



# Fair Trade USA™: Combatting Climate Change

## About Fair Trade USA

For more than two decades, Fair Trade USA (FTUSA) has been deploying a high-impact, market-based approach to empowering farmers and workers, improving lives, and protecting the environment.

To date, FTUSA has enlisted the participation of 1,400 leading companies across 30+ product categories who, in turn, have channeled over \$850 million in additional income to farmers and workers (“producers”) around the world. Our unique Community Development Premium model delivered over \$121 million back to producers and their families in 2020 alone.

Our cumulative Social Return on Investment is extraordinary: In 2020, for every dollar we invested in building the market and movement, we generated an average of \$5 in additional income for hardworking producers and their families. This 5x1 leverage – and the impact it enables – are unmatched in the international development community.<sup>1</sup>

This additional income has empowered producers to bring clean water to their communities, educate their children, build more dignified homes, save money to escape predatory lenders, reforest their mountainsides, implement sustainable agriculture, and much more. For so many families and communities around the world, fair trade means hope for a better future.

## Fair Trade USA and Climate Change Resiliency

From coffee to cocoa to bananas, farmers’ yields across the globe are increasingly being impacted by drought and disease because of climate change. Fair Trade USA operates at the nexus of people and the planet. The ability of the land to provide livelihoods for farmers and workers is directly linked to the long-term environmental impacts of farming practices.

Responsible management and good production practices can reduce negative environmental impacts and improve the resiliency of the global production system. Fair Trade guides farmers to:

- Protect biodiversity
- Maintain soil productivity
- Improve carbon sequestration
- Reduce greenhouse gas (GHG) emissions
- Conserve water
- Minimize the use of harmful pesticides
- And ensure proper waste management

In addition to fair trade standards, Fair Trade USA supports farmers in adapting to climate change while preserving their land for future generations. By conducting needs assessments, many farmers vote to use Community Development Funds to invest in:

- Environmental conservation education and climate resilient crop training
- Improving equipment efficiency
- Reforestation projects
- Clean energy and carbon offset projects

## A Vision for the Future

Fair Trade USA’s vision for the next ten years is grounded in unleashing the power of technology to connect farmers, factory workers, and fishers to consumers. Equally, it is about empowering brands with the data they need to make better decisions to invest in their supply chains in meaningful and life-changing ways for continuous improvement.

Consumers are increasingly eager to learn who grows their food, makes their clothes, or catches their fish and are increasingly



Coffee farmers at Cooperativa Anserma in Colombia installed solar panels with Community Development Funds

<sup>1</sup> For more information on our impact, see our 2020 Annual Report:

<https://www.fairtradecertified.org/sites/default/files/filemanager/documents/Annual%20Reports/2020%20Fair%20Trade%20USA%20Annual%20Report.pdf>

willing to reward companies that aspire to ambitious ethical, social, and environmental standards. Likewise, global brands are ever more aware of problems in their supply chain that were once invisible to them. With the right tools and partners, Fair Trade USA can help these brands gain new insights to ensure that their businesses live out their values. Fair Trade USA's partners are hungry for more information on how to help their suppliers improve their practices.

We will pursue our vision by enhancing the way we collect, analyze, and share data. This will enable us to transform our standards, certification processes, markets, corporate relationships, and consumer experiences.

Consider the impact of an apparel or furniture brand able to see its suppliers' needs in real-time, unlocking their ability to invest in solutions - knowing that the business case for these investments is timely and data-driven, instead of waiting on an annual audit or self-reporting. The right investments in technology can enable that. Through the use of automated sensors that collect air quality data and recognize the faces of workers, we can help ensure that standards around environmental protections and humane limits on working hours are upheld. Coffee co-ops will be able to quantify the impact of its agroforestry practices and capitalize on global carbon capture markets, bringing even more revenue for its producers. These are but a few examples of how Fair Trade Certification can revolutionize ethical sourcing with the right data and technology infrastructure.

Achieving this vision will require a significant investment in technology and the training necessary to use new tools effectively. These investments will focus on two areas of Fair Trade USA's operations:

- Building interoperable data infrastructure platforms to enhance data collection and allow the deployment of multi-layered analytical and visualization tools
- Designing new interfaces capable of conducting rigorous, interactive training modules and providing real-time support to producers, brands, and consumers worldwide

Additionally, Fair Trade USA can support producers in generating carbon credits through the development and scaling of agroforestry, reforestation projects while also preventing deforestation. These carbon credits can be offered to and purchased by fair trade business partners, many of whom already have existing programs to offset their emissions. The concept is known as **Insetting**, which allows the buyers of Fair Trade Certified products to purchase carbon credits from their own supply chain.

Fair trade producers will be able to access increased financing of existing carbon capture projects and/or the ability to develop new projects to access new sources of revenue, while building closer relationships with the buyers of their primary commodities. And, in doing so, Fair Trade USA will offer off-the-shelf carbon credit services through partnership with our brand partners, while becoming a leader in the 'Fair' carbon market.

Investments in these initiatives will catalyze innovations across the Fair Trade Certified model, including but not limited to:

- Certification standards that remain highly rigorous while growing increasingly accessible and proactive – i.e., ability to digitally recommend, recognize, and validate actions by producers and brands to meet or exceed minimum requirements
- Enhanced transparency and pinpoint traceability throughout global supply chains
- Expand brand partner tools that provide greater access to and analysis of market data, further making a case for fair trade practices in their businesses
- Less arduous and expensive initial certifications to enable more partners to participate in the Fair Trade Certified model
- Expanded consumer experiences with greater knowledge of the path their products took to market, who produced those products, and what impact their purchase makes
- Additional sources of income generation for fair trade producers

Through Fair Trade USA's new vision, Fair Trade Certification becomes more than the sum of the premiums and safeguards it requires. Together, we will create a new system that can build a better world by empowering ever more producers, brands, and consumers to know more, choose wisely, and take positive action.

For more information or questions, please contact:

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