



ANNUAL REPORT 2016/17





Photo: EZAA, Hauch

Dear readers,

It won't work! It's statements like this from others, or which we've come to believe ourselves, that prevent us from trying something new or make us give up as soon as there's an obstacle. Still, if you let yourself be discouraged too soon, nothing will ever happen. 25 years ago, an innovative Swiss chocolate producer and the pioneers of Fair Trade did not give up the implementation of their revolutionary idea when they encountered the initial difficulties – otherwise, a product that has become an integral part of the world of Fair Trade would not exist: chocolate. EZA's MASCAO, the world's first Fair Trade chocolate, was launched 25 years ago in Austria.

Ada Zárate from the Manuvirá organic sugar cane farming cooperative in Paraguay, who came to Austria on the occasion of the anniversary, recapitulated the history of her cooperative – and of people who had a dream that they did not give up, in spite of those who told them they would fail anyway. They started their own organic sugar processing plant to become independent of the traditional processors who had always lined their pockets at the expense of the small-scale producers.

During our study trip to India, the place where cotton originated, we also met people who had decided to swim against the tide. For that's what they are doing: they are small-scale farmers who are fighting the predominance of large crop seed enterprises and their genetically engineered products, and responding by encouraging an agricultural model that is aimed at preserving biodiversity and food security.

Examples like theirs are the proof that change can actually happen – a change towards a present and future that are focused on human beings and on maintaining natural resources, social justice and ecological sustainability. Which is not a given – quite the contrary!

'We don't live beyond our means,' German sociologist Stefan Lessenich points out. 'But rather, beyond the means of others – while we do not use our full potential to change the situation.' The social and ecological effects of capitalist profit-making and growth doctrines have 'simply' been outsourced. This can't work in the long run – as we've meanwhile begun to realise.

So it's all about what we can contribute to change an unbearable situation. Fair Trade is one of the stepping stones – but we need more of them. Think it won't work? Well, it certainly won't if we don't even try.

EZA is the founder of Fair Trade in Austria. We have practised an alternative way of trading since 1975. Our shareholders are A3W Action Third World Association (40%), as well as the Catholic Men's Movements of Upper Austria (23.33%), Austria (20%) and Innsbruck (16.67%).

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Best wishes,

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01

FOCAL ACTIVITIES: INFORMATION & INSIGHTS

25 years of Fair Trade chocolate

Autumn 2016 saw a very special anniversary: We celebrated 25 years of Fair Trade chocolate in Austria. In 1991, EZA launched the MASCAO chocolate brand. We asked Joan Manuel Heredia Gonzales from the COOPROAGRO cocoa cooperative in the Dominican Republic and Ada Griselda Zárate Ibarrola from the Paraguayan sugar cane cooperative to visit Austria from 25 September to 5 October, to give us an insight into the work of their organisations. They are agricultural specialists who work with teams of skilled farmers to support the ordinary members of their cooperatives to implement the criteria of organic farming and Fair Trade. In their work, they pursue a holistic approach. 'Organic farming is not restricted to the sugar cane, which is cultivated on small plots: it also includes the vegetables that the families grow for themselves,' Ada explains.

The two organisations are impressive examples of what can be achieved when small-scale producers join forces and get access to a fair market. For instance, the members of the Manduvirá sugar cane cooperative have successfully liberated themselves from their role as mere producers of raw materials: in 2014, they put their own sugar mill into operation. The farmers thus control the entire processing chain. 'It's a sweet revolution, so to speak,' as Ada Zárate of Manduvirá puts it. As a rule, the producers of sugar cane are dependent on a small number of mill owners. 'For a long time, it was just a dream: sugar farmers in charge of the entire production chain. There were many who said we'd surely fail. But our dream has come true. Fair Trade has made a difference, and now we're the masters of our own development,' says Ada.

Fair Trade to empower small producers in the supply chain.

Joan Manuel Heredia of Cooproagro underlined the key role of the Fair Trade premium, and described what measures the small cocoa farmers have thus been able to take. It has become apparent that the premiums not only help the members of the cooperative but that entire rural communities benefit from them. For instance, the Fair Trade premiums were used to renovate a school building, to improve the power supply in the villages and to build bridges. 'During the rainy season, it is often impossible to cross the rivers due to high waters. If you're ill you can't reach the nearest doctor in time. This can be life-threatening,' Joan adds. 'The Government doesn't often undertake the necessary improvements in remote villages. The cooperative members therefore decided to take action themselves.'

The intensive programme of our two guests started at the Austrian Worldshop Conference in Salzburg, in which 150 multipliers from the worldshops took part. Then they toured six Austrian provinces, accompanied by EZA staff. Their lively presentations during public events, visits to worldshops, interviews with journalists and discussions with school students provided a good insight into the challenges the two cooperatives are facing, and the results they have achieved. Our guests had con-



Photo: EZA/mawi

Ada Zárate from Manduvirá (Paraguay) and Joan Heredia from Cooproagro (Dominican Republic) giving us an insight into the world of cane sugar and cocoa farmers.

tact with 800 people in 16 towns and cities. The cooperation with the worldshops in the organisation of the local events has again proved its worth. Their networks are invaluable in this context. We also collaborated with the Chic Ethic Fair Trade shop in Graz, and with Fairtrade Austria on the occasion of the Fair Trade Community nomination in Rankweil, as well as with the local Fair Trade Community group of Tragwein.

BIOSFAIR: Launching a new cosmetics line

Cocoa is more than just a much-in-demand raw material for chocolate lovers: it is a high-quality ingredient of cosmetic products as well – and constitutes the link to the second focus of the 2016 Worldshop Conference: the launching of BIOSFAIR, a vegan Fair Trade cosmetics line, which carries organic certification. ‘When developing BIOSFAIR, our philosophy was to use Fair Trade plant raw materials of high quality as ingredients, materials that are already part of our product line,’ Elisabeth Holztrattner, who is in charge of EZA cosmetics, explained at the Worldshop Conference. EZA asked Maria Pieper, an Austrian pioneer of natural and organic cosmetics, to provide expert input. Her ample experience and creativity helped create 12 special formulations. Our face, body and hair care products are manufactured in the Pieper biocosmetics plant in Salzburg.

BIOSFAIR combines the positive care properties of over 20 plant raw materials that are produced by EZA’s partner organisations, such as unique argan oil and olive oil, cocoa butter, coconut milk, cane sugar, as well as various infusions. BIOSFAIR does not contain animal-derived ingredients and is thus a vegan product line. All BIOSFAIR products are manufactured in accordance with Austria’s strict guidelines for certified organic cosmetics and carries the ABG organic label. At the Worldshop Conference in September 2016, Maria Pieper not only described the specifics of the BIOSFAIR formulations, but also provided a lively overview of her own career, from teaching to agriculture and organic cosmetics, based on an impressive knowledge about the power of plants.

A FAIRTRADE Award for EZA

On 17 November 2016, the first FAIRTRADE Awards for outstanding activities in the area of awareness-raising were granted by the Fairtrade Austria labelling organisation, in the categories of civil society, producers/licensing partners as well as workplace commitment: EZA was among the candidates, and was the winner in the category of producers/licensing partners.

EZA established fair trading structures in Austria in 1975, and was the first licensee of the FAIRTRADE label in 1993. In its trading partnerships, EZA is oriented towards humane working conditions, promotion of ecological production, and transparency along the entire supply chain. Raising awareness of fair trade, global economic relationships and unfair trade structures, and pointing out specific options for activities has always been a cornerstone of EZA's philosophy and commitment. Whenever possible, the needs and demands of our trading partners are voiced.

'All the winners have given highly innovative long-term commitment to Fair Trade, with great credibility and far-reaching effects,' emphasised Hartwig Kirner, general manager of Fairtrade Austria. The jury members included Peter Launsky-Tieffenthal (head of the Development Section of the Austrian Federal Ministry of Europe, Integration and Foreign Affairs), Silvia Meißl (editor-in-chief of the CASH business magazine), Elfriede Schachner (development policy expert and former general manager of Südwind) and Peter Schnedlitz (Vienna University of Economics and Business).

The FAIRTRADE Award winners: The Catholic Women's Movement in the Civil Society category, represented by President Veronika Pernsteiner, and EZA, in the Producer/Licensing Partner category, represented by General Manager Andrea Schlehuber.

Photo: FAIRTRADE Austria





Photos: EZA/AG, Elmansberger/mawi

For the Chetna farmers, growing cotton and producing food goes hand in hand.

The EZA study trip to India

This year's study trip to India, from 4 to 19 February 2017, focused on fair fashion. The programme that EZA organised for 20 worldshop staff included the key stages of clothing production as well as visits to long-standing trading partners, from whom EZA buys products such as fashion accessories. Accompanied by a team of the Chetna Organic Farmers Association, the group travelled to Odisha, the origin of FAIRTRADE- and organic-certified cotton. Numerous meetings with small farmers from individual cooperatives provided an opportunity for an exchange, and the Austrian visitors were able to learn more about the cooperative's work structures.

A holistic approach to farming is essential here. Growing organic cotton goes hand in hand with producing organic food for the members' own use and for the local market. Being part of a cooperative is an important support for the farmers. They receive training in organic farming and assistance in marketing their products, and they have access to cottonseed that is free from genetic modification: a rare, invaluable resource in a country in which genetically modified seeds are the rule. Community projects, often financed with the Fair Trade premiums, help improve the infrastructure of the villages, and make farming easier. Greater income stability, less dependence on only one product, more food security and better health are just a few of the positive effects from which the members benefit. Our next stop was the busy Pratima cotton gin, where the seeds are removed from Chetna's cotton after the harvest, before it is compressed into bales.

The Rajlakhmi Cotton Mills, a Kolkata-based textile factory in which the Chetna cooperative holds a 10% stake, provided further insight into textile production, from cutting to print and manufacture, and we visited the nearby dyehouse, where the textiles are dyed in accordance with the G.O.T.S eco standard. Talks with managing director and co-owner Rajat Jaipuria and his father Rajendra were followed by interviews with Nabanita Roy, who coordinates the EZA collections, as well as with Meghanad Gharami and Sunatan Mundal, representatives of the two trade unions that play an important role in the enterprise. They negotiate wages with the management and ensure that the needs of the employees are taken into account. Rajlakhmi is oriented towards both ecological criteria as well as high social standards, which is a unique feature in India's textile sector. 'We need to take ecology into account, and we need to see to it that our employees are feeling fine. Without this, organic cotton does not make sense,' Rajat underlines in the interview.

Creative Handicrafts, the second EZA partner organisation in the textiles sector, also produces clothing in a non-typical context, which was obvious during the visit to the headquarters in the megacity of Mumbai. Here, the focus is on disadvantaged women from the slums of Mumbai. They are trained to become seamstresses and are organised in support groups and cooperatives, where they have a say in the decisions on prices and the use of profits. Daycare for their children is available, so that mothers can do their work without worrying. Lalita Pawar, who has worked as a seamstress in one of the cooperatives for a long time, and who is part of the managing body says, 'What I like is that Creative Handicrafts empowers women, that they can gain confidence that there's a way out of their difficult situation, and that they are encouraged to actually take steps.'

In Kolkata, we also contacted other EZA partner organisations such as the shop of Sasha, a marketing organisation for Fair Trade handicrafts. Finally, the visit to a leather workshop provided an opportunity of seeing the work of CRC (Craft Resource Center), another partner organisation of EZA.

The EZA study trip to India: Meeting people and gaining insight into the background of Anukoo clothing.

Photos: EZA/ArG, Eilmansberger





Photos: t2A/maw

Good, safe working conditions at the EMA production centre, and hope for the future for over 200 people.

Swapna Das, head of the Indian Fair Trade organisation EMA, took us to the tannery on the outskirts of Kolkata before we visited the EMA handicraft centre. The local government had decided to move tanneries to the periphery in order to make it easier to combat environmental pollution, for instance, by establishing a central water processing plant. During the tour of the Sheong Shi tannery the visitors were shown the many stages of the tanning process. Owner Patrick Lee pointed to the endeavours he has made to enable more ecological tanning. For this reason, in 2010 he started to develop environmentally more beneficial tanning formulations for European Fair Trade organisations, among them EZA. It has thus become possible to supply leather that has been tanned without the use of chromium, heavy metals and formaldehyde. 'We've been able to eliminate up to 15 chemicals,' Lee says. 'However, this process is three times as expensive as "normal" tanning.'

The leather tanned in a more ecological way is, for instance, used for the handbags produced in the EMA handicraft centre in Baruipur, 40 kilometres from Kolkata. The Austrian guests were warmly welcomed at the centre, and got to know the 40-year history of EMA and the individual handicraft departments, which provide jobs for around 200 people. EMA's products include leather goods and scarves, as well as incense sticks and hand-made candles. The latter are manufactured by a group of people with hearing impairments. 'At first, the people with disabilities worked in one separate department,' Swapna Das explains. 'But today, many of them have jobs in various units of EMA. Due to their skills it has been possible to employ them throughout the enterprise.'

Building hope – guests from Lebanon

The Austrian worldshops used this year's Worldshop Day, on 13 May 2017, to discuss the issues of refugees and migration, and to advocate respect towards those who, due to war, prosecution, climate change and lack of economic prospects, have left their home countries to try to create a livelihood for themselves elsewhere, and to point to the significance of fair trading relations. On this occasion EZA invited two guests from the Fair Trade Lebanon marketing organisation to spend the week from 8 to 16 May 2017 in Austria. During public events in six towns and cities, Joe Abi Harb and Laurette Gerges presented their work, against the background of the civil war in Syria, which has massively affected Lebanon, and introduced their unique products that EZA imports, such as a variety of hummus spreads, Baba Ganoush eggplant spread, red lentils and chickpeas, to a wider public.

Joe Abi Harb told us that small-scale producers in Lebanon usually have to fend for themselves, and are facing unfair competition from low-price imported food. This in turn intensifies migration tendencies. 'Fair Trade Lebanon means hope for many Lebanese cooperatives, and support for marketing their products locally. It encourages the farmers to stay in their villages, and prevents rural exodus.'

Laurette Gerges from the women's cooperative of Fourzol near Zahlé represents one of the cooperatives that sell their products through Fair Trade Lebanon. Her village is situated in the Beqaa region, where a large number of Syrian refugees are staying. Fair Trade Lebanon therefore cooperated with the United Nations (UN Women) and the Lebanese Ministry of Social Affairs to start a programme in which Syrian refugee women and women from the region are jointly trained in processing agricultural products. The Fourzol cooperative, headed by Laurette Gerges, also took part in the programme. This helps ease tensions and creates a positive outlook for all.

Photos: EZA/Ar

Laurette Gerges from the Fourzol women's cooperative and Joe Abi Harb from Fair Trade Lebanon visiting EZA and the worldshops.



02

PARTNER COOPERATION

EZA's partner policy paper is the basis for our cooperation with our trading partners. It is oriented towards the 10 Principles of the World Fair Trade Organisation (WFTO; www.wfto.com) and lays down what we expect of our partner organisations, and what our partners can expect of EZA, in the context of a fair trading partnership. In the case of FAIRTRADE-certified products, the FAIRTRADE standards are an additional basis for our cooperation. To ensure transparency, our partner policy principles are communicated on EZA's website. Our online shop includes a link to the people behind our products, with information on our partner organisations and the individual products.

At present, EZA's products come from 147 active trading partners in Latin America, Africa, Asia and the Middle East. We maintain direct trade relations with 88 of them, i.e. with EZA as the importer of their products. However, in the case of certain products, EZA cooperates with other Fair Trade organisations to enhance efficiency and enable a division of tasks: these organisations then import products on behalf of EZA or coordinate their further processing. This applies to 59 partners in all, with whom we have indirect trading partnerships.

83 out of a total of 147 partners work in the food sector. The vast majority of them have FAIRTRADE certification. With the exception of footballs, no FAIRTRADE standards for handicrafts have so far been adopted by Fairtrade International. For this reason, membership of the World Fair Trade Organisation is particularly relevant. Its members commit themselves to following the 10 WFTO Principles in their work, and they document this in the context of a self-assessment procedure, followed by an external evaluation. 44 partner organisations of EZA are part of this system. Two of our food partners have IMO Fair for Life certification.



Photos: EZA/Ar

More than just a culinary speciality: heart of palm made by APROPAL, Peru – an alternative to illegal coca growing. Sandra Essaine from APROPAL, talking with Fabia de Freitas from EZA.

At a pottery of the Moje organisation in El Salvador, clay figures are shaped, among them the popular peace dancers – a product suggested by EZA.

Photos: EZA



21 organisations have not been integrated in any of the above systems. However, they sell their products to various European pioneer organisations of Fair Trade – among them EZA – which closely cooperate in the EFTA European Fair Trade Association and commit themselves to carrying out, or funding, assessments of these partner organisations.

The monitoring system is oriented towards the 10 WFTO Principles. This also applies to the 14 partner organisations of EZA that have not yet been integrated into the Fairtrade or WFTO system, and do not deliver goods to EFTA members other than EZA. Here, only EZA is responsible for assessment and monitoring. All of these organisations are partners for whom the cooperation with EZA has opened a door to Fair Trade.

Initiation of new, and termination of existing, trade relations

EZA's partners' committee decides whether or not trade relations with an organisation should be initiated or ended. In the reporting period, trade relations were started with the following new partners: Mitra Bali (wood and ceramic products from Indonesia), The Ants Craft (stoles made of natural fabrics, from India), UNICAFEC (organic coffee from Peru), Arum Dalu (silver jewellery and lamps from Indonesia), Sierra Azul and UCOAAC (organic coffee from Mexico), and PT Mega Inovasi Organik (organic coconut palm sugar from Indonesia).

We have stopped cooperating with one handicraft partner in Nicaragua and one in El Salvador: one was dissolved, and in the case of the other, its products turned out to be no longer in demand. In the food sector, one Mexican coffee partner ceased to operate, and another one in Uganda has embarked upon a restructuring process.

Journeys to our partner organisations

In the reporting year, EZA staff visited 37 partner organisations in 11 countries. Direct exchange on the spot is a good opportunity for gathering information on the partners' way of working, seeing – or jointly developing – new products, and informing our partners about EZA's current situation. One goal of the study trips (see chapter 1) that EZA organises for worldshop staff is to incorporate the direct experience gained into the worldshop activities in Austria.



Photos: EZA/Id

Taking good care of the coffee plants is the key to the high quality of the beans grown by the small farmers of the United Organic Coffee Growers in Uganda.

In the foodstuffs sector, as every year, a journey to coffee producers in Mexico and Guatemala was on the agenda. Our colleague Franz Denk travelled to our long-standing partner organisation Ciasfa in Guatemala; and in Mexico, he met representatives of ISMAM, CIRSA, FIECH, Juan Sabines, Tiemenlonlá, Flor del Cafetal, Yaxcoffee, Sposel, UCOAAC and Sierra Azul.

‘It is most remarkable that the number of cooperative members has started to increase again,’ Franz reports. The main motives for this are the support that the cooperatives organise to fight the Roya fungus, as well as the minimum prices that are guaranteed in accordance with the Fair Trade structure, which has been a relevant factor in the reporting period. ‘Farmers who are not part of an organisation have no access to this,’ Franz explains.

On his second coffee journey, Franz went to Uganda, where he visited EZA’s new partner organisation UOCG, which has recently started to supply green coffee for our Jambo brand, thus closing the supply gap caused by the great difficulties Gumutindo has been facing. EZA is UOCG’s first export customer.

Birgit Cálix travelled to Honduras, where she visited the APROLMA women’s cooperative, from whom EZA buys the green coffee for its Adelante brand, and CAFEL, another coffee cooperative. APROLMA has been able to sell this year’s entire harvest at the favourable conditions that fair and solidary trade enables. ‘The women underlined that the first agreements with EZA helped them win new customers,’ Birgit recalls. CAFEL has also recorded a positive development. ‘Much has changed in the four-year period since my last visit,’ Birgit reports. ‘The number of members has risen considerably. It is especially the services that the cooperative offers, as well as better prices, that make people apply for a CAFEL membership.’

Our colleague Ingrid Madlmair travelled to PREDA in the Philippines. PREDA has for decades been committed to the protection of children and the improvement of the situation of small-scale producers. The main reason for Ingrid’s visit was the development of a dried-fruit mix, and she used the occasion to learn more about the flow of goods from the farmers in Mindanao to the processing plant in Cebu.

Invited by our Chilean partner organisation La Sagrada Familia, which produces EZA’s organic Lautaro wine, Josef Denk from the Sales Department took part in the cooperative’s 20th anniversary celebrations. ‘Neither the state nor the market have brought about fairness in trade. But the Fair Trade movement has actually made a difference,’ emphasises Raúl Navarette from Sagrada Familia. For instance, better education for the children is one of the concrete results.

Journeys to our handicraft and fair fashion partners

Katharina Mühlberger, who is in charge of the products and design of EZA's Anukoo collection, travelled to Rajlakshmi Cotton Mills and Creative Handicrafts in India to prepare new Anukoo collections made from FAIRTRADE-certified organic cotton.

Julia Rupertsberger from EZA visited several handicraft partners in India: Tara, Manjeen, Noah's Ark, Asha and The Ants Craft. Here the focus was on selecting and putting together new jewellery collections, as well as a variety of handicraft product lines for the upcoming season. The export promotion office of the Colombian Foreign Ministry invited Julia to visit the handicraft fair in Bogotá, which was a good opportunity for visiting current partners and establishing contact with independent workshops: La Cucaracha, Estudio Vintage, Yo Reinaré, Aborigines, Llena de Gracia and Oxi-dos. Their products include jewellery and bags as well as metalwork.

In Vietnam Eva Mayrhuber, EZA's handicraft purchaser, cooperated with Craft Link to develop new ceramic designs and visited the workshop where the corresponding goods are produced. 'We received a warm welcome from Ms and Mr Kinh,' Eva remembers. 'The situation in the ceramic workshop is good, not least as a result of our regular high orders. We are among their largest customers.' At Mai Vietnamese Handicrafts, new ideas for Easter decorations made of paper were discussed.

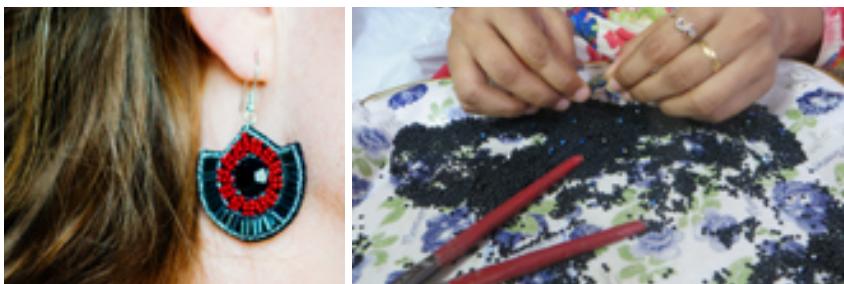
EZA staff member Gerhard Wimmer took part in the New World Craft fair in Guatemala, and he travelled to our handicraft partners COPAVIC, Pop Atziak and Aj Quen in Guatemala, as well as to Semilla de Dios, Moje and Manos Amigas in El Salvador. The main theme discussed was product development, with the aim to improve the marketing opportunities of the handicraft organisations. 'Compared to past times, Copavic has considerably increased its efforts to create new designs,' Gerhard reports. 'They've designed numerous interesting new glass products, in addition to our own design ideas.'

In Ghana, Gerhard met representatives of our long-standing partner organisation Kalangu, which produces musical instruments, as well as Yuri Enga in Bolgatanga, where women weave the typical regional Bolga baskets. Structural problems that hamper good cooperation were the main point on the agenda.

At the SIAO handicraft fair in Burkina Faso, Gerhard gained insight into the fascinating diversity of West African handicrafts, and established contact with possible future trading partners – including in Egypt, where he visited Fair Trade Egypt, a new handicraft contact. 'I was deeply impressed by the work of this organisation, and its intense cooperation with the individual workshops. Product development, quality assurance and marketing play an important role,' Gerhard resumes.

Indian Art – unique
jewellery design from
our handicraft
partners in India.

Photos: EZA/Jörn Hackl



Support, assistance and evaluation

During the reporting period Birgit Cálix, who is in charge of monitoring, travelled to Guatemala to assess three partner organisations of EZA: Copavic (recycling glass), Pop Atziak (hammocks) and Aj Quen (hammocks, juggling balls). Her stay also included discussions and seminars with the craftspeople, visits to the workshops, and an intensive exchange about the current situation and the most pressing challenges. The organisations' strengths and need for improvement were assessed on the basis of the 10 WFTO Principles of Fair Trade. Even though the history and development of the assessed organisations are highly diverse, all three are – to different extents – struggling with a market situation that is getting increasingly difficult. EZA is their most important trading partner.

The stay in Central America was an opportunity for Birgit of visiting the handicraft organisation Semilla de Dios in El Salvador, where wood products in the colourful La Palma painting style are manufactured. The topics discussed included product development, which was initiated in cooperation with the German Berchtesgadener Land woodwork school, as well as follow-up activities after the initial evaluation, which had already been completed.

Julian Fellner went to Colombia to assess EZA's partner organisations Oxidos (metal processing) and La Cucaracha (marketing of Colombian handicrafts, mainly jewellery and bags). Seminars were held to present the philosophy of Fair Trade and to discuss the structures and processes within the enterprises and workshops, as well as the implementation of workplace safety measures. In addition, the cooperation of EZA's partner La Cucaracha with three independent microfirms that La Cucaracha supports with regard to implementing Fair Trade criteria, was another theme on the agenda. Further items included an exchange of experience gained and the definition of areas of responsibility.

The three-year project to promote sustainable quinoa growing, run by our long-standing partner Anapqui in Bolivia in cooperation with EFTA members, has also been continued. In this context, measures to curb soil erosion and to increase soil fertility are key issues.



Photos: EZA/mawi

Birgit Cálix (EZA) with workers from Aj Quen in Guatemala: the art of weaving is an integral part of the people's cultural tradition.

Jaishree from our Indian partner organisation Manjeen during her visit to EZA, selecting product samples with Eva Mayrhuber (left) and Julia Rupertsberger (right).



Visits by our partner organisations

Visits to Austria are an opportunity for EZA's partners to get to know their Fair Trade counterparts in Europe, obtain direct feedback on their products and their work, communicate first-hand information about their situation and voice their expectations of Fair Trade (see also chapter 1).

Representatives of the following partner organisations came to Austria: ACP (Nepal), Apropal (Peru), Arum Dalu (Indonesia), Asha (India), Cooproagro (Dominican Republic), Fair Trade Lebanon (Lebanon), Manduvira (Paraguay), Manjeen (India), MKS (India) and Sagrada Familia (Chile).

Promoting and advancing Fair Trade

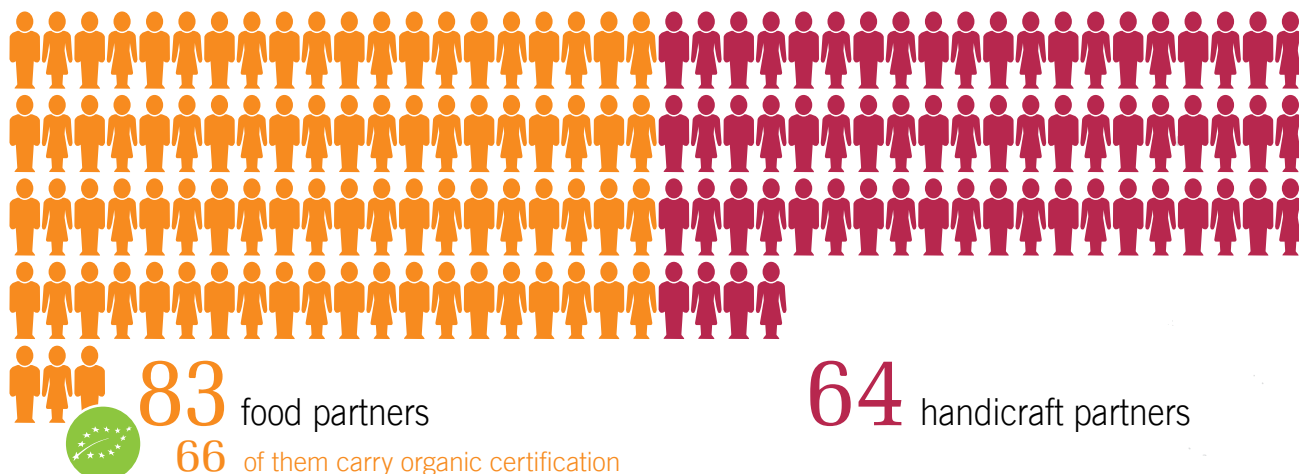
At the European level, EZA took part in meetings at several working levels of the EFTA European Fair Trade Association. In future, the pioneer organisations of Fair Trade will join forces to an even greater extent.

The EFTA monitoring group will continue to coordinate the joint monitoring activities of the individual EFTA members. However, at the EFTA management level, new framework conditions have been laid down. In the medium term, all suppliers/partner organisations will need either FLO certification or a WFTO membership, which will reduce monitoring expenditure on the part of the EFTA members. Intensified efforts will be made to prepare organisations assessed by EFTA for a future WFTO membership, to ease their accession to the WFTO and participation in the WFTO Fair Trade Guarantee System. However, EZA also regards itself as a door-opener for groups who have not yet been firmly positioned in Fair Trade and one of its systems (FLO and WFTO). We will therefore continue our monitoring specifically for these organisations.

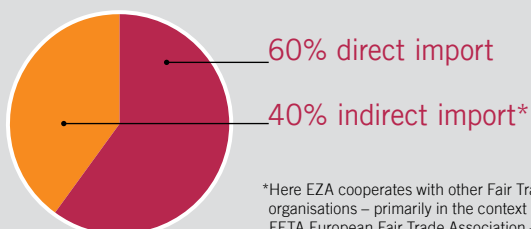
In the reporting period, the EFTA monitoring group restructured its areas of activity: the Fairdata group will further develop EFTA's comprehensive database of EFTA partner organisations, whereas the EFTA monitoring group will, for the time being, coordinate the assessment of non-verified partner organisations. Apart from EZA (A), the latter group also includes Artisans du Monde (F), Gepa (D), Magasin du Monde (B), Oxfam Intermón (ES) and Oxfam Fair Trade (B). EZA is in charge of coordinating the monitoring group at the European level.

The partner organisations behind EZA's products

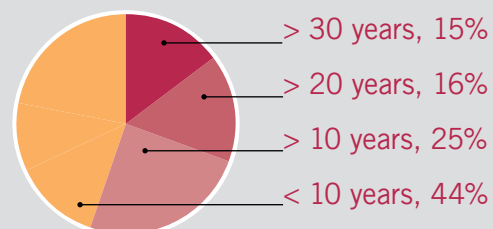
147 partner organisations



Direct/indirect import



Duration of cooperation (direct partners)



Certification/monitoring of EZA's partner organisations

66 FAIRTRADE



44 WFTO monitoring



21 EFTA monitoring



14 EZA monitoring



2 IMO – Fair for Life



Food partners (incl. organic cosmetics)

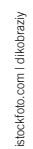
Handicraft partners (incl. fair fashion)

EZA's partners in geographical terms

The map illustrates the geographical distribution of EZA's partners. The highlighted regions include:

- South America (primarily Brazil and parts of Mexico and the Caribbean)
- North Africa (Libya, Tunisia, Algeria, Morocco)
- Sub-Saharan Africa (various countries including Nigeria, Kenya, Ethiopia, and South Africa)
- The Middle East (Iraq, Jordan, and Israel)
- South and Central Asia (India, Pakistan, and Bangladesh)
- Southeast Asia (Indonesia, Philippines, and Malaysia)

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03

OUR CUSTOMERS

Worldshops

The worldshops account for a turnover of approximately EUR 5.0 million, or 30.2% of EZA's total sales revenue, and have thus again been our second-largest customer group.

They have recorded a small growth of 0.7% as against the previous year, which primarily results from the introduction of the new BIOSFAIR cosmetics line. Their handicraft turnover also represents a good increase compared to the prior year. However, their fair fashion sales have decreased. As our main fair fashion partner, Craft Aid in Mauritius, closed down its clothing unit, we had to transfer our entire cotton collection, at short notice, to our second textiles partner, Rajlakshmi in India. It has not been possible for Rajlakshmi to produce the goods in time, which has resulted in delayed deliveries, and it was thus impossible to meet the turnover target. In the group of worldshops, EZA is facing fierce competition. The number of recognised worldshop suppliers has risen, but this has not led to a noticeable increase in overall turnover in the worldshops, and EZA's situation in the market has thus become more difficult.

Grocery retailers

Sales in this group amount to EUR 5.8 million, which represents 34.8% of EZA's total turnover. An increase of EUR 0.5 million has been recorded for this customer group, which represents the largest growth rate, of 9.5%. The sales figures for EZA coffee have developed favourably (+5.99% of quantities sold). 62% of EZA's coffee sales have meanwhile been accounted for by grocery retailers. In addition, the sales of our chocolate and 'other foodstuffs' have also increased.



Photos: EZA/Ulla Stöck

**Unique Fair Trade
products, hand-made
with care by our partners.**

Feeling fine in Anukoo
clothes – made from
FAIRTRADE-certified organic
cotton and high-quality
alpaca wool.

Photo: EZA/Thomas Licht



Resellers

This group comprises various specialised retailers such as organic food shops, distributors, caterers and a few fashion boutiques. Resellers continue to be our third-most important group of customers, in spite of a small reduction in sales compared to the previous year, to a total of approximately EUR 1.5 million. Whereas coffee and handicraft sales have risen, chocolate and fashion accessories have seen a slight decline.

EZA worldshops and Anukoo fair fashion shop

As in the previous year, the development of EZA's own shops has been mixed: the shops in Salzburg (+0.8%) and in Vienna's 8th district (+12.4%) recorded a growth in turnover, whereas the sales revenues of the shop in the 1st district of Vienna (-2.0%) and of the fair fashion shop (-6.7%) have decreased. A reorientation of the product line, as well as a renovation of the shop itself have brought about a very favourable development of the Viennese shop in the 8th district, which is the only shop in which the delayed shipment of the fashion articles has not had negative effects. The EZA-owned shops represent a turnover of EUR 1.3 million, or 8.0% of total sales revenues. One has to bear in mind here that this amount – as in the case of the group of final customers – comprises both retail and wholesale turnover, whereas the sales figures of the other distribution channels solely represent wholesale figures.

Institutions

This customer group comprises private organisations and public agencies such as educational institutions, hospitals, offices and a few individual customers who place large orders, as well as the sales revenues that EZA has achieved as a co-branding partner of the GDG Göttin des Glücks label. Again, the delayed supply of fashion articles has been the main reason for the sales decrease of -12.9%, to EUR 1.0 million.

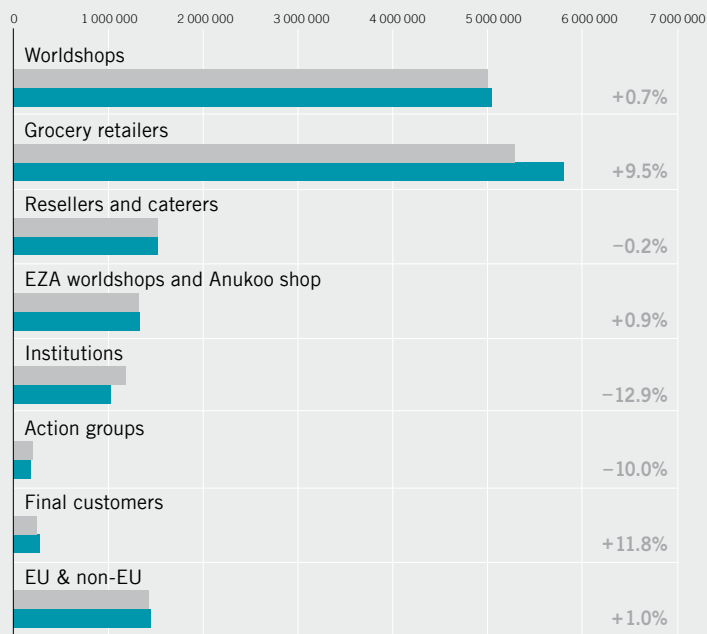
Action groups

The downward trend of recent years has continued. Action groups, whose members sell our products in the context of volunteer work, account for a sales volume of EUR 188 000 (-10.0%). These groups now tend to buy the goods they need directly from regional worldshops. In sum, the better availability of Fair Trade products has reduced the relevance of 'world bazaars' organised by action groups. Moreover, the focus of many volunteer activities has shifted to other social areas.

Final consumers

Final customers buy EZA goods in the shop room at our Weng/Köstendorf headquarters or online. The sales revenue in this group has seen a considerable rise of 11.8%. The expansion of the online shop, as well as the opportunity of visiting EZA and learning more about Fair Trade in the context of field trips, have had positive effects. The overall turnover for this group of customers is EUR 284 000.

Sales by distribution channel

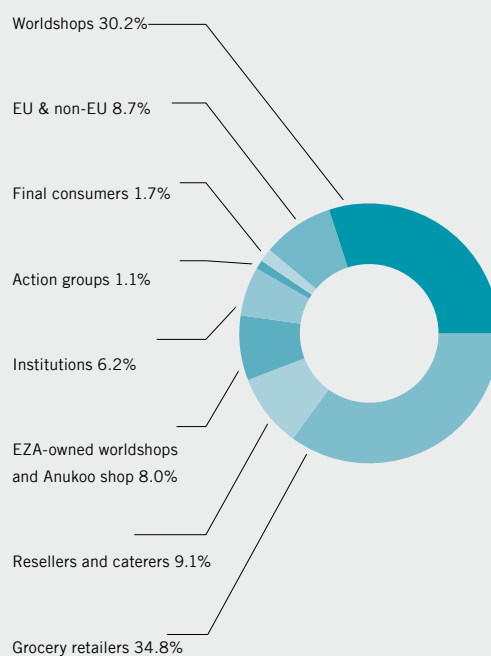


TOTAL SALES

2015/16 EUR 15 763 888
2016/17 EUR 16 161 873

■ 2015/16 ■ 2016/17

EZA's turnover is accounted for by sales of products to the following groups of customers:



European Union and Switzerland

This group represents sales to other European Fair Trade organisations in Germany, Belgium, France and Switzerland, as well as to worldshops in Germany and South Tyrol, and to Fair Trade partners in Slovenia, the Czech Republic, Slovakia and Poland. Here, fair fashion and handicrafts, as well as ‘other foodstuffs’ have played a prominent role, and our BIOSFAIR cosmetics line met with much interest at the German Fair Trade sales exhibitions in Augsburg, Stuttgart and Bad Hersfeld.

We have been able to keep up, and even slightly increase by 1%, our sales figures after the considerable 30% turnover increase recorded in the previous business year. The total sales revenue in this area now amounts to EUR 1.45 million. As the turnover resulting from this purchasing cooperation usually goes hand in hand with low margins, this has had disproportionately small effects on our overall result.

Photos: Global Mamas/EZAKem Hackl

Agnes Kwao from Global Mamas in Ghana showing us the kiln where she produces pearls for hand-painted custom jewellery.



04

OUR PRODUCTS

Coffee

Coffee, accounting for almost 40% of EZA's total turnover (or EUR 6.5 million), continues to be our most important product group, and its sales thus have huge effects on our economic situation. Coffee is sold to virtually all customer groups. The largest sales are accounted for by grocery retailers (EUR 3.6 million), followed by the Austrian worldshops (EUR 1.3 million). The problem of non-availability of Jambo coffee from Uganda – massive rain had already resulted in supply problems in the previous year – has continued to be felt in the first half of the reporting period. The absence of our third-most important coffee brand has in part been balanced out by higher sales of other EZA coffees. Since January 2017, Jambo has again been available. The successful launch in autumn 2015 of our women-made Adelante coffee has also contributed to the good coffee sales in the reporting year. In total, 564 tons of roasted coffee were sold in the past business year.

Chocolate

Chocolate is our second-most important product in the food category. Here, turnover has risen by 1.8%, to EUR 2.1 million, primarily due to higher sales to grocery retailers. In the previous year, a rise in prices led to massive declines in quantities sold and in sales revenues. Prices have now been lowered again, which has stopped the downward trend. During the reporting period, the quantities sold have increased, but our margin has become smaller. The 25-year anniversary of MASCAO chocolate has been a good opportunity for a packaging relaunch to highlight the top quality of this chocolate



Photos: EZA/Ulla Siegel/mawi

Our MASCAO chocolate, wrapped in a section of a painting by Christian Valenta, an artist from Salzburg: artistic outside – delicious inside – valued everywhere.

brand – from its ingredients to the recipe and processing in Switzerland. The new packaging reflects the creativity of Christian Valenta, an artist from Salzburg. In addition, we have expanded the MASCAO line to include three single-origin chocolates: MASCAO Ecuador, Peru and Bolivia, for which only fine or flavour cocoa is used, as well as a top-quality bitter-sweet couverture brand.

Other foodstuffs

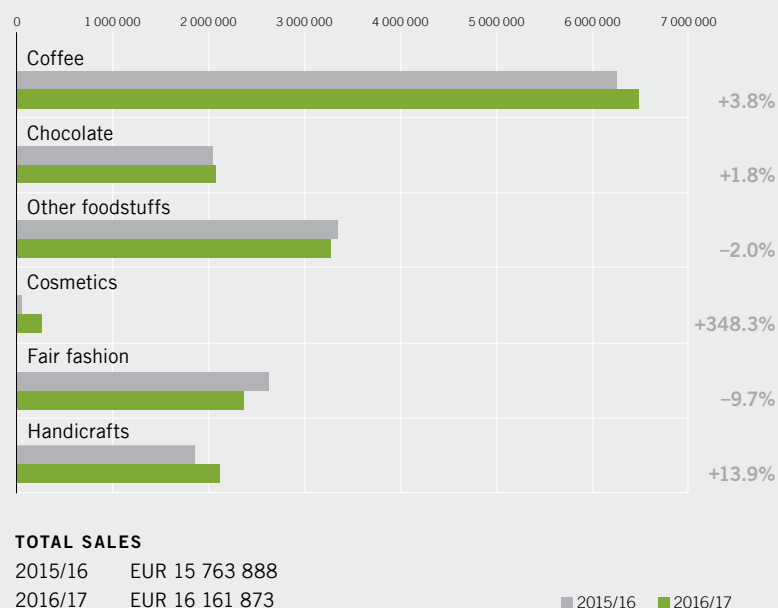
This group covers products such as tea, cocoa, sugar, nuts, dried fruit, bread spreads, honey, spices and oil, rice, quinoa, and various drinks. Our product line now also includes organic coconut oil – which complements our wide range of coconut products – organic candy and soft candies with cane sugar from Paraguay, a mix of unique red and white quinoa real from Anapqui, Bolivia, as well as beans and hummus spreads from Fair Trade Lebanon. The large group of ‘other foodstuffs’ accounts for a turnover of EUR 3.3 million, or 19.7% of sales revenue. Our largest customer groups in terms of sales revenue in this area are grocery retailers (EUR 1.3 million) and the Austrian worldshops (EUR 1.1 million).

Cosmetics

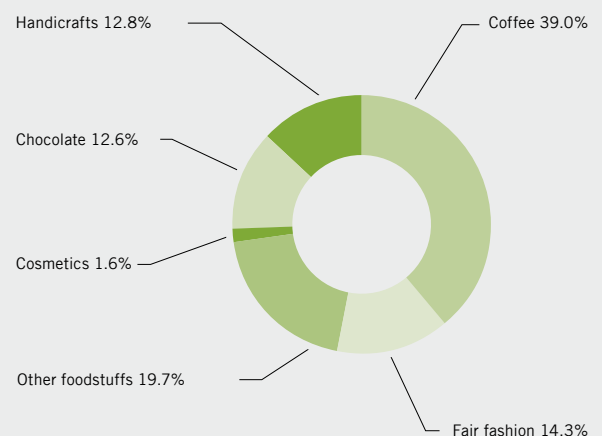
When we launched our vegan organic Fair Trade BIOSFAIR cosmetics line, a novelty on the Austrian market, the majority of the Austrian worldshops immediately added BIOSFAIR to their range of products offered, which has resulted in a turnover for EZA of EUR 271 766. BIOSFAIR has replaced our former natural cosmetics line.

90% of our food sales are accounted for by Fair Trade products that also carry organic certification.

Sales by product category



EZA's turnover is accounted for by the following groups of products:





Photos: Fotolia/EZA

BIOSFAIR cosmetics, based on high-quality ingredients, special formulas and Fair Trade.

The main reasons for its extraordinarily good start are BIOSFAIR's top-quality ingredients and the high standards it meets, as well as the good training given to the merchant intermediaries. To achieve this, as a first step we intentionally focused on the worldshops when introducing the new cosmetics line. The products will then be opened to other merchant intermediaries as well.

Handicrafts

Our handicrafts cover, for instance, home decoration, kitchen and table textiles, toys and leisure articles, as well as musical instruments. Turnover has seen a marked 13.9% rise, and represents 12.8% of our entire sales revenue. The sales to worldshops in Austria and Germany, as well as the purchases by our European Fair Trade partners, have been particularly encouraging. EZA thus continues to be Europe's largest importer of Fair Trade handicrafts.

Fair fashion

Fair fashion, which comprises clothing and fashion accessories (jewellery, bags and scarves), accounts for a turnover of EUR 2.4 million, or 14.3% of total sales, representing a decrease of 10.7% compared to the previous year. The turnover achieved through fashion accessories has gone down by 4.8%, to EUR 1.3 million. The decline primarily results from lower sales in the Austrian worldshops. The clothing sector has also seen a decrease, with the turnover declining by 14.7%, to EUR 1.1 million. As our main fair fashion partner, Craft Aid in Mauritius, went bankrupt, we had to transfer our production orders, at short notice, to our second clothing partner, Rajlakshmi in India. Rajlakshmi was unable to deliver the clothes in time so that we could not meet our sales targets and have lost ground to competitors.

Assets

The value of intangible and tangible assets, excluding tools and equipment, has decreased due to depreciations as planned. The increase in the tools and equipment item primarily results from the acquisition of new special shelves for grocery retailers.

At the balance sheet date, inventories were approximately EUR 712 000 higher than in the previous year. This is mainly due to the earlier shipment of food and handicrafts compared to the prior year. The higher dollar exchange rate has also caused a rise in the invoiced value of goods. In addition, Jambo coffee, which had not been in stock in the previous year as the producers were unable to supply this coffee brand, has again become available. Accounts receivable have slightly increased. Cash on hand and cash in banks have been less than in the previous year.

Under the Austrian Change in Accounting Act of 2014¹ it has become obligatory to include deferred tax assets. For the difference in taxation between the commercial and the tax balance sheets, 25% corporate income tax accrues. This is referred to as 'deferred tax', and must also be calculated for prior years. In our case, deferred tax assets result from the fact that provisions for dismissal payments and anniversary bonuses, as well as depreciation of buildings, are calculated in different ways. This has resulted in an assets/income entry amounting to EUR 67 537.

EZA's business year covered the period from 1 July 2016 to 30 June 2017.

¹ In 2014, the Austrian Change in Accounting Act, which is relevant for all business years starting after 31 December 2015, entered into effect. In the case of EZA, new provisions have thus been applied for the first time in the business year 2016/17.

EMA (India) greeting the European visitors with a welcoming ceremony.

Photos: EZA/mawi



Annual statement as at 30 June 2017

Figures refer to euros	2015/16	2016/17	Comparison.
Intangible assets	64 041	41 824	-53 %
Tangible assets	2 082 141	2 019 025	-3 %
Financial assets	1 099	1 099	0 %
FIXED ASSETS	2 147 280	2 061 947	-4 %
Inventories	6 083 699	6 795 778	10 %
Accounts receivable and other assets	1 320 576	1 374 574	4 %
Cash on hand and cash in banks	361 181	204 380	-77 %
CURRENT ASSETS	7 765 456	8 374 732	7 %
Deferred income	40 755	53 990	25 %
Deferred tax assets	0	67 537	100 %
ASSETS TOTAL	9 953 491	10 558 207	6 %
Share capital	638 000	638 000	0 %
Revenue reserve	0	0	
Cumulative net income/loss	884 323	896 690	1 %
CAPITAL STOCK	1 522 323	1 534 690	1 %
ACCRUED LIABILITIES	862 687	879 350	2 %
Due to banks	2 409 206	3 101 106	22 %
Due to small lenders	3 751 288	3 736 956	0 %
Other liabilities	1 407 986	1 306 106	-8 %
LIABILITIES	7 568 481	8 144 168	7 %
Deferred income	0	0	
LIABILITIES TOTAL	9 953 491	10 558 207	6 %

Income statement

Figures refer to euros	2015/16	2016/17	Comparison.
Sales revenues	15 763 888	16 161 873	2.5 %
Other operating income	85 575	110 070	22.3 %
Sales input	10 178 797	10 486 777	2.9 %
INCOME	5 670 667	5 785 166	2.0 %
Personnel expenses	3 182 518	3 209 873	0.9 %
Rental	197 911	209 043	5.3 %
Selling expenses	1 165 520	1 227 263	5.0 %
Administrative expenses	852 197	777 256	-9.6 %
Depreciation	275 907	267 963	-3.0 %
Interest	137 916	146 312	5.7 %
Corporate income tax	2 098	2 626	20.1 %
Deferred tax	0	-67 537	100.0 %
EXPENSES	5 814 067	5 772 800	-0.7 %
NET INCOME/LOSS	-143 400	12 367	1 259.6 %

THE 10 PRINCIPLES OF THE WFTO WORLD FAIR TRADE ORGANISATION

As a WFTO member, EZA orients its overall business policy towards these 10 principles

Liabilities

The share capital amounts to EUR 638 000. Cumulative net income has risen by the annual profit of EUR 12 367, to EUR 896 690. The capital stock-to-assets ratio is thus 14.5%. The increase of provisions is mainly due to the change in provisions for dismissal payments. The earlier shipments – compared to the previous year – of part of the merchandise have been financed primarily through loans, which has brought about an increase in the ‘due to banks’ item. Due to small lenders has decreased slightly, to EUR 3 736 956.

Income statement

The turnover of almost EUR 16.2 million represents an increase of 2.5% as against the previous year. Sales input has risen by 2.9%, which is mainly due to the strong U.S. dollar.

We have again attempted to keep personnel expenses low. In spite of the statutory wage increase, we have been able to limit the rise to 0.9%. This has primarily been possible by an intensified use of accrued holidays as well as a reduction of overtime hours.

Rentals have seen a slight rise. The 5% increase in selling expenses results mainly from advertising measures for the launch of the BIOSFAIR cosmetics line, as well as in the grocery retail sector. On the other hand, a change of freight company has reduced the cost of transportation in spite of a rise in turnover. Regarding administrative expenses, the reductions as against the prior year have been brought about by lower expenses in the areas of communication fees and product development. In the reference period 2015/16, the development of the cosmetics line had been felt. Depreciation has gone down as no major investments have been made. Interest expenses are higher than in the previous year due to the need to finance higher inventories.

In the business year 2016/17, EZA employed a staff of 80 (at headquarters and in EZA's four shops): 51 women and 29 men. In terms of full-time employees, this corresponds to an annual average of 61.5 FTEs. Trade union membership of over 90% makes EZA the trading enterprise with the best-organised staff in the province of Salzburg.



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ANNUAL REPORT 2016/17

NATÜRLICH FAIR

