

GLOBAL CHANGE,

LOCAL LEADERSHIP

ANNUAL REPORT 2014 – 2015



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 International is the umbrella organization for Fairtrade worldwide. We own the FAIRTRADE Marks that certify that international Fairtrade Standards have been met.

FLOCERT is the independent certification body of the global Fairtrade system.

OUR VISION

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

OUR STRATEGY

Our 2013–2015 strategic framework, 'Unlocking the Power of the Many,' is focused on building our unique strengths and delivering in the following four areas:

- World-class work with smallholders
- Drive real change for workers
- Grow the grassroots social movement and the market
- Strengthen the global Fairtrade system

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Cover photo: Ibu Ami, member of Koptan Gayo Megah Berseri cooperative in Indonesia, picks coffee in her garden. "I hope I can pass down my coffee garden to my children. I want to help them to have a source of income in the future, since today it's hard to find a job," she says. Ibu's cooperative invests their Fairtrade Premium in improving members' productivity and crop quality through training on environmental issues and farming practices.

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BOLD IDEAS: MESSAGE FROM OUR CHIEF EXECUTIVE

“Whatever you can do, or dream you can, begin it,” said Goethe. *“Boldness has genius, power and magic in it.”* Over 25 years ago, when Fairtrade burst onto farmers’ fields and shop shelves, it was indeed bold. Today we still seek to nurture that innovative energy, to keep Fairtrade at the cutting edge of creating trade that puts people first, and that responds to the ever-growing challenges that small-scale farmers and workers face.

For face these challenges we must, and fast. This February, visiting producers in Guatemala, I was deeply struck by the pervasive effects of climate change on their farming. Coffee farmers shook their heads as their harvest dwindled by 40 percent, while beekeepers showed me empty hives – it was just too cold for the bees.

So, over the past year, we’ve trained and supported thousands of farmers to develop climate adaptation strategies. We have also developed the first ever Fairtrade certification scheme for carbon credits, which we’ll be launching at the climate change talks in Paris in December 2015. Our producer networks will also be there to voice farmers’ concerns about the effects of climate change on their crops and to advocate for further financial and technical support to adapt to these changes. It’s only through innovative collaborations that we can begin to make progress.

Joining forces is also the key to unlocking better wages for those at the bottom of international supply chains. In 2014, we championed a new methodology to define a living wage in the countries and commodities in which Fairtrade works. Working closely with other certifiers, trade unions, companies and governments, we are looking at how we can enable employers to move towards these benchmarks and pay wages that people can actually live on.

We also gave a good spring clean to the Trader Standard, raising the bar on labour rights and encouraging best practice among traders. We supported research on the unfair bulge of profits in the centre of supply chains, and called on governments to address unfair trading practices. We’ve been exploring new ways of setting Fairtrade prices, and have been consulting on a new Textile Standard.

We are delighted that FLOCERT, our independent certification body, also has the innovation bug. Producers are benefiting from a more streamlined and collaborative approach to auditing, while new services in verification and in gender equality certification offer companies a range of support to meet their sustainability goals.

Grassroots supporters have always been the bedrock of Fairtrade and there are now more than 1,700 Fair Trade Towns globally! What’s more, governments are getting on board as well, with the Swedish Minister of Consumer Affairs leading the charge for Sweden to become a Fair Trade Country.

We want to see more fair trade policies on government agendas. That’s why we were pleased to input into the Sustainable Development Goals, and we will advocate for the voices of smallholders and workers to be put centre stage in their implementation. Producers are the only ones who know what they need, whether it’s climate change adaptation for their honey production or traders paying higher prices. So, as we set out our strategy for 2016–2020, we are aligning with these global goals while always listening to farmers and workers – and to their bold ideas for change!

Harriet Lamb
Chief Executive

JOURNEYS TO CHANGE

We are increasing our efforts to understand Fairtrade's impact and effectiveness by investing in our monitoring, evaluation and learning programme. As part of this, we've developed a Theory of Change and set indicators to measure our progress.





The sixth edition of “Monitoring the Scope and Benefits of Fairtrade” features deep-dive evaluations and research illustrating how Fairtrade performs in different contexts and products, as well as detailed facts and figures on Fairtrade farmers and workers, production volumes, Premium use and more.

To help us firmly root the twin ideas of learning and improvement within Fairtrade, we’ve examined a wide range of external and internal impact reports against our Theory of Change. There are areas where there is strong evidence that Fairtrade is having a positive impact but there are also others where further research and work is needed. Here are some of the key findings:

FOSTER SUSTAINABLE LIVELIHOODS

- +** There is strong evidence that Fairtrade is having a positive impact in a range of ways on sustainable livelihoods. Farmers experience more income stability and reduced vulnerability to price fluctuations. They can access higher-value markets and enjoy better productivity and quality levels. For workers on plantations, studies note improved labour relations and better terms and conditions of work. Environmental protection practices are largely in place.
- Evidence shows that the scale of Fairtrade benefits is, in many cases, not sufficient to be transformational. Many producers need better access to Fairtrade markets to increase these benefits. On plantations, workers are not yet earning living wages.

EMPOWER SMALL PRODUCERS AND WORKERS

- +** Evidence shows that Fairtrade is enabling smallholder farmers to gain greater influence in trading relationships and negotiations. Farmers are also empowered to take more ownership and control over the value chain. On plantations, Fairtrade has a positive impact on workers’ skills and knowledge.
- There is limited evidence of gender equity and the inclusion of other marginalized groups within Fairtrade. The benefits for workers in small producer organizations are limited. More research is needed on collective bargaining within Fairtrade plantations, and regarding the extent to which Fairtrade supports workers to organize and influence working conditions.

MAKE TRADE FAIR

- +** There is some evidence that Fairtrade is making trade fair: Better conditions (such as higher prices) in Fairtrade supply chains can contribute towards improved conditions in the wider region.
- There has been little evaluation of the impact of Fairtrade on governmental or trade policies so far. There is some evidence pointing to success with public procurement policies in EU markets, and there is increased awareness on issues such as the living wages but research has been limited to date.

1.5 MILLION FARMERS AND WORKERS  **ACROSS 74 COUNTRIES**



HOW EFFECTIVE IS FAIRTRADE?

1,226

**PRODUCER
ORGANIZATIONS
WORLDWIDE**

FAIRTRADE FARMERS DO ON AVERAGE RECEIVE HIGHER PRICES, HAVE GREATER ACCESS TO CREDIT, PERCEIVE THEIR ECONOMIC ENVIRONMENT AS BEING MORE STABLE, AND ARE MORE LIKELY TO ENGAGE IN ENVIRONMENTALLY FRIENDLY FARMING PRACTICES.

Dragusanu et al., 'The Economics of Fair Trade', Journal of Economic Perspectives

Evaluation and research are essential for generating evidence and learning about Fairtrade's effectiveness. Fairtrade regularly commissions and publishes studies from independent research institutions, as well as learning from external research. Here are some examples of recent Fairtrade-related research.

1 'Exploring the Barriers to Women's Participation in Small Producer Organizations' looks at six Fairtrade small producer organizations in Kenya, India, and the Dominican Republic. Structural issues, socio-cultural norms and women's personal circumstances are the main hindrances to more female participation. Removing these barriers would increase farm productivity, give women more economic independence and lead to improved governance. The research also found that women farmers received more benefits in cooperatives that prioritised gender equity and ran gender empowerment initiatives.

2 The 'Goodness Guaranteed' report, published by Dutch research centre 'SOMO', assessed the impact of certification on the labour conditions at certified and non-certified tea and flower companies in Kenya, and at certified and non-certified tea and coffee companies in Indonesia. Fairtrade was highlighted as having the most evidence that sustainability certifications have an impact on the ground. The research found working conditions generally better on certified farms, but not yet on par with internationally-agreed standards.

3 Harvard University's literature review, 'The Economics of Fair Trade,' concluded that Fairtrade producers obtain better prices and achieve higher yields, meaning higher incomes and more financial stability. The review also examined whether Fairtrade tends to certify farmers who are already in a better position but found that the opposite is likely to be the case: it is primarily the poorer, more marginalized producers who benefit from Fairtrade.

4 A study on 'Assessing the Benefits of Fairtrade Orange Juice for Brazilian Small Farmers' highlights the central role of the Fairtrade Minimum Price and the importance of good working relationships between producers and processing plants. It also concludes that Fairtrade makes an important contribution to ensuring environmentally responsible production. However, the report also found that workers employed by the farmers do not benefit to the same extent.

WHAT'S NEXT?

We have commissioned several evaluations and baseline research with coffee, cocoa, cotton, and banana producers. In 2015, researchers will develop the first in-depth research on Fairtrade's impact throughout the entire value chain.

We also want to examine specific areas where past research about Fairtrade has been too limited for us to draw conclusions about our impact: for example, climate change adaptation and resilience; inter-generational sustainability, and gender. We'll be reaching out to the research community to help us expand our knowledge.





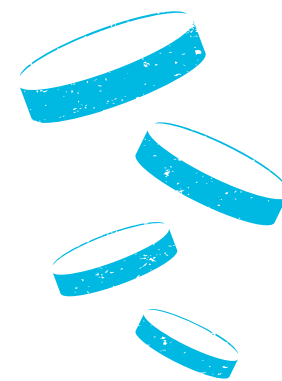
STRONG

ORGANIZATIONS,

BETTER

BUSINESSES

**SMALL-SCALE
PRODUCER
ORGANIZATIONS
SPENT ALMOST
HALF THEIR
FAIRTRADE PREMIUM
ON STRENGTHENING
THEIR
ORGANIZATIONS**



Connecting co-ops with the services they need

We are helping farmers to access the finance they need to develop their businesses. In 2014, the Fairtrade Access Fund, which has now expanded to Africa, loaned €11.1 million to small producer organizations. For five of them, it was their first loan from an international funder. Another 19 co-ops received €2.9 million in loans between them through a joint project run by Fairtrade Africa and social lender Shared Interest Foundation.

But our experience shows that setting up access to finance is only half of the story: cooperatives also need support to help them manage loans and ensure timely repayments. In 2014, 74 producer organizations were trained in and mentored on financial management. This is an area we will develop further.

A recent satisfaction survey shows that 93 percent of Fairtrade producers are happy with the support services they receive. And while 66 percent said they received support to seize a market opportunity in 2014, this is also the area where producers would most like more back-up. We are working to better connect producers with buyers. In cotton for example, measures such as appointing a supply chain manager, workshops with key businesses in the supply chain, and providing more impact and supply data has enabled us to reverse the downward trend in cotton sales: by the end of 2014, retail sales volumes had increased by 28 percent.

BOOST FOR BANANA FARMERS

Banana farmers in Latin America and the Caribbean are learning to increase their yields and reduce costs thanks to a new programme organized by the regional producer network, CLAC. 35 organizations in nine countries have benefitted so far.

Enabling small-scale farmers to strengthen their organizations and build better businesses

A growing body of evidence shows that Fairtrade is enabling smallholders to take more ownership and control of their businesses. Improved democracy, transparency, member participation, and technical expertise also mean they have better relationships with, and more independence from, their buyers. Consequently, farmers are less vulnerable because both their household income and their food security improve.

Kibinge Coffee Farmers' Co-operative Society in Uganda is a great example of how strong structures and skill sharing can lead to better quality products, well-trained farmers and a thriving community. Farmers are organized into groups, headed by members with proven coffee-growing skills. They ensure the farmers get training on better farming practices, that they understand the Fairtrade Standards, and that beans are delivered on time. This has led to increased sales and more Fairtrade Premium money, which the co-op has ploughed into local infrastructure, such as roads, and a credit union so farmers based in this remote area can take out loans.

WHAT'S NEXT?

We have recruited a senior advisor who will develop a systematic approach to supporting small producer organizations. We will build on regional best practice and learning to date to formulate a comprehensive programme of training modules and support for Fairtrade smallholders worldwide.

We will also continue to support farmers with access to finance and financial management skills.

NOW THE FARMERS HAVE ACCESS TO FINANCIAL SERVICES ON THEIR DOORSTEP. THEY CAN OPEN ACCOUNTS, GET CREDIT FACILITIES. THEY CAN SAVE MONEY WITH US AND GET A LOAN – FOR PERSONAL OR BUSINESS USE.

David Lukwata, General Manager of Kibinge Coffee Cooperative, Uganda





WORKING FOR

WORKERS

**WORKERS
ON PLANTATIONS**



SPENT 24%
**OF FAIRTRADE PREMIUM
ON EDUCATION**

We implemented our revised Hired Labour Standard for workers on plantations, ensuring greater freedom of association, more autonomy in decision-making and clearer living wage requirements.

But we're not standing still. We regularly check that we are achieving the impact we want. So, for example, our accompanying training manual now includes more specific guidance on sexual harassment, ensuring workers know their rights. A full formal review of the new standard is taking place later this year.

Progressing towards living wages

Our pioneering living wage work continues. In late 2014, we published our fourth living wage benchmark report, for the Lake Naivasha flower-growing region in Kenya, prepared by international experts Richard and Martha Anker.

Setting benchmarks is just the start. Moving towards a living wage requires the involvement of everyone across the supply chain. Fairtrade has now embarked on a project to make progress towards a living wage in the East African flower sector, together with Dutch NGO HIVOS and sustainability initiative Fair Flowers Fair Plants. In the tea sector, we have signed an agreement with Oxfam, the Ethical Tea Partnership and other industry actors to achieve a living wage in Malawi.

Targeted support for local trade unions

In Malawi, a number of organizations including Fairtrade, the Malawi Congress of Trade Unions and the International Union of Foodworkers (IUF) have been supporting the Malawi trade union representing workers on tea plantations to raise awareness of their work and increase their ability to organize. Fairtrade also funded training on collective bargaining. By the end of 2014, the union reported that membership had increased from eight to 15 percent - the legal threshold needed to enter into collective bargaining with employers.

FAIRTRADE HAS PLAYED A BIG PART IN TRAINING THE LEADERS, INCLUDING MYSELF, ON COLLECTIVE BARGAINING THROUGH THE IUF MALAWI REPRESENTATIVE. WE HAVE SUBMITTED A DRAFT AGREEMENT FOR APPROVAL TO THE TEA ASSOCIATION OF MALAWI.

**Mary Exilder Tambala,
Deputy General Secretary,
Plantation and Agricultural
Workers' Union of Malawi**



WHAT'S NEXT?

Improving the situation of workers' wages on small farms continues to be challenging. However, individual projects, such as a capacity building programme for banana farmers in Peru, are enabling farmers to become better employers. This work will inform a wider strategy, which we aim to complete in 2016.

We will also:

- Organize round tables with plantation owners and their buyers to seek common solutions to address the problem of low wages in some sectors.
- Continue to set living wage benchmarks as a target for employers to move towards.
- Work in partnership with other certifiers and multi-stakeholder organizations to build a critical mass for change.

FLOURISHING AMBITIONS IN KENYA

The Premium Committee at Harvest Flowers in Kenya is turning the Sustainable Development Goals (SDGs) into local action. They assessed the SDGs against the needs of their community to shape their development plan.

They invested a portion of the Fairtrade Premium in educational bursaries and additional programs such as the supply of sanitary napkins to girls for free. In the past, girls used to stay at home or even drop out of school because they could not afford sanitary napkins. Their interventions have already led to a marked improvement in girls' attendance at school.



POWER IN

PROGRAMMES

The challenges confronted by Fairtrade farmers and workers differ by product and region, but there are certain issues that can affect farmers and workers across all products. Through our work in key programme areas, we are empowering producers to address issues such as climate change, gender inequality, and child labour.

A changing climate: supporting producers to adapt

As more farmers struggle with the effects of climate change, including reduced harvests, lower quality products and the increasing prevalence of pests and diseases affecting their crops, the need to adapt is more vital than ever. We're continuing to roll out our climate change programme, carrying out targeted adaptation projects together with climate experts and our producer networks. In East Africa, for example, more than 14,000 tea farmers have been trained on climate change adaptation strategies and techniques.

**MORE THAN
14,000
TEA FARMERS
WERE TRAINED ON
CLIMATE CHANGE
ADAPTATION**

Gender: empowering women in agricultural supply chains

We recognize that women in the communities Fairtrade serves often face barriers to participation. In 2015, we recruited a senior advisor for gender. This is a major step towards implementing our gender strategy and making sure women farmers are provided with the means to overcome these barriers.

Research has found that gender equality is boosted in producer organizations where targeted initiatives are in place. These producer groups are role models of best practice. For example, a film made by women farmers in Côte d'Ivoire shows how women co-op members are increasingly taking charge of their own futures. The film was scripted, directed and filmed entirely by the women themselves.

Putting youth at the heart of efforts to address child labour

Change in this systemic, deep-rooted problem can only happen when it is locally led. Fairtrade's producer networks are taking on this challenge and have run child labour prevention training for more than 130 producer organizations. Fairtrade is also supporting producer groups in many countries where child labour in agriculture is a risk. These organizations are establishing self-governing systems to monitor and remediate child labour.

THE YOUTH OF IVORY COAST ARE VERY WELL AWARE OF CHILDREN'S RIGHTS AND CAN REALLY BRIDGE THE GAP TO MAKE SURE CHILDREN'S VIEWS ARE TAKEN INTO ACCOUNT. IT HAS BEEN AN EMPOWERING PROCESS FOR THEM.

Producer feedback from a pilot training on the youth-inclusive approach to addressing child labour.

Importantly, these systems are being designed with young people's input, and reflect local understanding and community realities.

Governments are also recognizing our approach: the Costa Rican government, for example, has committed to implementing a child protection programme with Fairtrade's support.



FAIRTRADE FARMERS AND COMMUNITIES TAKING THE REINS

"No, we don't have this problem on any of our farms," asserted one farmer after another, at a child labour discussion and training we hosted in Paraguay. The fear of punishment from being 'found out' can lead to greater denial and hiding, pushing the problem to more remote areas and increasing the risk for the most vulnerable children.

But as this Fairtrade group discussed the issue, they began to understand the importance of engaging their children and young people not just in learning how to grow sugar cane, but also in learning about child labour, the risks to well-being and the importance of decent youth employment.

WHAT'S NEXT?

We will:

- Implement our gender strategy, focusing on enhancing gender awareness, equality and empowerment within the Fairtrade system and our supply chains.
- Working with children's rights partners, support more producer groups to implement the youth-inclusive monitoring approach to addressing child labour.
- The Fairtrade Climate Standard will be launched in 2015. Working with the Gold Standard, the new scheme will enable farming communities to access the carbon market and reduce their carbon emissions while receiving economic benefits and becoming more resilient to the effects of climate change.

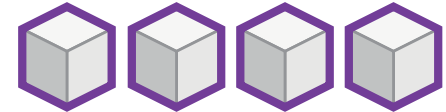


FIGHTING INEQUALITY

IN TRADE

**MORE THAN
62,000**

**FAIRTRADE FARMERS'
LIVELIHOODS**



**AT RISK FROM
EU SUGAR
REFORMS**

Inequality has been acknowledged as the greatest challenge to global security and prosperity. Fairtrade works to distribute the benefits of trade more equally, but the problems that marginalized farmers and workers face today result from centuries of exploitation. The root causes of inequality and disempowerment must be tackled.

We have been revising our own standards to make trade fairer. We've also been stepping up our advocacy work to ensure fairer trading practices are top of governments' agendas.

Advocating for fairer trade policies

The Sustainable Development Goals aim to end global poverty and reduce inequality. Yet, at the same time, the governments that support the goals continue to promote unfair trade structures that exacerbate these problems. We and our members have been campaigning for governments to match their words with actions.

In 2014, we partnered with Bread for the World and the Kenyan Flower Council to advocate successfully for the removal of EU import tariffs on Kenyan cut flowers. Now we need urgent action in support of thousands of small-scale farmers who depend on cane sugar exports to the EU – including 62,200 who are part of the Fairtrade system – and their families who risk being plunged into poverty by EU sugar market reforms.

Who's got the power? Tackling imbalances in agricultural supply chains

The global food system is one of the main drivers of inequality. A 2014 Fair Trade Advocacy Office report reveals how a handful of traders, branded manufacturers and retailers control much of the trade in major agricultural commodities. For example, just four corporations trade 90 percent of the world's grain, and only five supermarket chains control half of the market in Europe. Yet this imbalance hardly features on government agendas.

We joined with other Fair Trade actors to call on governments to shift from a short-term, narrow focus on protecting consumers from price collusion, to a long-term, wider solution that also protects farmers and workers.

WHAT'S NEXT?

We will be carrying out qualitative research in new markets to learn what matters to young people and how they see their role as citizens and consumers. These strategic insights will inform how we engage with young people around the world.

Fairtrade Trader Standard: encouraging sustainable leadership in trade

To date, we have primarily focussed on working with producers and retailers. In FLOCERT's 2014 satisfaction survey, producers scored Fairtrade an average of 9 out of 10 on having a positive impact on farmers and workers. However, the survey also highlighted the need to provide more support to traders – the importers and exporters that connect farmers to the brands on shop shelves.

The revised Fairtrade Trader Standard published in 2015 encourages more collaboration between producers, buyers and sellers. It also has stronger requirements on human rights. Our aim is to see buyers and sellers moving beyond minimum compliance to achieving even more sustainable trading practices.

THE SHIFTS IN POWER IN THE AGRI-FOOD SECTOR HAVE NOW BECOME TOO SIGNIFICANT, AND THEIR IMPACTS TOO CONSIDERABLE, TO BE IGNORED.

Olivier De Schutter, former United Nations Special Rapporteur on the Right to Food

We will also:

- Develop a new advocacy focus to engage our grassroots social movement throughout the world.
- Seek to achieve global and national policy changes on trading practices, 'next generation' farming, climate change and access to finance.



FIZZY DRINKS GO FURTHER

Karma Cola is one example of a Fairtrade trader going the extra mile to support farmers. The company sources the vanilla and ginger used in their range of Fairtrade drinks from Sri Lanka where farmers can only make enough money to survive if they're able to sell a large variety of products. These farmers have invested their Fairtrade Premium in buying better equipment and helping out with funeral grants.

Although there isn't currently a Fairtrade Standard for cola nuts, Karma Cola makes their trading with Sierra Leone farmers as fair as possible. A portion of the proceeds from every bottle sold goes to the cola nut farmers and their community.

Karma Cola also stepped up their support as Sierra Leone was hit by an ebola epidemic in 2014. Co-founder Simon Coley says their priority is ensuring the farmers are safe from harm, "We really can't ignore that the people we trade with need our help. We believe that trade can be just as effective as aid. Symbolically, continuing to trade is the best form of aid we can offer."



PARTNERING

FOR PRODUCERS

IN 2014

**PRODUCER ORGANIZATIONS
RECEIVED OVER**

2,000



**INDIVIDUAL
SUPPORT VISITS**

Fairtrade is becoming a more coherent system and increasingly shifting focus, expertise and knowledge to the producing countries. This was a key finding in an evaluation of the second phase of the Strategic Fairtrade Funding Programme, which ran from 2009-2013. The evaluators, Aidenvironment, found a range of important and positive changes within the Fairtrade system, especially in terms of institutional strengthening.

In 2014–2015, we transferred more responsibilities and services to the producer networks. The Latin American and Caribbean Network of Fairtrade producers (CLAC) became the second producer network to take over full responsibility for producer support services.

We are also increasing the networks' knowledge and capacity on standard-setting so that they are best placed to consult with farmers and workers to make sure the Fairtrade Standards suit their needs.

Lessening the audit burden on producers

We're responding to producers' requests to streamline the audit process, particularly for those holding several certifications. Our independent certification body, FLOCERT, is working to combine Fairtrade audits with other schemes such as the 4C Association, and organic certifier Mayacert. This will mean less paperwork, lower costs and more time for producers to focus on their businesses.

We continue to support small producer organizations with their certification costs. In 2014, 127 groups received a total of €215,000 in grants from the Producer Certification Fund. More than 800 groups have benefitted since it was launched in 2005.

Building new markets and supporting Fairtrade sales locally

We are building more opportunities for producers to sell on their local markets on Fairtrade terms.

In 2015, Brazil became the fourth producer country to launch a Fairtrade Marketing Organization. Coffee and honey are two of the home-grown Fairtrade products now available there.

WHAT'S NEXT?

Once the Network of Asia Pacific Producers (NAPP) has sufficient capacity to take over producer services, they will join the other networks in supporting local producers.

In the coming year, we will be building the markets for Fairtrade products in Poland, Argentina, the Philippines, and Taiwan.

TRANSFERRING THE RESPONSIBILITY FOR PRODUCER SUPPORT SERVICES TO US MEANS THAT FAIRTRADE PRODUCERS NOW HAVE BOTH GOVERNANCE AS WELL AS A STRATEGIC VOICE WITHIN THE SYSTEM.

BEING ABLE TO PROVIDE LOCALISED SUPPORT MAKES US RESPONSIVE TO PRODUCERS' NEEDS.

James Mwai, Director of Programmes, Fairtrade Africa

Fairtrade products will also be on sale at the 2016 Olympics, and Rio de Janeiro has ambitious plans to become a Fair Trade City.

SOWING IN GOOD SOIL

The Savai'i Coconut Farmers Association (SCFA) knows that if you want to grow good coconuts, you've got to have good soil.

A grant from Fairtrade Australia & New Zealand's Producer Development Fund means that coconut farmers in Samoa have improved their soil fertility and are growing better coconuts as a result. The grant enabled SCFA to train their farmers and provide them with toolkits which included wheelbarrows, bush knives, gumboots and other farming essentials.





INNOVATION IN FAIRTRADE

**FAIRTRADE
GOLD SALES
INCREASED
BY 250%
IN 2014**

Fairtrade Gold: innovating to scale up impact for miners

We adapted our model for Fairtrade gold to better support our artisanal gold miners by developing a more practical model for the gold industry. This led to 230 new goldsmiths sourcing Fairtrade gold, which has enabled us to increase miners' gold sales by 259 percent.

Three years ago, we began a project in East Africa, working with Comic Relief to support nine organizations in Uganda, Kenya and Tanzania to achieve Fairtrade certification. These 900 miners are on track to becoming certified later this year.

Pricing: increasing efficiency in bringing products to market

Setting the Fairtrade Price and Premium for new products can be an intensive process, as we consult producers and businesses to set the fairest price and terms possible. Over the last few years, our pricing team has worked to streamline this process and has developed the Quick Entrance procedure. This enables us to respond to market requests to introduce new Fairtrade products and origins quickly and efficiently; we can introduce new products in just two weeks.

Fairtrade Sourcing Programs: expanding market access and building new business partnerships

In early 2014 we introduced the Fairtrade Sourcing Programs (FSP) for cocoa, sugar and cotton, designed to enable farmers to sell more of their crops on Fairtrade terms, meaning more benefits for their communities.

Since its launch, we have secured 15 new business contracts for Fairtrade cocoa, contributing towards a 24 percent increase in cocoa sales and €950,560 in Premium for the farmers.

The most recent commitment was by Mars Chocolate UK who will source Fairtrade certified cocoa for all MARS® Bars in the UK and Ireland by autumn 2015. This means that Mars globally will be paying more than €1.6 million per year in Fairtrade Premium to Fairtrade cocoa cooperatives in West Africa by 2016.

While the program is designed to expand market access for producers, it is also about deepening companies' sourcing relationships with farmers. Extra funds generated through FSP sales so far are enabling us to invest in targeted programs for cocoa cooperatives, enabling them to strengthen their businesses and provide their farmers with more training and support. Additional field staff in West Africa are beginning to roll out the program in 2015.

GLIMMER OF HOPE FOR GOLD MINERS

Artisanal gold miners in Africa face acute challenges; an exceptionally low level of mechanisation; poor health and safety and endemic use of mercury in gold processing. In return for these dangers, miners are often underpaid and exploited by local traders.

"Before this Fairtrade project started, we were just dying in silence," says Josephine Agutu from the Tiira Small-scale Miners Association in Uganda. "We struggled to mine this precious metal."

There are nine organizations working towards Fairtrade certification in Africa. With organization and training, they are proving that challenges such as poor working conditions, unfair pay, child labour, women's rights, health and safety and environmental damage can all begin to be tackled.

We'll also be looking at the challenges for companies sourcing cotton and sugar in order to address the slow uptake of the Fairtrade Sourcing Programs in these commodities.

In 2016 we will continue to develop the concept of impact-based standards that focus less on requirements and more on results and impact.

WE'RE REALLY PROUD THAT MARS HAS BECOME THE FIRST UK COMPANY TO COMMIT TO FAIRTRADE'S NEW SOURCING PROGRAM TO PURCHASE FAIRTRADE COCOA FOR MARS® BARS IN UK AND IRELAND.

THIS EXTENDED PARTNERSHIP BETWEEN MARS AND FAIRTRADE IS ROOTED IN A SHARED BELIEF IN PUTTING FARMERS FIRST.

TOGETHER, WE'RE WORKING ON AN EXCITING AND INNOVATIVE NEW APPROACH WITH FAIRTRADE COCOA COOPERATIVES IN CÔTE D'IVOIRE, ENABLING FARMERS TO BOOST SUSTAINABLE PRODUCTION AND COCOA YIELDS AND IMPROVE LOCAL LIVELIHOODS.

Blas Maquivar, President, Mars Chocolate UK and Global Retail

WHAT'S NEXT?

The complexity and lack of transparency in the textile supply chain poses difficulty for companies who wish to ensure fairness at all stages of production. To address this we will launch a Fairtrade Textile Standard in 2016. It will apply to the entire cotton supply chain and aims to improve the lives of factory workers.


GLOBAL FAIRTRADE SALES

Global sales reached €5.9 billion in 2014, a 10 percent increase since 2013. Many mature Fairtrade markets experienced steady growth, while Swedish and German shoppers significantly increased their ethical purchases, pushing sales up by 37 and 27 percent respectively. In the UK, Fairtrade sales were impacted by intensified price competition and deflation in the mainstream grocery sector. Encouragingly there was significant growth in newer and emerging markets: Canada and Hong Kong for example experienced increases of 40 and 42 percent respectively.

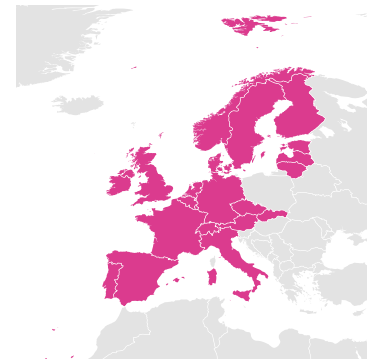
GLOBAL FAIRTRADE SALES REACHED €5.9 BILLION



ESTIMATED SALES OF FAIRTRADE PRODUCTS BY CONSUMER COUNTRY IN 2014



Country	2014 (in €)	Growth
Brazil	52,400	n/a
Canada	226,410,987	40%*
USA	See notes	--♦
Kenya	56,738	11%
South Africa	20,422,161	2%*
Australia/New Zealand	211,364,267	20%*
Hong Kong	2,377,377	42%†
India	654,094	7%*
Japan	66,877,817	5%*
South Korea	4,195,400	10%
Rest of world	63,425,983	28%



Country	2014 (in €)	Growth
Austria	149,000,000	15%
Belgium	105,000,000	11%†
Czech Republic	7,400,000	15%
Denmark	91,419,268	13%
Estonia	2,221,404	26%
Finland	162,258,635	3%
France	390,391,290	10%
Germany	830,000,000	27%
Ireland	228,657,122	16%
Italy	90,002,000	18%
Latvia	1,192,212	22%
Lithuania	593,630	-30%
Luxembourg	10,707,698	11%
Netherlands	215,000,000	9%
Norway	68,312,802	7%*
Slovakia	1,131,053	n/a
Spain/Portugal	25,431,441	7%
Sweden	301,429,728	37%*
Switzerland	384,636,196	9%
UK	2,077,169,843	-4%*

*Growth rate is based on local currency | †Growth rate reflects adjusted 2013 figure | ♦Fairtrade America will be publishing their finalized 2014 sales later this year.

These sales figures comprise sales of consumer products in stores and supermarkets ("retail sales") and sales of products consumed in cafés and restaurants etc ("out of home sales").

There are two different methods to calculate the "out of home" retail values:

1. Use the average out of home price e.g. the average price of a cup of coffee at a café (used by Estonia, Finland, Germany, Ireland, Japan, Latvia, Lithuania, Spain/Portugal).
2. Use the average retail price for consumer products bought in stores and supermarkets (used by all other countries).

Given that "out of home" prices are often higher than retail prices, countries that use the first method may have relatively higher sales values.

2014 saw a 28 percent increase in volumes of retail sales of Fairtrade cotton, a very positive trend after several years of declining sales. It was also a good year for gold as we reaped the reward of revising our model to enable goldsmiths to purchase Fairtrade gold. Cocoa sales grew by 24 percent with the Fairtrade Sourcing Programs driving almost half of the increase in volume sold. We are concerned about the upcoming sugar reform in the European Union (EU), which is already beginning to affect Fairtrade farmers' sales. We are calling for the EU to support these farmers and for shoppers to continue buying Fairtrade sugar.

**MORE THAN
32,000
FAIRTRADE
PRODUCTS
ON SALE
WORLDWIDE**



ESTIMATED VOLUME OF PRODUCTS SOLD IN CONSUMER COUNTRIES IN 2014

Growth	Product	Total*	Unit	Conventional	Organic
18%	Banana	439,474	MT	57%	43%
24%	Cocoa (cocoa beans)	65,086	MT	86%	14%
12%	Coffee (green bean)	93,154	MT	57%	43%
28%	Cotton (lint)	9,982	MT	79%	21%
42%	Dried & processed fruits	2,053	MT	48%	52%
8%	Flowers & plants	675,614	1,000 stems	100%	
-13%	Fresh fruit	11,660	MT	85%	15%
3%	Fruit juices	43,883	1,000 litres	97%	3%
259%	Gold	27,181	Gramme	100%	
33%	Herbs, herbal teas & spices	2,384	MT	20%	80%
38%	Honey	2,617	MT	70%	30%
-9%	Quinoa	603	MT	5%	95%
-8%	Rice	5,071	MT	55%	45%
27%	Sports balls	138	1,000 items	100%	
1%	Sugar (cane sugar)	196,361	MT	88%	12%
-2%	Tea	11,030	MT	82%	18%
67%	Vegetables	1,178	MT	97%	3%
6%	Wine	22,205	1,000 Litres	81%	19%

*These volumes are based on products sold in consumer countries under the FAIRTRADE Mark and through the Fairtrade Sourcing Programs.

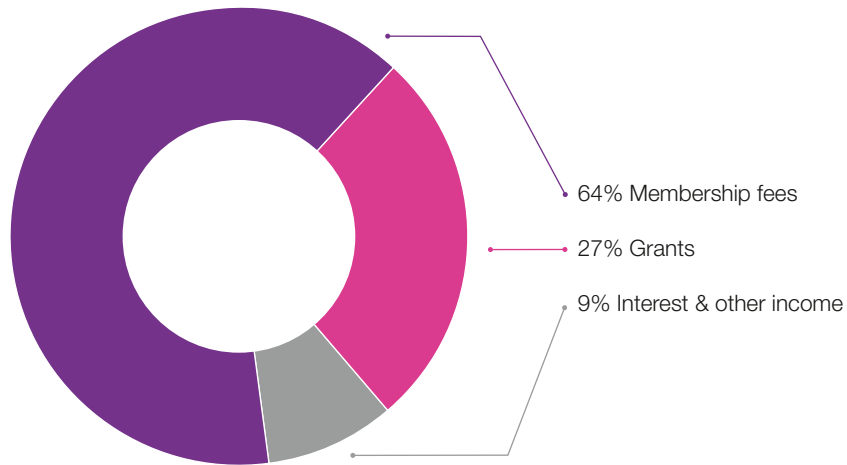
FAIRTRADE INTERNATIONAL'S

FINANCIALS

Statement of Accounts for 2014

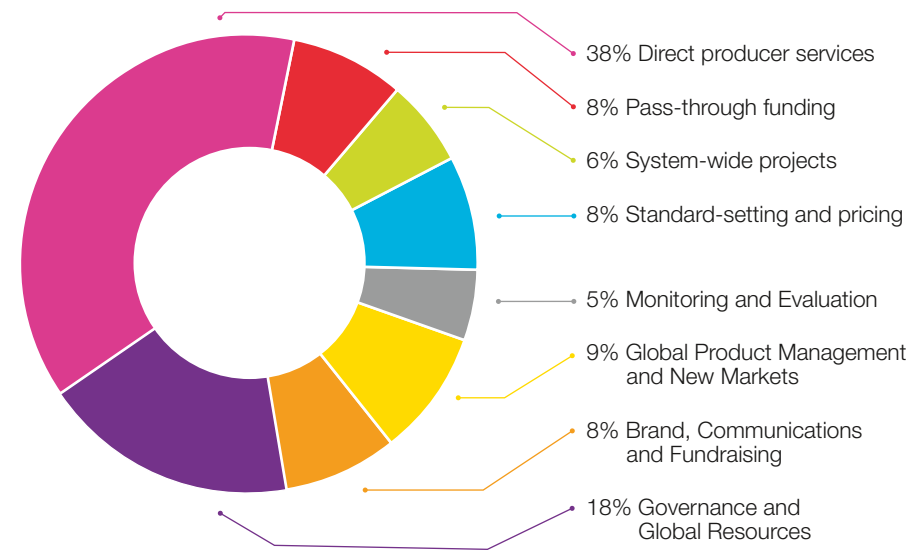
The summarized key financial figures outlined below have been extracted from internal management reports and from the audited financial statements for 2014. The latter, as in previous years, received an unqualified opinion (DHPG). Fairtrade International's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB).

Income



Membership fees: As a membership association, Fairtrade International receives membership fees from the national Fairtrade organizations. The membership fee is unrestricted funding and is calculated as a percentage of the licence fee income of each national Fairtrade organization.

Expenditure



Direct Producer Services: This comprises the Producer Services and Relations unit, funding of the producer networks, the Producer Certification Fund, and specific producer services supported by funding partners.

Income Statement	2014 (€'000)	2013 (€'000)
Total income	17,206	15,699
Total expenditure	16,676	14,420
Income from investments	500	0
Other taxes	234	234
Changes in reserves	85	529
Retained earnings	1,461	750

Balance Sheet December 2014 (€'000)

	31.12.2014	31.12.2013		31.12.2014	31.12.2013
Fixed Assets	2507	2355	Equity	5281	4484
Intangible fixed assets	1314	1130	Restricted and designated reserves	198	113
Tangible fixed assets	30	62	General reserve	3621	3621
Financial assets	1163	1163	Retained earnings	1461	750
Current assets	5579	4624	Provisions	514	294
Outstanding accounts for services	3118	2256	Liabilities	1086	1154
Other assets	702	405	For supplies and services	943	968
Liquid funds	1759	1963	Other liabilities and accruals	142	186
Accrued income	26	20	Deferred income	1231	1067
	8112	6999		8112	6999

FAIRTRADE INTERNATIONAL'S FUNDING PARTNERS

- DFID – UK Department of International Development
- SECO - State Secretariat for Economic Affairs, Switzerland
- European Commission
- Bread for the World – Protestant Development Service (EED)
- French Development Agency (AFD)
- Entrepreneurial Development Cooperation (DEG)
- Swedish Postcode Lottery

FAIRTRADE INTERNATIONAL'S BOARD MEMBERS

The Board of the international Fairtrade system, as elected by the General Assembly in June 2015:

- **Chair:** Marike Runneboom de Peña, Producer representative
- **Vice-Chair:** Gulam Juma, Independent
- **Treasurer:** Jean-Paul Rigaudeau, Independent
- Bharath Mandanna, Producer representative
- Tapan Ray, Producer representative
- Chief Adam Tampuri, Producer representative
- Frans De Bie, NFO representative
- Melissa Duncan, NFO representative
- Wanja Lundby-Wedin, NFO representative
- Bernhard Herold Thelesklaf, NFO representative
- Aruna Rao, Independent

Our thanks to David Clayton-Smith, who stepped down as Treasurer in December 2014, and to Esther Guluma and Noel Oetlé whose terms came to an end in June 2015.



FAIRTRADE
INTERNATIONAL

Fairtrade International Bonner Talweg 177 53129 Bonn Germany
Telephone +49 (0)228 949230 Fax +49 (0)228 2421713 info@fairtrade.net www.fairtrade.net

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Credits

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