BETTER TOGETHER

2016
IN ACHIEVEMENTS
BETTER TOGETHER

Big problems need big solutions. And let’s not kid ourselves; the problems are big.

Too many of the world’s farmers and workers struggle to earn a living. Climate change is bad news for all of us, and farmers are already feeling the effects of higher temperatures and erratic rainfall. Women still face systematic exclusion and discrimination. These issues also pose a real threat to the supply of ingredients like cocoa, coffee, and tea.

Now is the time to take action for more responsible production, and 2016 showed that great things become possible when we work together. The stories on these pages show how certification acts as a catalyst for change in farming communities, throughout supply chains, and across sectors. It brings people together and lays the foundations for innovation.

We look forward to even bigger and better things in the year to come but first, let’s take a look back at what we achieved together in 2016.

Han de Groot, Executive Director

A DIFFERENT PERSPECTIVE: UTZ FROM THE AIR

The photographs in this report show some of the spectacular landscapes that are home to UTZ certified farms in different areas of the world. But they are more than just beautiful images.

In 2016, we invested in developing a global database of expertise on sustainable farming practices. Farmers, workers, and agricultural experts were filmed demonstrating how to put the UTZ requirements into practice in different contexts, and a drone was used to gain unique insights into the farm and the relationship with the surrounding environment. These photos and videos are accessible to all our stakeholders via our online training platform, the UTZ Academy Online.

A clear difference: this photo from Côte d’Ivoire shows an UTZ certified farm on the left side of the road, and a non-certified farm on the right. Use of shade trees and other good farming practices made the certified farm more resilient against drought. All photos by Giuseppe Cipriani.
The UTZ name or logo is now on more than 13,000 products in 130 countries

We work with more than 850,000 farmers and 430,000 workers

UTZ certified coffee, cocoa and tea is grown on more than 2.7 million hectares in 41 countries

In 2016 our members sourced enough to make 38 billion cups of coffee, 3 billion cups of tea, and 15 billion bars of chocolate (milk chocolate 100g)

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THE IMPACT OF CERTIFICATION

Being part of the UTZ program brings big benefits to farmers and workers. From tackling climate change and empowering female farmers, to improving conditions for workers; certification is the catalyst for change.

PERUVIAN FARMERS ADAPT TO CLIMATE CHANGE

Amaro Chasquero is one of thousands of farmers who grow coffee on the vertiginous slopes of the San Ignacio region of northern Peru, on a farm spread between 1200 and 1700 meters above sea level. “I have been growing coffee here since 1985,” he says. “This hot weather was more usual in the lower areas, and up here at it was cooler. But now the weather is changing, and it’s hotter here as well.”

As part of the training required in the UTZ program, the cooperative works with farmers like Amaro to help them adapt to climate change. One of the best methods is planting shade trees, which protect the coffee plants from the most extreme heat – as well as encouraging biodiversity.

When Amaro first started using shade trees his neighbors were skeptical. “At first, they told me there was no need for so many shade trees at this altitude. But as the weather changed they saw that the shade is vital to protect the coffee plants. This ensures the coffee is the best possible quality.”

SMALLHOLDERS HARNESS THE POWER OF TECHNOLOGY

Cocoa farming is a way of life in the village of Oupoyo in Cote D’Ivoire, where Jean-Marc Gouda is the manager of the NECAYO cooperative. In 2016, his cooperative was one of the first to pilot new technology that digitizes the management of the farmer group, as part of an UTZ innovation program that aims to bring the benefits of technology to small farmers.

“Keeping digital records means I have a much better overview of how we are doing, and which farmers need additional support,” says Jean-Marc. “When the auditors came this year, I felt more confident – I had the entire management system in one place, and I could easily show them what they needed.”

On top of these efficiency benefits, the new technology has the potential to generate data from within farmer groups that can benefit farmers, auditors, and others in the supply chain. For example, farms within a group can be plotted on maps alongside physical features like fresh water sources, contributing to environmental protection strategies.

The goal is also to give farmers access to sources of data that could help them improve their practices, such as satellite imagery or land classification databases. In 2017, the technology will be rolled out to more farms across Africa, Latin America and Asia.
Maturata Plantations Ltd is one of the largest tea producing companies in Sri Lanka, employing more than 4,000 workers across several estates.

“Back in 2013 our tea estates were underperforming and workers were disillusioned,” says Subhash Abeywickrama, the company’s General Manager. “Global markets were making demands for certification, and so we looked at available schemes. We quickly realized the difference it could make to productivity and workers’ lives.”

Big improvements have been made since the company became UTZ certified. For example, workers used to struggle to carry heavy baskets of tea from the fields; now there are restrictions on the weight and new weighing stations have reduced the distance the tea must be carried. Clean water sources have been installed nearer to the workers’ homes, and new facilities such as toilets and rest areas have been built for female workers. The company has also started a new large scale housing project, with 560 new houses being built for workers.

“It’s been a significant investment. But, says Subhash, it’s worth it: “It is making a huge difference to workers’ lives. They know now that we are serious about looking after their needs. In return they support us, which has been one of the biggest advantages of certification.”

“We have 19 direct competitors in the Sri Lanka tea market,” says Subhash. “Before certification we were number 19 on the list in terms of profit and loss. Today? Today we are number one!”

“WHEN WOMEN WANT TO DO SOMETHING, THEY DO IT ALL THE WAY”

Too often, female farmers are excluded from the training that could help them improve their business. Léonie Osso Sona is part of an UTZ certified farmer group, Côte d’Ivoire and the president of the Offa village women’s farmer association, and she is on a mission to change that in her community.

Léonie runs a field school for women, which provides training specifically for women on ways to improve productivity. They have a 25 hectare cocoa nursery where they grow new plants that will later be introduced on the farms, and farmers are also supported in their production of food crops like corn and cassava.

Promoting equal opportunities for women is a core part of the UTZ program. Women must have equal opportunities to attend training, and every cocoa farmer group must appoint someone responsible for equal rights and opportunities for women.

According to Léonie, investing in women can have a big pay-off. “Côte D’Ivoire is the best cocoa producer,” she says, “and all that is thanks to the women. Because when women want to do something, they do it all the way.”
We regularly publish studies that assess the impact of our programs, highlighting success and identifying ongoing challenges. Visit [www.utz.org/reports](http://www.utz.org/reports) for more information.

**STUDIES SHOW THE IMPACT**

A growing body of independent research shows the impact of certification.

**Indonesia**

A study by Aidenvironment analyzed the impact of UTZ at 3 farmer groups in Indonesia, after two years of UTZ certification.

- **100%** of certified farmers had improved their storage and handling of pesticides.
- UTZ certified cocoa farmers **produced more** than farmers from non-certified farms.
- Cocoa farmers said they **value stable trade relationships and training more than a premium**.

**Ghana**

Wageningen University studied the changes in economic performance, working and living conditions of cocoa farmers in Ghana over four years.

- Farmers reported **better knowledge, higher yields and bigger profits** than non-certified farmers.
- Thanks to health and safety practices, accidents on certified farms dropped by **20%**.

**Sri Lanka**

3 farmer groups and 9 tea estates were compared with 2 non-certified estates for a study of UTZ certified tea in Sri Lanka, carried out by Fair and Sustainable Advisory Services and the Nexus Foundation.

- **Tea quality has improved due to better post-harvest handling.**
- Female farmers have a **stronger role**, with some estates starting to **appoint women** as field supervisors.

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TRANSFORMING THE MARKET FOR SUSTAINABILITY

To make large-scale change, it all comes down to the commitment of companies. Forward thinking companies are stimulating innovation in their supply chains and taking big steps to meet investor and customer expectations – and to keep up with the latest regulatory frameworks for sustainability.

100% COMMITMENT

There is no one-size-fits-all approach when it comes to sustainability, but there is one thing that the world’s most sustainable companies have in common: they are making commitments to 100% sustainable sourcing, and they are using certification to help them reach that goal.

In the coffee sector, Ahold Delhaize Coffee Company and Arvid Nordquist are just two of the companies already sourcing 100% certified, as well as Migros in Switzerland for their private label. Several tea companies have made similar commitments, including OTG.

Particularly in the cocoa sector, some have already reached their goal to source 100% certified cocoa, either 100% UTZ or a combination with other credible sustainability standards. This includes companies such as Nestle (for KitKat), Aid (Sud and Nord), Lid, FrieslandCampina and Cloetta at the global level, Woolworths in South Africa, REWE Group in Germany, and Haigh’s in Australia. Some other big players who have committed to reach 100% certified cocoa by 2020 include Mars, Ferrero and Hershey’s.

SPOTLIGHT ON THE UNITED STATES

2016 saw companies worldwide making greater sustainability commitments, but we saw particularly strong growth in the United States.

The largest buyer of UTZ certified coffee in North America is The J.M. Smucker Company. Ahold USA is another major buyer of UTZ certified coffee, and in 2016 it met its commitment to 100% sustainable procurement. In the cocoa sector, Hershey’s and Whitewave have both made 100% commitments. Nestlé USA also sourced UTZ certified cocoa for several products in 2016.

“...partnership with UTZ to introduce consumers to sustainable coffee practices. Through our joint efforts we are helping to improve sustainable practices of smallholder coffee farmers, enabling better farming and a better future for all stakeholders.”

MEETING CONSUMER EXPECTATIONS

Awareness has been growing among consumers for decades, and this trend shows no sign of slowing. A major study from performance management company Nielsen found that 91% of consumers in the world’s biggest economies expect companies to do more than make a profit, and to operate responsibly to address social and environmental issues. This has implications for the products consumers choose to buy, and also those they choose to avoid. In some developed markets, according to Claudia Suárez-Gapp from Nielsen, “sustainability is no longer about marking yourself out as ahead of the curve, but rather ensuring that you don’t fall behind.”
NAVIGATING THE LABEL JUNGLE

In some markets, sustainability labels have proliferated to the point where consumers can be confused about the different claims on offer. 2016 saw the launch of several initiatives aimed at explaining and differentiating between labels, showing which sustainability claims are truly representative of sustainable impact. For example, a Dutch government funded initiative by the consumer information NGO Milieu Centraal rated UTZ as the best label for cocoa, coffee and tea, based on criteria around sustainability requirements, transparency and control processes.

BEYOND THE CONSUMER: FROM EXPECTATION TO OBLIGATION

At the same time, 2016 showed that sustainability is no longer simply a matter of meeting consumer expectation. Increasingly, it’s also a matter of meeting legal obligations. 2016 was the first full year of the Modern Slavery Act in the United Kingdom, which made it a requirement for companies to report on their efforts to eradicate slavery in their supply chains. In the United States a legal loophole was closed, in effect introducing a ban on the import of goods produced using child labor or slavery. France has adopted a law requiring multi-nationals to publish due diligence plans on human rights from 2018 onwards, and the Netherlands is preparing a similar law related to child labor. Inspired by the Sustainable Development Goals and the UN Guiding Principles on Business and Human Rights, we can expect more countries to follow this route in the years to come.

Certification offers companies a ready-made tool for gaining greater visibility of their supply chains, contributing to a sustainability strategy that meets these obligations.

NEW MODELS FOR SUSTAINABILITY

Certification has a huge impact. Together with our partners we have already transformed significant portions of the total market volume of products like cocoa, coffee and tea, and certification continues to be our core business. At the same time, in today’s complex market we see that many companies are looking for new ways to bring sustainability to their supply chains and to differentiate themselves from their competitors.

That’s why in 2016 UTZ began exploring opportunities to work with market leading companies who want to broaden or deepen their impact. By developing company programs that complement certification, we can ensure the bar is raised across whole supply chains.

SUPPORTING AND INSPIRING OUR MEMBERS

More companies than ever are sourcing UTZ certified ingredients. We work closely with them from the first moment they consider sourcing certified ingredients, supporting them to integrate sustainability into the core of their business.

Our dedicated global member support team operates in 12 languages. Every day, they are in touch with our members more than 250 times, and they process more than 30 requests for approval to use the UTZ label on pack.

Sometimes companies struggle to explain their choice for sustainable sourcing, whether to customers or internally. That’s why we launched the Better Business Hub in January 2016. In the course of the year, more than 150 articles were published on this online platform. Stories of UTZ certified farmers and workers offer an insight into the impact of UTZ on the ground, while interviews and case studies give inspiring examples of how UTZ can add value to a company’s sustainability strategy or marketing efforts. Other articles answered some of the most frequently asked questions about UTZ, or highlighted the materials available to companies for their own communication, such as infographics, pictures and farmer testimonials. Highlights are shared every three weeks through our newsletter.

DRIVING CHANGE AT THE SECTOR LEVEL

Big problems need sector-wide solutions. Issues like living wages, gender equality, and productivity cannot be solved by any one actor alone. That’s why we’re scaling up our partnerships within supply chains and across sectors to develop innovative and lasting collaborations for sector change: developing best practice, building capacity, bringing people together and influencing policy.

TAKING ON THE BIG CHALLENGES: NEW PRODUCTS

Companies often choose to start their sustainability journeys with iconic ingredients. That’s why we have seen such big commitments from companies in our cocoa program. But what comes next? Many companies want to source other ingredients sustainably, too.

That’s how our hazelnut program was born. Hazelnuts are commonly used in confectionary products, often alongside cocoa. Awareness is growing about the sustainability challenges in hazelnut production, particularly social issues, and we saw that some of our existing partners wanted to contribute to improving this sector. We saw an opportunity to meet market demand while contributing to tackling the serious sustainability challenges.

The program continued to develop in 2016, with new partnerships formed across the sector in Turkey, and more companies committing to the program.

In 2016 we also began developing a program for sustainable vanilla, working with the Union for Ethical Biodrugs (UEBI). We will continue developing the program in 2017, with the aim of scaling up sustainability and contributing to market transformation in the vanilla sector.

ACCELERATING CHANGE IN THE COFFEE SECTOR

Making a sector truly sustainable takes commitment from everyone involved. For coffee, that means giving a voice to farmers, traders, roasters, standards organizations, civil society, and many others.

The Global Coffee Platform (GCP) was launched in April 2016 to bring these stakeholders together, align them on key issues, and share knowledge. The platform aims to set a global reference for baseline sustainability, and provide a framework to collectively measure and improve performance.

We are funding the Global Coffee Platform through our Sector Partnerships program (see page 18), helping to strengthen and support the development of inclusive national platforms, where representatives of women, smallholders and young farmers also participate. We are specifically focusing on Uganda and Indonesia’s fledgling platforms and the scoping of platforms in Nicaragua, Honduras and Kenya.

STEPS TOWARDS SUSTAINABLE RICE

Around 20% of the world’s population depends on rice cultivation for their livelihoods. Improving agricultural practices across this sector has the potential to improve the lives of more than a billion people, while improving the rice industry’s climate resilience and reducing its contributions to climate change.

With the vast majority of rice consumed locally in the developing countries where it is produced, a different approach is needed from the UTZ certification model that has worked so well for cash crops like coffee, cocoa and tea.

That’s why we have been an active member of the Sustainable Rice Platform (SRP) since 2014, alongside governments, the United Nations Environment Program, the International Rice Research Institute, and other partners. We helped to lead the development of the SRP Standard for Sustainable Rice Cultivation, which was piloted in several field trials in 2016 together with Mars Foods, GIZ and OLAM.

“We are already seeing positive results,” says Geert Eenhoorn, UTZ’s Project Manager for rice. “By applying the 46 best practice requirements, farmers and traders are reporting an improved return with lower costs and reduced pesticide residues.”
DATA-DRIVEN CHANGE IN THE COCOA SECTOR

The world’s largest companies have a vital role to play in driving sector change. In the cocoa sector, big players such as Nestlé, Barry Callebaut, Mars, Olam and Hershey’s have come together with origin governments and other stakeholders to form an industry-wide strategy called Cocoa Action.

To inform and promote sustainability at the farm level, Cocoa Action members are gathering data against a set of Key Performance Indicators on productivity and community development. In 2016, UTZ worked with Nestlé to gather and analyze this data, by combining a survey with UTZ audits and arranging additional data collection at the community or cooperative level. The analysis of this data will give greater insights into how farmers are putting sustainability requirements into practice, which will allow UTZ and Nestle to improve their programs.

MAKING SUSTAINABLE PALM OIL THE NORM

Since 2007, UTZ has been working in partnership with the Roundtable on Sustainable Palm Oil (RSPO), the global initiative to promote sustainable oil palm production.

RSPO brings together a diverse range of stakeholders in the palm oil industry. Producers, processors, traders, consumer goods manufacturers, retailers, banks/ investors, and environmental and social NGOs all work together through to develop and implement global standards for sustainable palm oil.

One aspect of our partnership is focused on traceability: managing and tracing volumes of certified sustainable palm oil. Certified members of RSPO register their sales and processing activities in the online traceability system managed by UTZ, from the mill through to the refineries. In 2016 more than 3.5 million tons of certified palm oil was traded through the system – up 33% on 2015.

On 1st of January 2017 RSPO and UTZ launched a brand new and improved traceability platform called RSPO PalmTrace, which includes an online marketplace for RSPO Credits. This new platform brings together the management of all of RSPO’s supply chain models and certified volume in one place.

In 2017 our partnership will continue to develop, with more of the RSPO’s work integrated into the new PalmTrace system. We will focus on improving usability of the system and further supporting the collection of impact data for the RSPO.
PARTNERSHIPS FOR CHANGE

In 2016 we launched our Sector Partnerships Program, in partnership with the Ministry of Foreign Affairs in the Netherlands. The program is part of our work in producing countries, within supply chains, and across sectors, with a focus on six sustainability themes in nine countries. All of the projects on this page are funded by the program.

A STRONG COALITION FOR A LIVING WAGE

The concept of a living wage sounds simple; it should be enough to cover the essential needs of the worker and their family, including a little extra for unexpected events. In practice, legal minimum wages (if they exist) are often a long way from a living wage, and until recently there has been no consensus on what a living wage is and how to calculate it in different countries and communities.

Promoting better working conditions is a core part of the UTZ program, and in 2016 we took big steps alongside our partners in the Global Living Wage Coalition.

The Coalition brings together UTZ, Fairtrade International, Forest Stewardship Council (FSC), Goodweave, Sustainable Agriculture Network/Rainforest Alliance, Social Accountability International (SAI), and the ISEAL alliance, the membership association for sustainability standards. Together, we have agreed on a shared approach for measuring the living wage, and we are building a global database of benchmarks for actual living wages in different countries and sectors.

“The benchmarks give workers and their representatives the tools they need to negotiate for better wages,” says Noura Hanna, UTZ’s living wage expert. “On top of that, they can give companies a better understanding of the living wage in their own supply chains, so they can take action accordingly, and governments can be challenged to develop legal minimum wages based on the real cost of living.” In the UTZ program, the benchmarks are used to measure the progress made by individual farms towards paying their workers a living wage.

The potential reach is huge: through the six standards in the Coalition, the living wage concept will eventually benefit millions of workers in more than 50 countries. Benchmarks relevant to coffee, cocoa or tea have been published for Malawi, Dominican Republic, South Africa, Kenya and Brazil.

IMPROVING SOIL FERTILITY IN UGANDA AND HONDURAS

Fertile soil is the basis for a successful and sustainable farm, yet many farmers lack access to fertilizers, or they don’t know how to use them most effectively. Together with consultancy firm Soil & More International, we are working with coffee farmers in Uganda and Honduras. Soil will be analyzed and action plans developed to target fertilizer use while protecting and conserving the soil. Farmers will be trained on how to implement the plans, and the project will be scaled up and extended to many more farmers through cooperation with partners, such as the national coffee farmers union NUCAFE in Uganda.

EMPOWERING WOMEN IN NICARAGUA

Female farmers face unique challenges thanks to systemic gender inequality. In practice it means that women are less likely to own land, have less access to knowledge and resources that would improve their business, often are not members of cooperatives and also therefore are often excluded from decision making processes.

In Nicaragua, we are working with the Coffee Quality Institute and the national branch of Women in Coffee to explore new ways of working towards gender equality for female farmers within families and cooperatives. Workshops will bring men and women together to explore and address gender inequalities at the household level. At the cooperative level, new initiatives will ensure that women can actively participate in leadership and decision making. This will give female farmers a stronger voice, for example in national platforms where stakeholders come together to discuss sustainability issues.

PREVENTING CHILD LABOR IN GHANA

Any successful approach to child labor must be about much more than simply removing children from their situation, or de-certifying farms where child labor is found. Stop a child working on one farm and he’ll just go to the farm next door, or the factory in the nearest town.

That’s why UTZ requires a combination of prevention, monitoring and remediation. In Ghana, a new project will see UTZ working together with the Ghanaian NGO Child Rights International and farmer group Kookoo Pa, to create and promote a bottom-up, cost efficient and gender-sensitive approach to put the UTZ requirements into practice. This will include empowering the farmer group to lobby and advocate for support from government bodies and supply chain actors. Lessons learned will be fed back into the UTZ program and other initiatives.

KEY SUSTAINABILITY THEMES:
CHILD LABOR
LIVING WAGE
CLIMATE CHANGE
PRODUCTIVITY
FARMER GROUP STRENGTHENING
GENDER
For all UTZ staff please see: https://www.utz.org/who-we-are/who-is-who/

**PRODUCT ADVISORY COMMITTEES**
Product Advisory Committees (PACs) support and advise both the Supervisory Board and UTZ’s staff on the development, implementation and revision of product-specific programs (coffee, tea and cocoa). Members of the PACs possess knowledge of production, trade, manufacturing or retail.

**STANDARDS COMMITTEE**
The multi-stakeholder Standards Committee includes representatives from producer organizations and supply chain actors, NGOs and technical experts on specific sustainability issues (e.g. employees’ rights, good agricultural practices, and biodiversity), experts in the field of certification and sustainability, and the UTZ Standards Director (non-voting member). The Committee’s task is to adopt new Codes of Conduct as well as revise existing Codes. In 2016, the Standards Committee met twice.

**SUPERVISING BOARD**
The Supervisory Board meets at least three times per year and oversees the Executive Team. In 2016, the Supervisory Board met four times and in 2016, with a particular focus on the organizational development of UTZ as a result of the new Strategy 2016 – 2019.

**SUPERVISORY BOARD**
The multi-stakeholder Supervisory Board is responsible for day-to-day affairs, and a multi-stakeholder governance structure.

**STANDARDS COMMITTEE**

**GOVERNANCE**
UTZ has an executive team that is responsible for day-to-day affairs, and a multi-stakeholder governance structure.

Han de Groot - Executive Director
Dan de Vries - Innovation and Technology Director
Britta Wyss Bisang - Program Director
Justin Leavenworth – Global Markets Director

**SUPERVISING BOARD**
UTZ is governed by a multi-stakeholder Supervisory Board. Members include representatives from producer organizations, the supply chain (including brands, processors, trade, retailers), civil society/non-governmental organizations and trade unions. The Supervisory Board meets at least three times per year and oversees the Executive Team. In 2016, the Supervisory Board met four times and in 2016, with a particular focus on the organizational development of UTZ as a result of the new Strategy 2016 – 2019.

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For all UTZ staff please see: https://www.utz.org/who-we-are/who-is-who/
**COMMENTS ON THE 2016 FINANCIAL STATEMENTS**

The year 2016 ended with a positive result of € 4.194K compared to a positive result of €2.622K for 2015. This result is transferred into the general and continuity reserves. Income increased by 28% to € 13.942K due to increased income from fees for coffee, cocoa and palm oil. Operating expenses increased by 24%.

UTZ will use its knowledge and experience to roll out new programs and thereby increase its contribution to agricultural sustainability. The objective is to be able to finance all current operations through program fee income. New programs in their initial phase will mainly be financed through contributions and sponsoring.

UTZ acknowledges financial support from various donors. Their financial support has been crucial in strengthening our producer programs and market linkage.

Due to the fact that a non-profit organization as UTZ is more vulnerable to volatile markets and changes in donor policies, a continuity reserve exists to secure continuity of its activities.

Their financial support has been crucial in strengthening our producer programs and market linkage.

**REVENUE AND EXPENDITURES**

Statement of revenue and expenditures for the year ending 31-Dec-2016

<table>
<thead>
<tr>
<th></th>
<th>2016 (€ x 1,000)</th>
<th>2015 (€ x 1,000)</th>
<th>2014 (€ x 1,000)</th>
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<tbody>
<tr>
<td>Fees</td>
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<tr>
<td>Subsidies</td>
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<tr>
<td>Contribtions</td>
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<td>783</td>
<td>637</td>
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<tr>
<td>Other</td>
<td>390</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>19,248</td>
<td>13,942</td>
<td>11,036</td>
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<tr>
<td>Personnel cost</td>
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<td>-5,740</td>
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<tr>
<td>Brand &amp; advertising</td>
<td>-98</td>
<td>-105</td>
<td>-96</td>
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<tr>
<td>Events &amp; trainings</td>
<td>-706</td>
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<tr>
<td>Materials &amp; translation</td>
<td>-147</td>
<td>-163</td>
<td>-148</td>
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<tr>
<td>Travel &amp; meals</td>
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<td>-805</td>
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<tr>
<td>General &amp; office</td>
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<td>-635</td>
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<td>ICT services</td>
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<tr>
<td>Consultancy &amp; research</td>
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<td>-870</td>
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<tr>
<td>Repay. &amp; projects in origin</td>
<td>-1,451</td>
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<td>-647</td>
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<td><strong>Total Operating expenses</strong></td>
<td>-14,277</td>
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<td><strong>EBITDA</strong></td>
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<td>3,111</td>
<td>569</td>
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<tr>
<td>Depreciation</td>
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<td>-396</td>
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<tr>
<td><strong>EBIT</strong></td>
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<td>Exchange result</td>
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<tr>
<td>Interest</td>
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<td>14</td>
<td>13</td>
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<tr>
<td>Other</td>
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<td><strong>Total financial result</strong></td>
<td>-98</td>
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<tr>
<td><strong>Result</strong></td>
<td>4,194</td>
<td>2,422</td>
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</tbody>
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**MAIN SUBSIDIES**

The main subsidies received and accounted for by UTZ for the year 2016 can be listed as follows:

<table>
<thead>
<tr>
<th>Funders</th>
<th>€ x 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Ministry of Foreign Affairs</td>
<td>3,241</td>
</tr>
<tr>
<td>Postcode Lottery (NPL)</td>
<td>300</td>
</tr>
<tr>
<td>Hazelnuts (industry support)</td>
<td>73</td>
</tr>
<tr>
<td>Cocoa (industry support)</td>
<td>177</td>
</tr>
<tr>
<td>Other (diverse small donor fundings)</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total Subsidies</strong></td>
<td>3,830</td>
</tr>
</tbody>
</table>

**GENERAL NOTES ON THE ACCOUNTS**

**General**

Unless otherwise indicated, assets and liabilities are stated at nominal value.

**Accounts receivable**

Accounts receivable are stated at nominal value including an allowance for bad debts. The bad debt allowance is calculated as follows:

- Nominal value of invoices outstanding between 30 and 60 days x 25%
- Nominal value of invoices outstanding between 60 and 90 days x 50%
- Nominal value of invoices outstanding longer than 90 days x > 100%

**Tangible fixed assets**

Tangible fixed assets are stated at their historical cost less depreciation. Depreciation is provided in equal annual installments over the estimated useful lives of the assets.

**Intangible fixed assets**

Intangible fixed assets are stated at their historical cost less amortization. Amortization is provided in equal annual installments over the estimated useful lives of the assets.

**Result of the year**

The result represents the difference between income and costs based on accrual accounting during the year. The results on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseen.

**Income**

Income represents funds received from donors, contributions from targeted industries and administration fees billed to users of the UTZ Traceability system calculated on the basis of volume.

**Corporate Income Tax**

The activities of UTZ are exempt from corporate income tax.
## UTZ 2016 FACTS & FIGURES

### TEA

#### UTZ certified estimated production volumes (MT)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>48,226</td>
<td>37,413</td>
<td>38,076</td>
<td>45,905</td>
<td>44,894</td>
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<td>31,641</td>
<td>20,903</td>
<td>21,472</td>
<td>28,787</td>
<td>27,736</td>
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<tr>
<td>Malawi</td>
<td>10,929</td>
<td>10,832</td>
<td>10,721</td>
<td>11,195</td>
<td>11,468</td>
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<tr>
<td>South Africa (KwaZulu)</td>
<td>1,079</td>
<td>1,078</td>
<td>1,540</td>
<td>1,264</td>
<td>1,561</td>
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<td>4,577</td>
<td>4,600</td>
<td>4,342</td>
<td>4,660</td>
<td>4,106</td>
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<td>15,909</td>
<td>21,653</td>
<td>29,632</td>
<td>34,899</td>
<td>71,925</td>
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<td>6,710</td>
<td>7,909</td>
<td>14,679</td>
<td>19,244</td>
<td>54,548</td>
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<tr>
<td>India</td>
<td>7,913</td>
<td>10,073</td>
<td>8,000</td>
<td>8,560</td>
<td>7,652</td>
</tr>
<tr>
<td>Indonesia</td>
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<td>5,447</td>
<td>7,727</td>
<td>6,666</td>
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<td>Japan</td>
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<td>14</td>
<td>175</td>
<td>28</td>
<td>28</td>
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<td>Sri Lanka</td>
<td>997</td>
<td>913</td>
<td>3,524</td>
<td>3,491</td>
<td>2,823</td>
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<tr>
<td>Vietnam</td>
<td>810</td>
<td>726</td>
<td>3,526</td>
<td>3,437</td>
<td>2,813</td>
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<tr>
<td>Latin America</td>
<td>918</td>
<td>917</td>
<td>524</td>
<td>517</td>
<td>517</td>
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<tr>
<td>Argentina</td>
<td>283</td>
<td>276</td>
<td>1,490</td>
<td>1,485</td>
<td>1,485</td>
</tr>
<tr>
<td>Colombia</td>
<td>187</td>
<td>187</td>
<td>54</td>
<td>10</td>
<td>10</td>
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</table>

#### UTZ certified group member farmers

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>30,757</td>
<td>9,000</td>
<td>8,615</td>
<td>12,694</td>
<td>12,178</td>
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<tr>
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<td>3,526</td>
<td>440</td>
<td>445</td>
<td>2,090</td>
<td>3,506</td>
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<tr>
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<td>11</td>
<td>10</td>
<td>7</td>
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#### UTZ certified individuals/estates

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>70</td>
<td>55</td>
<td>70</td>
<td>81</td>
<td>122</td>
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<tr>
<td>Asia</td>
<td>26</td>
<td>13</td>
<td>14</td>
<td>17</td>
<td>22</td>
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<tr>
<td>Latin America</td>
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<td>1</td>
<td>1</td>
<td>3</td>
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#### Workers on UTZ certified farms (Permanent/Seasonal)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>40,707</td>
<td>62,540</td>
<td>67,479</td>
<td>58,429</td>
<td>104,335</td>
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<td>18,593</td>
<td>16,549</td>
<td>15,060</td>
<td>19,901</td>
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<tr>
<td>Latin America</td>
<td>25,470</td>
<td>33,469</td>
<td>40,821</td>
<td>43,003</td>
<td>84,138</td>
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<tr>
<td>Global</td>
<td>378</td>
<td>378</td>
<td>364</td>
<td>296</td>
<td>296</td>
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### HAZELNUTS

In 2016 we started collecting data for the start-up phase of our hazelnut program.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number UTZ certified Hazelnut farmers</th>
<th>UTZ certified estimated production volume (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,582</td>
<td>16,116</td>
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</tbody>
</table>

### PRODUCING COUNTRIES

#### Number of producing countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>22</td>
<td>23</td>
<td>21</td>
<td>24</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>COCOA</td>
<td>14</td>
<td>14</td>
<td>16</td>
<td>17</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>TEA</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>12</td>
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</tbody>
</table>

### CERTIFIED AREA (hectares)

#### UTZ certified area per region

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>348,086</td>
<td>508,681</td>
<td>473,953</td>
<td>473,953</td>
<td>473,953</td>
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<td>Latin America</td>
<td>235,463</td>
<td>325,975</td>
<td>295,915</td>
<td>286,460</td>
<td>338,367</td>
<td>377,470</td>
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<tr>
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<td>102,124</td>
<td>109,318</td>
<td>120,237</td>
<td>107,460</td>
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<td>79,900</td>
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<tr>
<td>Global</td>
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<td>902,360</td>
<td>1,199,298</td>
<td>1,002,424</td>
<td>1,530,127</td>
<td>2,096,939</td>
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<tr>
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<td>401,950</td>
<td>792,940</td>
<td>1,059,477</td>
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<td>1,388,902</td>
<td>1,874,157</td>
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<tr>
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<td>97,473</td>
<td>105,755</td>
<td>106,070</td>
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<tr>
<td>Africa</td>
<td>6,500</td>
<td>21,148</td>
<td>42,348</td>
<td>40,805</td>
<td>65,165</td>
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<tr>
<td>Global</td>
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<td>38,605</td>
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<td>17,915</td>
<td>21,906</td>
<td>42,789</td>
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<td>Africa</td>
<td>618</td>
<td>236</td>
<td>242</td>
<td>849</td>
<td>1,236</td>
<td>774</td>
</tr>
</tbody>
</table>

### NOTES

- **Certified volume**
  - Before 2013 certified volume was calculated from beginning of March. From 2014 onwards certified volume is calculated using the cut off date of 31 December.
  - From 2014 certified volumes have been converted to processed product.
  - Includes extension volume (when applicable).

- **Workers**
  - In 2014 we changed the way we measure the number of workers, to make it more accurate.
THANK YOU
NONE OF THESE ACHIEVEMENTS WOULD HAVE BEEN POSSIBLE WITHOUT YOU.
FARMERS
SUPPLY CHAIN ACTORS
CERTIFICATION BODIES
BRANDS
RETAILERS
FUNDERS
CONSUMERS
GOVERNMENTS
CIVIL SOCIETY ORGANIZATIONS