



THRIVE TOGETHER

WEBINAR SERIES

Deep Dive into Rainforest Alliance's Coffee Sector Strategy

Michelle Deugd – Lead, Coffee Sector; Aparajita Bhalla – Director, Markets Transformation - Sectors

Moderated by: Olivia Bartelheim – Coffee Accounts Manager, US/CAN

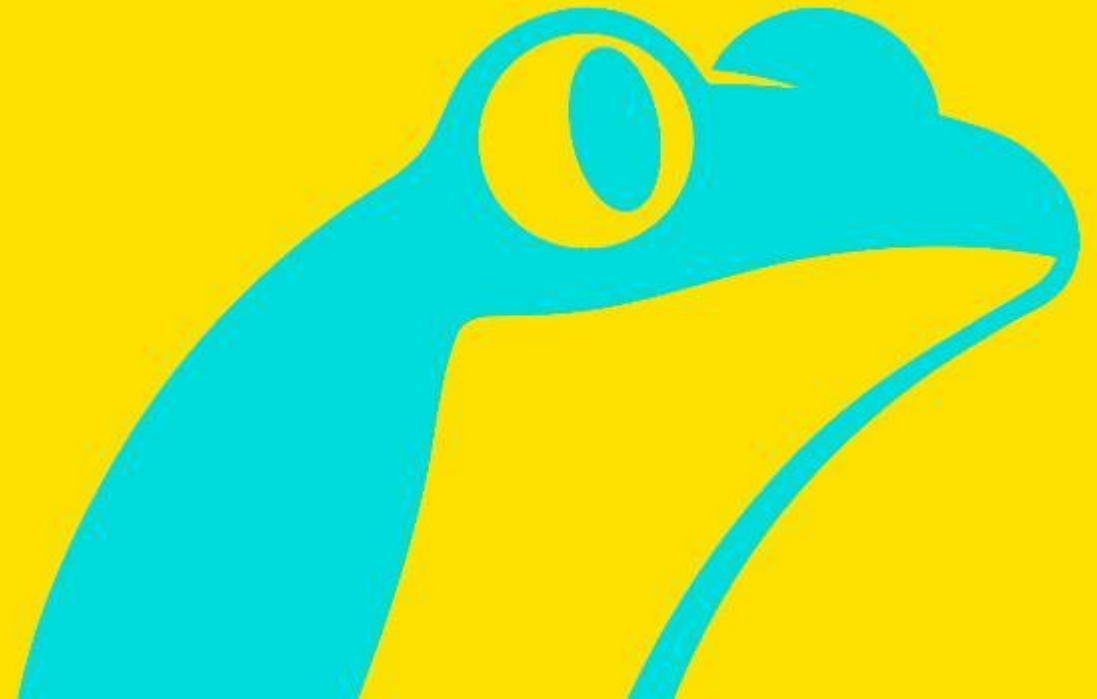
30 July 2020 – Thrive Together Webinar Series -- <https://www.rainforest-alliance.org/business/events/>

Agenda

1. Welcome
2. Who we are; how we work
3. 2019 Coffee Program Statistics
4. Our 2020 Strategy for the Coffee Sector



Questions?
Please enter
them in the
Q&A Box



WE'VE MERGED!

**WE ZIJN GEFUSEERD! NOUS AVONS
FUSIONNÉ! A FUSÃO FOI CONFIRMADA!
¡NOS HEMOS FUSIONADO! WIR HABEN
UNS ZUSAMMENGESCHLOSSEN!
ABBIAMO COMPLETATO LA FUSION!
正式に合併しました KAMI TELAH
BERGABUNG! CHÚNG TÔI ĐÃ SÁP NHẬP
我们已经合并 BIRLEŞTIK!**



Our vision is
a world where **people**
and **nature**
thrive
in **harmony.**

Our alliance is all about changing the way the world produces, sources and consumes.



Cocoa



Coffee



Tea



Bananas



**Forest
products**



Palm oil



Nuts



Flowers



**Fruits &
juices**



Herbs & spices



Coconut oil

Our global reach

- Rainforest Alliance or UTZ certified crops are grown:
 - by **2 million+ farmers**
 - on **7 million+ hectares of land**
 - in **63 countries**
- **130+** countries where you can buy products with the Rainforest Alliance seal or UTZ label
- **32** years working to protect nature and improve livelihoods

Includes both Rainforest Alliance and UTZ certified farmers. Totals calculated using estimates of how many farmers are certified by both programs.



Our organizational strategy



Today's speakers



Presenter:

Michelle Deugd
Lead, Coffee Sector



Presenter:

Aparajita Bhalla
Director, Markets
Transformation - Sectors



Moderator:

Olivia Bartelheim
Coffee Accounts Manager –
US/CAN



2019 Coffee Program Statistics

Program reach: Rainforest Alliance and UTZ



1+ Million

Area (hectare)

Combined estimated production area



400+ K

Number of farmers

Combined number of farmers

Rainforest Alliance Certification program reach



470,611

Area (hectare)

Relative growth
2018-2019:

0%



194,294

Number of farmers

Relative growth
2018-2019:

-15%



669,698

Estimated production (MT)

Relative growth
2018-2019:

+2%



286,461

Number of workers
(seasonal and permanent)

Relative growth
2018-2019:

-22%

UTZ certification program reach



720,250
Area (hectare)

Relative growth
2018-2019:
-6.5%



309,048
Number of farmers

Relative growth
2018-2019:
+9%



1,083,649
Estimated production (MT)

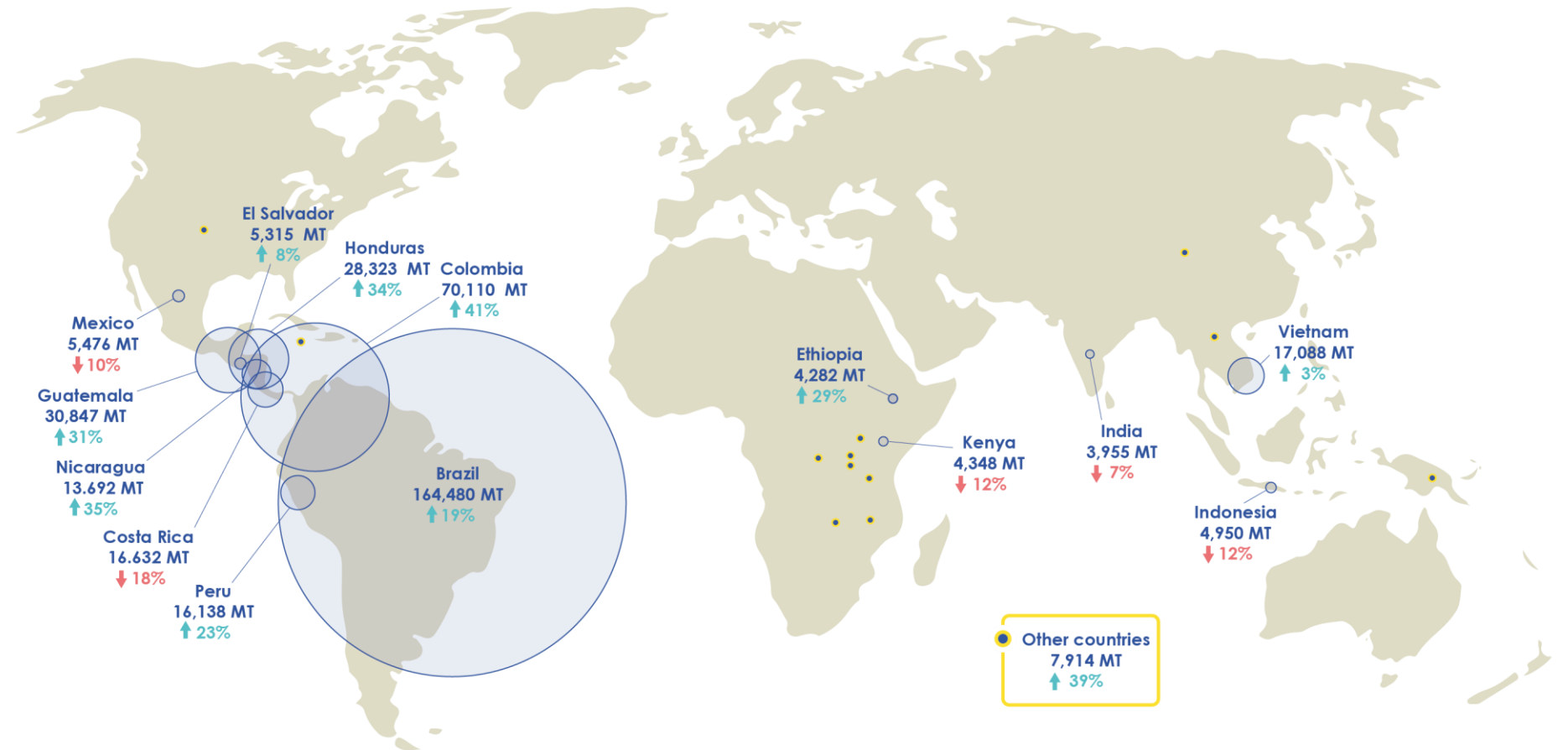
Relative growth
2018-2019:
-2.4%



201,779
Number of workers
(seasonal and permanent)

Relative growth
2018-2019:
+4.5%

Rainforest Alliance Certification : global sales per origin

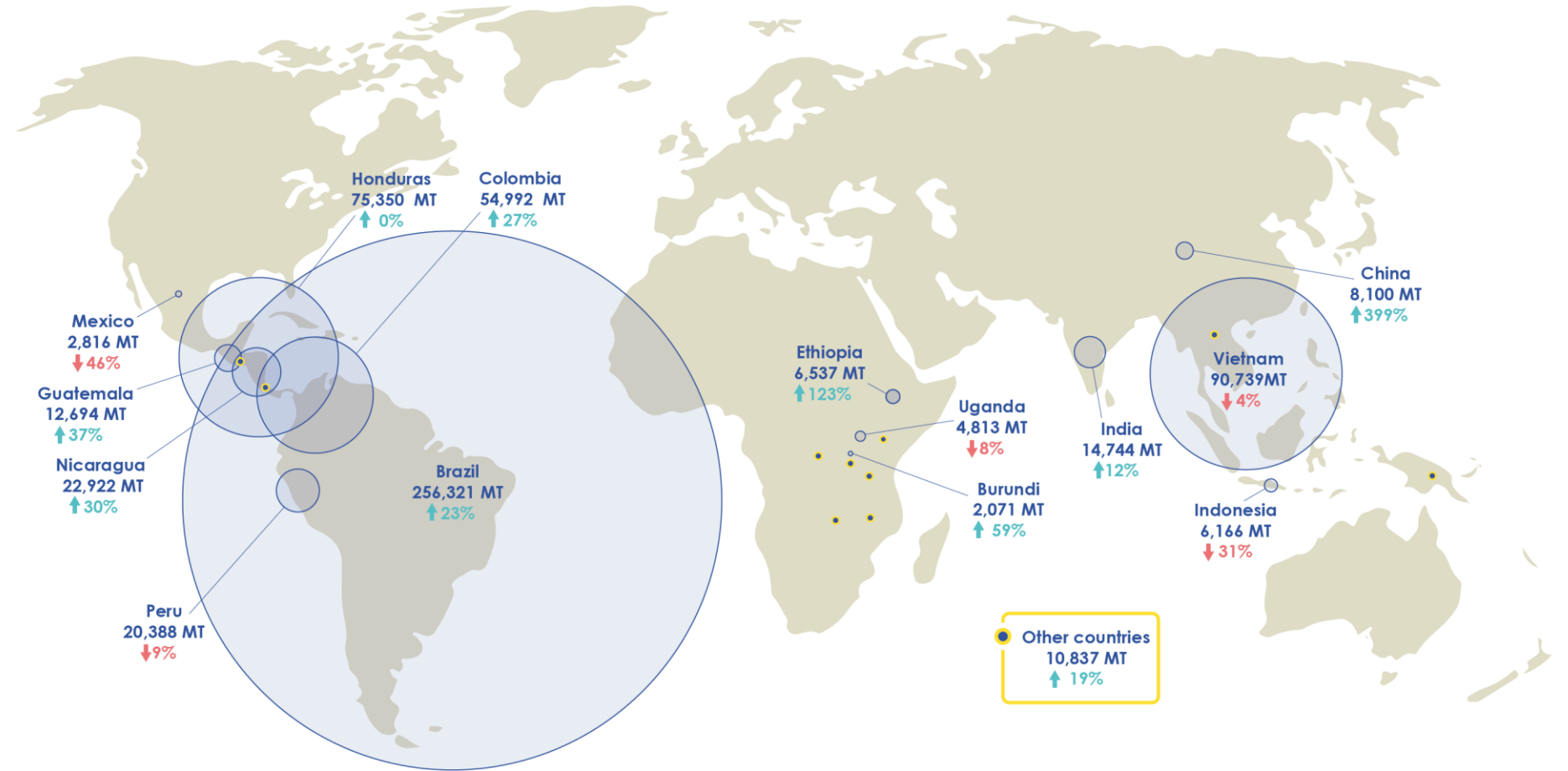


The global sales increase is mainly driven by purchases from Brazil (42% of the global sales), Colombia (18%) and Guatemala (8%).

Latin America (+22%) is the largest contributor to the increased Rainforest Alliance coffee sales. Africa also experienced growth (+17%) while sales in Asia decreased (-1%).

'Global sales' are all the confirmed volumes sold from a certified producer to the first buyer. Years are calendar years.

UTZ certification global sales per origin



The global sales increase is mainly driven by purchases from Brazil (43% of global sales), Vietnam (15%) and Honduras (13%).

'Global sales' are all the confirmed volumes sold from a certified producer to the first buyer. Years are calendar years.



Rainforest Alliance's Coffee Strategy

Our Vision, Strategic Priorities, and Key Defining Outcomes



Vision

The Rainforest Alliance is a global frontrunner driving shared responsibility across the coffee supply chain and coffee landscapes, continuously improving farmers livelihoods and worker wellbeing, and enabling adaption and mitigation to climate change, while protecting biodiversity.



Five key strategic priorities, delivered through a contextualized approach

Improved livelihoods

Promote sustainable trading and production practices and shared responsibility across the chain

Biodiversity, resilience and regeneration

Reclaim our position as the thought leader and “boots on the ground” organization

Human rights

Effectively address country-specific priority human rights issues, especially those related to child and forced labor, youth and gender

Assurance

Implement strong and value-added certification assurance: tighten credibility of assurance and implement it in a manner that enables improved farm management

Digital innovation

Leverage meaningful innovations in the sector and put producers at the heart of this innovation and change

Contextualization

As an entry point to implement the coffee strategy a contextualized approach will guide implementation

Improved Livelihoods

Promote sustainable trading and production practices and shared responsibility across the chain

Shared responsibility along the supply chain

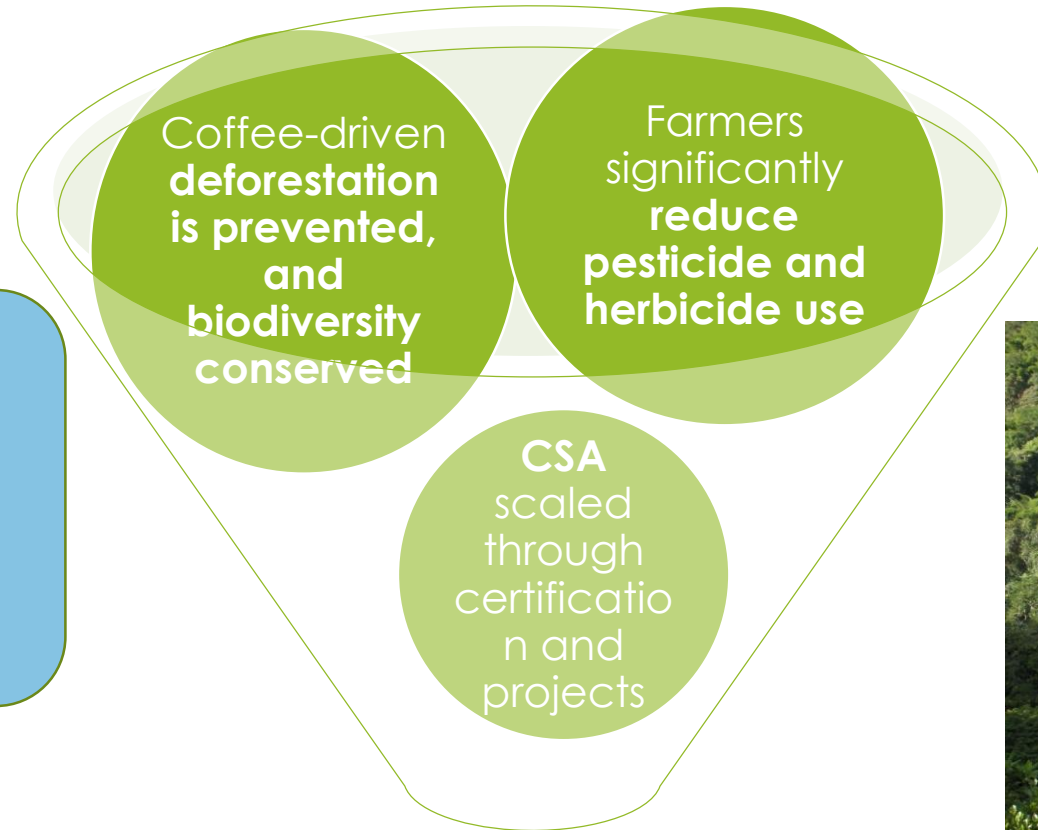
Enhanced group and farmers' business skills

Increased net income, closing the gap to Living Income/ Living Wage



Protecting Landscapes at Origin

Climate Adaptation,
Biodiversity, and
Resilient Coffee
Landscapes



Regeneration of soils, farming systems and landscapes.



Human Rights

Effectively address country-specific priority human rights issues

RA Certification is seen as an effective tool to manage social risks

RA is a leader in the global conversation on labor issues and human rights

Prioritize child and forced labor, youth and gender

Youth and Women are educated and empowered through projects which build on lessons from successful past initiatives

Women in the sector increasingly manage coffee farm financials as an entry-point to empowerment



Improve Assurance

Implement strong and value-added certification assurance

Increased **credibility and responsiveness** of a contextualized certification system

Producers receive greater benefit from the certification process using improvement plans based on audit results





Digital Tools and Innovations

Leverage meaningful innovations in the sector and put producers at the heart of this innovation and change

Farmers gain greater financial benefit from participating in the coffee supply chain

RA serves as a platform for continued business innovation, effectively connecting all supply chain actors at scale



The Backbone of Implementation: Contextualization

Contextualization

Leverage meaningful innovations in the sector and put producers at the heart of this innovation and change

- The Rainforest Alliance has a deep-rooted history in coffee and an established reputation with various independent studies demonstrating positive impact; in 2020 we are influencing the lives of approximately 3 million producers, workers and their families in coffee landscapes.
- However, the coffee economic situation and climate crisis have triggered an urgent need to revise our ways of working.
- In order for Rainforest Alliance to be relevant and impactful, with the proposed pathways, a **contextualized approach is proposed** as an entry point for this strategy.
- A contextualized approach builds on the recognition that coffee is not just coffee, but consists of different segments





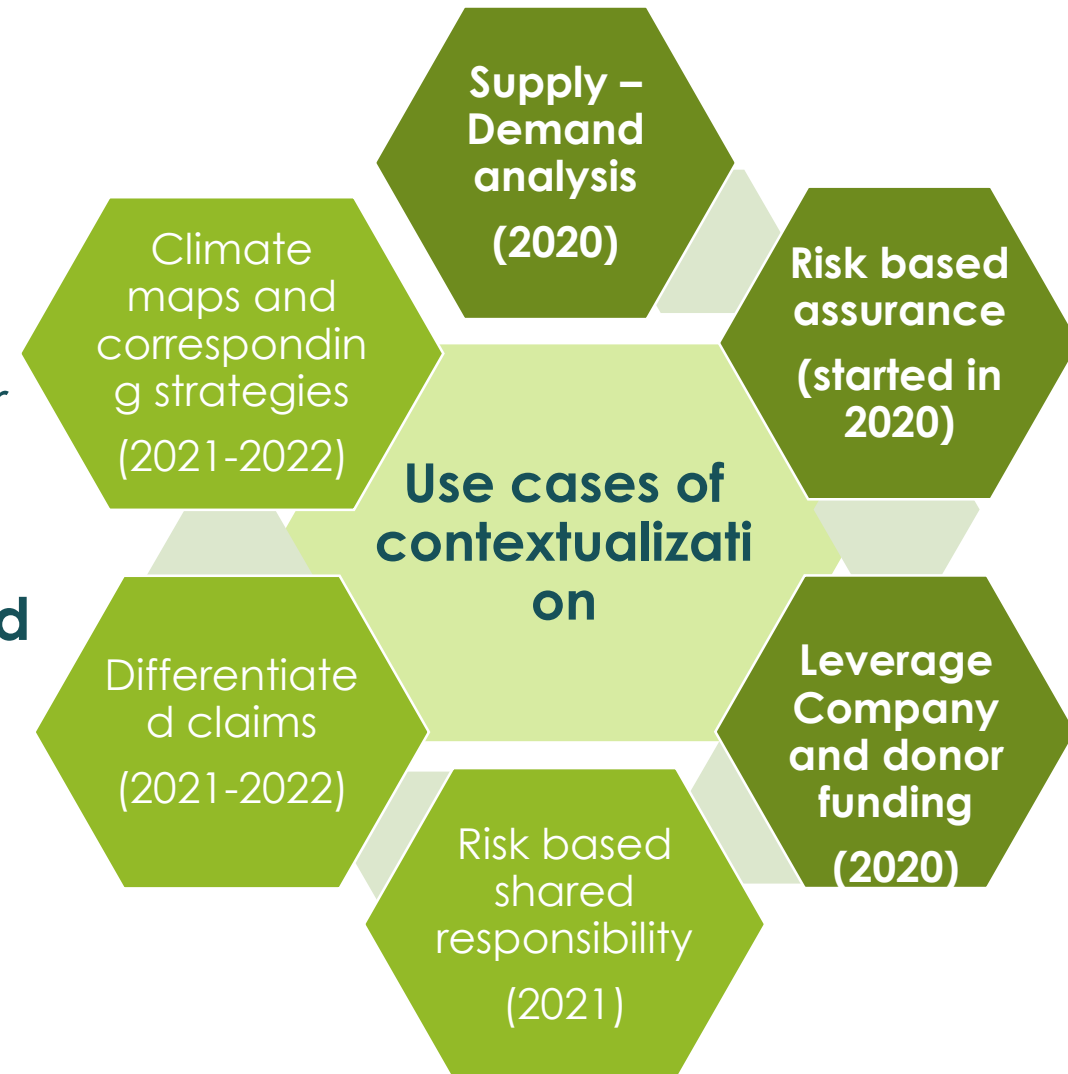
Contextualization as an entry point to implement the coffee strategy

The programmatic action in 2020/21 will be prioritized for:

- Risk based assurance
- Supply and demand analysis
- Leverage company and donor funding

Priority countries 2020/21 selected based on certified volumes and use cases:

- Brazil, Vietnam, Colombia and Honduras
- Other coffee priority countries will follow, according to need and internal capacity



Why is a context specific approach key for the coffee sector, and how does that look in practice? Some examples..

Risk based assurance:

Identify assurance risks based on historical (non)-compliance certification data and country information to define specific follow up actions.

- **Guatemala:** Child labor risks
=> Focused & Strengthened Audits Policy

Supply-demand analysis:

Identify critical supply and demand issues through robust methodology, market intelligence, traceability data and insights from regions, to define follow up actions and develop country specific certification scale up plans.

- **Honduras:** Supply shortage
=> Guided supply and demand orientation with producers, connect sellers/buyers, focused field support matching specific demand/regions.

Leveraging company and donor funding:

Towards investing in supply development, address risks landscape/supply chain, pilot/test innovations.

- **Company project:** Colombia
=> increase the supply specific quality/region, address sustainability risks.
- **Company plus donor funding:** Hon-Gua
=> address child labor risks

Shared responsibility: Specific Requirements for Supply Chain Actors

Sustainability Differential & Shared Investment
Criteria



Shared responsibility

Sharing sustainability risks, investments and rewards

Environmental and social sustainability will only be achieved when combined with economic sustainability.

We want to ensure that RA certified producers participate in a more balanced system in which :

1. Producers' **sustainability efforts are rewarded**
2. **Costs of investments** in producing sustainably are shared.
3. **Responsible and impactful sourcing practices** ensure producers and market are mutually accountable on shared sustainability progress.

The Rainforest Alliance will use the farm standard, traceability system and the supply chain standard to drive more economic transparency of the burden and value of certification and steer greater economic resources to farmers.

Sustainability Differential

- Is a mandatory payment of an additional cash amount to **certified producers** (paid through Individual Farm CHs and Farm Group CHs) by buyers of Rainforest Alliance certified product, over and above the market price of the commodity in question.
- The intention is that this payment recognizes their sustainability efforts as assessed by compliance against the farm standard and incentivizes the continued uptake of sustainable production practices.
- The purpose of the sustainability differential is to reward the front-line of sustainable agricultural production.



Shared Sustainability Investment

- Cash or in kind investments from buyers of Rainforest Alliance certified products to **farm certificate holders** (Individual Farm CHs and Farm Group CHs). It is meant to enable improvements required by, and stimulate compliance with, the new RA Farm Standard.
- This category of investments includes those that are required for producers to fulfill core compliance or mandatory improvement criteria in the farm standard as well as the cost of achieving certification (e.g. IMS implementation and audit costs).
- These investments need to be in accordance with the needs identified by certificate holders and encapsulated in the investment plan they draw up.



A journey we hope to take together with you



Q&A

- *Please enter your questions in the Q&A box*



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ALLIANCE**

rainforest-alliance.org

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