged an attempt at the Guinness World Record for the largest Fairtrade banana dance-off.



Driving conscious consumerism

Using insights gained from market research and strategic counsel from Y&R Melbourne, Fairtrade ANZ launched an awareness campaign, *Protest with your Purchase*, focused on changing consumer behaviour.

The goal was to disrupt the buying habits of New Zealanders so that they chose Fairtrade coffee, tea and chocolate.

The awareness campaign was rolled out through social media, digital and out-of-home advertising, and retail partnerships in the months of October 2016 and May 2017. Online sales of our partner, Countdown, increased by 40 per cent year-on-year.

Campaigning for a Zero Carbon Act

In August 2017, we joined forces with 13 other aid agencies to demand political action on climate change.

In the lead-up to the New Zealand general election, *Back the Plan: Back to Zero* called on all political parties to establish binding climate legislation and a Zero Carbon Act. The campaign gained considerable mainstream media attention.



MEASURING

OUR SUCCESS

44,000
PACIFIC FARMERS
  IN
FAIRTRADE PRODUCER
ORGANISATIONS

192 
LICENSEES
& TRADERS
IN AUSTRALIA
54 IN NZ

 352
MILLION
RETAIL SALES (AUD) OF
FAIRTRADE
CERTIFIED
PRODUCTS
IN AUSTRALIA
AND NZ

OVER
3000



FAIRTRADE CERTIFIED
PRODUCTS FOUND IN
AUSTRALIA
& NEW ZEALAND

1 OUT OF 4
AUSSIES
RECOGNISE THE
FAIRTRADE
SOURCING PROGRAM LABEL FOR
COCOA 

FAIRTRADE
RETAIL SALES
EQUIVALENT TO
57 MILLION
BLOCKS OF 200GM
CHOCOLATE + 
371 MILLION 
CUPS OF COFFEE +
OVER 182
MILLION
TEA BAGS

79%
OF KIWIS AND
ONE IN TWO AUSSIES
RECOGNISE
THE FAIRTRADE MARK

LOOKING

TO THE FUTURE

The Asia Pacific is often called the world's economic powerhouse.

But this economic development comes at a price.

An estimated 600 million people live in poverty – more than half the world's poor. More than 490 million are undernourished and another 30.5 million are trapped in modern slavery.

But hidden behind these statistics is a tremendous opportunity.



Fairtrade currently operates in 25 countries across the Asia Pacific. We already boast a strong producer presence in India, Sri Lanka, Indonesia and China, and sales of Fairtrade products continues to grow.

We generate more than AUD\$325 million a year in sales in the Australia and New Zealand market, and \$1.1 billion in India.

Fairtrade ANZ's discussion paper, *Transforming Trade, Transforming Lives*, examines the role Fairtrade plays in alleviating poverty and growing prosperity across our region.

To do that, Fairtrade ANZ has set an ambitious, audacious goal to collaborate with 850,000 farmers and workers throughout the Asia Pacific by 2030.

This means 920 producer organisations, generating more than one million tonnes of Fairtrade crops and products a year.

And it means three quarters of a billion dollars in Fairtrade sales and \$86 million in Fairtrade Premiums improving the lives and livelihoods of the people of our region.







We want producers to access fair prices and new markets to enable them to plan for their future, sell more product and predict the price they will receive on their commodities.

Our challenge is to increase our credibility, drive Fairtrade throughout our region, and strengthen our relationships with producers.

By working together, we can build a fairer future for everyone in our region.

CONTACT US

If you have any queries or would like more information please go to:

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