



# Business Report 2016

# With Wind in our Sails for Global Fair Trade



*Dear customers,  
dear supporters of Fair Trade,*



**Matthias Kroth and  
Dr. Peter Schaumberger**  
Managing Directors GEPA –  
The Fair Trade Company

In uneasy times, many people consider Fair Trade to be a gesture for cosmopolitanism and commitment for all those with whom we trade in Latin America, Africa and Asia.

Last year we could count on your support as well. We have re-aligned our **range of crafts and artisanry** [page 11](#), developed an artisanry premium concept for World Shops accordingly, introduced a new enterprise resource planning system, achieved more awareness for GEPA's **political objectives** [page 8](#) and optimized our mobile **online appearance** [page 10](#) – both our homepage as well as our end customer shop. On top of that, we were able to support some of our trading partners after natural catastrophes. With the business year 2016 we have been able to achieve good **results** in the fifth year in a row and have put GEPA on an economically sustainable basis. We are pleased that you continue to follow our pioneering spirit even after 40 years. Young people are also enthused with Fair Trade: Our school workshops and the **Pupils' Day** [page 10](#) find great echo. **The essence of Fair Trade** [page 3](#) for us is the value community between the South and the North. We can only achieve the reduction of injustice in global trade if we act together. Fair Trade puts the human being at the centre of the value-added chain, both here and with our trading partners. Climate justice is also a great challenge for the future. The former federal president and citizen of Wuppertal Johannes Rau marked a sentence that is still topical: "A society in which it is chic to know the price of everything but the value of nothing registers losses in reality". We stand for the alternative to protectionism on the one hand and unregulated free trade on the other hand. This is what we want to advocate for again and again.

Also in the name of our trading partners in the South we thank you for your great trust!



Pioneers in fair organic rice cultivation in Thailand: the cooperative Green Net

Chances for women are offered by GEPA's trading partner Wax Industri in Indonesia



# GEPA – Global Fair Player



## Personal, long-term, credible

Fair Trade has been the core of our corporate philosophy for more than 40 years.

## Our three core objectives

- to sustainably support producers in the South
- to inform consumers
- to contribute to the change of unfair world trade structures

## With “fair plus” into the future

For us “fair plus” means: We do far more in many areas than what is required by the general Fair Trade criteria. As a pioneer we are driven by our objective to collaborate with our partners in the South to contribute to a better life – with respect for man and nature.

## Our Plus

- We are 100 percent fair as an organization.
- We distinguish ourselves by high credibility and transparency.
- We are supported by the Fair Trade Movement with i.a. 800 world shops and more than one hundred thousand supporters and committed people.
- We have an international network in Fair Trade.

For more information please visit [www.gepa.de](http://www.gepa.de) and [www.fair-plus.de](http://www.fair-plus.de)

*This has also been established in the articles of association by our associates, without exception development and youth organisations.*

*Fair prices and long-term trading relations with numerous partners in Latin America, Asia and Africa form part of our principles.*

*GEPA is THE brand and pioneer of Fair Trade*



“Germany’s most sustainable brand 2014”  
German Sustainability Award



# Strong Brand with Character



## Our products' "Plus":

This is what counts: Fair, high-end, environmentally friendly and preferably organic – we want to meet these expectations as best as we can:

- Only the best of everything: Selected ingredients and strict quality requirements make every product unique.
- Organic and fair: 77 percent come from certified organic production.
- No GMOs: We categorically reject genetically modified organisms.
- Eco-friendly packaging: recyclable or mainly aluminium-free.
- We opt for materials from predominantly regrowing raw materials, like in case of the aroma protecting foil for our tea bags and chocolates.
- Completely fair: With "North" products, like fair-traded organic milk in chocolates, we get closer to our objective of more fairness in the supply chain.
- We pay fair prices – for our crafts and artisanry portfolio we adopt our trading partners' calculations as our basis.

Our groceries as well as the crafts and artisanry portfolio comprises approximately 1,000 products that are constantly further developed.

For more information visit [www.gepa-shop.de](http://www.gepa-shop.de)



# Profit and Loss Statement 2016



	Business year <b>2014/2015</b> in k €	Short Business Year April-December <b>2015</b> in k €	Business Year <b>2016</b> in k €	<b>Change</b> in %
Turnover	67.938	51.541	73.816	43,22
Cost of Goods	- 47.158	- 35.468	- 52.197	47,17
Gross Margin	30,59%	31,18%	29,29%	- 6,08
Gross Revenue	20.780	16.073	21.619	34,51
Other Revenues	751	396	564	42,42
Revenue deduction	- 2.434	- 1.909	- 2.678	40,29
<b>Revenue</b>	<b>19.097</b>	<b>14.560</b>	<b>19.505</b>	<b>33,96</b>
Personnel Costs	- 7.529	- 5.543	- 7.665	38,28
Facility expenses	- 1.071	- 761	- 1.037	36,27
Administration costs	- 1.596	- 1240	- 1.918	54,68
Distribution costs	- 5.671	- 4.440	- 6.139	38,27
Depreciation	- 459	- 397	- 607	52,90
Other costs	- 390	- 226	- 310	37,17
Interest results	- 343	- 307	- 452	47,23
<b>Total expenditures</b>	<b>- 17.059</b>	<b>- 12.914</b>	<b>- 18.128</b>	<b>40,37</b>
<b>Earnings before Taxes and Valuation</b>	<b>2.038</b>	<b>1.646</b>	<b>1.377</b>	<b>- 16,35</b>
Revenue Tax	- 443	- 447	- 599	
Stock Asset Valuation	62	- 94	225	
<b>Result after Taxes and Valuation</b>	<b>1.657</b>	<b>1.105</b>	<b>1.003</b>	
Transfer into Retained Earnings	- 1.657	- 1.105	- 1.003	
<b>Result after Appropriation of Earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Due to the decision of 2015 to change the accounting date from 31 March to 31 December, the last reporting year was a short business year of nine months that went from April to December 2015. Since 1 January 2016 the business year corresponds to the calendar year. For better comparability the table contains not only the last short business year, but the business year 2014/2015 as well.

In the business year 2016 we could again achieve a gratifyingly positive result, but remained behind the result before taxes and stock asset valuation of the previous year by roughly 16 percent due to the longer period under consideration. As evidenced in the table, sales were increased by approximately 43 percent in comparison to the short business year 2015, but the gross revenue increase of approximately 34.5 percent clearly remains below this value. The reason for this disproportionately low development of the gross revenues is a distinctive increase of sales with low margin outside the core distribution areas. Apart from that, the trade margin was also characterized by high provisions for amortization of old products in the context of the comprehensive reorganization of our crafts and artisanry portfolio.

The cost increases amount to the greatest extent to around 40 percent and are thus at a similar level like the yield increases. Divergent from this, the amortizations increased considerably because of increased investment activities. The same applies for administration costs. Here, increased maintenance activities as well as the need for depreciation on receivables from pre-financing activities have made the costs increase considerably. Pre-financing and the trust that stands behind it are an essential element for our work in Fair Trade.

# Turnover Development 2016



Increase  
of Turnover  
by 7%

## Turnover Development 2016 by Sales Areas

38 %

Groceries, organic and natural food retail

28 %

World Shops and Action Groups

11 %

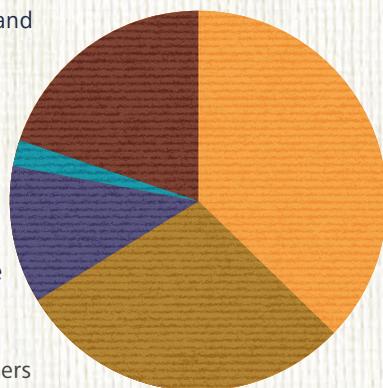
Out-of-home service

2 %

Online Shop end users

21 %

Other countries/processors



	2016 in k €	2015 in k €	Change in %
Groceries, organic and natural food retail	28.047	25.485	10,05
World Shops and Action Groups	21.096	21.910	- 3,72
Out-of-home Service	7.943	7.742	2,60
Online Shop End users	1.114	899	23,92
Other countries / processors	15.616	12.775	22,24
<b>Total</b>	<b>73.816</b>	<b>68.811</b>	<b>7,27</b>

## Turnover Development 2016 by Product Groups

43 %

Coffee

21 %

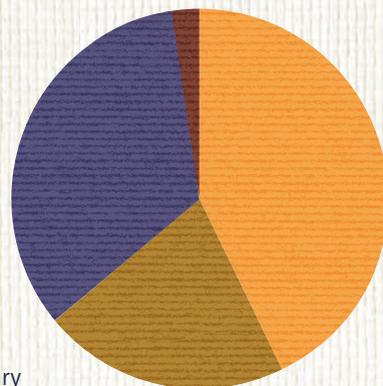
Chocolate

34 %

Other groceries

2 %

Crafts and artisanry



	2016 in k €	2015 in k €	Change in %
Coffee	31.743	29.494	7,63
Chocolate *	15.980	14.674	8,90
Other groceries	24.845	22.871	8,63
Crafts	1.248	1.772	- 29,57
<b>Total</b>	<b>73.816</b>	<b>68.811</b>	<b>7,27</b>

\* exclusive of loose cocoa

The wholesale turnover of GEPA increased in the calendar year 2016 by roughly 7.3 percent to approximately 74 million euros in comparison to 2015. Consumers bought products for approximately 114 million euros (sales based on retail prices), e.g. coffee, chocolate, tea and honey and crafts and artisanry articles.

### Groceries

The groceries portfolio (without coffee) continued to grow in 2016. Front-runner are the **chocolate products**. The favourite varieties are "bittersweet dark 85%" (plus in sales of 9.9 %), there is also double-digit growth in the bitter variety "São Tomé 95%" with a sales plus of 44.5 percent or "Fleur de Sel" with 37.5 percent higher sales.

The **orange juice** "Merida" could develop well with a sales plus of 15.7 percent. It was supported by the campaign "Viva Brasil" that was implemented together with MISEREOR.

**Coffee** recorded an increase of 7.6 percent to 31.7 million euros. Tea increased by approx. 4 percent to 4 million euros. The trend towards herbal infusions continues.

### Crafts and Artisanry

The sales in crafts and artisanry products fell in total by 29.6 percent to 1.3 million euros – mainly, as expected, due to the adjustment of our portfolio. In the context of the new crafts and artisanry strategy the product range was condensed and now focuses on special collections.

# Development in the South – Fair World-Wide

Import Volume Business Year 2016

**53 %**

Coffee cooperatives

**15 %**

Tea trading partners and groceries partners from Asia

**26 %**

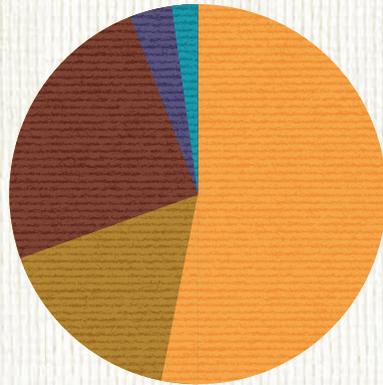
Honey partners and groceries partners from Latin America

**4 %**

Dairy cooperatives

**2 %**

Crafts partners



In total, GEPA acquired goods amounting to 25.2 million US dollars (22.8 million euros) from its trading partners in the calendar year 2016.

The largest part, roughly 15.8 million US dollars (14.3 million euros) were spent with trading partners in Latin America, then 4.9 million US dollars (4.4 million euros) with trading partners in Africa, 3.2 million US dollars (2.9 million euros) with trading partners in Asia and 1 million US dollars (0.9 million euros) with trading partners in Europe. Ingredients for GEPA products amounting to 0.3 million US dollars (0.2 million euros) were acquired via other European Fair Trade organizations.

With which trading partners do we cooperate?

**Africa**  
33 partners  
in 17 countries

**America**  
74 partners  
in 13 countries

**Asia**  
45 partners  
in 15 countries

**Europe**  
3 partners  
in 3 countries

**Total**  
155 partners

For example ...

*Dominican Republic*

GEPA obtains the largest part of its organic cocoa for its chocolate products from the cooperative COOPROAGRO. "At the end of the year part of the profits are disbursed to us. If I sold my cocoa to an intermediate, I wouldn't get anything at the end of the year," says cocoa producer Angel Marcial Jimenez.

Learn more at our travel blog:  
[www.gepa.de/reise-cooproagro](http://www.gepa.de/reise-cooproagro)



For example ... *Bangladesh*

We already bought the original jute bags from CORR – the Jute Works in 1978. They turned into the symbol of a movement that criticizes the consumption and throwaway mentality until today. By now free plastic bags have been banned from retail – and from our long-time partner you can now find home accessory like carpets in GEPA's portfolio.

# GEPA – Internationally und Politically



## SUSTAINABLE DEVELOPMENT GOALS



### SDGs and Fair Trade

The Sustainable Development Goals of the United Nations take up many principles and demands that Fair Trade formulated many years ago, for example the fight against poverty, education opportunities for all, gender equity, human labour conditions and sustainable consumption and production. Thus, the world-wide valid SDGs are a historic opportunity to fix the demands of Fair Trade in international politics.

**The topic Living Wages (= existence-securing wages)** has gained importance especially in the Fair Trade movement in the last years. The GEPA also deals increasingly with the topic and as a member of the WFTO working group (World Fair Trade Organization) for Living Wages since 2014 it has contributed to the development of a Living Wage strategy. After a pilot project phase with some trading partners of GEPA, the Living Wage strategy will now gradually be implemented with our trading partners.

**The annual GEPA workshop with trading partners** dealt with the question if and how Fair Trade conveys racist views. One of the most important conclusions was our trading partners' wish to have more exchange and participation in the discussions and projects with GEPA. They especially expect more support on the topic "Value creation at the source". GEPA takes this as incentive and is already working to develop project proposals.

**The consequences of climate change** are by now among the biggest challenges for our partner organizations in the Global South, this is confirmed by the trading partner organizations worldwide. A field of expertise of GEPA in the next years will be the development and implementation of various activities regarding climate justice.



## We are all Migrants

The history of humanity has always been a history of migration of individuals and people caused by war, violations of human rights, famines and religious conflicts. Apart from that, the last decades have brought an international trade and economic policy that puts profit maximization before the well-being of people and a climate policy that deprives especially the people in the Global South of their livelihood. Thus, the Fair Trade movement enhances its efforts on a political level in order to change the political framework on an international level in the medium term.

Among the demands of Fair Trade for more justice in trade and economic politics are:

- Global enterprises must fulfil binding regulations regarding labour and human rights. Violations must cease being a competitive advantage.
- Internationale trade must promote rural agriculture as a guarantee for more food security.

# GEPA in Public



## Fair Week 2016

### Cooking show with Volker Mehl and Vitoon Panyakul

Our cooking show's guests at the Baumschen Villa in Wuppertal could not only try delicious Aryurveda dishes with GEPA's jasmine rice "Hom Mali", they could also learn why Fair Trade is so important for Green Net's rice producers in Thailand. Green Net's managing director Vitoon Panyakul: "It is important that customers learn about how rice is cultivated, so that they develop a better understanding for the work of small farmers". For the Aryurveda chef and author of recipe books, Volker Mehl, GEPA unites "what more and more people demand: high-quality products that are fair, of which one knows where they are from and that producers also benefit". **Video and more at [www.gepa.de/koch-show-faire-woche-2016](http://www.gepa.de/koch-show-faire-woche-2016)**



### Fair Football Cake: Baking with GEPA ambassador Celia Šašić

GEPA ambassador and "Europe's Female Footballer of the year 2015" Celia Šašić, the pupils Anuschka Alfes and Mia Piechaczek and GEPA's chocolate expert Jennifer Schutz together made a fair football cake. Pastry chef Julia Bottler, owner of Wuppertal's "la petite confiserie", gave valuable expert tips. The other pupils of the schools Gesamtschule Barmen and Gymnasium Bayreuther Straße were happy about the great cake and the nicely decorated Cake Pops. "I look forward to baking this cake at home!", said Celia Šašić. [www.gepa.de/fussballtorte-backen-zur-fairen-woche](http://www.gepa.de/fussballtorte-backen-zur-fairen-woche)



### Kick-off in Berlin: "Fair Trade works!"

The Fair Week started on 16 September with four kick-off events all over Germany. Apart from the organizers Forum Fairer Handel, the umbrella organization of the World Shops and Transfair, the parliamentary secretary of state Thomas Silberhorn from the Federal Ministry of Economic Cooperation and Development and representatives of producers also participated in the inauguration in Berlin. Here, Vitoon Panyakul, managing director of the long-standing GEPA rice partner Green Net, started his roundtrip through Germany.



## Olympic Year 2016 "Viva um Brasil mais justo!"

In the Olympic Year, GEPA and MISEREOR drew the attention to Fair Trade in Brazil with orange juice.

Because Brazil is by far the biggest supplier of orange juice and concentrate worldwide – and because at the latest since the Football World Cup 2014 it is well known that the reality behind the shining sports venues is characterized by social injustice. For active supporters in World Shops and Action Groups and other multipliers, we provided much varied information, action tips and lesson material. Even our Advent Calendar took up the topic with a picture of a Brazilian orange picker.



# Time for Encounters



## GEPA says "Thank you!" to the Volunteers

We say "Thank you!" to all our volunteers that have been committed to the World Shops and Action Groups for Fair Trade for years. Once a year we honour the active supporters with an event: "GEPA thanks the volunteers". With a diverse programme consisting of presentations, tastings, a delicious lunch and intensive talks, our guests could get to know GEPA and the people behind it much better.

## 140 pupils at the Experience Day

How can you build a vendor's tray quickly and easily yourself? How can you turn used orange juice packages into small purses? And how do you play Sudoku with GEPA products? Some 140 pupils from all over North Rhine-Westphalia came to Wuppertal on 29 June for the GEPA Experience Day to find out: At different stations the young people could experience the diversity of GEPA's Fair Trade – for example at the coffee laboratory.



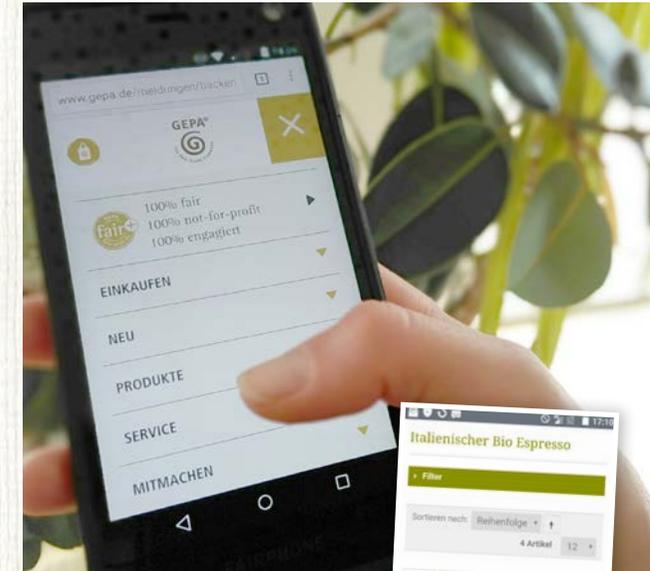
## Good Atmosphere at the Catholic's Day

As an official promoter of the 100th Catholic's Day in Leipzig, GEPA was present in many places: At two coffee Ape cars GEPA's out-of-home service treated visitors to a Latte Macchiato, Espresso and other delicacies. GEPA's coffee was also served at all the other food & beverage stations at the Catholic's Day. From the panel discussion of our partners on "Reality check Fair Trade" to the quiz at the GEPA stand to the cocktail with fair orange juice, there were many opportunities for encounters and exchange!



## Chocolate film: "From the bean to the bar fair"

"Super delicious! But where does the cocoa for it actually come from?" "And how is chocolate made of it?" These are the questions of Isabel, Niklas and Nina in the new GEPA chocolate film – and they receive answers: "From the bean to the bar fair" describes in roughly 13 minutes where the fairly traded ingredients like cocoa beans and mascobado cane sugar come from and how our delicious chocolates are made of them! GEPA ambassador Celia Šašić also participates. Watch now at: [www.gepa.de/schokofilm](http://www.gepa.de/schokofilm)



## Optimized for smartphone & tablet

The GEPA online shop for end customers and the company's website [www.gepa.de](http://www.gepa.de) were optimized for mobile devices during the year. Users can now comfortably order fair products or get information about GEPA's Fair Trade – also when they are on the bus or on the sofa. The presentation automatically adapts to the device's size. Our evaluation shows: More and more users surf with their smartphone or tablet.

# Fair Crafts and Artisanry: Straight Design with Sense

The new artisanry strategy started with the new collections Pur, Neo, Urban and Klassik: With hand-made candles, beautiful vases made of recycling glass to table and kitchen fabrics, we now orient ourselves in topics like sustainability, materials and living worlds even more towards current trends and simultaneously show our partners' competencies in crafts and artisanry. The products can be freely combined taking objects from one collection or from various collections. We are very pleased that many World Shops have already adopted and implemented our concept in their shops.

## New Design: Artisanry Area at [gepa.de](http://gepa.de)

The online product area crafts and artisanry has also received a new look: We take up the design e.g. from our crafts and artisanry catalogue – products and partners receive special spotlight. Please click through the new area at [www.gepa.de/produkte/handwerk](http://www.gepa.de/produkte/handwerk)



Crafts and artisanry in the World Shop Mainz



Crafts and artisanry online at [www.gepa.de/produkte/handwerk](http://www.gepa.de/produkte/handwerk)



*“Without Wax Industri I would have had to go abroad or into the capital on my own, because here there are almost no jobs”.*

From Wax Industri we receive our hand-made and beautiful candles in trend colours. For the 20-year-old Ika it was especially important to find an employer that is close to her parents' home.



Neo (right) and Urban (left) – two out of the four crafts and artisanry collections of GEPA



We counsel our partners in topics of quality, trend colours and design – they provide the know-how in traditional crafts and artisanry techniques, like our fabric partners CO-OPTEX from India.

# GEPA Wishes and Feedback

What consumers say ...

I simply think your **products and projects** are great.

**Thank you**  
for making the world a little better and for giving me as a consumer the chance to contribute.

I think the one thing you **could do better** is provide more / better / simpler explanations of the difference between global „free“ trade and fair trade and the importance these differences make to fair trade communities.

Remain **transparent** and consistent, please!

Really kind and fast customer service – I am really

**satisfied.**

To highlight the **difference** between “normal” fair trade and **GEPA.**

I am always happy, when there are new product reports on **Facebook** like recently about “From cocoa to **chocolate**“.

It must be part of the normal image in “normal” **supermarkets** – the average citizens must be **reached, informed and motivated** to shop consciously.

Suggestions by our users from our online inquiry about the topic “How do you use [www.gepa.de](http://www.gepa.de)?” with more than 1,000 participants

## For example ... Burkina Faso

At our partner for dried mangos, UPROMABIO, in Burkina Faso a drying facility could be rebuilt within a brief time thanks to GEPA’s help. The cause for the destruction was a fire that started in the main drying facility of the FAN-TIC group in May 2016. Fast financial support with GEPA’s own funds contributed to starting the works that quickly.



The destroyed drying facility could be rebuilt in less than two months – and it was inaugurated by the women at the end of June 2016.



## Stiftung Warentest: GEPA is credible

In the evaluation of Warentest of six "sustainability labels" we were also among the tested symbols as a "special case" with our symbol "fair plus". Stiftung Warentest highlights GEPA as a Fair Trade pioneer with Fair Trade as its sole corporate objective. GEPA is "credible" and trusts in "long and direct relationships with the producers". It considers impact analysis and can trace products back". Warentest also praised the comprehensive background information on the trading partners.

Nevertheless, Warentest considers the "fair plus" sign to be confusing, because it creates the impression that it has got its own especially high standard. But, says Warentest, it is based on "other standards". However, for us these standards are only a basis for our concrete everyday activities; a basis, which we regularly transcend with our innovations. Such additional achievements are not mentioned by the magazine.

## Front-runner in quality and fairness



Both in coffee quality and in terms of Fair Trade GEPA received the best grades in the ARD programme "Haushaltscheck" in March, which checked organic coffee Organico Bean.



### Product Awards

**04/2016 Stiftung Warentest**  
Organic Cocoba hazelnut spread:  
Best grade "good"

**12/2016 Stiftung Warentest**  
Espresso Cargado "good" –  
GEPA "very committed"

**08/2016 ÖKO-TEST**  
Roibos Tea under the  
top 3 and recommend

**11/2016 Association for  
Consumer Information**  
Bittersweet 70% – best grade "good"

### GEPA and its associates: Joint Action for Fair Trade



**"Germany's Most Sustainable Brand 2014"**  
German Sustainability Award

**Gold Medal**  
Of the Consumer Initiative  
"Sustainable Retail Company" 2015



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