



Celebrating Years **10**

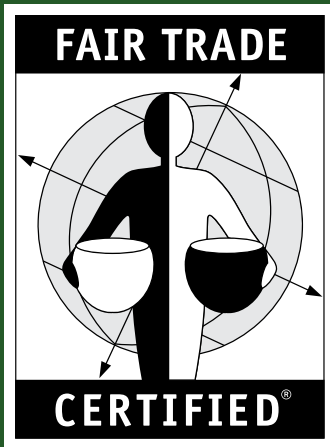


TRANSFAIR USA 2008 ANNUAL REPORT

Certifying a Sustainable Future

Our dreams are big and our undertaking is ambitious. We are a nonprofit, mission-driven organization that tackles social and environmental sustainability with an innovative, entrepreneurial approach. We are the leading independent, third-party certifier of Fair Trade products in the United States, and the only U.S. certifier accredited by Fairtrade Labelling Organizations International (FLO). With the help of a growing movement of conscientious consumers, NGOs, philanthropists and partner companies, we have achieved measurable progress in the fight against poverty and environmental degradation.

We license companies to display the Fair Trade Certified™ label on products that meet our strict international standards. These standards foster increased social and economic stability, leading to stronger communities and better stewardship of the planet. Our goal is to dramatically improve the livelihoods of farmers and their families around the world.



Our Mission

TransFair USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve this mission by certifying and promoting Fair Trade Certified products.

Contents

- 10 2008 Accomplishments
- 12 The Gold Standard of Sustainability
- 16 Empowering Farmers and Farm Workers
- 18 TransFair USA on the Ground
- 24 Fair Trade and Environmental Sustainability
- 30 Industry Momentum
- 36 Segment Trends and Volume
- 42 Our Community of Supporters
- 44 Your Donations at Work
- 48 Financial Summary

Letters from the Chairman & CEO

Dear Friends,

TransFair USA celebrated its 10th anniversary in 2008, a major milestone in the development of the Fair Trade movement. TransFair has grown from humble origins into a respected NGO with a team of nearly 70, all focused on one thing: transforming international trade so that it empowers small-scale farmers and workers, with fairer prices than ordinary markets deliver and concrete contributions to their own efforts to stimulate local development. And it is working! From imports of a few thousand pounds of coffee in 1998, we have grown to tens of millions of pounds of coffee and other agricultural products. Better yet, total cumulative benefits for farmers from higher prices and the social premium exceeded \$100 million this year!

We celebrate this 10th anniversary by recognizing the pioneering work of many others in the Fair Trade movement who paved the way for TransFair USA and serve as our partners in this great global effort. They include SERRV, Ten Thousand Villages, Fair Trade Federation, Fair Trade Resource Network, and the mission-based Fair Trade companies.

None of this would have been possible without the energy and dedication of TransFair's management and staff. I join the rest of the Board of Directors in saluting them. Each and every one is a Fair Trade Hero for us. It is they who give us the greatest encouragement as we look forward to the next decade!



A handwritten signature in white ink that reads "Michael E. Conroy". The signature is fluid and cursive.

Michael E. Conroy
Chairman of the Board

Dear Friends,

When I opened TransFair's one-room "national headquarters" in a downtown Oakland warehouse in October 1998, most industry leaders thought Fair Trade would never succeed. But over the past ten years, we have built a powerful model for change, thanks to the partnership of companies, philanthropists, grassroots activists and consumers. I am proud to see the Fair Trade movement going mainstream and uplifting millions of hardworking farmers in the developing world.

In 2008, the global economy experienced its worst decline since the Great Depression, making Fair Trade more necessary than ever for farmers and workers around the world. Remarkably, the U.S. market for Fair Trade Certified products grew dramatically. Over 150 companies joined us in 2008, introducing exciting new products. Established partners expanded their offerings, too. Consumers responded: retail sales of Fair Trade products increased 20% for the year, topping an estimated \$1.25 billion. This growth bears testimony to the commitment of companies, consumers and farmers to a more equitable and sustainable planet.

As we celebrate the accomplishments and blessings of ten years of service, we must also take stock and evaluate lessons learned. The most important challenge and opportunity of the next decade: find innovative ways to improve the Fair Trade model to create greater scale and positive impact. I believe the best is yet to come.

To all our supporters, I send my heartfelt thanks. Together, we are changing the world.



A handwritten signature in white ink that reads "Paul Rice". The signature is cursive and stylized.

Paul Rice
President & CEO



Empowerment

“Fair Trade helped us gain control of our harvest and our export business. We get a stable price for our coffee, and we have strong, transparent relationships with our buyers. We feel respected.”

– George Pirie, AGOGA Coffee Cooperative, Papua New Guinea



Environmental Protection

“We converted our coffee fields to organic cultivation about 15 years ago. This protects the environment and our own health from the terrible effects of toxic chemicals. Next year we begin a reforestation program in the mountains around our villages.”

– Esperanza Castillo, Pangoa Coffee Cooperative, Peru





Poverty Alleviation

“In Nicaragua, many families don’t earn enough to put sufficient food on the table. Malnutrition among children is common. But our cooperative’s farmers are different; they’ve been getting the Fair Trade price for years. They can provide a healthy diet for their kids and keep them in school longer. That’s the key to a better future.”

– Mario Torres, Prodecoop Coffee Cooperative, Nicaragua



Women's Rights

“As secretary of our Worker Council, I help plan and manage development projects that benefit our workers. I feel proud because I can see that my co-workers are confident in me. I don't think that I could have a leadership position at another farm because I am a woman. I would only be a worker.”

– Wambui Gikenye, Oserian Flower Estate, Kenya



Celebrating 10 Years



1999

TransFair USA launches Fair Trade Certified™ coffee at the Specialty Coffee Association of America exposition.

TransFair USA and SCAA sign an agreement to promote Fair Trade in the specialty coffee industry.

2000

Fair Trade Certified™ becomes the fastest growing segment of the U.S. coffee industry.

Paul Rice is elected to the prestigious international Ashoka Fellowship for his pioneering work as a social entrepreneur in the Fair Trade movement.

2001

Millions of Americans are alerted to pervasive poverty in the coffee industry when *USA Today* runs an article on Fair Trade Certified coffee.

In its first expansion beyond coffee, TransFair USA launches Fair Trade Certified tea.

2002

TransFair USA produces a public service announcement about Fair Trade, featuring Emmy Award-winning actor Martin Sheen, which airs nationally.

TransFair USA begins certifying chocolate after world cocoa prices hit record lows and the media exposes rampant child labor on West African cocoa farms.

2003

The Ford Foundation awards TransFair USA almost \$3 million in grants and Program Related Investments over a six-year period, spurring the growth of our innovative model for global poverty alleviation.

United Students for Fair Trade is born, galvanizing a national student movement to support Fair Trade on campus and beyond.

WORLD
ECONOMIC
FORUM

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



2004

At the World Economic Forum in Switzerland, Paul Rice advocates for Fair Trade amongst hundreds of business, government and civil society leaders.

TransFair USA introduces Fair Trade Certified bananas. USA Today reports the launch in a front-page feature article.

2005

TransFair USA is honored by the Skoll Foundation with a Skoll Award for Social Entrepreneurship.

Fair Trade Certified™ sugar and rice hit the U.S. market for the first time. Vanilla is soon to follow.

2006

Paul Rice is featured on the cover of Fast Company. TransFair USA receives the publication's annual Social Capitalist Award over four consecutive years.

According to National Coffee Association research, consumer awareness of Fair Trade reaches 27 percent, an increase of 400% in four years.

2007

After Media, PA's 2006 declaration, Amherst, Milwaukee and Brattleboro declare themselves Fair Trade Towns and the national campaign officially launches.

U.S. retail sales of Fair Trade Certified™ products hit \$1 billion for the first time.

2008

Paul Rice addresses the Clinton Global Initiative annual meeting, closing with a public commitment to launch Fair Trade cotton and apparel.

TransFair USA begins certifying flowers, wine and honey. Demand for new products takes off.

2008 Accomplishments



Fair Trade Certified Now Available at a Store Near... Everyone

Walmart, the nation's largest retailer, began selling Fair Trade Certified™ coffees in early 2008. Also in 2008, Starbucks, the world's largest coffeehouse chain, announced plans to double its purchases to 40 million pounds of Fair Trade Certified coffee, making Starbucks the largest buyer in the world. While creating unprecedented opportunities for countless farmers around the world, this expansion also gives millions of consumers the power to vote for a better world with their everyday shopping choices.

Farmers Thrived

In 2008, 50 new producer organizations became certified, and U.S. companies paid nearly \$11 million in community development premiums. These funds help hundreds of thousands of farming families educate their kids, obtain affordable health care, access clean drinking water and meet other community needs.

Industry Participation Grew

Even in this tough economic climate, Fair Trade Certified continued to be a popular business decision for leading U.S. companies responding to increased consumer demand for sustainable and ethically-traded products. This year, TransFair USA audited and licensed 862 companies, an increase of 16 percent from 2007.

Philanthropists Renewed Their Support

As a nonprofit organization, we depend on a community of donors and social investors to support the future growth of Fair Trade. We received a three-year renewal of our Skoll Award for Social Entrepreneurship from the Skoll Foundation in 2008. Other repeat funders included the Richard and Rhoda Goldman Fund, Salesforce.com Foundation, the Levi Strauss Foundation, the Tiffany & Co. Foundation and the Marisla Foundation. We were also honored to receive grants from new funders including the Peery Foundation, which provided critical general operating support to TransFair USA in June of 2008.

Fair Trade on the World Stage

Paul Rice joined President Bill Clinton, Queen Rania of Jordan, musician and philanthropist Bono, and other prominent world leaders at the Clinton Global Initiative's 2008 annual meeting. And at the 2008 World Economic Forum regional summits in Mexico, Egypt and Dubai, Paul advocated for Fair Trade amongst hundreds of business, government and civil society leaders.

Fair Trade in the House

Fair Trade Certified landed in the cups of national lawmakers in February 2008 when, through a taste test, Pura Vida Coffee won the right to serve its coffee in dining halls at the U.S. House of Representatives. More than 100 pounds of Fair Trade Certified drip coffee are now sold in the House each day.

Our Mission Gains Recognition

TransFair USA won Fast Company's Social Capitalist Award for the fourth consecutive year. We were also awarded the *San Francisco Business Times'* Green Business Award and named to Plenty's "Plenty 20" list of companies that are changing the world. With such accolades, it's no wonder that Ethisphere listed Paul Rice as one of the "100 Most Influential People in Business Ethics."

New Products Entered the Market

In 2008, Whole Foods, Sam's Club and Target launched the first Fair Trade Certified wine in the United States and saw immediate sales success. Honey, launched by Wholesome Sweeteners, followed shortly thereafter.

Future Initiatives

With the support of the Tiffany & Company Foundation, TransFair USA completed a feasibility study for the potential certification of diamonds. This groundbreaking exploration complements the work of our European colleagues to develop and launch Fair Trade gold.

Moving Toward Garments Certification

In 2008, TransFair USA received funding from industry leaders such as Levi Strauss Foundation and Columbia Sportswear Company to draft standards for a pilot test of Fair Trade Certified apparel and cotton goods for the U.S. market.

This exploration into manufactured products is a turning point for consumers in the United States, as well as cotton farmers and factory workers: for consumers, certification of apparel and cotton goods means the chance to support the Fair Trade lifestyle not just through the foods they eat but also the clothes they wear.

For cotton farmers in countries like India and Mali, sales of Fair Trade Certified garments could mean the chance to build schools in a region where the literacy rate is just 31 percent. And for factory workers, many of whom are women and migrants, Fair Trade would offer higher incomes and worker-directed community funds.

Conducted in consultation with labor rights groups, companies, farmers and manufacturers, TransFair's pilot program follows a 2006 feasibility study on garments.

The Gold Standard of Sustainability

Every day, in countries around the developing world, millions of farmers and farm workers diligently cultivate the land to grow products – such as coffee, tea, cocoa, fruit, sugar, honey and rice – that most Americans can't live without. Meanwhile, many of these hardworking farmers struggle just to feed their families, keep their children in school, and survive.

Isolated from international buyers and lacking access to market information, these farmers' sole option can be to deal with local middlemen who all too often fail to give them prices that cover the costs of production.

The result: a cycle of poverty that harms not just individual farmers and their families, but entire communities and ecosystems. Families who can no longer make a living on their land face malnutrition, greater health risks and lower school attendance. Low prices also cause farmers to clear-cut traditionally forested land to sell timber or create pastures, or to abandon their farms and communities entirely, migrating to the cities or the United States in search of work.

To date, almost 1.5 million families in 70 developing countries have organized their communities, developed viable export cooperatives, and taken their products directly to global markets. The result: dramatic improvements in income and quality of life.



A Fair Price

Our unique commitment to fair prices and development premiums distinguishes the Fair Trade Certified™ label from all others. Farmer groups are guaranteed a price that covers the cost of sustainable production, a premium for community-selected development projects, and an additional price premium when their crops are certified organic.

Fair Labor Conditions

Workers on certified farms are assured of more than just better wages. They are guaranteed freedom of association and safer working conditions, with protection from dangerous agrochemicals and pesticides. Child labor, forced labor and discrimination are strictly prohibited.

Direct Trade

Most Fair Trade farmers develop the business capacity to export their own harvests, allowing them to bypass middlemen and plug directly into the global marketplace to get a significantly higher price.

Access to Credit

Buyers are encouraged to offer commercial credit to farmers, either directly or in collaboration with financial intermediaries. Access to timely credit on favorable terms allows farmer organizations to increase export capacity and improve product quality.

Democracy and Transparency

Empowerment is an essential goal of Fair Trade. Small farmers form cooperatives that allow them to process and export their harvests competitively. Workers on larger farms organize Worker Councils that identify, plan and manage their own community development projects. Both types of organizations are audited annually for transparency, democratic process and sound financial management. Farmers also elect representatives to the Board of Directors and governance committees of Fairtrade Labelling Organizations International (FLO), the international umbrella group for Fair Trade certification and labeling, ensuring that their voice is heard in key strategy and policy decisions.

Community Development

U.S. importers and manufacturers pay producer organizations premiums that allow farmers and farm workers to invest in development projects chosen by the community. These projects – from clean drinking water, school scholarships and healthcare services to housing, reforestation and organic certification – benefit entire towns and regions.

Environmental Sustainability

Fair Trade standards require environmentally sustainable farming methods that protect farmers' health and preserve ecosystems. These standards strictly prohibit the use of GMOs and the most toxic agrochemicals, promote active conservation of soil and water resources, and protect surrounding forests. More than half of all Fair Trade farmers practice organic agriculture.



Fair Trade Certification

A Guarantee of Integrity

More than just a label, the Fair Trade Certified™ mark is a guarantee backed by a rigorous auditing process. We track transactions along the supply chain between more than 860 U.S. companies and the 1.5 million producers from whom they source. In 2008, our certification team audited more than 40,000 transactions between producers, importers and manufacturers.

Our certification audit ensures that participants receive the benefits of inclusion in the global Fair Trade system. We guarantee that more of the money spent on certified products makes it back to the hardworking families who produce them. Our team is responsible for enforcing trade standards, making certain that the Fair Trade price is paid and taking decisive action when standards are not met.

We are not alone in pursuing our mission. We are one of 24 member organizations that work under the Fairtrade Labelling Organizations International (FLO) umbrella. Based in Bonn, Germany, FLO is a not-for-profit, multi-stakeholder association of Fair Trade certifiers like TransFair USA and networks of farmer groups from Africa, Asia and Latin America.

Development of Fair Trade Standards

FLO is responsible for developing and maintaining global Fair Trade standards based on rigorous academic and field research. All standards are vetted and approved through a global, multi-stakeholder consultation process that reflects best practices in the field of social and environmental certification.

Due to FLO's global reach, farmers worldwide can comply with a uniform and consistent set of standards. TransFair USA's representatives sit on FLO's board of directors and several of its governance committees, helping to guide the expansion of the global Fair Trade market.

Certification on the Farm

The international certification agency FLO-Cert, a wholly-owned subsidiary of FLO, has developed a global network of highly-trained field inspectors. These social audit professionals monitor cooperatives and farms to verify their compliance with strict Fair Trade social and environmental standards, as well as their investment of community development premiums. Offering certification services in more than 70 countries around the globe, FLO-Cert won ISO 65 accreditation in 2008 by the International Standards Organization, based on the strength of its audit and certification processes.

Certification in the United States

Our highly-qualified certification team audits transactions between U.S. importers, manufacturers, distributors, and the farmer organizations from which they source. We verify the chain of custody to ensure that our strict standards are met by the companies licensed to display the Fair Trade Certified™ logo. Transparency and traceability are key to the credibility of any certification label and we believe our world-class certification model is one of the relative advantages of the Fair Trade approach.

Commitment to Continuous Improvement

We are constantly evaluating and improving our certification process to ensure the integrity of our label as we add new products, origin countries, retailers and brand holders. In 2008, we introduced the Artisan Partner Program which streamlines reporting requirements for over 220 small coffee roasters, making the certification process easier and more cost effective.

On-Site Audits

In 2008, TransFair USA implemented on-site auditing, a procedure in which TransFair-trained auditors visit our partner companies and carefully review their files, inventories, internal control systems, reporting, and traceability protocols. This deep-dive audit into how companies manage their Fair Trade product flow has already proven highly valuable in encouraging transparent accounting, timely reporting and full compliance with our standards. We believe that on-site auditing will prove to be a powerful deterrent to fraud in the system.

To learn more about FLO and FLO-Cert, visit www.fairtrade.net

Transparency and traceability are key to the credibility of any certification label.

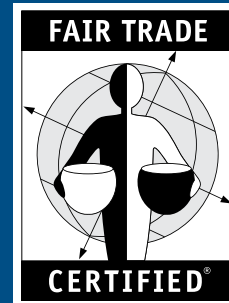


The Label: The Fair Trade Certified™ label represents a unique, powerful guarantee to consumers that the farmers and workers behind the product got a better deal. It is more than a certification stamp, more than a seal of approval that reassures consumers that their purchases are responsible. It is the end result of a rigorous global inspection and monitoring system. **And it is a call to action.**

The Fair Trade Certification Process

Fairtrade Labelling Organizations International (FLO)

TransFair USA



Reports & Data Sharing

Audits & Report Validation

Quarterly Reports & Supporting Documents

Audits & Report Validation



Empowering Farmers and Farm Workers

Hope, Pride and Dignity

No other sustainability label in the world offers farmers the price premiums that Fair Trade certification guarantees. In fact, other certification systems deliberately avoid the sticky issues of low wages and commodity prices in developing countries. The Fair Trade minimum price gives farmers a safety net when global commodity markets fluctuate wildly. When market prices fall, our farmers still receive a harvest price that allows them to cover the cost of production, protect the environment through more sustainable cultivation, and care for their families.



Community Investment

Fair Trade standards require buyers to deliver an established premium to producer organizations to fund community development and environmental conservation projects. Community members come together to assess and prioritize local needs and then manage premium investments in community development projects, such as:

- > micro-loans for housing projects and small businesses
- > schools and scholarship programs
- > healthcare coverage for workers and their families
- > deep wells and clean water supplies
- > daycare facilities
- > training programs supporting women and youth

Fair Trade Certified Producer Organizations

By the end of 2008, there were 648 certified producer organizations in 70 countries, representing more than 1.5 million farmers and workers. Including their families and dependents, FLO estimates that almost 8 million people directly benefit from Fair Trade.



Number of Producer Organizations Selling to TransFair USA Licensees

YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Wine										4
Honey										4
Flowers									10	21
Vanilla								5	5	5
Sugar							4	4	6	4
Rice							2	2	2	5
Produce						9	6	10	10	13
Cocoa				2	4	6	10	8	14	17
Tea			8	16	16	18	29	23	47	41
Coffee	21	32	30	50	61	84	87	106	122	152
Total	21	32	38	68	81	117	138	158	216	266



TransFair USA on the Ground

Investing in the Future

The dramatic growth of Fair Trade in the United States has created remarkable opportunities for new and existing producer organizations. Farmers from some of the world's poorest countries, such as Rwanda, Nicaragua and Ethiopia are now selling their products at better prices to the most established businesses in the United States, including Starbucks, Whole Foods Markets, Walmart and Target.

Doing business with global companies can be a challenge for producer organizations in the developing world, which often lack access to the latest production technology, market information, working capital and management expertise.

Four years ago, TransFair USA launched the Global Producer Services initiative to address this challenge and help producer organizations maximize the benefits of Fair Trade certification. Our relationships with importers, retailers and producers give us a unique perspective on global supply chains and allow us to easily identify mutually beneficial trade and investment opportunities. We work directly with producers to advance their market position, helping them

to secure long-term relationships with U.S. business partners and enabling farming communities to sell more of their products on Fair Trade terms.

Our projects focus on a few common challenges faced by most farmer groups as they strive to build profitable community enterprises and achieve sustainable development. We help improve product quality through training and better infrastructure. We train cooperative leaders, members and staff to improve business and financial management. We introduce cooperatives to leading financial intermediaries like Root Capital and help them gain access to capital. And we connect farmer groups to U.S. Fair Trade buyers, establishing market partnerships on more equitable terms.

We frequently tap into our network of industry and humanitarian allies to coordinate trainings and technical assistance projects that help farmers overcome specific barriers to business growth. By bringing all of the key stakeholders in a supply chain into the problem-solving process, we are able to identify and implement specific, real time solutions.



2008 By the Numbers

On the Ground Support from TransFair USA

4 countries served **19** cooperatives participated **160,000**

farmers impacted **\$200,000** granted to producer

organizations **65** drying patios constructed in Brazil **2** coffee hulling

facilities installed **1** coffee washing and water recycling system installed

1 coffee cupping laboratory built **4** business management

consultancies conducted **7,177** farmers directly trained

24,540 pounds of coffee sold at the first Fair Trade Cupping

Competition **\$7.20** per pound paid for the winning coffee.

Producer Origins & Partnership Projects

Fair Trade Certified™ products consistently meet the highest quality standards in the market. TransFair USA helps rural farmers meet these standards through critical investments in infrastructure and training.



Brazil

Responsible Sourcing Partnership Project

The Responsible Sourcing Partnership Project is an innovative public-private partnership between TransFair USA, USAID, Sam's Club and Walmart. Now in its second year, the project links Brazilian coffee farmers with mass market consumers in the U.S. The project has helped 4,873 coffee farmers improve the quality of their coffee, increase their supply and develop market linkages. In 2008, participating cooperatives saw a 48 percent increase in sales, compared with 2007.



Brazil

Value Chain Competitiveness

In 2008, TransFair USA successfully concluded the Bahia Project, a program that helped two Brazilian cooperatives boost their business performance, farm management and coffee quality. Launched in partnership with development organizations DAI and FUNCEX, and funded by USAID, the project included cupping evaluations, technical assistance, trainings in Fair Trade and organic certification, and assistance with quality improvement. At the end of the program, the two participating cooperatives developed visionary marketing plans to increase their coffee sales.

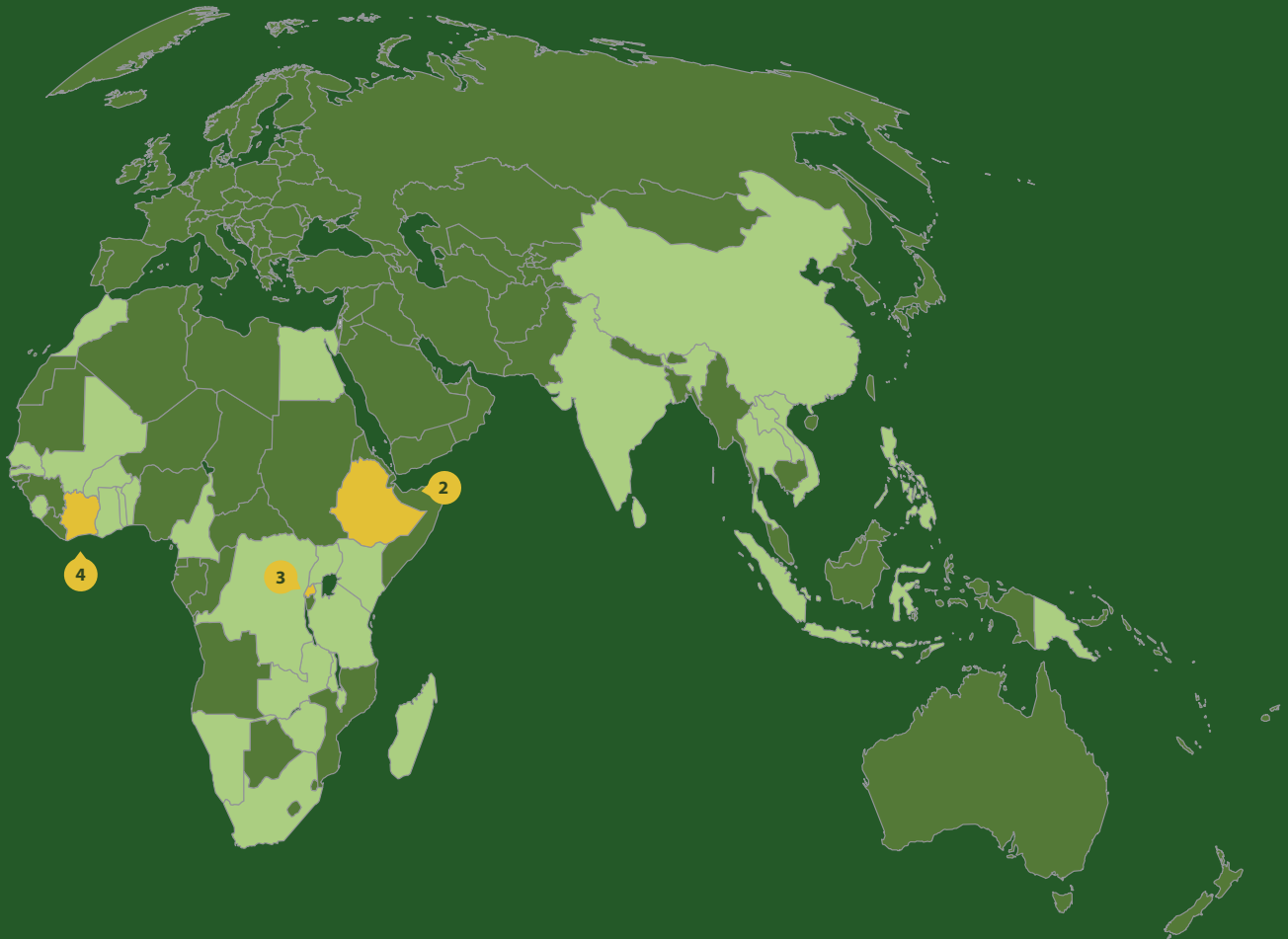


Ethiopia

East Africa Coffee Project

Historically, the Sidama Coffee Farmers Cooperative Union has been a major source of Fair Trade Certified coffee for European and U.S. markets. TransFair USA helped Sidama design and fund consulting projects to strengthen the cooperative's business management capacity. In addition, a series of grants supported Sidama in improving management information systems, human resources and financial management systems. As a result, the cooperative was able to increase exports to new and existing U.S. buyers. Sidama representatives also attended the 2008 Specialty Coffee Association of America conference in Minneapolis, Minn., where the cooperative placed fourth in the Roasters Guild Coffee of the Year competition.

Producer Origin
 Partnership Projects



Rwanda

East Africa Coffee Project

Rwanda's efforts to rebuild its coffee industry are garnering global recognition. TransFair USA works closely with various government ministries, the USAID-funded SPREAD project, and the Clinton-Hunter Development Initiative to help small-holder farmers claim their share of Rwanda's re-entry into the global coffee market. Since 2006, TransFair USA's work on the ground has helped more than 6,000 farmers through "Cooperative 101" courses and on-site management consulting services at six Rwandan cooperatives aimed at enabling the cooperatives to become more efficient, profitable and democratic.

TransFair USA is also assisting cooperatives and non-governmental organizations to secure funding for much-needed infrastructure projects. With joint financial support from TransFair USA and the Clinton-Hunter Development Initiative, the Abekundekawa Cooperative built a water conservation project to increase the efficiency of its coffee washing station and reduce the volume of water needed to process coffee. The Coopac Cooperative leveraged its community development premium and a grant from the African Development Foundation to construct and furnish a cupping laboratory to help members improve the quality of their coffee.



Ivory Coast

Cocoa Quality Project

In 2008, TransFair USA, in collaboration with the International Institute for Tropical Agriculture, completed an extensive training program on cocoa production with several large producer organizations in Ivory Coast, the West African country that cultivates much of the world's cocoa. The program taught 1,400 farmers how to improve cocoa quality and boost harvest volumes through simple changes in farm management, pest control and processing techniques. The Kavokiva Cooperative then trained 400 of its own cocoa collectors on quality standards. These programs are helping farmers increase their family incomes.

The Winning Cup

Luis Adauto de Oliveira

Coopfam

Minas Gerais, Brazil



On a sunny afternoon in October, Luis Adauto de Oliveira won an award he never dreamed he would. In front of an audience of fellow Brazilian farmers and renowned members of the U.S. coffee industry, Luis' coffee was awarded first prize among all Fair Trade Certified™ natural coffees in Brazil.

As he took the stage to accept his award, the audience erupted in applause and cheers led by the fellow members of his cooperative, Coopfam. Luis' coffee had just been auctioned off for the record price of \$7.20 per pound, more than \$6 higher than the average price earned by Brazilian coffees.

This picture-perfect moment represented a remarkable milestone for small farmers in Brazil.

International buyers have long recognized the coffee produced in the state of Minas Gerais as some of Brazil's best in quality. For decades, they flocked *en masse* to the region to purchase coffee beans from large estates – Ipanema, Monte Alegre and Daterra – names familiar to coffee experts throughout the world.

However, these well-known estates represent less than five percent of coffee farms in Brazil, leaving the other 95 percent struggling to compete. Lacking access to the U.S. specialty coffee market, small farmers like Luis had little option but to sell their beans to intermediary traders for use as filler in house blends, earning mere pennies per pound in the process.

Fair Trade and the Responsible Sourcing Partnership Project are moving the Brazilian coffee industry in a positive direction. Coopfam, a cooperative in Minas Gerais, has been exporting coffee to the United States since 2003. In addition to ensuring that farmers receive a fair price for their beans, TransFair USA has provided producer organizations like Coopfam with the market access and resources they need to compete with neighboring estates.

Coopfam has invested in coffee quality initiatives like farm management training and better infrastructure, improvements that have literally uncovered some of the most prized coffee in the world. The members of Coopfam now have increased access to cement drying patios. Cleaner drying produces a cleaner taste, allowing the cooperative members to command higher prices for their coffee.

Fair Trade premiums have enabled the cooperative members to learn more sustainable farming techniques. Sixty percent of Coopfam's member farms now hold organic certification, a move that has enhanced not only the coffee value but also the health of the community. Since transitioning to natural pesticides and fertilizer, the cooperative has slashed its production costs and dramatically reduced illnesses related to pesticide poisoning.

With rising Fair Trade sales, Coopfam has invested its premiums in community development programs aimed at improving the quality of life of its farmers. Today, the cooperative provides healthcare and dental coverage to all its members and their families. Its rural electrification program has helped many cooperative members living in more remote areas bring electricity to their homes for the first time. And, betting on the future importance of computer literacy and the internet, the cooperative established a computer center and offers free computer education courses to the members' children. Some of the graduates of this program even helped develop Coopfam's first website www.coopfam.com.br, which has helped the cooperative build visibility and recognition for its many valuable efforts.

Dideon's Cow

Dideon Muganeza

Dukunde Kawa

Rwanda



Lush and mountainous with stunning, sun-drenched vistas alongside shadowed valleys, Rwanda is awash in a strong current of optimism. Fifteen years after the genocide, the country is quickly rebuilding its identity, its families and its communities. A driving force behind this renewed hope in the future is the coffee industry.

Coffee is Rwanda's most important export crop and the primary source of foreign exchange. The country's lofty elevation and volcanic soil make it possible to grow coffees with a truly unique flavor profile. Yet, the coffee industry has not produced great riches for the nearly 500,000 small-scale farmers who produce the crop. Prices and markets have been driven primarily by volume, leaving little price incentive for quality improvements and often condemning farmers to an unyielding cycle of poverty.

Despite these challenges, with the support of the Rwandan government, Fair Trade buyers and numerous non-governmental organizations, thousands of Rwandan farmers are now finding better opportunities. These farmers are joining cooperatives and developing more favorable market relationships by pooling their resources, volumes and skill sets.

Dukunde Kawa, a 2,000-member Fair Trade Certified™ cooperative, is an inspiring Rwandan success story. Cooperative members like Dideon Muganeza have improved their coffee quality and increased crop yields, allowing them to sell to the specialty market at prices more than four times higher than previously possible. Through increased coffee sales and premiums, Dideon's quality of life and that of his entire community is gradually improving.

Dideon had been selling Fair Trade Certified coffee for only a year when he and his wife made an investment that will benefit their family for years to come: they went to the market and bought a cow.

Dideon's cow produces enough milk for his three young children, plus a surplus for his wife to sell in the local market. The cow also provides valuable, nutrient-rich manure for composting Dideon's coffee plants.

Dideon used his growing income to install a small, solar panel on the roof of their home, bringing electricity to their lives for the first time. Then he bought a radio – their only connection to life outside their village – and rechargeable lanterns that his children use to study at night. Dideon and his wife once walked almost two miles for water, but not since Dukunde Kawa voted to use its Fair Trade premiums to build a water distribution system that made water easily accessible to all the members of the cooperative.

Premium funds also help members pay their children's tuition fees, upgrade the floors in their homes from mud to cement, and purchase bicycles to transport their coffee cherries to the washing station.

For Dideon and his neighbors, life is finally becoming a bit easier, and there is strong hope for the future.

Fair Trade and Environmental Sustainability

Protecting our Planet's Future

Environmental conservation is a key element of international Fair Trade standards which require rigorous protection of local ecosystems. More than half of all Fair Trade farms are certified organic, one of the most environmentally friendly forms of agricultural production. Ultimately, Fair Trade helps farming families become the best stewards of their land and defenders of our entire planet.



Protecting the environment goes hand-in-hand with bettering the livelihoods of local communities.

Stringent Environmental Standards

Fair Trade's rigorous environmental compliance standards are monitored by an international team on an annual basis.

Fair Trade standards require:

- **Dramatic restrictions in agrochemical use.** Fair Trade standards impose the most stringent restrictions of any non-organic product certification on the use of agrochemicals. Fair Trade bans the use of chemicals internationally recognized as dangerous, including chemicals found on the World Health Organization's Class I a & I b lists, the Pesticide Action Network "Dirty Dozen" list, and the Food and Agriculture Organization and United Nations Environment Program's Prior Informed Consent Procedure list.
- **Integrated Crop Management (ICM) Systems.** ICM systems, which replace pesticides and other agrochemicals with natural farm management techniques, are required on all Fair Trade farms. In addition, participating farms are required to demonstrate continuous improvement of their soil and water conservation practices, as well as implement recycling, composting and low-impact waste disposal systems.
- **No GMO Crops.** Fair Trade environmental standards prohibit the use of genetically modified organisms on all certified farms.

Traditional Small-Scale Agriculture

By making traditional small-scale agriculture in the developing world more profitable, Fair Trade gives farming families cultivating less than 10 acres the impetus to stay on their own land, encouraging environmental stewardship without the use of harmful toxins and deforestation.

Organic Conversion

Fair Trade's environmental restrictions are complemented by financial incentives for organic conversion. Notably, in the case of coffee, in addition to the Fair Trade minimum price guarantee and community development premium, farmers receive a premium of \$0.20 per pound for crops also certified organic. In 2008, 58 percent of all Fair Trade Certified products sold on the U.S. market were also certified organic, and certified cooperatives worldwide dedicate revenues to organic agriculture training and conversion programs.

Environmental Technical Assistance

TransFair USA collaborates with an extensive network of industry and NGO allies on projects that empower producers to invest in increasing the sustainability and quality of their operations. Key activities include organic conversion, reduced water usage in processing, solar drying infrastructure, demonstration farms and farmer training.

Continuous Improvements

Producer organizations are required to develop an operations plan for farming and processing that achieves a balance between protecting the environment and maintaining good business results. They monitor their impact on the environment and take the necessary measures to lessen this impact.

In 2008, 58 percent of Fair Trade Certified products sold in the United States were also certified organic.



Raising Awareness Building the Movement

In the 21st century, the shopping cart has emerged as a powerful vehicle for social change. The Fair Trade Certified™ label now stands as a highly visible symbol of this growing grassroots consumer movement toward greater responsibility, fairness and sustainability.

From our humble roots in grocery cooperatives and independent coffee houses, Fair Trade Certified now encompasses a wide variety of products at an impressive range of retail outlets. Across industries, pioneering brands have continued to innovate within the Fair Trade category, expanding into all kinds of new food products and ingredients sourced from 70 developing countries.

This expansion has helped spark the popularity of the Fair Trade Certified lifestyle. Every day, millions of consumers choose retail outlets and products based on their desire to be part of a solution to global poverty. From a morning coffee to an afternoon muffin to a piece of chocolate before bed, throughout the day, Fair Trade helps people make a profound difference in the lives of hardworking farming families simply by choosing to purchase the right product.

“Given the continuing rise of the ethical consumer right through the economic crisis, Fair Trade Certified is one of the brands most likely to succeed in these times.”

– Doug Miller, Chairman, GlobeScan

Ethical Consumerism on the Rise GlobeScan Study

TransFair USA and Fairtrade Labelling Organizations International (FLO) commissioned a study to gauge consumer awareness and attitudes toward Fair Trade. The study was conducted by international research group GlobeScan, who surveyed consumers in the 15 countries that have well-established Fair Trade markets.

The study found that:

- Nearly nine in 10 American consumers believe that companies that deal with poor countries should pay workers fairly (89 percent) and ensure safe working conditions (87 percent)
- 81 percent of American consumers believe that companies dealing with developing countries should contribute to community development
- 56 percent of American consumers believe that the best way to verify a product’s social or environmental claims is by certification via an independent, third-party organization
- 56 percent of American consumers believe that a perception of strictness of standards is an important metric for certification, and that brand awareness, familiarity and trust are linked to perceptions of strictness of standards
- 81 percent of American consumers say that seeing the Fair Trade Certified label positively affects their perception of a brand
- 57 percent of Americans say they would spend at least five percent more for Fair Trade Certified products



TransFair USA In the News

2008 Coverage Totals Placements: More than **2,200** Gross impressions: **716 million**

Many consumers first learned about Fair Trade through the news media, and 2008 was no exception. Media coverage primarily focused on two new Fair Trade Certified™ products: flowers and wine. Print outlets such as the **New York Times**, **USA Today** and the **Associated Press** helped spread the word, alerting consumers to the availability of a certified option in these categories. Meanwhile, broadcast outlets such as **ABC News** and **Fox News** helped educate consumers about the Fair Trade business model, explaining how certification works and the benefits it delivers to the developing world. The combination of product announcement and business coverage made 2008 a high-water mark for media coverage, proving that, after 10 years in the United States, **Fair Trade Certified remains as newsworthy as ever.**



San Francisco Chronicle

“TransFair USA has gone from an obscure consumer movement to the U.S. mainstream.”

– Freda Moon, *San Francisco Chronicle*
November 2008

The New York Times



“Marketers eye Fair Trade Certified as the new ‘Green’”

– Mike Beirne, *Brandweek*
September 2008



Fair Trade Month

Celebrating Fair Trade

Fair Trade Month is our largest consumer outreach campaign. Every October, we engage brands, retailers, activists, consumers and the media in a month-long campaign to promote Fair Trade. Grassroots events, producer tours, vibrant point-of-sale materials, public relations and distributor promotions combine to galvanize supporters and build awareness.

October 2008 marked the fifth annual Fair Trade Month in the United States. The scope has grown every year, with more events reaching more consumers in more cities. This year, the Fair Trade message reached new levels: Fair Trade enthusiasts organized 168 community events in 98 cities throughout the United States, and nearly 18,000 retailers promoted products in their stores.

Many organizations, such as Green America, the Fair Trade Federation, United Students for Fair Trade, the Fair Trade Resource Network, ENGAGE and Global Exchange, as well as numerous faith-based and local grassroots groups, now include Fair Trade Month in their yearly campaign planning.

Fair Trade Month 2008 Highlights:

- **Starbucks** announced plans to double its purchase of Fair Trade Certified™ coffee to 40 million pounds and launch a \$20 million small farmer support initiative.
- **Ben & Jerry's** created a new website to promote Fair Trade Certified ice cream.
- **Target, Whole Foods Market** and **Sam's Club** launched the first Fair Trade Certified wines in the United States.
- **Tully's Coffee** partnered with the **Bay Area Fair Trade Coalition** and **Bay Area Rapid Transit (BART)** to give away 50,000 coupons for \$500,000 of Fair Trade Certified espresso and tea to commuters in San Francisco, Oakland and Berkeley.
- **Green Mountain Coffee** donated the company blog to Fair Trade Month. Each day in October, company employees collaborated to write blog posts about Fair Trade.

“Fair Trade Month provides a great opportunity for us to reinforce our own commitment to Fair Trade and opens the door for us to educate our employees and customers about how Fair Trade helps improve the lives of farmers in our coffee-growing communities. Fair Trade Month is good for farmers and good for our business.”

– Rick Peyser, Director of Social Advocacy and Community Outreach,
Green Mountain Coffee



Fair Trade Towns

Bringing Fair Trade Home

Fair Trade Towns is an inspiring grassroots movement that mobilizes local communities to raise consumer awareness, build demand and deepen the impact of Fair Trade for both farmers and U.S. consumers.

This highly successful movement began in the United Kingdom, where the first Fair Trade town – Garstang, Lancastershire – was recognized in 2000. By the end of 2008, the number of Fair Trade Towns in Europe had grown to almost 600. Fair Trade Towns has undoubtedly made a significant contribution to the rapid rise of consumer awareness and Fair Trade sales in Europe.

To qualify as a Fair Trade Town, communities must demonstrate their commitment by ensuring widespread retail availability of Fair Trade Certified™ products at public and private institutions, including supermarkets, shops and cafes, as well as places of worship, hospitals and schools. Organizers must also secure a city or town resolution supporting Fair Trade and garner public and media support. TransFair USA has played a key leadership role in this initiative since its launch in October 2007, and we plan on investing significant resources toward this effort during the coming years.



Fair Trade Towns

Media, PA • Brattleboro, VT • Milwaukee, WI
Amherst, MA • Taos, NM • Northampton, MA
San Francisco, CA • Montclair, NJ

Guidelines for Becoming a Fair Trade Town

Cities or towns must meet these five goals:

- 1 A steering committee of local advocates and Fair Trade enthusiasts forms and meets regularly;
- 2 A range of Fair Trade products is readily available in local stores, cafes, and other venues;
- 3 Local community organizations and institutions use Fair Trade products in offices and at events;
- 4 The Fair Trade Towns initiative attracts visible public support, including media attention;
- 5 The local government passes a resolution committing the town government to procure Fair Trade products and to publicly support the movement.

To learn more about Fair Trade Towns, please visit:
www.FairTradeTownsUSA.org

“Fair Trade is like an international farmers market, and now our citizens have the ability to effect social change by becoming conscientious consumers.”

– Tom Barrett, Mayor, City of Milwaukee

Industry Momentum

To earn a license from TransFair USA to use the Fair Trade Certified™ label on their products, companies must buy from certified farms, pay Fair Trade prices and submit to a rigorous supply chain audit. This process entails a high level of transparency and traceability in their global supply chains. Today, our partner companies range from small, mission-driven coffee roasters to some of the largest transnational corporations in the world.



U.S. retail sales of Fair Trade Certified products was an estimated \$1.25 billion, an increase of 20 percent over 2007.



Moving Forward with Leading Brands

Across the country and spanning dozens of product categories, companies are increasingly seeking the label. In 2008, more than 150 new companies joined the movement to offer Fair Trade Certified™ products in the United States, bringing the total number of TransFair USA partners to 862 companies. In addition to the hundreds of companies carrying single ingredient products such as coffee, tea, sugar and bananas, scores of other businesses now carry composite products containing several Fair Trade Certified ingredients. From ice cream to bottled soda to cosmetics, Fair Trade Certified ingredients are turning up on every aisle.





40 Million Pounds

As the largest coffee retailer in the world, Starbucks tends to have a big impact on the rest of the coffee industry. In October 2008, Starbucks made a powerful statement of its commitment to ethical sourcing and sustainability. At the company's leadership conference, held in the New Orleans Superdome before an audience of more than 10,000 store managers and company executives, CEO Howard Schultz announced that Starbucks would double its purchases of Fair Trade Certified™ coffee in 2009 as part of its new Shared Planet initiative.

Noting the vital importance to small scale farmers of access to credit for harvesting and processing their coffee, Howard went on to pledge a dramatic increase from \$12 million to \$20 million in loans to farmers over the coming years as part of a new Small Farmer Sustainability Initiative. This bold step will allow Starbucks to launch new Fair Trade products, raise visibility and send more money each year back to coffee farmers throughout the world.

At the leadership conference, TransFair USA President and CEO Paul Rice also addressed Starbucks store managers. He took this opportunity to explain the principles of Fair Trade and the positive impact that Starbucks' enhanced commitment will have on small-scale coffee farmers. The announcement attracted the attention of national media, including the *New York Times*, Reuters and the Associated Press.

“We are strongly committed to buying and serving responsibly grown and ethically traded coffee to help create a better future for farmers and a more sustainable supply chain. TransFair USA has become a vital partner in achieving this mission.”

– Howard Schultz, Chairman, President and CEO, Starbucks



Driving Innovation

Whole Foods Market, the world's leading retailer of natural and organic foods, puts corporate social responsibility at the heart of its business. This 270-store retail chain is committed to supplying food that is beneficial to consumers, producers and the earth – a commitment underscored by its highly visible ethical sourcing program which it calls the Whole Trade Guarantee.

Whole Foods kicked off 2008 with an impressive 400 Fair Trade Certified™ products and finished the year with more than 860 products. From tea, coffee, sugar and chocolate to energy bars, flowers, jams and wine, Fair Trade Certified products are now available in almost every aisle, in part because Whole Foods has encouraged its vendors to convert their product lines to Fair Trade. Much of the product innovation and category expansion of Fair Trade in 2008 is a direct result of Whole Food's leadership and encouragement.

Fair Trade Certified Products Sold at Whole Foods Market*

230 teas	14 wine spirits
174 coffees	10 jams
146 chocolates and candies	7 grains
70 ready-to-drink beverages	7 drink mixes
42 baking products	7 spices
38 body care products	cut flowers
20 frozen desserts	50+ seasonal and other products
21 honeys and sugars	
19 cookies and energy bars	

*As of December 2008

“To us, community transcends the boundaries of our cities to the places from where we source our products, many of which are developing countries. Fair Trade Certified is an integral part of the Whole Trade Guarantee because it helps ensure the health and prosperity of hard-working farmers and their families.”

– John Mackey, CEO, Whole Foods Market



Taking Fair Trade Mainstream

With 7,800 Walmart and Sam's Club stores worldwide serving more than 100 million customers per year, this retail giant's commitment to Fair Trade products represents a major milestone in the advancement of our cause. In 2008, Walmart introduced Fair Trade Certified™ coffee under its Sam's Choice private label. Sourced from Brazil and Colombia, sales of the coffee directly benefit more than 5,000 small-scale producers.

Walmart's engagement with Fair Trade isn't limited to coffee. In October 2007, Sam's Club partnered with the Turbana Corporation to become the only mass-market retailer in the United States to offer Fair Trade Certified bananas in club stores. Throughout 2008, Sam's Club grew its banana sales significantly, generating hundreds of thousands of dollars in premium funds for banana-growing families in Colombia. We believe Sam's Club's leadership in bananas will have a ripple effect on the entire produce industry.

“We care deeply about the hard-working farmers who grow the products we sell. Fair Trade helps us support a better living for those deserving farmers and their families.”

– Lee Scott, Chairman of the Executive Committee of the Board of Directors of Wal-Mart Stores, Inc. and Former CEO

A Sweeter Deal for Farmers

Wholesome Sweeteners is the leading U.S. brand of Fair Trade Certified sugar. With nearly 30 certified products ranging from cane sugar to molasses, the company is making a powerful difference in the livelihoods of sugar cane growers in Paraguay, Costa Rica and Malawi. In 2008, Wholesome Sweeteners paid more than \$700,000 in community development premiums. Sugar cane farmers in Malawi used these funds to drill wells that bring safe, clean water to villages. Previously, people carried water from the Shire River, an unsanitary water supply that frequently caused diseases like bilharzia, cholera and dysentery.

Wholesome Sweeteners hasn't stopped with sugar. In June, the company worked closely with TransFair USA to bring the first certified honey to the United States. Sourced from Mayan communities in Central America, sales of Fair Trade Certified honey are helping farmers preserve their culture, language and ancient beekeeping traditions. They also are investing in new technology to improve quality and production capacity.

“With Fair Trade, we are able to create business opportunities and a new sense of stability. The beekeepers are able to improve standards for their families, their communities and their honey, and protect precious rainforests and habitat.”

– Nigel Willerton, CEO, Wholesome Sweeteners



Brewing Success

Choice Organic Teas' firm belief in organics and dedication to Fair Trade has made the company a modern tea pioneer. In 1989, Choice became the first exclusively organic tea company in the United States. Then, in 2000, Choice was the country's first tea to carry the Fair Trade Certified™ label. Choice now offers more than 50 varieties of certified tea benefiting thousands of tea workers and their families in India, Sri Lanka and other developing countries.

By actively participating in the Fair Trade system for nearly a decade, Choice Organic Teas has helped ensure that tea producers receive benefits including fair wages, freedom of association, and a safe and healthy working environment. For example, workers in Tanzania now have access to clean drinking water, workers in India purchased mosquito nets to prevent disease, and workers in China built a new library for their community.

“The perfect cup of tea must be flawless in taste, harmless to the environment and uplifting to the workers who harvested the leaves. Fair Trade truly lies at the heart of our mission.”

– Blake Rankin, Founder and CEO, Choice Organic Teas



Fair Trade Hero

Mark Ritchie
Minnesota Secretary of State

As a leader of the Institute for Agriculture and Trade Policy, Mark Ritchie made one of the most significant contributions to the Fair Trade movement in the U.S. by envisioning and incorporating TransFair USA in Minnesota in 1996. This year, we honored Mark with the Fair Trade Hero Award. The award was presented at a ceremony in Minneapolis, where Fair Trade activists, foundation representatives and industry leaders joined TransFair USA to thank Mark for his dedication to Fair Trade and to family farmers around the world. Raymond Kimaro, president of Fair Trade cooperative KNCU in Tanzania, delighted the audience with the story of one member who received four times his usual payment from the cooperative as a result of his entry into the Fair Trade system, then ran away from the cooperative's office "...before those crazy people could figure out their mistake!"

Segment Trends & Volume

The demand for Fair Trade Certified™ products has grown rapidly nationwide, making 2008 a banner year for TransFair USA and our partners. In its 10th year on the shelves of U.S. stores and cafes, imports of Fair Trade Certified coffee increased by over 30 percent. There was also positive growth in other product categories, including Fair Trade Certified bananas, which saw demand increases of nearly 250 percent. Our newest products, honey and wine, fared well in the U.S. market, and growth of these categories is expected to continue in 2009.

Coffee **87,772,966** Tea **1,372,261** Cocoa **3,847,759** Rice **317,652** Sugar **8,696,172** Produce **25,492,767**
Vanilla **44,165** Flowers **9,835,028**¹ Honey **266,385** Wine **193,518**²

Imports of Fair Trade Certified products into the United States, in pounds, 2008.

¹ Unit measure for flowers is stems. ² Unit measure for wine is liters.



Coffee Quality and Market Linkages

Coffee

According to the International Coffee Organization nearly 70 percent of the world's coffee farmers are small-scale growers who own fewer than 20 acres of land. These family farmers typically sell to local middlemen at very low prices, locking them in a cycle of poverty. These are the families we support and empower through Fair Trade.

Coffee continues to be the most prevalent Fair Trade Certified™ product in the United States. In 2008, U.S. companies imported almost 88 million pounds of Fair Trade Certified coffee, a volume increase of 30 percent over 2007.

2008 Coffee Market Guide

Each year, we publish the Coffee Market Guide in English, Portuguese and Spanish. This resource, part of our farmer capacity-building program, is distributed to coffee cooperatives around the world. The guide offers insights into the U.S. coffee market and helps cooperatives improve their coffee sales and production.

Coffee Producer Advisory Council

The Coffee Producer Advisory Council gives the primary beneficiaries of our movement— coffee farmers— an opportunity to play a leading role in developing strategies for expanding the Fair Trade market. The Council is comprised of 10 highly regarded grassroots leaders from cooperatives across Latin America and Africa. It meets two to three times each year to study market dynamics, discuss strategies, and address producer concerns.

In February 2008, the Council met in Oakland, and held a joint meeting with leading importers and roasters from the U.S. coffee industry. The meeting fostered a better understanding among all participants about emerging challenges and opportunities in the growing Fair Trade market. Key issues discussed included the rise in production costs faced by coffee farmers, lack of access to farm credit, and the need to raise the international Fair Trade floor price for coffee. This invaluable input ultimately informed the decision to raise the coffee floor price by over seven percent in 2008.

SCAA Exposition

The annual Specialty Coffee Association of America (SCAA) conference is the leading event for the global coffee industry. SCAA sets the industry's standards for quality. Members include coffee retailers, roasters, producers, exporters and importers. The annual conference gives farmers a unique

opportunity to do business directly with U.S. buyers, promote Fair Trade and participate in valuable training sessions. At the 2008 SCAA conference in Minneapolis, Minn., TransFair USA hosted 150 farmers representing 55 coffee cooperatives from 15 countries. As a result of their participation in the show, these producer organizations sold an estimated 3.7 million pounds of coffee, the equivalent of about 120 million cups.

Kenneth Davids and Product Quality

Every year, world-renowned coffee expert Kenneth Davids evaluates coffees from across the globe for The Coffee Review. In 2008, a record number of Fair Trade Certified coffees topped the charts; 30 varieties scored 80 or above on a 100-point scale. Coffees from African countries, including Kenya, Rwanda and Ethiopia, fared especially well in Davids' cuppings, in part due to the quality initiatives these cooperatives introduced in recent years with the support of TransFair USA.

Fair Trade Certified Cupping Competition

A cornerstone of the Responsible Sourcing Partnership Project was the first-ever Fair Trade Certified Cupping Competition. Hosted by TransFair USA in Minas Gerais, Brazil, the competition recognized the best Brazilian Fair Trade Certified coffees and the farmers who produced them. A panel of 10 international jurors judged the coffees, and the winning producers received generous rewards. Winning coffees fetched unprecedented prices when auctioned off after the competition. However, the real prize was the industry recognition of the high-quality coffee that these farmers work so hard to produce.

“The impact of the coffee cupping competitions was visible. The farmers, who had never before spoken about ‘floral’ or ‘chocolate’ coffee, now show interest in understanding the nuances of their products and are proud of what they produce.”

– Patricia Kaetsu, Inspector, FLO-Cert

1998-2008 Pounds Certified	2008 Pounds Certified	2008 Percent Organic
338,480,240	87,772,966	59%

Wine

In October 2008, we launched Fair Trade Certified™ wine in the United States, with national distribution of a variety of delicious wines sourced from small vineyards in South Africa and Argentina.

Certification of wine ensures that grape growers and winery employees get fair pay and enjoy better working environments. The grapes are also more sustainably grown in accordance with sound conservation and land stewardship standards.

Target, Sam’s Club and Whole Foods Markets were the first national retailers to sell Fair Trade Certified wine in the U.S. These stores stocked wines imported by TransFair USA licensees Stellar Organics and Prestige Wine Group.

2008 Liters Certified	2008 Percent Organic
193,518	15%

Tea

Tea continued to show significant growth in 2008; Fair Trade Certified tea imports into the United States increased by more than 20 percent from last year. Notably, 85 percent of this tea was also certified organic.

Asian producer organizations continued to serve the demand for specialty and organic teas. India, in particular, accounted for more than one-third of total imports in 2008, maintaining its position as a key source of steady growth for Fair Trade Certified tea in the United States. The country was a significant source for Darjeeling, Assam and other varieties of traditional teas.

Increasing imports from South Africa contributed to a 117 percent growth in Fair Trade Certified tea from Africa. Much of this growth can be attributed to increased demand for South African-grown rooibos - the fastest growing tea variety. In 2008, rooibos imports tripled compared to 2007, and the variety now constitutes 12 percent of total Fair Trade Certified tea imports. Increased consumer awareness of the health benefits of this non-caffeinated, herbal blend facilitated this notable growth.

In its eight years in the U.S. market, more than four million pounds of Fair Trade Certified tea have been imported. The product category has expanded from traditional brewed tea to use as an ingredient in ready-to-drink beverages, body care products, energy bars, desserts and more. The versatility and variety of Fair Trade Certified tea positions it well for continued growth.

1998-2008 Pounds Certified	2008 Pounds Certified	2008 Percent Organic
4,082,685	1,372,261	85%

Cocoa

Fair Trade Certified cocoa imports tripled in 2008. Twenty-one new companies signed up to offer certified chocolate and cocoa products, nearly doubling the total number of partner companies. Rich gourmet chocolates made by boutique chocolatiers appeared coast to coast, and chocolate bars became more visible in grocery and specialty stores. Fair Trade holiday chocolates are beginning to take hold as well, with seasonal chocolates now available for Valentine’s Day, Halloween, Christmas and Hanukkah.

Use of Fair Trade cocoa butter in body care products such as moisturizers and lip balms is on the rise. Our cocoa powder now appears in numerous ready-to-drink beverages, baking mixes, ice cream and energy bars. To avoid consumer confusion, TransFair’s labeling guidelines require companies to clearly identify on their packaging which ingredients are Fair Trade Certified.

“With Fair Trade income, we were able to convert our production to organic and implement a quality improvement training program. These changes improved our position in the global market. Fair Trade is helping us lay the groundwork for economic growth and development.”

– Isidoro de la Rosa, CONACADO, Dominican Republic

1998-2008 Pounds Certified	2008 Pounds Certified	2008 Percent Organic
9,570,761	3,847,759	90%

Sugar

Following a year of truly dramatic growth, Fair Trade Certified sugar imports in 2008 remained steady as manufacturers used up existing inventory. Organic sugar was popular this year, accounting for 85 percent of total imports.

The variety and quantity of finished sugar products available to consumers grew significantly over the year. Fair Trade Certified sugar can now be found as a key ingredient in soda, baking mixes, hot cereals, chocolate bars and even body care products.

This continued market expansion of sugar is exciting for consumers and a sweet deal for farmers. In 2008 alone, U.S. companies paid more than \$300,000 in Fair Trade premiums to small-scale sugar farmers in Paraguay, Malawi and Costa Rica. These premium payments contribute to the alleviation of poverty in these countries, as well as much needed

The Story of Marie Malan & South African Fair Trade Certified Wine



Growing up during apartheid in South Africa, Maria Malan was forced to drop out of school to help her family make ends meet. She started working at a young age as a housekeeper and later moved on to work as an agricultural laborer.

In 1989 the vegetable farm where Maria worked was converted into a winery. The wine cellar was completed in 2000 and re-branded in 2001, signaling the birth of Stellar Winery and Stellar Farming. Stellar Winery began converting the crops to organic and applied for Fair Trade certification. With hard work and dedication, Maria rose to the esteemed position of farm manager at Stellar, where she supervised the vineyards and administration. In 2003 - 2004, she attended a course for table grape cultivation at Elsenburg Agricultural College and became the first black woman to graduate from the college.

In recent years, Maria helped Stellar meet rigorous Fair Trade standards, obtain certification, and achieve important economic benefits for her fellow workers. As chairperson of the Worker Council, she helped plan and implement various projects benefitting the farm workers that were funded with Fair Trade premiums.

Fair Trade and Stellar Winery stand out as a success in a region where conditions for farm workers were deeply oppressive under apartheid. Many vineyard workers previously were paid in wine rather than cash, a disastrous cycle that perpetuated poverty and alcoholism. Even today, a quarter of the South African people are unemployed and live on \$2 or less per day.

In contrast to this bleak reality, Fair Trade makes it possible for agricultural laborers to regain hope and dignity and become shareholders in a thriving international business. In addition to regular Fair Trade standards, a special set of guidelines was implemented in South Africa to support post-apartheid black empowerment programs. These guidelines help farm workers obtain an ownership stake in the certified farm, giving them unprecedented access to land ownership, decision making and profit-sharing opportunities.

As a result, the farm workers of Stellar Winery now own 50 percent of Stellar Agri (the grape farming operation) and 26 percent share of the cellar. The Stellar Fair Trade Employees' Trust has also planted a community organic vegetable garden. Proceeds support a scholarship fund for the workers' children. Fair Trade premium funds have paid for a number of projects, including a Basic Education and Training Center, which provides training in computer literacy. The local primary school and daycare center also benefit from Stellar's social responsibility program.

“After Stellar Winery became a Fair Trade certified farm, living conditions of everybody on the farm changed. Our houses now have electricity, running water and indoor toilets. Our children go to school. We even share in the farm’s profit with the owner of the farm.”

– Marie Malan, Stellar Winery, South Africa

Sugar *(continued from pg.38)*

improvements in the livelihoods of the producers, their families and their communities. Sugar farmers in Costa Rica have implemented a reforestation project to prevent erosion and help restore the area’s biodiversity. And farmers in Malawi drilled wells to bring clean water to the community.

“Fair Trade sales have increased our families’ incomes and well being. We have also invested in the future by replanting our sugar cane fields to increase production and quality.”

– Exford Dimo, Kasinthula Cane Growers Cooperative, Malawi

Product	2005-2008 Pounds Certified	2008 Pounds Certified	2008 Percent Organics
Sugar	21,206,842	8,696,172	85%
Honey	NA	226,385	100%

Fresh Fruit

Fair Trade Certified™ bananas were the year’s most dramatic success story. Thanks to expanded distribution and strong consumer response, imports jumped from 7 million pounds in 2007 to over 25 million pounds in 2008.

Sam’s Club led the way. Following a successful market test the previous year, Sam’s Club quickly expanded the number of stores offering certified bananas from Colombia under the Turbana label. Whole Foods Market also supported this growth by sourcing Fair Trade Certified bananas for some of its stores. Together these purchases generated more than \$635,000 in community development funds for small banana farmers and farm workers in several Latin American countries.

In addition to bananas, our retail partners introduced small quantities of avocados from Mexico, oranges from South Africa, and mangoes from Haiti – one of the few products currently sourced from that impoverished island nation.

2004-2008 Pounds Certified	2008 Pounds Certified
55,898,529	25,492,767

Vanilla

Fair Trade Certified™ vanilla imports support the livelihoods of farmers in rural regions of India and Uganda, giving them a larger portion of the final selling price.

While 2008 was a slow year for Fair Trade vanilla imports, our partners believe that vanilla will become a more significant product category in the future. In fact, 10 new vanilla importers became licensed this year alone. In addition to being sold as a stand-alone product, U.S. companies, like Ben & Jerry’s and Adina, are finding new ways to incorporate Fair Trade Certified vanilla as an ingredient.

2006-2008 Pounds Certified	2008 Pounds Certified	2008 Percent Organic
390,770	44,165	33%

Flowers

Fair Trade Certified flowers made their national retail debut on Valentine’s Day. Retailer leaders Whole Foods Market, 1-800-Flowers.com, Giant-Ahold, Food Emporium, Shoprite, One World Flowers and Sam’s Club Online paved the way, making Fair Trade Certified flowers an option for consumers throughout the country. In their first full year on the U.S. market, these flowers were in high demand: nearly 10 million stems were imported in 2008 from certified farms in Ecuador, Colombia and Kenya.

Thanks to Fair Trade, more than 10,000 flower farm workers – most of whom are women – achieved better wages, safer work conditions, and a rapidly growing community development fund that supports education, health and housing improvements in their villages. Over the course of the year, flower workers earned more than \$300,000 in community development premiums from the U.S. market.

At the 2008 Super Floral trade show, the largest flower-industry event in the United States, Fair Trade Certified roses offered by InBloom Group won the “Best New Product” award.

“I’ve worked on many flower farms in my life, but this one is different. We’re paid more and job safety is better. And for the first time, I feel respected”.

– Pilar Rocha, Jardines Paiveri, Ecuador

2007-2008 Stems Certified	2008 Stems Certified
10,485,860	9,835,028

Sweetening the Deal for Beekeepers

Fair Trade Certified Honey

A large percentage of honey consumed in the United States is produced by beekeepers in Asia and Latin America. Most beekeeping families tend to live in remote locations and depend on local middlemen to purchase their honey, often at a fraction of its fair market value. Unable to make a decent living, many beekeepers take jobs as seasonal laborers, leaving their families for long work seasons.

In June 2008, Wholesome Sweeteners launched the first Fair Trade Certified™ honey in the United States importing 266,000 pounds from Mexico.

Fair Trade represents a more sustainable way of doing business. Beekeepers get a guaranteed minimum price for their honey by joining cooperatives and exporting directly to U.S. importers, which enables community-led entrepreneurship to thrive. Fair Trade beekeepers and their families earn a better income for their hard work, which helps keep families on the land and communities intact.

Quality and Sustainability

With the minimum prices guaranteed by Fair Trade standards, beekeepers typically invest in apiary management improvements, such as new hive boxes and high quality transport containers. Since delicious honey and healthy bees are a product of a healthy environment, our farms must adhere to strict standards regarding the use of pesticides and the protection of natural waters and virgin forests. In addition, by providing traceability from bee to honey jar, Fair Trade Certified honey can be tracked to an individual cooperative and even an individual beekeeper.



“We are Mayans, proud of our native language and culture. Our community has been raising bees for centuries. But falling prices in recent years have threatened our survival as a people. Fair Trade helps us get a better price for our honey. More importantly, it helps us preserve our Mayan heritage and way of life.”

– Benito Poot Noh, S. de S.S. Apicola Ch’ílan Kaabo’ob, México

Our Community of Supporters



Board of Directors

Tom Bullock

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Your Donations at Work

TransFair USA is the leading third-party certifier and promoter of Fair Trade Certified™ products in the United States, but we don't work alone. As a nonprofit organization, we rely on the partnership of a visionary community of donors who give to support the growth of Fair Trade. Millions of people around the developing world share in the benefits. Here are some of the ways you can give to the future of Fair Trade.



\$250,000

Give Your Conscience a Treat *Find fairness in every aisle*

TransFair USA has already expanded the range of Fair Trade Certified™ products in U.S. stores more than tenfold. But flowers, wine, and honey are just the beginning—Palestinian olive oil, Kenyan macadamia nuts, and more are on the horizon. An investment of \$250,000 will support the standards development and market research to launch three or more new Fair Trade Certified products in the United States.

\$50,000

Give a Co-op Leader a Seat in the Boardroom *And ensure the global economy is just and equitable*

TransFair USA's Coffee Producer Advisory Council (CCC) serves as a venue for farmer leaders from across Latin America, Asia and Africa to make sure their voices are heard. An investment of \$50,000 will allow the CCC to meet three times a year, providing farmer leaders the chance to meet with industry leaders, TransFair USA's staff and Board, and key NGO allies.

\$150,000

Give Fair Trade a New Sparkle *Let Fair Trade Certified diamonds ring*

TransFair USA is developing standards to bring the unique benefits of Fair Trade to a whole new industry. Fair Trade Certified diamonds will promote the highest standards of responsibility in a uniquely challenging sector. Fair Trade diamonds will make our gifts of love mean even more by supporting sustainable community development. An investment of \$150,000 will support the development and field-testing of the standards for Fair Trade Certified diamonds from Sierra Leone, Brazil and other countries.

\$10,000

Give the Coffee Industry a Human Face *And a hand to shake*

Fair Trade is all about bringing farmers, industry, and consumers closer together. It's also about giving farmers the tools they need to succeed as international businesspeople. TransFair USA's annual Fair Trade Forum at the Specialty Coffee Association of America trade show and conference does both. Farmers can meet and learn from the leaders of the U.S. coffee industry, strengthening their professional skills and relationships with international clients.

\$100,000

Give a Town a Purpose *Fair Trade goes to city hall*

Fair Trade Towns are springing up all across the U.S. and are creating a truly grassroots Fair Trade consumer movement. To gain Fair Trade Town status, a city or town must have buy-in from local citizens, NGOs, faith centers, businesses and governing bodies. An investment of \$100,000 will help TransFair USA incubate this multi-stakeholder program to put Fair Trade on shelves and in City Halls across the nation.

\$5,000

Give a Small Farmer a Spotlight *And a microphone. And an audience.*

The Fair Trade model is dedicated to building an economy based not just on market forces, but on closer relationships between farmers, their buyers in U.S. industry, and consumers from all walks of life. Help a Fair Trade farmer tour the United States to meet with coffee buyers, student groups and other allies.

“We support Fair Trade because it allows us to live in solidarity with millions of people throughout the world. It puts human relationships into global economics. Fair Trade appeals to us because it is simple and effective.”

Donors

Visionaries - \$100,000 or More

RSF Social Finance
Levi Strauss Foundation
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 Nonprofit Finance Fund
 Sisters of Charity of New York

Sisters of Charity of St. Elizabeth
 Sisters of the Holy Names of Jesus
 and Mary
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 Taleo Talent Management Solutions
 The Super Floral Show

Tony's Coffee and Tea
 Tully's Coffee
 Wal-Mart Stores, Inc.
 Wholesome Sweeteners
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 d'Ivoire)
 Ashoka: Innovators for the Public
 AVINA Foundation
 BSD (Business Meets Sustainable
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 Tropical Agriculture)
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 SEBRAE
 Shared Interest
 Skoll World Forum
 Social Venture Network
 Solloway and Associates
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 Volans Ventures Ltd.
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Financial Summary

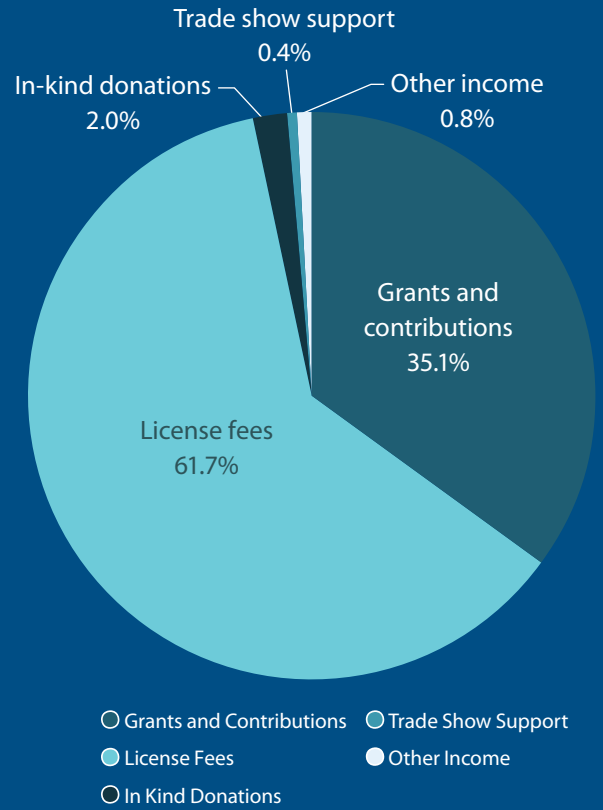
TransFair USA Statements of Financial Position for the Years Ended December 31, 2008 and 2007

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	\$2,243,986	\$1,143,742
Investment, at market value	\$310,898	\$635,278
License fees receivable, net of allowance	\$1,262,014	\$1,225,136
Grants receivable	\$1,027,500	\$902,749
Prepaid expenses	\$206,432	\$128,351
Total current assets	\$5,050,830	\$4,035,256
Property and equipment, net	\$278,443	\$273,768
Deposits	\$50,820	\$50,000
Long-term grant and contributed revenue	\$505,000	\$0
Total assets	\$5,885,093	\$4,359,024
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$226,115	\$144,034
Accrued liabilities	\$544,349	\$453,040
Current portion of notes payable	\$54,000	\$52,000
Total current liabilities	\$824,464	\$649,074
Long-term liabilities:		
Notes payable, net of current portion	\$5,290,000	\$4,292,000
Accrued lease incentive	\$191,478	\$85,789
Total long-term liabilities	\$5,481,478	\$4,377,789
Net assets surplus (deficit):		
Unrestricted	(\$2,278,656)	(\$1,963,607)
Temporarily restricted	\$1,857,807	\$1,295,768
Total net assets surplus (deficit)	(\$420,849)	(\$667,839)
Total liabilities and net assets	\$5,885,093	\$4,359,024

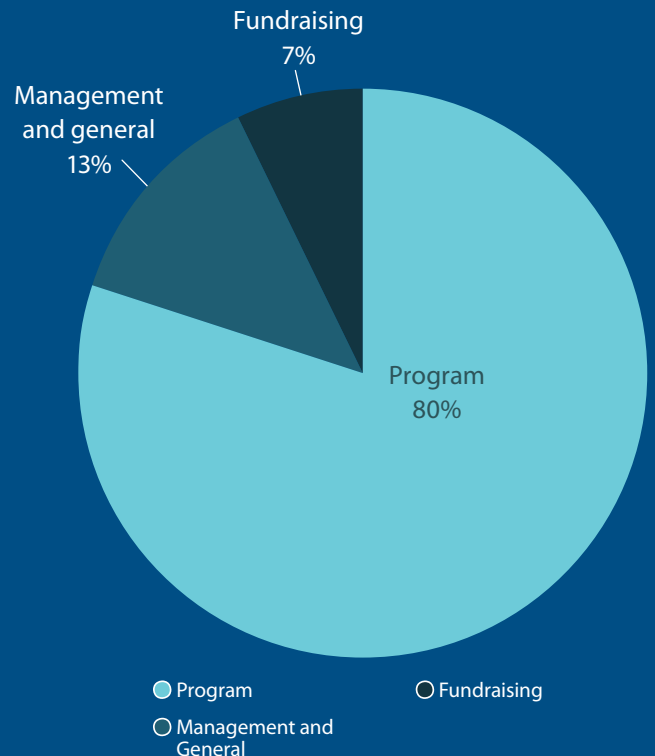
TransFair USA Summary of Activities for the Years Ended December 31, 2008 and 2007

REVENUES AND SUPPORT	2008	2007
License fees	\$5,757,709	\$4,961,063
Grants and contributions	\$3,273,512	\$2,390,280
In kind donations	\$189,288	\$209,966
Trade show support	\$41,348	\$46,280
Other income	\$70,673	\$72,830
Net unrealized/realized loss on investments	(\$19,035)	(\$15,233)
Total revenue and support	\$9,313,495	\$7,665,186
EXPENSES:		
Program	\$7,275,627	\$6,174,640
Management and general	\$1,155,191	\$940,379
Fundraising	\$635,687	\$481,784
Total expenses	\$9,066,505	\$7,596,803
Net change in assets	\$246,990	\$68,383

2008 Revenues



2008 Expenses





The information on the adjacent page is summarized from the TransFair USA financial statements which are audited by Bregante & Company LLC. Copies of the completed audited financial statements are available upon written request.

Photography: Simon Rawles, Christof Krackhardt, Kay Maeritz, K. Viemose, Didier Gentilhomme, Chris Conroy, Chris Brennan, Fairtrade Media

This annual report was printed by a FSC Certified printing company and only paper that meets the internationally recognized FSC Principles and Criteria of Forest Stewardship has been used.

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