



ANNUAL REPORT 2018/19

NATÜRLICH FAIR



Photo: EZA Fairer Handel/A. Hauch

Dear Readers,

'But you're a minority,' somebody once said to me. I answered that, in fact, I knew quite a lot of people all over the world who were as committed to the philosophy of Fair Trade as I, and practised it in their everyday trading routines.

And the movement is growing! Plus, it has closed ranks with other movements – as, ultimately, we share the same goal: the survival of all people.

Seeing that so many people, and particularly young people, have become active to protect our climate this year definitely inspires hope. They have realised that unfair trading practices and business models which sacrifice the well-being of humanity and of nature to profit interests accelerate the climate crisis. Economic and social inequalities and climate change are interrelated, and we therefore need solutions that encompass both.

EZA has demonstrated for almost 45 years what really matters (most). We have shown that it is indeed possible to combine social justice and ecological sustainability in a successful business approach. It's not always easy. But we can do it! We are proud to present this annual report, which describes the activities we have undertaken in the business year 2018/19, how we cooperate with our trading partners in the South so that they can lead better lives – and how this has enabled a very good result in financial terms.

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 %).

After 21 years as the General Manager of a Fair Trade pioneer in Austria, I will step down by the end of 2019. I have always seen it as a privilege to be able to cooperate with people all over the world who share my values and are striving to achieve the same goals: to make the world a fairer place, where everybody can live in dignity, peace and justice – without destroying our planet in doing so.

I would like to thank all our trading partners, customers and cooperation partners for many years of great collaboration, and I wish you the strength to continue the endeavours to further expand the world-wide Fair Trade network, and that, one day, Fair Trade will be the rule rather than the exception.

Let me introduce you to Daniela Kern, my successor. I wish her all the best for the next steps towards a promising future for EZA.

EZA Fairer Handel GmbH
Wenger Straße 5
A-5203 Köstendorf
Phone: +43 (0) 6216 20 200
Email: office@eza.cc
Web: www.eza.cc

Yours,

ANDREA SCHLEHUBER, GENERAL MANAGER

30 years of Orgánico coffee – a product makes history

In autumn 2018, Orgánico coffee was in the limelight. Launched by EZA in 1988 as Austria's first Fair Trade coffee of organic origin, it has become EZA's most successful product, and has set an example: today, all EZA coffees are 100 % Fair Trade AND organic. Small farmers from Chiapas and Oaxaca in Mexico are the people behind Orgánico coffee. EZA buys the arabica highland beans for Orgánico directly from – meanwhile 10 – cooperatives.

To mark the 30-year anniversary, representatives of two partner cooperatives of EZA came to Austria from 20 September to 3 October 2018. Pascual López Gutiérrez from Yaxcoffee and Manuela Díaz Méndez from ISMAM – both based in Chiapas, Mexico – enabled a first-hand insight into their lives and their work.

Our guests' tour of Austria started in Salzburg at the Austrian Worldshop Conference, in which approximately 150 multipliers from the worldshops took part. To illustrate Orgánico's success story, a short film on its background was presented. Produced by EZA in cooperation with Manfred Wimmer from the worldshop of Sankt Johann in Tyrol, it illustrates the work of the coffee cooperatives whose beans are processed to Orgánico coffee. A special issue of EZA's natürlichFAIR magazine was published, with the stories behind this unique product as its sole focal theme.

For us, Fair Trade is the rule, not the exception.

Following the conference Manuela and Pascual, accompanied by EZA staff, embarked on an intensive lecturing tour of Austria. Once again, the worldshops proved their worth as reliable cooperation partners in the organisation of the tour. As well-established local actors, they took care to find appropriate settings for our guests' appearances – in schools, at public events and in the context of talks with journalists.

In 22 towns in eight provinces, approximately 1600 people had an opportunity of direct contact with coffee producers, and of learning more about the relevance of Fair Trade in general, and specifically the trading cooperation with EZA, about current challenges they are facing and why it is so important for coffee farmers to unite.

Manuela Díaz Méndez, aged 48, painted a vivid picture of her life as a coffee farmer. She also talked about the hard years before she joined the ISMAM cooperative. She had sought her fortune in the U.S. – as an illegal immigrant without any rights, she worked as a farmhand harvesting tomatoes, then in a factory. 'Whenever possible, I sent money to my family,' she said. 'But what I didn't know was that my father saved all the money, and used it to buy land for me. When I returned home I was able to start my own farm.' It makes her proud to be able to cultivate her own plot today, even though life still isn't easy, she explains. For Manuela, the support she gets from her cooperative plays a key role.



Our Mexican partners Pascual López Gutiérrez (Yaxcoffee) and Manuela Díaz Méndez (ISMSM) touring Austria. They gave us a vivid insight into the lives of the people producing Orgánico coffee.

It enables not just a better price for her coffee – its members also get further training in practical agriculture, which is very important. 'The cooperative offers advice on how to cultivate our land in order to have a good harvest,' Manuela adds. She does not rely solely on coffee. 'I also grow corn, beans, vegetables and fruit. This provides healthy food for my family, as I don't use any chemicals.'

Coffee farmer Pascual López also underlined the importance of having a strong organisation. Looking back on many years' experience as a member of the cooperative, he pointed to three major challenges that all small coffee farmers are facing: the climate crisis and its immediate and future effects on yields, the development of prices on the international market, and thus the future of coffee farming for the next generation.

'The current world market prices are so low that they don't even cover the farmers' costs. They give up and move away', Pascual explained. 'The Fair Trade prices are more stable and more foreseeable. This means security for the farmers.' The price EZA pays to its partner cooperatives is composed of the minimum price in accordance with the Fair Trade scheme, premiums, as well as additional bonuses for special quality – which, in sum, amounts to more than twice the world market price.

Pascual pointed out that the consequences of the climate crisis also affect the coffee plots. Here, the cooperative provides assistance in an essential field: it enables expertise that empowers its members. 'Further training is most important. The workshops and the exchange between farmers are an invaluable source of knowledge. It motivates us,' Pascual explained. He has therefore made special efforts to encourage young people to grow coffee and work as farmers – and relies on the strength that comes from joining forces. 'The producers' children need to be aware of this. Working by yourself as a small farmer, that's hard.'

The EZA study trip to Uganda

On this year's study trip, from 16 to 30 March 2019, we also explored the origin of coffee in Uganda in Eastern Africa. Here, EZA has established contact with two newly founded cooperatives: the United Organic Coffee Growers at the foot of Mount Elgon supply EZA with arabica beans for Jambo coffee. And the Bukonzo Organic Farmers Cooperative Union (BOCU) near the Rwenzori mountains is our partner cooperative for COFFEE FOR FUTURE, a new product in EZA's range of coffee brands, available as of autumn 2019. In all, almost 20 persons from the Fair Trade sector, most of them worldshop staff, took part in the trip.

Regular direct exchange is a good basis for reliable trading relationships.

The goal of the trip was to get familiar with the work and life situation of small farmers in Uganda, to jointly discuss the role of fair trading partnerships with the local farmers, and to gain insight on the spot with regard to launching COFFEE FOR FUTURE. The travellers were also looking forward to learning more about the climate protection project that the BOCU cooperative is funding with an additional premium from trade with EZA: building wood-saving stoves in the cooperative members' simple dwellings to replace the energy-consuming, smoky open fires.

On the stages of the journey the visitors from Europe saw all the production steps – from picking the berries on the plots and removing the flesh to washing, fermenting, drying, sorting and processing in order to obtain coffee ready for export – and they developed a feel for the intensive high-quality work involved at all levels. At a final coffee tasting event at BOCU, hosted by experts, the travellers learned to appreciate the aroma, body and the range of specific flavours of different coffee brands. The fact that BOCU's coffee achieved a sensational 87.5 score on the internationally recognised 100-point scale of the SCAA (Specialty Coffee Association of America) underlines the extraordinary performance of the small farmers' cooperative.

Photos: EZA Fairer Handel/K-Heiml



The EZA study trip to Uganda: a visit to small coffee farmers helped us understand the many steps on the way to organic Fair Trade quality.



Photos: EZA Fairer Handel/K. Heiml

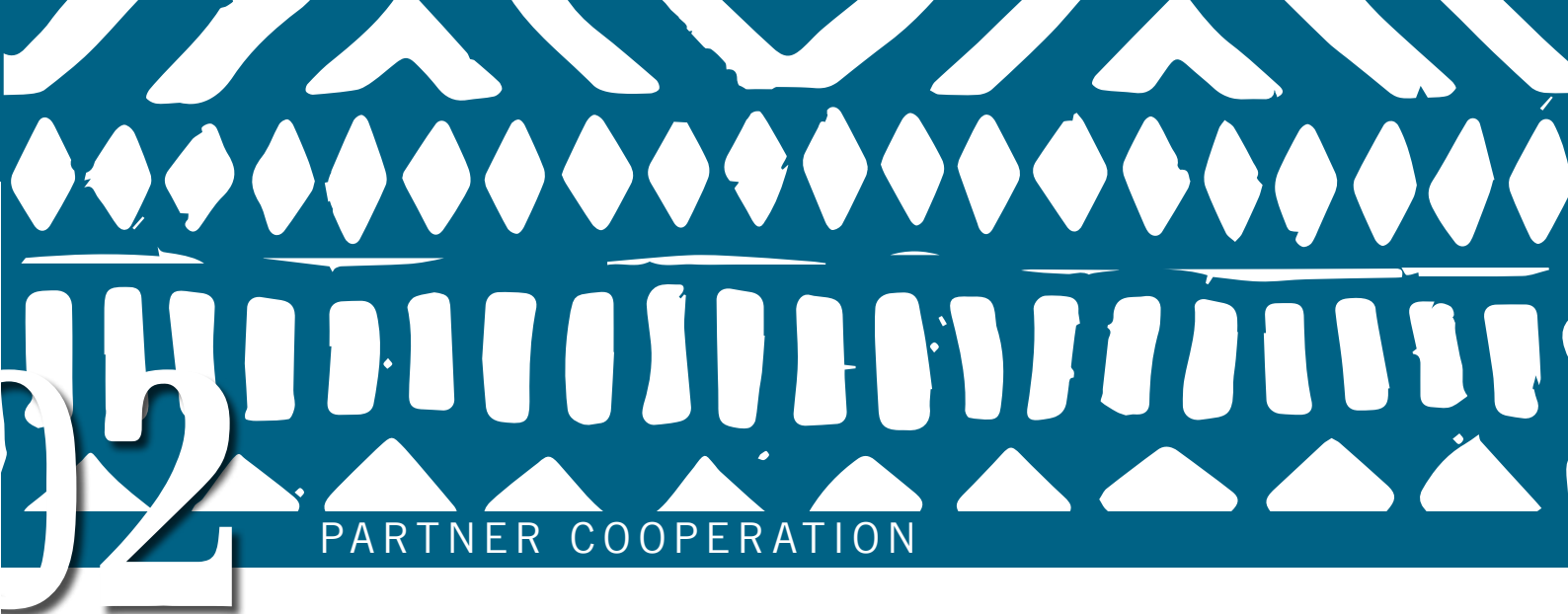
EZA's coffee purchaser Franz Denk in Uganda. Coffee farmer Biira Zyane is already using the new wood-saving cooking stove.

The exchange with board members of the two cooperatives, as well as with coffee farmers during meetings in the villages, was an impressive experience for both sides. A visit to two houses where the new wood-saving cooking stoves were already being used clearly showed that this has indeed marked an improvement in the women's everyday work: they need less wood, the smoke is channelled outside, and cooking takes less time.

The themes discussed included the effects of the climate crisis, the importance of organic farming and companion planting on the plots, as well as the need to achieve good prices and high quality for the beans. 'We're all human beings. We're facing the same challenges, as we're all living on the same planet. So we need to cooperate,' as Charles Kahitison, organic farmer and President of the Bukonzo Organic Farmers Cooperative Union, puts it.

According to Frank Denk, EZA's coffee purchaser, who accompanied the travellers with Andrea Schlehuber, General Manager of EZA, the situation of the two cooperatives is promising. 'They've just started marketing their coffee and are trying to earn themselves a good reputation. They appear to have established their organisations successfully, and the local quality management is at a high level.'

It is essential for the two cooperatives to gain access to additional export markets which will buy a larger share of the harvest – preferably at fair conditions that pay tribute to their intensive work and the high quality of their coffee.



EZA's partner policy paper is the basis for 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. In order to enable transparency, EZA's online shop includes a link to the people behind the products, where information on the partner organisations is presented for each product.

We reveal who our trading partners are, and how we cooperate with them.

At present, EZA's products come from 137 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 a total of 50 partners with whom we have indirect trading partnerships.

76 out of a total of 137 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. 46 partner organisations of EZA are part of this system. Two of our food partners have Fair for Life certification.

Hand-painted and hand-signed ceramics of a very special kind, produced at ISUNA in Cape Town, South Africa.

Photos: EZA Fairer Handel/ISUNAU Sladetek





Photos: EZA Fairer Handel/K. Heini

Fair Trade bridges gaps: an exchange with local partners in Uganda.

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

The monitoring system is in line with the 10 WFTO Principles. This also applies to the 13 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: Nature Bio Foods (organic basmati rice and organic lentils from India), ACOPAGRO (organic cocoa from Peru), Bukonzo Organic Farmers Cooperative Union (organic coffee from Uganda), and Chako (upcycling products from Tanzania). We stopped cooperating with six trading partners as the sales figures for their products had become too low.

Journeys to our partner organisations

In the reporting year, EZA staff visited 33 partner organisations in 10 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 especially for worldshop staff, who afterwards share their experience in the context of their work in Austria. In the past year, we visited two small coffee farmers' cooperatives in Uganda: the Bukonzo Organic Farmers Cooperative Union (BOCU) and United Organic Coffee Growers (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 Guatemalan partner organisations Ciasfa and – with EZA's General Manager Andrea Schlehuber – to Guaya'b. In Mexico, Franz and Andrea met representatives of the Certimex organic certification organisation, as well as of the cooperatives Flor del Cafetal, ISMAM, Productores de Café Orgánico de las Selvas y Montañas de la Frontera Sur, UCOAAC, Sierra Azul Café Gourmet, Yaxcoffee, CIRSA, UCIRI, Tiemelonlá and SPOSEL.

The journey to SPOSEL brought them to remote areas near the Lacandona selva, a virgin forest with protected biosphere reserves and home to approximately 300 small coffee farmers who are members of the cooperative. Their system of organic foresting contributes to the preservation of species. SPOSEL, as well as the Ugandan BOCU cooperative, deliver beans for EZA's new COFFEE FOR FUTURE brand, which will be available as of autumn 2019.

Fair Trade empowers small producers in the supply chain.

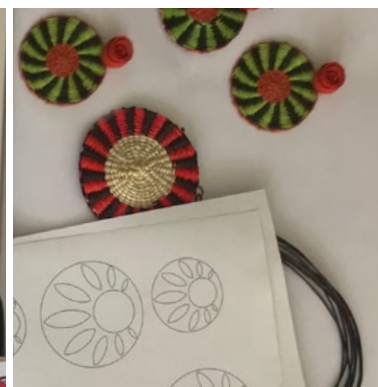
Journeys to our handicraft and fair fashion partners

Katharina Mühlberger, who is in charge of fair fashion design and products, travelled to our partners producing alpaca knitwear in Peru and Bolivia, and worked with members of CIAP, Allpa, COPROCA, QHANA and Señor de Mayo to discuss new models. During Katharina's trip to India, the focus was on developing the upcoming Anukoo collection, which is made from FAIRTRADE-certified organic cotton and processed in accordance with the G.O.T.S. standard. She travelled to our confection partners Rajlakshmi in Delhi, where cotton knitwear is produced, and to Kishor in Agra. In Mumbai, she met representatives of EZA's partner organisation Creative Handicrafts.

Our handicraft purchaser Eva Mayrhuber went to EMA, Sasha, CRC and MKS in Kolkata, India, partner organisations primarily delivering fashion accessories such as bags and scarves. The points on the agenda included an exchange on the range of goods, the further development of products, as well as questions of quality assurance. In addition, recent reforms were discussed: 'For instance, at CRC, a lot is about to change. A new administration building has been completed, and Indro Das Gupta will gradually take over the tasks that his mother, the renowned teacher Irani Sen, has been in charge of so far. This involves a great deal of restructuring, and it has been refreshing to see their continuing enthusiasm for Fair Trade, their love of handicraft and how they enjoy the work with the producers,' Katharina describes her experience of the visit. Her stay in India also provided an opportunity of revisiting the Noah's Ark handicraft organisation in Moradabad.

Our colleague Julia Rupertsberger went to see handicraft partners in Colombia. Besides a visit to the Oxidos metal processing organisation, the focus of her trip was on the further development of our jewellery. At the workshops with which our partner organisation La Cucaracha is cooperating at the local level, Julia was presented with ample choices: traditional handicraft techniques are applied to create extraordinary pieces of jewellery made from local materials such as wheat grass, palm fibres, silk cocoons or gourd shells.

Julia Rupertsberger from EZA (left) and Olga Parra Benavides from La Cucaracha preparing new jewellery designs.



Gerhard Wimmer's journey to Africa included visits to the workshops of Fair Trade Egypt, the Undugu soapstone producers in Kenya, and Mikono in Tanzania, which cooperates with craftspeople from various fields. His itinerary also included a meeting with EZA's new partner organisation Chako in Zanzibar, which impressively demonstrated what can be achieved by upcycling – i.e. the creation of new, different products made from used materials. His talks with our existing partners mainly focused on exploring new product options, and the visit to Chako also served the purpose of getting to know each other at the early stages of the trading partnership.

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).

First-hand
information – we
discuss Fair Trade.

Representatives of the following partner organisations came to Austria: Yasmin Bitugu (Kalangu Handicrafts / Ghana), Jaishree (Manjeen / India), Helmy Abouleish (SEKEM / Egypt), Manuela Díaz Méndez (ISMAM / Mexico), Pascual López Gutierrez (Yaxcoffee / Mexico), Setyowati Nawangsari and Wolfgang Daniel (Arum Dalu / Indonesia), Lucas Silvestre García (Guaya'b / Guatemala), Dolores Benítez Espinoza (APROLMA / Honduras), Lobsang Dhondup (FTCI / India), Javier Oliva, Claudia Oliva and Orlando Oliva (CAFEL / Honduras), as well as Alex Musawale, Samuel Gidudu and Rondalt Makowa (United Organic Coffee Growers / Uganda).

In addition to the focal programme on Orgánico's 30-year anniversary, with our guests Manuela Díaz Méndez and Pascual López from Mexico, Dolores Benítez Espinoza's stay in Austria provided a further opportunity for information activities on Fair Trade. Dolores, a member of the APROLMA women's cooperative, whose arabica beans are used for our Adelante coffee, met students from the University of Salzburg who took part in the 'Green Flat-Sharing' challenge, which encourages critical reflection on one's own lifestyle, as well as on the social and ecological effects of our decisions as consumers. Dolores enabled a very special insight into the world of women as small coffee farmers, and women as powerful social and economic actors in a patriarchal society. 'Today I've found a role model in Honduras,' one of the students commented, deeply impressed.

Promoting and advancing Fair Trade

During the reporting period, EZA took part in several meetings of the EFTA European Fair Trade Association, a cooperation platform of Fair Trade pioneers. At the various levels of the activity areas (general managers, food and handicraft managers, partner relationship experts) efforts are being made to pool the extensive experience gathered, and use it for the greatest possible benefit of producers and consumers.



Photos: Suntoy

SUNTOY in Johannesburg supplies solar-powered jars that can be used as lamps.

The SUNTOY workers in the photo are taking part in an EZA workshop to discuss the Fair Trade criteria.

At CHAKO in Zanzibar, attractive glass containers are produced from used bottles. Upcycling at its best!

Photos: EZA Fairer Handel/Ü. Sladek/Chako



EZA is in charge of coordinating the EFTA Fair Trade Assessment Group (the former EFTA monitoring group). Its focus is on those Fair Trade partner organisations who neither carry FAIRTRADE certification nor are Guaranteed WFTO Members, and are therefore assessed and assisted by EFTA members. The revision of the EFTA assessment system and its adaptation to the WFTO system has now been completed. This enables better preparation for possible WFTO membership of new trading partners who want to advance their Fair Trade orientation. In the case of partners who do not aim to become WFTO members, the EFTA monitoring system constitutes the key basis for the trade relationship.

At the level of the WFTO (World Fair Trade Organisation), Birgit Calix from EZA took part in a conference of European WFTO member organisations, and at a workshop presented a set of instruments that make it easier for partners from the South to establish an internal monitoring system for adherence to the principles of Fair Trade. The agenda of the conference, which was held in Brussels, also included the issues of a 'local living wage' in the South and of Fair Trade in the North – since, as of 2019, WFTO membership is also open to disadvantaged producers' organisations in the global North.

EZA plays an active role in international and European Fair Trade networks.

EZA's internal assessment, which in accordance with the WFTO criteria must be scheduled every two years, provided an opportunity for critical self-reflection. In this context, a comprehensive report is drawn up describing to what extent EZA has implemented the 10 WFTO Principles, and it is the basis for the following external assessment carried out by the WFTO. The internal assessment also included an external evaluation of four partner organisations of EZA. Here the WFTO focuses on trading partners of EZA who are neither WFTO members nor integrated into the Fair Trade system, and checks the extent to which the Fair Trade criteria have been implemented. In this context, EZA's partners Manjeen in India, Yuri Enga in Ghana, COPROCA in Bolivia and Isuna in South Africa were reviewed. The cost for this is borne by EZA.

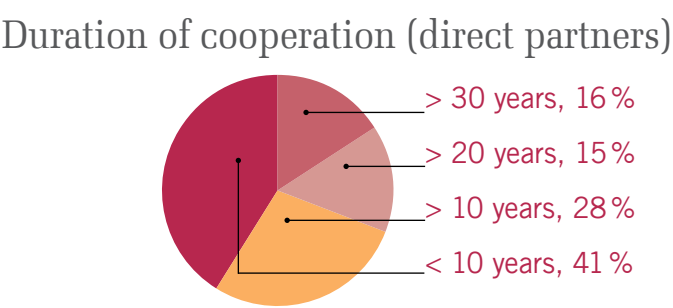
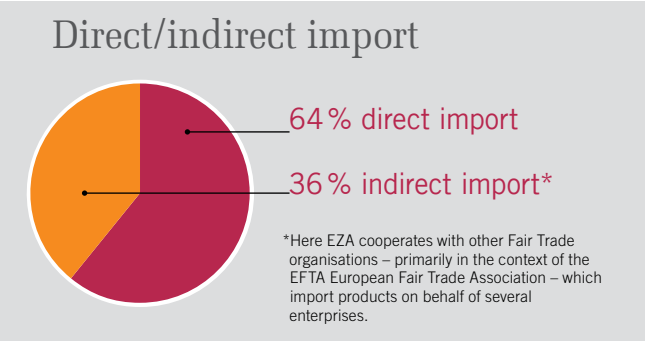
The partner organisations behind EZA's products

137 Partner Organisations

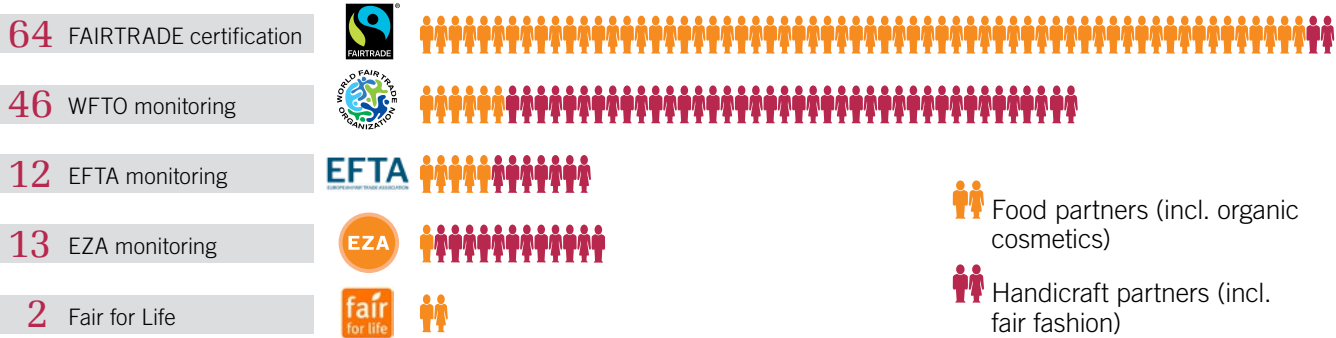


76 Food Partners
62 of them carry organic certification

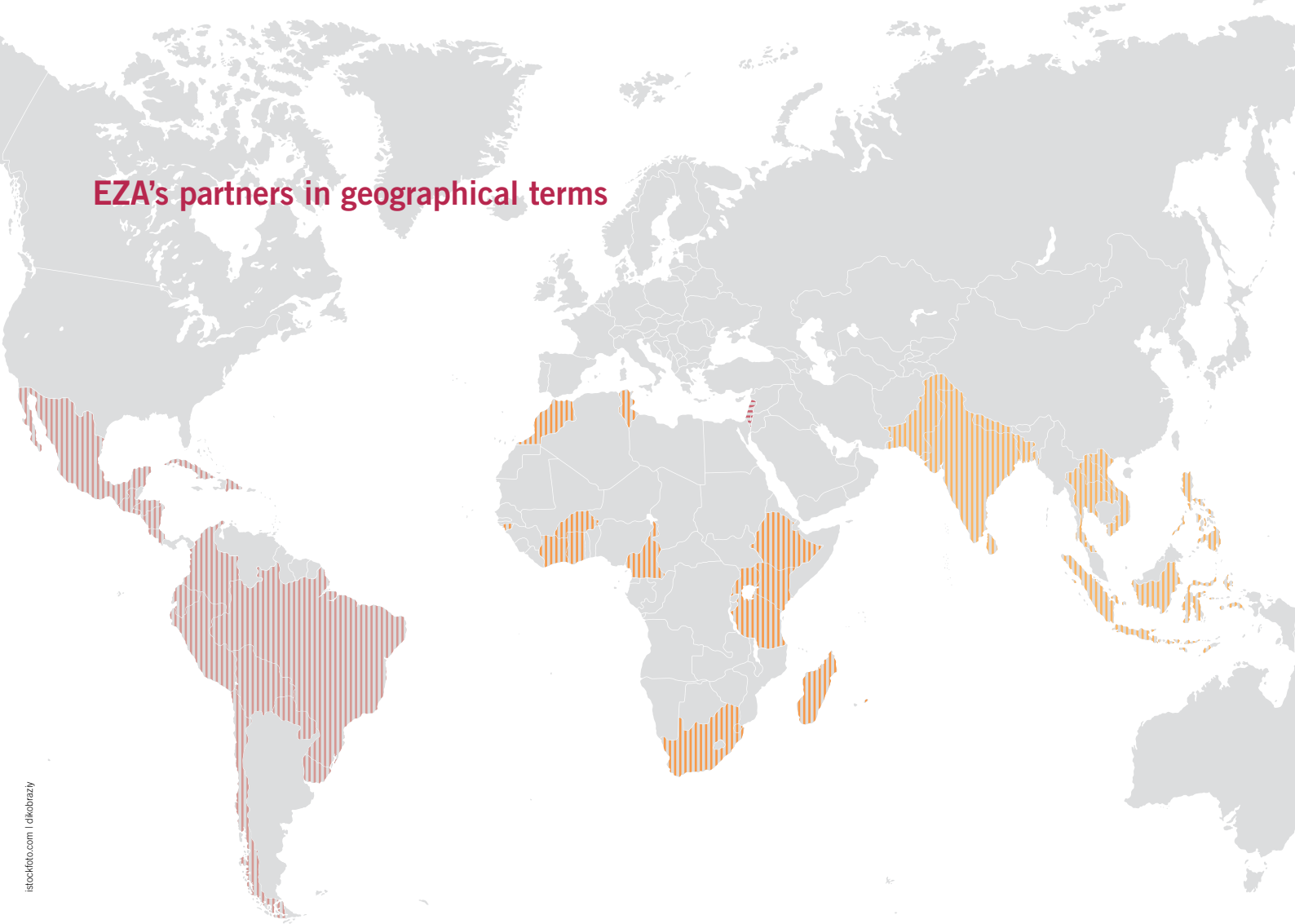
61 Handicraft Partners



Certification/monitoring of EZA's partner organisations



EZA's partners in geographical terms

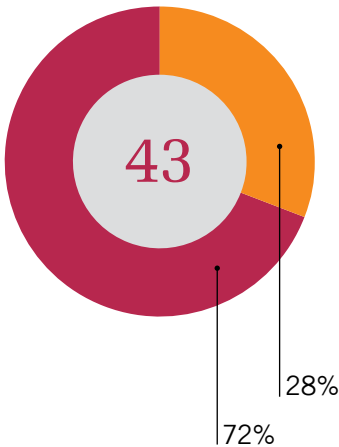
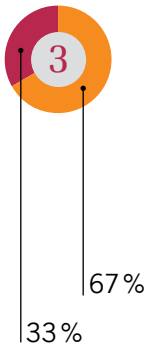
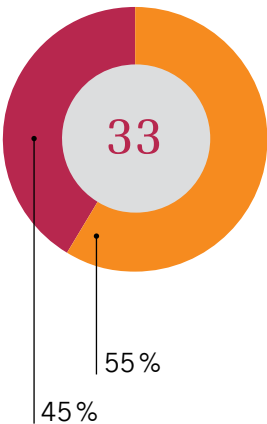
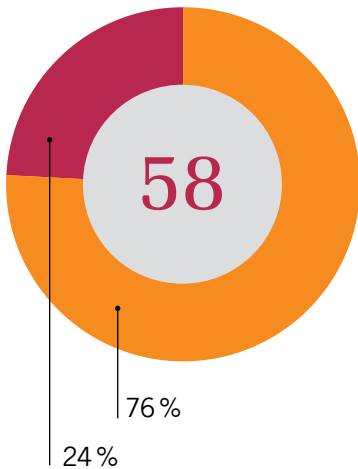


Latin America

Africa

Middle East

Asia



Food partners

Handicraft partners

Worldshops

The Austrian worldshops account for a turnover of approximately EUR 4.5 million, or 27 % 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 4.5 %, for a variety of reasons: the Austrian trade sector is in the midst of radical change: the effects of concentration processes, the trend towards online shopping, high rents in good locations, as well as fiercer competition, are also being felt by the worldshops. Several shops have thus faced declining sales revenues themselves. Two worldshops had to be closed, but follow-up projects have been started, working as resellers. Furthermore, the fact that the worldshops, as retailers specialising in Fair Trade, can meanwhile choose from 27 recognised suppliers of Fair Trade goods has also affected EZA's competitive position.

Whereas the sales figures for coffee and chocolate have been stable, a decrease has been recorded in the 'other foodstuffs' group due to the removal of low-yield products. Cosmetics sales have also seen a slight downwards trend. Larger decreases have, however, been apparent regarding fashion accessories and fair fashion. Here, competition is particularly strong.

To counteract this development, adaptations of the product line and focal marketing activities have been started in the current business year. In cooperation with the Worldshop Association, we have also embarked on measures to support the shop locations.



Photo: EZA Fairer Handel/Thomas Licht

The widest range of EZA products are available at the worldshops and our online shop.

Colourful toys made from hand-woven textiles: Selyn in Sri Lanka stands for creative design and good working conditions.

Photos: EZA Fairer Handel/USladek/Selyn



Grocery Retailers

Sales to grocery retailers amount to EUR 6.2 million, which represents almost 38 % of EZA's total turnover. Grocery retailers are thus our most important group of customers. The 6.3 % rise compared to the prior year results from coffee and chocolate sales. The inclusion of new products has had very positive results. Due to the delisting of low-yield products, the 'other foodstuffs' group has seen a small decrease.

Resellers

This customer group comprises various specialised retailers, such as organic food shops, distributors, a few fashion boutiques and various Fair Trade shops. A slight increase of 1.1 % as against the prior year has been recorded, totalling slightly over EUR 1.5 million. This growth also results from coffee, but most of all handicraft and fair fashion sales.

EZA-owned worldshops and Anukoo fair fashion shop

As planned, the Anukoo fair fashion shop in Vienna's Gumpendorfer Strasse was closed early in the reporting period, i.e. at the end of July 2018. The turnover was too small in relation to cost. This explains the 4.0 % decline in turnover in the customer group of EZA-owned shops. However, the activities taken parallel to closing down the Anukoo shop have helped win over many of its fair fashion customers, who are now frequenting EZA's two Vienna-based worldshops. This has led to a 17.1 % sales plus at the worldshop in Vienna's 1st district, and a 9.1 % increase at the shop in the 8th district. EZA's worldshop in Salzburg has remained stable at a high level, with a small sales increase of 0.6 %.

The total turnover of the three shops amounts to nearly EUR 1.3 million, thus accounting for 8 % of overall sales. One has to bear in mind here that this sum – as in the case of final consumers – comprises both retail and wholesale turnover, whereas the sales figures for the other distribution channels solely represent wholesale figures.

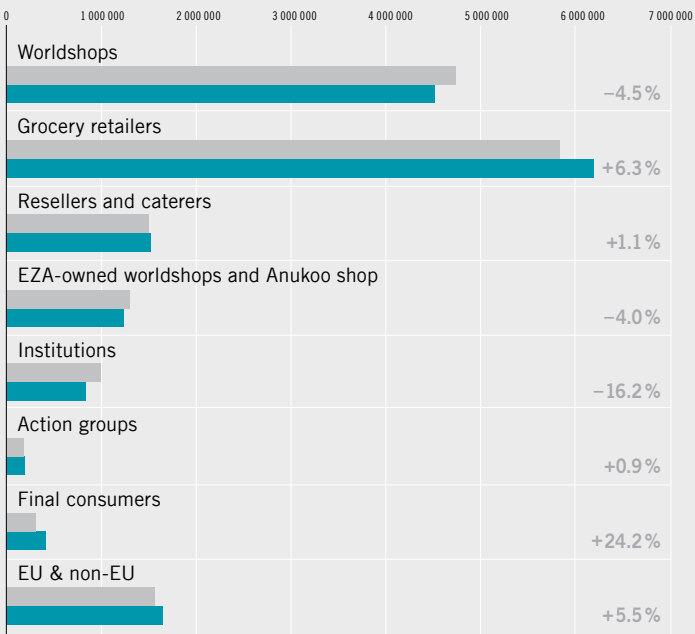
Institutions

This group of customers includes private organisations and public agencies, such as educational institutions, hospitals and offices, as well as individual institutional customers placing large orders. In the past, this group also included the sales figures achieved with our Götting des Glücks (GDG) co-branding partner. GDG had to file an insolvency petition early in 2018, which is the main reason for the 16.2 % decline in sales, down to EUR 836 000.

Action Groups

During the early years of EZA, action group volunteers represented a cornerstone of Fair Trade, as their sale of our products in the context of ‘bazaars’ helped spread the idea of Fair Trade in Austrian society. Many action groups have meanwhile opened their own worldshops, and others cooperate with local worldshops or are now active in fair community projects. In all, the better availability of Fair Trade products has reduced the significance of this group of customers, which now accounts for 1 % of turnover (EUR 176 000).

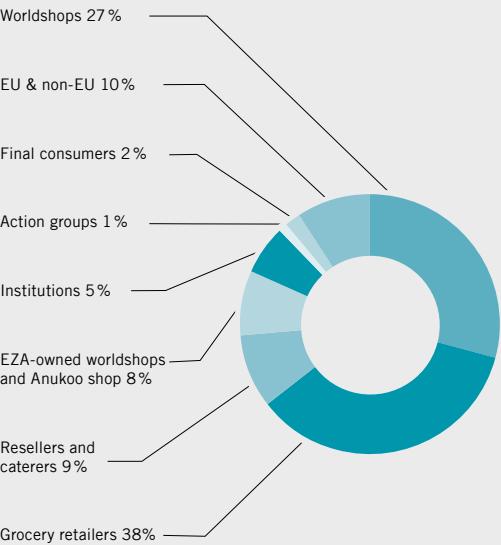
Sales by distribution channel



TOTAL SALES
2017/2018 EUR 16 008 185
2018/2019 EUR 16 101 326

■ 2017/2018 ■ 2018/2019

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



Final Consumers

Final consumers buy EZA goods either in the shop room at our Weng/Köstendorf headquarters, or online. Due to cooperation with the Plusregion marketing initiative, we have been able to retain the high turnover at our headquarters. Increases in this area come primarily from our online shop, resulting in a 24.2 % increase for this customer group. The corresponding turnover of EUR 398 000 represents 2 % of total sales figures.

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 5.5 %, to reach EUR 1.6 million, thus already accounting for 10 % of total turnover.

Photos: EZA Fairer Handel/Thomas Licht/tem/km

Transparent working methods, humane production, ecological and fair trade. Modern styles and the stories behind them. That's Anukoo, EZA's fair fashion label.

Katharina Mühlberger (above right) visiting our confection partners in India.



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

Coffee

Coffee, accounting for almost 42 % of EZA's total turnover (or EUR 6.9 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 3.9 million), followed by the Austrian worldshops (EUR 1.3 million).

Compared to the prior year, total coffee turnover has increased by 3.7 %. This has also resulted from activities celebrating the 30-year anniversary of *Orgánico* coffee, Austria's first organic Fair Trade coffee (see Chapter 1). During the reporting period, the favourable dollar-to-euro exchange rate has also had positive effects on contribution margins.

In total, 610 tons of coffee were sold in the past business year: 578 tons of roasted coffee, 28 tons of green coffee, and 4 tons of instant coffee.

Chocolate

Chocolate is our second most important product in the food category, accounting for a proportion of 14 % of total turnover. Here, an encouraging sales increase of 9.2 %, to EUR 2.3 million, has been recorded, which is primarily due to the launch of new products, such as the organic Fair Trade Sonrisa chocolate brands, Belgian truffles and new chocolate bars. The conversion to organic ingredients of the Compañera chocolates has also yielded good results. For instance, additional presentations in several supermarkets have definitely helped push up the turnover figures.



Photos: EZA Fairer Handel/gm/Ulla Sladek

Our top-quality chocolate is made from carefully processed Fair Trade organic ingredients produced by small farmers.

All chocolates offered by EZA have FAIRTRADE-certified ingredients, which can be traced back to the cooperatives where they come from. Our producers take care to keep these ingredients separate from cocoa and cane sugar from non-Fair sources. In this way we ensure that all chocolates contain nothing but the high-quality ingredients produced by our partners.

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

Other foodstuffs

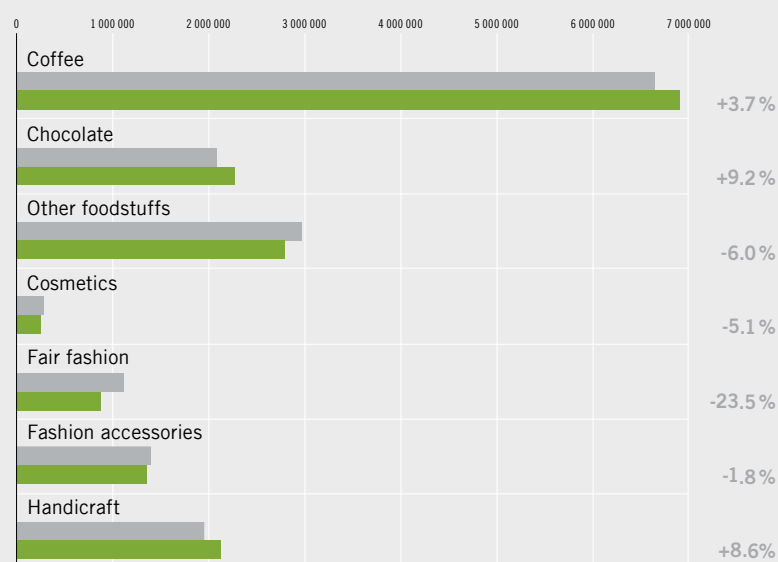
This group includes products such as tea, cocoa, sugar, nuts, dried fruit, spreads, honey, spices, oils, rice, quinoa and various drinks. During the reporting period, it has been complemented by a lentil-rice-quinoa mix. The new packaging design for the spices, which emphasises their high quality, will gradually replace the existing packaging.

The 'other foodstuffs' group represents 17 % of turnover (EUR 2.8 million). Our largest customer groups in this area are grocery retailers (EUR 1.1 million) and the Austrian worldshops (EUR 0.9 million). In the course of streamlining our range of products, articles with insufficient contribution margins were delisted. The corresponding turnover has thus decreased by 6 %.

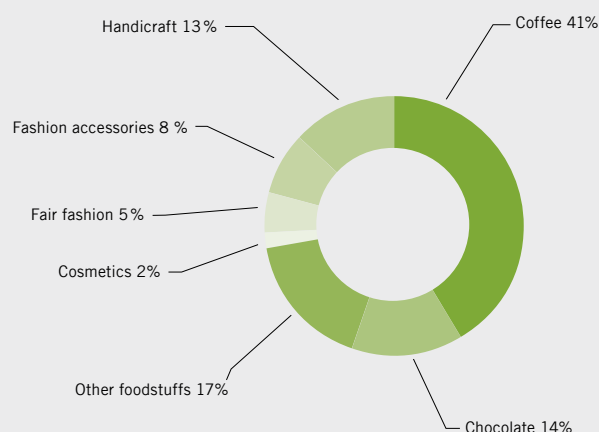
Cosmetics

Our BIOSFAIR cosmetics line is offered by the worldshops and by grocery retailers. Its sales have seen a 5.1 % decline, mainly due to lower sales to groceries. The corresponding turnover thus amounts to EUR 252 000.

Sales by product category



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



TOTAL SALES

2017/2018 EUR 16 008 185

2018/2019 EUR 16 101 326

■ 2017/2018 ■ 2018/2019



Photos: EZA Fairer Handel U.S. / Haeckl

Fair and hand-made: attractive home decoration goods and fashion accessories are created in the workshops of our partner organisations.

Transparent trade relations ensure that our products can be traced back to their origins.

BIOSFAIR represents high-quality face and body care products with Fair Trade ingredients from controlled 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 has seen a noticeable decrease of 23.5 %, to EUR 867 000 – for two main reasons: at the beginning of the reporting period, the Anukoo fair fashion shop in Gumpendorfer Strasse in Vienna's 6th district was closed down, as its turnover was too low in relation to expenses. The one-brand strategy did not prove viable at that location. In addition, the insolvency of our co-branding partner Göttin des Glücks (GDG) has also led to a decrease of sales figures. Our Anukoo collection will be complemented by clothing basics from our own Soul Space brand produced by our Indian partner Rajlakshmi. Made from Fair Trade cotton carrying organic certification and processed in accordance with the G.O.T.S standard, it meets the same high standards as Anukoo fashion.

The worldshops, our Swiss Fair Trade partner Claro, as well as the EZA-owned worldshops have been the main distribution channels for fair fashion in the reporting period. One promising development is that many customers of the former Anukoo shop have switched to buying fair fashion from our two worldshops in the 1st and 8th districts of Vienna. In order to improve our position in the boutique sector, we have been presenting our two collections twice a year at Europe's largest natural textiles fair Innatex. The proportion of fair fashion in the total turnover is 5 %.

Fashion accessories

This product group comprises jewellery, bags and scarves, and accounts for 8 % of our total sales, or EUR 1.4 million. These figures include sales to worldshops in Austria and Germany, to our European Fair Trade partners, as well as customers from the institutional sector placing large orders. In the reporting period, the latter have more often decided in favour of handicraft instead of fashion accessories. This has brought about a sales decrease of 1.8 % 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 above-mentioned reasons, this group has seen an increase of 8.6 %, to EUR 2.1 million. Handicraft thus represents 13 % of overall sales.

Assets

Assets have seen a reduction due to the full depreciation of the improvements of the EZA-owned Anukoo fair fashion shop in Gumpendorfer Strasse in the 6th district of Vienna followed by the closure of that shop, and due to depreciation as scheduled. As of the balance sheet date, the value of inventories was lower than in the prior year. This results from the writeback of valuations, as many articles in the handicraft, fashion accessories and fashion groups were taken out of the books in the course of product range streamlining. The effects of the favourable US dollar exchange rate and the smaller inventory as of the balance sheet date are further relevant factors. Accounts receivable have slightly increased. Cash on hand and cash in banks were lower at the balance sheet date. Deferred tax – i.e. a 25 % tax that accrues for the difference in taxation between the commercial and the tax balance sheets – has risen slightly.

EZA's business year covers the period from 1 July 2018 to 30 June 2019.

Liabilities

The share capital amounts to EUR 638 000. Cumulative net income has increased by the annual profit, from EUR 601 693 to EUR 892 818. The capital stock-to-assets ratio is 16.3 %. The increase of provisions is due to the change in provisions for dismissal payments and anniversary bonuses, as well as provisions for profit sharing. Due to banks has declined as a result of the profit made, smaller inventories, and loan repayments for the storeroom and office buildings. Due to small lenders has increased to EUR 3 935 891.

Preparation for traditional weaving: our partner organisation SASHA works with rural populations of India where this ancient technique continues to be practised.

Photo: EZA Fairer Handel/Rajy Saha



Annual statement by 30 June 2019

Figures refer to euros	17/18	18/19	Comparison
Intangible assets	23 659	10 982	-53.6%
Tangible assets	1 876 539	1 720 085	-8.3%
Financial assets	1 099	1 099	0.0%
FIXED ASSETS	1 901 297	1 732 166	-8.9%
Inventories	6 122 735	5 815 460	-5.0%
Accounts receivable and other assets	1 132 539	1 153 238	1.8%
Cash on hand and cash in banks	599 194	523 477	-12.6%
CURRENT ASSETS	7 854 468	7 492 175	-4.6%
Deferred income	74 933	64 838	-13.5%
Deferred tax	73 755	81 596	10.6%
ASSETS	9 904 453	9 370 775	-5.4%
Share capital	638 000	638 000	0%
Revenue reserve	0	0	
Cumulative net income/loss	601 693	892 818	48.4%
CAPITAL STOCK	1 239 693	1 530 818	23.5%
ACCRUED LIABILITIES	985 629	1 076 461	9.2%
Due to banks	2 553 737	1 571 608	-38.5%
Due to small lenders	3 826 937	3 935 891	2.8%
Other liabilities	1 298 457	1 255 997	-3.3%
LIABILITIES	7 679 131	6 763 496	-11.9%
Deferred income	0	0	
LIABILITIES	9 904 453	9 370 775	-5.4%

Income statement

Figures refer to euros	17/18	18/19	Comparison
Sales revenues	16 008 185	16 101 326	0.6%
Other operating income	82 412	155 972	89.3%
Sales input	10 353 613	10 041 715	-3.0%
INCOME	5 736 984	6 215 583	8.3%
Personnel expenses	3 337 083	3 280 528	-1.7%
Rental	213 220	203 575	-4.5%
Selling expenses	1 151 516	1 100 952	-4.4%
Administrative expenses	952 857	936 069	-1.8%
Depreciation	255 081	243 893	-4.4%
Interest	126 698	152 721	20.5%
Corporate income tax	1 743	14 562	735.0%
Deferred tax	-6 218	-7 842	26.1%
EXPENSES	6 031 980	5 924 458	-1.8%
NET INCOME/LOSS	-294 996	291 125	-198.7%

THE 10 PRINCIPLES OF THE WFTO WORLD FAIR TRADE ORGANISATION

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



Income statement

Despite a 0.6 % rise in turnover to EUR 16 101 326, sales input has decreased by 3 %. This results from the favourable US dollar exchange rate and the writeback of handicraft inventory valuations. The large increase in other operating income is due to the profitable dissolution of the Anukoo fair fashion shop location.

Personnel expenses have been reduced considerably for the second time. A decrease of 1.7 % has been achieved in spite of a statutory wage increase and employee profit sharing. The lower rental figures result from the closure of the Anukoo fair fashion shop. Selling expenses have decreased due to further cutbacks in advertising expenses. Administrative expenses have also been lowered. Here, a major factor is that product damage as a consequence of excessive stock has been reduced. Depreciation has seen a decline. Interest has increased because lower liquid funds resulting from the loss in the prior year has necessitated bank loans.

In the business year 2018/19, EZA employed a staff of 71 (prior year: 79) at headquarters and in EZA's three shops. In terms of full-time employees, this corresponds to 55.3 FTEs (prior year: 60.1). Trade union membership of over 80 % 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 2018/19

