

Forging Collective Impact to Transform the Produce Industry



efi®



2018 Annual Report

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About EFI

Equitable Food Initiative (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. They commit to a culture of worker engagement and continuous improvement to provide Responsibly Grown, Farmworker Assured™ fruits and vegetables.

Mission

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

From the Executive Director

Dear Friends,

Equitable Food Initiative has completed its fourth year as an independent social enterprise after spinning off from Oxfam America in early 2015. But 2018 marked a decade since the launch of our multistakeholder dialogue to align the interests of growers, farmworkers, retailers and consumers and create win-win opportunities to raise the bar on both compliance and business performance in the fresh produce industry.

EFI's formula for labor-management collaboration to drive continuous improvement is gaining traction at an opportune moment. Produce recalls were headline news over the last year, underscoring the importance of engaging farmworkers in identifying and addressing threats to food safety at the point of production. And in July 2018, the two largest U.S. produce trade associations released an **Ethical Charter on Responsible Labor Practices**, signaling an important new commitment to respectful working conditions throughout the international supply chains that bring fresh produce to American consumers.

EFI is well-positioned to help leading produce suppliers demonstrate their compliance with the Ethical Charter — and to encourage others to adopt more responsible labor practices. The Ethical Charter specifically calls for labor-management communication, management systems for continuous improvement, ethical recruitment and responsible purchasing practices. These are areas in which EFI has unique expertise, and in which the produce industry has few current tools or resources.

Over this past year we built exciting new funding partnerships with the Walmart Foundation, Northwest Area Foundation, Silicon Valley Community Foundation and Humanity United to embrace growth opportunities. Ten years into our quest for a collective impact greater than any of our stakeholder members could achieve alone, we also applaud and thank those donors whose early grants paved the way for the progress we have made. Their willingness to invest in dialogue and planning built the foundation from which EFI was able to bring training and improved working conditions to some 30,000 farmworkers in the United States, Mexico and Canada by the end of 2018.

People often ask me who came up with the idea of Equitable Food Initiative. They usually imagine some brilliant social entrepreneur with the vision and charisma to align our stakeholder groups in a master plan. But the real beauty of EFI's evolution over the past decade is that none of our achievements can be traced to any single person. True collective impact emerges from the willingness of multiple leaders to recognize a potential "whole" greater than the sum of the individual parts.

On behalf of EFI's multistakeholder board and staff, I thank you for your support of our collaborative efforts throughout 2018. And I invite you to join us in moving forward to achieve our goal of changing the lives of hundreds of thousands of agricultural workers across the Americas.

Sincerely,

Peter O'Driscoll
Executive Director



Photo by Shiloh Strong

Alignment to the Produce Industry's Ethical Charter

During 2018, EFI board members and staff worked together to create metrics and a plan outlining milestones, opportunities and major strategies to drive EFI's work and fulfill the mission of transforming agriculture and improving the lives of farmworkers.

As EFI was crafting its plan, the produce industry was completing a two-year process of creating the [Ethical Charter on Responsible Labor Practices](#). The release of the Ethical Charter was an important signal that labor conditions have been elevated to the same critical level as food safety for the industry.

The Ethical Charter outlines three areas within its guiding principles: respect for laws at work, respect for professional conduct and respect for human rights. The sections on legal compliance and human rights are very much in line with existing codes of conduct. But the charter's principles for professional conduct — covering dialogue with workers, inclusive management systems and a culture of continuous improvement — break new ground for the industry.

While the Ethical Charter offers guidelines and principles to be followed on growing operations around the world, it does not identify mechanisms for enforcement or verification. This is a void that EFI can help fill for the fresh produce industry. EFI's compliance model takes a transformative and collaborative approach by engaging all levels of the produce supply chain in learning, problem-solving and business performance. Its skill-building approach has raised food safety and labor standards while helping farming operations run more effectively.

EFI's 2025 vision is to improve the lives of 250,000 agricultural workers across the Americas through a proven model that drives compliance and business performance. Certification can be used as the measure by which the fresh produce industry holds itself accountable to the Ethical Charter. EFI works with the leading suppliers in the industry who have invested in their workers and launched a culture of collaboration and continuous improvement. Retail buyers should recognize these leaders as preferred suppliers, creating an incentive for the entire industry to improve labor standards in order to remain competitive.

"We care more about problems and getting involved. Being a part of the EFI Leadership Team makes me feel more confident, as I am the voice of my peers. It makes me feel ... happy."

Female Worker



GROWER CATEGORIES

EFI believes that produce growers fall into one of three risk categories, based on their attitude toward worker engagement:

LEADERS

Companies that abide by the Ethical Charter and invest in their workforce. Leaders present low supply chain risk to their customers and are candidates for EFI certification.

STRIVERS

Companies that recognize the value of workforce development but still need support and materials to comply with the Ethical Charter. Strivers present a medium risk to their retail buyers.

LATE ADOPTERS

Companies that ignore demands to raise labor standards and will not invest in engaging their workers until the market requires it. Late Adopters present the highest risk to retail buyers.

In addition to offering retail buyers a means by which to evaluate supply chain risk across their suppliers, EFI's model helps growing operations become employers of choice in an ever-tightening labor market. EFI-certified growers report easier recruitment and better retention rates because workers can choose where they work based on how they are treated and the opportunities offered to them.

As EFI moves toward its 2025 vision, it will continue to:

- Offer a comprehensive solution for industry labor and food safety challenges.
- Provide the backbone organization for collective impact in the industry by convening growers, workers, retail buyers and consumers.
- Develop an industry culture of collaboration and problem-solving with a commitment to continuous improvement.
- Create shared value for everyone in the supply chain.
- Build a system by which retail buyers can measure and compare suppliers.
- Support growers with resources and materials to help reach higher standards and provide pathways for professional development to workers.
- Reduce the audit burden on growers through a "one-stop shop" certification by which they can demonstrate to customers that they meet the highest labor, food safety and pest management standards in the industry.

EFI will continue to attract leaders who are looking for workforce development solutions to improve their growing operations. EFI will encourage the broader produce industry to recognize and reward leaders who abide by the Ethical Charter by prioritizing purchases from suppliers with the best labor practices.

Becoming the Backbone Organization for Transforming the Produce Industry



“The impact of the EFI Leadership Team training on personal and professional growth is amazing to watch. Many of our workers started the weeklong training timid and unsure. They remained quiet and were hesitant to make eye contact. By the end of the 40-hour training, they were excited about the work, participating in dialogue and eager to show everyone what they had learned. It was wonderful to be part of something that created lifelong change for members of our team.”

Kristin Kershaw, Domex Superfresh Growers

Equitable Food Initiative has succeeded in forming vibrant and unique partnerships across businesses and organizations representing diverse interests in the fresh produce value chain. Having agreed to a common objective represented by the EFI Standards, the multistakeholder group has a strong shared purpose to protect farmworkers, consumers, future generations and the long-term viability of the fresh produce industry.

Defining a Common Agenda

A group of unlikely allies (farmworker unions, civil society organizations, retailers, scientific institutions, consumer groups and growers) first came together in 2008 through the leadership and vision of United Farm Workers, Costco Wholesale and Oxfam America. After three years of facilitated dialogue, the group arrived at a shared vision and common agenda. Participants realized they would have to approach the complex problems of the global produce marketplace in new ways and think differently and more broadly about the whole system. This acknowledgement and respect for each actor’s role helped the group identify mutually beneficial outcomes and come together around labor practices, food safety and pest management.

Incubating the Idea and Testing the Model

By 2012, the group was ready to test the four-part program it had jointly developed: rigorous standards covering labor practices, food safety and pest management; on-farm training in continuous improvement problem-solving and communication skills; third-party audit and certification to ensure standards are met; and continuous worker verification of compliance with the standards. The program was piloted and refined on farms in the United States, Canada and Mexico. The group learned and adapted through these pilots, and Equitable Food Initiative was launched in 2015 as an independent nonprofit to serve as the backbone organization for the distinct actors to fulfill their shared agenda.

Continuous Communication and Learning

Collective impact requires a collaborative problem-solving process, and EFI creates a respectful space where diverse interests can be shared. Stakeholders are committed to listening so as to continuously learn, adapt and improve. The commitment remains and grows because each industry sector has been able to identify and achieve tangible, mutually beneficial outcomes. Each actor within the value chain recognizes that, by understanding and involving all the differing perspectives and priorities, fragmentation can be eliminated and collective endeavors launched. To have reached this understanding with the inclusion of worker voices has truly broken new ground in the fresh produce industry.

Investment to Develop the Model

The following organizations have provided financial and in-kind support to launch EFI as a backbone organization for collective impact in the produce industry:

- The Atlantic Philanthropies (2012–17)
- Broad Reach Fund (2012–present)
- The California Endowment (2012–13)
- The California Wellness Foundation (2013–15, 2018)
- Cedar Tree Foundation (2015–17)
- Columbia Foundation (2012–14)
- Costco Wholesale (2018–present)
- Food System 6 (2016)
- MacArthur Foundation (2012–17)
- Moon Drunk Fund (2014)
- Northwest Area Foundation (2018–present)
- Oxfam America (2008–18)
- Public Welfare Foundation (2011–13)
- Rosenberg Foundation (2011–15)
- Silicon Valley Community Foundation (2018–present)
- Wallace Genetic Foundation (2014)
- The Walt Disney Company’s Supply Chain Investment Program (2015–17)
- Wilson Sonsini Goodrich & Rosati (2013–present)





Creating Equity Through a Changing Power Dynamic

Giving Voice and Agency to Farmworkers

The EFI Program fosters a culture of collaboration and respect and has been evaluated as a successful model to drive worker engagement and improve working conditions. Qualitative research over the past three years has shown that the EFI Program eliminates sexual harassment, creates equality for female and minority workers and drives worker satisfaction overall. The Leadership Team model gives voice and agency to workers on EFI-certified farms.

Leadership Teams provide a space for workers to engage directly with management to share their thoughts, concerns and solutions. Workers and supervisors applaud the removal of fear and language barriers, allowing workers to speak up and engage in real issues. Workers receive information from peers they trust. The organizational trust continues to grow as management acts on issues brought to Leadership Teams, and workers at all levels experience improvements. Communication dynamics are greatly enhanced across organizations, and relationships are strengthened as people connect beyond established work hierarchies and power dynamics.

“EFI has brought very good things: transparency at every level, and everybody is happy because we are being heard. Issues are being resolved as soon as possible, like a well-run machine.”

Female Worker

EFI Leadership Teams Provide a Place and a Voice

Purpose

Leadership Teams are tasked with understanding the EFI Standards, identifying problems that affect compliance, proposing potential solutions and communicating with the broader workforce about EFI so everyone can share insight and ideas for complying with the standards.

Composition

Each EFI Leadership Team is composed of 8–20 people (depending on size of the farming operation) who represent both management and labor from all the different work functions of each farming operation. Teams have gender and regional balance that accurately reflects the demographics of the workforce.

Training

Leadership Team members receive a minimum of 40 hours of training from EFI’s workforce development facilitators on effective problem-solving processes, data gathering, communication and conflict resolution. The popular education model used in the training illustrates the human-centered design that EFI strives to bring to entire farming operations.



“

“Food safety starts one step back. It’s not only the grower’s responsibility but everyone’s. From the person that designs the deep-water well to the producer. We are all responsible for the product that consumers are going to buy, for their health, and we have that weight on ourselves. We have to assure that our product is good. That when you consume it the only thing that happens is that you want to go back to the supermarket to buy it again.”

Jorge Guerra, Food Safety Officer
Optimal Berry

EFI's Reach & Impact

(as of December 31, 2018)



29

Farming Operations Certified (active)



18

Additional Certifications in Progress



1,308

Leadership Team Members Certified



30,536

Workers on Farms With Trained Leadership Teams

Internal Trainer Certification Course

In response to customer demand, EFI developed a course to train and certify staff trainers at certified farms to provide ongoing training support and reinforcement to Leadership Teams. The program was piloted in early 2018 and will be refined and expanded in early 2019.



Industry Outreach

EFI staff continued to increase outreach to the fresh produce industry by attending trade shows and meeting with industry publication editors and writers.



Grower Summit

EFI brought representatives from each of its active farming operations together for a two-day event to gather feedback on the EFI Program and share resources around values-based marketing and crisis communications.



Sharing EFI's Story & Impact

EFI staff traveled the world in 2018 to share the learnings and successes of the EFI model — from Hong Kong to discuss ending modern-day slavery in the recruitment of workers to Silicon Valley to share the ideas behind EFI with potential funders.



\$6+ Million

Generated in Worker Bonuses



4

Countries With Active Certificates — Canada, Guatemala, Mexico and United States

Sowing the Seeds of Change

EFI was featured in the article “Sowing the Seeds of Change,” published in the peer-reviewed journal *New Directions for Adult and Continuing Education* (no. 159, Fall 2018, Wiley Periodicals), where the author concluded, “We see how EFI, by attending to deep divides in social relations and offering new structures and cultural tools to help people get above concrete safety and labor problems and think about them in new ways, is transforming the culture of agriculture and the lives of farmworkers.” The full article is available online at onlinelibrary.wiley.com.

Driving Behavior Change on Farms



“When they train us together, we meet allies. We learn something about each topic — from planting to the final product. And we observe things that happen that we didn't notice before. Now we ask, ‘Why is this happening?’”

Male Supervisor

“Now We Ask: Why?”

As communication and collaboration increase following EFI Leadership Team training, shifts in mindsets, attitudes and behaviors begin to drive effective leadership, teamwork and problem-solving. These changes in mindsets and behaviors have large and small impacts across farming operations and result in more employees asking “why” and respecting when others ask “why.”

When the members of Leadership Teams come together for EFI training, it is often the first time that representatives from across operations have interacted or been exposed to a cross-organizational view. The cross-level approach and the commitment to develop a respectful culture result in the workforce:

- letting go of resistance and entrenched practices, as managers and farmworkers become allies who commit to make change happen.
- developing a greater understanding of health and safety, labor practices, food safety and pest management, as workers engage in continuous improvement, monitoring and innovation.

The shared understanding and respect that results from the EFI Program leads managers and supervisors to value employees who want to understand the rationale behind tasks and to see the importance of answering their questions. Leadership Teams are tasked with providing explanations for wearing protective equipment, washing hands or taking off jewelry, and managers and supervisors reinforce the reasoning behind the policies.

The collaboration, respect, knowledge and understanding fostered by the EFI training and carried out by Leadership Team representatives and management result in behavior changes across farming operations. From ending harassment to sharing the “why” behind the policies, numerous behaviors and attitudes shift in permanent ways.



Creating a Culture of Continuous Improvement

Fostering Trust & Collaboration

Continuous improvement has been an integral part of the EFI Program from its inception. Transforming the produce industry requires big changes but committing to continuous improvement allows everyone in the supply chain to make progress.

A commitment to continuous improvement signals something unique to each stakeholder in the food supply chain. To workers, it shows that their insights are welcomed and that innovation is valued. To retail buyers, it shows a commitment to continually meeting the next level of standards and expectations. To growers, it shows that their operations will benefit from efficiencies and other operational improvements.

Dedication to continuous improvement requires trust. The EFI model enhances trust by encouraging and allowing employee participation, defining spaces for representation and input, and sharing information more widely for informed decision-making. Farmworkers report feeling an increased sense of motivation to be part of the team, and the “us versus them” mentality is replaced with an understanding that all can benefit from collaboration.

The EFI training embeds the necessary trust and collaboration for the team to engage around the constant monitoring of health and safety, labor and food safety issues and to provide the innovative thinking required for continuous improvement. In fact, effective Leadership Teams have been found to achieve faster response times to issues and to accelerate improvement plans. With a model that involves participants from management to workers, it is easier to achieve buy-in, accelerate action and commit to continuous improvement.



“If we want to improve, we need to do it as a team, and as a team we understand that we need to produce something of high quality so that our buyers are pleased with the product and that consumers enjoy the product. If we make our buyers happy with our quality, there will be more sales and we all benefit.”

Luis Octavio Lopez Calzada,
Leadership Team Member, JV Smith Companies



Generating Shared Value Across the Supply Chain

For the multistakeholder approach of EFI to be successful, every actor across the supply chain must benefit from the value of the shared agenda. In fact, to achieve success, everyone must offer something (resources, brand equity, trust, additional effort, willingness to set aside self-interest), and everyone must find benefit. The carefully achieved balance of this model brings about equity.

Overall, the EFI model has shown that properly trained and engaged workers with the right incentives create value for the farming operation and for society as a whole. In addition, the interconnectedness of food safety, employee well-being and worker engagement is recognized across the supply chain. Each actor within the system receives benefits.

“There is a responsibility from both the producer and the workers to make a constant and better supply chain, where everyone has a responsibility to produce the best possible product for human consumption.”

José Quezada, General Manager, Importaciones Mundiales for Alpine Fresh, Inc.

FARMWORKERS BENEFIT

- Premium bonuses paid by retailers
- Working conditions improved
- Professional training and growth opportunities developed
- Respectful, safe and harassment-free workplaces ensured

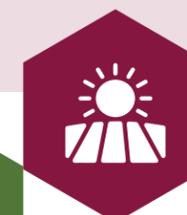


RETAILERS BENEFIT

- Food safety protocols and respectful working conditions assured
- Consumer demand for socially responsible business practices met
- Socially responsible vendors screened and identified
- Produce protected from contamination, risks reduced for recalls and foodborne illness

GROWERS BENEFIT

- Recruitment challenges reduced and retention rates increased
- Workforce collaboration for innovation and problem-solving attained
- Communications and work processes streamlined
- Ambitious new on-farm standards and practices consistently and enduringly executed



CONSUMERS BENEFIT

- Risks of foodborne illness reduced
- Values-based purchasing offered by easily identifiable, responsible retailers

Statement of Financial Position

Year Ended December 31, 2018

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 295,679	\$ 313,913
Grants and accounts receivable, net	1,047,853	2,016,517
Prepaid expenses	20,427	9,599
Deposits	6,625	8,375
TOTAL ASSETS	\$ 1,370,584	\$ 2,348,404
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 149,137	\$ 132,040
Deferred revenue	12,500	7,596
Total Liabilities	161,637	139,636
NET ASSETS		
Without donor restriction	(84,728)	279,063
With donor restriction	1,293,675	1,929,705
Total Net Assets	1,208,947	2,208,768
TOTAL LIABILITIES AND NET ASSETS	\$ 1,370,584	\$ 2,348,404

Statement of Activities

Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	2018 Total	2017 Total
Revenue				
Contributions and grants	\$ 1,000	\$ 631,485	\$ 632,485	\$ 1,961,376
In-kind contributions	61,760	-	61,760	82,253
Program income	463,176	-	463,176	214,360
Other Income	1,273	-	1,273	1,879
Net assets released from restrictions	1,267,515	(1,267,515)	-	-
Total Revenue and Support	1,794,724	(636,030)	1,158,694	2,259,868
Expenses				
Program service	1,430,110	-	1,430,110	1,540,766
Management and general	568,839	-	568,839	246,463
Fundraising	159,566	-	159,566	79,154
Total Expenses	2,158,515	-	2,158,515	1,866,383
Change in Net Assets	(363,791)	(636,030)	(999,821)	393,485
Net Assets, Beginning of Year Restated	279,063	1,929,705	2,208,768	1,815,283
Net Assets, End of Year	\$ (84,728)	\$ 1,293,675	\$ 1,208,947	\$ 2,208,768

2018 Leadership

Board of Directors

Erik Nicholson, Chair (term ended October 2018)
National Vice President, United Farm Workers

Ernie Farley, Chair (term began October 2018)
Partner, Andrew & Williamson Fresh Produce

Maisie Ganzler, Vice-Chair (term ended October 2018)
Chief Strategy and Brand Officer, Bon Appétit Management Company

Carol Schrader, Vice-Chair (term began October 2018)
Independent Consultant

Preston Witt, Secretary
Director, Supplier Code of Conduct Compliance, Costco Wholesale Corporation

Bruce Goldstein, Treasurer
President, Farmworker Justice

Kathryn Ault
Vice President, Customer Solutions, NatureSweet Tomatoes

Michael Conroy
Independent Consultant

Thomas Gremillion
Director of Food Policy, Consumer Federation of America

Martin Guerena
Sustainable Agriculture Specialist, National Center for Appropriate Technology

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

Victor Smith
Chief Executive Officer, JV Smith Companies

Sarah Sorscher
Deputy Director of Regulatory Affairs, Center for Science in the Public Interest

Baldemar Velasquez
President and Founder, Farm Labor Organizing Committee



Staff

Lilian Autler
Senior Facilitator, Workforce Development

Kevin Boyle
Director, Business & New Product Development

Rebecca Castrejón
Digital & Communications Associate

Alexandra DeGrandchamp
Senior Impact & Information Management Officer

Kenton Harmer
Director, Certification & Impact

Star Huff
Operations Manager

Alice Linsmeier
Senior Facilitator, Workforce Development

Candace Mickens
Chief Financial Officer

Diona Monroe
Operations Associate

Peter O'Driscoll
Executive Director

LeAnne Ruzzamenti
Director, Marketing Communications

Gretta Siebentritt
Director, Workforce Development

Certifying Bodies

SCS Global Services
Underwriters Laboratories

Thank You 2018 Donors

Broad Reach Fund
The California Wellness Foundation
Costco Wholesale
Northwest Area Foundation
Oxfam America
Silicon Valley Community Foundation
Wilson Sonsini Goodrich & Rosati



"EFI encourages each employee to understand all aspects of our ever-changing business. This increased knowledge along with the increased trust and accountability gives employees the voice and space to execute goals and allows them to find roles to grow into. That benefits both our company and the employee, and without EFI, we might not have otherwise identified the talent and opportunities."

Pete Donlon, Vice President, Misionero



1875 Connecticut Avenue NW, 10th Floor
Washington, DC 20009

202.730.6672

www.equitablefood.org