Product Sustainability Standard

Inclusive Trade FAQ



Version 1.0: June 2023

What is PCC's Inclusive Trade Program and standard?

PCC's Inclusive Trade Program is an effort to support businesses owned by individuals from historically and currently excluded communities, who have experienced disproportionate challenges and barriers due to deeply embedded structural discrimination. The Inclusive Trade Program is a voluntary program for businesses that make products we sell in our stores. Under the standard for the program, businesses must be at least 51% legally owned, operated, and controlled by an individual or individuals who identify as being from one or more of the five categories outlined in the standard. You can read more about the standard and specific requirements <u>here</u>.

Why does PCC have an Inclusive Trade Program and standard?

PCC has developed an Inclusive Trade Program and associated standard to encourage better awareness of and support for businesses owned by individuals that identify as members of historically and currently excluded communities and who have in turn experienced disproportionate discrimination and prejudice. As a result of historic and continued discrimination, many of these individuals are underrepresented in the business world and face additional barriers to starting businesses and expanding their market share. PCC's vision is to inspire and advance the health and well-being of people, their communities, and our planet. Our mission is to ensure that good food nourishes the communities we serve while cultivating vibrant local, organic food systems. To that end, it is important to PCC that we acknowledge our role in systemic marginalization and discrimination and begin to break down the barriers and uplift those in our communities who we and others have failed to include.

Why is the work around Inclusive Trade important?

We have an ethical obligation to upend historic systems of oppression and subjugation that have resulted in certain communities having less generational wealth, access to capital, political rights and freedoms, and representation in the business sector. Forging better pathways for a more inclusive marketplace is a critical component of creating a more equitable food supply system.

Why does PCC call their program Inclusive Trade?

As many recognize, this is a critical journey we are on to learn from past wrongs and create new pathways with that learning as a guide. Words, even when they seem simple, are embedded with power, history, and meaning. The first step we must take on the path towards a truly equitable marketplace is to more intentionally include those who have been excluded. The launch of this program and initial standard is that first step.

Will Inclusive Trade vendors be expected to meet PCC's existing products standards?

Yes. We will continue to uphold our strong product sustainability standards, such as ensuring 95% of our produce is organic 100% of the time and prohibiting many harmful petroleum-derived ingredients in food and health and body care products. We will not make exceptions to our standards that compromise other important components of our vision and mission and help to protect people and the planet. We will work with Inclusive Trade suppliers to answer questions and support them in meeting these standards.

Does a supplier have to participate in the Inclusive Trade Program, even if they meet the criteria?

Absolutely not. PCC's Inclusive Trade Program is a voluntary program, meaning that suppliers have the choice of whether they want to participate. We will not promote any brand as part of the program who has not expressed interest and agreed to be promoted. We greatly respect the agency of our vendors and their right to present the image of their company as they see fit. We are committed to ensuring our shoppers can find the suppliers they wish to support or see themselves represented in our selection of vendors, however, we also are committed to not making our vendors feel "tokenized." We will of course make every effort to ensure that existing suppliers and potential vendors who meet the criteria are aware of our standard, our program, and our options to be recognized.

How did PCC determine its Inclusive Trade categories?

Working with National Co+op Grocers (NCG) and other stakeholders who have embarked on similar pathways, PCC determined that as a starting point we would use federally designated diverse and minority-owned business categories as guides. Specifically, we looked at the US Census, Small Business Administration, and the US Department of Commerce diversity classifications and categories. By aligning with these classifications, we are also hopeful it will make it easier for our Inclusive Trade suppliers to access many of the business support programs that are available. We recognize that this is an imperfect solution and where possible have tried to create more depth, awareness, and classifications to support the inclusivity we are trying to cultivate. We will continue to listen and learn from our Inclusive Trade suppliers to identify improvements to future versions of the Inclusive Trade Standard and Program.

What are PCC's Inclusive Trade categories?

For the initial launch of the PCC Inclusive Trade Program, we identified five Primary Categories that businesses may select. These categories align with NCG's Inclusive Trade categories (see question below concerning NCG's program), with some minor modifications to the terms.

Our Primary Categories are:

- Women-Owned
- Black, Indigenous, and People of Color (BIPOC) or Persons of Color (POC)-Owned
- Lesbian, Gay, Bisexual and/or Transgender (LGBTQIA+)-Owned
- Veterans and service-disabled veterans-Owned
- Persons with Disabilities-Owned

Some of the categories of Inclusive Trade are very broad, why can't PCC create more specific categories for the program?

After many internal conversations and consultation with stakeholders, we determined that for the initial launch of the Inclusive Trade Program, the in-store signage would identify vendors as one of the five Inclusive Trade categories we outline in the standard or the general "Inclusive Trade" tag. We recognize the limitations of using these broader categories, particularly "Black, Indigenous, and People of Color" and are committed to working with our Inclusive Trade suppliers to identify additional categories that would offer a more complete and individualized representation of their cultures and identities.

What if a supplier does not want to be labeled on shelf with any of the current categories?

We recognize that the categories we have for the Inclusive Trade Program may not suit everyone's needs, which is why suppliers have the option to use a general label on the shelf that simply identifies them as an "Inclusive Trade" vendor but does not include any sub-category call out.

What kind of stakeholder engagement did PCC conduct in developing the Inclusive Trade Program and standard?

PCC engaged in multiple internal and external reviews of the Inclusive Trade Standard and Program framework. Materials were reviewed by PCC's internal Justice, Equity, Diversity, and Inclusion (JEDI) committee, which consists of staff from both the co-op office and stores. We also collected feedback from NCG and their Diversity, Equity, and Inclusion (DEI) manager, as well as another stakeholder recommended by NCG's DEI manager because of their leadership with a similar program. It was important for PCC to work collaboratively with individuals who are experts in this work and can speak about the issues personally, to ensure we are carrying out our efforts in an authentic and meaningful manner. We also know that some of the most important feedback will come from our Inclusive Trade suppliers as we work to shape future iterations of the standard and program.

How is PCC's program connected to the NCG "Inclusive Trade Program"?

PCC is a member of NCG, an overarching organization that supports cooperatives across the country. As a member, we are supportive of the work they are doing in this area and applaud their initiative to develop their Inclusive Trade Program. PCC's Program is built upon some of the framework of NCG's program. Our baseline requirement for qualifying as an "Inclusive Trade" supplier aligns with NCG's definition of a "Diverse Supplier," which they define as a business that is at least 51% owned, operated, and controlled by an individual or group that is part of a systemically underrepresented or underserved group; including businesses that are women-owned, BIPOC-owned, LGBTQIA+-owned, veteran/service-disabled veteran-owned, or owned by persons with disabilities.

PCC's Inclusive Trade categories are reflective of NCG's categories, with some minor modifications to the terms. For reference, NCG tracks its Diverse Suppliers according to the following categories:

• Women Business Enterprise (WBE)

- Minority Business Enterprise (MBE)
- Lesbian, Gay, Bisexual and/or Transgendered Owned Business Enterprise (LGBTBEs)
- Veteran Business Enterprise (VBE)
- Disability Owned Business Enterprise (DOBE)

Why do non-local, domestic producers have to be certified,¹ but local producers do not?

PCC has created an exemption from the certification requirement for this standard to minimize the barriers to participation for our local, and often smaller, vendors, since some certifications can be burdensome. With larger, non-local companies, where we do not often have direct relationships or as deep an understanding of ownership structures, we must rely on certifications to verify a vendor's eligibility in the program. PCC is very committed to expanding our Inclusive Trade Program but must do this with integrity. The risk of fraud we would hope is low, however, when it comes to attributes that can be leveraged for marketability, there is always a chance that someone will take advantage and further perpetuate some of the harms we are working to mend. By requiring national brands to have certifications and waiving the requirement for local brands, we are trying to strike that balance. Even for local vendors, we still require some form of verification, such as a signed checklist and affidavit.

Why are some of PCC's Private Label products identified as "Inclusive Trade"?

PCC's Private Label (PL) program is not about creating anonymous products, it is about cultivating relationships, and amplifying the stories of our producers. Our PL suppliers are our partners, but we do not own, operate, or control them. Therefore, our PL partners who are enrolled in the Inclusive Trade Program can have their PL items identified with their Inclusive Trade shelf tags if they choose.

Can international suppliers and products be part of the Inclusive Trade Program?

For the initial launch of the Inclusive Trade Program, no. We fully recognize that inclusivity by definition must extend beyond our normative boundaries and culture, however, because verification and authentication is more challenging for international products, we are limiting the Inclusive Trade program to domestic producers at this time. Much like other pieces of our standard and program, we hope to work with our Inclusive Trade supplier community to find solutions that enable us to improve and expand the program.

Where can I learn more about the Inclusive Trade Program and standard?

If you have additional questions about the Inclusive Trade Program or would like to learn how to enroll in the program, please contact us at <u>inclusivetrade@pccmarkets.com</u>.

¹ Certifications being referenced are the specific ones outlined in the Inclusive Trade standard.