FAIRTRADE – GROWING LOCALLY, CONNECTED GLOBALLY
ANNUAL REPORT AND IMPACT REPORT 2014-2015
FAIRTRADE AMERICA
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWING, WITH HELP FROM OUR FRIENDS</td>
<td>3</td>
</tr>
<tr>
<td>A CHALLENGING ENVIRONMENT</td>
<td>4</td>
</tr>
<tr>
<td>INVESTMENT IN THE FUTURE</td>
<td>5</td>
</tr>
<tr>
<td>FAIRTRADE’S IMPACT</td>
<td>6</td>
</tr>
<tr>
<td>OUR “THEORY OF CHANGE”</td>
<td>8</td>
</tr>
<tr>
<td>A LEARNING SYSTEM</td>
<td>9</td>
</tr>
<tr>
<td>COCOA – ONE PERSON’S INDULGENCE, ANOTHER’S LIVELIHOOD</td>
<td>10</td>
</tr>
<tr>
<td>POWER OF CONSUMERS AND COLLABORATION</td>
<td>11</td>
</tr>
<tr>
<td>GROWTH OF FAIRTRADE IN THE U.S. MARKET</td>
<td>12</td>
</tr>
<tr>
<td>ANNUAL ACCOUNTS AND FINANCIAL STATEMENT 2014</td>
<td>13</td>
</tr>
<tr>
<td>ON AN EQUAL FOOTING</td>
<td>14</td>
</tr>
</tbody>
</table>

1.5 MILLION FARMERS AND WORKERS IN 74 COUNTRIES

THE MOST TRUSTED ETHICAL LABEL IN THE UNITED STATES

THE ONLY SUSTAINABILITY LABEL WHERE PRODUCERS HAVE EQUAL RIGHTS IN GOVERNANCE

MORE THAN 1,100 DIFFERENT FAIRTRADE PRODUCTS ARE AVAILABLE IN THE UNITED STATES
Dear Friends,

In April, 2013 when the two of us met for the first time at the Specialty Coffee Association of America Expo (SCAA) in Boston, Fairtrade America was brand new — the board of directors was interviewing for its first executive director. Small-holder coffee producers told us Fairtrade’s Minimum Price and Fairtrade Premium were important tools for improving their livelihoods and for enabling investment in their farms and communities. But they said climate change was devastating their crops, and they weren’t selling enough of their coffee and other products on Fairtrade terms. They wanted Fairtrade America to help struggling producers in the Global South access U.S. markets and find business partners who value their role in delivering coffee, cocoa, bananas and other products American consumers enjoy every day.

Two and a half years later, it is gratifying to report on the progress we’ve made. Our staff has grown from 2 to 15. In 2014 we more than doubled sales of Fairtrade certified products in the United States and generated nearly $5 million in Fairtrade Premiums that small-scale farmers and workers invested in projects to strengthen their farming operations and their communities.

As we’ve moved from start-up to stability and as we strive to expand our impact, we truly appreciate what it means to be part of a global movement. We depended on colleagues throughout the international Fairtrade system — especially our friends at Fairtrade Canada — to help us establish a firm foundation. We are proud of our connection to a system where 1.5 million farmers and workers in 74 countries share equally in Fairtrade’s governance and are at the table for important decision-making from standard setting to strategy. And we value innovative thought and action that producer networks and experts in our system are leading to address the devastating impacts of climate change, to advance toward living incomes and wages, to increase gender equity and to engage Fairtrade producer organizations — and youth in particular — in developing strategies to tackle child labor in their communities.

From the start, Fairtrade America has also been supported and guided by leaders in the U.S. fair trade community, and we are committed to deepening and broadening our collaboration with organizations that share our vision of a more equitable world. We’ve formed an Advisory Council of diverse stakeholders who will serve in a strategic capacity to help us effectively expand U.S. market opportunities for Fairtrade farmers and workers, and define our most impactful role in the broader social justice community to influence thought leadership, policy-making and business practices aimed at making trade more just and equitable.

In this report, we share information about the ever-increasing challenges producers in the Global South face, how Fairtrade is working for change, and how our system’s impact is being evaluated. We look forward to continuing our work with all of you to create a world in which all farmers and workers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future.

Hans Theyer  
Executive Director of Fairtrade America

Werner Kiene  
Chair, Fairtrade America Board of Directors
Many small-scale farmers and workers in developing countries and emerging economies are living constantly on the poverty line, or, indeed, below it. They neither have promising prospects within agriculture, nor any realistic alternatives. Small-scale farmers suffer the effects of fluctuating commodity prices as well as, not infrequently, the effects of trade structures that shunt price pressures and risk onto the first and weakest link in the value chain. Increasing cost of living and climate change are also key issues, along with yield losses and structural problems such as the small cultivation areas and low levels of development in rural areas. This is the complex and often poverty-stricken context in which Fairtrade operates – with the aim of empowering producers on a long-term, sustainable basis through interventions based on organizational structure and trading standards.

**HAVING AN IMPACT IS NOT A STATIC STATE, BUT AN ONGOING PROCESS AT A NUMBER OF LEVELS:**

- **Empowerment**
  Strong producer organizations are the key to self-determined development. Fairtrade helps to nurture this through democratically organized cooperatives and workers’ organizations. Joining forces with each other encourages the producers to share their knowledge internally while giving them a stronger presence externally.

- **Fair trading relationships**
  Fairtrade provides access to markets on improved terms and helps to establish long-term, partnership-oriented trade relationships. The Minimum Prices offer a safety net, while the supplementary Fairtrade Premium enables important investments to be made (see next page).

- **Sustainable livelihoods and natural resources**
  Fairtrade leads to improvements in production in terms of quality as well as productivity, and often also to greater value creation in the producer countries. The protection of natural resources, along with obtaining fairer working conditions and better health care are some of Fairtrade’s key areas of impact.

**CHALLENGES ALONG THE ROAD TO DEVELOPMENT**

Despite Fairtrade’s positive impact, small-scale farmers and workers operate in a context where economic pressures are formidable, equality of opportunity remains an issue in many countries and climate change is presenting farmers with immense challenges. Fairtrade programs targeting gender equality and climate change offer additional support for producer organizations, but in order to overcome these deeply rooted problems, political and economic measures must also be implemented.
INVESTMENT IN THE FUTURE

THANKS TO THE FAIRTRADE PREMIUM FARMERS AND WORKERS DECIDE FOR THEMSELVES WHAT INVESTMENTS ARE BEST FOR THEM AND THEIR COMMUNITIES.

In addition to the selling price for their commodities and products, the producer organizations also receive a Fairtrade Premium. This money goes towards projects which benefit the whole community. Small-scale farmers and workers make their own decisions, through a democratic process, on what projects should be implemented with the funds from the Premiums. This ownership is one of the primary success factors for the sustainability of such projects.

In 2012/2013, 125 million US dollars were paid to small-scale producer organizations and worker associations, over a period of twelve months. In the United States, sales of Fairtrade products in 2014 generated nearly $5 million in Fairtrade Premiums, representing a 420% increase over 2013. The graphs below show that producer cooperatives invest the money primarily in the development of their businesses, while worker associations on plantations often invest in education projects.

**Allocation of Premiums by Producer Organizations (Total: 106 Million US Dollars)**

**Services for farmers (41%)**
- 17% Payments to farmers
- 7% Agricultural equipment and resources
- 5% Various services to benefit farmers
- 4% Training in agricultural and business practices
- 4% Credit and financing
- 2% Implementation of good agricultural practices
- 1% Education and training for farmers and their families
- 1% Health care for farmers and their families

**Investment in producer organizations (48%)**
- 24% Human resources and administration
- 23% Infrastructure of producer organizations
- 1% Training for staff and representatives of producer organizations

**Community services (9%)**
- 2% Schools and education
- 2% Health care
- 2% Social projects (e.g., disaster aid, recreational activities)
- 1% Environment
- 1% Community infrastructure
- 1% Various services to benefit the community

**Other (2%)**

**Allocation of Premiums by Worker Organizations on Plantations** (Total: 19 Million US Dollars)

**Training and empowerment (13%)**
- 9% Support of worker organizations (e.g., Premium Allocation Committee)
- 4% Training for workers and their representatives

**Community services (20%)**
- 9% Schools and education
- 4% Social projects (e.g., disaster aid, recreational activities)
- 4% Health care
- 2% Community infrastructure
- 1% Various services to benefit the community

**Services for workers and their families (65%)**
- 17% Investment in accommodation and housing
- 15% Scholarships and educational projects
- 13% Various services to benefit workers and their families
- 12% Credit and financing
- 7% Health care
- 1% Payments to workers

**Other (2%)**

“**A Key to Fairtrade’s success is its support for farmers to build strong organizations and implement development projects on their own terms according to their priorities.”**

MERLING PREZA
General Manager of PRODECOOP

---

* In plantations, the Premium is managed by the workers.
FAIRTRADE’S IMPACT

IN RECENT YEARS, A NUMBER OF DIFFERENT STUDIES HAVE EXAMINED THE IMPACT OF FAIRTRADE. THESE HAVE SERVED TO UNDERLINE THE VARIOUS POSITIVE EFFECTS OF FAIRTRADE, AS WELL AS THE CHALLENGES THAT REMAIN.

The full studies can be found online at: www.fairtradeamerica.org/en-us/what-is-fairtrade/reports

MARKET ACCESS AND WORKING CONDITIONS

La Corporación para el Desarrollo Empresarial Rural (CODER) carried out a study on small-scale banana farmers and workers on banana plantations in Colombia (2014). The study indicates that participation in a Fairtrade program raises household income and reduces production costs. Working conditions improved, as did the quality of housing. At the same time, the study showed that low market prices put farmers and workers at risk, and that Fairtrade needs to do more to improve market access for them.

Study

EMPOWERMENT OF WORKERS

A study commissioned by the Max Havelaar Foundation (Switzerland) and Fairtrade International examined the empowerment of workers on flower farms in Ecuador (2014). The workers emphasize the importance of having, among other things, a secure job. From a longer-term perspective, however, most of those who took part in the study aspire to a greater level of independence through some kind of self-employed enterprise activity. Being employed in a Fairtrade certified operation is an attractive means of working toward this, with stable and appropriate wages on the one hand, and an increased level of confidence on the other, thanks to training opportunities and active participation in workers’ organizations.

Study
FAIRTRADE ASSISTS FARMER ORGANIZATIONS IN FINDING SOLUTIONS TO NEW CHALLENGES, AND ENCOURAGES DIALOGUE WITH LABOR UNIONS.

JULIA MALQUIN
Fairtrade Advisor on Workers’ Rights in Latin America

POVERTY REDUCTION

A group of scientists at the University of Göttingen carried out a study into certification systems in Uganda (2013), focusing on small-scale coffee farmers. According to their findings, Fairtrade certification raised producers’ living standards by 30% while at the same time reducing the level and extent of poverty. Fairtrade showed significantly better results in comparison with the various other certification systems. The researchers attributed this to improved market access, the Fairtrade Minimum Price and the Premium, as well as the possibility of keeping the further processing of the coffee within the cooperative.

MINIMUM PRICE BRINGS STABILITY

The Max Havelaar Foundation (Switzerland) and its sister organization Max Havelaar Netherlands together commissioned an evaluation of Fairtrade certified orange juice producers in Brazil (2014). The study highlights the central role of the Fairtrade Minimum Price and the importance of good working relationships between producers and processing plants during the financial crisis. It also concludes that Fairtrade makes an important contribution to ensuring environmentally responsible production. The authors nevertheless acknowledge that workers employed by the farmers do not benefit from Fairtrade to the same extent.

HIGHER INCOMES

Researchers at Harvard University reviewed a number of independent studies on the economic impacts of Fairtrade (2014). They concluded that Fairtrade certified producers obtain better prices and achieve higher yields and, thus, higher incomes, and are also better off in terms of financial stability. The research also examined whether Fairtrade tends to certify farmers who are already in a better position. As it turns out, the opposite is likely the case: it is primarily the poorer, more marginalized producers who benefit from Fairtrade. The impact of Fairtrade may, therefore, be underestimated, rather than overestimated.

GREATER EQUALITY

Twin Trading studied the experiences of women in supply chains in the Dominican Republic, Uganda, Ecuador, Ghana and Peru (2012). The study highlighted the crucial but often unnoticed and unpaid role of these women. In many countries, most of the land is in the hands of men, and it is the men’s work which is visible to the outside world: for example, when they are selling their crops. This also holds true for Fairtrade certified organizations, although the study indicates that women in Fairtrade organizations have more opportunities than their counterparts in less-organized, non-Fairtrade certified cooperatives.
The development of the Fairtrade Standards is our most fundamental and outwardly visible tool for the development of farming families and workers. These standards include the Fairtrade Premium and the Minimum Price set for many commodities. In addition to its standards and certification, however, Fairtrade provides other direct and indirect support for producers and their organizations. It works with civil society organizations to create more sustainable supply chains, and stimulates consumer demand as well as the engagement of the public with Fairtrade issues.

OBJECTIVES IN A VARIETY OF AREAS

Our “Theory of Change”, Fairtrade’s impact model, defines various impact pathways within the spheres of economy, ecology and society in which Fairtrade aims to bring about change. These include improved income, resilience to climate change, and sustainable food security. However, the outlined areas of activity are not restricted to the conditions for small producers and workers in the producer countries. There are also goals which focus on creating change with respect to consumer behavior, more sustainable business practices in trading and processing, and improvements in the regulatory framework.

MONITORING, EVALUATING AND LEARNING

In order to assess whether Fairtrade is, indeed, bringing about change, regular monitoring and evaluation is carried out through data collection and analysis, thus providing a verifiable record of outcomes. In the context of the current strategic development of Fairtrade International, the findings of a wide range of internal and external impact studies on Fairtrade were systematically evaluated, and reflected against the “Theory of Change”. Based on this analysis, in its annual planning activities worldwide, the resources of Fairtrade can be targeted at the specific impact goals. In order to achieve this, it is crucial that the various instruments, such as support for producers, opening up of markets, standard setting and certification, go hand in hand with projects and partnerships, public relations work and advocacy.
A LEARNING SYSTEM

FAIRTRADE IS A SYSTEM THAT IS CONTINUALLY EVOLVING. ALTHOUGH A GREAT DEAL HAS BEEN ACHIEVED OVER THE PAST TWO DECADES, THERE IS STILL MUCH WORK TO BE DONE. WE ARE SETTING OURSELVES NEW CHALLENGES, AND RESPONDING ACTIVELY TO CHANGE.

Fairtrade makes smart use of impact studies to continually improve its activities on the basis of the findings and recommendations. The regular evaluations of key issues are actively employed in the improvement process, along with feedback from practitioners in the field. New insights into the needs of producer and workers’ organizations and the challenges they face have led to a rethink and gradual expansion of the local-level support given to producers. The strengthening and development of business skills plays a central role here. Structured management and a knowledge of how to market and process their produce more effectively should help producer cooperatives to improve their professionalism and thus achieve a stronger market presence. As far as plantations are concerned, it is important that workers know their rights, and also that workers’ organizations invest their Fairtrade Premiums as efficiently and effectively as possible. In other areas, such as good cultivation practices, organic conversion or quality improvement training, Fairtrade is capitalizing to a greater extent on existing strategic partnerships as well as looking to develop new collaborations.

FINDINGS INFORM STANDARDS

The findings of numerous studies also have an influence on the Fairtrade Standards, which are regularly revised. Thus, for instance, the results from studies on working conditions on plantations have been collated and used for the purposes of a recent revision of hired labor standards. In this way, Fairtrade ensures that research findings result in learning processes which, in turn, bring about change and continued development.

Another project is concerned with the challenges facing workers on small-scale farms. The main focus here is on documenting existing examples of best practice involving workers on small farms and then using these to encourage peer learning processes among the various producers themselves.

Fairtrade International is a member of the ISEAL Alliance, the umbrella organization for sustainability schemes, which establishes various quality criteria that the members must adhere to. For instance, ISEAL sets out the process by which standards must be developed. Another requirement is that sustainability initiatives have to evaluate their impact, and devise their strategies in line with research findings and learning processes. ISEAL also stipulates that every organization should develop a so-called “Theory of Change”. This is an impact model which describes what an initiative such as Fairtrade does, and the ways in which this should lead to positive changes in the short, medium and long term. Fairtrade has developed such an impact model, and operates its Monitoring, Evaluation & Learning system in accordance with the ISEAL quality criteria.

www.isedalliance.org

“WE DON’T SHY AWAY FROM CHALLENGES, BUT MEET THEM HEAD-ON. WE LEARN AND DEVELOP OURSELVES, AND IN THIS WAY, STEP BY STEP, WE ARE DOING OUR PART FOR GLOBAL FAIRNESS.”

LARRY ATTIPOE
Development Director of Fairtrade International
COCOA – ONE PERSON’S INDULGENCE, ANOTHER’S LIVELIHOOD

“MOST COCOA GROWERS HAVE NEVER TASTED A PIECE OF CHOCOLATE”, SAYS FORTIN BLEY (ABOVE), A COCOA FARMER IN IVORY COAST. TO HIM, AND AROUND 5 MILLION OTHERS WITH SMALL FAMILY-OWNED FARMS, COCOA PRIMARILY MEANS ONE THING: LIVELIHOOD.

An average of nearly 9.5 pounds of chocolate are consumed per person every year in the United States – a lucrative business, one would think, for those who cultivate the primary product. This is often not the case, however. For hundreds of thousands of cocoa farmers, most of them in West Africa, this tough work is hardly worth their while. There is often a lack of information on how they can improve the quality and yield of their cocoa plants; added to which are aging tree stocks and soil degradation. Alongside the Minimum Price, the Fairtrade Premium is an important tool in our efforts to counteract these trends. The CANN cooperative in Ivory Coast, for instance, has invested a portion of its Fairtrade Premium in training to improve farming practices.

COLLECTIVELY STRENGTHENING THE BARGAINING POSITION

The strategy of small-scale farmers joining cooperatives, as prescribed in the Fairtrade Standards, gives farmers greater market power through a collective market presence. This approach also encourages knowledge sharing, and producer organizations are thus able to improve their professionalism. Cocoa farmer and Secretary General of the CANN cooperative Fortin Bley says: “Fairtrade promotes good planning and structured working. That has led to a positive change in the farmers’ attitudes towards their work. It has also meant that the cooperative members exchange notes far more – and that strengthens us as an organization.”

PUTTING YOUTH AT THE HEART OF EFFORTS TO ADDRESS CHILD LABOR

Child labor in cocoa production has long been a problem, and Fairtrade’s producer networks are taking on this challenge, running child labor prevention trainings for producer organizations, and supporting producer organizations to establish self-governing systems to monitor and remediate child labor. Importantly, these systems are being designed with young people’s input, and reflect local understanding and community realities.

Governments are recognizing Fairtrade’s approach: the Costa Rican government, for example, has committed to implementing a child protection program with Fairtrade’s support.

| 176,600 COCOA FARMERS IN 20 COUNTRIES | 6.4 ACRES – AVERAGE AREA UNDER CULTIVATION | 46% OF THE FAIRTRADE PREMIUM SPENT ON IMPROVING PRODUCTIVITY & QUALITY |
CONTRIBUTING TO A GROWING MOVEMENT FOR FAIR TRADE POLICIES AND PRACTICES

As the number of consumers demanding fairly-traded products grows, sustainable sourcing will follow. But that’s not enough. Fairtrade remains a small percentage of global trade and we’re working to make sure smallholder farmer and worker voices are heard by U.S. business leaders, development agencies and government policy makers. That’s why we were at the United Nations in July on behalf of the international Fairtrade system. We delivered the message that smallholder farmers and workers must be heard at the highest levels of government and commerce if we are to achieve the new Sustainable Development Goals. We’re also pursuing collaboration with other organizations that work on the issues Fairtrade producers say are important — issues like living incomes and wages, gender equity, fighting climate change and ensuring that family farming is a viable choice for future generations.

Fairtrade America aims to tackle poverty and injustice through trade. We work with businesses, civil society, producers and individuals to facilitate market access and drive consumer demand for fairly traded products so that smallholder farmer and worker organizations can sell more of their goods on Fairtrade terms. Just as important, we seek to foster a movement for change, where trade becomes a powerful platform for narrowing the poverty-wealth gap; for enabling farmers, workers and their communities to flourish; and for embedding respect for human rights and the environment in supply chains of the products we enjoy every day.

AMPLIFYING THE VOICES OF FARMERS AND WORKERS

We’re proud to be part of an international Fairtrade system where smallholder farmers and workers hold equal voting rights at the highest level of governance. Our role is to make sure U.S. consumers understand producers’ challenges and priorities, become more aware of the importance of fair trade, and use the power of their purchases to make a difference.

This summer we hit the streets of Washington, D.C. with Ben & Jerry’s to dole out ice cream along with a call for action on behalf of farmers suffering the effects of climate change. We hosted Fairtrade study breaks on college campuses, and supported hundreds of events in shops, schools, places of worship and communities during World Fair Trade Day and Fair Trade Month. And we’re using social media to interact with a growing number of consumers and advocates who — once connected with the stories of farmers and workers — are making better choices based on the impact of their purchases, and becoming advocates for equity and justice in trade.

CONTRIBUTING TO A GROWING MOVEMENT FOR FAIR TRADE POLICIES AND PRACTICES

As the number of consumers demanding fairly-traded products grows, sustainable sourcing will follow. But that’s not enough. Fairtrade remains a small percentage of global trade and we’re working to make sure smallholder farmer and worker voices are heard by U.S. business leaders, development agencies and government policy makers. That’s why we were at the United Nations in July on behalf of the international Fairtrade system. We delivered the message that smallholder farmers and workers must be heard at the highest levels of government and commerce if we are to achieve the new Sustainable Development Goals. We’re also pursuing collaboration with other organizations that work on the issues Fairtrade producers say are important — issues like living incomes and wages, gender equity, fighting climate change and ensuring that family farming is a viable choice for future generations.

Fairtrade America aims to tackle poverty and injustice through trade. We work with businesses, civil society, producers and individuals to facilitate market access and drive consumer demand for fairly traded products so that smallholder farmer and worker organizations can sell more of their goods on Fairtrade terms. Just as important, we seek to foster a movement for change, where trade becomes a powerful platform for narrowing the poverty-wealth gap; for enabling farmers, workers and their communities to flourish; and for embedding respect for human rights and the environment in supply chains of the products we enjoy every day.

AMPLIFYING THE VOICES OF FARMERS AND WORKERS

We’re proud to be part of an international Fairtrade system where smallholder farmers and workers hold equal voting rights at the highest level of governance. Our role is to make sure U.S. consumers understand producers’ challenges and priorities, become more aware of the importance of fair trade, and use the power of their purchases to make a difference.

This summer we hit the streets of Washington, D.C. with Ben & Jerry’s to dole out ice cream along with a call for action on behalf of farmers suffering the effects of climate change. We hosted Fairtrade study breaks on college campuses, and supported hundreds of events in shops, schools, places of worship and communities during World Fair Trade Day and Fair Trade Month. And we’re using social media to interact with a growing number of consumers and advocates who — once connected with the stories of farmers and workers — are making better choices based on the impact of their purchases, and becoming advocates for equity and justice in trade.
GROWTH OF FAIRTRADE IN THE US MARKET

FROM COFFEE AND COCOA THROUGH WINE AND SPICES TO COTTON PRODUCTS AND EVEN GOLD: FAIRTRADE PRODUCTS ARE INCREASINGLY GAINING IN IMPORTANCE – IN BOTH RETAIL AND THE OUT-OF-HOME SECTOR. THAT’S GOOD NEWS FOR PRODUCER ORGANIZATIONS, AS THEY TYPICALLY RECEIVE BETWEEN 15 AND 65% EXTRA WHEN THEY SELL THEIR PRODUCTS UNDER FAIRTRADE TERMS.

American consumers spent more than $750 million on Fairtrade certified products in 2014, making a major contribution to improving living standards for farmers and workers in the producing countries. Certified farmer and worker organizations that produce classic Fairtrade commodities such as bananas, flowers, coffee and cocoa are selling increasing amounts of their products in the U.S. market. Retailers and institutions are increasingly investing in sustainable supply chains, in purchasing Fairtrade commodities, and in extending their ranges of Fairtrade products. In 2014, 74 licensees and multiple retailers and food service providers were already committed to offering Fairtrade. The retail and out-of-home sector saw increases in sales of Fairtrade products of 137% and 46%, respectively. Despite this encouraging growth, there is still a large surplus of numerous Fairtrade commodities that are not sold on Fairtrade terms, and many producers are looking for additional opportunities to sell their products.

TOP FAIRTRADE PRODUCTS SOLD INTO THE U.S. MARKET

<table>
<thead>
<tr>
<th>Product</th>
<th>Sales (USD)</th>
<th>Change comp. to 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar/honey</td>
<td>572,924,000</td>
<td>165.1%</td>
</tr>
<tr>
<td>Cocoa</td>
<td>92,964,000</td>
<td>54.9%</td>
</tr>
<tr>
<td>Roasted coffee</td>
<td>70,363,000</td>
<td>86.8%</td>
</tr>
<tr>
<td>Herbs/spices</td>
<td>14,174,000</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Fresh fruit/flowers</td>
<td>9,906,000</td>
<td>44.0%</td>
</tr>
<tr>
<td>Wine</td>
<td>4,651,000</td>
<td>130.7%</td>
</tr>
<tr>
<td>Tea</td>
<td>727,000</td>
<td>-70.6%</td>
</tr>
<tr>
<td>Cotton products</td>
<td>230,000</td>
<td>-73.7%</td>
</tr>
<tr>
<td>Total</td>
<td>765,939,000</td>
<td>121.5%</td>
</tr>
</tbody>
</table>

RETAIL VALUE OF FAIRTRADE SALES IN THE U.S. MARKET

FAIRTRADE AND ORGANIC IN THE UNITED STATES

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage of Fairtrade products sold with organic certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bananas</td>
<td>100%</td>
</tr>
<tr>
<td>Avocados</td>
<td>100%</td>
</tr>
<tr>
<td>Honey</td>
<td>100%</td>
</tr>
<tr>
<td>Cotton</td>
<td>73%</td>
</tr>
<tr>
<td>Tea</td>
<td>51%</td>
</tr>
<tr>
<td>Sugar</td>
<td>40%</td>
</tr>
<tr>
<td>Cocoa</td>
<td>27%</td>
</tr>
<tr>
<td>Roasted coffee</td>
<td>24%</td>
</tr>
<tr>
<td>Wine</td>
<td>0%</td>
</tr>
</tbody>
</table>

"WITH FAIRTRADE, SHOPPERS KNOW THEY’RE MAKING A DIFFERENCE. FARMERS IN DEVELOPING COUNTRIES IMPROVE THEIR LIVELIHOODS AND CAN PLAN FOR THEIR FUTURE."

ZOE MESNIK-GREENE
CEO of StartMark | Lasting Smiles
FOR THE 2014 FINANCIAL YEAR, FAIRTRADE AMERICA GREW REVENUES AND SUCCESSFULLY TRANSITIONED FROM START UP TO STABILITY.

Fairtrade America achieved a gratifying 80 percent growth in revenues in 2014, the organization’s second operational year. This was due to the positive developments in sales of products bearing the Fairtrade Mark, and the associated license fees. Expenses were aimed at investing in market development, and in activities to drive awareness of Fairtrade in the United States with the goal of increasing demand for and sales of Fairtrade certified products. Fairtrade America ended 2014 in a solid financial position. This gives the organization the resources necessary to continue growing the Fairtrade market on behalf of farmers, farm workers and artisanal miners across the Global South.

**2014 EXPENDITURE BY AREA**

- 37% Market development
- 28% Public education & awareness
- 18% Licensing
- 12% Administration/Infrastructure
- 5% Governance

**BALANCE SHEET**

<table>
<thead>
<tr>
<th>Assets USD</th>
<th>DEC 31, 2014</th>
<th>DEC 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>1,539,208</td>
<td>902,896</td>
</tr>
<tr>
<td>Liquid assets</td>
<td>901,331</td>
<td>175,037</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>614,594</td>
<td>712,652</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>23,983</td>
<td>15,207</td>
</tr>
<tr>
<td>Fixed and other assets</td>
<td>5,894</td>
<td>2,104</td>
</tr>
<tr>
<td>Property less depreciation</td>
<td>418,972</td>
<td>125,098</td>
</tr>
<tr>
<td>Other assets and deposits</td>
<td>1,575</td>
<td>0</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,545,102</td>
<td>905,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>503,965</td>
<td>579,184</td>
</tr>
<tr>
<td>Accounts payable &amp; accrued liabilities</td>
<td>461,732</td>
<td>543,980</td>
</tr>
<tr>
<td>Other liabilities, deferred &amp; unearned revenue</td>
<td>42,233</td>
<td>35,207</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,041,137</td>
<td>325,816</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,041,137</td>
<td>325,816</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>1,545,102</td>
<td>905,000</td>
</tr>
</tbody>
</table>

**PROFIT AND LOSS ACCOUNT**

<table>
<thead>
<tr>
<th>Revenue USD</th>
<th>DEC 31, 2014</th>
<th>DEC 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing fees</td>
<td>1,870,687</td>
<td>1,026,577</td>
</tr>
<tr>
<td>Project fees</td>
<td>38,025</td>
<td>13,162</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,969</td>
<td>7,200</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,901,681</td>
<td>1,046,939</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses USD</th>
<th>DEC 31, 2014</th>
<th>DEC 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>418,972</td>
<td>125,098</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>70,075</td>
<td>130,873</td>
</tr>
<tr>
<td>Marketing and communications costs</td>
<td>453,643</td>
<td>335,006</td>
</tr>
<tr>
<td>Licensing costs</td>
<td>213,761</td>
<td>285,369</td>
</tr>
<tr>
<td>Governance costs</td>
<td>37,330</td>
<td>60,509</td>
</tr>
<tr>
<td>Depreciation costs</td>
<td>1,579</td>
<td>314</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,195,360</td>
<td>937,169</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Profit (Loss)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit (Loss)</td>
<td>715,321</td>
<td>109,770</td>
</tr>
</tbody>
</table>

The financial records of Fairtrade America are presented on an accrual basis of accounting and have been carried out in accordance with generally accepted accounting principles in the United States and FASB ASC 958, Not-for-Profit-Entities. The financial records of Fairtrade America are presented fairly, in all material respects, the financial position of Fairtrade America as of December 31, 2014. They give a true and fair view of the assets, financial position and profit situation. Fairtrade America has voluntarily had an audit beginning with the year they were incorporated, 2012.

The financial records of Fairtrade America were comprehensively reviewed in a voluntary audit by Gelman, Rosenberg & Freedman. The Full auditors report and the annual 990 can be found at www.fairtradeamerica.org.
FAIRTRADE IS AN INTERNATIONAL NETWORK IN WHICH ALL PRODUCERS HAVE EQUAL RIGHTS TO PARTICIPATE IN GOVERNANCE.

With a 50% voting weight in all the important decision-making forums and international committees, the producer networks play an active role in helping to shape the Fairtrade movement. Fairtrade International is now taking the additional step of gradually transferring the responsibility for local support of the producers to the three producer networks, thus extending their role.

THE MAIN PILLARS OF THE FAIRTRADE SYSTEM

The international umbrella organization
Fairtrade International
• is responsible for the strategic direction of Fairtrade and for the development of the Fairtrade Standards.
• is driven by the producer networks and the national Fairtrade Mark organizations.

www.fairtrade.net

The three Fairtrade producer networks—CLAC (Latin America), NAPP (Asia & Pacific) and Fairtrade Africa
• represent the interests of the producers in Africa, Asia and Latin America.
• support the producers at grassroots level through local advisors.

www.fairtrade.net/producer-networks.html

The certification body FLOCERT GmbH
• is an ISO-17065-accredited certification organization.
• independently certifies and monitors the producers and traders in respect of their compliance with Fairtrade Standards.

www.flocert.net

Nearly 30 Fairtrade organizations
• promote and/or license the Fairtrade Certification Mark worldwide. Fairtrade America is the representative of the Fairtrade system in the United States.

www.info.fairtrade.net
FAIRTRADE AMERICA

Fairtrade America is a non-profit organization based in Washington, D.C. that licenses the Fairtrade Mark for sustainably grown and Fairtrade certified products in the United States. As the official U.S. representative of Fairtrade International, Fairtrade America works to promote Fairtrade to improve living conditions for farmers and workers in the Global South. Fairtrade America connects producers and consumers and promotes fair trading conditions thereby empowering producers to combat poverty and strengthen their financial position so they take more control over their lives.

LEADERSHIP TEAM (AS OF OCTOBER 1, 2015)
Hans Theyer – Executive Director
Tia Loftsgard – Commercial Director
Rodney North – Director of Marketing & External Relations
Kristina Ballard – Director of Finance & Administration

BOARD OF DIRECTORS (AS OF OCTOBER 1, 2015)*
Werner Kiene, PhD (Chair) has 40 years of development experience. He has held positions with the Ford Foundation, the UN World Food Program and the German Development organization (GIZ). He served in advisory roles for FLOCERT (Supervisory Board), the World Bank and Inter-American Development Bank, and is currently Chair of the Marine Stewardship Council’s Board of Directors.

Anthony Hall (Treasurer) is a consultant with expertise are business development, marketing channels and global business with extensive experience in Asia and Europe. He has spent many years promoting fair trade and supporting Fair Trade Organizations, helping them improve their strategic and marketing skills as well as finding new outlets for their products in Europe and the United States.

Nick Orton (Secretary) manages an artisan fish processing and smoking business in British Columbia, Canada. He recently served as Fairtrade Canada’s board secretary, and has served on the boards of directors of the Sointula Co-operative Association and Organic Trade Association, on the Canadian Organic Advisory Board and on the organizing committee of theIFOAM World Congress.

Gilberto Amaya is Chief of Party to the El Salvador Cacao Alliance for Catholic Relief Services. He has more than 30 years of experience assisting development organizations, governments, NGOs and community-based organizations in the design and implementation of strategies and programs to address poverty and social exclusion, and helping strengthen producer and community-based organizations to become viable partners in business.

Timothy Beaty has more than 30 years of experience in labor and community organizing. Tim is currently the Director of Global Strategies for the Teamsters, where he has worked since 2005. He advised Fairtrade International on the recently revised Standard for Hired Labor and is involved with CRS Fair Trade in his local parish.

Merling Preza is the General Manager of PRODECOOP, an organization of 38 cooperatives in northern Nicaragua. She has held various positions representing producers in certification bodies such as OCIA INTERNATIONAL, Fairtrade International, Fairtrade Foundation UK, and in international Cooperatives such as Pachamama, TWIN TRADING, Cafédirect, and COOPERATIVA SIN FRONTERAS. She was leader of the CLAC and RED CAFÉ de PP for many years.

ADVISORY COUNCIL (AS OF OCTOBER 1, 2015)*
Dan Arnett, Central Co-op
Lauren Drakopulos, Ph.D. student, University of Washington
Rick Peyser, Lutheran World Relief
Cheryl Pinto, Ben & Jerry’s
Jonathan Rosenthal, New Economy Coalition
Ritu Sharma, Sharma Solutions
Sandy Wynne, Fair Trade Burlington Network

* Affiliations are for identification purposes only