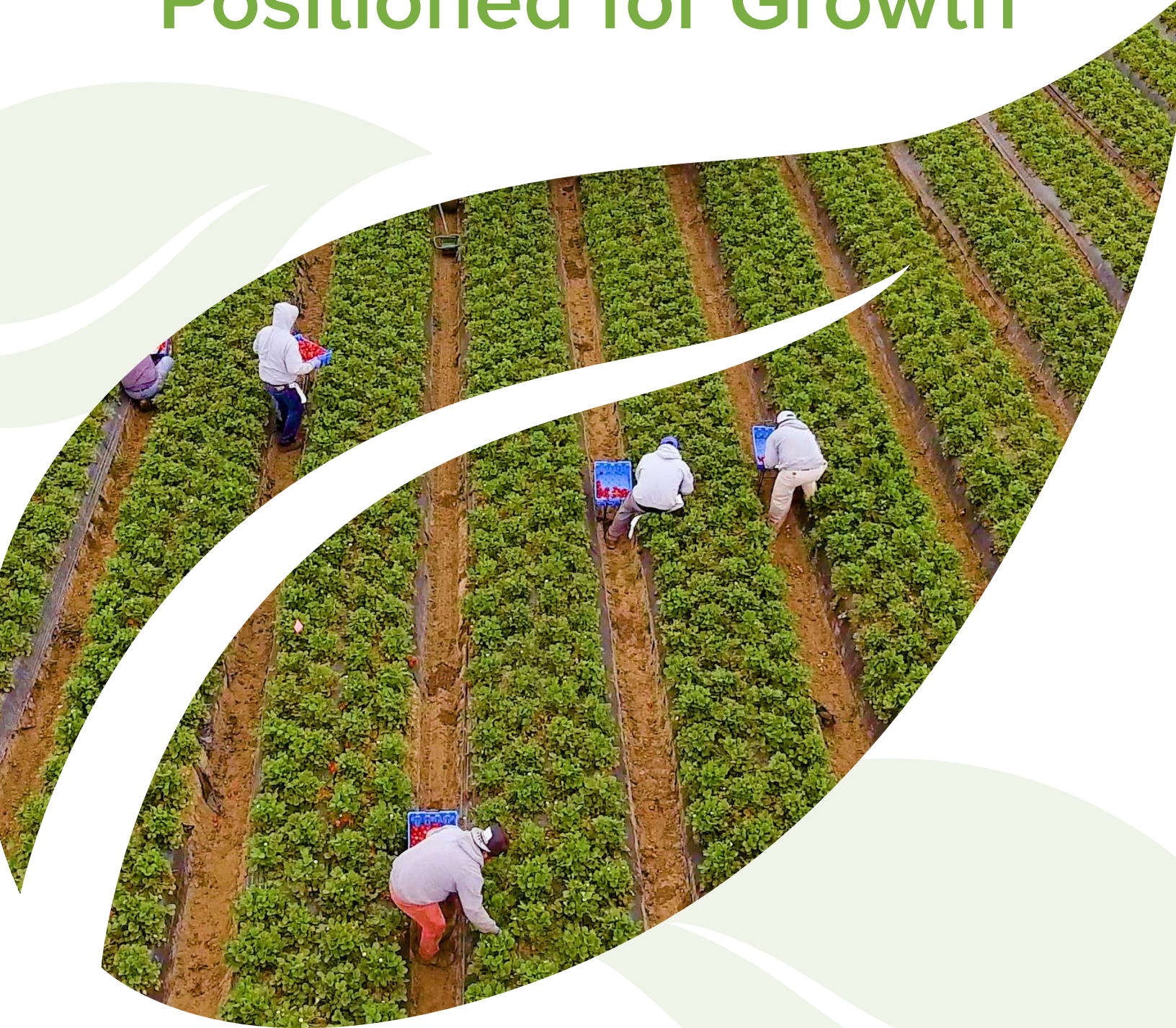




Positioned for Growth



2016 Annual Report

ABOUT EFI

Equitable Food Initiative (EFI) brings together growers, farmworkers, retailers and consumers to transform agriculture and the lives of farmworkers.

EFI is a nonprofit skill-building and certification organization for the fresh produce industry that brings together everyone in the supply chain to transform agriculture and create a safer, more equitable food system.

EFI-certified farms meet rigorous standards for labor practices, food safety and pest management, and they commit to a culture of worker engagement and continuous improvement to provide Responsibly Grown, Farmworker Assured™ fruits and vegetables.



VALIDATING THE EFI MODEL

FROM THE EXECUTIVE DIRECTOR

2016 was a successful step forward for EFI on the road to transforming agriculture by improving the lives of the people who grow and harvest our food. Over the course of the year EFI tripled the number of farms it certified, from six to 18, and signed contracts with 12 different produce companies. Each of these industry leaders deserves recognition for investing in their workers. Much of our progress was driven by the ongoing commitment of Costco Wholesale, Whole Foods Market and Foodbuy, LLC to assure consumers that their fruits and vegetables are harvested by workers who are treated with respect.

EFI is driven by a belief that through collaboration, workers, growers and retailers can create and share value to the benefit of all. We saw a powerful illustration of that conviction when representatives of two major retailers and seven produce suppliers came together with 35 farmworkers for a two-day Shared Value Summit at Costco in March 2016. Through brainstorm and strategy sessions, this diverse group came up with a new approach to raising worker wages through a premium program that EFI will roll out across certified farms in 2017.

EFI is a learning organization. We continue to bring all stakeholders together to refine the model and standards. We use constant feedback from customers and partners to strengthen our offerings and create dialogue among stakeholder groups. We affirm and strengthen our commitment to iterative design and continuous improvement. If some of our ideas don't work, we strive to "fail fast" so that we can move forward with better solutions as quickly as possible.

The stories and statistics in this report are just a sampling of the good work of the past year, and I hope you will agree that the EFI model is being validated and should be adopted widely. That is our current focus: to scale our program to certify 100 farms by 2020 and to generate enough fee-for-service revenue to cover operating expenses by 2023. Your support and contributions have helped us come this far; please join us on the next phase of this exciting journey!



Photo by Shiloh Strong

Sincerely,

A handwritten signature in black ink that reads "Peter O'Driscoll". The signature is written in a cursive, flowing style.

Peter O'Driscoll
Executive Director



A Replicable, Sustainable Structure

Alpine Fresh, Inc. is implementing the EFI Program throughout its global supply chain to create assurance through a consistent worker engagement model. At the end of 2016, Alpine Fresh had two certified operations and three additional operations active in the EFI Program.

“ Without companies like Costco and EFI showing us the better and right way, we would probably be content to do what we feel is right. But partnering with EFI and Costco creates a replicable, sustainable structure that we can bring into all our operations throughout the world.”

– Manuel Rivera, Director of Value Added Operations, Alpine Fresh

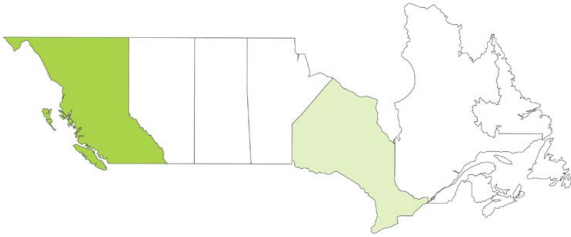


GROWING OUR REACH

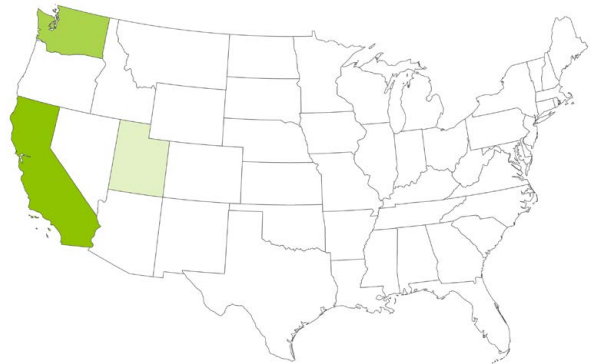
Farms Certified or Contracted With EFI by Country

The darker green areas denote multiple locations.

CANADA



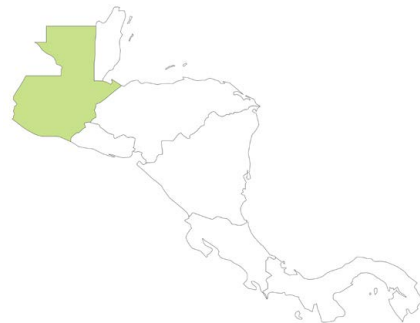
UNITED STATES



MEXICO



CENTRAL AMERICA



MORE THAN A CERTIFICATION

In only 13 months, Houweling's Tomatoes received EFI certification for its three operations, an achievement that speaks to the commitment of the company and its team.

“EFI is more than a certification—it is a change management program. Introducing the skills and concepts from the EFI Program into our workforce enabled us to bring everyone together to strive for the highest standards. I have great confidence that the whole team understands and is working toward those standards in everything they do.”

– Kevin Doran, President and CEO, Houweling's Group



GROWING OUR REACH

To validate the EFI model and position the organization for success, our focus in 2016 was to engage growers and retailers to ensure adequate market growth. We worked toward a number of indicators to ensure progress toward creating a real impact for farmworkers and the produce industry.

These statistics are cumulative since 2013, but all categories experienced exponential growth in 2016.



502

Leadership Team members trained



18

Locations certified



9,737

Farmworkers on certified farms

32

Audits completed representing both certified farms and those in the process of obtaining certification



58

Locations under active contracts

COSTCO
WHOLESALE

WHOLE
FOODS
MARKET

Deepened relationships with existing retail partners

Foodbuy

Created partnership with the largest foodservice procurement organization in North America



13,207

Acres of certified farms

4

Countries where EFI is operating—United States, Canada, Mexico and Guatemala



12

New growers under contract

Photo by Nicholas Wray



The EFI Leadership Team
at Alpine Fresh MangoPack

Worker-Management Collaboration

The EFI Program creates a Leadership Team on each certified farm that focuses on continuous improvement by addressing issues and problems that arise. Alpine Fresh, Inc. has found value in the worker-management collaborative teams and looks to replicate them across its extensive supply chain.

“ When managers and workers come together as part of the Leadership Team, the workers will often have the best solutions to the problems the team is collaborating on. And when the workers hear from management how much their expertise is valued and how management wouldn't have been able to come up with a good solution without them, they feel a greater sense of ownership and pride for the good of the company.”

– Alma Rivera, Social Responsibility Compliance Manager, Alpine Fresh, Inc.

MEASURING OUR IMPACT

THEORY OF CHANGE

If the workforce is properly trained and incentivized to collaborate with management in developing a safe, stable and dignified working environment, then new value is created for growers and buyers.

EFI is committed to building and defining itself through first-rate internal and external evaluation methods to measure impact and make program adjustments. 2016 was a year to establish the processes and components of EFI's monitoring and evaluation systems and begin ongoing analysis. We created a new staff position to focus on impact and evaluation for the organization, and internal and third-party research began to show EFI's impact on farmworkers, growers, retailers and consumers.

LEADERSHIP TEAMS

Each EFI Leadership Team is composed of eight to 19 people who represent all the different work functions of the farming operation. The team has a gender and regional balance that accurately reflects the demographics of the workforce. Members of Leadership Teams receive a minimum of 40 hours of training on effective problem-solving processes, data gathering, communication and conflict resolution. Operational Leadership Teams provide an opportunity for workers to be heard and to help address farm compliance issues that they or other workers identify.

Functional Leadership Team Essential to Success

A critical component of the audit for EFI certification is assessing the presence of a functioning Leadership Team. Leadership Teams are tasked with identifying issues, responding to concerns raised by others, and finding collaborative solutions that meet labor, food safety and pest management benchmarks.

Our initial monitoring and evaluation efforts are based on small samples but are nonetheless providing important feedback and laying the foundation for future systems. Consistent with our Theory of Change, early evaluation suggests that a functional Leadership Team, as verified through a third-party audit, correlates with improved farm performance across all of EFI's labor and food safety indicators. EFI's future internal and third-party evaluations will continue to investigate the ways in which highly functional Leadership Teams create better places to work and a safer food system.



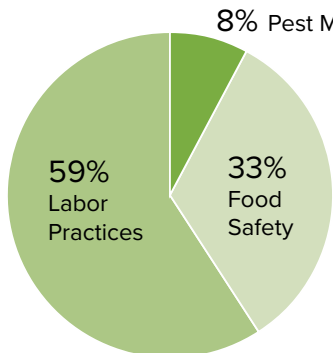
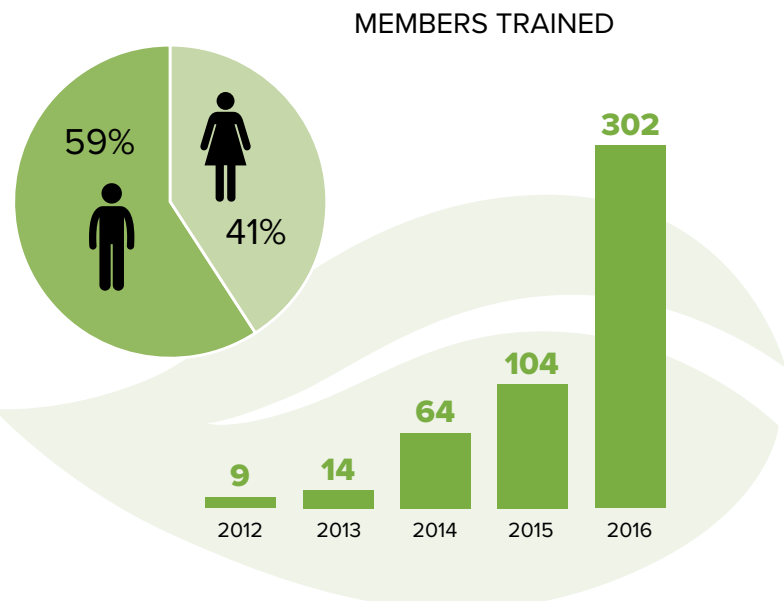
AgriBeans for Alpine Fresh Leadership Team Training, July 2016

MEASURING OUR IMPACT

Improving Labor Conditions for Thousands of Farmworkers

LEADERSHIP TEAM TRAINING

By the end of 2016, 29 farms and pack house locations had received EFI's Leadership Team training, with a total of 502 members trained. The number of members trained increased 290 percent over 2015. EFI Leadership Teams provide leadership opportunities for women, who represent 41 percent of total Leadership Team members trained.



NONCONFORMITIES CORRECTED

NONCONFORMITIES

Through 32 audits, farms corrected 448 nonconformities to ensure alignment with EFI Standards for labor practices, food safety and pest management.

A PATH FOR IMPROVEMENT

“ The EFI training is both motivating and supportive of our work. [After the training] we come back with a lot of energy, confidence and interest to fix things. We have the backing of the certification and the standards to tell us how to do things and mark a path for us.”

– Elizabet Carino Ibarra, Leadership Team Member, Worker Health & Safety, AgriBeans for Alpine Fresh



Engaged Farmworkers

Andrew & Williamson Fresh Produce was the first company to pilot the EFI Program on its farms and received EFI's first certification in 2014. By the end of 2016, Andrew & Williamson had seven certified operations and 5,099 farmworkers on certified farms.

Andrew & Williamson adapted the EFI Program, which features 40 hours of training in communication, problem-solving and conflict resolution, to create Process Improvement Teams. Andrew & Williamson workers are encouraged to bring their concerns to their supervisor or the Process Improvement Team, which meets monthly to address concerns.

“ Through our work with EFI, we have created an openness of communication and the freedom for workers to express their thoughts and feelings to higher management. They do not have a fear of retaliation; in fact, when they speak up, we will applaud workers instead of telling them not to report such things.”

– Amalia Zimmerman, Director of Social Responsibility, Andrew & Williamson



POSITIONED FOR GROWTH

EFI is well-positioned for growth and success, with a committed board, a competent and enthusiastic staff, a growing customer base, a clear strategy for the future and robust financials.

2016 Audited Financial Statements

Statement of Financial Position December 31, 2016

	2016
ASSETS	
Cash and cash equivalents	\$1,602,142
Grants and accounts receivable	334,032
Prepaid expenses	6,954
Deposits	8,375
TOTAL ASSETS	\$1,951,503
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	\$136,220
Total Liabilities	\$136,220
NET ASSETS	
Unrestricted	\$273,760
Restricted	1,541,523
Total Net Assets	\$1,815,283
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,951,503</u>

POSITIONED FOR GROWTH

Statement of Activities Year Ended December 31, 2016

Revenue	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>
Contributions and grants	-	-	-
In-kind contributions	\$ 51,082	-	\$ 51,082
Program income	207,500	-	207,500
Other income	3,656	-	3,656
Net assets released from restrictions	2,085,096	(2,085,096)	-
Total Revenue and Support	<u>2,347,334</u>	<u>(2,085,096)</u>	<u>262,238</u>
Expenses			
Program service	1,682,643	-	1,682,643
Management and general	284,663	-	284,663
Fundraising	48,853	-	48,853
Total Expenses	<u>2,016,159</u>	<u>-</u>	<u>2,016,159</u>
Change in Net Assets	331,175	(2,085,096)	(1,753,921)
Net Assets, Beginning of Year	<u>(57,415)</u>	<u>3,626,619</u>	<u>3,569,204</u>
Net Assets, End of Year	<u>\$ 273,760</u>	<u>\$ 1,541,523</u>	<u>\$ 1,815,283</u>

EFI'S SUCCESS GAINS NOTICE

As we were validating our model and growing our base during 2016, we began receiving recognition for bringing together all stakeholders in the food supply chain.

“Every day, EFI proves that you can turn a profit by amplifying rather than undermining worker voices. The groups involved with EFI are way ahead of the curve, and this may be an outlier today, but it will be mainstream tomorrow.”

– Thomas E. Perez,
former U.S. Secretary of Labor



EFI Provides a Gold Standard Audit

The New Food Economy



Read the article

Food Safety Initiative Puts Farmworkers Front and Center

Food Safety News



Read the article

Equitable Food Initiative Not Just Another Certification

FreshFruitPortal.com



Read the article

EFI's Stakeholders Share What Makes the EFI Program Successful



Watch the video

“EFI creates a win, win, win!”

– Representative Julia Brownley, California's 26th District



THANK YOU

2016 DONORS

The Atlantic Philanthropies

Broad Reach Fund

Cedar Tree Foundation

John D. and Catherine T. MacArthur Foundation

Oxfam America

The Walt Disney Company's Supply Chain
Investment Program

BOARD AND STAFF

2016 BOARD OF DIRECTORS

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National Vice President, United Farm Workers

Maisie Ganzler, Vice-Chair

Chief Strategy and Brand Officer, Bon Appétit Management Company

Preston Witt, Secretary

Manager, Supplier Code of Conduct Compliance, Costco Wholesale Corporation

Bruce Goldstein, Treasurer

President, Farmworker Justice

Adrian Almeida

Vice President of Manufacturing and Human Capital, NatureSweet Tomatoes

Ernie Farley

Partner, Andrew & Williamson Fresh Produce

Thomas Gremillion

Director of Food Policy, Consumer Federation of America

David Plunkett

Senior Staff Attorney, Food Safety, Center for Science in the Public Interest

Ramón Ramírez

President and Co-Founder, Pineros y Campesinos Unidos del Noroeste

Margaret Reeves

Senior Scientist, Pesticide Action Network North America

Minor Sinclair

Director, U.S. Regional Office, Oxfam America

Baldemar Velasquez

President and Founder, Farm Labor Organizing Committee

2016 STAFF

Lilian Autler

Trainer and Workforce Development Specialist

Kevin Boyle

Training and Business Development Director

Alexandra DeGrandchamp

Impact and Information Management Officer

Kenton Harmer

Certification Director

Star Huff

Operations Manager

Alice Linsmeier

Trainer and Workforce Development Specialist

Peter O'Driscoll

Executive Director

Jennifer Pelayo

Business Development Manager

Johnna Phillips

Communications and Marketing Director (through April 2016)

Juliana Rodriguez

Community Engagement Officer

LeAnne Ruzzamenti

Communications and Marketing Director (starting August 2016)

Gretta Siebentritt

Senior Manager for Workforce Development

CERTIFYING BODIES

Underwriters Laboratories
SCS Global Services

Unprecedented Growth



“Certifying 20 locations under rigorous standards in such a short period of time really speaks to how quickly the produce industry is responding to the opportunity to make systemic changes in the way it does business. Most certifications don’t see this rapid growth in their earliest stages, and it’s a credit to EFI that so many have successfully been certified so quickly.”

– Dr. Michael E. Conroy, former international board chair of the Forest Stewardship Council



Former U.S. Secretary of Labor Thomas E. Perez receives a tour of an Andrew & Williamson berry farm from EFI board member Ernie Farley.