



Business Report 2018

#addedvalueforall – value creation in global supply chains



*Dear customers,
dear supporters of Fair Trade,*



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

Since its foundation it has been one of GEPA's key principles to achieve more value creation for small producers. With three coffees – our new 'Organic Trio' – we have set a new course: They are roasted locally by our partners themselves – in Honduras, Guatemala and Rwanda. This leads to more work, more opportunities and higher income – **#addedvalueforall!** [page 7.](#)

In the stabilisation phase 2018 after the introduction of a new enterprise resource planning system that is viable for the future our **investments** are no starting to take effect [page 5.](#) A new alignment in sales and marketing seeks to strengthen both our customer service and our market presence.

The topic climate justice continued to be part of our agenda in 2018. The movement #fridaysforfuture (which we strongly support!) has shown its acute topicality. At **#FairTradeForFuture**, we show how Fair Trade acts as an advocate for its trading partners in the South [page 9.](#)

Fair Trade also started as a youth movement, which is why we would like to extend a special thanks to all our supporters! We invite you to look with us towards 2020 when Fair Trade celebrates its 50th anniversary! The World Shops have always been **Fair Trade's** heart and **spine** [page 10.](#)

We now transport Fair Trade into the new social movements using online and social media activities. There we continue to see many chances to approach people who are willing to get engaged or to support the **ideas** they have, [page 12.](#)

We thank you for your great trust also on behalf of our partners in the South.

Education as the key to success:

'I have only got that far as a woman because I have received a good education.'

Bhawana Rai (left), first female tea garden manager in Darjeeling, Tea Promoters India



Bhawana Rai during tea tasting (left)

The teas by TPI are also processed locally and partially also packaged. That provides for more value creation.

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 customers
- 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 are certified according to the guarantee system of WFTO – as one of very few companies in Germany.
- High credibility and transparency distinguish us
- 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 see:
www.gepa.de and 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 THE 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:** Around 84 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 re-growing 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 continuously further developed.

For more information visit www.gepa.de and www.gepa-shop.de

Profit and loss statement 2018



	Business year	Business year		
	2018	2017	Change	Change
	in k €	in k €	in k €	in %
Turnover	73,747	72,437	1,310	1.81
Cost of Goods	-51,713	- 51,130	-583	1.14
Gross Margin	29.88 %	29.41 %		1.58
Gross Revenues	22,034	21,307	727	3.41
Other Revenues	830	330	500	151.52
Revenue deduction	- 3,689	- 3,286	- 403	12.26
Revenue	19,175	18,351	824	4.49
Personnel costs	- 7,720	- 7,666	- 54	0.70
Facility expenses	- 799	- 786	- 13	1.65
Administration costs	- 1,798	- 1,921	123	- 6.40
Distribution costs	- 5,408	- 5,646	- 110	2.08
Depreciation	- 1,074	- 920	- 154	16.74
Other costs	- 539	- 518	327	- 37.76
Interest results	- 494	- 301	- 193	64.12
Total expenditures	- 17,832	- 17,758	- 74	- 0.42
Earnings before taxes and valuation	1,343	593	750	126.48
Revenue Tax	- 430	- 151	- 279	
Stock asset valuation	- 330	- 105	- 225	
Result after taxes and valuatio	583	337	246	73.00
Transfer into retained earnings	- 583	- 337		
Result after appropriation of earnings	0	0		

The teething troubles that came with the introduction of the new enterprise resource planning system in June 2017 have not led to a drop in turnover. But there was insecurity regarding the question how great the after-effects of the rather poor supply situation especially during the important Christmas business would be for the business year 2018.

We could increase the sales of the previous year by in total 1.3 million euros (1.8 percent) and are thus satisfied with a turnover of 73.7 million euros.

In the for us important core sales areas (World Shops and groups, groceries, organic and natural food, out-of-home service and end consumers online shop) we generated a turnover of more than 59.3 million euros and thus exceeded the previous year's value by 2 per cent.

In the other sales areas, we had other sales amounting to 14.4 million euros. These sales were achieved by sales to other Fair Trade organisations, foreign country sales and also sales of technical nature due to raw material sales to refiners of our products. Sales of the previous year were outperformed in these areas by just under 1.1 per cent. Combined with an improved margin of profit, this increase in turnover also led to a higher net revenue which outperformed the previous year's net revenue by 727 thousand euros, which were however noticeably consumed by the relatively significant increase in reduction in earnings.

A series of non-operative special effects like the gain on exchange as well as the release of accruals strongly influenced the other costs and significantly contributed to an increase of the total yield by 824 thousand euros.

With a reasonable increase in total costs by 74 thousand euros the last-mentioned increase in yield is the basis for the earnings before taxes and valuation, which increased by 750 thousand euros.

Turnover development 2018



Turnover development 2018 by sales areas

40,8 %

Groceries, organic and natural food retail

27,0 %

World Shops and Action Groups

10,6 %

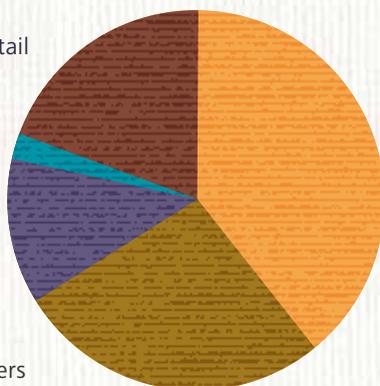
Out-of-home service

2,1 %

Online shop end users

19,5 %

Other countries/processors



	2018 in k €	2017 in k €	Change in %
groceries, organic and natural food retail	30,098	28,650	5.05
World Shops and Action Groups	19,903	20,219	- 1.56
Out-of-home service	7,796	8,026	- 2.86
Online shop/end users	1,517	1,262	20.25
Other countries/ processors	14,433	14,280	1.07
Summe	73,747	72,437	1.81

Turnover development 2018 by product groups

44,0 %

Coffee

22,7 %

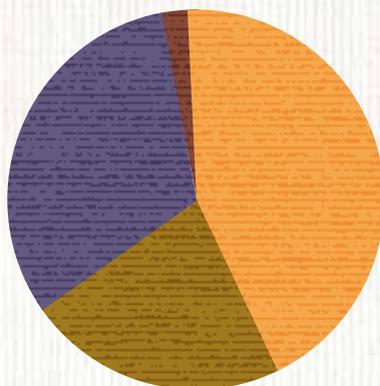
Chocolate

31,8 %

Other groceries

1,5 %

Crafts and artisanry



	2018 in k €	2017 in k €	Change in %
Coffee	32,441	31,705	2.32
Chocolate *	16,744	16,191	3.41
Other Groceries	23,457	23,544	- 0.37
Crafts and artisanry	1,105	997	10.86
Total	73,747	72,437	1.81

*exclusive of loose cocoa

The wholesale turnover increased slightly by 1.8 per cent i.e. approximately 74 million euros.

Consumers bought e.g. coffee, chocolate, tea, honey and artisanry articles for approximately 114 million euros (turnover at end consumer prices).

Groceries

The groceries portfolio (exclusive of coffee) reached the previous year's level with 23.4 million (minus 0.4 per cent). Sales in chocolate increased by 3.4 per cent to 16.7 million euros. Four new vegan organic chocolate varieties were added to the range: 'Vegan White Salty Almond Cassis', 'Vegan White Almond Vanilla', 'Vegan Classic Cocoa 44%' and 'Vegan Classic Crunchy Nut'.

Sales in **coffee** increased by 2.3 per cent to 32.4 million euros. Here we see the effect of the introduction of the specialised trade range 'Taste Fair Africa'. It is well established now.

Tea sales remained at 4.0 million (minus 0,5 per cent) in 2018. New impulses are meant to be provided by a completely renewed tea range in 2019.

Crafts and artisanry

In total, the sales in crafts and artisanry products increased by 10.9 percent to roughly 1.1 million euros. A new Fair Trade appearance at the 'World Shop Expert Days' in Bad Hersfeld as well as the 'TrendSet' in Munich will be used in 2019.

Development in the South – fair worldwide

Import volume business Report 2018

49 %

Coffee cooperatives

20 %

Tea trading partners and groceries partners from Asia

23 %

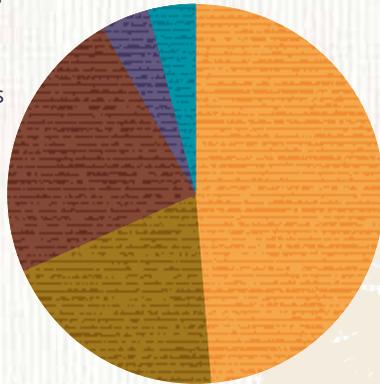
Honey partners and groceries partners from Latin America

4 %

Dairy cooperatives

4 %

Crafts partners



In the calendar year 2018, GEPA bought goods of a total value of about 24.5 million US dollars (20.7 million euros) from its trading partners.

The highest value went with 14.2 million US dollars (12 million euros) to trading partners in Latin America, then 4.5 million US dollars (3.8 million euros) to trading partners in Africa, 4.2 million US dollars (3.5 million euros) to trading partners in Asia and 1.2 million US dollars (1.1 million euros) to trading partners in Europe. Fairly traded products and ingredients of a value of 0.4 million US dollars (0.3 million euros) were bought from other importers.

Producers in Africa, like Bufumbo Farmers Association, benefit from Fair Trade.



With which trading partners do we cooperate?

Africa
31 partners
in 16 countries

America
62 partners
in 14 countries

Asia
35 partners
in 12 countries

Europe
3 partners
in 3 countries

Total
131 partners



#addedvalueforall



Value creation in the country of origin

To achieve more value creation for small producers forms part of GEPA's principles since its foundation. In 2018 we introduced three coffees and have thus created new highlights: They are locally roasted by our partners – in Honduras, Guatemala and Rwanda. Almost three times the amount of money remains in the country of origin in contrast to commercial coffee. That means there is more work, more education, more chances and more income – #addedvalueforall!

Approximately 40 GEPA groceries as well as all our artisanry products are completely processed and packaged in the country of origin. GEPA was also a pioneer in terms of roasted coffee in the country of origin: More than 20 years ago it put 'Café Auténtico' in the market.

www.gepa.de/mehr-Wertschoepfung

GEPA – Internationally and politically



Different instead of more – The future of Fair Trade in the context of uncontrolled economic growth, growing social injustice and climate change:

Despite this long title there were vivid discussions and concrete results at the annual workshop for GEPA's trading partners. After a short summary of the contents of the Congress of Forum Fairer Handel on this subject, different groups had discussions on what it could mean for the producer organisations in the South. Two sets of topics emerged from the discussions: The role of cooperatives and local markets – cooperatives were e.g. seen as a possible starting point for small start-ups, which make the processing of products including local distribution possible and hence become attractive 'employers' for the young and well-trained generation.

The second major topic was communication and the use of social media, which could be used more intensively in Fair Trade, both for advertising purposes as well as direct means of communication between producers and consumers and as a tool for political influence.

Advocates for the rights of small producers

Finally, at the end of 2018 the UN assembly adopted the 'Declaration of Rights of Peasants and other people working in rural areas' after year-long negotiations. It provides for a better protection of small farmers against human rights violations. An alliance consisting of 14 German farmer, human rights and development organisations, in which GEPA is a member, too, campaigns for the federal government to avow itself to the declaration at the UN Human Rights Council and to implement it as quickly as possible.

Solving political murders at GEPA's partner PFTC in the Philippines

On the International Day for Human Rights on the 10th of December 2018, GEPA started a letter initiative asking to solve the political murders in the close environment of GEPA's trading partner Panay Fair Trade Center (PFTC) in the Philippines. GEPA was successful in creating awareness for the trading partner's perilous situation in the media and the German public.

Learn more at:
[www.gepa.de/
Petition-PFTC](http://www.gepa.de/Petition-PFTC)



International Fair Trade Charter

On the third anniversary of the adoption of the Objectives for Sustainable Development in September 2018, the Fair Trade movement has presented the new International Fair Trade Charter. It particularly highlights the role of Fair Trade in the light of growing injustice and imbalance in trade.

The expansion of international trade and the economic growth that comes with it has led to a dramatic imbalance. According to estimates the richest one per cent of people owns as much as all the others taken together (2017).

Fair Trade contrasts this situation with its trading model, which puts people and the environment above financial profit and sees trade as a partnership for mutual benefits. The Charter is the common reference document for the global movement of Fair Trade.
www.fair-trade.website

Together for a good climate



Together for a good climate

Is that fair? Those who have contribute less to climate change are most affected by its consequences: Especially small farmers in the global South are struggling with loss of harvests and income caused by droughts, heat and floods.

We do not leave our partners alone in their struggle

GEPA supports its partners to mitigate the damages – truly following the motto of the Fair Week 2018 'Together for a good climate'.

Beyond our own efforts, politics are also called upon to act: 'As part of the global Fair Trade movement we call upon the international community to immediately take ambitious and concrete measures for climate protection and adaptation to make way for climate justice,' says Andrea Fütterer, head of GEPA's department for principles.



Fund for Trading Partners

Via our Fund for Trading Partners we promote climate-friendly production by our partners and support them in the transition to organic production. Thus, our partners can better adapt their production to climate change. Our partner for Rooibos WORC in South Africa has e.g. hired technical advisors for that purpose.

Klima-Kollekte

In cooperation with Klima-Kollekte we calculate and compensate the ship transport of our entire GEPA coffee portfolio. At the same time, we specifically promote trading partners.

Klima-Kollekte is sponsored i.a. by our associates MISEREOR, Kindermissionswerk and 'Brot für die Welt'.



Reforestation Project

Since 2013 we have contributed to climate protection with a reforestation project implemented in cooperation with our Philippine sugar partners Alter Trade Corporation (ATC): More than 40,000 trees have already been planted (information as of 2018).

At our Wuppertal headquarters

From eco-electricity to a job bike: We also promote climate protection in our company's everyday life.

GEPA employees can buy bicycles at better terms to ride to the job, half of our annual power demand as well as heating is covered by a combined heat and power plant. 1,950 sqm of green roof contribute to mitigating the consequences of climate change.

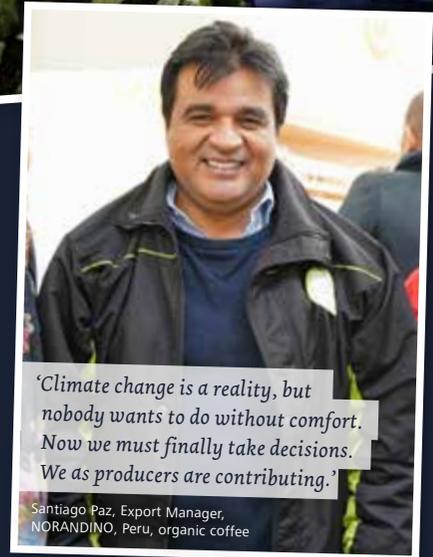


Learn more about the single aspects at www.gepa.de/Klimaschutz

#FairTradeForFuture

'Little rain - and the coffee plants flower earlier. That means: We harvest less.'

Gladys Hernandez, President of APROLMA, Honduras, organic roasted coffee



'Climate change is a reality, but nobody wants to do without comfort. Now we must finally take decisions. We as producers are contributing.'

Santiago Paz, Export Manager, NORANDINO, Peru, organic coffee

According to the motto #FairTradeForFuture we explicitly solidarize with the movement #FridaysForFuture – our stance, what we do and what we demand at:

www.gepa.de/FairTradeForFuture

Our highlights 2018



From the left: Nicole Klaski, founder & managing director of The Good Food; Kleber Cruz-Garcia, GEPA sales manager coffee, Dolores Cruz Benitez, coordinator of the roasted coffee project group at APROLMA; Barbara Schimmelpfennig, GEPA spokeswoman and Peter Schaumberger, GEPA managing director for the brand and sales



#addedvalueforall – Start at the book fair

At the Frankfurt Book Fair we presented our new coffee that is completely roasted in the country of origin. On stage, during the press conference on the topic of value creation, Dolores Cruz Benitez, coordinator of the roasting project at the women's cooperative APROLMA said: 'We are proud to be the first female coffee growers in Honduras that export this coffee to Europe.' Nicole Klaski of The Good Food also showed how valuable groceries are: 'In our shop we sell i.a. what remains on the field after harvest at the price "Pay what it is worth for you".'



#addedvalueforall – World Shop Bornheim
After the book fair, Dolores Cruz Benitez travelled through Germany and Austria to report on the importance of the roasting project for the female coffee growers in Honduras. The first stopover was the World Shop Bornheim in Frankfurt.

Taste Fair Africa – Kick-off at BIOFACH
In February, we presented 'Taste Fair Africa' at the BIOFACH fair in Nurnberg, a range that was exclusively developed for the organic and fair specialised trade. And the entire supply chain was present, from producers to consumers: Stanley Maniragaba (left), operations manager at the coffee cooperatives' umbrella association ACPCU from Uganda, Peter Schaumberger (right), GEPA managing director brand and sales, Gifty Rosetta Amo Antwi (2nd from the right), managing director of World Shop 'Unterwegs' in Mainz, Michael Radau (2nd from the left), CEO of SuperBio-Markt AG and Celia Šašić (centre), former football German international, who supports GEPA as its chocolate ambassador and seeks to buy Fair Trade and organic produce. Gifty Rosetta Amo Antwi has been active in the World Shop for years: 'My core concern is to use Fair Trade to give those people a voice, who wouldn't be heard without it. Thus, it is important to me that there are more African products in the World Shops.' A special

eyecatcher was the colourful costume of Sergio Abaiur sewn with the packaging of the 'Taste Fair Africa' range.



Pupils' Experience Day in the summer
Inspiration for young fair traders: At the beginning of July, 100 pupils visited us in Wuppertal. At eight stations they could experience and discover how Fair Trade works at GEPA. 'I have already been inspired with great ideas, I particularly like the sweet box with fair products for the staff room', says one pupil.



GEPA thanks the volunteers
Full house: On the Day of the Volunteers it was truly busy at GEPA – the atmosphere was incredible – watch the video and photos on our website: www.gepa.de/danke2018

Top 3 at INTERNORGA Future Award
GEPA convinced the jury of INTERNORGA Future Award 2018: In the category 'Trendsetter product – Groceries & beverages' it is among the top 3.



Fair and hand-made Collections 2018



Collection photos: Nicole Hoppe and Caroline Schreer



GEPA artisanry online at www.gepa.de/produkte/handwerk

In 2018, four new collections created new colour atmospheres. With the crockery line Valeria, we have highlighted fair-traded and hand-made ceramics together with our partner Sang Arun from Thailand and the designer Valeria Santagati Juraschek.

Like this we have repeatedly fused cultural worlds in our products. We have stayed true to ourselves regarding the materials and continue to use mainly natural materials.

Fabrics at the centre of attention

In the textile sector exploitation continues to be a bitter reality in everyday life. GEPA offers fair home textiles and a great choice of hand-made and fair scarfs in order to contrast this exploitation.

#whomademyclothes – at GEPA you can see where the products come from.

#whomademyclothes



'In most poor families women are not allowed to work. But EMA wants to break this conservative way of thinking and give women the opportunity to earn money for themselves and their families.'

Swapna Das, managing director at EMA in India. On the photo with designer Sourav Saha.

#addedvalueforall



Selected screenshots of posts on #addedvalueforall



Gepafairtrade

It has been long for and has now finally arrived: Our new coffees completely roasted in the country of origin! Discovered Organic coffee by Arolma from **#Honduras**: With its pleasantly smooth and slightly sweet taste it is ideal for **#filter coffee**!

And **#swipe** organic coffee by FEDECOCAGUA from **#Guatemala**: strongly roasted, with little acidity and hues of chocolate. Best if prepared with **#frenchpress** or

Weltladen_osterstrasse

#eimsbüttel#hamburg
#empowerment#solidarity
#ecoandfair#fair#bethechange
#changethesystem
#genderequality#genderejustice
#justice#appreciation#addedvalue
#goodcoffeeinhamburg
#coffee#coffee#coffeetime
#honduras#coffeelove
#coffeelife#coffeeoftheday
#coffeebean



Weltladen Augsburg

GEPA – The Fair Trade Company presents its new coffees – roasted in the country of origin. A delicious treat and **#addedvalueforall**

PRESSEPORTAL.DE
#addedvalueforall: Value creation thanks to Fair Trade / New coffees by GEPA– [roasted] in the country of origin ...

That's what our partners say ...

#addedvalueforall



'I am proud that my coffee is now delivered to Germany and happy that we have found someone who appreciates the fact that we grow organic coffee.'

Plauthile Musabyimana, Coffee grower at MUSASA, Rwanda



'We want to reach out to the small farmers and roast particularly their coffee so that their raw produce is not mixed with others.'

Luis Alvarado, roast master at FEDECOCAGUA, Guatemala

That's what the community says...

'For me different aspects are important: fair payment, sustainability and high quality of products' 😊

'I like the products because they are of high-quality and tasty. The producers can create a livelihood to make a living for their families. Continue with that, that's a good solution for all!'

'Tastes great... I was already allowed to try it at the World Shop Teublitz last Friday!'

'...because fair working conditions are important.'



11/2018 ÖKO-TEST
Nuts and raisins –
Front-runner with 'very good'



12/2018 Schrot&Korn
Award 'Best organic'
for „Salty Caramel“



03/2018 Good Advice
Café Sereno – 'Test Winner'

Product Awards

GEPA and its
associates:
Joint action
for Fair Trade



Awards

'Germany's
Most sustainable
brand 2014'
German Sustain-
ability Award



Gold Medal
of the CONSUMER
INITIATIVE
'Sustainable Retail
Company' 2015

CSR Award of the
Federal Government
2017

Amongst the Top 5
nominated in the category
'Responsible supply
chain management'



40 years ago: 'Jute instead of plastics'

GEPA became famous because of it: Roughly 40 years ago, we introduced the legendary Jute bag from Bangladesh to the German market. It turned into the symbol for an alternative lifestyle: Jute stands for a renewable natural product, but plastic has always been an example for the capital intensive, raw material consuming production of industrial nations.

Apart from environmental protection GEPA wanted to create an income for women in a country stricken by colonial policies. Female producers of the organisation 'Corr – The Jute Works' sewed the bags by hand or with simple machines. GEPA continues to source the hand-braided jute baskets and cotton shopping

nets from there. What GEPA started as a symbol for an alternative lifestyle is today more topical than ever!



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