Growth, Collaboration and Inspiration: Towards a Better Future

This report tells a story of growth, collaboration and inspiration.

The numbers are impressive. We now reach more than 910,000 farmers and workers in 37 countries. Our members are sourcing more coffee, cocoa and tea than ever before, and products with the UTZ name or logo have been sold in 135 countries.

Yet in this story, UTZ Certified is just one character among a large and diverse cast. These achievements were only made possible through collaboration; with farmers, supply chain actors, brands, retailers, NGOs, funders, other sustainability standards, governments, and all manner of other organizations.

And it doesn’t stop there. We were formed with an ambitious goal: to make sustainability the norm. We know that this cannot be achieved with a single model or a single approach to sustainability. That’s where the third factor comes in: inspiration.

Our members are being inspired to join the global conversation about sustainability, but they are doing it on their own terms, rather than taking a ‘one size fits all’ approach. Companies and organizations across the sector are forging their own paths towards sustainability, often inspired by third party certification systems. There is room for all of these initiatives, and we are excited about working with new partners in the years to come, while continuing to emphasize the importance of independence and a multi-stakeholder approach.

Growth, collaboration and inspiration. It is only through all three of these factors that sustainability will become the norm. It is only by working together that we will create a better future.

Han de Groot, Executive Director of UTZ Certified
AT UTZ CERTIFIED, IT ALL STARTS WITH BETTER FARMING.

IN 2014, OUR PROGRAM REACHED MORE THAN

575,000 farmers  335,000 workers

at

908 farmer groups and

1012 estates.
Collaboration is vital and we work with hundreds of different NGOs, funders, partners & other sustainability standards to expand our reach and put the farmer first.
In 2014, we launched our new code of conduct. It’s stronger and simpler, for a greater impact on farmers, workers, and the environment.

We launched an online training platform that will expand our reach in 2015.

We explored new ways for farmers to tackle the effects of climate change.
The Code of Conduct is at the heart of what we do, setting out the performance oriented sustainability requirements followed by farmers.

The new code focuses on good agricultural practices, enabling farmers to strengthen their productivity – producing a higher yield of a better quality. Social and environmental factors such as working conditions, gender equality and ecological diversity are addressed in more depth.

At the same time, the code is simpler to understand and put into practice, with clearer language that is focused on implementation.

During a two year consultation process our partners shared their experience and expertise, helping us to make a better code.

Our Codes of Conduct are revised and updated every five years, following a two year process of public consultation with all stakeholders. This is in line with the requirements of the ISEAL Alliance, the global membership organization for credible sustainability standards. We work in compliance with the ISEAL requirements around standard-setting, verifying compliance, and monitoring the impact of our work.

In 2014, we launched our new Code of Conduct.

Consultation workshops in 13 countries: Ghana, Côte d’Ivoire, South Africa, Malawi, India, Indonesia, Vietnam, Sri Lanka, Brazil, Peru, Colombia, Nicaragua and the Netherlands.

233 responses to the online consultation.

2 core codes: individual farms and groups.

Product specific modules: coffee, cocoa, tea & rooibos, hazelnuts.
Through training, farmers and workers can improve yields, and ensure a safe and healthy working environment. And that’s not all; training for certification bodies means audits are reliable and consistent, strengthening the whole program.

Because we take training so seriously, in 2014 we launched the UTZ Academy Online: a platform for trainers and learners to come together to share information, follow online courses, and supplement face to face training with extra tasks and exercises.
Climate change is a serious concern for farmers. Erratic weather patterns mean that production costs go up while the quantity and quality of the crop goes down, and therefore so does the price at the farm gate.

The new Code of Conduct now includes measures to help farmers tackle climate change.

In Vietnam, we are working with coffee farmers to define the risks, and to introduce measures that will enable them to adapt. Detailed climate change action plans were established for two provinces, with input from farmers, researchers and sector experts. The project was delivered in partnership with the DE Foundation and Deutsche Investitions- und Entwicklungsgesellschaft (DEG). The result? Farmers are more resilient against the effects of climate change.

WE EXPLORED NEW WAYS FOR FARMERS TO TACKLE THE EFFECTS OF CLIMATE CHANGE.

35
PROMOTER FARMERS INTENSIVELY TRAINED ON HOW TO ADAPT TO CLIMATE CHANGE

1,250
COFFEE FARMERS TRAINED ON HOW TO TRAIN FARMERS IN THEIR COMMUNITIES

60,000
SHADE TREES PLANTED.

COFFEE CLIMATE CARE PROJECT IN VIETNAM

These trees protect crops from the sun and therefore improve coffee quality. Half of them were avocado trees, which also provide extra income.
UTZ cannot and does not work alone. In producing countries around the world, we collaborate with NGOs, funders, partners and other sustainability standards.

Our focus? Addressing the biggest challenges faced by farmers, so they see more benefits.

- A collaboration with the Certifica Minas standard in the Minas Gerais region of Brazil has made it possible for farmers to scale up to UTZ certification, giving them better access to international markets.

- Farmers in the 4C coffee certification standard now have more support to access UTZ certification, thanks to a ‘stepping up guide’ published in partnership with the Colombian Coffee Growers Federation (FNC), IDH, and Tchibo.

- In partnership with Fairtrade and the Rainforest Alliance, we commissioned new research into living wage benchmarks in South Africa, Dominican Republic and Malawi. Multi-certification can give farmers better opportunities. We developed a guide to multi-certification in Peru and Guatemala in collaboration with fellow Sustainable Commodity Assistance Network (SCAN) members, including Fairtrade International and the Rainforest Alliance.

- To better meet the needs of many tea farmers in Malawi who are multi-certified, a representative is working jointly for UTZ Certified, the Ethical Tea Partnership, Rainforest Alliance and Solidaridad.

- Collaboration between UTZ and the International Cocoa Initiative is enabling UTZ to more effectively tackle child labor, particularly in Cote D’Ivoire.

- Smallholder coffee farmers in Karnataka, India, now have access to an ‘eco-pulper’, which dramatically reduces the amount of water needed for processing and protects the environment by reducing waste. The project is funded by the Indian Coffee Board and the Indian Institute of Plantation Management.
UTZ CERTIFIED COFFEE, COCOA AND TEA IS PRODUCED IN 37 COUNTRIES AROUND THE WORLD
FARMERS IN THE UTZ PROGRAM ARE TRAINED IN GOOD AGRICULTURAL PRACTICES. THAT MEANS THEY PRODUCE MORE, AND ACHIEVE BETTER QUALITY AT LOWER COSTS.

FARMERS WITH BETTER CROPS HAVE BETTER PROSPECTS. A HIGHER YIELD MEANS A BIGGER INCOME SO FARMERS CAN INVEST IN THEIR FAMILIES, THEIR WORKERS, AND THEIR FUTURES.

UTZ CERTIFIED FARMERS WORK WITH RESPECT FOR THE ENVIRONMENT AND IN BETTER HARMONY WITH NATURE.

THANKS TO THE UTZ PROGRAM FARMERS, WORKERS AND THEIR FAMILIES CAN ACHIEVE THEIR AMBITIONS. FUNDAMENTAL HUMAN RIGHTS OF CHILDREN AND WORKERS ARE PROTECTED, AND WORKERS HAVE A SAFE AND HEALTHY WORK ENVIRONMENT. A BETTER FUTURE FOR EVERYONE.
IT'S ALL ABOUT IMPACT.

THROUGH THE UTZ PROGRAM
FARMERS GROW BETTER CROPS
AND BECOME BETTER BUSINESS PEOPLE,

WHILE PROVIDING GOOD WORKING CONDITIONS
AND PROTECTING THE ENVIRONMENT.

This makes farmers more resilient: they are better equipped to deal with
the economic, social and environmental challenges that come their way.
Independent research shows the impact of our program. And the real
value of this research? It shows us where there is still room to learn and
develop, so we can have an even greater impact in the future.
The UTZ certification brought along great benefits to our properties; the farms become much more organized than before. Equally important was the improvement noticed in the quality of the coffee itself!

Firmino Rocha de Freitas, owner of Fazenda Onça, Brazil.

Climate conditions, high fertilizer prices & diseases like coffee rust saw the coffee harvest decline across Colombia between 2008 and 2011. UTZ farmers were more resilient, maintaining their yields while non-UTZ farmers saw big drops.
BETTER INCOME

LOWER PRODUCTION COSTS
LOWER PRODUCTION COSTS, COUPLED WITH HIGHER PRICES MEANT THAT UTZ FARMERS WERE ABLE TO RECEIVE A HIGHER NET INCOME.

CASH PRODUCTION COST FOR 1KG COFFEE, IN COLUMBIA, 2011

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<thead>
<tr>
<th></th>
<th>UTZ</th>
<th>NON UTZ</th>
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<tr>
<td>$1.72</td>
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<td></td>
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<tr>
<td>$2.10</td>
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“Since we are in the program the cocoa farm has produced more: we had 1.2 tons in 2011-2012, and then 1.8 tons in 2013-2014. In this way the UTZ program allowed me to build my house! And it also means we can afford gas for cooking.”

Kouassi N’Guessan Nick,
Côte D’Ivoire.

HIGHER PRICES
PRICE RECEIVED FOR 1KG COFFEE, IN COLOMBIA, 2011

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<tr>
<th></th>
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<th>NON UTZ</th>
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<td>$1.72</td>
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<td>$2.10</td>
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PRICE RECEIVED FOR 1KG COCOA, IN GHANA, 2012

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<tr>
<th></th>
<th>UTZ</th>
<th>NON UTZ</th>
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<tr>
<td>$2.86</td>
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<td>$2.66</td>
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<td>$1.81</td>
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<td>$1.72</td>
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HOUSEHOLD INCOME, IN COTE D’IVOIRE, 2012

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<th>UTZ</th>
<th>NON UTZ</th>
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<td>$2,693</td>
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<td>$2,327</td>
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NET INCOME PER 1KG COFFEE, IN COLOMBIA, 2011

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<tr>
<th></th>
<th>UTZ</th>
<th>NON UTZ</th>
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<tbody>
<tr>
<td>$1.14</td>
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<tr>
<td>$0.69</td>
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</tbody>
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Study Reference
Cocoa farmers in Côte D’Ivoire
“Impact of UTZ Certification of cocoa in Côte d’Ivoire: Assessment framework and baseline”, 2014, LEI Wageningen UR
Research period: 2008 to 2012
Sample Size: 780 farmers from 97 cooperatives

Cocoa farmers in Ghana
“Cocoa Farms in Ghana. An Evaluation of the Impact of UTZ Certification on the Sustainability of Smallholders supported by the Solidaridad Cocoa Programme 2010-2012”, 2013, Committee on Sustainability Assessment (COSA)
Sample Size: Initial sample: 352 UTZ farmers from 10 communities and 192 farmers from 9 communities.
**Better Environment**

**Better Care for Nature**

Among UTZ certified coffee farmers in Colombia, "Progress in care for the environment is the most outstanding achievement".

That's thanks to the adoption of soil conservation practices, recycling and better agrochemical handling.

UTZ certified cocoa farmers in Ghana reduced their use of biocides and increased their use of natural fertilizers.

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**Better Recycling**

UTZ 82%

Non UTZ 42%

Percentage of farmers who had a recycling program, Colombia, 2011

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**Better Use of Fertilizers**

**UTZ**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Using Organic Fertilizers</th>
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<tbody>
<tr>
<td>2008</td>
<td>64%</td>
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<tr>
<td>2011</td>
<td>80%</td>
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**Non UTZ**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20%</td>
</tr>
<tr>
<td>2011</td>
<td>80%</td>
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Percentage of farmers using organic fertilizers, Colombia, 2011

Percentage of UTZ certified farmers applying fertilizers according to technical recommendations, Colombia

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**Protecting Water Resources**

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<thead>
<tr>
<th>UTZ</th>
<th>65%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON UTZ</td>
<td>6%</td>
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Percentage of farmers who have adopted methods to treat waste water after the coffee milling process, Colombia, 2011

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<th>UTZ</th>
<th>8 ltr</th>
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<tbody>
<tr>
<td>NON UTZ</td>
<td>9 ltr</td>
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</table>

Liters of water used in wet milling per kg of parchment coffee, Colombia, 2011

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Coffee farmers in Colombia

"Impact evaluation of the UTZ Certified coffee program in Colombia", 2014, Centre for Regional Entrepreneurial and Coffee Studies (CRECE) Research period: 2008-2011

Sample Size: 278 UTZ certified farmers and 579 non-certified farmers
BETTER LIFE

IN CÔTE D’IVOIRE

97% OF FARMERS SAY THEY ARE SATISFIED WITH THE UTZ PROGRAM AND TRAINING.

82% OF FARMERS SAY THEIR LIVING CONDITIONS HAVE IMPROVED AND 92% REPORT POSITIVE CHANGES SINCE JOINING THE UTZ PROGRAM.

UTZ CERTIFIED FARMERS IN COLOMBIA RATED THEIR QUALITY OF LIFE CONSISTENTLY, AND SIGNIFICANTLY HIGHER THAN NON-UTZ FARMERS.

FARMER PERCEPTION OF QUALITY OF LIFE ISSUES

<table>
<thead>
<tr>
<th></th>
<th>UTZ Farmers</th>
<th>Non UTZ Farmers</th>
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<tbody>
<tr>
<td>Relations With Workers</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Household Quality</td>
<td>8.5</td>
<td>4.5</td>
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<tr>
<td>Family Health</td>
<td>9</td>
<td>7.4</td>
</tr>
<tr>
<td>Household Economy</td>
<td>8.5</td>
<td>4.9</td>
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UTZ CERTIFIED COFFEE, COCOA AND TEA IS TRACED ALL THE WAY THROUGH THE SUPPLY CHAIN IN OUR STATE OF THE ART ONLINE SYSTEM; FOR GREATER EFFICIENCY AND ACCOUNTABILITY.

“UTZ Certified shares our vision of a world where sustainability is the norm, and our collaboration has brought great benefits to the RSPO over recent years.”

Darrel Webber,
Secretary General of RSPO
TRACING SUSTAINABLE PALM OIL.

Since 2007 we have provided traceability services to the Roundtable on Sustainable Palm Oil (RSPO), the leading initiative working to promote sustainable palm oil production.

RSPO is made up of more than 2000 producers, refiners, retailers and NGOS.

2.4 million metric tons of RSPO palm oil were traced during 2014, up 57% on 2013.
THE UTZ CERTIFIED NAME HAS NOW APPEARED ON MORE THAN 20,000 DIFFERENT PRODUCT PACKS SOLD IN 135 COUNTRIES AROUND THE WORLD.
In 2014, our members sourced more UTZ certified coffee, cocoa and tea than ever before. Enough to make

- 31 billion cups of coffee (up 16%)
- 2 billion cups of tea (up 18%)
- 9.7 billion chocolate bars of 100g (up 32%)

Sustainable coffee, cocoa and tea are really stepping out of the niche market. What does that mean? A greater impact for more farmers around the world.
IT’S ALL ABOUT OFFERING THE BEST SUPPORT FOR OUR MEMBERS.

WE WORK WITH COMPANIES TO PUT SUSTAINABILITY AT THE CORE OF BUSINESS, AND TO HELP THEM TELL THEIR OWN SUSTAINABILITY STORIES.

SUPPORTING MEMBERS IN 2014

- Dedicated global member support team speaking 14 languages.
- 74 webinars to inform and inspire our members and partners.
- Member events held in Germany and Switzerland.
- Online labeling approval system launched.
PUTTING SUSTAINABILITY AT THE CORE OF BUSINESS

IN 2014, COMPANIES AROUND THE WORLD TOOK BIG STEPS FORWARD. FOR MANY, SUSTAINABILITY IS NOW A BUSINESS DRIVER THAT BRINGS GREATER ASSURANCE AND EFFICIENCY, RATHER THAN AN OPTIONAL EXTRA.

In many markets, particularly Europe, sustainability is a well-established trend. Yet awareness and demand for sustainable products is also flourishing around the globe, and we are now working with many partners in countries such as the United States, China, Japan and Brazil.

JOINING THE GLOBAL CONVERSATION

As sustainability becomes more integrated in business, it is becoming a vital brand element for many companies. Joining the global conversation about sustainability helps companies to meet growing consumer expectations for social and environmental responsibility.

Research shows that consumers are loyal to their favorite brands rather than to sustainability labels, so we work with companies to support and inspire their own sustainability communication. Consumers continue to enjoy the products they love, with the UTZ label providing independent reassurance of sustainable origins.

On the right you will see just a few of the ways our members put sustainability at the heart of their campaigns.

“We want to take our consumers with us on our sustainability journey... It’s about informing and educating our consumers and showing them what we’re doing to support cocoa farming while at the same time making sure they keep enjoying their favorite products.”

Tyrone Williams,
Sweet Technologist,
Woolworths South Africa
AUSTRALIA
HAIGH’S

Haigh’s was proud to be the first Australian bean to bar chocolate manufacturer to be UTZ certified. The company shared its commitment through advertising, PR, and in-store and online communication.

GERMANY
TCHIBO

German retailer Tchibo wanted to raise awareness of its cooperation with different sustainability labels. In an animated film and accompanying campaign, consumers learnt about sustainable coffee through the adventures of ‘Herr Bohne’ – ‘Mr Bean’.

JAPAN
NESTLE

Nestle Japan celebrated the launch of UTZ labeled KitKat bars with a full page ad in Japan’s largest newspaper, Yomiuri. It shows Nestle’s CEO in conversation with a well-known pastry chef, discussing sustainability and the future of chocolate.

SOUTH AFRICA
WOOLWORTHS

Milk, dark or white? How about green? In a multi-channel campaign, including a promotional video shot in Ghana, Woolworths South Africa showed why sustainability is important to them.
EXPLORING NEW SECTORS

WE HAVE SEEN A BIG IMPACT IN COFFEE, COCOA AND TEA. THE NATURAL NEXT STEP IS TO EXPLORE HOW WE CAN APPLY OUR EXPERIENCE TO OTHER PRODUCTS, BY FORMING CLOSE PARTNERSHIPS.
The confectionary industry has taken huge strides towards sustainability, particularly in cocoa. Many companies are now looking for sustainable origins for other ingredients. Along with our partners, in 2014 we began the start-up phase of a holistic program for sustainable hazelnuts.

- 75% of the world’s hazelnuts are produced in Turkey.
- 1000 farmers took part in a pilot project.
- 4 founding partners – REWE Group, Natra, Migros and Jumbo Supermarket.
- 5 certificate holders – farmer unions, traders and exporters.
- 2016: The first UTZ certified hazelnuts will be on the market.
Thanks to population growth and urbanization, demand for rice is projected to grow over the next 50 years. World supply of rice is not expected to keep up with demand. There are also environmental concerns associated with rice farming. While the majority of rice is consumed in producing countries, there is also market interest in a sustainability initiative for rice.

That’s why we are proud to play an active role in the Sustainable Rice Platform, which was founded by the International Rice Research Institute (IRRI) and the United Nation Environment Program (UNEP). Other members include companies, governments, research institutes and NGOs.

- UTZ led the development of a draft standard for sustainable rice, to be tested in 2015.
- Field visits to several countries to assess applicability in the field.
- Funders for UTZ’s work included GIZ, OLAM, UNEP & Kellogg’s.

In 2014 we announced a new program that will tackle a variety of sustainability challenges in the sector, while also meeting market demand for sustainable herbal tea. The program is a collaboration with the Union for Ethical BioTrade (UEBT).

“The innovative Herbal work of UEBT and UTZ Certified, both full ISEAL members, is a living proof of how ISEAL’s strategic goal to increase efficiency through collaboration is put into practice.”

Karin Kreider, ISEAL Executive Director

**TACKLING SUSTAINABILITY CHALLENGES IN THE HERBAL TEA INDUSTRY.**

- Social and environmental requirements:
- A better life for farmers, while protecting biodiversity.
- Sustainable wild collection of herbs.
- Promoting long-term relationships between producers and buyers.
THANK YOU

NONE OF THESE ACHIEVEMENTS WOULD HAVE BEEN POSSIBLE WITHOUT YOU:

FARMERS
SUPPLY CHAIN ACTORS
BRANDS
RETAILERS
NGOS
FUNDERS
CONSUMERS

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Contact our worldwide offices and representatives via www.utzcertified.org.