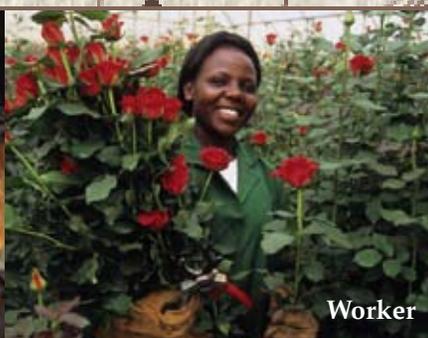


Farmer



Worker



Consumer



Industry



Earth



Mission and Vision



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 our mission by certifying and promoting Fair Trade Certified™ products.

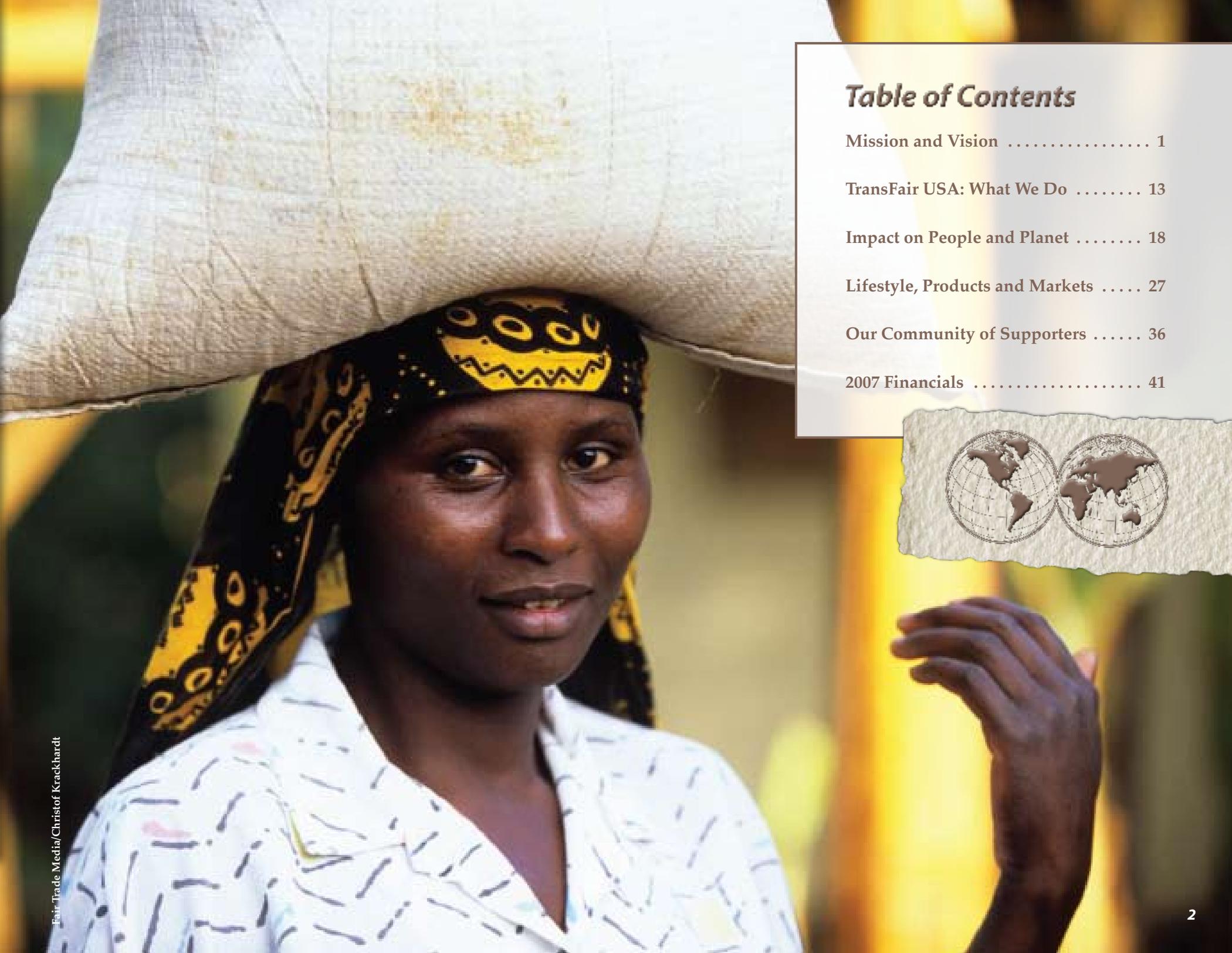


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Farmer Benefits

A promise to the hardworking men and women who grow our food: We will pay a fair price for your harvests. The empowerment and independence that comes when farmers bypass middlemen and connect directly to the international market. Community development through new homes, schools and clinics. Strong, healthy kids with a brighter future. That's Fair Trade.

Fair Trade Certified.







Worker Benefits

A decent wage. Stringent health and safety protections in the workplace. Better employee benefits such as maternity leave and on-site child care. Community funds for housing, scholarships and microloans. The pride and mutual respect that comes from organized workers collaborating with management to improve the workplace. That's Fair Trade.

Fair Trade Certified.







Consumer Benefits

An easy way to help fight global poverty simply by selecting the right products. Feeling good about making a difference in the lives of farming families while indulging in some of the world's best-tasting foods. Independent auditing and certification that the products we buy meet the most rigorous social and environmental standards available. That's Fair Trade.

Fair Trade Certified.







Industry Benefits

An opportunity to tap into the growing market of conscious consumers — people who expect retailers to stock sustainable, ethically traded products. The promise of a more secure and reliable supply chain. A means to take care of farmers, communities and ecosystems throughout the world — without sacrificing a dime in profits. That's Fair Trade.

Fair Trade Certified.







Earth Benefits

Rigorous, progress-based requirements that help farms and farmers move to proven models of sustainable agriculture. Reduced use of harmful chemicals, strict preservation of forests and wildlife, soil conservation, protection of rivers and streams, and strong incentives to convert to organic farming. Forging the link between farmer livelihoods and environmental sustainability. That's Fair Trade.

Fair Trade Certified.





TransFair USA: What We Do



Paul Rice
*President & Chief Executive Officer,
TransFair USA*

Dear Friends,

When the history of TransFair USA is written, 2007 may be remembered as the year that U.S. retail sales of Fair Trade Certified products surpassed \$1 billion. That milestone bears testimony to the concerted efforts of all the companies, consumers and farming communities that make Fair Trade a global mainstream phenomenon, one of the hottest sustainability trends in the world today.

The numbers are impressive. By the end of 2007, nearly 700 U.S. companies were licensed to sell a variety of certified products in more than 50,000 retail outlets nationwide. More than 55 million American consumers now recognize the familiar Fair Trade Certified label. This growing consumer awareness generated tens of millions of dollars in community development funds for hardworking farming families in some of the world's poorest communities.

These families will undoubtedly remember 2007 not for the dramatic market growth numbers, but for more personal reasons. For farm workers on the El Cortijo banana estate in Colombia, 2007 was the year its members first experienced the joys of owning their own homes. The coffee growers of La Florida in Peru will remember 2007 for the new potable water systems they installed in their villages, bringing clean water and a healthier future to their children. In southern Malawi, members of the Kasinthula sugar cane cooperative will celebrate 2007 as the year they were finally able to purchase the medicines needed to stop bilharzia, an easily treated disease that has long plagued the region.

Stories of pride and hope emerge every day in farming communities like these, thanks to the resources and opportunities made possible by Fair Trade. Behind every Fair Trade Certified product is a compelling case study of economic empowerment, environmental conservation and grassroots development. It's a story of farmers coming together, standing up for themselves and working to improve their lives. It's a story that has captivated the imagination of millions of Americans who are discovering the uniquely uplifting effect that Fair Trade shopping has on farming families around the world.

To our many partners, I say, "Thank you!" From farmers to retailers to donors to consumer activists, you are responsible for all that TransFair USA has accomplished. Thanks to your passion and your support, we are all becoming a movement that is changing the world.

All the best,

2007 Highlights

Over the last nine years, Fair Trade Certified has made a remarkable journey from idealistic coffeehouse concept to recognized retail powerhouse. Product sales passed major milestones, and retail availability expanded significantly in 2007. U.S. market growth translated into more income for farming families around the world and more resources for the sustainable development of their communities.

Here are some of the TransFair USA highlights for 2007:

- Retail sales of Fair Trade Certified products in the United States reached an estimated \$1 billion for the first time in 2007, a 46 percent increase from 2006. Meanwhile, global sales of Fair Trade products reached \$3.5 billion.
- Estimated annual Fair Trade Certified farmer income increased by nearly 12 percent in 2007.
- Fair Trade Certified premium payments — which help communities build infrastructure — support education, deliver affordable health care and meet other community needs, increased by more than 15 percent in 2007.
- TransFair USA audited and licensed 673 companies to sell Fair Trade Certified products, a 10 percent increase from 2006.
- Consumer awareness of Fair Trade Certified hit 28 percent in 2007, up from 7 percent in 2003. More than 30 million Americans now shop for Fair Trade Certified products.
- TransFair USA advocated for Fair Trade principles on the global stage. President & CEO Paul Rice spoke at many prestigious venues, including the World Economic Forum, the Clinton Global Initiative, the Skoll Forum on Social Entrepreneurship and the U.S. House of Representatives.
- For the third year, TransFair USA won the Social Capitalist Award given by *Fast Company* magazine and the Monitor Group for innovation and social impact.
- TransFair USA deepened its partnerships with leading retailers such as Whole Foods Market, Sam's Club, Target and Costco. Whole Foods Market, for example, expanded to more than 200 different Fair Trade Certified products in 2007.

Fair Trade Media/Christof Krackhardt



TransFair USA

TransFair USA, a nonprofit mission-driven organization, is the only independent third-party certifier of Fair Trade products in the United States. TransFair USA licenses U.S. companies to display the Fair Trade Certified label on products that meet strict international standards. These standards usher in increased social and economic stability, leading to stronger communities, better stewardship of the land, and improved livelihoods for farmers and their families.

TransFair USA ensures integrity and compliance with Fair Trade standards through a rigorous audit and certification system that traces products every step of the way — from the fields of certified growers to importers, manufacturers and distributors in the United States. This audit process requires a remarkable degree of cooperation of participating companies, as well as a commitment to greater transparency and traceability in their global supply chains. Consumers increasingly want to know the origin of their products and under what conditions they were made. The TransFair USA audit system responds to this growing consumer demand for socially responsible products, certifying that strict standards were met and farmers received Fair Trade prices and premiums for their harvests.

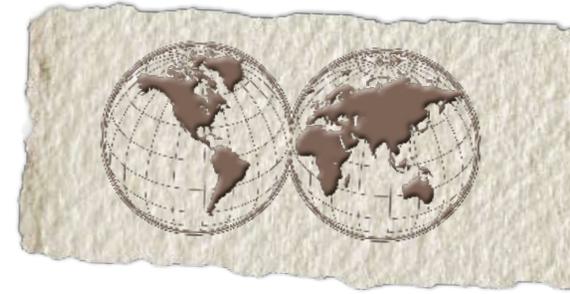
Fair Trade certification is available for a wide variety of agricultural products, including coffee, tea, flowers, cocoa, sugar, vanilla, rice and fresh fruit. Every year, TransFair USA introduces new products to the U.S. market in an ongoing effort to expand the benefits of Fair Trade to additional farmers, families and communities throughout the world.



Fair Trade Media/Christof Krackhardt

Fair Trade Principles

Fair Trade Certified is based on seven core principles. These principles empower farmers and farm workers in the developing world to rise out of poverty through a market-based development model, rather than depending on foreign aid. The ultimate result: renewed hope for the future and the pride and dignity that come from greater self-reliance.



Fair Price

Farmer groups are guaranteed a minimum floor price that covers the cost of sustainable production, a “social premium” for community development projects, and an additional price premium when their crops are certified organic. This unique commitment to fair prices and development premiums distinguishes Fair Trade Certified from all other labels.

Fair Labor Conditions

Workers on certified farms are assured safer working conditions, better wages and freedom of association. Child labor and forced labor are strictly prohibited.

Direct Trade

Most Fair Trade Certified producers develop the business capacity to export their own harvests, bypassing middlemen and plugging farmers directly into the global marketplace. The result: a better price for farmers.

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.

Democratic and Transparent Organizations

Empowerment is a core principle of Fair Trade. Small farmers form cooperatives that allow them to competitively process and export their harvests. Workers on larger farms form 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.

Community Development

Fair Trade premiums allow farmers and farm workers to invest in community development projects, including potable water, education, health care services, housing, reforestation and organic certification.



Jenna Payne

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.

Our Global Network

TransFair USA is the only U.S. member of the international network of Fairtrade Labeling Organizations International (FLO). Today, FLO has 20 members in the global North that, like TransFair USA, certify and promote Fair Trade products in their respective national markets. In the global South, FLO has three members: the producer networks of Africa, Asia and Latin America that represent more than 1.4 million certified farmers. Producer participation in the governance and leadership of the Fair Trade Certified movement is consistent with the principle of empowerment that lies at the heart of our model.

FLO is responsible for developing international Fair Trade Certified standards based on rigorous academic and field research. All standards are vetted and approved through a global, multistakeholder consultation process that reflects best practice in the field of social and environmental certification.

FLO's global reach ensures that farmers comply with a uniform and consistent set of standards worldwide. TransFair USA representatives sit on the board of directors of FLO and several of its governance committees, providing an entrepreneurial vision and helping guide the expansion of the global Fair Trade Certified market.

Verification on the Farm

The international certification agency FLO-CERT — with its global network of more than 100 highly trained inspectors — monitors co-ops and farmers to verify their compliance with strict Fair Trade Certified social and environmental standards, as well as their investment of social premium earnings. FLO-CERT offers certification services in more than 70 countries around the globe. Based on the strength of its audit and certification processes, FLO-CERT recently achieved ISO 65 accreditation by the International Standards Organization.

Global Producer Services

Global Producer Services, a new initiative of TransFair USA, seeks to build the capacity of producer groups and expand the benefits of Fair Trade certification. In partnership with other non-governmental organizations (NGOs) and development agencies, Global Producer Services works with small-farmer co-ops to improve all aspects of their businesses, including

market linkage, product quality, postharvest handling and organizational/management capacity. These efforts lead to more successful community-owned businesses and higher incomes for participating farming families.

Brazil and the Responsible Sourcing Program

Fair Trade Certified products must consistently meet the highest quality standards in the market. TransFair USA helps farmers meet these quality standards through investments in infrastructure and training. In 2007, TransFair USA launched the Responsible Sourcing Program, an innovative partnership among USAID, TransFair USA, coffee roaster Café Bom Dia and Sam's Club. This project will expand and improve coffee quality, increase farmers' technical and managerial capacity, and extend the marketing reach of six Brazilian co-ops. As a result, over 3,000 small coffee farmers will see their incomes increase dramatically over the next three years.

Côte d'Ivoire and the Farmer Field School

In a region devastated by civil war and struggling to overcome the scourge of child slavery, TransFair USA is teaching more than 500 small farmers how to improve the quality of their cocoa for sale to the Fair Trade market. In 2007, the Farmer Field School helped growers master important cost-saving and environmentally friendly agricultural techniques, such as integrated pest management, and trained them in postharvest handling to improve cocoa quality. Participating farmers saw firsthand how better farm management techniques could eliminate chronic crop problems and improve income.

Ethiopia and Sidama Cooperative

In early 2007, Sidama Cooperative, a major source of Fair Trade Certified coffee for European and American markets, lost its certification due to poor financial management and organizational disarray. At the co-op's request, TransFair USA moved swiftly to develop a program to improve the co-op's organizational capacity, financial management systems and internal democratic process. The program helped Sidama quickly regain its certification and reassure U.S. buyers of the group's reliability. What could have been a devastating financial blow for thousands of Ethiopian coffee farmers became a growth opportunity. The stronger, better managed and more democratic Sidama actually expanded its certification to include 29 new co-ops, and sales are once again on the rise.



Impact on People and Planet

From an economic standpoint, Fair Trade has a truly uplifting effect on the livelihoods and well-being of participating families and communities. This powerful economic impact is unique to Fair Trade; no other sustainability label in the world offers farmers the price premiums that are guaranteed by Fair Trade certification.

TransFair USA uses a two-part model to ensure sustainable livelihoods for farmers and farm workers worldwide. The Fair Trade minimum floor price insulates farmers from the dramatic fluctuations in global commodity markets. When global commodity prices fall, the minimum price ensures that farmers still receive sufficient income to put food on their tables, keep roofs over their families' heads and cultivate the land sustainably.

In addition to the minimum price, Fair Trade buyers must deliver an established Fair Trade premium back to farmers and farm workers to fund community development and environmental conservation projects. These projects typically include microloans for farm worker housing, schools, scholarship programs, health clinics, water purification, training in sustainable agriculture, reforestation and programs supporting youth and women. Community members come together to assess and prioritize local needs and then manage premium investments in community development projects.

This bottom-up approach reduces farmers' dependency on foreign aid, develops their project management skills, and instills a greater sense of personal responsibility for the community's future. There are no handouts in the Fair Trade world. Walk into any Fair Trade farmhouse, talk with the family, and the difference is there: the unmistakable sense of hope, pride and dignity that grows out of our grassroots empowerment model of sustainable development.

Fair Trade Certified is all about genuine, measureable impact on farmers, families, communities and ecosystems. Most development experts now agree that traditional aid-based, top-down approaches have failed. Social entrepreneurship and market-based approaches are proving to be more effective at empowering the rural poor to get ahead.

Fair Trade Media/Kay Maeritz



Case Study: Cañera del Sur Sugar Cane Growers

TransFair USA has helped generate more than \$100 million in incremental revenue for farmers around the globe, including, most recently, members of the Cañera del Sur Sugar Cane Growers Association in Paraguay. Those extra funds are helping the 330 sugar cane farmers and their families build their community in countless ways.

Cañera del Sur lies among the grassy plains and wooded hills of Southern Paraguay, some five hours from the capital, Asunción. The area includes some of Paraguay's best farmland, with a climate and soil perfect for growing sugar cane.

However, good crops don't always mean a good living for farmers. Historically, Cañera del Sur's remote location and total dependence on the only sugar processing mill in the region left the farmers with little independent access to market information, and with little bargaining power. In 1961, some pioneering families in the area organized themselves into a growers' association and started negotiating a better deal for themselves. In the 1990s, thanks to growing U.S. consumer demand for organic sugar, they converted entirely to organic production. But it wasn't until 2004, when the farmers achieved Fair Trade certification, that they finally found a way to command a fair harvest price and start to lift the region out of poverty.

With their first sales to the Fair Trade market, the members of the co-op met to decide how to spend their community investment funds. Roads had deteriorated dramatically in previous years, making it hard to get cane to the mill after harvest. Transportation delays often hurt crop quality,



resulting in lost income. After years of asking the government for help, it was clear that the farmers themselves would have to find a way to solve their problems. So they voted to use their first Fair Trade premiums to buy tractors to keep the roads in good condition and transport cane to the mill. They also repaired a bridge connecting one of the main communities to the rest of the world. The growers report that these investments dramatically reduced travel time to the mill, improved the quality and marketability of their cane, and spurred their current economic progress.

In subsequent years, the co-op, whose typical member raises 5 to 10 acres of sugar cane, invested Fair Trade revenues in a variety of important community benefits. They started a microlending program that provides members with low-interest loans to invest in their farms. They paid for maintenance on the co-op's only ambulance and subsidized dental care for their members. They installed a radio station that broadcasts to the entire community (especially useful for tracking cane prices, harvests, road conditions and weather). And they built a new co-op office and community center, complete with a fully-equipped dentist's and doctor's office.



The co-op also purchased thousands of orange and grapefruit seedlings and land for a small nursery. Families are reforesting with the citrus trees to improve nutrition, supplement household income, and do their part to protect the environment in the face of global climate change. The women of Cañera del Sur are running the nursery and an adjoining medicinal herb garden that provides traditional cures for community members.

One of the most poignant stories from Cañera del Sur came from Carlos Silvera, a 56-year-old father of five who cultivates 10 acres of organic sugar cane. Last year was a bad year for the family: Carlos' wife Francisca suffered from a painful hernia, and their youngest son Ernesto came down with pneumonia. Both needed to see a doctor. But in the developing world, the need for medical attention and receiving it don't always go hand in hand. Doctors charge money, and poor folk like Carlos seldom can afford to get the treatment they need. So they suffer, enduring painful but easily correctable ailments.

Suffering looked like the only option for the Silvera family. Then the members of Cañera del Sur stepped in and voted to give \$1,500 of Fair Trade premium funds, a substantial sum in a country where the average per capita income

“When my wife and son got sick, our community gave us a helping hand. Thanks to their support we’re strong and healthy again.” –Carlos Silvera

is less than \$2,000, to Carlos' family so they could get the medical attention they needed. For Francisca, that meant a successful operation. For Ernesto, it meant the basic medical care and antibiotics that all children deserve, allowing him a speedy recovery.

Life is now back to normal for the Silvera family. Fair Trade Certified sugar sales are on the rise, thanks in large part to a close partnership with Whole-some Sweeteners, the leading U.S. distributor of Fair Trade Certified sugar. This has brought increased security, well-being and hope to Carlos, Francisca and their entire community.

Product Quality ■

Generic commodities no more. Today, Fair Trade consumers expect the highest-quality products on the market: rich gourmet coffees, stunningly beautiful flowers, indulgent dark chocolates, fresh organic fruits bursting with flavor. Farmers have responded, investing in the technology and know-how needed to delight consumers with some of the most delicious foods in the world.



Peru

Fair Trade Certified producer: CECOVASA

"During the last harvest season, I delivered 1,900 pounds of organic Fair Trade Certified coffee to my cooperative, and I got more than double the market price! I work hard on my mountain-top farm to grow the highest-quality Arabica beans in Peru because I know consumers will pay more for great tasting coffee," said co-op member Sabino Coaquira.



Ethiopia

Fair Trade Certified producer: Oromia Coffee Farmers Cooperative

Investments to improve product quality through farmer training and better infrastructure paid off when the Oromia co-op took first place in the 2005 East African Fine Coffee Association cupping competition.



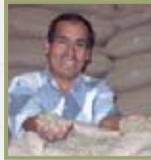
Sustainability ■



Peru

Fair Trade Certified producer:
COCLA

Coffee farmers in this Peruvian co-op have made conservation and biodiversity top priorities, planting fruit trees in their fields as part of a larger reforestation project.



Fair Trade Certified means a fair deal for farmers, farm workers and the environment. Enabling sustainable development and organic production is at the heart of our mission. It's a concept that farmers worldwide, with a livelihood dependent on the health of the land, take very seriously.



Colombia

Fair Trade Certified producer:
ASOPROBAN

This 157-member banana co-op in northwest Colombia has implemented a community garbage collection program, including a plastic recycling program run by women, and offers training on environmental protection. The co-op also sponsors a reforestation project along the banks of the Orihueca River and helps farmers convert to organic production.



Brazil

Fair Trade Certified producer:
Poço Fundo

This coffee co-op implemented plans to save the land for future generations by creating an agricultural training program that teaches sustainable farming techniques to all members.



Education ■

Farmers and farm workers throughout the world have used their Fair Trade Certified premiums to build a better future for their children. Education projects, including building schools and computer labs and offering scholarships and literacy programs, are among the most popular uses of the premium.



China

Fair Trade Certified producer: Dazhangshan Tea Cooperative



Zhang Jianyou and Yu Xiying have never had enough money to go to school themselves. But thanks to the co-op's Fair Trade education fund, they'll be sending their daughter to university. "Without the scholarship from the Fair Trade premium, our daughter would have little hope for a better future," said Zhang Jianyou.



Colombia



Fair Trade Certified producer: Martha Maria Banana Estate

"Workers here have learned how to debate and vote on project proposals for the investment of Fair Trade premiums," said farm worker Carolina Sauza. "There is tremendous interest in studying and learning new skills like computers and English. For me, the most important thing is that these educational opportunities are open to the workers' spouses and children, as well."



Peru

Fair Trade Certified producer: La Prosperidad Estate

Education isn't just for kids. La Prosperidad helps its adult members gain additional skills and opportunities by financing adult education classes in business, finance, law and marketing.



Health Care ■



Nicaragua

Fair Trade Certified producer: CECOCAFEN

In an area where preventive health care is virtually unknown, the 2,000-member co-op opened a community health center that provides subsidized eyeglasses and medical exams for members and their families.



Across the globe, farmers suffer from treatable medical conditions due to the lack of accessible health clinics and medicines. Dozens of co-ops and workers' groups have used their Fair Trade Certified premiums to help bring affordable health care to their communities.



East Timor

Fair Trade Certified producer: CCT

"Part of the Fair Trade income that my neighbors and I generate buys medicine for the Cooperativa Café Timor's health care clinics," said Alfonso Sarmiento. "For that I am very grateful, as the clinic's staff saved my wife's life after she suffered complications from the recent birth of our child."



Brazil

Fair Trade Certified producer: COOCAFÉ



Faced with a serious lack of local dental care, a huge problem throughout the developing world, the co-op set up a small clinic and invested in providing dental and orthodontic care for farmers and their families.

Housing ■

A home of one's own isn't just an American dream — it's a global dream. Fair Trade revenue and premiums have helped farmers and farm workers throughout the world achieve ownership of a comfortable home to call their own.



Mexico



Fair Trade Certified producer: La Selva

Fair Trade revenues have helped many of the 2,000 co-op members upgrade their precarious straw and mud homes to cement block houses with clay tile or tin roofs.



India

Fair Trade Certified producer: Sewpur Tea Estate



The 331-worker tea estate invested in distributing chulhas to all its families. Chulhas are locally made stoves that reduce the consumption of firewood, minimize smoke inhalation in the home and make cooking easier.



Colombia

Fair Trade Certified producer: Buena Vida Farm



"I am about to buy my first house," said farm worker Jorge Anaya. "I still don't believe it because I only have been working for two years at this farm, but I applied and was accepted for the loan, thanks to Fair Trade. I have a wife, and my first daughter will be born soon. I want them to have a decent home."



Sri Lanka

Fair Trade Certified producer: Greenfield Tea Estate



The 330 tea estate workers invested in steel lockers for their homes. The lockers provide workers with water- and insect-proof storage for clothing and valuables.

Water and Infrastructure



China

Fair Trade Certified producer: WuYuan Xitou Tea Gardens

Farmers voted to use Fair Trade premiums to repair and equip their primary tea processing facility. They also installed street lights and repaired roads in Sha Sue village, making access to the tea processing facilities easier and improving the mobility of the entire community.



Water. Electricity. Sanitation. Roads. Fair Trade producer groups have invested in building the local infrastructure needed to improve their quality of life, solving community problems that government and aid agencies have not addressed.



Guatemala

Fair Trade Certified producer: Manos Campesinas

In a region where typical coffee farmers live in shacks with dirt floors, no running water and no electricity, the co-op members have used Fair Trade premiums to bring electricity and potable water into their villages, dramatically improving their quality of life.



Paraguay

Fair Trade Certified producer: Cañera del Sur Cooperative

In the global economy, information is a vital necessity. This sugar co-op installed a radio station that broadcasts to the entire community, providing news, weather, educational programs, reliable information on market prices and other community service programming.



Malawi

Fair Trade Certified producer: Kasinthula Cane Growers

The co-op members in this landlocked, impoverished East African nation used part of its Fair Trade premiums to drill wells to bring safe drinking water to two villages, spreading the health benefits of Fair Trade beyond co-op members, to the surrounding communities.





Lifestyle, Products and Markets

In the 21st century, the shopping cart has emerged as one of the most important vehicles for social change. The Fair Trade Certified label is a recognized symbol of this grassroots consumer movement for greater responsibility, fairness and sustainability.

From its humble roots as a specialty item in food co-ops and independent coffeehouses, Fair Trade Certified has expanded to encompass a wide variety of products at an impressive range of retail outlets. Across industries, pioneering brands have continued to innovate the Fair Trade category, expanding into all kinds of new food products and ingredients sourced from more than 70 developing countries. Today, Fair Trade Certified products are more conveniently available than ever before, allowing consumers to create an entire Fair Trade meal with delicious high-quality foods.

This expansion has helped spark an emerging Fair Trade Certified lifestyle. Every day, millions of consumers choose retail outlets and products based on the knowledge that the products they buy are part of a solution to global poverty. From a morning coffee to an afternoon muffin to a piece of chocolate before bed, Fair Trade is with people throughout their day, giving us the satisfaction that comes from knowing that a simple product choice can make a profound difference in the lives of hardworking farming families.



1-800-flowers.com

allegro.
COFFEE

Ben & Jerry's
ICE CREAM

BIGELOW'S

CELESTIAL
SEASONINGS

COSTCO
WHOLESALE

DUNKIN'
DONUTS

EQUAL
EXCHANGE
CRISIC TRADES
HONORARY STORE

FRONTIER
NATURAL PRODUCTS CO-OP
Quality Products for Natural Living

GREEN
MOUNTAIN
COFFEE
HOUSE

HONEST TEA
Real Tea. Real Taste. Honest.

NUMI
ORGANIC TEA

Sam's
CLUB

STARBUCKS
COFFEE

Target

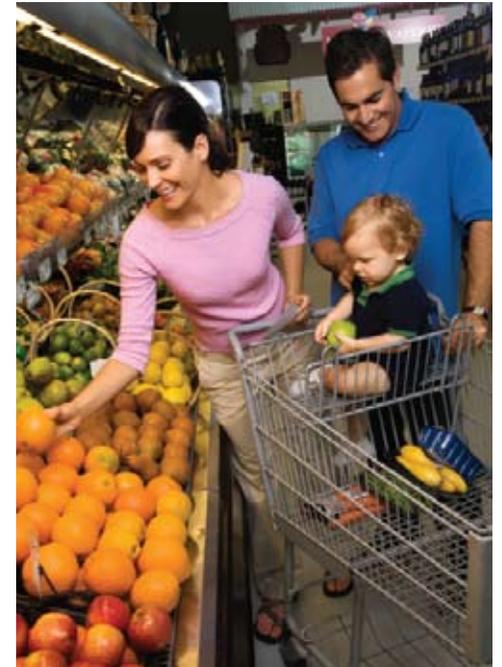
theo

TULLY'S
COFFEE

Turbona

WHOLE
FOODS
MARKET

WHOLESAOME
SWEETENERS



Coffee



Coffee remains the dominant Fair Trade Certified product category.

In 2007, U.S. companies imported 66 million pounds of Fair Trade Certified coffee, or roughly 11 percent of the U.S. specialty coffee market. Import growth slowed to 2 percent — down from the

blistering 45 percent growth rate of 2006 — primarily due to substantial advanced ordering in 2006 by many TransFair USA licensees, which built up inventory at a time of general market volatility. These companies started the year with large quantities in stock, leading them to reduce their imports in 2007.

While import growth slowed, certified coffee sales grew 12 percent for the year. Particularly exciting was the 27 percent sales growth posted by small- and mid-sized coffee companies that introduced new products and extended distribution into new regions.

Firms such as Green Mountain Coffee Roasters, Tony's, Coffee Beanery, Tully's and Pura Vida expanded their offerings and sales. Meanwhile, national retailers — including Whole Foods Markets, Sam's Club, Costco, Target and Trader Joe's — championed Fair Trade Certified coffee in their private label brands. Starbucks and Dunkin' Donuts continued their long-standing Fair Trade Certified programs, purchasing millions of pounds and benefiting tens of thousands of small farmers.



Fair Trade Media/Christof Krackhardt



Coffee Producer Advisory Council



TransFair USA believes farmers and farm workers—the primary beneficiaries and protagonists of our movement—should help develop strategies to expand the market for Fair Trade Certified products. To bring this idea to life, TransFair USA created the Coffee Producer Advisory Council, an outstanding group of 10 highly regarded grassroots

leaders from co-ops across Latin America, Africa and Asia. The council meets two to three times each year to study market dynamics, discuss expansion strategies and address producer concerns.

In 2007 we sought advice from the council regarding a proposal to raise the Fair Trade minimum price and social premium for washed Arabica coffee, to \$1.25/pound and \$0.10/pound, respectively. Thanks in part to the insightful input of the council and the support of TransFair USA, this proposal was ultimately approved by the board of directors of FLO, the first time in a decade that prices and premiums received by certified coffee farmers were raised. Notably, Fair Trade Certified remains the only certification label that guarantees farmers a minimum floor price and a better standard of living.

| 1998–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 250,707,274 | 66,339,389 | 66 |

Kenneth Davids and Product Quality

Every year, world-renowned coffee expert Kenneth Davids evaluates coffees from across the globe. In 2007, he confirmed what TransFair USA has long believed: small-farmer co-op coffees are among the world’s best. Said Davids, “Most coffee lovers should be able to find Fair Trade coffees that both satisfy with quality and excite with distinction while gratifying their need to feel their purchase helped growers and their families survive with dignity.”

| Company | Name | Cupping Score |
|----------------------------|--|---------------|
| Green Mountain CR | Kenyan Highland Cooperatives | 96 |
| Allegro | Rwanda Karaba Fair Trade | 96 |
| Green Mountain CR | Fair Trade Organic Ethiopian Yirgacheffe | 93 |
| Terroir Coffee | Kenya Kangocho Nyeri Fair Trade | 93 |
| Johnson Brothers | Ethiopian Yirgacheffe Fair Trade Organic | 93 |
| PT’s Coffee Roasting Co. | East Timor Maubesse Fair Trade Organic | 92 |
| Flying Goat Coffee | Peru Cochapampa Fair Trade | 91 |
| Barefoot Coffee Roasters | Brazil Poço Fundo Fair Trade | 90 |
| Batdorf & Bronson | Nicaragua Organic Fair Trade | 90 |
| Pachamama Coffee Co-op | Mexico La Union Medium Roast (Huatusco) | 90 |
| The Roasterie | Sumatra Fair Trade — Organic Line | 90 |
| Arbor Day Specialty Coffee | Mexican Altura Decaf Fair Trade Organic | 90 |

Davids’ mid-2007 assessment and scoring of top Fair Trade coffees is listed above. These rarely seen ratings reaffirm that intrinsic connection between cup quality and the farmer’s harvest price, and signal the arrival of our certified coffees among the best in the world.

Specialty Coffee Association of America

More than 100 Fair Trade farmers and leaders from 15 countries converged on Long Beach, California, for the annual Specialty Coffee Association of America trade show, the most prestigious specialty coffee event in the world. TransFair USA once again hosted the largest booth in the show, giving our farmers from Latin America, Africa and Asia an essential venue to meet buyers, sell coffee and promote Fair Trade. TransFair USA also hosted a full-day educational forum with presentations from industry experts and valuable training workshops for both producers and partners from industry. The African and Asian contingents at this show were notably strong, with first-time co-op attendees from Rwanda, Kenya, Indonesia and Papua New Guinea.

Tea



Fair Trade Certified tea enjoyed 80 percent volume growth in 2007. This unprecedented jump in tea imports, which surpassed 1 million pounds for the first time, made tea the fastest growing Fair Trade product category for the year.

This growth was driven in part by significant new product launches by Bigelow, in partnership with Sam’s Club, and Celestial Seasonings. Traditional Fair Trade stalwarts such as Choice Organics, Zhená’s Gypsy Tea, Numi and Honest Tea also added new lines and expanded distribution in both bagged and ready-to-drink products. These efforts were supported by what some experts are calling a “tea renaissance” in America as consumers searched for more exotic, specialty and sustainable tea choices.

FLO International implemented new minimum pricing standards for Fair Trade Certified tea in 2007. This decision reflected concerns about downward trends in global market prices for tea in recent years that forced producers in some regions to sell their harvests at a loss. The new pricing system will help our tea farmers in India and Sri Lanka to cover their costs of production and support sustainable development.

| 2001–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 2,710,424 | 1,134,993 | 73 |



Sugar



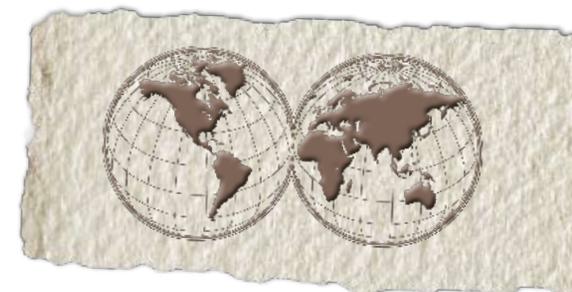
Fair Trade Certified sugar made the leap from emerging category to bona fide success story in 2007. Sugar imports reached nearly 9 million pounds, making sugar the second largest category by volume of certified products in the United States. The result: thousands of small farmers and farm workers in Paraguay, Costa Rica, Malawi and the Philippines saw their working conditions and livelihoods improve.

Much of this growth stemmed from the success of Fair Trade Certified sugar as an ingredient. Powered by the efforts of pioneering licensee Wholesome Sweeteners, food manufacturers increasingly used certified sugar as an ingredient in bottled drinks, cereals, jams, dried fruit, baking mixes and other products. Since Americans eat an average of 100 pounds of sugar each year, we see potential for continued Fair Trade sugar growth in the future.

| 2005–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 12,784,607 | 8,931,364 | 64 |



Fair Trade Media/David Bourcherie



Bananas



Bananas started to turn the corner in 2007. Fair Trade Certified banana imports grew by 26 percent, thanks in part to expanded distribution by start-up Oke Bananas and a grassroots consumer awareness campaign organized by long-time ally Co-op America. Sam's Club also tested Fair Trade Certified bananas from Colombia in their stores with encouraging results. In addition to bananas, TransFair USA certifies small amounts of mangoes, oranges and grapes.

| 2004–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 28,889,947 | 7,250,275 | 90 |



Flowers



Flowers made their debut in the U.S. market in late 2007. In the last two months of the year, several retailers, including Whole Foods and 1-800-Flowers, imported almost 700,000 stems of exquisite Fair Trade Certified roses from Kenya, Colombia and Ecuador. TransFair USA staff visited rose farms in Ecuador and Colombia with retail buyers and the media, seeking to raise awareness about the harsh realities facing farm workers in the flower sector and the dramatic difference that Fair Trade makes: safer working conditions, better wages and community development opportunities for the largely female workforce.

| 2007 Stems Certified |
|----------------------|
| 650,832 |



Fair Trade Media/Christof Krackhardt, Scott Chernis

Cocoa



Fair Trade Certified cocoa imports slipped last year, both in the United States and abroad. Nevertheless, some interesting product innovations emerged in 2007 using Fair Trade Certified cocoa, including Ben & Jerry's chocolate ice cream; Lara Bar's line of six cocoa nutrition bars; Rubicon Bakery's chocolate cakes; and Fair Trade pioneer Divine Chocolate's line of chocolate bars, Advent calendars, Easter eggs and other seasonal items.

| 2001–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 4,856,493 | 1,084,892 | 88 |

Rice



Rice is a small and relatively new category for TransFair USA. Certified rice imports grew at a modest 10 percent in 2007. This included premium Indian basmati rice and Alter Eco's four varieties of premium jasmine rice from Thailand.

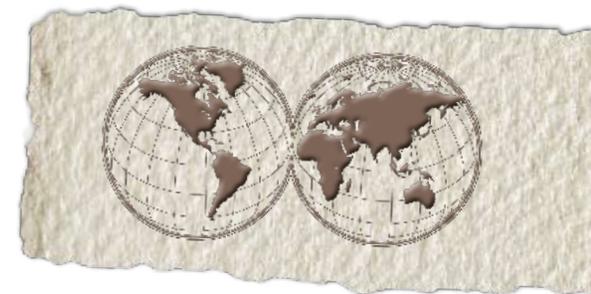
| 2005–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 901,128 | 436,456 | 72 |

Vanilla



Vanilla is also a new category for TransFair USA. The promise for Fair Trade Certified vanilla remains in the ingredient business, with chocolate and ice cream companies increasingly using certified vanilla in their products.

| 2005–2007 Pounds Certified | 2007 Pounds Certified | 2007 Percent Organics |
|----------------------------|-----------------------|-----------------------|
| 346,605 | 149,460 | Not available |



Fair Trade Media/David Boucherie, Christof Krackhardt, Hartmut Fiebig

Raising Awareness, Building the Movement

Consumer Awareness

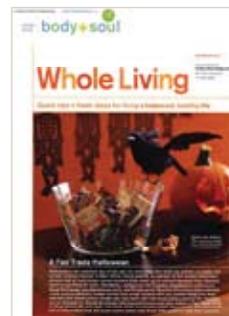
Consumer awareness of Fair Trade is growing fast, thanks to strong support from both industry allies and the grassroots Fair Trade movement. Our 2007 consumer research shows general population awareness of Fair Trade Certified at 28 percent. Similarly, the National Coffee Association (NCA) reported Fair Trade awareness among adult coffee drinkers at 27 percent. This latter data point represents a remarkable 35 percent increase in consumer awareness in a single year (2006–07). According to the NCA, awareness of Fair Trade among coffee consumers increased from 7 percent to 27 percent during the last four years. Of consumers who are aware, more than half — some 30 million American shoppers — are now purchasing Fair Trade Certified products.

The Natural Marketing Institute published its “2007 Hot Consumer Trends” report, which found that one-third of adult consumers now expect retailers to stock Fair Trade Certified products, while two-thirds want to see verification supporting a company’s social responsibility claims.

Fair Trade Press

TransFair USA ramped up its public relations efforts in 2007 to spread the word about the positive impact that Fair Trade certification is having on farming communities around the world. In response, mainstream media continued to draw attention to our story. In addition to hundreds of local and national business press articles, TransFair USA earned the attention of some of America’s most prominent media outlets, ranging from the *New York Times* to lifestyle magazines such as *Self* and *Vanity Fair*.

TV coverage also expanded: the BBC and CNN interviewed President & CEO Paul Rice about Fair Trade and corporate social responsibility trends, Al Roker featured Fair Trade Certified coffee on NBC’s the “Today” show, and former President Bill Clinton spoke highly of Fair Trade in a September 2007 interview he gave on NBC’s “The Martha Stewart Show.”



Fair Trade Month

Each October, TransFair USA mobilizes manufacturers, retailers, activists, consumers and media nationwide to raise awareness and promote Fair Trade Certified products.

Nearly 12,000 retail outlets participated in the month-long campaign, including Starbucks, Whole Foods, Sam’s Club, several regional supermarket chains and hundreds of universities. Community involvement increased significantly this year, generating more than 150 locally organized consumer awareness events across the country. TransFair USA was thrilled to be joined by many NGO partners — including Fair Trade Resource Network, Oxfam America, United Students for Fair Trade, Catholic Relief Services, Global Exchange and Fair Trade Federation — in this effort to get the word out and mobilize shopping dollars for change.



Fair Trade Towns

TransFair USA helps independent local activists turn the United States into a Fair Trade nation — one town at a time.



To qualify as a Fair Trade Town, communities must demonstrate a firm commitment to Fair Trade, which may start with a city council resolution in support of the concept. Typically, community leaders and Fair Trade advocates then work together with local store owners to increase retail availability of Fair Trade products. Similarly, organizers work to get Fair Trade products visibly displayed and served in local hospitals, schools, places of worship and other institutions. These efforts help raise community awareness, contribute to building a strong Fair Trade consumer movement from the grassroots level, and drive product sales to benefit more farming families abroad.

In 2006, the Philadelphia suburb of Media, Pennsylvania, became the first American city to proclaim itself a Fair Trade Town. In 2007, Milwaukee, Wisc., Brattleboro, VT., and Amherst, Mass. also declared themselves Fair Trade Towns. Inspired by the widespread Fair Trade Towns network in the United Kingdom and Europe, TransFair USA and other leading U.S. consumer advocacy groups are actively supporting this promising grassroots movement.



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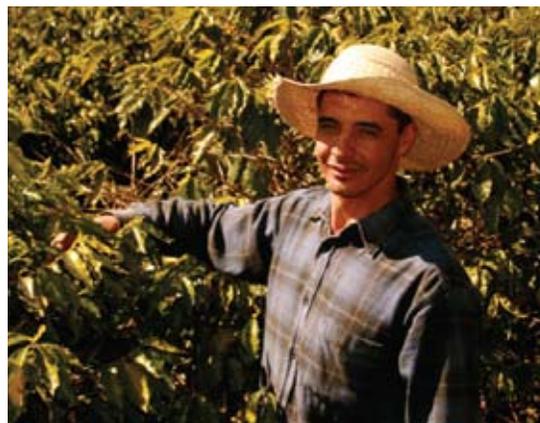
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Vice President of Marketing

Todd Stark
Chief Operating Officer

**As of July 2008*



Jenna Payne



Jenna Payne

Donations at Work

As a nonprofit organization, TransFair USA relies on donations from individuals and institutions to invest in the growth of the Fair Trade market and movement. This growth empowers farmers to achieve real improvements to their quality of life. Here are some examples of the programs supported by donations to TransFair USA.

\$5,000 Public Education and Outreach Programs for 1,250 people

TransFair USA depends on the support of grassroots and NGO allies to spread the word about Fair Trade. Information about Fair Trade and its benefits is shared through various channels including House Party Organizing Kits, Fair Trade Month outreach programs, and faith-based initiatives.

\$10,000 Training for 50 Coffee Growers at the Fair Trade Forum

TransFair USA staff and industry leaders conduct essential training and capacity-building seminars for Fair Trade coffee producers at the Fair Trade Forum, held just prior to the Specialty Coffee Association of America annual trade show and conference.

\$20,000 Fair Trade Towns Program

Cities and towns from Media to Milwaukee are home to active grassroots initiatives to organize Fair Trade Towns. These coalitions persuade local officials to make public commitments to Fair Trade products and principles by declaring their communities Fair Trade Towns. The Fair Trade Towns program is a great way to raise local awareness of Fair Trade and its benefits. TransFair USA is proud to be a member of the network of NGOs on the Fair Trade Towns USA Steering Committee. Along with underwriting the coordinator for the program, TransFair USA provides tools, resources and organizing support to local coalitions seeking Fair Trade Town status.

\$50,000 Coffee Producer Advisory Council Program

The Coffee Producer Advisory Council is composed of Fair Trade co-op leaders from across Latin America, Africa and Asia. The council works to strengthen strategic coordination among TransFair USA and farmer groups while giving grassroots coffee leaders direct input into U.S. Fair Trade market development programs.

\$100,000 Making Connections with the U.S. Market

TransFair USA ensures that investments in business and agrotechnical skills pay off, by linking Fair Trade farmers directly to lucrative opportunities in the U.S. market. Every year, TransFair USA connects dozens of farmer delegations from the developing world with their American business partners and with the consumers, advocates and allies who drive demand for their products.

\$250,000 New Fair Trade Certified Products Initiative

Each Fair Trade Certified product category that TransFair USA introduces to the U.S. market creates powerful new economic opportunities for people in the developing world. This year, Fair Trade Certified cut flowers will give thousands of women and men in South America and Africa higher wages, safer and healthier workplaces, child care, scholarships and empowerment opportunities. But flowers are only the beginning. From honey gathered by Mayan beekeepers to wine from South African Black Economic Empowerment Zones to a range of other agricultural and manufactured products, TransFair USA is dedicated to working with industry and producer partners to extend the development benefits of Fair Trade to every product category possible. Standards development, market research and initial promotion of a new Fair Trade Certified category can cost \$250,000 or more.

***Visionaries -
\$100,000 or More***

Levi Strauss & Co. Foundation
Rudolph Steiner Foundation
Global Community Fund
Salesforce.com Foundation
Skoll Foundation
Stichting Het Groene Woudt
Tiffany & Co. Foundation

***Champions -
\$25,000-\$99,999***

DAI/FUNCEX
Richard & Rhoda Goldman Fund
SOPPEXCCA
Tides Foundation
USAID

***Benefactors -
\$10,000-\$24,999***

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Patrons - \$5,000-\$9,999

Susan Clare & Peter D. Parker
George Scharffenberger
TAUPO Community Fund

Partners - \$1,000-\$4,999

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Give Something Back Fund
Gourmet magazine
Kristen Grimm
Paul & Lorna Hodge
Rick Larson & Gair McCullough
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Nonprofit Finance Fund
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Sisters of Charity of
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AVINA Foundation
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Café Bom Dia
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Fast Company/Monitor Group
 Social Capitalist Awards
Green Development Foundation

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MBAs Without Borders
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Root Capital
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Schwab Foundation for Social
 Entrepreneurship
Synergos
SEBRAE
Shared Interest
Skoll Foundation
Solloway and Associates
Texas A&M University
 SPREAD Project
Twin and Twin Trading Ltd
World Economic Forum

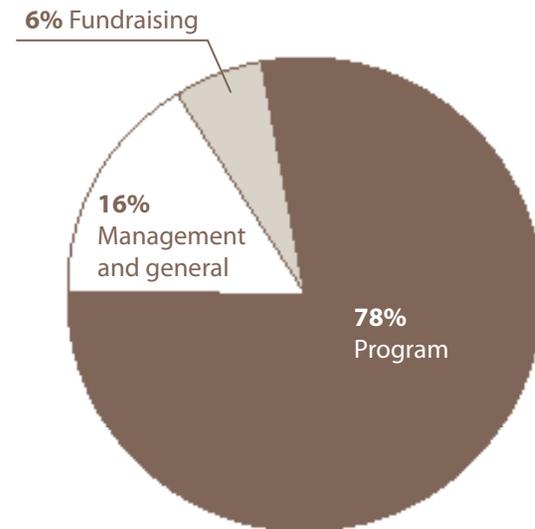
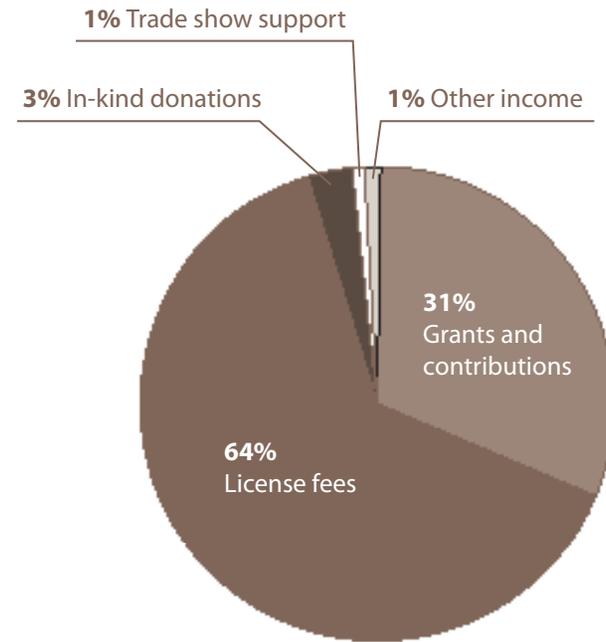




2007 Financials

TransFair USA Summary of Activities for the Years Ended December 31, 2007 and 2006

| | 2007 | 2006 |
|------------------------------------|--------------------|--------------------|
| | Total | Total |
| Revenue and support: | | |
| Grants and contributions | \$2,390,280 | \$685,026 |
| License fees | 4,961,063 | 4,521,391 |
| In-kind donations | 209,966 | 245,732 |
| Trade show support | 46,280 | 68,414 |
| Other income | 72,830 | 56,259 |
| Net unrealized loss on investments | (15,233) | (5,889) |
| Total revenue and support | \$7,665,186 | \$5,570,933 |
| Expenses: | | |
| Program | 5,894,387 | 4,173,147 |
| Management and general | 1,245,674 | 737,269 |
| Fundraising | 456,742 | 376,533 |
| Total expenses | \$7,596,803 | \$5,286,949 |



TransFair USA
Statements of Financial Position
for the Years Ended December 31, 2007 and 2006

| | 2007 | 2006 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$1,143,742 | \$1,094,872 |
| Investment, at market value | 635,278 | 633,794 |
| License fees receivable, net of allowance | 1,223,470 | 1,125,875 |
| Grants receivable | 902,749 | 133,252 |
| Other receivables | 1,666 | 19,009 |
| Prepaid expenses | 123,351 | 72,558 |
| Total current assets | 4,030,256 | 3,079,360 |
| Property and equipment, net | 273,768 | 56,975 |
| Deposits | 55,000 | 24,353 |
| Total assets | \$4,359,024 | \$3,160,688 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Line of credit | \$ — | \$ 50,000 |
| Accounts payable | 144,034 | 62,318 |
| Accrued liabilities | 453,040 | 359,588 |
| Current portion of notes payable | 52,000 | 131,004 |
| Total current liabilities | 649,074 | 602,910 |
| Long-term liabilities: | | |
| Notes payable, net of current portion | 4,292,000 | 3,294,000 |
| Accrued lease incentive | 85,789 | — |
| Total long-term liabilities | 4,377,789 | 3,294,000 |
| Net assets surplus (deficit): | | |
| Unrestricted | (1,963,607) | (1,159,290) |
| Temporarily restricted | 1,295,768 | 423,068 |
| Total net assets surplus (deficit) | (667,839) | (736,222) |
| Total liabilities and net assets | \$4,359,024 | \$3,160,688 |



Fair Trade Media/David Boucherie

The information on these pages is summarized from the TransFair USA financial statements that are audited by Bregante + Company LLC. Copies of the completed audited financial statements are available upon written request.



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