

Fairtrade Workplaces and the impact on Triple Bottom Line and Sustainability reporting

Sourcing Fairtrade Certified products for workplace kitchenettes is not only good for producers, the environment, and staff morale but it also adds commercial value through Triple Bottom Line and sustainability reporting.

The benefits of making the switch to using Fairtrade Certified products are that it is easy to implement and it ensures an ethical supply chain with social, environmental and economic benefit.

This report outlines housing Fairtrade Certified products within a workplace can be cited across multiple sustainability and Triple Bottom Line frameworks and add value to the businesses over and above the traditional bottom line of profit alone.

Sustainability Indexes

Triple Bottom Line reporting:

The Triple Bottom Line concept measures company performance on three categories: People, Planet, and Profits. This offers a more comprehensive picture of an organizations influence and performance over and above traditional reporting.¹

A key challenge of a Triple Bottom Line report is the complexity in measuring the 'People' and 'Planet' categories. As such, organizations set their own goals to track their progress and will often differ with regard to the way they measure the outcomes for the three categories. 'These challenges aside, the TBL framework allows organizations to evaluate the ramifications of their decisions from a truly long-run perspective.'²

Sourcing Fairtrade Certified products for a workplace can be cited in both the people and planet categories as it brings both a social and environmental impact to producers in developing countries and ensures an ethical supply chain. In a Fairtrade Certified supply chain all actors (producers, traders and manufacturers) in the supply chain are regularly audited to verify that Fairtrade standards are complied with and benefits are being received by producers.

'Environmental standards for producer groups mean Fairtrade standards include requirements for environmentally sound agricultural practices. The focus areas are: minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms.'³

Fairtrade provides social benefit to Fairtrade farmers by ensuring they receive a price which covers the cost of sustainable production, long-lasting trading relationships, and access to advance

¹ The Economist Newspaper Limited. (2009, November 17). Triple bottom line. *The Economist*.

² T. J. Hall, T. F. Slaper. (2011). The Triple Bottom Line: What Is It and How Does It Work? *Indiana Business Review* / Volume 86, No. 1.

³ Fairtrade International. (2013). *Aims of Fairtrade Standards*. Retrieved November 8, 2013, from Fairtrade International: <http://www.fairtrade.net/aims-of-fairtrade-standards.html>

payment for their produce. There is also an additional Fairtrade Premium payment which gets paid to the producer group who democratically decide where to invest in their community. The premium payment is often invested in projects that enhance social, economic and environmental development, and improve quality and productivity.

The Fairtrade standards also include guidelines that ensure the rights of workers and children are protected on Fairtrade Certified farms and that International Labour Organisation guidelines are being adhered to.

Global Reporting Initiative (GRI) G4 sustainability reporting guidelines (GRI G4)

The Global Reporting Initiative provides a comprehensive Sustainability Reporting Framework that is commonly used in organisations worldwide. A workplace using Fairtrade products can cite social, environmental, and economic benefits when reporting against the G4 guidelines.

The workplace can cite that they are using Fairtrade Certified products in the ‘procurement supplier selection’ which fits under The Human Rights Performance Indicators. This is an assurance that fair prices are paid to producers in developing countries with standards set to eliminate forced child labour.⁴

A workplace using Fairtrade Certified products can also cite ‘economic impact’ under G4 reporting. In addition to fair prices, the Fairtrade Premium is invested by producer groups into projects which provide economic benefit to the community in the form of health, education, business or other community development projects.

Environmental impact is another citable aspect under the G4 sustainability guidelines. Fairtrade has standards which ban the use of over 120 chemicals and encourage farmers to protect the environment.

New Zealand Sustainability Index (NZSI)

The New Zealand Sustainability Index evaluates the sustainability performance of New Zealand companies and provides a framework for companies to report on. It remains compatible with international standards like the GRI and CDP. Five aspects of sustainability are weighted and measured. Economic holds 15% of the weight, Governance 15%, Social 30%, Environmental 30%, and Cultural 10%.

Workplaces using Fairtrade products can cite benefit under the social, environmental, and economic aspects of the NZSI framework.⁵

⁴ Global Reporting Initiative. (n.d.). *Reporting Framework Overview*. Retrieved November 11, 2013, from Global Reporting Initiative: <https://www.globalreporting.org/reporting/reporting-framework-overview/Pages/default.aspx>

⁵ NZSI. (2013). *The New Zealand Sustainability Index*. Retrieved November 22, 2013, from NZSI: <http://www.nzsi.org.nz/>



UN Global Compact

The United Nations Global Compact is a platform for organisations to address discrepancies within the following categories: Human Rights, Labour, Environment, Anti-Corruption, Business and Peace, Financial Markets, Business for Development, UN-Business Partnerships, and Supply Chain Sustainability.⁶

Organisations that source Fairtrade Certified products can cite this action under The Human Rights, Labour, Environment, and Supply Chain Sustainability categories as part of UN Global Compact.

Ceres

Ceres is a top rated charity that works with companies, investors and non-profit groups 'to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy.'⁷

Sustainable Supply Chains are a key focus along with climate change, energy, and water efficiency. 'The Ceres Roadmap urges corporations to view human rights in terms of the overall supply chain and to use their influence to spread best practices—for example, by choosing suppliers and partners whose policies protect workers' rights.' Sourcing Fairtrade can be cited within these guidelines.

Dow Jones Sustainability Indexes

The top 10% of companies from each industry are included in the Dow Jones Sustainability Index based on their sustainability score. Companies are this way incentivized to continuously intensify their sustainability initiatives to remain, or to be included, in the index. Being included in the Dow Jones Sustainability Index is a public endorsement of a business priority to address sustainability issues.

Sourcing Fairtrade products can be referenced within the Social dimension of the index with particular reference to Supply Chain Management.⁸

The four major parts of Supply chain management include supply chain awareness and risk exposure, risk management, sustainability strategy and opportunities in the supply chain and transparency with regards to supply chain risks and performance.

The rationale behind companies reporting on these factors, lie in the fact that 'companies are not only outsourcing production, services and business processes but also corporate responsibilities and reputational risks. This means that the risks and opportunities associated with the supply chain need

⁶ United Nations Global Compact. (2013). *How to Participate*. Retrieved November 15, 2013, from United Nations Global Compact: <http://www.unglobalcompact.org/HowToParticipate/index.html>

⁷ Ceres. (2013). *Sustainable Supply Chains*. Retrieved November 15, 2013, from Ceres: <http://www.ceres.org/issues/supply-chain>

⁸ S&P Dow Jones Indices, Robecosam Sustainability Investing. (2013, August 30). *Dow Jones Sustainability Diversified Indices Guide*. Retrieved November 22, 2013, from Sustainability Indices: http://www.sustainability-indices.com/images/DJSI_World_Diversified_Guidebook_tcm1071-367705.pdf

to be managed carefully'.⁹ Sourcing Fairtrade Certified products help to address these risks within the supply chain and verify standards are being met from producer to the end product.

FTSE4Good ESG Ratings

The FTSE4Good ESG Ratings have been designed to objectively measure the Environmental, Social, and Governance risk and performance of companies worldwide offering a valuable tool for investors who wish to incorporate these factors into their decision making.¹⁰

Sourcing Fairtrade products fits within the social aspect rating covering Human and labour rights as well as Supply Chain Labour Standards within the framework.

Sourcing Fairtrade Certified products for workplace kitchenettes is a simple switch which ensures an ethical supply chain. Not only does it offer an easy way to help alleviate poverty to smallholder farmers in developing countries, but it also adds commercial benefit to workplaces within sustainability reporting framework.

To find out more about Fairtrade within your workplace see more information [here](#), look at the [Fairtrade Purchasing Guide](#) for the great variety of Fairtrade products available and talk to your office distributor or procurement purchaser to make the switch.

⁹ Sam Sustainability Investing. (2012). *DJSI 2012 Review Results*. Retrieved November 22, 2013, from Sustainability Indices: http://www.sustainability-indices.com/images/review-presentation-2012_tcm1071-343085.pdf

¹⁰ FTSE. (2013). *FTSE4Good ESG Ratings*. Retrieved November 22, 2013, from FTSE: http://www.ftse.com/Indices/FTSE4Good_ESG_Ratings/