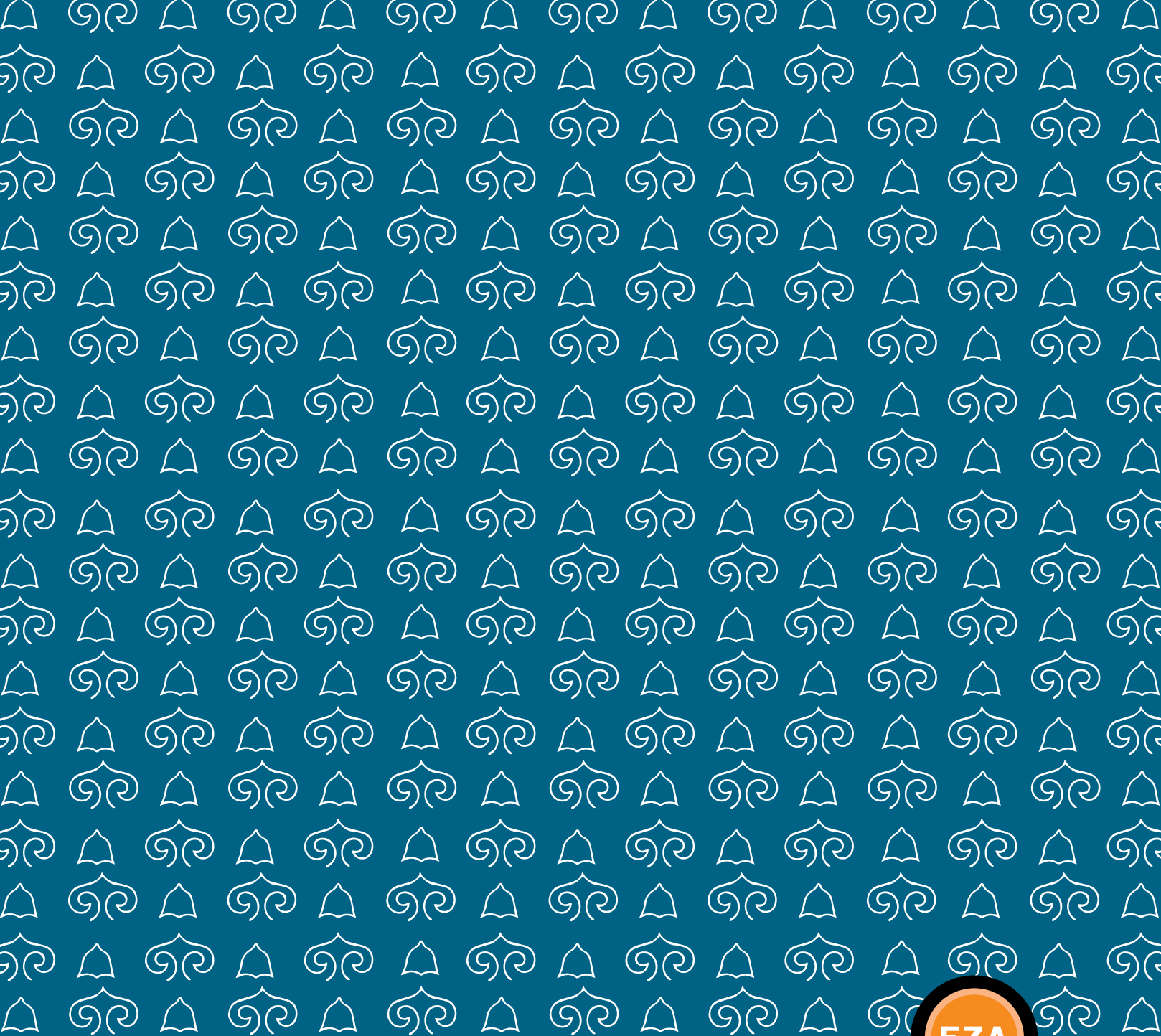




ANNUAL REPORT 2017/18

NATÜRLICH FAIR



Photo: EZAA, Hauch

Dear Readers,

'Mother Nature needs to recover.' That's how Pascual López Gutiérrez from the Yaxcoffee co-operative puts it. It's that simple, and it's true. We met Pascual this January in Chiapas, Mexico, during our latest study trip. Pascual, like many other trading partners of EZA, has decided to change over to organic farming: an invaluable practical contribution to the protection of our climate. The history of organic coffee dates back 30 years when EZA, as the first enterprise in Austria, started to market the Orgánico coffee brand. The small farmers' co-operatives with whom we maintain direct trade relationships are themselves affected by climate change – which others have caused. The coffee they are growing on their plots represents both high quality and hope for future generations.

25 years ago, EZA and the worldshops initiated the Fairtrade Austria labelling organisation, and EZA was the first enterprise whose products carried the FAIRTRADE label. Today, Austria has 140 FAIRTRADE licensees. This is a great success as, in this way, a larger group of producers in Africa, Asia and Latin America can thus take part in Fair Trade. And it means that an increasing number of people care about the way in which the goods they use have been produced. Still, their number is still far too small! However, this growing number of competitors also represents a challenge.

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 (40 %) and Austria (20 %).

EZA is 100 % committed to Fair Trade. In financial terms, we haven't met our targets in the business year 2017/18 and have operated at a loss. Our sales figures have been below those of past years. The new products we introduced have not been as successful as planned. The insolvency of our long-standing partner Götting des Glücks, whose production we handled, has been a severe blow: a highly committed project in the clothing sector has been closed down, with major financial consequences. Outstanding amounts resulting from advance financing on the part of EZA remained unpaid. But even though the current operating result is not satisfactory, our capital stock enables us to make up for the loss. We've taken the necessary steps to make the next business year profitable again. And we're optimistic that we can meet that goal.

'For me, coffee does have good prospects', says Juan Vásquez López's son, a member of the Yaxcoffee cooperative. Statements like this underline what Fair Trade is about: it empowers people to deploy their skills so that they and their families can make a living. So that they don't have to leave their land and can have better control over their future. We'll continue to be completely committed to the concept of Fair Trade as a means of shaping the future. Thank you for supporting our efforts!

Best wishes,

ANDREA SCHLEHUBER, GENERAL MANAGER

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01

FOCAL ACTIVITIES: INFORMATION & INSIGHTS

Ecofair clothing – a look behind the scenes

Who are the people behind our Anukoo cotton collection? This question was the focus of EZA's focal informative and educational activities in autumn 2017. We took a retrospective look at the study trip of spring 2017, at the key stages of fair cotton production and cotton processing in India, and invited two guests from India to come to Austria from 21 September to 4 October: Srikar Yenuka from the Chetna Organic Farmers Association, a small cotton farmers' cooperative, and Kimberley Miranda from Creative Handicrafts, a Mumbai-based textiles partner of EZA.

Srikar gave a vivid insight into the holistic approach to farming pursued by the Chetna cotton cooperative. The farmers receive training in organic farming, they grow cotton and staple foods on their plots and receive assistance in marketing their products. They also have access to cotton seed that's free from genetic modification – in a country where genetically modified seeds are the rule rather than the exception. This is accompanied by an intensive quality assessment of the cotton seeds. The Fair Trade premiums were used for a range of important activities: for instance, building safe storage facilities for the harvested cotton, and starting experiments with different combinations of plants on test fields. In addition to rainwater storage basins, lentil and rice mills were erected that enable the further processing of this important staple food.

Srikar pointed out numerous positive developments. Fair Trade, organic farming and an agriculture that is oriented towards diversity has helped stabilise the small farmers' incomes. They are now less dependent on a single (cash) crop, and the food situation in the villages has improved: the rural communities involved have achieved 100 % food security, and the better local perspectives have significantly reduced the rural exodus. The challenges that Srikar and his fellow farmers face include climate change, which directly affects the local farmers, as well as the advance of genetic engineering, and the lack of support for organic farming in India.

Textile engineer Kimberley Miranda explained the work processes of Creative Handicrafts in Mumbai, where part of the Anukoo cotton collection is produced. As a Guaranteed Member of the WFTO (World Fair Trade Organisation), the entire organisation of Creative Handicrafts is oriented towards the 10 Principles of Fair Trade, and primarily works with disadvantaged women from the slums. They are trained to become seamstresses, and do work in cooperatives and self-help groups. They can count on a social network that provides support in their difficult situation. Access to (further) training is as important for the women as social care and educational programmes aimed at the seamstresses' families.

EZA's fair trade relations empower small producers in the supply chain.



Photos: EZA/Thomas Licht

Srikar Yenuka and Kimberley Miranda, our guests from India, talking about the lives and work of cotton farmers and seamstresses who produce Anukoo biofair clothing.

Kimberley's presentation of the work of Creative Handicrafts underlined the focus on the women's needs, and the conflicting orientations of social work on the one hand and professional clothing production on the other. 'I'm absolutely convinced that the production of clothing can be a vehicle of development, and that it can change people's lives. Otherwise, fashion would be lifeless.' And she emphasises that, for her, working as a textile engineer with Creative Handicrafts is a job that actually makes a difference.

Our two guests' tour of Austria started in Salzburg at the Austrian Worldshop Conference. Here, approximately 150 multipliers from the worldshops met to obtain first-hand information about the successes and challenges that the two organisations have experienced, and to take the opportunity to have a direct exchange with the two experts. The conference also saw the presentation of a short film on ecofair fashion as a non-conformist approach. Produced by EZA in cooperation with Manfred Wimmer, the film uses the material gathered during the study trip to India, and highlights the major stages of the Anukoo production chain.

Another point on the conference agenda was the use of leather in Fair Trade. Gerd Haslinger and Eva Mayrhuber from EZA provided background information on both leather as a material and on our trading partners in this field. They explained the complex tanning techniques and the initiative started by European Fair Trade pioneer organisations (among them EZA) to encourage the use of ecologically friendly tanned leather for the production of Fair Trade leather bags.

After the conference, Srikar Yenuka and Kimberley Miranda embarked on an intensive visiting tour. Accompanied by EZA staff, they visited 15 towns and cities in six Austrian provinces, where public appearances and school events provided a forum for presenting the practical side of Fair Trade to numerous people. The programme was carried out in close cooperation with local actors, and particularly the worldshops. 'What has impressed me most are the many questions at the events,' Srikar concluded after the tour. 'This shows great interest in what we are doing.' 'I had so many good opportunities of familiarising the people here with the work of Creative Handicrafts. Their responses really brought it home to me how much they appreciate our work,' Kimberley adds.

Our partners from the South in Austria give first-hand accounts of their work.

The EZA study trip to Mexico

This year's study trip to Mexico from 13 to 27 January 2018 marked the start of a very special anniversary: 30 years of Orgánico coffee. In 1988, EZA launched Austria's first Fair Trade organically-grown coffee. Today, it's produced by 10 small farmers' cooperatives in the Mexican states of Oaxaca and Chiapas. During the study trip, our group – composed of staff from 12 worldshops, EZA and Fairtrade Austria – visited three of them: ISMAM, Tiemelonlá Nich Klum and Yaxcoffee.

On the small farmers' plots, the travellers gained first-hand insight into the practical side of organic coffee farming. The coffee plants need to grow for four whole years before the first harvest can take place. And you have to take good care of the plants to achieve a good yield. The coffee plants are integrated into the natural ecosystem, which ensures great biodiversity on the plots. 'The farmers' extensive knowledge about the soil, plants and trees is really impressive,' said Roswitha Lobe from the Braunau worldshop after returning from the trip.

Photos: EZA/mawi

EZA's study trip to the origins of Orgánico coffee: at the small farmers' cooperative in Chiapas, Mexico, the visitors from Austria caught a glimpse of how much work it is to produce biofair coffee.





Coffee farmer Pedro Guzmán Gómez talking with EZA General Manager Andrea Schlehuber.

The farmers' expertise combines the everyday experience of practical farm work with what they learn in the further training courses that their cooperatives organise. The members are trained in the sustainable organic cultivation of their crops and in natural ways of combating plant diseases, and are assisted in adapting to the climate change. For instance, there is an intensive discussion about which brands are most suitable for the coffee plots in a situation of climate change. This also includes tests in designated experimental plots.

In meetings with the small farmers held during the visits to the cooperative's storage and processing facilities, the participants gained insight into what has been achieved so far, and into the current pricing policy, as well as the intensive quality control and assessment undertaken before the coffee is ready for export.

'Only if people get good prices, gain a reasonable profit and have a reliable market free from exploitation, where the quality of their work is respected, can their living conditions be improved and will the next generation decide in favour of coffee farming,' emphasises EZA General Manager Andrea Schlehuber. 'A combination of Fair Trade, organic farming and the empowerment of democratic small farmers' associations is the perfect basis for this, as has once more become apparent during our trip.'

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.

We disclose who our trading partners are, and the way in which we cooperate with them.

At present, EZA's products come from 143 active trading partners in Latin America, Africa, Asia and the Middle East. We maintain direct trade relations with 87 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 56 partners in all, with whom we have indirect trading partnerships.

81 out of a total of 143 partners work in the food sector. The vast majority of them have FAIRTRADE certification. With the exception of footballs, no FAIRTRADE standards for handicraft 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. 42 partner organisations of EZA are part of this system. Two of our food partners have IMO Fair for Life certification.

The cocoa harvest at El Ceibo, Bolivia.
The cocoa beans from small farmers' cooperatives in Latin America and Africa are high-quality ingredients of EZA's chocolate.

Photos: EZA/Jonas Flattiger/mawi





Photos: EZA/Manjeen

During her visit to the Indian handicraft organisation Manjeen, Birgit Calix from EZA discussed the details of the 10 WFTO Principles of Fair Trade. Rakhi (right) is a participant in the training course.

18 organisations have not been integrated into any of the above systems. However, they sell their products to various European pioneer Fair Trade organisations – 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 15 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.

Initiating new, and terminating 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: Kishor Exports (clothing from India), Fair Trade Egypt (jewellery, leather and wood products from Egypt), Villageworks (bags made from cloth and recycling materials from Cambodia), FUNDO-PO (cocoa from the Dominican Republic), Suntoy (solar jars from South Africa), Le Souk (ceramics from Tunisia) and UPRMABIO (mangos from Burkina Faso).

Our cooperation with five trading partners ended because their products were no longer in demand or, in the case of Ericaville in South Africa, because bush fires had destroyed all the honey bush plants.

Journeys to our partner organisations

In the reporting year, EZA staff visited 27 partner organisations in 7 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.

The EZA study trip is organised specially for worldshop staff, who then share their experience in the context of their work in Austria. Last year's destination was Mexico, where we visited the ISMAM, Tiemelonlá Nich Klum and Yaxcoffee small coffee farmers' cooperatives (see Chapter 1).

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 organisations Ciasfa and Guaya'b in Guatemala. In Mexico, Franz met representatives of Certimex, the Mexican organic certification organisation, as well as of ISMAM, Juan Sabines, Tiemelonlá, Flor del Cafetal, and UCOAAC.

The efforts made to combat the Roya fungus have yielded good results, Franz reports. 'The producers have learned how to deal with it and are expecting a very good harvest.' But there's another problem: The European market for coffee from Mexico and Guatemala is stagnating – many traders prefer lower-priced brands from other countries of origin. 'Regarding competition, that doesn't exactly make things easier,' explains Franz. 'But it also opens up an opportunity for EZA, with good quality as a distinguishing feature.'

On his second coffee journey, Franz went to Uganda, where he visited UOCG, a new partner organisation with whom EZA started to cooperate in the prior year. He met small farmers on their plots, and established contact with additional cooperatives.

Journeys to our handicraft and fair fashion partners

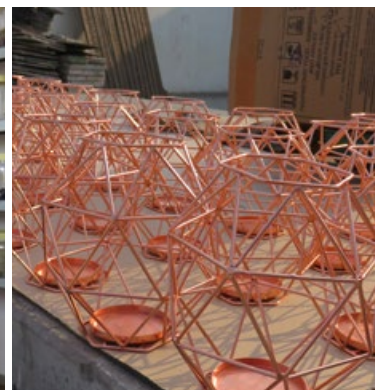
Anukoo design team member Nayomi Keller visited Rajlakshmi Cotton Mills, Creative Handicrafts and our new clothing partner Kishor in India in order to prepare the Anukoo collections made from FAIRTRADE certified organic cotton. Eva Mayrhuber, EZA's handicraft purchaser, met representatives of EMA, Sasha, CRC and MKS in Kolkata, India, to discuss the bag line for the next season.

Our colleague Julia Rupertsberger met handicraft partners in northern India and Nepal. In addition to visiting a number of workshops, the focus was on selecting and putting together new jewellery collections, as well as a variety of handicraft product lines for the upcoming season. She also contacted our Indian partners Tara, Manjeen, Noah's Ark, and ACP in Kathmandu. 'Our glass cases, lanterns and other metal products come from the workshop of Anwar Saleem in Moradabad,' Julia explains. 'Noah's Ark provides consultancy with regard to design, organises Fair Trade courses for the craftspeople, and makes water filters and fire alarm systems available. The workers have insurance, and Noah's Ark pays the school fees for their children.'

Direct contact helps intensify our trading partnerships.

Handicraft articles made from metal, produced in the workshops of our partner organisations Tara and Noah's Ark in India.

Photos: EZA/ir



Gerhard Wimmer travelled to our new partner organisation Le Souk in Tunisia, a producer of ceramics. Due to the unstable political situation in recent years, tourism has seen a sharp decline in Tunisia. ‘As a result, many ceramic workshops in Nabeul, the centre of the traditional Tunisian ceramic production, had to close down. The general situation is difficult. Three years ago, there were 600 workshops, but today, less than 200 have continued to do business,’ explains Gerhard. Initiatives such as Le Souk are thus all the more important. Here, around 60 handicraft people are employed in the ceramic workshops, under good working conditions.

Support, assistance, evaluation and funding partners

Birgit Calix from EZA took part in the international conference of the Fair Trade Organisation (WFTO) in Delhi, India, and after the conference, travelled on to our handicraft partners Manjeen, FTCI-Federation of Tibetan Cooperatives in India, as well as to Conserve. The focus of her visit was on discussing the current situation and new developments in the individual organisations. As Manjeen is preparing for WFTO membership, a seminar was held for Manjeen staff and producers, where Birgit discussed the details of the 10 WFTO Principles of Fair Trade.

In the context of partner monitoring, Julian Fellner travelled to South Africa, to EZA's fairly new partner organisations Suntory (solar lamps, solar jars) and Isuna (unique hand-painted ceramic products), for an intensive exchange on Fair Trade. He documented the production processes of the two partners and talked with staff to assess their practical work situation. In addition, he visited our rooibos partner WORC to get a first-hand impression of the massive problems that our honey bush partner Ericaville is facing: due to bush fires, Ericaville is, for the time being, unable to produce any tea.

The long-term project to promote sustainable quinoa cultivation, run by our long-standing partner Anapqui in Bolivia, is also being continued. Here, EZA cooperates with other Fair Trade pioneers in Germany, the United Kingdom, Belgium and France, who provide funding. The Provincial Government of Salzburg also granted financial support. Measures to curb soil erosion and to increase soil fertility are key issues. For instance, glass houses were built to grow tree seedlings to be used as wind breaks in the barren landscape of the altiplano. In addition, llama herds were bought: they are needed to obtain valuable fertiliser for the quinoa fields. The programme also includes seminars for the small-scale producers of the cooperative.



Photos: EZA/mawi, gepa/A. Füllner

In the delicate ecosystem of the Bolivian altiplano, the natural fertiliser from the llamas is crucial for the good growth of the quinoa plants.

Ceramics hand painted with unique patterns at ISUNA in South Africa. Julian Fellner from EZA watching artist Dlamini Nkosinathi at work.

Photos: EZA/Isuna



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 of EZA came to Austria: Kalangu Handicrafts (Ghana), Creative Handicrafts (India), Chetna Organic Farmers Association (India), Palam Rural Center (India), Tiemelónlá Nich Klum (Mexico), Arum Dalu Mekar (Indonesia), COPROCA (Bolivia), CORR – The Jute Works (Bangladesh), ACP (Nepal), Kishor (India), Asha (India) and Suntoy (South Africa).

We join forces to advance Fair Trade.

Promoting and advancing Fair Trade

At the European level, EZA took part in meetings of the EFTA European Fair Trade Association, a cooperation platform of Fair Trade pioneers.

Since 2017, EZA has been in charge of coordinating the EFTA Fair Trade Assessment Group (the former EFTA monitoring group). In this type of cooperation, the focus is on Fair Trade partner organisations who neither carry FAIRTRADE certification nor are Guaranteed WFTO Members, and are therefore assessed and assisted by EFTA members. The main theme of the past year was the further development and revision of the EFTA assessment system and its adaptation to the WFTO system. New trading partners who want to advance their Fair Trade orientation can thus prepare for possible WFTO membership in a more targeted way. In the case of trading partners who do not aim to become WFTO members, the EFTA monitoring system constitutes the key basis for the trade relationship. We also share a database that enables access to, and exchange of, the information gathered and insights gained.

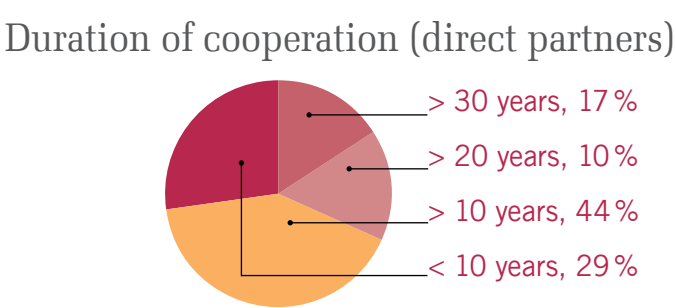
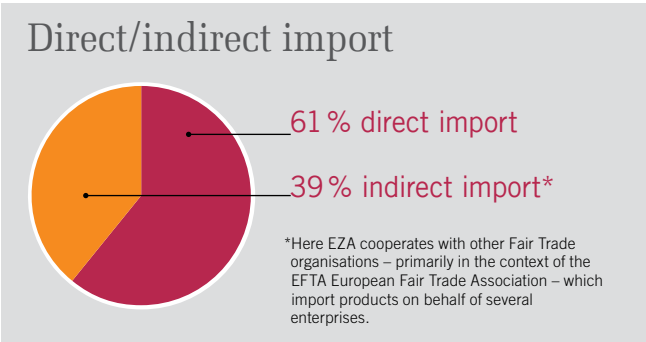
The partner organisations behind EZA's products

143 partner organisations

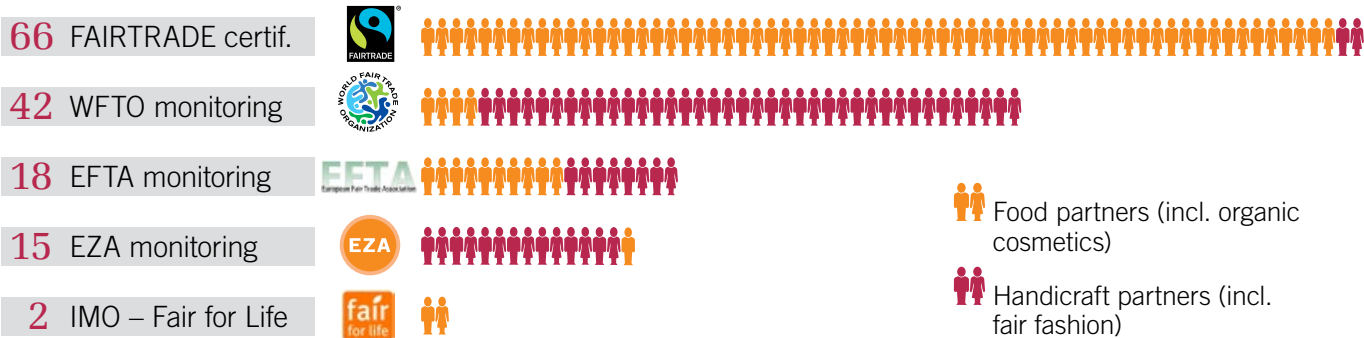


81 food partners
63 of them carry organic certification

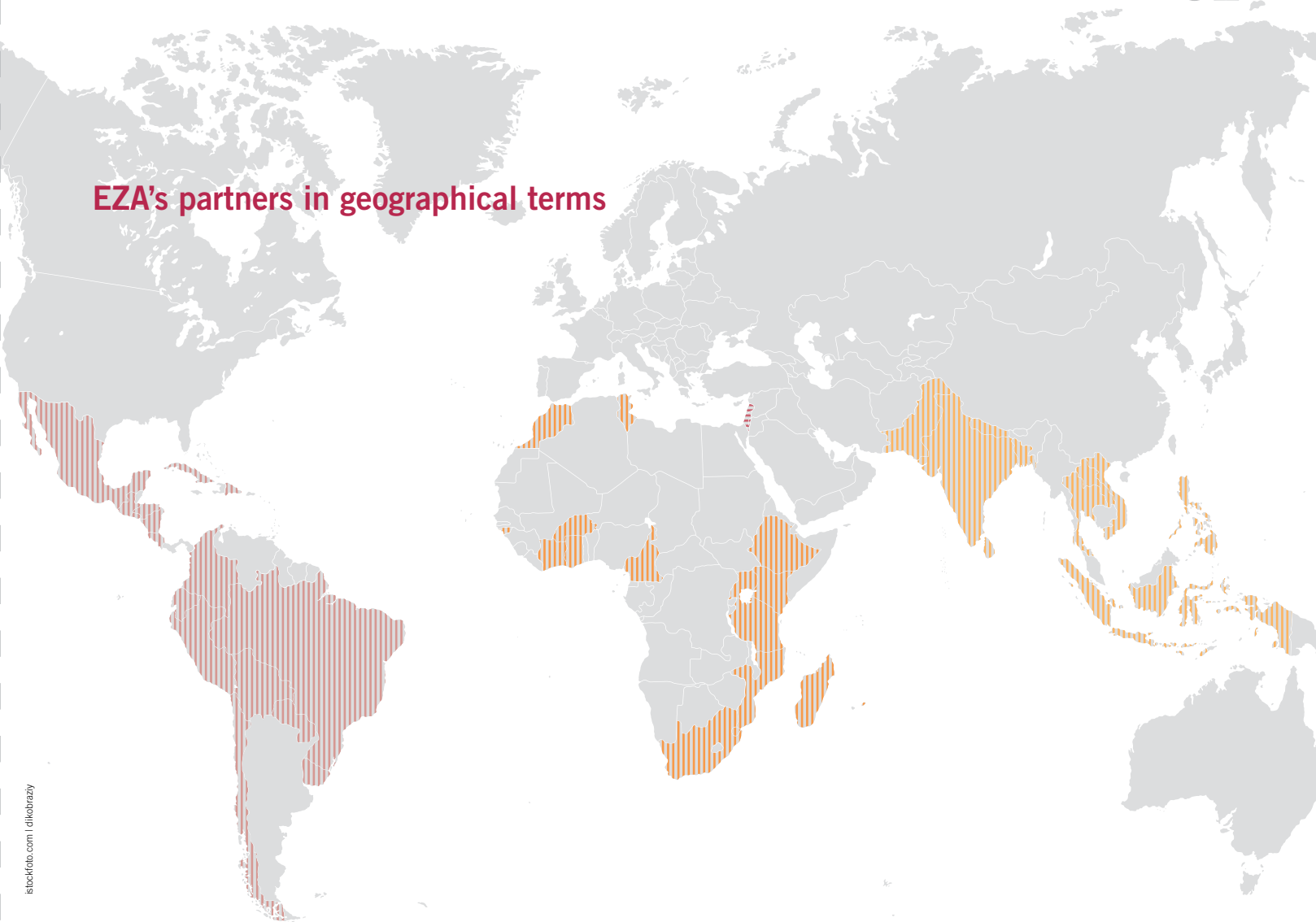
62 handicraft partners



Certification/monitoring of EZA's partner organisations



EZA's partners in geographical terms

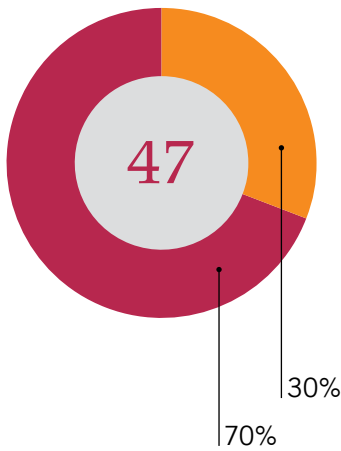
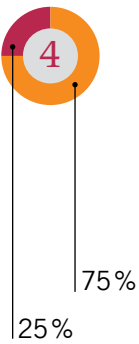
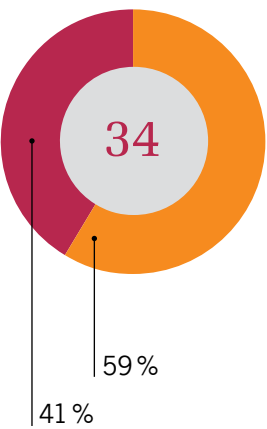
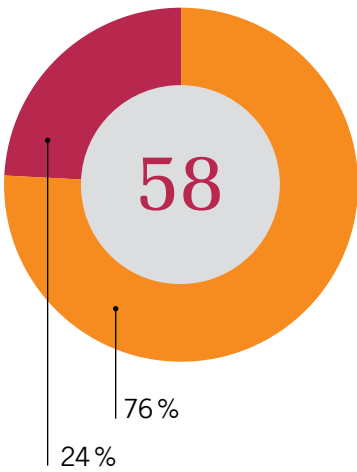


Latin America

Africa

Middle East

Asia



Food partners

Handicraft partners

03

OUR CUSTOMERS

Worldshops

The Austrian worldshops account for a turnover of approximately EUR 4.75 million, or 29 % of EZA's total sales revenue, and have thus been our second-largest customer group.

Compared to the prior year, the sales volume has decreased by 5.6 %, for a variety of reasons: due to rising competition, a few worldshops have themselves faced declining sales figures. Two shops had to be closed down (and follow-up projects have been started). Furthermore, the worldshops can meanwhile choose from 26 recognised suppliers of Fair Trade goods, which has also affected EZA's competitive position.

The turnover of the individual product groups reflects this development: chocolate has seen a decline, and in the group of 'other foodstuffs', we delisted products that sold poorly; the cosmetics figures have been lower than in the prior year, when the new cosmetics line was launched and all worldshops bought an initial supply. In the case of fashion and handicraft, we are feeling the stronger competition. Rising sales figures have only been recorded for coffee and fashion accessories. Our plans for the current business year thus include intensified marketing measures in order to counteract the present trend.



Photo: EZA/Thomas Licht

Cotton clothing from Anukoo, EZA's fashion label. FAIRTRADE certified cotton, G.O.T.S. certified processing, direct and fair trading.

Nayomi Keller (EZA) visiting our clothing partner Rajlakshmi Cotton Mills in India.

Photos: EZA/Rajlakshmi/ink



Grocery retailers

Sales in this group amount to EUR 5.84 million, which represents 35 % of EZA's total turnover. In other words: grocery retailers are our most important group of customers. The 0.8 % rise as against the prior year results from coffee, chocolate and one cosmetics listing. In this distribution channel, the sales of 'other foodstuffs' have also decreased as low-yield products have been delisted. And the increasing competition is an issue: 140 FAIRTRADE licensees have meanwhile been registered. EZA products have to hold their own in a situation of a growing range of products with FAIRTRADE certification.

Resellers

This group comprises various specialised retailers such as organic food shops, distributors, caterers, a few fashion boutiques and various Fair Trade shops. A slight decline of 1.3 % as against the prior year, to a total turnover of approximately EUR 1.5 million has been recorded. This decrease results from factors such as the streamlining of products in the 'other foodstuffs' group. The slight increases in sales of organic cosmetics and fashion have not been enough to offset the decline in other areas.

EZA worldshops and Anukoo fair fashion shop

An increase in turnover at the shop in Salzburg (+ 1.4 %) was counterbalanced by stagnating sales figures at the Anukoo fair fashion shop, whereas the EZA-owned shops in Vienna's 1st district (- 5.2 %) and 8th district (- 3.1 %) recorded a decline as against the prior year. Their turnover of EUR 1.31 million represents a proportion of 8 % in total sales. One has to bear in mind here that this amount – as in the case of the group of final consumers – comprises both retail and wholesale turnover, whereas the sales revenues for the other distribution channels solely represent wholesale figures.

Even though the fair fashion shop has significantly contributed to the development of the Anukoo brand, it has not met the operative targets that would have been necessary to enable its continuation. We have therefore decided to close down the shop as of the start of the next business year 2018/19.

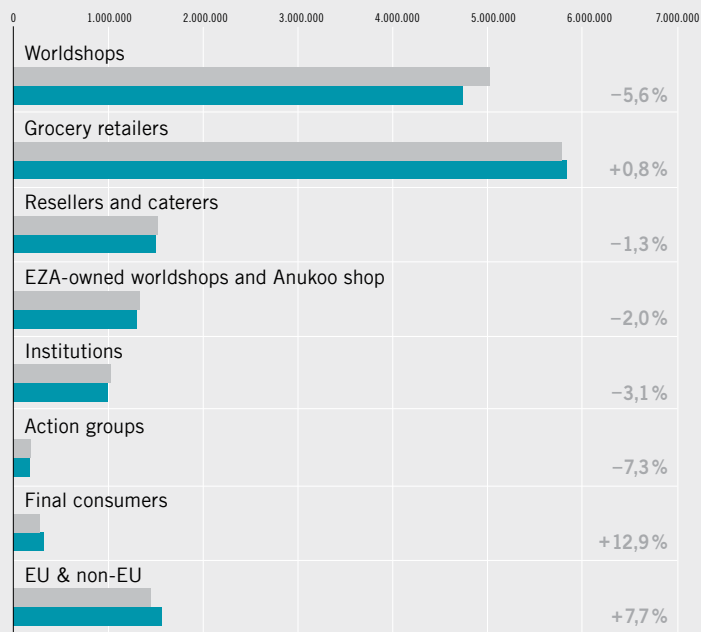
Institutions

This 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 Götting des Glücks label. Early in 2018, GDG had to file an insolvency petition, which, apart from a high loss of outstanding receivables, has also brought about a pronounced decrease of our sales of GDG goods. This is the main reason for the 3.1 % decline in turnover, to EUR 1.0 million.

Action groups

Action groups are volunteers who usually offer our products in the context of 'bazaars'. The sales in this – formerly large – customer group have declined by 7.3%, to EUR 175 000. Whereas in the early years of Fair Trade, action groups represented a cornerstone of EZA's business, and played a key role in spreading the concept of Fair Trade, their number has decreased significantly up to the present day. Many action groups opened their own worldshops, and others cooperate with local worldshops or are now active in fair community projects.

Sales by distribution channel



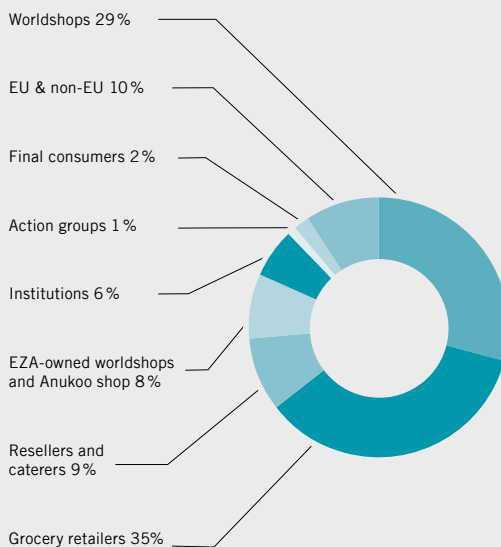
TOTAL SALES

2016/2017 EUR 16 161 873

2017/2018 EUR 16 008 185

■ 2016/2017 ■ 2017/2018

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



Final consumers

Final consumers are customers who buy EZA goods in the shop room at our Weng/Köstendorf headquarters, or online. The corresponding turnover of EUR 321 000 represents 2 % of total sales figures. A rise in online sales has resulted in a 12.9 % increase for this distribution channel.

European union and Switzerland

We sell products to our European partner organisations in Germany, Belgium, France and Spain, as well as Switzerland, in addition to Fair Trade partners from Slovenia, the Czech Republic, Slovakia and Poland. We also supply German worldshops and resellers with handicraft, fashion accessories, fair fashion and cosmetics. The sales to our European partners have seen an increase of 7.7 %, to reach EUR 1.56 million.

Photos: EZA/Karin Hackl/ir

A surprising way of reusing old computer components: unique jewellery and decorative articles made from motherboards, produced by EZA's Indian partner organisation Tara in a small Delhi-based workshop.



04

OUR PRODUCTS

All our coffee brands are organic and produced under Fair Trade conditions.

Coffee

Coffee, accounting for 40 % of EZA's total turnover (or EUR 6.65 million), continues to be our most important product group, and its sales are thus decisive for our economic situation. Coffee is sold to virtually all customer groups. The largest sales are accounted for by grocery retailers (EUR 3.75 million), followed by the Austrian worldshops (EUR 1.32 million).

Both quantities sold and turnover have seen a slight increase. Even though the U.S. dollar has become less expensive in the course of the past business year, we were still selling coffee bought at a higher exchange rate so that the sales margin has not increased to the same extent.

After last year's supply problems for Jambo coffee due to massive rain in Uganda, its country of origin, at the beginning of the business year, the Jambo brand became available again. Adelante coffee, a women-made brand launched in 2015, continues to develop very favourably. Within a short period, it has become the third-most important brand in terms of sales, after Orgánico and Mundo. In total, 584 tons of coffee were sold in the past business year: 561 tons of roasted coffee, 19 tons of green coffee, and 4 tons of instant coffee.

Chocolate

Chocolate is our second-most important product in the food category, accounting for 12 % of total turnover. Its sales figures saw a decrease of 0.8 %, to EUR 2.07 million. The higher turnover resulting from grocery retail sales has not been sufficient to balance out the decline in worldshop sales.



Photos: EZA/Julia Stadelkorn Hackl

Our products reflect the expertise and creativity of our trading partners.

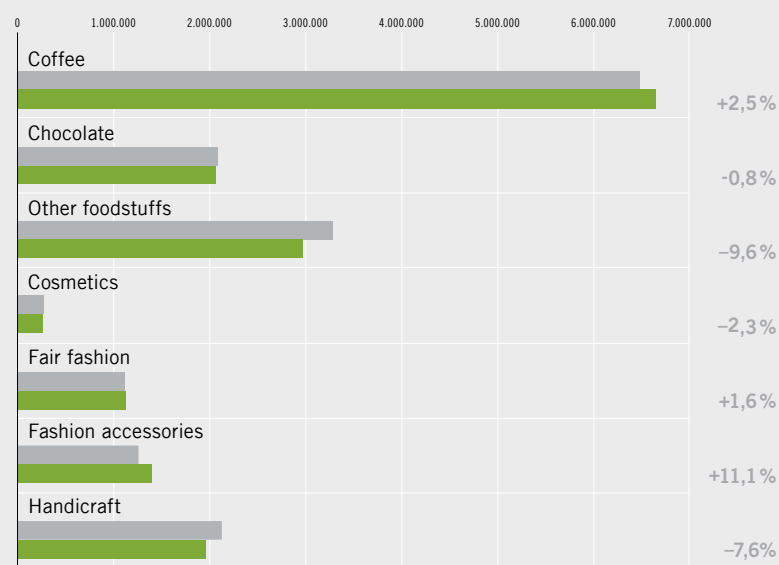
EZA is the only enterprise in Austria that offers FAIRTRADE certified chocolate whose Fair Trade ingredients can be traced back to the partner cooperatives in the countries of origin. This means that at our manufacturers in Switzerland and Germany, the production of our brands is kept strictly separate from any non-fair products. The resulting higher production cost cannot be passed on to customers to its full extent, as the business year 2015/16 has shown, which means smaller margins for EZA. Swiss-made Mascao chocolate has seen a promising sales increase, not least due to a successful packaging relaunch. For the majority of other chocolate brands, a decline has been recorded. The measures taken in response include a change-over of the entire Compañera line to organic ingredients.

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

Other foodstuffs

This group includes products such as tea, cocoa, sugar, nuts, dried fruit, bread spreads, honey, spices, oil, rice, quinoa and various drinks. It represents 18 % of turnover (EUR 2.97 million). Our largest customer groups in this area are grocery retailers (EUR 1.1 million) and the Austrian worldshops (EUR 1.0 million). Several products did not sell as well as expected. We have thus started to streamline the products in this group in order to achieve a better ratio between expenses and expected earnings.

Sales by product category



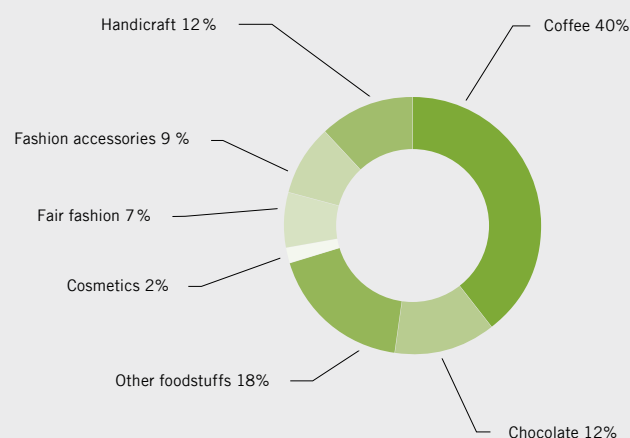
TOTAL SALES

2016/2017 EUR 16 161 873

2017/2018 EUR 16 008 185

■ 2016/2017 ■ 2017/2018

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





Photos: EZA/yr

Rekka (see photo) and her husband Dilip run a jewellery workshop in Loni in north Delhi. EZA's partner organisation Manjeen provides assistance in marketing their products.

Transparent trade relations include the traceability of our products back to their origins.

Cosmetics

Our BIOSFAIR cosmetics line launched in autumn 2016 has remained at the expected level of EUR 0.3 million. It is primarily sold in the worldshops, and is also available in grocery retail shops. BIOSFAIR represents face and body care products with high-quality Fair Trade ingredients from certified organic sources. It is a vegan line that carries the Austrian ABG organic label, and is produced in Salzburg by Pieper Biokosmetik.

Fair fashion

Fair fashion represents 7 % of our turnover (EUR 1.13 million). The fair fashion sales are mainly accounted for by our own Anukoo brand, as well as clothing from the Göttin des Glücks (GDG) designer label, which was produced in the context of our co-branding partnership in our supply chain. In spite of GDG's insolvency, our fashion turnover has seen a 1.6 % increase, resulting from Anukoo sales in our own EZA shops, German worldshops and Swiss Fair Trade partners.

Fashion accessories

This product group comprises jewellery, bags and scarves, and accounts for 9 % of our total sales, or EUR 1.40 million. These figures include sales to worldshops and resellers in Austria, to worldshops in Germany, to our European Fair Trade partners, as well as to special customers. In the reporting period, the latter have more often decided in favour of fashion accessories instead of handicraft. This has brought about a sales increase of 11.1 in this field.

Handicraft

This group includes products such as home decoration goods, kitchen and table textiles, toys and leisure articles, as well as musical instruments. For the aforementioned reasons, this group has seen a decrease of 7.6 %, to EUR 1.97 million. Handicraft thus represents 12 % of overall sales.

05

ANNUAL STATEMENT

Assets

Assets have declined due to depreciations, as planned. As of the balance sheet date, the value of inventories was below the past year, which in part results from the more favourable U.S. dollar exchange rate. Accounts receivable have seen a small decline. Cash on hand and cash in banks have increased considerably, as we bought a large part of the U.S. dollars for the business year 2018/19 in spring 2018 in view of the good exchange rate. Deferred tax has risen slightly. Deferred tax is a 25 % tax that accrues for the difference in taxation between the commercial and the tax balance sheets.

Liabilities

Share capital amounts to EUR 638 000. As a result of the loss for the business year, cumulative net income has decreased from EUR 896 690 to EUR 601 693. The capital stock-to-assets ratio is 12.5 %. The increase of provisions is due to changes regarding provisions for dismissal payments, vacation bonuses and anniversary bonuses. Due to banks has declined as a result of loan repayments. Due to small lenders has increased to EUR 3 826 937.

EZA's business year covered the period from 1 July 2017 to 30 June 2018.

We live in a world of rich cultural diversity – as reflected in our product line.

Photos: EZA/Karin Hackl



Annual statement as at 30 June 2018

Figures refer to euros	16/17	17/18	Comparison
Intangible assets	41 824	23 659	-43%
Tangible assets	2 019 025	1 876 539	-7%
Financial assets	1 099	1 099	0%
FIXED ASSETS	2 061 947	1 901 297	-8%
Inventories	6 795 778	6 122 735	-10%
Accounts receivable and other assets	1 374 574	1 132 539	-18%
Cash on hand and cash in banks	204 380	599 194	193%
CURRENT ASSETS	8 374 732	7 854 468	-6%
Deferred income	53 990	74 933	39%
Deferred tax	67 537	73 755	9%
ASSETS	10 558 207	9 904 453	-6%
Share capital	638 000	638 000	0%
Revenue reserve	0	0	
Cumulative net income/loss	896 690	601 693	-33%
CAPITAL STOCK	1 534 690	1 239 693	-19%
ACCRUED LIABILITIES	879 350	985 629	12%
Due to banks	3 101 106	2 553 737	-18%
Due to small lenders	3 736 956	3 826 937	2%
Other liabilities	1 306 106	1 298 457	-1%
LIABILITIES	8 144 168	7 679 131	-6%
Deferred income	0	0	
LIABILITIES	10 558 207	9 904 453	-6%

Income statement

Figures refer to euros	16/17	17/18	Comparison
Sales revenues	16 161 873	16 008 185	-1.0%
Other operating income	110 069	82 412	-25.1%
Sales input	10 486 777	10 353 613	-1.3%
INCOME	5 785 165	5 736 984	-0.8%
Personnel expenses	3 209 873	3 337 083	4.0%
Rental expenses	209 043	213 220	2.0%
Selling expenses	1 227 263	1 151 516	-6.2%
Administrative expenses	777 256	952 857	22.6%
Depreciation	267 963	255 081	-4.8%
Interest	146 312	126 698	-13.4%
Corporate income tax	2 626	1 743	-33.6%
Deferred tax	-67 537	-6 218	-90.8%
EXPENSES	5 772 800	6 031 980	4.5%
NET INCOME/LOSS	12 366	-294 996	-2485.6%

THE 10 PRINCIPLES OF THE WFTO WORLD FAIR TRADE ORGANI- SATION

As a Guaranteed WFTO Member, EZA
orients its overall business policy
towards the following 10 principles.



Income statement

Turnover has seen a decline of 1.0 %, to EUR 16 008 185 million. This has also reduced sales input by a disproportionate 1.3 %, as a result of the favourable U.S. dollar exchange rate.

In the case of personnel expenses, shorter hours of employment have almost balanced out the statutory wage increase of 2.35 % effective as of 1 January 2018. Personnel expenses have nevertheless risen, due to a statutory change in the interest rate for provisions for dismissal payments, vacation bonuses and anniversary bonuses, from 2.0 % to 1.5 %, and due to payments of arrears of health insurance contributions for the past four years.

Rental expenses have seen a slight rise. Selling expenses reflect the cuts in the advertising budget, as well as the decline in transportation cost due to a change of freight company and the smaller sales volume. Administrative expenses have risen disproportionately. This results from a loss of outstanding receivables due to the insolvency of our cooperation partner Göttin des Glücks (GDG), and a higher rate of damage to products. As a consequence of excess stock, several products could not be sold before their sell-by date. Damage to coffee packaging caused during production has been another relevant factor. Depreciation has seen a decline. Regarding interest expenses, the lower level of interest rates has reduced the sums spent for loan repayment.

In the business year 2017/18, EZA employed a staff of 80 (at headquarters and in EZA's four shops): 51 women and 29 men. This corresponds to 60.1 full-time employees as at the reference date of 30 June 2018. Trade union membership of 90% makes EZA the trading enterprise with the best-organised staff in the province of Salzburg.

Living an alternative!

Transparency, solidarity, openness and fairness.
Beneficial to human beings and to nature.

ANNUAL REPORT 2017/18



NATÜRLICH FAIR

