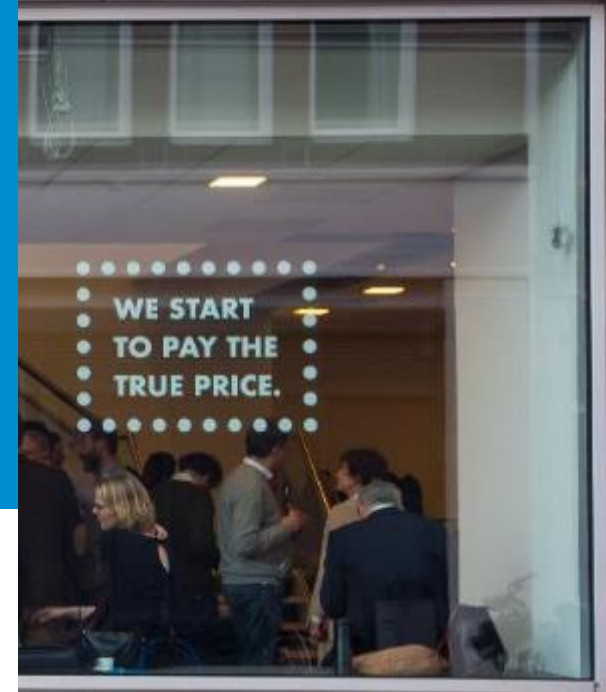


True Pricing

Michel Scholte

michel@impactinstitute.com

trueprice.org



AGENDA



1. Introduction
2. True Price Methodology
3. Case
4. Growing Trend in Society

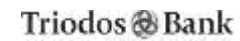


AN IMPACT ECONOMY

Where all products have a true price, all companies publish impact statements



Selection of our clients



TOOLS



SERVICES



TRAINING



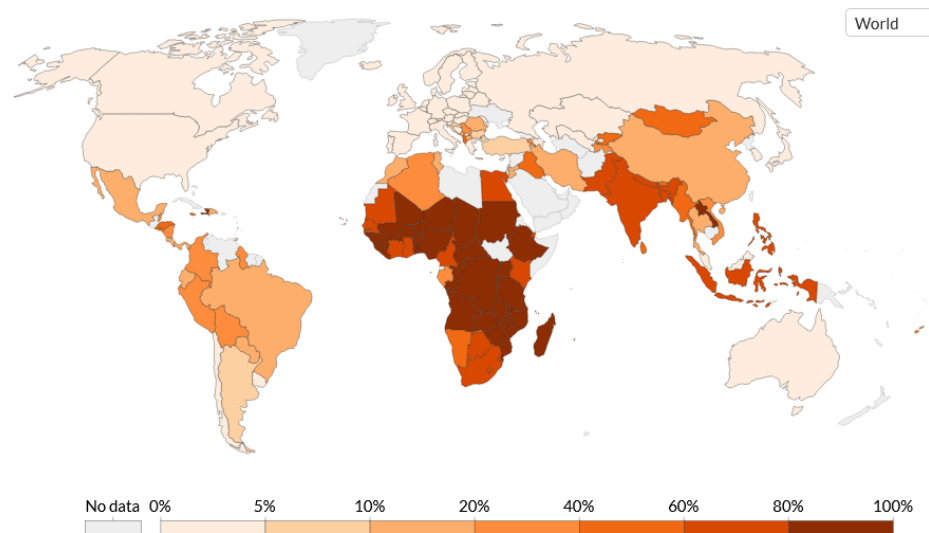
Solidaridad



WHY IS THE FOOD SYSTEM NOT SUSTAINABLE? IT'S THE ECONOMY

Healthy & sustainable **food is too expensive**

More than 3 billion people cannot afford a healthy diet

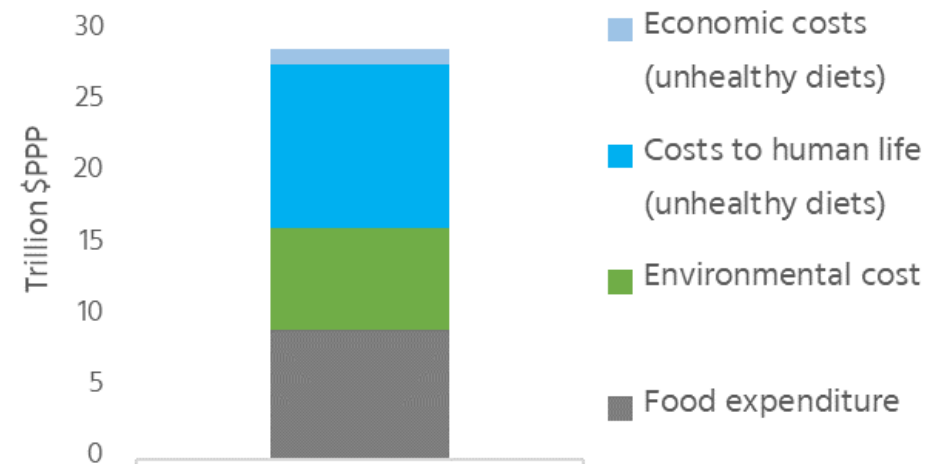


Graph: Richie/Our world in data (2021)

FAO (2021); Laborde, Herforth et al. (2021)

Unhealthy & unsustainable **food is too cheap**

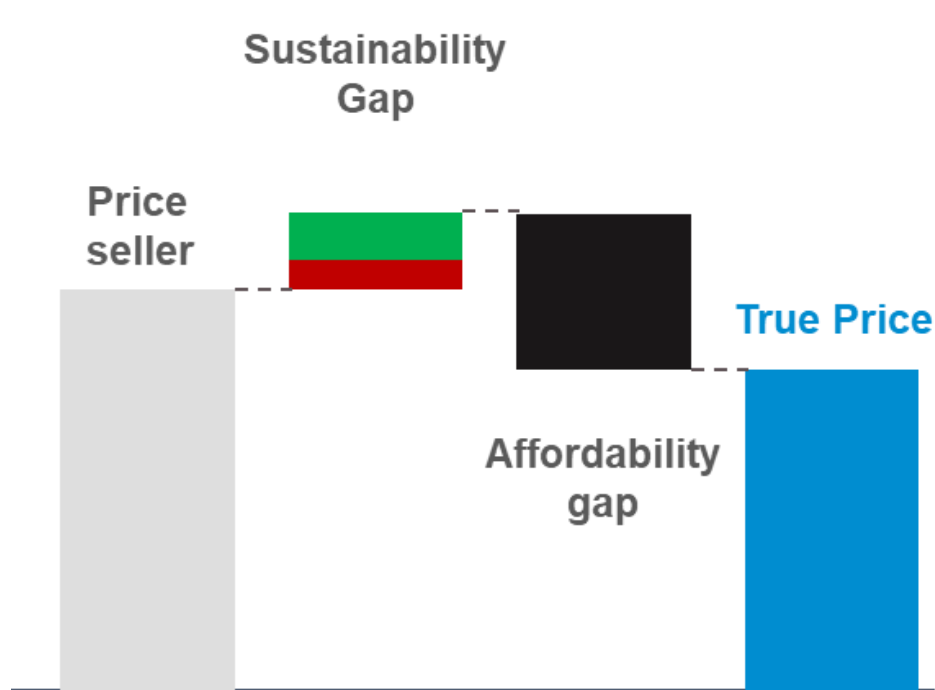
Health & environmental costs of food: ~20 trillion USD/year



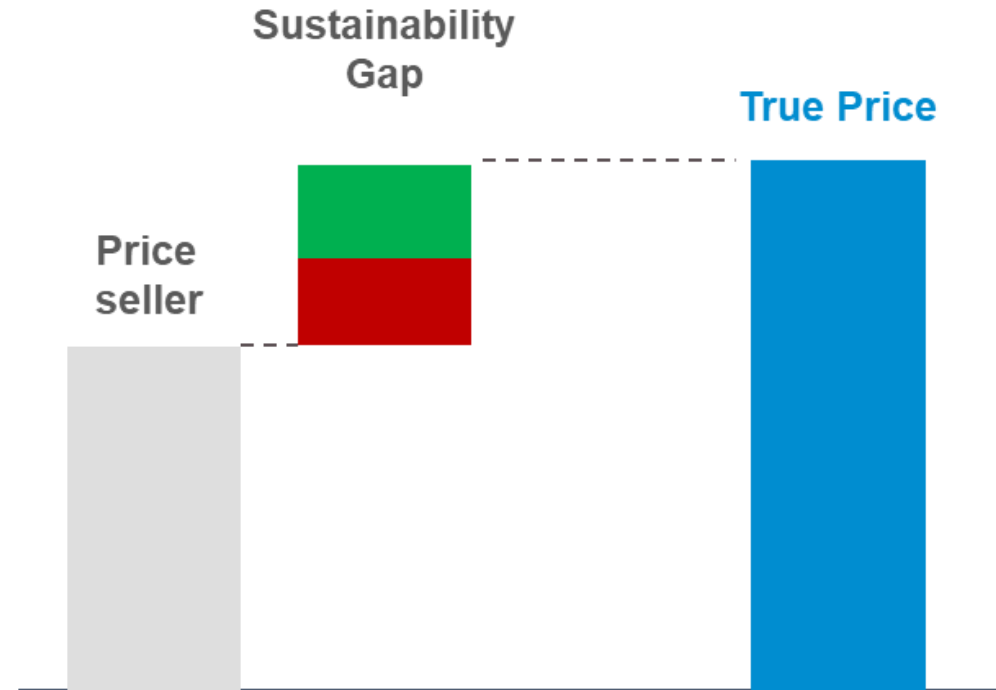
Scientific Group to the United Nations Food Systems Summit (2021)



THE SOLUTION IS TO MAKE SUSTAINABLE AND HEALTHY FOOD MORE AFFORDABLE AND PROFITABLE VIA TRUE PRICING



Healthy & sustainable food becomes cheaper

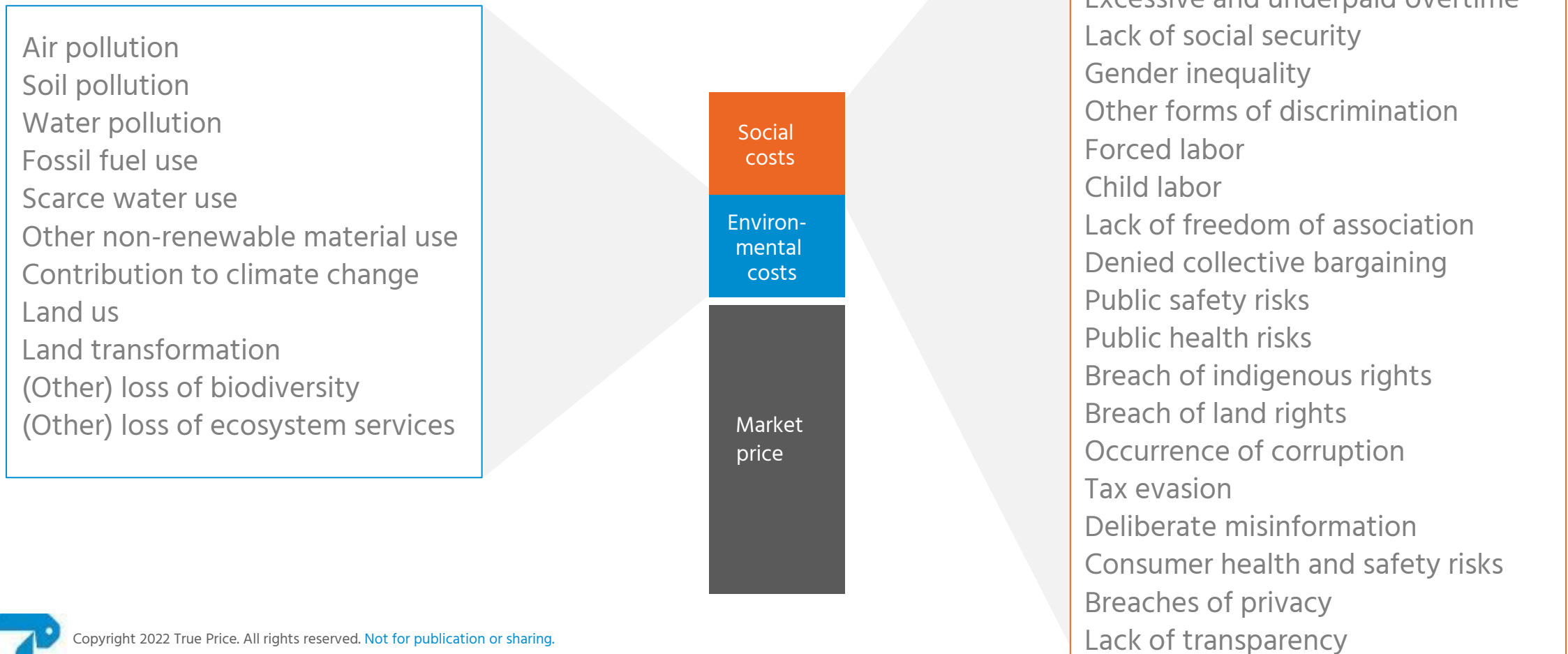


Unhealthy & unsustainable food becomes more expensive



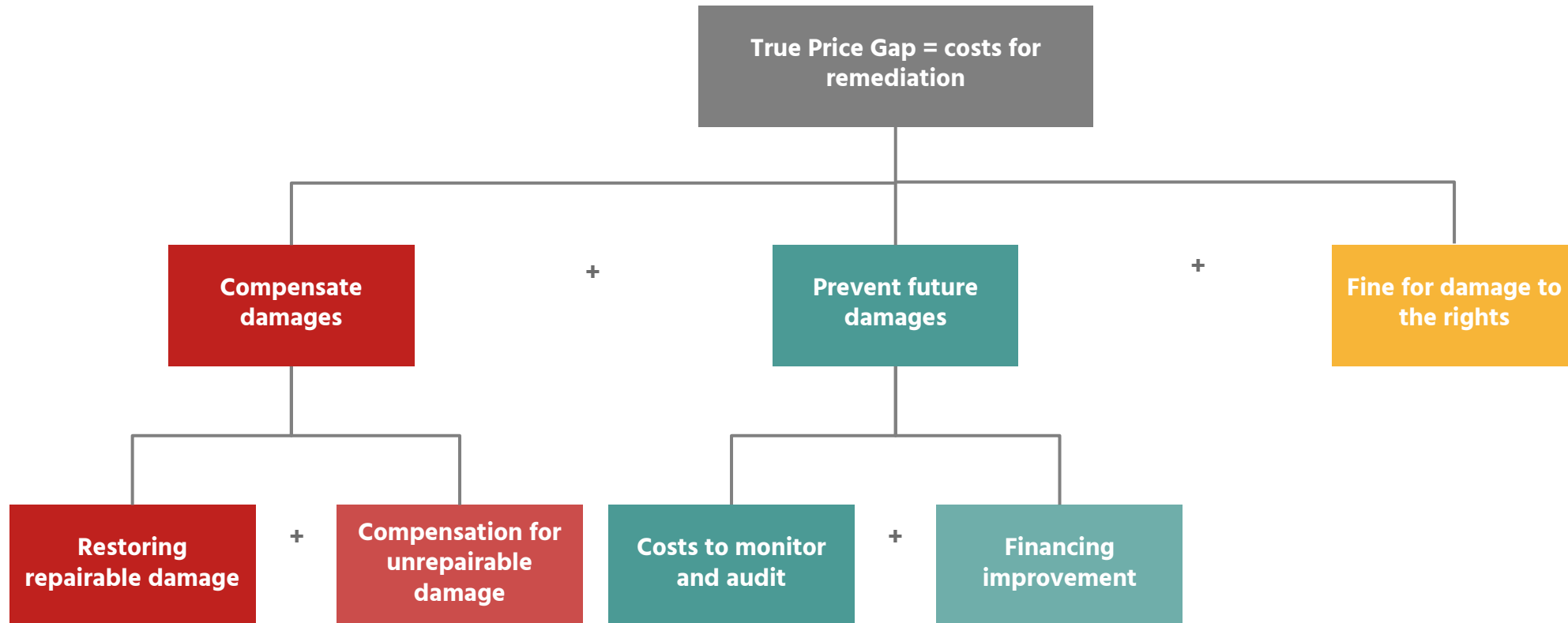
TRUE PRICE

Market price + social and environmental costs



THE GLOBAL TRUE PRICE STANDARD

Developed with a.o. Dutch gov., WUR, Rabobank, ABN AMRO, eko-keur, LTO





GROWING TREND IN SOCIETY

The true price store & the first supermarket with true prices



TRUE PRICE STORE	underpayment remediation	climate change	True Price
Espresso	+1ct	+1ct	3.04
Americano	+1ct	+1ct	3.24
Cappuccino	+1ct	+3ct	3.64
Latte	+1ct	+5ct	3.73
Milk chocolate	+18ct	+11ct	3.70
Dark milk chocolate	+20ct	+10ct	3.69
Dark chocolate	+21ct	+6ct	3.67
Haarlemmermeer brood	+1ct		3.43





BANANEN

Peru

'Normale' prijs	€ 2,79
Onderbetaling	€ 0,06
Klimaatbelasting	€ 0,01
Landgebruik	€ 0,06
Watergebruik	€ 0,02

Eerlijke prijs €2,94
True price /kg

Berekend met de TruePrice methode



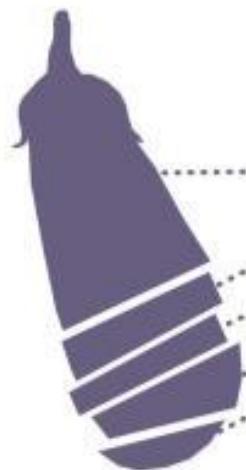
APPEL

Nederland

'Normale' prijs	€ 3,75
Onderbetaling	€ 0,05
Klimaatbelasting	€ 0,06
Landgebruik	€ 0,04
Watergebruik	€ 0,00

Eerlijke prijs €3,90
True price /kg

Berekend met de TruePrice methode



AUBERGINE

Spanje

'Normale' prijs	€ 3,95
Onderbetaling	€ 0,02
Klimaatbelasting	€ 0,23
Landgebruik	€ 0,02
Watergebruik	€ 0,10

Eerlijke prijs €4,32
True price /kg

Berekend met de TruePrice methode



TROSTOMATEN

Spanje

'Normale' prijs	€ 3,75
Onderbetaling	€ 0,02
Klimaatbelasting	€ 0,16
Landgebruik	€ 0,02
Watergebruik	€ 0,02

Eerlijke prijs €3,97
True price /kg

Berekend met de TruePrice methode



2203757

NATURGUT
Bio-Hackfleisch
gemischt

Verkaufspreis

2.25

250 g

1 kg = 9.00

Wahre Kosten

Verkaufspreis
+ 2.84 versteckte Zusatzkosten
Weitere Infos findest du an Station 12.

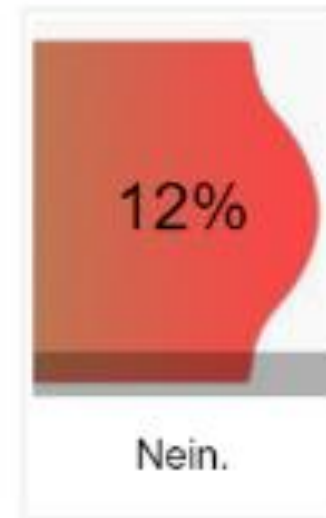
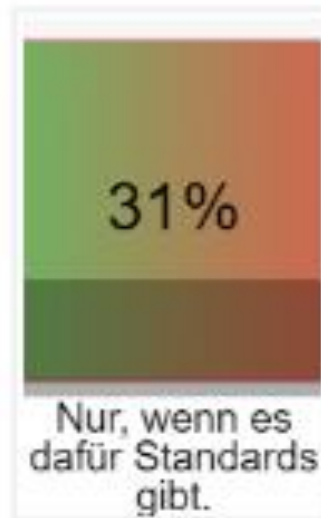
5.09

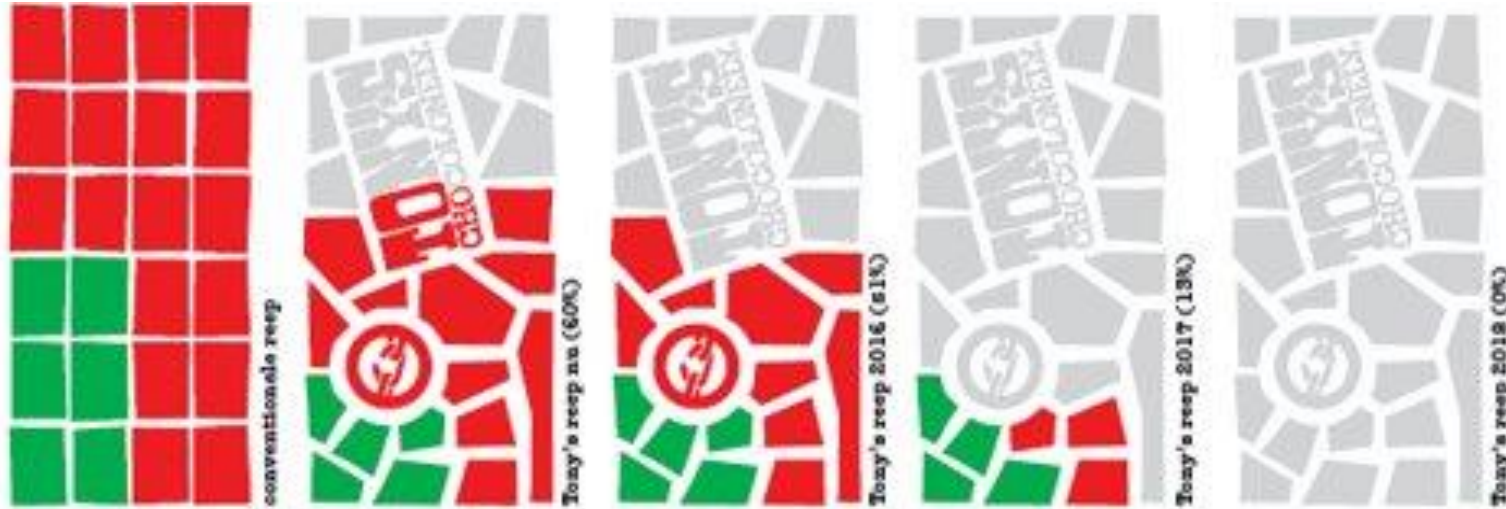
1 kg = 20.38



Sind Sie dafür, dass der Einzelhandel die "True Costs" mit ausweist?

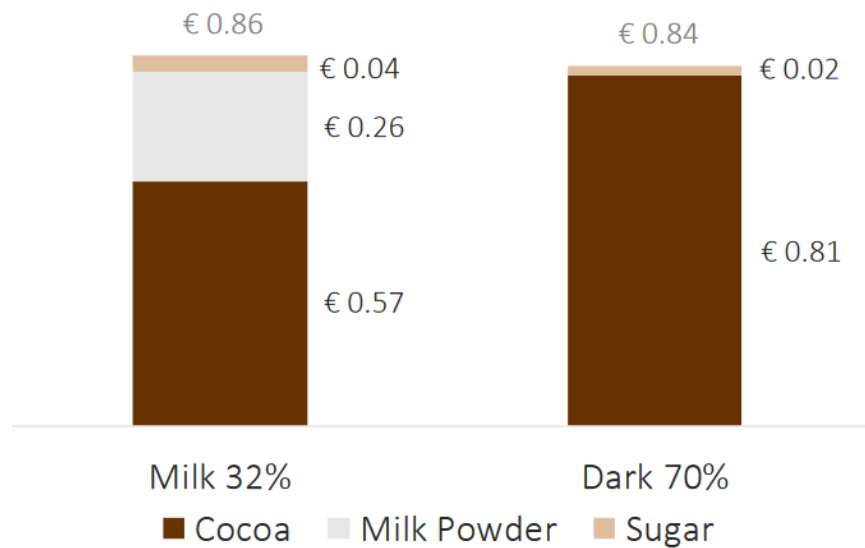
57% der Nutzer sind derselben Meinung



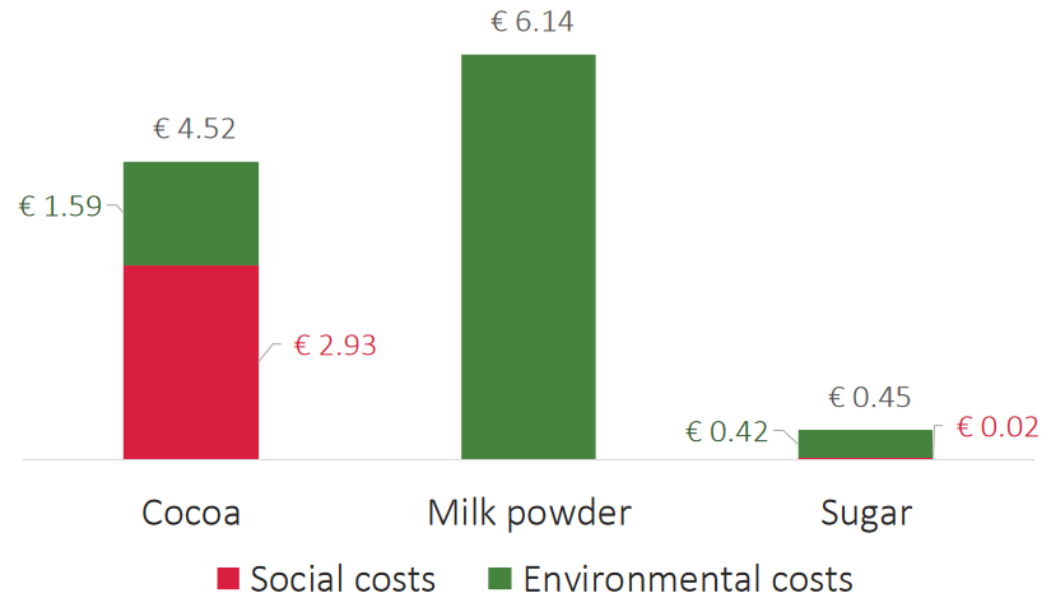


CASE EXAMPLE

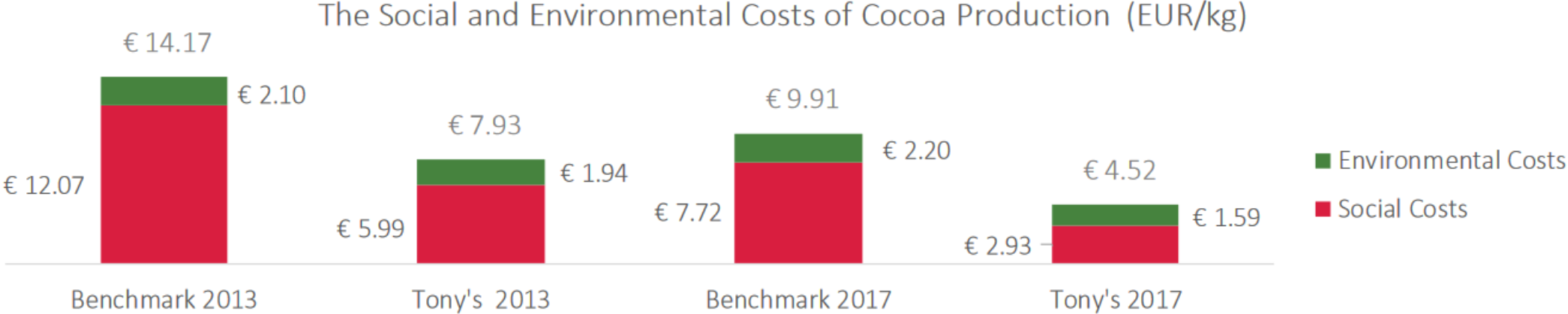
Cost of externalities for chocolate bar ingredients
(EUR/bar of 180 grams)



Social and environmental costs of key ingredients (EUR/kg ingredient)



TRUE PRICE PER KG OF COCOA (FARM GATE)



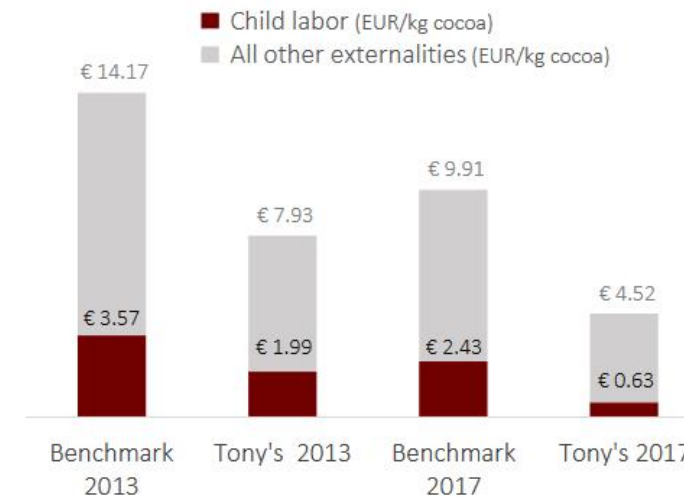
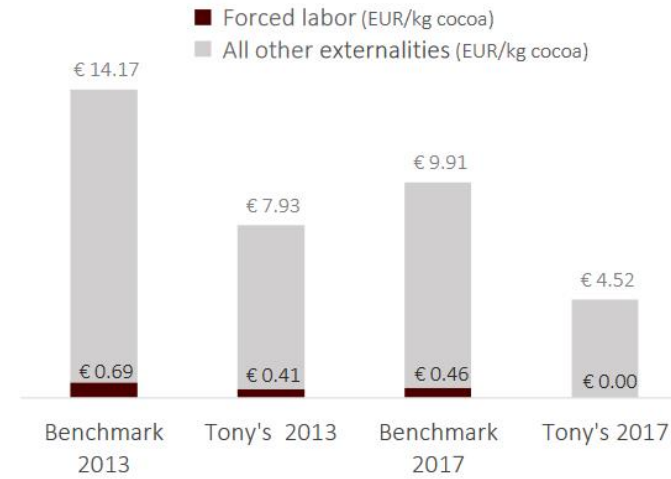
FORCED AND CHILDLABOR ARE EXPLOSIVE PROBLEMS

REPORTED 2018: Forced labor

- ~17,700 forced laborers in Ghana
- ~12,000 forced laborers in Ivory Coast

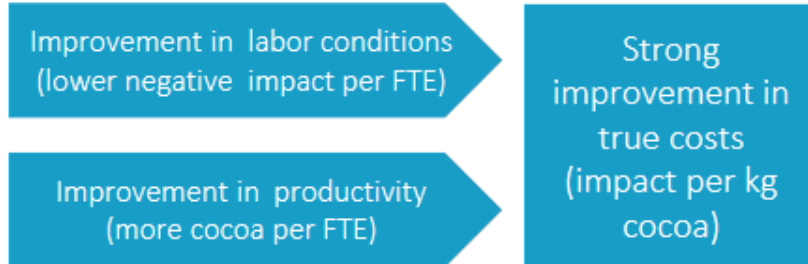
REPORTED 2015: Child labor

- 918,543 child laborers in Ghana
- 1,203,473 child laborers in Ivory Coast

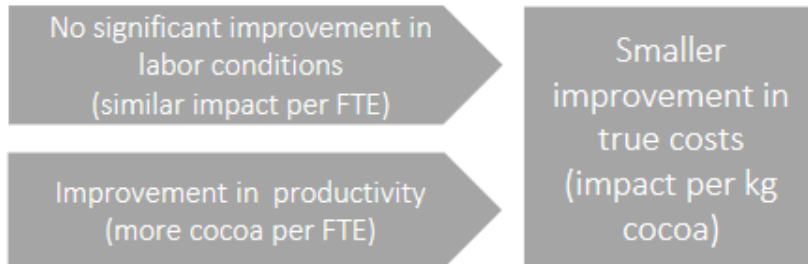


CLIMATE CHANGE AND LAND USE DRIVE ENVIRONMENTAL COSTS

TONY'S CHOCOLONELY



BENCHMARK

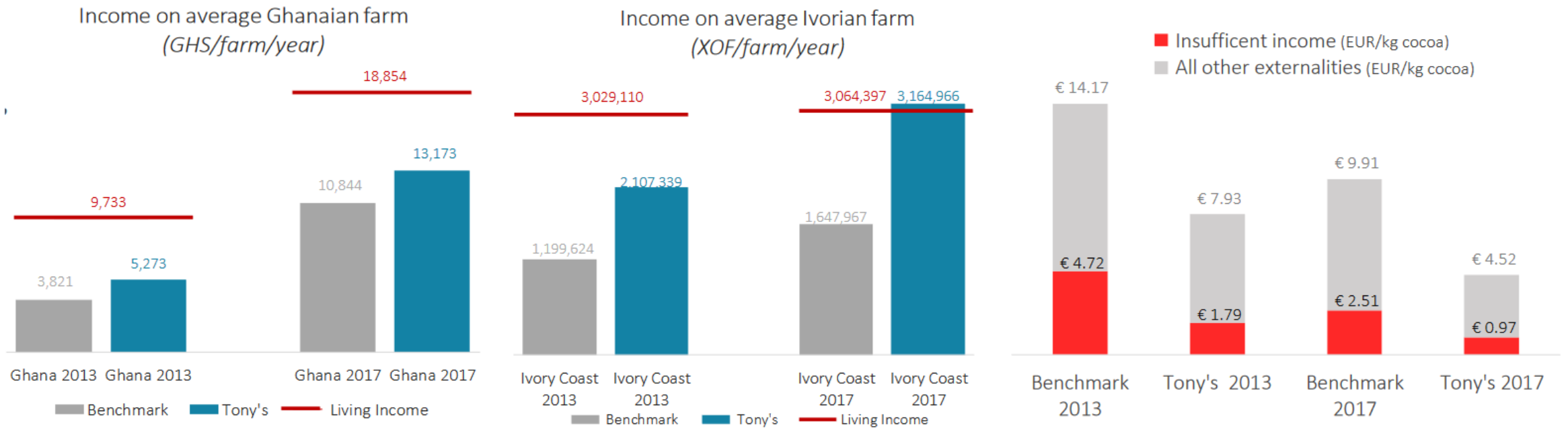


	Benchmark 2013	Tony's 2013	Benchmark 2017	Tony's 2017
Material use	€ 0.13	€ 0.11	€ 0.13	€ 0.09
Energy use	€ 0.02	€ 0.01	€ 0.02	€ 0.01
Water use	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Land use and land occupation	€ 0.62	€ 0.57	€ 0.65	€ 0.47
Air pollution	€ 0.13	€ 0.15	€ 0.14	€ 0.11
Soil pollution	€ 0.40	€ 0.37	€ 0.42	€ 0.30
Water pollution	€ 0.29	€ 0.26	€ 0.31	€ 0.22
Climate Change	€ 0.51	€ 0.46	€ 0.53	€ 0.38
Total environmental costs	€ 2.10	€ 1.94	€ 2.20	€ 1.59

Harassment	€ 1.42	€ 0.78	€ 0.96	€ 0.48
Occupational H&S risk	€ 1.22	€ 0.60	€ 0.86	€ 0.46
Insufficient income	€ 4.72	€ 1.79	€ 2.51	€ 0.97
Insufficient wages and social security	€ 0.46	€ 0.42	€ 0.49	€ 0.39
Child labor	€ 3.57	€ 1.99	€ 2.43	€ 0.63
Forced labor	€ 0.69	€ 0.41	€ 0.46	€ -
Total social costs	€ 12.07	€ 5.99	€ 7.72	€ 2.93



TONY'S GIVES MORE THAN THE SECTOR AVERAGE, BUT STILL HAS A GAP



LIVING INCOME STRATEGY IS GOOD, BUT NOT SUFFICIENT

- The policy is designed in such a way that an average farm which has a yield of 800kg/ha reaches a living income
- The yield target is not reached by many farmers. The average current yields are lower with 573 kg/ha in Ghana and 680 in Côte d'Ivoire
- Only farmers with at least 4.0 ha in Côte d'Ivoire and 2.6 ha Ghana will then earn more than a living income
- **On average a living income, but still farmer households below the threshold**



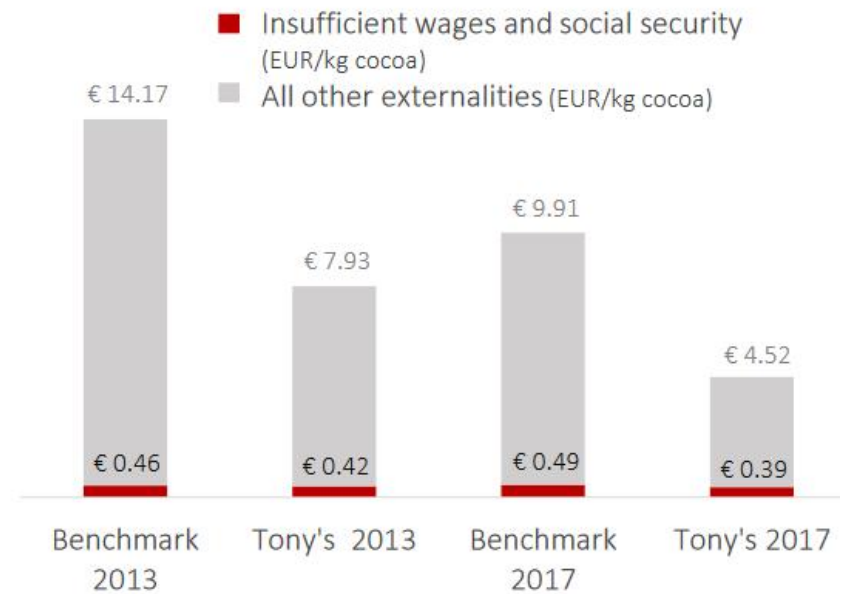
LIVING WAGES FOR HIRED LABOR IS AN UNDERINVESTIGATED PROBLEM

Tony's Wages (EUR/FTE/year)



Social Security Elements:

- + Workers with insufficient pension
- + Workers with insufficient unemployment insurance
- + Workers without paid sick leave
- + Workers without paid annual leave



HOW TO USE TRUE PRICING?

- **Map current costs**
 - Consider all costs
- **Create a vision for 2030 and beyond**
 - Adoption of Human Rights due diligence laws
 - Anticipate on even more vocal customer and stakeholder expectations
- **Identify a strategy on how to get there**
 - Include consumers
 - Have explicit and concrete demands for stakeholders





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Information, data, and drawings embodied in this document are confidential and are supplied with the kind request that they will be held confidentially and not disclosed to third parties without the prior written consent of True Price.

TRUE PRICE METHODS

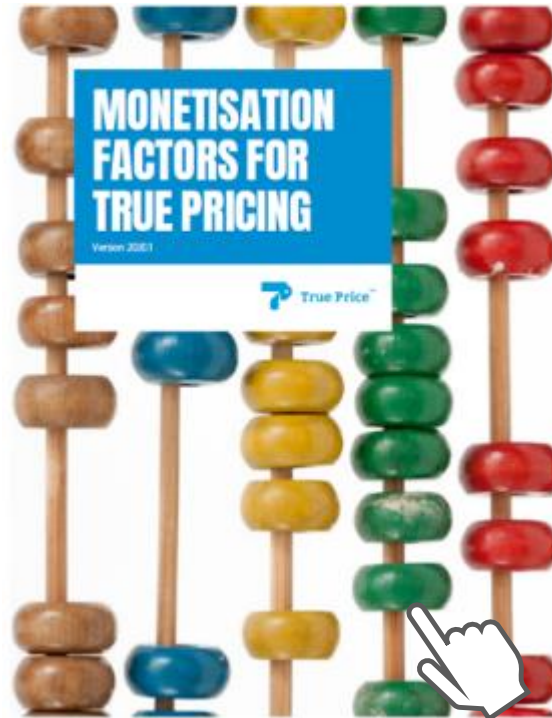
The publications below provide more information on our methodology

PRINCIPLES FOR TRUE
PRICING



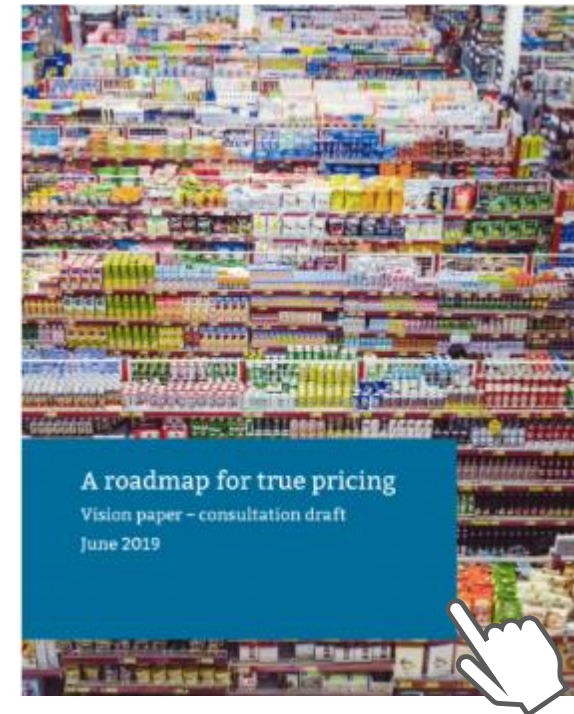
CLICK FOR LINK

MONETISATION FACTORS
FOR TRUE PRICING



CLICK FOR LINK

A ROADMAP FOR TRUE
PRICING





CLICK FOR LINK



APPLICATIONS OF TRUE PRICING

Various FMCG business applications of true pricing are illustrated below

	Solution	Description
Supply chain management 	Engagement strategy	Long-term strategy for engagement with suppliers and partners in the chain
	Supplier database	Data about true costs at suppliers in the value chain
	Value chain partnerships	Collaboration plan for chain management with external parties
	Supplier transformation	Transformation strategy for suppliers
Company Strategy 	Sustainability strategy	Optimization sustainability strategy based on data
	Investment solutions	Translating True Price insights to input for investment decisions
	Marketing plan	Plan for the use of True Price data for company-wide issue marketing
	Risk management	Management of reputation and sustainability risks
	Building up capacity	Training and transfer of True Pricing knowledge
Project for sustainability 	Remediation strategy	Set up strategy to remediate external costs
	Infrastructure	Store payment infrastructure for remediation
	Sustainability KPIs	Goal setting to decrease external costs (climate friendly, poverty free)
	Remediation partnership	Collaboration with partners for remediation
Consumer communication 	Interface	Online channel where consumers can find information about True Pricing
	Info(stand)	Info(stand) in the shop with important information about True Pricing
	Marketing	Marketing targeting consumers via e.g. flyers, billboard, newsletter
	Promotion	Promotions to nudge consumers into True Priced products
	Payment Infrastructure	Infrastructure and system in place for remediation of external costs
	Assurance	Support for external validation of True Price calculations



VISIT THE TRUE PRICE SUPERMARKET - 1E JACOB VAN CAMPENSTRAAT AMSTERDAM

