

efiTM 2017 Annual Report



maximizing impact

Creating Assurance, Driving Business Performance

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About EFI

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.

Our Mission:

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



From the Executive Director

After decades of disagreement over wages and working conditions in the fresh produce industry, Equitable Food Initiative was born from the faith of visionary leaders who believed that new approaches could yield better results for all stakeholders in the system. From the earliest dialogue (2008–11) among organizations representing growers, workers, retailers and consumers, through EFI's incubation as a program of Oxfam America (2011–15), that founding belief has only grown stronger with time.

Now, after three years of operation as an independent nonprofit organization, it is exciting to see the positive impacts EFI is generating across agricultural systems in four countries. During 2017 we collected results from three evaluation studies that show measurable ways in which EFI is driving business performance for growers, improving working conditions, generating wage bonuses (more than \$4 million to date) and creating higher levels of assurance for retailers and consumers.

While we have been collecting positive anecdotal evidence since our first training, this new quantitative data from formal evaluation studies underscores the many benefits that our standards and training make possible along the entire supply chain. We built our farm-based workforce development model to engage workers and managers in continuous verification of compliance with our standards. But savvy growers quickly learned that workers with problem-solving skills can help boost their bottom line as well. As a result, *we're seeing real evidence that EFI can provide supply chain assurance to retailers and consumers, as well as improved business performance for growers and workers.*

You will read more about these evaluation findings in the pages that follow. We're also glad to share our many other activities and outreaches during 2017 as we built support for our model. I am thankful to each and every one of you who has shared our founding belief in the possibility of "win-win" alternatives for the fresh produce industry. And I look forward to working with you to scale this program and realize our goal of transforming agriculture across the Americas!



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

Evaluations Find EFI Is Driving Change Across Agricultural Systems

EFI is committed to developing and conducting first-rate internal and external evaluation studies to measure impact and drive program improvements. Three recent evaluation studies found that EFI is having positive impacts in five key areas of agricultural systems:



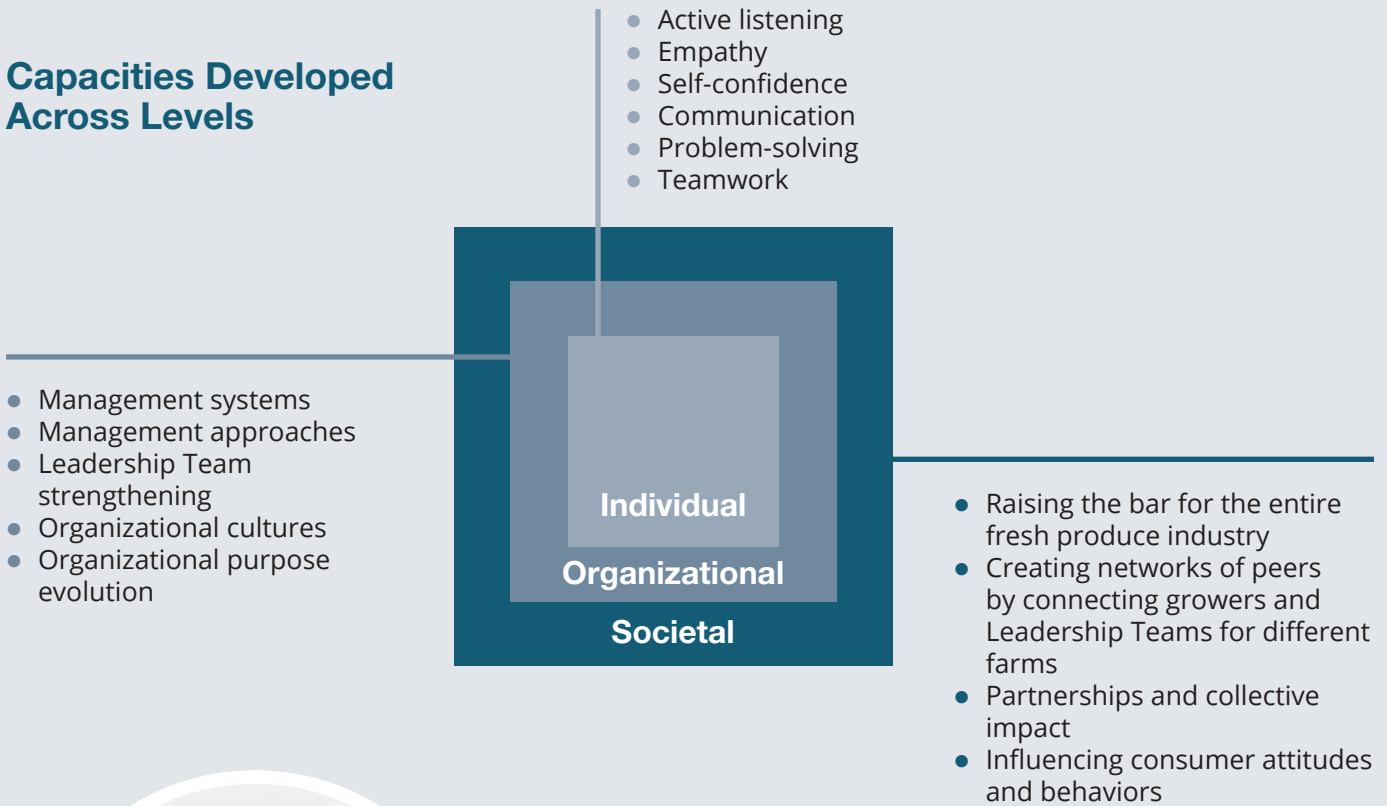
The outcomes summarized here were derived from three evaluation studies:

- Equitable Food Initiative Impact Evaluation Report, BSD Consulting, December 2017. A full executive summary of this report is available online at www.equitablefood.org.
- Impact Evaluation 2016, Kenton Harmer, Certification & Impact Director, February 2017.
- Making the Business Case for Improved Farm Labor Conditions: Evaluating the Equitable Food Initiative Leadership Teams Model, Christy Getz, Associate Cooperative Extension Specialist, Department of Environmental Science, Policy and Management, University of California, Berkeley, and Ron Strohlic, Academic Coordinator, Nutrition Policy Institute, UC Division of Agriculture and Natural Resources, December 2016.

Skills & Capacities Developed

The EFI Program has been shown to build capacities at the individual, organizational and societal levels.

Capacities Developed Across Levels



26
Farming Operations
Certified

14
Additional Certifications
in Progress



EFI's Reach

(as of December 31, 2017)

Integrated Management Systems

Integration of knowledge and systems begins with the first meeting of each EFI Leadership Team. The 40 hours of training shared by team members creates unique opportunities to understand different perspectives and collaborate to address real-life work situations.

The improved communication between workers and managers that emerges within Leadership Teams has been defined as “one of the most notable impacts of EFI” (Getz & Stochlic). It helps managers to learn more about other areas of the operation and to recognize linkages across different practices and disciplines. When workers are encouraged to speak from their skills and experience, companies recognize opportunities for continuous improvement and innovation.

In time, the shared experiences of Leadership Team members lead management to create more integrated approaches from previously fragmented systems. Members also skillfully identify areas where formal procedures were non-existent and enact more robust policies and processes. The long-term impact of engaging workers at every level leads to stronger internal controls and monitoring leading to compliance and prevention. And when growers invite their workers to focus problem-solving skills on bottom-line challenges, business performance can also be improved.

Workers and managers embrace continuous improvement and adopt proactive rather than reactive practices.

Managers have access to more information sooner and can act with a deeper understanding of the challenges and possibilities enriched by worker perspectives.



800

Leadership Team Members
Trained



22,287

Workers on Farms With
Trained Leadership



EFI's Reach

Organizational Culture Shifts

EFI brings profound cultural shifts to certified farms, leading to a more collaborative and respectful work environment. As workers and managers unite around a shared purpose through Leadership Teams, they develop a stronger sense of belonging and commitment to the organization. That sense of commitment can be heard from workers who report working “better and harder” on EFI-certified farms compared to other operations (Getz & Strohlic).

As part of the EFI model, workers are asked to identify and solve issues on the farms. Trust and transparency increase as the workforce sees employer commitment and real results. That cycle of trust leads to an openness and sharing that facilitates more informed decision-making.

Workforce engagement changes the overall culture and creates a series of benefits from integrated management systems to improved working conditions.

When management actively engages with workers and leverages their knowledge and skills, workers respond by working “harder and better” and are less likely to leave.

Farmworkers feel an increased sense of motivation to be part of a team. By replacing an “us versus them” culture with a continuous improvement approach problems, and their solutions, are shared across the organization.

\$4 Million+
Generated in Worker Bonuses



4

Countries of Operation –
United States, Canada, Mexico
and Guatemala

EFI's Reach

Improved Working Conditions

In addition to the cultural shifts around trust, communication and collaboration, overall working conditions are improved as Leadership Teams address specific issues and as a work culture based on respect, collaboration and safety takes hold.

Workers on EFI-certified operations note that they feel cared about and that their health and well-being is important to managers and owners in a way that wasn't previously acknowledged. This recognition, combined with worker voice and involvement in defining and solving issues without fear of retaliation, has led to increased worker morale, self-esteem and job satisfaction.



"[As the EFI team began], we started to see safety, security and health improvements, people began to have work tools.... There was no drinking water, the quality was very poor and now it's fit for drinking, and fumigators received saline solutions to prevent dehydration."

**Prisca Tejeda Cuevas,
Harvester**



37

Unique Commodities Certified



EFI's Reach

2017 News & Notes



Taking Shape With a New Look

After conducting a strategic branding initiative, EFI launched a new logo along with a label for use on certified produce. The label takes its shape from the four-part leaf in the logo, which represents EFI's four stakeholder groups: growers, workers, retailers and consumers. The designs received a Platinum designation from the 2017 International MarCom Awards.



Adding the Human Perspective

In November, EFI Certification Director of Certification & Impact Kenton Harmer spoke at the United Nations Forum on Business and Human Rights in Geneva, an annual gathering that attracted more than 2,000 participants. On a panel put together by The Walt Disney Company, Harmer addressed the human factor in worker reporting systems and shared EFI's experience in developing trust and relationships on farms.

Incubating Impact

EFI was invited to participate in the first cohort of Food System 6, an accelerator program providing business and organizational support to help entrepreneurs and nonprofits grow their impact and transform the food system.



Disrupting Design

Business and Workforce Development Director Kevin Boyle presented the EFI Program and its use of learning-by-doing "disruptive design" in the supply chain ecosystem at the Sociotechnical Systems Roundtable annual conference in September at Rutgers University in New Jersey.

2017 News & Notes

Bringing Worker Voices to Retail Leaders

Costco Wholesale President & CEO Craig Jelinek, COO Ron Vachris and Assistant Vice President Heather Shavey heard perspectives of workers from Andrew & Williamson Fresh Produce Leadership Teams about the EFI model and its impact during a September farm visit.



Industry Outreach

Andrew & Williamson Fresh Produce invited EFI to help promote its GoodFarms brand at the Produce Marketing Association's Fresh Summit Expo in October in New Orleans. Farmworkers from Andrew & Williamson's Leadership Teams shared how EFI has impacted their work and experiences.



In Their Words

With support from The Walt Disney Company's Supply Chain Investment Program, EFI launched Cultivating Voices, a video series highlighting EFI's impact on the lives of farmworkers in Latin America. The videos include footage and stories captured through visits to seven farming operations and interviews with 30 workers, supervisors and managers.

2017 News & Notes

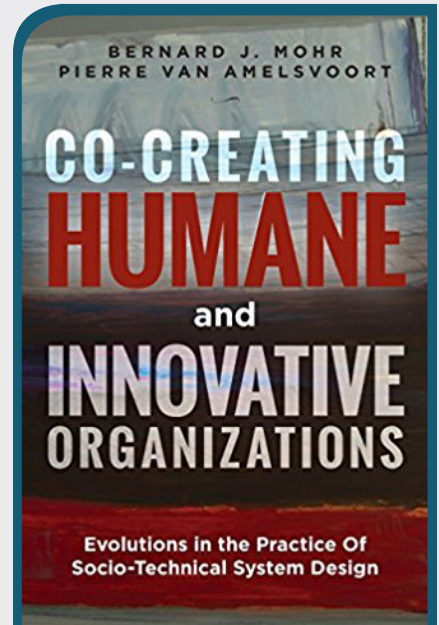


Integrating Guest Workers

EFI has partnered with CIERTO, a training and recruitment organization, to help EFI growers integrate the Leadership Team process and skills as H-2A guest workers join certified farming operations. EFI and CIERTO designed a pilot training program that will be implemented in spring 2018.

Streamlining Audit Efforts

EFI is currently benchmarking its food safety standards to the Global Food Safety Initiative, the most broadly accepted standard in the produce industry. Because this lengthy process will probably conclude in 2019, EFI has begun to accept other GFSI certificates as partial evidence of food safety compliance in the meantime to reduce audit redundancy. Growers must still meet EFI's Culture of Food Safety addendum to achieve EFI certification.



People and Productivity

EFI was featured in *Co-Creating Humane and Innovative Organizations: Evolutions in the Practice of Socio-technical System Design*, which investigates the creation of human-centered and high-performance organizations. The book analyzes systems design and how workplaces can become better for people and organizations while focusing on quality, adaptability and productivity.

Leadership Teams: The Secret to EFI's Success

The formation, training and support of Leadership Teams on each EFI-certified farm distinguish this program from other certifications and can drive systemic change for farming operations.

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 who represent both management and workers 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 approach that EFI strives to bring to entire farming operations.

Essential for Success — With Benefits Beyond Compliance

Each farming operation's ability to achieve EFI certification and maintain a culture of continuous improvement depends on its Leadership Team. Early evaluations have found that functional Leadership Teams correlate with improved compliance and performance across all of EFI's labor and food safety indicators.

In addition to helping reach and maintain compliance with the EFI Standards, Leadership Teams also drive organizational change on farming operations to integrate management systems and improve business performance. Teams foster collaborative, problem-solving cultures that create a strong ripple effect throughout the organization, connecting workforce development, compliance and business performance.





EFI held two regional gatherings of Leadership Team members in 2017 to gather input for the EFI Program, to continue the support and development of Leadership Teams and to foster learning among teams.

EFI's Leadership Team model has been found to impact business performance by:

- Engaging workers at every level, which leads to stronger internal controls, to improved monitoring for compliance and prevention—and eventually to increases in productivity, safety and quality.
- Helping managers to recognize the importance of learning more about other areas of the operation and begin making links across different practices and disciplines.
- Freeing workers to drive innovation by sharing their valuable experience, knowledge and perspective.
- Identifying areas where formal procedures were lacking, and establishing robust policies and processes to improve labor conditions, food safety and pest management.



Watch to Learn More About EFI Leadership Teams



A Dynamic and Promising Model

“The Leadership Teams (LT) model presents a dynamic and promising model for creating a more democratic workplace. LTs have promoted improved communications, conflict resolution and problem-solving and have given a voice to workers that had previously felt disempowered. Particularly noteworthy is the role of the LT model as a mechanism for workers to advocate for improved workplace conditions without fear of retaliation, such as job loss, blacklisting, and threats of deportation. Also compelling is the LT role in improving the culture around sexual harassment, by providing opportunities for women to have a voice without fear of retaliation and promoting an overall culture of respect. Farm managers and workers alike see many positives in the Leadership Team model, and all farmer managers note that they would continue to implement this model [regardless of EFI].”

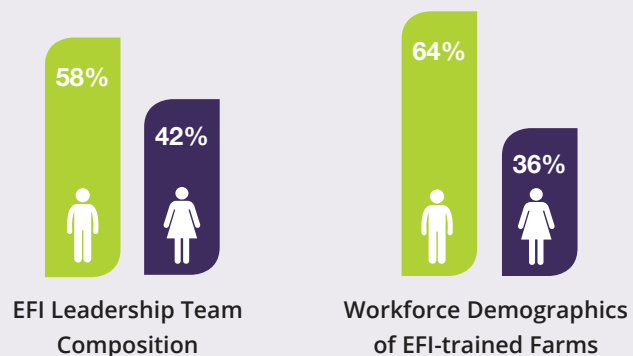
—Excerpted from *Making the Business Case for Improved Farm Labor Conditions: Evaluating the Equitable Food Initiative Leadership Teams Model*, Christy Getz and Ron Strohlic, December 2016.

Fostering a Respectful, Harrassment-free Workplace

During 2017, the United States focused on sexual harassment in the workplace. Because the EFI Program fosters a culture of collaboration and respect, it has been found to be a successful model for eliminating sexual harassment and improving the work environment for women and minority workers. The Berkeley Food Institute cites EFI's success in improving workplace culture around gender equity by providing opportunities for women to have a voice without fear of retaliation and promoting an overall culture of respect.

Leadership Teams are made up of representatives that reflect the demographics of the workforce. Coupled with the focus on respect, that has led women to report feeling safer and better supported by management. Evaluation studies of EFI-certified farms have found working environments where derogatory terms are increasingly uncommon and everyone thinks twice before reinforcing discriminatory attitudes. Women also report that it is easier to request time off to address personal and family matters without fear of retaliation.

Women Are Well-represented on EFI Leadership Teams



“Before it was hard for us to speak in public. Now... we’re more independent. EFI has made us grow as a team. We’ve acquired skills, we’ve learned how to channel the problems that come up. We’re a two-way channel.”

Female Farmworker

Launching a Premium That Builds Value Throughout the Supply Chain

Finalizing the structure for the EFI premium and worker bonus was a major accomplishment in 2017. The process began in March 2016 when representatives from two retailers and seven produce suppliers came together with 35 farmworkers for a two-day Shared Value Summit. The group brainstormed and strategized until agreeing upon the basis for an EFI premium and bonus approach to reward workers for the additional responsibility they assume in the EFI model. Costco Wholesale launched a pilot program with two growers, and work continued on refining the model until it was officially rolled out among EFI-certified growers in September 2017.

The EFI premium and worker bonus program allows participating buyers to provide a financial return to farmworkers in exchange for the additional diligence and assurance measures practiced on EFI-certified farms. The program was structured to allow flexible implementation for each certified business while also guaranteeing that bonus payments to workers could be audited to EFI Standards.

In addition, the premium provides a licensing fee to EFI to support marketing of the program to retailers and consumers. The breakdown of the premium components is detailed in the graphic below.



*Cost-neutral to growers

Strengthening the EFI Program

The power of EFI derives from its multi-stakeholder approach and the contributions of diverse people and groups that come together to transform agriculture and improve the lives of farmworkers. During 2017 EFI staff expanded the network of collaborators to develop new resources and extend the organization's reach.

In January 2017, the workforce development team added 10 new consultant facilitators based throughout the United States and Mexico to expand EFI's capacity to deliver Leadership Team trainings throughout the Americas.

Based on user input, the Leadership Team Training Manual was updated, and accompanying adult education materials were developed in English and Spanish. A new Facilitator's Guide and process was created to ensure high-quality trainings.



More than 30 attendees participated in an auditor calibration and training in January 2017. The training ensures high-quality and consistent audits from both new and experienced auditors from SCS Global Services and UL. By including representatives from growers, retailers and the certifying bodies, EFI was able to facilitate a rich dialogue to better establish processes and expectations.

In response to demand, a new train-the-trainer program was developed that will allow EFI to train and certify grower staff trainers to provide continuous support and reinforcement to Leadership Teams, managers and supervisors on key topics like the EFI processes and standards, communication, teamwork and problem-solving. A pilot of the training will launch in 2018.



2017 Leadership

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Preston Witt, Secretary

Director, Supplier Code of Conduct Compliance, Costco Wholesale Corporation

Bruce Goldstein, Treasurer

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Adrian Almeida

Vice President of Manufacturing and Human Capital, NatureSweet Tomatoes

Michael Conroy*

Independent Consultant

Ernie Farley

Partner, Andrew & Williamson Fresh Produce

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David Plunkett

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Ramón Ramírez

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Margaret Reeves

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Independent Consultant

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Marketing & Communications Director

Gretta Siebentritt

Senior Manager, Workforce Development

Certifying Bodies

SCS Global Services

Underwriters Laboratories

*Joined the Board of Directors in 2017

Thank You

2017 Donors

The Atlantic Philanthropies

Broad Reach Fund

Cedar Tree Foundation

Costco Wholesale

John D. and Catherine T. MacArthur Foundation

Oxfam America

The Walt Disney Company's Supply Chain Investment Program

2017 Audited Financials

Statement of Financial Position

Year Ended December 31, 2017

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 313,913	\$ 1,602,142
Grants and accounts receivable, net	1,988,346	334,032
Prepaid expenses	9,599	6,954
Deposits	8,375	8,375
TOTAL ASSETS	\$ 2,320,233	\$ 1,951,503
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 132,040	\$ 136,220
Deferred revenue	7,596	-
Total Liabilities	139,636	136,220
NET ASSETS		
Unrestricted	250,892	273,760
Temporarily restricted	1,929,705	1,541,523
Total Net Assets	2,180,597	1,815,283
TOTAL LIABILITIES AND NET ASSETS	\$ 2,320,233	\$ 1,951,503

2017 Audited Financials

Statement of Activities

Year Ended December 31, 2017

Revenue	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Contributions and grants	\$ 3,500	\$ 1,929,705	\$ 1,933,205	\$ -
In-kind contributions	82,253	-	82,253	51,082
Program income	214,360	-	214,360	207,500
Other Income	1,879	-	1,879	3,656
Net assets released from restrictions	1,541,523	(1,541,523)	-	-
Total Revenue and Support	<u>1,843,515</u>	<u>388,182</u>	<u>2,231,697</u>	<u>262,238</u>
 Expenses				
Program Service	1,540,766		1,540,766	1,682,643
Management and General	246,463		246,463	284,663
Fundraising	79,154		79,154	48,853
Total Expenses	<u>1,866,383</u>	<u>-</u>	<u>1,866,383</u>	<u>2,016,159</u>
Change in Net Assets	(22,868)	388,182	365,314	(1,753,921)
Net Assets, Beginning of Year	<u>273,760</u>	<u>1,541,523</u>	<u>1,815,283</u>	<u>3,569,204</u>
Net Assets, End of Year	<u>\$ 250,892</u>	<u>\$ 1,929,705</u>	<u>\$ 2,180,597</u>	<u>\$ 1,815,283</u>



efiTM