

FAIR TRADE USA

2020

ANNUAL REPORT

RESILIENCE & INNOVATION





Neymar Gonzalez, 4, holds a few coffee berries collected from his grandmother's plot. Neymar is the grandson of CESMACH coffee producer Reynalda Vasquez Gomez, 49, from Capitan Luis Angel Vidal. Reynalda, a mother of six, has been associated to CESMACH since 2006 and sells her coffee via the Feminine Coffee-brand. CESMACH is a Fair Trade Certified association of roughly 580 small producers of organic coffee in Chiapas, Mexico.

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About Fair Trade USA

Mission

Fair Trade USA is building an innovative model of responsible business, conscious consumerism, and shared value to eliminate poverty and enable sustainable development for farmers, workers, their families, and communities around the world.

Vision

We believe that all farmers deserve a fair price for their harvest so that they can stay on the land, keep their kids in school, and farm sustainably. We envision a day when all workers enjoy safe working conditions and a living wage. We believe that business with purpose – companies that combine people, planet and profit – will become the norm. We envision a time when it is easy and affordable for all consumers to choose Fair Trade Certified products and vote with their dollars for a better world.

Model

Fair Trade USA, a nonprofit organization, is the leading certifier of Fair Trade products in North America. We audit and certify transactions between companies and their global suppliers; educate consumers; enroll new brands and retailers; and deliver the tools, training, and resources that producers need to succeed in the global market.

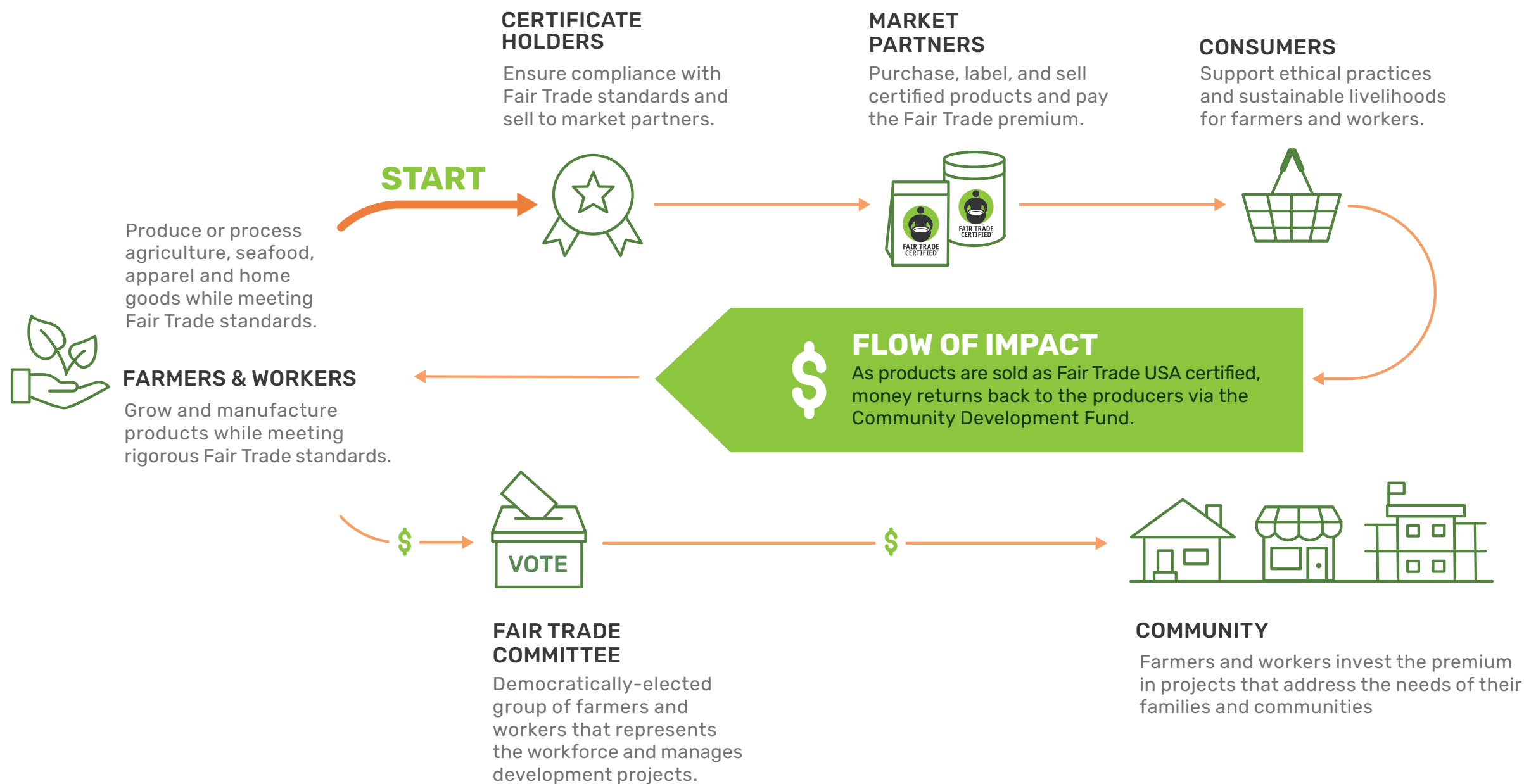
Deepali Das (center), with her mother (left) and son, Kaushik Das (right). Deepali Das, 33, from Kolkata, West Bengal, has worked for 6 years at the Paridhan factory of Rajlakshmi Cotton Mills. She has been on the Fair Trade committee for 1 year. Paridhan Garment Park, Kolkata, West Bengal, India. November 26, 2016



“I enjoy being on the FT committee. My fellow workers share their ideas with me on how we can implement premiums to help the community. I have received 4 years of Fair Trade premiums and every time, I’m proud to have been part of the program. The first year when we received the premium, I purchased a bicycle for my son, Kaushik Das. I never thought I would buy a bicycle before I had the extra funds from the premium. Since then, I’ve put my premiums into savings for the future, which is what a lot of the workers favor – helping themselves in the long term.

Deepali Das
Fair Trade Committee Member

How We Work



Community Outcomes:

1

INDIVIDUAL AND COMMUNITY WELL-BEING

Fair Trade standards help improve wages, benefits, and workplace health and safety. Our worker engagement and training programs build skills and self-confidence. Companies pay a Fair Trade premium, which in turn is invested by farmers and workers in their communities' greatest needs, such as water, education, housing, and healthcare.

2

INCOME SUSTAINABILITY

Fair Trade helps small farmers organize and empower themselves, form direct trading relationships with U.S. buyers, and earn a better price for their harvests. Frequently, they reinvest in productivity, product quality, crop diversification, and sustainable agricultural practices. These outcomes all support sustainable livelihoods for farmers and their families.

3

EMPOWERMENT

Through worker engagement and training, we are able to ensure compliance with Fair Trade standards. Our model gives farmers and workers a voice in the workplace and the community, leading to better community development results.

4

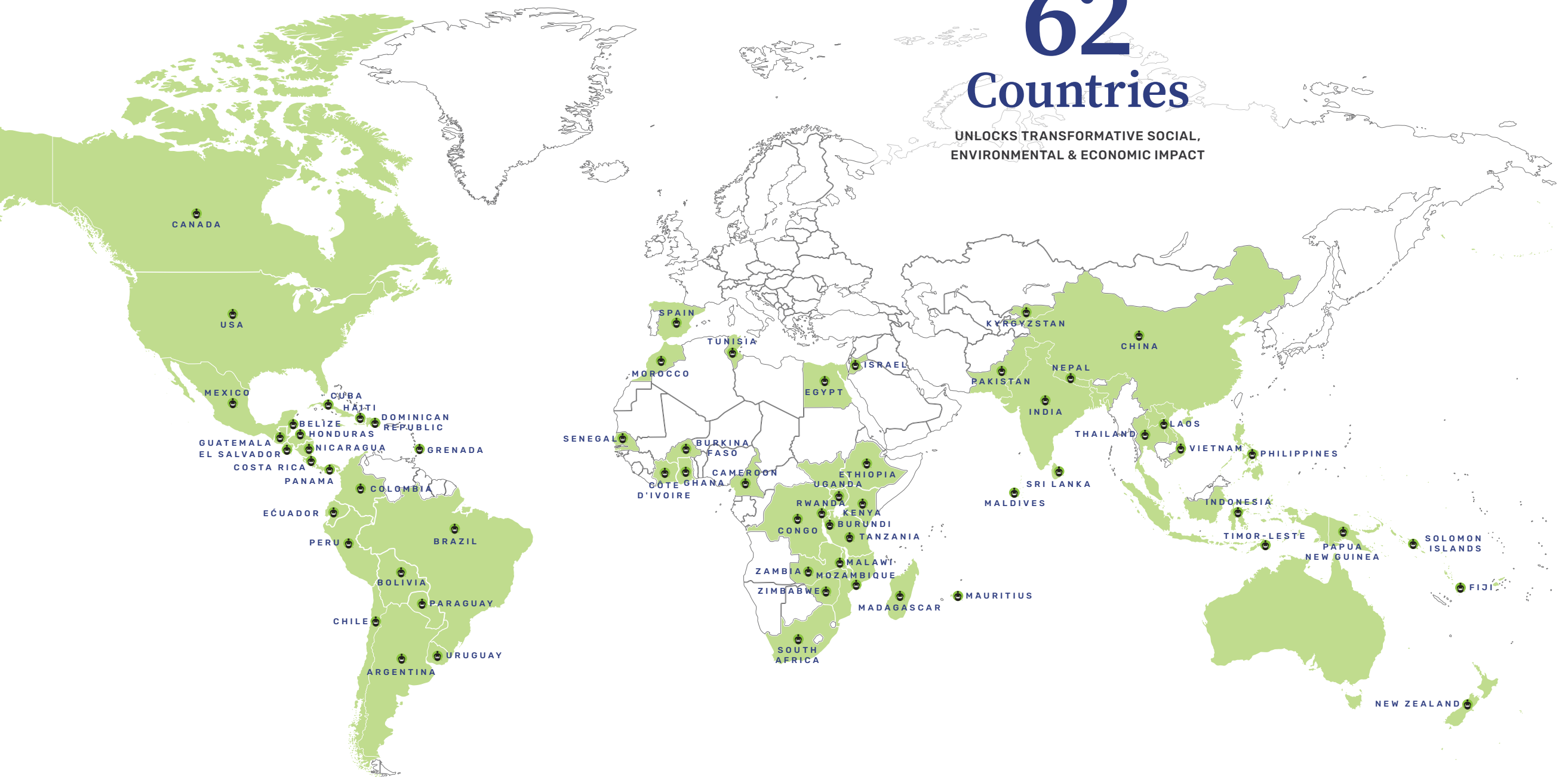
ENVIRONMENTAL STEWARDSHIP

Our standards prohibit use of the most harmful agrochemicals and offer incentives for farmers to grow organically. We require producers to implement sustainable production practices and protect natural resources. Sound environmental stewardship is essential for improving livelihoods for families.

Theory of Change



Where We Work



Our Impact



FINANCIAL BENEFIT TO FARMERS AND WORKERS IN 2020

\$105 million



CUMULATIVE FINANCIAL BENEFIT TO FARMERS AND WORKERS BETWEEN 1999-2020

\$830 million



CONSUMER AWARENESS IN 2020

63%



NUMBER OF COUNTRIES WHERE WE WORK

62 countries



NUMBER OF FAIR TRADE CERTIFIED PRODUCERS WORLDWIDE

1.6 million



NUMBER OF NEW BUSINESS PARTNERS IN 2020

199



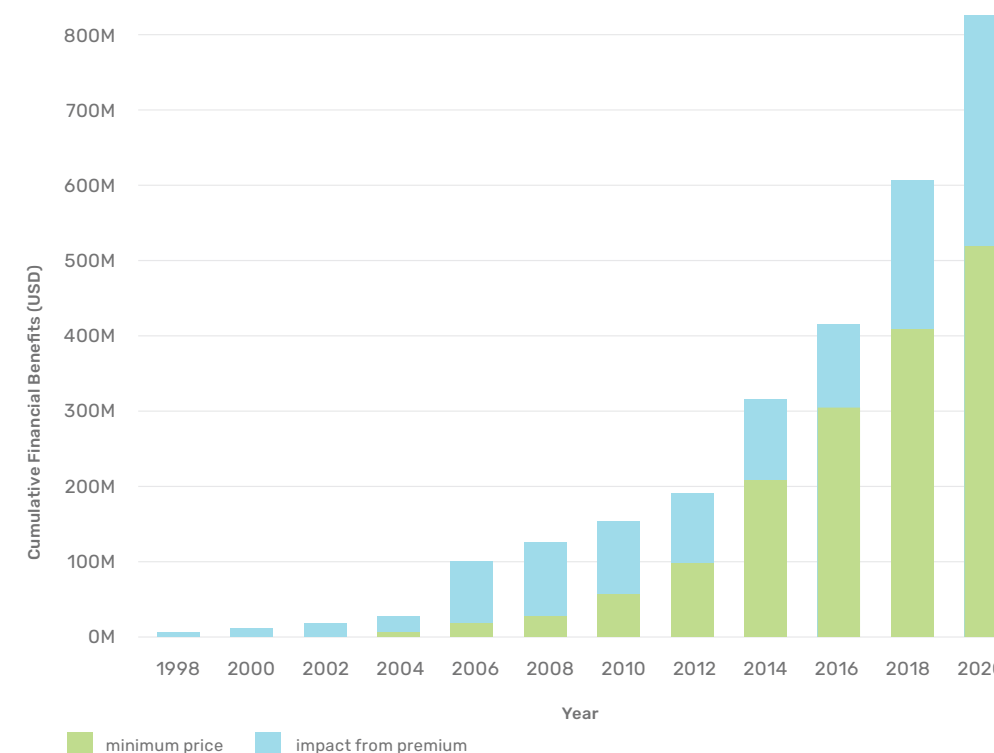
TOTAL NUMBER OF BUSINESS PARTNERS IN 2020

1,400+ companies

Social Return on Investment:

In 2020, For every dollar we invested in growing the Fair Trade market and movement, we generated five dollars in impact.

Cumulatively, Fair Trade USA has generated over \$830 Million in financial benefit to producers since 1998.



Fair Trade guarantees coffee farmers a minimum export price of \$1.60/pound. When the market bottomed out at \$0.93/pound in 2020, this “floor price” kept families whole and on their land.



Tania Itzel Ruiz Álvarez, 17, is in her last year of high school. The laptop provided to her from Edulag ensured her ability to graduate.

Impact Feature Story

Last year, members of Edulag—agave syrup producers in Jalisco, Mexico—recognized that the COVID-19 pandemic was negatively impacting students in the Villa Corona community where they live. Schools had mandated that kids participate in classes online, but many students lacked the technology to attend remotely. The Edulag members voted to use their Community Development Funds to help cover the unexpected education expenses, and 40 families received laptops and tablets to keep their kids’ education on track.

Access to education is a pillar of global sustainability and human rights. At the 2015 World Economic Forum, 164 countries committed to providing all children access to education by the year 2030. In the five years prior to the pandemic, progress closed the access gap by half. Yet the spread of COVID-19 has now affected 91% of children worldwide, putting the WEF goal at risk. At Fair Trade USA, we are proud that our model empowers local communities like Villa Corona to act swiftly to ensure their young people are able to continue learning despite the impact of the pandemic.

May other fair trade communities around the world are using their Community Development Funds on education projects – the ASOANEI coffee cooperative in northern Colombia rebuilt the community school; fishers on the island of Komandoo in the Maldives invested in high school enrichment classes for students across the island to name a few. The future we envision depends on all kids attending school and learning. The Community Development Funds—central to the Fair Trade USA model—are just one way that fair trade provides meaningful, measurable impact in solving some of the world’s greatest challenges.

Industry Partners & Market Building

Our mission at Fair Trade USA of delivering more opportunity for empowerment and sustainable development relies on unlocking opportunity in the market. By enrolling brands, manufacturers, traders, and retailers, we are able to both connect producers to business, as well as to consumers. When markets are challenged, our efforts in this area become even more critical, and the global shutdown in 2020 insisted on a strong response. Our focus of ensuring connection between producers, consumers, and the market took on new levels of urgency, with remarkable results.

The near-total shutdown of the food service sector represented serious challenges for producers and companies who rely on that channel. Despite this, we were able to see growth in both brand and private label sourcing. In coffee, our efforts limited the impact of this contraction where, despite a price crisis that predated the pandemic, we saw a drop of only 5% overall.

Our packaged goods program remained strong, where we launched 1,000 new products with our partners in 2020 including baking products, chocolate, candy, and breakfast items.

Produce presented an opportunity for market development as people needed more fresh options as they weathered stay-at-home and other shut down

mandates. We took the opportunity to press the business case for Fair Trade Certified produce as companies saw not just the need from consumers, but their growing understanding of how interconnected we all are to the communities harvesting our food. Including launching with several new brands, fair trade produce saw a 36% increase in 2020.

These are just a few of our 1,400 business partners that help make the fair trade market and our mission possible.

1,400

BUSINESS PARTNERS

1,000

NEW PRODUCTS LAUNCHED

36%

INCREASE IN PRODUCE IN 2020

These are a few of the over 1,400 brands we partner with to bring Fair Trade Certified partners to market.





Innovative Movement Building

325+

GRASSROOTS CAMPAIGNS
AROUND THE COUNTRY
STAYED CONNECTED &
ACTIVE

LA

THE LARGEST FAIR TRADE
CITY IN NORTH AMERICA,
& THE 4TH LARGEST IN
THE WORLD

The vision of the fair trade movement is only ensured when we successfully unlock the conscious consumer movement. For over a decade we have been providing tools, resources, and leadership support for consumers to go beyond the purchase. Through Fair Trade Campaigns, passionate advocates raise awareness, drive more consumers to choose fair trade, and convert the food and beverages sourced by their institutions to fair trade products.

2020 challenged our largely in-person, grassroots model like never before, but we pivoted quickly to ensure that the over 325 grassroots campaigns around the country stayed connected and active. Our planned national conference shifted to digital expanding access to the event, and driving engagement for months after the close of the event.

We adapted the model to empower campaigns to support local businesses, nonprofits, and local organizations that had supported their efforts. We provided tools and resources for digital advocacy and online events. And against that backdrop, we saw incredible success. Impressively, after years of careful planning and painstaking advocacy from Fair Trade Los Angeles, LA – the 2nd largest city in the U.S.A. – became the largest Fair Trade City in North America, and the 4th largest in the world.

PROGRAM SPOTLIGHT

Innovative Response

Responding to the COVID-19 crisis.

The pandemic hit us all hard—none more so than those living without a social safety net. As such, our hearts and minds were immediately at work to determine how we could best respond to support those partners on the ground.

Workers prepare materials for clothing at Connoisseur Fashions, a Fair Trade Certified apparel factory, in Chennai, Tamil Nadu, India. September 16, 2019.

We made rapid innovations to our operations, enabling us to provide direct support and respond to new challenges presented by the pandemic. Fair Trade Premium funds that are normally invested in community projects over time, were allowed to be paid directly to farmers, workers, and families to address needs like medical care, PPE, food, and even funeral expenses. Given the travel restrictions, we implemented remote training and support as well as remote audits. Additionally, we recognized other certification programs, making it easier to certify producers without an on-site audit. We also produced a COVID safety and prevention video in 7 languages for farmworkers around the world.

Rapid

INNOVATIONS TO OUR
OPERATIONS

Funds

WERE PAID DIRECTLY
TO FARMERS, WORKERS,
AND FAMILIES

PRODUCED A COVID
SAFETY & PREVENTION
VIDEO IN

7

LANGUAGES FOR
FARMWORKERS AROUND
THE WORLD





PROGRAM SPOTLIGHT

Innovative Expansion

In 2020 we developed the first fair trade dairy standard in the world.

Chobani Case Study

Building upon a foundation of impact and market expansion, we initiated a Fair Trade Certification pilot program in 2020 to bring fair trade to a new sector—dairy. We partnered with dairy farms and cooperatives affiliated with Chobani in New York and Idaho. The goal of this effort was to test our certification process in a real-world scenario. Incorporating feedback from pilot program participants, we created a rigorous 200-point checklist of social and labor criteria necessary for a dairy farm or cooperative to achieve Fair Trade Certification.

In early 2021, Chobani launched as the first Fair Trade Certified™ Greek yogurt, applying to all Chobani 32 oz tubs. By ensuring more sustainable incomes, we see Fair Trade Certified dairy as an important tool in mitigating years of market volatility, while also delivering on needed improvements in worker safety and community well-being.

2020

DAIRY BECAME A NEW
FAIR TRADE SECTOR

1st

FAIR TRADE CERTIFIED
GREEK YOGURT
LAUNCHED BY CHOBANI

PROGRAM SPOTLIGHT

Innovative Philanthropy

Unlocking Impact

The Walmart Foundation invested \$1.4 million in our journey of continuous improvement recognizing that our role in global supply chains enables us to provide increased value for farmers and workers. This work, which began in January of 2020, seeks to strengthen the impact of premium investments in producer communities through improved processes, tools, data capture, and reporting.

That impact can be even better realized when community projects are implemented efficiently and effectively. We have found that as the farmers, workers, and fishers in the fair trade system consider how to best utilize the additional funds that they receive via the Community Development Fund, they need access to assessment resources and best practices. Creating scholarship funds; investing in roads, clean water, and other infrastructure needs; and creating local access to medical care, are all investments that provide immense value to the community and beyond. However, these are efforts that can be challenging to design and execute.

This investment from the Walmart Foundation aims to dramatically improve the way that producers assess their needs, design these programs, and monitor their impact. Through the development of tools and resources to support the selection and implementation of projects, our partnership will enable long-lasting change. We made significant progress on this project in 2020: completing research with producers across multiple commodities and regions (using Human Centered Design methodology), developing prototypes for tools and materials, and launching a pilot to gauge their effectiveness.

As this work moves forward in 2021, the grant will also fund the development of an online hub which will provide broad accessibility to the resources and best practices, as well as make public the impact these projects have on communities and supply chains.



“We never need anything here and there is always work, so really, I can't complain.”

Felipe Reyes
Wholesum Fair Trade Certified Worker

Felipe Reyes, 50, from Oaxaca, harvests organic cherry tomatoes. 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.

PROGRAM SPOTLIGHT

Unlocking Digital Access

We are committed to finding every effective way to connect producers to the market, and to get companies to implement sustainable supply chains. To that end, we pivoted our technology in 2020 to adapt our audits and programs due to COVID.

First, we increased our levels of direct producer support through the launch of our new digital platform, which allowed us to increase levels of direct producer support, strengthen supply chain transparency and traceability, and deliver higher-quality compliance and impact information to our partners.

This platform allows producers to create online profiles, display their impact data, and offer products for sale. We signed up over 450 cooperatives around the world, representing almost 1M farmers and workers. We also introduced the My Supply Chain dashboard for key business partners, bringing greater transparency than ever before. The launch of this platform was significant in light of the pandemic and economic struggles of our producer partners and is providing a great foundation for ongoing optimization and expansion.

450+

COOPERATIVES SIGNED UP
AROUND THE WORLD

1M

FARMERS & WORKERS
REPRESENTED



[FAIRTRADECERTIFIED.ORG](https://fairtrade.org)