

SAY HELLO TO A FAIRER FUTURE

COMMUNICATION ON ENGAGEMENT

REPORT TO THE GLOBAL COMPACT NETWORK AUSTRALIA
SEPTEMBER 2019 - SEPTEMBER 2021



FAIRTRADE
AUSTRALIA
NEW ZEALAND

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FAIRTRADE
AUSTRALIA
NEW ZEALAND

MESSAGE FROM THE CEO

This report, which I am proud to present, illustrates Fairtrade Australia and New Zealand's commitment to the Ten Principles of the United Nations (UN) Global Compact as outlined for the period September 2019 to September 2021.

This communication piece looks at our continuing achievements in furthering the Sustainable Development Goals, with a specific focus on the UN Global Compact's Ten Principles across the areas of human rights, labour, the environment and anti-corruption.

Like all of the Fairtrade offices throughout the world, we represent a global network that changes the way trade works through better prices, decent working conditions, and a fairer deal for farmers and workers in developing countries.

This comprehensive global system means that we work closely with producer organisations and farmers to help them improve efficiencies and therefore increase their production capabilities. Each part of the supply chains must meet Fairtrade's Standards so we assist producers to ensure they farm sustainably, have good governance, provide opportunities for women and continually strive to improve working conditions.

We also support producer organisations through projects, like pre-financing initiatives and facilitating long term partnerships, so they can grow and take control of the trading process.

Our efforts encompass generating greater demand for Fairtrade certified products in market, which we achieve by partnering with brands and retailers, some of which are also members of the UN Global Compact, and by encouraging consumers to exercise their purchasing power responsibly and ethically. This has been especially relevant post-pandemic as more and more consumers seek to reflect their sustainable ethos through their purchasing decisions.

Our advocacy seeks to influence perceptions in both the business community, and more broadly, in relation to key UN themes including eradication of modern slavery, climate change adaptation and the alleviation of poverty through living incomes and living wages. Together with our partners, we seek to move the conversation to the mainstream on these issues.

Covid-19 has, of course, had a huge impact on our work in the Pacific and locally but we continue to embrace new ways of working so we can stand with our producers, partners and the community to drive change. We look forward to many more achievements in these areas in the coming years.



1. ABOUT FAIRTRADE

WHAT FAIRTRADE DOES

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, fulfill 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

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



Fairtrade ecosystem

Fairtrade International



Latin America, Asia-Pacific, Africa Producer Networks



Work with governments to ensure fair pricing and to influence trade policy



Encourage shared learnings. Support trainings and document progress



Facilitate assemblies for decision making

PRODUCTION HAVE OF THE VOTES IN OUR DECISION MAKING ✓
50%
Fairtrade Standards

An additional sum of money that farmers and workers invest in projects they choose.

Fairtrade Minimum Price
Mandate Fairtrade minimum price as an ongoing safety net

FAIRTRADE PREMIUM

The Producers - the heart of the network



Audit the supply chain, including manufacturers and importers/exporters



Flocert - the 3rd party auditors and certifying body.

Fairtrade Au & NZ (FANZ) National Fairtrade Organisations



AUSTRALIA NEW ZEALAND
Fairtrade networks helps build advocacy and dialogue with consumers and retail outlets

Fairtrade licensing advise business on auditing and use of the Fairtrade marks

You - the licensee



Consumers and Retail outlets



OUR GOALS



**MAKE TRADE
FAIR**



**EMPOWER
PRODUCERS
AND THEIR
COMMUNITIES**



**FOSTER
SUSTAINABLE
DEVELOPMENT**

FAIRTRADE WORLDWIDE

- 1.7 million farmers and workers in 72 countries
- +35,000 Fairtrade products available worldwide
- €190.6 million in Fairtrade Premium for top 7 products
- Farmers and workers have 50% of the votes at the Fairtrade International General Assembly
- 2,785 Fairtrade licensees bringing Fairtrade products to the market.



Fairtrade Worldwide

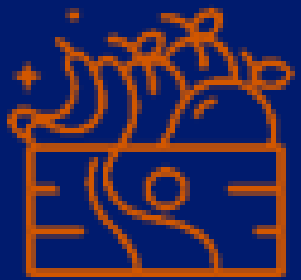


1.7 million



farmers & workers in

72 countries



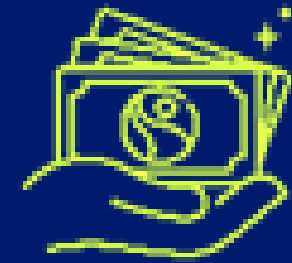
+ 35 000

FAIRTRADE PRODUCTS
available worldwide



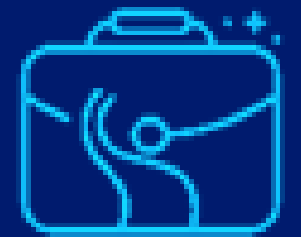
SHARED GOVERNANCE

farmers and workers have 50% of the votes
at the Fairtrade International General
Assembly



**€190.6
million**

In FAIRTRADE
PREMIUM for
top 7
products



2,785

FIARTRADE LICENSEES
bringing Fairtrade products
to market

2. STRIVING TO MEET THE SUSTAINABLE DEVELOPMENT GOALS

FAIRTRADE SUSTAINABLE DEVELOPMENT GOALS (SDG'S)



SDG 1 No Poverty:

Farmers and workers will make strong progress towards a living income and living wages.

In December 2020, we introduced the new Fairtrade Base Wage for workers on banana plantations. We also started work on the Tea standard and pricing review.



SDG 2 Zero Hunger:

Farmers and workers earning a dignified income or wage will be able to better provide for their families

In 2020 we made changes to how Fairtrade Premium could be spent so it could be used to purchase staples like food and soap. These were often then distributed by the cooperatives.



SDG 5 Gender Equality and Inclusion:

A push for equality will result in increased opportunities and representation for women and young people

During Covid-19 we are committed to continuing gender work even if it has to happen virtually. Our gender leadership schools and seed funding empower women to become entrepreneurs and managers.



SDG 8 Decent Work and Economic Growth:

All workers will enjoy decent working conditions and exercise their rights freely

Across 2020 Fairtrade urged all decisions on health, safety and employment to be taken in consultation with trade unions and other elected worker representatives.



SDG 9 Industry, Innovation and Infrastructure:

Supply chains will be fully traceable and transparent

For health and safety reasons Fairtrade has adapted to remote auditing of cooperatives and licensees to maintain data integrity.



SDG 12 Responsible Consumption and Production:

Consumers, producers and advocates will push for social and climate justice

The Covid-19 emergency initiative provided biosafety materials for 230-plus organisations, allowing them to continue the production of food, keeping the Fairtrade system's value chain running.



SDG 13 Climate Action:

Farmers and workers will apply environmentally sustainable practices as they adapt to a changing climate

Fairtrade Climate Academies have continued in all three regions during the pandemic. Training incorporates planting more climate resilient crop varieties, distributing efficient cookstoves and diversifying incomes.



SDG 17 Partnerships:

Fairtrade will leverage commercial and civil society relationships to co-create new pathways towards impact

Fairtrade called to the G20 for a response to the impact of Covid-19 on developing country farmers and workers. Fairtrade also continued to lobby on other issues affecting farmers like climate change.

3. WORKING WITH THE TEN PRINCIPLES

HOW WE WORK WITH THE TEN PRINCIPLES

Fairtrade advocates 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 Ten Principles.



HOW WE WORK WITH THE TEN 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.

The Fairtrade system has codified the protection of human rights into the minimum labour and governance standards, to which members must adhere.

Fairtrade ANZ has a Gender Advisor working to mainstream gender inclusion through its operations generally, and into producer support specifically. By creating an enabling environment for women to contribute their skills and knowledge, take on leadership roles and advocate for their interests, producer organisations can draw on the full potential of their members, and women can reach their full potential and minimise exposure to abuses.

Dedicated child protection and forced labour programs are also in place, educating producers on the Fairtrade minimum labour standards and the laws within their countries. Using Fairtrade's original method, children are directly involved in identifying safety concerns, and trained youth representatives become a safe reporting point for young people.

Human rights are central to the Fairtrade brand and we work to inspire consumers to support this work, and to buy products that uphold the rights of producers.



HOW WE WORK WITH THE TEN PRINCIPLES: HUMAN RIGHTS

Thought leadership

Fairtrade ANZ collaborated with the Global Compact Network Australia and the Sustainable Development Solutions Network to organise a 'Globalisation and the Covid-19 Economic Recovery' webinar. Around 250 registered attendees heard from Jeffery Sachs, world-renowned professor of economics, leader in sustainable development, senior UN advisor. Sachs explored the obstacles and opportunities ahead and the role of global cooperation in building back better. Following the event, the three parties released a report: "Five Critical Outcomes on the Road to Recovery".

Following from 2018-19 work with NZ Trade Advisory board, which recommended modern slavery legislation in NZ, Fairtrade ANZ actively supports the implementation of NZ Modern Slavery legislation.

Global human rights due diligence

Fairtrade ANZ participated in a global Fairtrade working group led by Fairtrade International to strengthen Fairtrade's system-wide approach to human rights due diligence. The group features representatives from a range of Fairtrade offices around the world along with FLOCERT (the independent certification body), the Fair Trade Advocacy Office (a joint initiative between Fairtrade and the World Fair Trade Organization), and has collaborated closely with producer networks within the system. The project is currently analysing strengths, weaknesses and identifying gaps to be addressed.



HOW WE WORK WITH THE TEN PRINCIPLES: 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.



HOW WE WORK WITH THE TEN PRINCIPLES: LABOUR

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



HOW WE WORK WITH THE TEN PRINCIPLES: LABOUR

Modern Slavery Act

Fairtrade ANZ has a strong history of advocating for legislation that helps eradicate modern slavery. We played an important role in the establishment of Australia's Modern Slavery Act and we are now working with partners in New Zealand to drive action towards similar legislation.

Now that large Australian businesses are compelled to report on the transparency of their supply chains, Fairtrade ANZ is encouraging our smaller partners and other businesses to report on the risks of modern slavery, forced labour, child labour and other labour rights abuses occurring in their supply chains. Our CEO has undertaken several interviews in high profile business media publications to champion modern slavery legislation and action.

Producer governance support

Good governance support for producer organisations and work to minimise labour rights abuses also continues among Small-Scale Producer Organisations (SPOs) in the region, including the Pacific Island nations. In 2020 and 2021, Fairtrade's Producer Support team has delivered training on child and vulnerable adults safeguarding practices to SPOs in Fiji.



HOW WE WORK WITH THE TEN PRINCIPLES: ENVIRONMENT

Principle 7:

We support a precautionary approach to environmental challenges.

Fairtrade prohibits the use of certain agrochemicals that are harmful to the environment and encourages farmers to reduce their use of pesticides. We also encourage, where practical, a conversion to organic agriculture to support market access, enhance incomes and promote good environmental practices.

Principle 8:

We undertake initiatives to promote greater environmental responsibility.

Deforestation, biodiversity loss and conservation are all key challenges to sustaining a healthy planet. Many Fairtrade co-operatives invest their Fairtrade Premium into reforestation projects. Planting trees on cleared, degraded land prevents soil erosion and stores carbon dioxide. Trees also improve biodiversity, protect soils, and provide a habitat for native wildlife. Sireet OEP, an organisation of small-scale tea growers who also own a tea factory in East Africa, planted 150,000 trees in a year alone.

Principle 9:

We encourage the development and diffusion of environmentally friendly technologies.

Fairtrade is supporting communities to switch to biogas and clean cook stoves to reduce deforestation, as well as working with larger coffee cooperatives to support transitions to more sustainable water treatment facilities for coffee processing.



HOW WE WORK WITH THE TEN PRINCIPLES: ENVIRONMENT

Climate change adaptation

Before we commit to adaptation work, we need to understand how climate change is impacting farmers and the best solutions in response. Fairtrade ANZ is supporting and commissioning research into the impacts of climate change:

- In Papua New Guinea, as coffee productivity continues to decrease, we are exploring the viability of carbon credits as an additional stream for coffee farmers.
- In Fiji, a country regularly hit by extreme weather events, we are working to understand the carbon and water footprint of the sugarcane industry to help improve and diversify agricultural practices.
- In Timor-Leste, where long periods of drought reduce agricultural yields, we are working to enhance access to sustainable water sources to improve agricultural productivity and livelihoods.

Forthcoming updates to the Fairtrade Standards for Small-Scale Producer Organisations will require cooperatives and associations to take more actions on climate change adaptation and environmental protection. We are proactively working with these groups to ensure they are well equipped to lead these efforts in their communities.



HOW WE WORK WITH THE TEN PRINCIPLES: 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.

Capacity building

Fairtrade works to support established, newly certified and emerging Small-Scale Producer Organisations (SPOs) in the Pacific Islands and Papua New Guinea to strengthen their organisations through compliance with the Fairtrade Standards. We promote transparency and accountability of SPO leadership and the practice of inclusive, democratic decision-making.

Transparency

Fairtrade ANZ audits brands licensed to sell Fairtrade certified products in Australia and New Zealand to ensure compliance with agreed financial practices and procedures and to maximise transparency and accountability through the supply chain. As part of the global Fairtrade network we also support independent third party audits at every stage of the supply chain to ensure that the Fairtrade Standards are upheld.



4. MEASURING OUR SUCCESS

FAIRTRADE IN THE PACIFIC

Reach

Farmers	Beneficiaries
24,014	124,335



Timor - Leste

- Producer organisations: 2
- Products: coffee
- Farmers: 3,378
- Beneficiaries: 14,713
- Global SDG Rank: n/a



Papua New Guinea

- Producer organisations: 9
- Products: coffee, cocoa
- Farmers: 9,216
- Beneficiaries: 64,415
- Global SDG Rank 151

Solomon Islands

- Producer organisations: 1
- Products: coffee
- Farmers: 67
- Beneficiaries: 335
- Global SDG Rank: n/a

Samoa

- Producer organisations: 1
- Products: coconuts
- Farmers: 103
- Beneficiaries: 721
- Global SDG Rank: n/a

Fij

- Producer organisations: 3
- Products: sugar cane, ginger
- Farmers: 10,430
- Beneficiaries: 65,936
- Global SDG Rank: 62

Tonga

- Producer organisations: 1
- Products: vanilla
- Farmers: 292
- Global SDG Rank: n/a




Climate change adaptation and mitigation, water management, and organic production projects



Gender equality and women empowerment projects



Organisation and business development projects: (access to finance and markets)



Workers' rights (child labour, forced labour and gender based violence)



Productivity and Quality

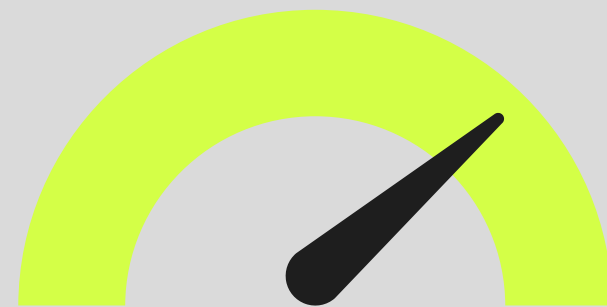


MEASURING OUR SUCCESS: MARKET AWARENESS



80% of consumers in ANZ are positive about the impact of the Fairtrade Mark on brand perceptions.

Nearly half (45%) of consumers feel that if a product stopped carrying the Fairtrade label, it would negatively impact their impression of the product.



75% in ANZ

believe that it is even more important to support Fairtrade since the onset of the Covid-19 pandemic. Additionally, they feel a sense of solidarity and community when purchasing Fairtrade.

Consumers are most motivated by labels that avoid child labour.



4 out of 10 New Zealand consumers are motivated to choose labels that avoid child labour.

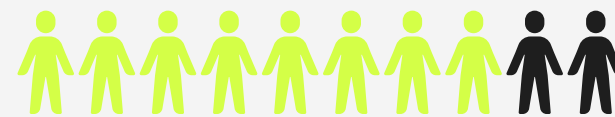


3 out of 10 Australian consumers are motivated to choose labels that avoid no child labour.



8 out of 10 in ANZ

are very positive about the impact of the Fairtrade label, with eight in ten saying they believe it has a positive impact.



The Fairtrade Mark is preferred over competitor marks across both countries (except for Fairtrade flowers which is a new market for Australia).

**data from: Fairtrade Consumer Insights 2021
GlobeScan report. Based on awareness of the
Fairtrade mark*

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