

PEOPLE TREE



SOCIAL STOCK EXCHANGE

IMPACT REPORT
OCTOBER 2015



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1. CEO Overview

People Tree is recognised as a pioneer in designing and selling Fair Trade fashion, food and lifestyle products. The business aims to help transform how we consume while contributing to development and fighting poverty. People Tree was founded in Japan in 1991 by Safia and James Minney with the purpose of addressing the environmental devastation and social inequalities prevalent in the garment industry. To this end, People Tree has been trading in Japan since 1991 and in the UK since 2001 providing customers with beautiful fashion and other consumer goods, while improving the lives and environment of the artisans and farmers in developing countries who work to produce the materials and finished products.

Organisational summary

The People Tree Group (incorporating People Tree Fair Trade Group Limited (“PTFTG”, UK), People Tree Limited (“PTL”, UK), Fair Trade Company KK (“FTC”, Japan) and People Tree International Limited (“PTI”, UK) is structured as shown below. PTFTG holds 100% of the share capital of the subsidiaries. PTI is a consultancy arm that is currently not active. The co-founders between them own 73% of the shares in PTFTG.

There is also People Tree Foundation (PTF), a not-for-profit which is a registered charity and has worked with the UK Government’s Department for International Development (DFID) on supply chain and producer development in Bangladesh and Nepal and has received charitable donations including supporter fund-raising efforts and royalties.



People Tree’s senior management in UK and Japan heads up a combined team of over 90 staff, with design, wholesale and ecommerce as well as in-house media and PR in both centres. All are specialists in their field with experience in other companies and committed to increasing the scale of our social impact, as well as developing their own abilities and expertise in a new different and sometimes challenging business context.

People Tree Fair Trade Group Ltd has a board of 6 directors including 4 non-executives, as shown below. The board has experience in fashion retail, Fair Trade, strategy, finance, social entrepreneurship and media.

- Ashley Dartnell (writer, consultant and previously senior executive in finance and television)
- Christine Gent (Director of World Fair Trade Organization – Asia)
- Mark Hooper (CEO of Numensa Consulting)
- James Minney (executive director and chair)
- Safia Minney (executive director)
- CJ Wilson (banking and finance specialist and strategic executive)
- The Company Secretary is Stuart Raistrick FCIS (previously Chair of Traidcraft, the UK's leading fair trade initiative)

The People Tree Foundation

The People Tree Foundation is an independent charity, working alongside People Tree the Fair Trade Company. The Foundation brings benefits to farmers, artisans, producer groups and their communities through scaling up training, technical support and environmental initiatives and through raising awareness and campaigning for fair and sustainable fashion.

In addition, the Foundation raises money for donations. For example, it has raised over £16,000 for People Tree partner Hand Knitters in Nepal who lost their houses in the April 2015 Nepal earthquake and aftershocks. The Foundation also donated money to rebuild a weaving unit at Thanapara Swallows Development Society another of People Tree partner producers after it was hit by a cyclone in May 2014, as well as contributing to the Swallows primary school to build a new library. The Foundation run a wheelchair fund in partnership with producer group Bombolulu in Kenya, donating much needed wheelchairs to children with Polio, and most recently are running a campaign to raise money for victims of child labour in India to reintegrate them into the school system.

Commitment to Social Value

Social Value is reviewed formally in quarterly and two-yearly cycles, including a two-yearly Social Review with formal questionnaires gathered from all stakeholder groups and the results reviewed both internally and by an independent stakeholder representative for each stakeholder group, and brought together into an action plan for the ensuing period. In this way, stakeholders are intrinsically involved in and fully understand both People Tree's mission, how we are delivering on it and how that is measured, and how it shall best go about delivering it.

Social responsibility and transparency

People Tree believes that Fair Trade is a trading partnership, based on dialogue, transparency and respect - values which today, through the advent of social media, are more critical than ever to the survival of any business. Consumers want to know about purpose beyond profit, they have expectations that business should give back as much as it takes, they have unprecedented access to information about a company's behaviour and have been digitally empowered to use this information to bring about change. From its inception, People Tree has used transparency to

communicate our social responsibility, for example, we post images and vlogs of individual producers making our clothes to bridge the gap between them and consumers. Social media and social responsibility go hand in hand. People Tree reaps huge benefit from the power of social media as our customers become passionate advocates of our mission and brand.

You know the best way to get the public to respect your brand? Have a respectable brand.

Leroy Stick aka @BPGlobalPR

Investors are one of the key stakeholder groups and are welcome to read this first impact report and to contribute to maximising our social impact.

Safia Minney, CEO, People Tree Fair Trade Group Limited

2. Social Purpose and context

Social Context

Since the Rana Plaza garment factory collapse in 2013, with a death toll of 1,134 workers, the human cost of fast fashion has become evident to the wider public, many of whom are demanding transparency and an ethical fashion alternative. Issues in the fashion industry, such as “sweatshop” factory conditions and extreme competition between developing countries to retain fickle inward investment (leading to pyrrhic tax concessions, labour rights / right of assembly etc. being “exempted” in special export processing zones, and even child labour issues) have steadily started to permeate public consciousness in the UK and other countries.

People

In addition to its business operations, People Tree is a founder member of the World Fair Trade Organization (WFTO) which campaigns for the rights of garment workers. Since Rana Plaza, public awareness of the exponential growth in global inequality is directly reflected in the growing number of forums, blogs, and fashion exhibitions dedicated to sustainable, ethical fashion. The recent documentary *The True Cost*, which is available in 19 languages through Netflix and Amazon, has driven considerable interest from consumers and fashion buyers. The film features People Tree prominently as an alternative to conventional fashion. People Tree’s mission sets the ‘gold standard’ which other high street brands, notably M&S and H&M, are beginning to follow as they realign their brand to keep pace with the consumer tide turning towards ethical and sustainable consumerism.

Sales of ethical products grew by more than 12% in a year when the UK economy grew by only 0.2%. The ethical market is now worth just over £54 billion – greater than the market for alcohol and tobacco¹.

“Nothing is as powerful as an idea whose time has come”.

Victor Hugo

¹ http://www.ethicalconsumer.org/portals/0/downloads/ethical_consumer_markets_report_2013.pdf

Environment

People Tree has always put environmental protection at the heart of its mission. Its producers have some of the smallest environmental footprints in the world; many live and work in communities without most essentials of modern life including electricity. In order to support these communities, People Tree's designers create garments and accessories to be produced by hand as much as possible; in so doing livelihoods are sustained and the environment protected as hand woven fabric saves 1 ton of CO2 emissions per year per handloom. In addition, 90% of the cotton used by People Tree is organic; no damaging chemicals are used in production and biodegradable trimmings and accessories are sourced.

Meanwhile the organic and 'green' market is growing rapidly; according to a Nielsen 2013 consumer report, there is a global surge in environmentally friendly products with the proportion of consumers willing to pay more to protect the natural world doubling to 46% in just 2 years. With environmental protection at the heart of the mission, People Tree is well placed to benefit from this trend.

Social Purpose

People Tree's social purpose springs directly from the social context in which we are operating people and the environment are at top of our agenda to run a fashion supply chain which aims to be 100% Fair Trade.

WE ACHIEVE THIS THROUGH OUR MISSION STATEMENT:

- To support **producer** partners' efforts towards economic independence and control over their environment and to challenge the power structures that undermine their rights to a livelihood.
- To protect the **environment** and use natural resources sustainably throughout our trading and to promote environmentally responsible initiatives to create new models to promote sustainability.
- To supply **customers** with good quality products, with friendly and efficient service, and build awareness to empower customers and producers to participate in Fair Trade and environmentally sustainable solutions.
- To provide a supportive environment to **all stakeholders** and promote dialogue and understanding between them.
- To set an example to **business and the government** of a Fair Trade model of business based on partnership, people-centred values and sustainability.

The mission is embedded through a number of structures and processes including:

- The biennial Social Review exercise, which is structured to involve stakeholders both within People Tree and throughout the Supply Chain in assessing our performance against the Mission
- The WFTO Guarantee certification process and other certifications which People Tree continues to maintain through People Tree's Internal Monitoring System

Admission to the Social Stock Exchange is intended to be a further "brick in the wall" of embedding the Mission into People Tree for the longer term future.

3. Who Benefits

As a socially responsible business, People Tree believes that all stakeholders should benefit from our operations. Business should be directly accountable for the quality of people's lives and the health of the planet; People Tree's mission is to positively impact on an optimistic vision of the future.

People Tree lists its key beneficiaries as follows:

- Producers: 3, 741 garment producers and 2,641 craft producers
- Customers: 75,000 on our e commerce email list, 300 on our wholesale email list (UK only figures)
- The environment

Producers

People Tree works with 6,382 producers in India, Nepal, Bangladesh, Kenya and the Philippines. 81% of producers are from the most marginalised groups: indigenous people, disabled people, refugees, lower caste, and people living in poverty. Their economic needs revolve around finding stable employment and good working conditions, areas in which the fashion industry has a poor track record.

Many producers move from acute vulnerability to economic independence as a direct result of the work they do for People Tree, earning up to double the wages for comparable local work. 50% of leadership roles are occupied by women.

“Many weavers and tailors started their own business after working us [sic] and People Tree in Bangladesh. In addition, when local weavers saw the standard of our weaving units, they demanded the same conditions in theirs” –

Artisan Hut, Bangladesh

These producers benefit from People Tree's work through People Tree's commitment to the 10 World Fair Trade Organization (WFTO) principles. Organizations which use the WFTO logo are actively engaged in supporting producers, raising awareness and campaigning for changes in the rules and practice of conventional international trade. People Tree is committed to:

- Treating Fair Trade partners, artisans and producers with respect
- Maintaining long-term relationships
- Providing training to artisans, farmers and their organizations so they can improve their skills, strengthen their businesses, and deepen their social impact
- Making advance payments of as much as 50% on orders to help farmers and producers finance Fair Trade.
- Designing collections to make use of craft/hand-skills and with enough time for hand production. In Bangladesh and India, hand weaving is the second largest labour intensive sector for rural employment after agriculture. The handloom industry in India and Bangladesh employs 10 million people but it is in dire straits. With mechanisation of textile production, hand weavers are struggling to find employment.
- An Internal Monitoring System to ensure that “Fair Trade”, as defined by the 10 principles of WFTO, is maintained throughout the supply chain.

People Tree’s partners use the profits they earn from trading with us to strengthen local communities, for example offering free education to low-income families or providing clean water.

“We are providing free vocational training in hand knitting, carpet weaving and carpentry. [...] People Tree’s orders have helped us to provide job opportunities to our producers which has in turn helped them in their livelihood and to become independent. Their orders have generated income for the organisation enabling us to support child education, skill training to low income and underprivileged women, disabled and school dropouts.”

KTS, Nepal

Producers, like the customers, benefit from People Tree’s publicity and press coverage both in terms of market exposure for their own business but also by direct financial benefit, for example, on a recent press trip to Nepal, HELLO magazine, who sponsored the trip, made a cash donation directly to the producer group involved.

Customers

Customers are increasingly demanding products that are ethically and sustainably produced. Fashion remains an area where the offering in this respect is limited. However, People Tree aims to benefit customers by supplying good quality products, with friendly and efficient service, and build awareness to empower customers to participate in Fair Trade and environmentally sustainable solutions. To this end People Tree makes Fair Trade and sustainable fashion as affordable and attractive to as many people as possible. Collaborations with international designers, a focus on quality, craftsmanship and value for money as well as excellent customer service are all aimed at directly benefitting the customer.

When People Tree surveyed the 75,000 people on their email list, 96% of respondents said People Tree contributed positively to their sense of well-being

“Since purchasing from you, and reading through the wonderful information, I can no longer shop on the high street and support conventional fast fashion. I dream of a world where everything we do is conscious and sustainable. I cannot thank you enough for being the brand I buy from with confidence about people and planet . . . The world is definitely a better place with you in it!! Keep up the good work.”

Customer Quote

Today’s consumers have higher expectations of business than ever before. Customers demand greater honesty and transparency, greater impact on global issues and more responsible stewardship of natural resources and the environment. To this end, People Tree informs customers of their social and environmental impact, share producer stories through narrative, vlogs , social media, film and TV, and strive to inspire trust through inclusive, honest and transparent communication. The recent customer survey showed that poverty reduction, human rights, women’s rights and climate change are the main ‘global’ issues preoccupying customers; People Tree address these issues head-on in all their activities further strengthening customer engagement.

The connections people make with brands is possibility the most significant factor in the success of that brand; 72% of respondents to People Tree’s customer survey are proud to recommend People Tree to family and friends on the basis of People Tree’s ethical performance.

The millennial consumer, empowered by new technologies, is driving new expectation of business. People in every part of the world see the act of expenditure and consumption as a means to enhance health and livelihoods, boost community well-being and shift the direction of the world.

Accenture with UN Global Compact

The environment

Every stage in a garment’s life threatens our planet and its resources. It can take more than 20,000 litres of water to produce 1kg of cotton, equivalent to a single t-shirt and pair of jeans. Up to 8,000 different chemicals are used to turn raw materials into clothes, including a range of dyeing and finishing processes². At each of the six stages typically required to make a garment, the negative impacts on the environment are as numerous as they are varied. Spinning, weaving and industrial manufacture undermine air quality. Dyeing and printing consume vast amounts of water and chemicals, and release numerous volatile agents into the atmosphere that are particularly harmful to our health.

“Second to oil, fashion and textiles is believed to be the most polluting industry in the world: every stage in a garment’s life threatens our planet and its resources.”³

The Business of Fashion

People Tree promises to actively protect environment and to:

- Promote natural and organic farming
- Avoid polluting substances
- Protect water supplies
- Use biodegradable substances where possible
- Recycle materials where possible.

Despite using 2.4% of the worlds agricultural land, conventional cotton uses 16% of the worlds pesticides. Farming organically reduces the cost of farming inputs by 38% and emits 40% less CO₂. Organic cotton can reduce water consumption up to 91% in comparison to GM cotton. This is through drip irrigation and healthier soils. Farming organically also protects farmers’ health and the local eco-systems. Organic farmers use more sustainable farming methods like crop rotation and drip irrigation. Health soils help mitigate climate change though increase soil sequestration.

100% dyes used by People Tree are AZO free, 87% of the dyes we use are Global Organic Textile Standard certified,. People Tree does not use synthetic or petroleum based fabrics such as polyester. We only use natural raw materials as base fabric. 90% of People Tree’s collection is now made with 100% organic cotton; much of that is Fairtrade certified

² <http://www.businessoffashion.com/community/voices/discussions/can-fashion-industry-become-sustainable>

³ <http://www.businessoffashion.com/community/voices/discussions/can-fashion-industry-become-sustainable>

organic cotton and grown by farmers who earn a premium for their produce. All our buttons are made of natural materials such as shell, coconut, corozo, horn and wood. Beads are made from glass ceramic or metal. We use no plastic beads or buttons.

“Organic textiles are made without using pesticides and other hazardous chemicals, making them better for waterways, wildlife, you and me. Buying organic cotton is a simple way that we can contribute to reducing the impacts of climate change, as amongst other things, organic cotton is proven to save and protect water resources and reduce carbon emissions.”

Peter Melchett, Policy Director, Soil Association

People Tree’s environmental impact is assessed through measures of People Tree’s direct impact, producer groups’ impact, and policies to ameliorate impact. For example, People Tree has supported two producers to build Effluent Water Treatment Systems (EWTS), after bringing together elements of existing practice in different countries to develop a cost-effective and maintainable EWTS suitable for organisations as small as those they work with. This benefits most obviously people living in the vicinity of where effluent or waste or harmful pesticides would otherwise be (and frequently has been) released in an unmanaged fashion.

People Tree sets targets for hand production in every collection – a design decision which benefits both people and planet; hand production is carbon neutral and sustains communities whose livelihoods are based on indigenous hand craft production.

4. Activities and Operations

People Tree places Fair Trade and environmental sustainability at the heart of its operations and activities. In this way, People Tree leads the agenda for responsible business, setting ethical targets in the garment industry and demonstrating that an alternative way of doing business based on human and environmental centered values is possible. As a result, People Tree is the first 100% Fair Trade fashion brand to be sold on the high street and is an inspiration for other to follow.

People demand leadership from brands to overcome the most pressing human and planetary challenges. This is a clear signal to companies that we can’t wait for customer demand to drive our action: people expect business to take the lead.

Havas Media

Designing for Fair Trade

People Tree loves fashion and shows that an alternative approach to a successful fashion brand is possible. Unlike other brands, People Tree considers peoples’ livelihoods at the start of the design process, from the moment a garment is sketched.

For example, the designers know that traditional and hand skills such as weaving and embroidery provide livelihoods for artisans in rural areas across the developing world, so that they do not have to travel to the cities for work. There are still approximately 10 million hand-weavers in Bangladesh and India today but traditional hand-craft skills and techniques are dying out throughout the world due to mechanization. The legendary Indian leader, Mahatma Gandhi, campaigned that agriculture, hand-crafted textiles and cottage industries be recognized as the economic mainstay of villages and said they helped create self-reliance and fight poverty.

People Tree's designers look for opportunities to add labour and hand work – such as embroidery and block printing – to garments to create jobs. For example, by adding hand embroidery to a simple top, People Tree can provide income to a family and help fund a school in Bangladesh, helping artisans keep their craft traditions and their communities alive. In line with Fair Trade practices, producers are given time to create products and paid a fair income for highly skilled labour.

Technical support and capacity building

People Tree has a combined design and garment tech team of over 20 across UK and Japan.

Their mission is to work closely with people in developing countries to build viable businesses that can sustain communities. Through regular visits to producers, we pass on our knowledge and financial assistance so that these fledgling businesses can not only meet our high production standards, but also develop competitive, desirable products. Key to People Tree's approach is a structured system of capacity-building, including both skills-training for individuals working at producer organisations, and organisational capacity-building of producer organisations themselves (see section 6 below).

“Our last visit from People Tree was at the beginning of 2014 for product confirmation and product development. It was a very vital visit as we were able to share our feedback face to face, which is very difficult to explain via email or telephone.”

KTS, Nepal

Supply chain management

People Tree's working relationships with producers are boosted by visiting Fair Trade garment groups every 6 months and handicraft groups once every 1-3 years. The purpose of these visits is to monitor and discuss with producers (among others):

- How to nurture long-term relationships and build order values
- Any new proposed Fair Trade producer group, sub-group or new supplier
- Any group to which it is no longer proposed to place orders
- Monitoring progress and certificate checklist

The review includes also questionnaires sent to our producer groups backed by follow-up questions and information gathered on site visits. It provides a means to evaluate and hold us accountable to producer groups, our customers and supporters.

Social media and E-commerce

Broadcasting People Tree's social mission is most effectively achieved through social media; a platform whose origins lie in people's desire to communicate honestly transparently and directly with each other. In this respect, social media and social responsibility are inextricably linked. Through story telling sharing and images, People Tree has earned 42K followers on Facebook, 28K on Twitter and 10K on Instagram. Social media provides a global forum where People Tree can educate a like-minded community as well as reach out to new audiences by involving them in Fair Trade and sustainable fashion.

People Tree is particularly active on Facebook, which allows scope for advocacy campaigns and conversations about global issues. Followers share content, comment, and 'like', all of which furthers the debate and gives an insight into where our research and content should focus in the future. Generally, there is a 60/40 split between social or advocacy content vs commercial content.

Comments are the most valuable asset and measure of brand loyalty in social media. Typically a brand might hope to receive, at best, a handful of comments on a post. Because of the nature of People Tree's content, the engagement goes far beyond the norm for a fashion brand. Here is an example of a recent Facebook exchange which is currently running at over 50 comments (names have been changed) :

Karen Thomas: These clothes are absolutely beautiful and very well made. I buy a few items which last a long time and buy the rest second hand. If you're in London try out their sample sales which are wonderful (listed on their website) and the sales section of the site has some great bargains. I look at their pieces as investments. Of course at first glance they seem expensive when compared to primark - that's because things are done properly in this supply chain: workers are treated how we expect to be treated, organic cotton is used which doesn't pollute the environment or compromise cotton farmers' health - behind every beautiful product there's a beautiful story of how it was made

Vicki Homes Karen Thomas: I'm sure you are right Lara I would love to own a few pieces of these gorgeous clothes

Suzanne Moore: I keep asking them to take their sample sale on a nationwide tour so that people can see, touch and feel the quality of these beautifully made clothes. You can't really tell from a picture but if you could experience the clothes for yourself, you would see all the little details that you just don't get on the high street. They said that they would consider it.

The ecommerce website links to over 83K individual email addresses. Each of these people receive at least one e-shot a week linking them to the website. Their opinions and needs are canvassed through online customer questionnaires, the most recent being the 2014 Social Review.

Customer Service deals with at least 60 direct enquiries each day from customers; these range from questions about size and fit to enquires about producers and materials.

Marketing and PR

People Tree has in-house PR & marketing teams in London and Tokyo. Their task is to achieve significant coverage, with features, product placements and mentions in the media, including women's magazines, major daily newspapers, video content (shared through fashion bloggers), in UK and Japan. Recently, People

Tree has started rolling out PR and media in Germany focused on the launch of the German language website.

PR and media coverage is driven in many cases by the unique nature of the social mission, combined with attractive fashion collections and designer collaborations, showing that People Tree offers an alternative way of doing fashion and business. People Tree enjoys the active support of celebrities and opinion formers who help to generate profile and awareness. Safia Minney MBE is frequently approached to comment on issues of Fair Trade, social enterprise and responsible business practice, including events in the aftermath of the April 2013 Rana Plaza factory collapse and in support of the Bangladesh National Garment Workers' Federation.

Campaigning and customer engagement

People Tree staff are galvanised around a common sense of purpose; they run a continuous programme of Fair Trade and sustainable marketing communications on a range of issues to encourage customers to take action as well as to provide a great focal point to reach new audiences and promote Fair Trade.

- Wheelchair Project
- NGWF Donations – Wear Fair T-shirt
- Swallows Cyclone
- Rag Rage Petition
- Nepal earthquake
- Fairtrade Fortnight events
- School and community presentations, educational events and fashion shows.

5. Stakeholders

People Tree's social purpose is to transform how we consume while contributing to community development and fighting poverty. The route is achieving this by providing customers with beautiful fashion and other consumer goods, while improving the lives and environment of the artisans and farmers in developing countries who work to produce the materials and finished products.

Bearing this social purpose in mind, the stakeholders most immediately relevant to achieving this are:

- Producers
- Customers

Other relevant stakeholders include:

- Employees
- Business and Government

Producers

Relationship

People Tree works with 29 producers groups, in India, Bangladesh, Nepal, Kenya and the Philippines. The below 13 producer groups represent 90% of People Tree’s purchase orders.

	Producer	Country	Craft/Garment	# staff	Incl. homemaker
1	Assisi	India	Garment	207	N/A
2	KTS	Nepal	Handicraft	2348	Yes
3	Mandala	India	Garment	198	N/A
4	Artisan Hut	Bangladesh	Handicraft	56	No
5	Swallows	Bangladesh	Handicraft	250	N/A
6	Sasha	India	Handicraft	340	No
7	Kumudini	Bangladesh	Handicraft	100	No
8	Saidpur Enterprises	Bangladesh	Handicraft	147	N/A
9	Dev Tech	Bangladesh	Handicraft	33	N/A
10	Tara	India	Handicraft	709	N/A
11	Rajlakshmi	India	Garment	153	N/A
12	Bombolulu	Kenya	Handicraft	90	N/A
13	Creative Handicrafts	India	Garment	280	N/A
Total producers:				4911	

The majority of these groups are development organizations and social businesses making products from hand-crafted jewellery, to handknitted jumpers, to hand-woven dresses. Some of our Fair Trade partners were founded to deal with a specific crisis or social issue or to empower a particular community. Producer organisations are considered for addition after an explicit process of assessment of social purpose, environmental impact, need, and compatibility with commercial-sustainability objectives.

Engagement Approach

Good communication with producers is central to the success of People Tree mission which is to improve the lives of marginalized producers. It is important to understand their skills and assets and to maximize the benefit they derive from these at the same time as empowering them to build their capacity and develop new and/or more sustainable production methods. The producer groups are visited regularly by People Tree management, design and technical teams. In addition, this team alone communicate via telephone, Skype, email at least 125 times a day from the UK office alone. Parcels of fabric and design samples are exchanged at least once a week. The aim of all this activity is to increase

understanding and impact: a better product results in more sales which results in bigger orders which in turn results in a more positive social and financial impact on producer communities. The whole process is monitored through People Tree's IMS and Social Review.

Customers

Relationship

People Tree's customers are their best advocates. They amount to over 100K individuals who are in touch with the brand on a regular/daily basis through social media and the website.

"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that you'll do things differently"

Warren Buffett

When galvanized into action and speaking with one voice, customers become a very powerful public and consumer voice; as such they very effectively impact another important stakeholder group - business and government. Central to the achievement of People Tree's mission is the change in national and global policy to more positively support Fair Trade and sustainable business; consumer pressure is crucial to bringing this about.

Engagement approach

Their positive opinion is essential to the success of the brand; a profile of this community has been built through social media Survey Monkey and they directly influence People Tree's action. We regularly survey our customers to understand our impact and perception of our products. According to the most recent customer survey carried out in June 2015, People Tree's typical customer is female, aged between 30 – 35 years, working in the public sector (predominantly education or healthcare) and interested in poverty reduction, women's rights and the environmental sustainability.

Employees

Relationship

Millennials are becoming increasingly important to People Tree as employees, as consumers, and as the generation who is reshaping the society in which we operate. For the past few years, there has been a Millennial Survey (conducted by Deloitte) to gauge how this generation, which now makes up the majority of the workforce, thinks about business's role in society. The results show that a focus on purpose and people is, for many millennials, just as important as a company's ability to generate profit.

As a business built on social responsibility, People Tree is well placed to attract highly motivated staff driven by value and purpose. In a recent staff survey, our team of 33 in London showed overwhelmingly that they are motivated to work at People Tree because they believe in the company's ethics:

- 25 said they do interesting and challenging work,
- 30 said they understand how their job directly impacts on the lives of producers and believe that they can personally bring about positive change
- 29 said they are happy in their team working with like-minded people galvanized around a single purpose
- 31 said they would recommend People Tree and are proud to work for the brand
- All staff have taken part in fundraising or voluntary work including cakes sales, comedy nights, a litter-pick at the river and renovating a charity premises

People Tree attracts graduates as well as experienced professionals who want to contribute towards sustainable change in the fashion industry. The work is unique, challenging and complicated establishing a new business model and staff appreciate the opportunity for bring about positive change.

Engagement Approach

- Weekly updates from the CEO reporting on work with producers is a great inspiration.
- Annual employee survey

Despite struggling with debt, recession and the job crisis, more than 50% of millennials say they would take a pay cut to find work that matches their values, while 90% want to use their skills for good.

The Fast Company

Business and Government

Relationship

People Tree believe that the most effective way to benefit business and government is to demonstrate that a Fair Trade model of business based on partnership, people-centered values and sustainability is a viable option. People Tree don't just talk about positive impact: they make impact through their day to day business operations.

Engagement Approach

People Tree tirelessly campaign for positive social change, this is achieved through participation in multi-stakeholder debates, events and advocacy:

To influence change in the conventional garment sector, People Tree partner with a trade union, the National Garment Workers' Federation in Dhaka, Bangladesh, by funding one person in their secretariat, and funding a leafleting campaign to raise awareness among the millions of factory workers in Dhaka of their rights. People Tree regularly visit Bangladesh to support Fair Trade groups and run press trips to promote better practice and publicize the need for a more responsible practice in the garment industry.

People Tree believe that education is fundamental to their mission; they organise fashion events to educate journalists, customers and the wider public about sustainable and Fair Trade fashion; People Tree products feature in educational exhibitions on sustainable fashion in museums around the UK, for example, the Whitworth Art Gallery in Manchester

and the Design Museum in London; People Tree deliver bespoke presentations in schools and regularly respond to research questions of university students of all levels, degree, masters and PhD.

Safia Minney is a member of the Global Advisory Committee for Fashion Revolution Day and regularly organises events such as the Fashion Revolution Day panel discussion bringing together Amirul Haque Amin, Head of the National Garment Worker's Federation, John Hilary, Executive Director, War on Want and Lucy Siegle, Journalist on the anniversary of the Rana Plaza accident to discuss the need for industry responsibility and change.

In 2013, People Tree launched the Rag Rage Campaign which helped bring pressure with over a million signatories to clean-up practice in the fashion industry.

6. Evidencing Social Value

The framework for measuring the social development impact of People Tree is the framework of the World Fair Trade Organization (WFTO), a global network of organizations representing the Fair Trade supply chain. Under their guidelines, People Tree developed an Internal Monitoring System to oversee our own Fair Trade compliance towards all our stakeholders as well as compliance amongst our producer groups. Part of this process is to produce a two-yearly Social Review, in which we report our finding and set in place our action plan for the next two years. In addition, People Tree evidences impact through frequent visits to producers.

Data collection processes

Internal Monitoring System (IMS)

The Internal Monitoring System consists of People Tree's policies, and procedures for identifying, measuring, managing and monitoring the People Tree Fair Trade supply chain according to its mission statement (see section 2). It applies to all stakeholders that People Tree works directly with:

- Customers Ecommerce and Wholesale
- Producers (Fair Trade producer groups and sub groups)
- Staff
- Press and celebrity supporters
- Investors

Each department of People Tree takes an active part in making sure that the IMS operates properly, implementing specific control activities and monitoring processes that will make it more effective and efficient over time and anticipating difficulties and risks.

Social Review

People Tree's Social Review is a report on People Tree's impact towards all its stakeholders as measured against our mission. In order to gather and analyse this data, People Tree offers its stakeholders the opportunity to provide constructive feedback in the form of a questionnaire. From this data, an action, target and improvement plan is drawn up, and the Social Review is compiled. The 2014 Social Review, for example, shows analysed data which relates directly to over 8,000 stakeholders (including producers).

Visits to Producers

In order to improve working relationships, People Tree visits the garment groups every 6 months and crafts groups once every 1-3 years. During these trips, the following are supplied:

- Quality control updates
- Management review
- Market updates and retail information

After every visit People Tree produces a 'Producer Group Visit Summary Report'. All Fair Trade Producer Groups must share with People Tree its biennial Action Plan, with clear objectives stating completion dates and who is responsible.

Review process

All processes are monitored through regular Supply Chain Meetings with a full Fair Trade Producer Group and Conventional Supplier review every six months. In this review attention is focused on:

- Maintaining long term relationships/order values
- Any new proposed Fair Trade Producer Group, Sub Group or new supplier
- Any group on which it is no longer proposed to place orders
- Recording progress and certificate checklist

Impact Data Management

People Tree developed as a grassroots business with a focus on providing support to economically marginalised groups. Over the last 6 years, People Tree's orders have grown with our producers by 60%.

Working with small scale marginalised groups in a semi informal sector, it is difficult to measure impact in the traditional way. For example, financing studies on carbon foot printing with economically marginalised groups has not been financially viable thus far, and we have prioritised developing their skills to produce economically sustainable products, while at the same time, doing what is within People Tree's capabilities like steadily increasing the use of organic cotton which is now at 90%.

Similarly, with implementing living wages, the same complications occur. It has been difficult to implement living wages with producer groups who themselves do not make a profit and lack access to markets. People Tree are working with these groups to help develop their business capabilities and access to market. People Tree has been continually monitoring wages paid by partner producers and monitoring wage rates against inflation and ensuring that wages are raised accordingly. We are currently working on implementing living wages and carrying out living wage studies with all our producer groups. We verify wages paid by confidential interviews with staff members.

However, over the last four years, People Tree has been working hard to systematically record impact measurements, but this is still a work in progress year on year. The recent Social Review has prompted an action plan which explicitly asks for this data. The aim is to have a water tight system in place within 12 months (in time for the next Social Review), which will measure living wages, employment numbers, gender equality and producer growth. The company has the funding and expertise already in place to achieve this. Environmental impact figures are harder to garner due to lack of expertise within the company and also lack of funding. This has made it harder to measure Co2 Emissions, but this an

area People Tree are working on. We are committed to improving our impact measurement and reporting, and will strive to capture and report against indicators listed below, where data is missing.

Evidence

Result data is based on the 2014 producer questionnaire sent to 29 producer groups and impacting over 4,911 producers.

The 2014 customer questionnaire, had 3,500 respondents.

Stakeholder Group	Activity	Outcome	Indicator	Result/Measure
	Creating a market for Fair Trade products			
Producers	Actively by supporting small, marginalised producers and ensuring a sustainable fair trade supply chain	Suppliers' poverty reduced through trade and economic activity	£ value of People Tree orders to fair trade producers in 2014	£2,568,051 <i>The top 13 producers supply us with 90% of our orders. Over the last 6 years orders have increased by 60%.</i>
			People Tree orders as % of producers' turnover	We have begun to monitor this figure but do not currently have concrete figures. We aim to have these figures for the next submission in 12 months
	Support disadvantaged producers: Working to quotas. Design products with the aim of employing indigenous craft skills and craft skills of economically marginalised groups.	Hand craft producers are able to earn a living and continue to keep skills alive through the Fair Trade business model	£ value of orders of garments and accessories made from hand woven fabric, hand embroidered, hand block printed or hand knit.	£ 1,142,601 (44.5%)
			# of handmade garment producers	5 (out of 9 garment producers)
	Paying producers fair prices	Producers are paid a fair price. This enables them to invest in their business and staff and to not cut corners on wages or health and safety.	% of garment producers who report being satisfied with the People Tree pricing. <i>[note: due to complexities in gathering prices paid by other fashion retailers, we measure our producers' perception of price paid]</i>	75%
	Operate a transparent management system with all our stakeholders	Producers and PT establish a trust relationship	% of garment producers who say that they are satisfied that People Tree had sufficiently involved them in order/production decision making process	100%
% reporting being satisfied with			62%	

			price negotiations.	
	Raising awareness and influencing to improve role of women in the workplace	Women rise to management positions	# women in management positions at producer organisations	50% (vs 88% in production)
	Capacity Building			
	<ul style="list-style-type: none"> - Deliver business training sessions on product development, cost accounting, quality, product development, dyeing, pattern-cutting and size grading. - Working on producers' Fair Trade and Organic standards, so that both producers and farmers have the opportunity to develop their skills holistically caring for their local environment both socially and environmentally. 	Producers are better able to develop their business	# business training sessions delivered/y	One per year for each producer
			# suppliers and partners attending business session	5
		Producers improve the technical development of their product range their production capabilities.	% of garment producers surveyed who say that training and capacity building from People Tree has enabled them to better develop their business.	75%
			% of garment producers feel that People Tree has been significant in the technical development of their product range and in the development of their production capabilities.	80%
	Visiting producers: Every six months we send our Fair Trade development team of garment technicians, production co-ordinators and designers to our producer groups to support our capacity building program.		# visits # Producers/sites visited	2 per year by 6 members of staff 9 garment producers sites visited per year
	Market Exposure Programme : representatives of producer groups are funded to visit the UK and Japan to visit stockists, meet customers and journalists, and work hands-on with the People Tree teams in the office	Producer partners better understand the market and can attract new customers in the international market	# partner visits	4 (since 2011)
Environment	Reducing People Tree's carbon footprint			
	Design using raw material form sustainably manages sources	Reduced reliance on use of pesticides in PT's supply chain// PT uses sustainable material for the production of their products	% of People Tree's collection was made with GOTS certified organic cotton	87%
			% of our organic cotton buy	90%
			Quantity of pesticide use	<i>We currently don't have this</i>

			avoided through use of organic cotton	<i>information but have planned to collect it for next year</i>
	Design using production technologies that reduce energy consumption	Reduced pollution/Environment is protected	Metric Tons of Co2 Emissions Saved	<i>Not yet measured. Commitment to capture this for next year.</i>
	Reduce shipping carbon footprint	Reduced carbon emissions	Metric Tons of Co2 Emissions Saved	<i>Not yet measured. Commitment to capture this for next year.</i>
Building ethical fashion trade - covers 3,500 customers surveyed				
Customers	Make and sell good quality ethical fashion	Consumers have opportunity to purchase ethically	% of our customers who say they choose People Tree for ethical reasons	80%
		Consumers aware they don't have to compromise ethics for quality	Product rating on quality and craftsmanship (1 is low, 10 is high)	87% rated 7 or above
			Product rating on style and design	74% rated 7 or above
		Building the ethical consumer market	% of customers who feel that buying from People Tree is helping them to be an ethical consumer	98%
	Improve customer well-being (as a consumer)	% of customers who say buying from People Tree makes them feel good	95% of customers said they felt better for buying from PT	
	Build customer loyalty and help them become advocates for our brand	Customers are loyal and become advocates for the PT brand	% of customers who say they would recommend us	72% of respondents ticked (we) 'love your ethics'
	Social Media activities – growing awareness of our ethics			
Increase our reach via social media	Increased awareness of our brand and benefits of ethical fashion	# of social media followers	44k on FB 28K on twitter 10K on Instagram 83k email addresses for distribution list	
			Tell producer stories in print, video, image.	Customers become more informed about the social and environmental impact of the fashion supply chain
		% who report feeling informed or well informed about People		

			Tree's environmental impact	
	Actively engage our customers in the campaign for ethical fashion and listen to their request for information	Momentum for our movement grows, debate generated and advocacy for ethical fashion grows	Customer answers to: "What more information do you need to increase your confidence in People Tree."	61% of our customers would like more information on the true cost of fashion

7. Other issues and risks

Campaigns for better conditions in the garment industry have been successful in so much as treatment of workers is increasingly and intensely scrutinized by pressure groups, NGOs and consumers. Whilst People Tree is confident of its reputation for honest, transparent, Fair Trade and sustainable practice as well as its loyal customer base, it would be naive to think that there was no risk of reputational damage from social media.

To address this threat, as well as to further improve the lives of our producers by increasing our positive impact, People Tree is continually identifying areas of weakness, anticipating the risk both to the producers and the brand and working on action plans to improve systems and communication. The process of producing the Social Review, for example, spotlights our weak points. . There are clear areas for improvement, most particularly, as highlighted in this report, in data collection and analysis of the impact on producer groups. For example, more systematic monitoring of the living wages, is planned for the next 12 months. In addition, reducing People Tree's environmental impact remains a priority.