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2009



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Our Vision

IN 20 YEARS THERE WILL BE...

A vibrant, mutually cooperative community of two million committed participants trading fairly one billion dollars a year in a way that transforms the world.

How do you build a movement?

And what exactly are we aiming to build?

RABBLE ROUSER

[rab-uhl•rou-zer]

n. a person who stirs up the passions of the public.

At Equal Exchange, we're always asking questions like these. For the last 24 years, we've sought opportunities to change trade structures in ways that benefit small-scale farmers. Spending time tackling supply chains and trade models might not thrill everyone, but it's our passion. We wake up thinking about this stuff every day.

And we know that, hands down, the system has positively changed since we first started our Fair Trade organization in 1986. Small farmers have better access to preharvest financing and the international coffee market. They have a voice. This is really exciting, and something to celebrate.

We couldn't have made these gains without you, even if it just meant choosing Equal Exchange for each morning cup of coffee. These simple actions multiply, and they do make a difference. You're not just "consuming" products, you're adding value by supporting a cooperative supply chain that reaches all the way back to the small-scale farmers who first laid seeds

in the ground. The farmers have been able to organize through their co-ops and make important improvements to their communities that would not have been possible without all of our support.

For us, the term "Rabble Rouser"—also the name of one our new coffees that launched in 2009—is about taking risks, standing up for what we believe in, and working together to get all of our voices heard. In the following pages, you'll see some of the things we've been up to in 2009 that reflect this game-changing spirit.

Although we've come far, the work is certainly not over. So we'll continue to seize opportunities for innovation, as we build a more equitable and sustainable food system. And, we hope you'll find the rabble rouser in yourself, as together we shape this powerful movement.



In cooperation,

Ashley

// Ashley Symons, Editor

Our Mission

Equal Exchange's mission is to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relationships between farmers and consumers and to demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world.

PHOTO: Equal Exchange Co-Executive Director Rink Dickinson, left, and Education & Campaigns Manager Phyllis Robinson, second from left, meet with representatives from Sanjukta Vikash tea co-operative in Darjeeling, India.

THE GREAT RECESSION

// By Rob Everts, Co-Executive Director



The early 2009 months were surreal. Suddenly, we all felt vulnerable, even powerless, and at the mercy of forces we could not control. What might happen next?

The bubble had burst. Collectively and individually living far beyond our means, the decade of false wealth accumulation evaporated overnight. In this context, the Equal Exchange *tortoise* looked remarkably more resilient than the mainstream capitalist *hare*. While obviously not disconnected from the consumer and financial worlds around us, our non-sexy approach to building our organization and striving to fulfill our mission indeed progressed in 2009. Sales grew four percent and we were profitable, but coffee volume actually decreased fractionally. Worker-owners fared O.K., investors received their dividends, but what happened with our farmer partners?

Counter-intuitively, and all things being relative, they also did well. In fact, farmers

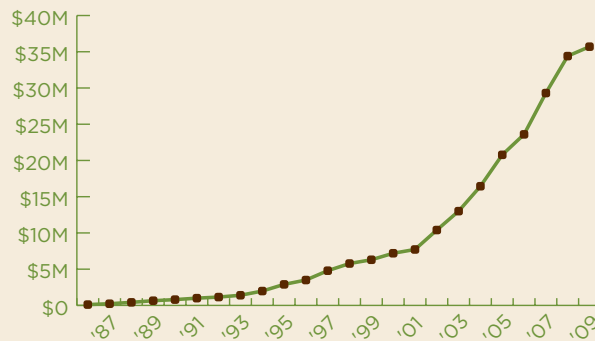
have enjoyed a sustained run of high prices in coffee and cacao. Increased demand for high quality Fair Trade and organic beans (especially certain origins), low yields in some countries due to weather, and the market-warping impact of commodities speculators combined to keep prices high. While this can often benefit individual farmers, it poses serious challenges to their co-operatives as institutions competing in the market.

The critical commitment Equal Exchange has made for over 20 years is to these co-operatives as institutions, because only when farmers are organized can they hope to improve long-term living standards and change the power equation in the rural developing world.



24 YEARS OF SALES GROWTH

Equal Exchange (1986–2009)



Increased sales growth has a direct positive impact on small farming communities.

PHOTOS: Top: Farmers from Las Colinas co-operative load sacks of coffee in a warehouse in El Salvador. Bottom: Equal Exchange Machine Operator Fatima Dos Reis packs cans of coffee in our warehouse in West Bridgewater, Mass.

In 2009, we added three new coffees to our collection:
Organic Las Colinas, Organic Gumutindo and Organic Rabble Rouser.

The two origin blends showcase the work of farmers in El Salvador and Uganda, respectively, while Organic Rabble Rouser is a blend of coffee beans from Uganda and Sumatra. As with sourcing all of our coffees, we went after sweet, unique beans from small farmer co-ops. We hope you enjoy these new coffees as much as we enjoyed crafting them!

>> Read about these co-ops at
www.equalexchange.coop/farmer-partners

ORGANIC LAS COLINAS
medium roast



EL SALVADOR

ORGANIC GUMUTINDO
full city roast



UGANDA

ORGANIC RABBLE ROUSER BLEND
medium roast



UGANDA & SUMATRA

EQUAL EXCHANGE COFFEE SOURCING STANDARDS

Great Coffee from Great Sources

Great coffee can be found in many places. The real challenge is finding great coffee from great sources. One without the other would just be incomplete. Our sourcing standards reflect our commitment to outstanding beans from inspiring people.

Quality Find the best beans.

Flavor Select sweet beans with unique flavor characteristics.

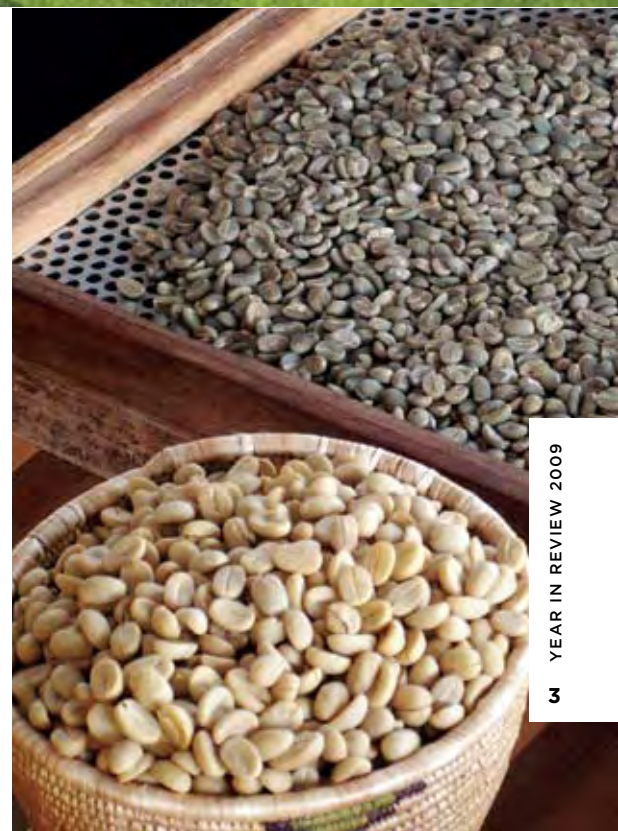
Farmer Partners Trade with small farmer co-operatives that share our vision of community empowerment.

Direct Relationships Import directly from farmer co-operatives.

Fair Price Pay above the market price, often above Fair Trade prices.

Environment Support sustainable agriculture, the preservation of sensitive areas, and reforestation of degraded land.

Commitment Source all our coffee according to the quality of the beans and the quality of the source.



East Africa // By Beth Ann Caspersen, Quality Control Manager



OVER THE LAST FIVE YEARS, during our annual Cooperation in Quality programs, I have worked with over 30 coffee cuppers. These cuppers have come from coffee farming communities all over the world. My goal has always been to tap into the skills and talents of these cuppers and create a common vision around quality.

Cooperation in Quality programs use basic tools to build knowledge, provide confidence, develop skills and empower the participants to identify amazing coffee. These tools offer consistency, a necessary element in the coffee quality laboratory. I try to show the cuppers how this consistency can work to support the farmer members of their co-ops. This collaborative work on quality also means a better cup of coffee.

For the 2009 program, held in September, we hosted two talented cuppers from East Africa: Lydia Nabolumbi from Gumutindo co-op in Uganda, and Amen Mtui from KNCU co-op in Tanzania. The most vital element for the cuppers is the ability to identify and grade basic and exemplary flavors in each coffee. This skill usually develops over time. While cupping together in this program, we talked about what makes a coffee taste sweet like a strawberry, or dark chocolate, or caramel, so that when we use these words to describe coffee, they have a common meaning.

Besides the technical skills that the cuppers refined and learned, such as how to roast coffee, Amen and Lydia had many new experiences outside of the cupping laboratory. They stayed in my home, with me, my husband, (Todd Caspersen, Equal Exchange Director of Purchasing), and our 16-month old son, Magnus. They stayed with us for 12 days, during which they were able to learn about how a busy American family functions on a daily basis. For me and my family, it was such a powerful experience to share our lives with these two people. Watching Magnus run to Amen for a hug and seeing Magnus laugh as Lydia played peek-a-boo with him—these are memories that will always be with me.

CUPPING is the industry term used for the process of analyzing a coffee based on its sensory qualities—for example, its flavors and mouthfeel.

Another highlight was bringing Amen and Lydia around Boston to the Equal Exchange Café, as well as other cafés and natural foods stores that serve Equal Exchange coffee. They were able to see the various ways coffee is available to customers, from whole beans in bulk bins, to espresso shots, to latte drinks. Seeing all the options, and especially all the fairly traded and organic options available to customers, put things into perspective for Lydia. “What you have here is very special,” she said during a sitdown with the co-owners of City Feed & Supply, a natural foods store and café in Jamaica Plain, Mass. “You are giving people choices [in what foods they buy]. We are building something together.”

“What you have here is very special...You are giving people choices [in what foods they buy]. We are building something together.”

LYDIA NABULUMBI

*Quality Control Manager,
Gumutindo Co-operative, Mbale, Uganda*



Rising Women Leaders in Coffee

// By Beth Ann Caspersen, Quality Control Manager

Women are integral in the world of coffee. From cultivation to processing, their roles have supported the coffee trade primarily on the farm or in the mill, until now. Much like the women's movement in the U.S., we are seeing an exciting shift take place in the international trade of coffee, where women from all over the world are now cupping coffee, running dry processing mills, and serving as quality control managers, export managers, general managers and even presidents of their own co-operatives. These skilled positions have historically been held by men, however, women are now gaining access to the technical skills and training to do these jobs. The change is slow in many countries, but I feel

encouraged by the changes I have seen—young women with voices and opinions; women that are now part of the decision-making process and, in many cases, making their own business decisions.

In my role as the Quality Control Manager, I've had the pleasure to work with many coffee cuppers through our Cooperation in Quality training program, as well as various coffee-tasting events I've participated in around the world. I would like to highlight a few rising stars from these events. Our work together on coffee quality has influenced the delicious coffees we buy, and has provided these three women—all under 30 years old—with unique opportunities to learn about Equal Exchange's market and customers.



YANETH J. TABORDA MORALES

AGE: 25

POSITION: Coffee Cupper

CO-OP: ASPROCAFE

LOCATION: Rio Sucio, Colombia



FATIMA LOPEZ

AGE: 28

POSITION: Quality Control Manager

CO-OP: PRODECOOP

LOCATION: Esteli, Nicaragua



LYDIA NABULUMBI

AGE: 26

POSITION: Quality Control Manager

CO-OP: Gumutindo

LOCATION: Mbale, Uganda

PHOTOS: *Opposite page, top to bottom: Lydia Nabulumbi, a cupper from Gumutindo co-operative, tastes the espresso shot she pulled at the Equal Exchange Café; glasses lined up for a production cupping in our Quality Control lab in West Bridgewater, Mass.; Amen Mtui, second from right, from KNCU in Tanzania, talks with worker-owners during a cupping at Equal Exchange.*

ESTABLISHING A BANANA DEMOCRACY

// By Joe Riemann, Midwest Banana Guy




“Though a staple of nearly every produce department, bananas have long been the dark little secret of the fresh produce world. The fruit has a very bloody history and the devastation that this export trade has visited upon source regions is appalling. It is wonderful to be able to support a program that is so dedicated toward the well-being of the local farmers and their communities.”



**RICK CHRISTIANSON,
PURCHASING MANAGER**

*Co-op Partner's Warehouse, Produce Wholesaler,
St. Paul, Minnesota*



Traditionally, banana shoppers have made their purchases based on price and color.

For over a century, the hidden costs of “cheap and yellow” bananas have been subsidized by the social, economic and environmental degradation of banana-producing regions around the world. Suffice it to say, de-commodifying America’s favorite fruit is no easy task.

A significant amount of cooperation is necessary to tackle a staple like bananas. Not unlike the people Equal Exchange met in the late ‘80s when we began to challenge the coffee industry, we have once again been amazed at people’s willingness to take risks, support small farmers, and break away from business as usual when dealing with fairly traded bananas.

In addition to our invaluable partnerships in farming, logistics, ripening and distribution, retail stores have been essential in changing the banana industry with us. Some produce departments have even taken the step to solely carry Equal Exchange bananas. To honor their commitment, we started planting “banana trees” in each participating store. Through utilization of the tree, shoppers are able to see which farmers are growing and shipping Equal Exchange bananas to us every week.

Seward Co-op, in Minneapolis, Minn., is just one of many consumer food co-operatives that have made the pledge to support us in this endeavor. “With the volatile history behind bananas, it’s the right product to make the right choice on,” said Travis Lusk, the produce manager at Seward Co-op. “We need to find ways to positively share information about the social aspects of food, to be the change we want to see ... and hopefully, people will eventually demand [Fair Trade] for all of their food purchases.”

Like enclaves of banana democracy, our brand signifies *Big Change* in the banana industry. Each bunch signals a store’s dedication to the small-scale banana farmers of El Guabo co-op in Ecuador, proves the amazing strength of cooperative supply chains, and finally helps put an end to this archaic notion that bananas are simply a “cheap and yellow” commodity.

“Working with Equal Exchange has been awesome. Having good people handling the sales and distribution makes every banana day a good day...Equal Exchange offers a higher quality banana that also allows growers to make a better living. Once you get a customer to try the fruit, and see what a good banana is like, they will be more likely to jump on the program.”



JOHN MADY, VICE PRESIDENT OF OPERATIONS

J&J Distributing, Produce Wholesaler/Ripener, St. Paul, Minnesota



PHOTOS: *Opposite page: Pablo Mera harvests bananas at the farm of Vicente Matute, a member of El Guabo co-operative in Ecuador. This page, clockwise from top left: Laura Ines and Luis David Coyago Sagbay, members of El Guabo; Luis Heras cuts small bananas for export at the collective beneficio of the Association La Florida, a member of El Guabo; Sarah Hassan, the produce buyer at Linden Hills Co-op in Minneapolis, Minn., in front of the Equal Exchange “banana tree.”*





From Plantations TO A Small Farmer Model

By far, the vast majority of tea found on grocery shelves comes from large-scale plantations. Even 98% of tea that is labeled “Fair Trade” is sourced from plantations, one of the last vestiges of the colonial system. Due to the feudal nature of traditional plantations, workers are often trapped in a system of dependency, in which they receive their housing, schooling and medical care from the estate. If a worker loses her job, or if the plantation is abandoned, thousands of workers and their families are left without any form of income or services.



A DIFFERENT KIND OF TEA MODEL

We think the time for change is now, and our tea partners—in India, Sri Lanka, and South Africa—share this conviction. On a November 2009 trip to Darjeeling, India, a small group of us from Equal Exchange visited our partners, Tea Promoters of India (TPI), and saw an array of exciting projects that are part of their vision of a transformed tea industry where the farmers are empowered, making decisions, taking risks, building their own businesses and improving their lives and communities.

SMALL FARMER CO-OPERATIVES

Sanjukta Vikash, a dairy co-operative comprised of 450 small farmers, also exports high quality, organic Fair Trade tea with the technical assistance and training of a local non-governmental organization, and the processing and marketing assistance of TPI. The village was clean and well maintained; water flowed in abundance; the brightly-painted homes were surrounded by sweet smelling flower gardens, terraced hills, and shaded farms planted with oranges, bananas, onions, garlic, ginger, and turmeric.

The commitment they have made to biodynamics, organic farming, and permaculture was clear. Materials are recycled and reused; nothing is wasted. The farmers displayed a sense of pride and self-assurance. Owning their land and having options affords a stronger sense of investment and control over their business.

WORKER-OWNED PLANTATIONS

The Potong Tea Garden, established over 100 years ago by the British, is the story of a plantation repeatedly abandoned, taken over, mismanaged, and abandoned again, until 2005 when the 350 farmers decided to take





PHOTOS: Clockwise from top left: The entrance gate to a processing and drying facility; steeped Darjeeling tea; tea leaves in a plucker's basket; biodynamic treatments that get applied around tea plants; Sanu Chhetri picks tea leaves at Singell Tea Garden; joint body meeting at Puthajhora Tea Garden; Jodi Anderson, Equal Exchange Natural Foods Sales Manager, and Phyllis Robinson, Equal Exchange Education & Campaigns Manager, cupping tea at Singell Tea Garden; Binita Rai, a Sanjukta Vikash Co-op member, shows off her tea plants in her diverse garden. Her other crops include ginger, oranges, and turmeric.

control, and with the support of TPI, run the estate themselves. There are 2,500 people who depend on the plantation for their livelihoods, shelter, medical needs and educational services.

Members of the Potong Welfare Committee (which serves as a social council for the members) told us about some of the economic hardships they suffered during former periods of abandonment: schools were closed, malnutrition was rampant, illnesses abounded and dozens of people died. The committee's president, Sher Bahadur, said, "It was so very, very bad. There was no food in the house. The plantation system was structured in such a way that we were never taught any other means of livelihood. We were 100 percent dependent on the tea plantation. So when the plantation was abandoned, what could we do?"

After the government took over the plantation and grossly mismanaged it, Potong was auctioned to a Kolkata company in 2005. But the company was unfamiliar with the tea industry and suffered huge losses. So the owners sought out TPI to see if they would consider running the estate. TPI approached the workers. They explained the situation and proposed a solution to keep the estate in operation: the workers take over management—and 51% ownership. TPI would purchase 25% of the remaining shares and provide the technical assistance and market support. Like Sanjukta Vikash, the farmers could process their tea at TPI's facilities.

After 45 days of deliberation, the workers agreed and a Management Team was created comprised of farmers, TPI, and representatives of the Kolkata business which still owns a minority share. A member of the Welfare Committee told us, "Before, the management was the supreme authority and we were scared of them. Now we discuss things amongst ourselves."

President Bahadur agreed. "We are working for ourselves and no one else," he said. "This is our model and if we are successful, then we will have a future."

NOTHING SHORT OF TRANSFORMATION

We believe there is a path toward a small farmer tea model like the ones we saw at Sanjukta Vikash and the Potong Tea Garden. These examples showcase the few revolutionary groups that have enabled this direction to exist at all. We will continue to invest in a path that paves the way for small farmers to have greater access to the market, affording them more economic power, stronger control, better lives, and healthier communities. There is no reason to accept anything less.





Equal Exchange Café Turns One

// By Meghan Hubbs, Café Developer

Equal Exchange was born on Albany Street in Boston in 1986, and it has been exciting to reclaim our roots in Beantown with our first Boston café.

The Equal Exchange Café opened in December 2008, and in its first year of business, our baristas served 85,550 compostable cups of fairly traded coffee to the Boston community.

We are still experimenting and learning about how to take the Equal Exchange worker-ownership model and apply it to cafés, both at the Boston café and at the Equal Exchange Espresso bar in Seattle. Our baristas play a key role in delivering Equal Exchange products to customers with the utmost attention to quality and freshness, and understanding the care that our producers put into delivering the best green beans in the world. We're excited to offer baristas the chance of ownership over their work and further support a cooperative supply chain in the fast-paced, high turnover, café setting.

The City of Boston took notice of our efforts as an independent and sustainable business and recognized the Equal Exchange Café with a Green Business Award in 2009. We support many local vendors, use compostable materials when possible, and are striving for zero waste in 2010. We'd like to thank our customers and vendors for their business during our first year. In a city of coffee chains, we're proud to be different.



Left to right: Equal Exchange Café Manager Adena Killian, Equal Exchange Co-Executive Director Rob Everts, and Boston Mayor Thomas M. Menino during the Boston café's ribbon cutting ceremony.



A Different Kind of Chocolate Company

// By Dary Goodrich, Chocolate Products Manager

At Equal Exchange we are concerned that people are becoming dangerously disconnected from their food. This is often a symptom of consolidation in our food systems—and chocolate is no exception. Over 80 percent of the U.S. chocolate market is dominated by three companies, with a continued trend of increasing consolidation. For example, in 2005, Green & Black's—the largest organic chocolate company—was purchased by Cadbury, which was more recently acquired by Kraft. Not to be left out of the organic market, Hershey followed a year later with the purchase of Dagoba Chocolates.

It's in this ever-more consolidated context that Equal Exchange, as an independent, worker-owned co-op, has succeeded in building the largest 100% organic and Fair Trade line of chocolates in the U.S. Our farmer partners work hard to produce the cacao, sugar and vanilla for our chocolates. In turn, we work hard to secure Fair Trade markets, so that the small farmers can continue to farm and strengthen their communities.

To do this to the best of our ability, in 2009 we focused a lot on building our own internal capacity around chocolate. Our chocolate team doubled in size (from one to two!) with the addition of Chocolate Products Coordinator Kelsie Evans. Together we worked to build a company-wide chocolate culture through staff trainings, weekly staff tastings, and a weekly panel to evaluate and analyze our products. The more we know as employees and owners, the better we can spread the word about our fairly traded chocolates and cocoas—and reconnect people with the farmers who grow their food.



PHOTOS: Top to bottom: Chocolate Products Manager Dary Goodrich with Osterman Ramirez of CONACADO co-operative; Kim Montgomery, a seventh grade teacher at the Westchester Academy for International Studies in Houston, Texas, with students Delia (left) and Lydia Santos, who sold Equal Exchange products to help raise money for their school; Chocolate Products Coordinator Kelsie Evans (far right) facilitates a staff chocolate tasting with Capital Coordinator Daniel Fireside (left) and Equipment Coordinator Joe Driscoll (middle).



“Our new location in Portland puts our democratically controlled co-op in a forward-thinking, coffee-crazed, cultural hub, and it feels so right that we should have a presence right in the heart of that scene. Our collaborative decision to move there exemplifies our democratic process as a worker co-op.”

MIKE MOWRY, *Worker-Owner Coordinator*

Find Us in Portland

// *By Michelle Ford, West Coast Sales Representative*

What change could a vibrant urban sales and distribution center mean in the heart of southeast Portland? Those of us worker-owners based in Oregon started asking ourselves this very question in late 2008, as we realized we were outgrowing our office and warehouse space in Hood River, Ore. With few larger warehouse options in Hood River and more than half of the West Coast worker-owners already living in Portland, we decided that the best option would be to move our operations to Portland. The West Coast team, after reaching consensus on our own to move from Hood River to Portland, brought the proposal to the rest of the worker-owner body at the Annual Meeting of the Co-op in Massachusetts, where worker-owners voted overwhelmingly for its approval. On Nov. 16, 2009, we moved into our new 10,000 square foot warehouse and office space.

PHOTO: *Equal Exchange West Coast Team (clockwise from top left): Rafael Aviles, Michelle Ford, Jim Feldmann, Lisa Harris, Elisabeth Miles, Adam Schaeffer and his son Leavitt, and Alistair Williamson.*

This change means, for the first time, the majority of West Coast worker-owners are working out of one space. We are able to meet as a group more frequently, better support one another, and deepen our relationships—and subsequently better serve our customers and farmer partners. Moving to Portland means faster delivery time for customer orders, cutting down on our carbon footprint by cutting out double shipping to and from Hood River to Portland, shorter delivery routes for our driver, and shorter drives for our staff to each other and to our customers.

What can we bring to our customers in Portland? We hope to be more present in our community. We would like to use our space to meet, gather and learn together. We want to offer education and host trainings and events. We are excited by the possibilities and are looking for new ways to continue to make positive change happen in our community—and worldwide. Come visit the new space at 1033 SE Main Street.

Two New Interfaith Program Partnerships Launched in 2009

// *By Susan Sklar, Interfaith Program Manager*

The Equal Exchange Interfaith Program is excited to be working with two new faith groups. In July 2009, Islamic Relief USA became our eleventh Interfaith Program partner; and in November, we started our twelfth partnership, with American Jewish World Service.



ISLAMIC RELIEF USA

Islamic Relief USA (IRUSA), founded in 1984, is an international relief and development organization that aims to alleviate suffering caused by poverty and respond to disasters and emergencies. “Developing a partnership with Equal Exchange makes sense for us since their values are aligned with the Islamic perspective on Fair Trade,” said Saadia Abdu, International Programs Coordinator for IRUSA. “Poverty alleviation is part of our mission and one of the ways we do this is through our many sustainable livelihood projects. In providing farmers with fair and equitable access to the market, Equal Exchange breaks the cycle of poverty.”



AMERICAN JEWISH WORLD SERVICE

American Jewish World Service (AJWS) is an international development organization, started in 1985, dedicated to alleviating poverty, hunger and disease among the people of the developing world. According to Ruth Messinger, President of AJWS, “As Jews, we believe that all human beings are made in the image of the Divine, that all are endowed with equal and infinite value. So when a farmer’s labor is exploited or her life is endangered due to our consumer choices, we have failed to uphold a basic Jewish and human tenet. By choosing Fair Trade, we are saying that the dignity of the producer matters. This is a small step to creating a better, more just world.”



One Country. Two Voices.

At Equal Exchange, we have a husband and wife team that regularly travels to Colombia. Here, they each weigh in on what makes our relationship with Colombia so special.

GRIT, FIRE AND PRIDE

by *Todd Caspersen,*
Director of Purchasing & Production



Rio Sucio, Colombia, is a nexus of many political, economic, ecological and military forces at play in the western hemisphere; working there effectively as a coffee buyer is a challenge. Recent history in the area

includes a state-sponsored, chemically intensive, full-sun coffee production system; as well as narco politics, armed insurgency, paramilitaries, large and radical indigenous organizations, and huge military aid from the U.S. government.

The work we've carried out over the last 16 years has tried to navigate and address some of these issues in the only way we know how—slowly, through dialogue and trade with our farmer partners. Our organic coffee program in Colombia has directly challenged the dominant coffee production paradigm that has caused habitat loss, soil erosion, watershed contamination, and human health issues.

As the purchasing guy at Equal Exchange, I've seen the effects of these issues over the last 10 years. My wife, Beth Ann, and I have hiked the coffee fields and mountains, seen landslides impact entire communities, and worked year after year with our friends in Rio Sucio to develop a viable organic production model. The fact that we are still trading there and farmers are still producing coffee after much hardship and struggle fills me with a feeling of grit, fire and pride in our work, which I know has only just begun.

I want to recognize: Rocio, Luz Marina, Cesar Julio, Henry, Jose Ivan, Don Fabio, Nora, Uriel, Hernan, Estela, Eduardo, Angelica, Yaneth...and most of all, the producers in the organic program in the resguardos of Rio Sucio.

MY COLOMBIAN FAMILY

by *Beth Ann Caspersen,*
Quality Control Manager



This year I went to Colombia without my son, Magnus, or my husband, Todd. It was the second time since Magnus' birth that I had been away from him and I missed him horribly, but as soon as I started walking up the path to

Hernan and Estela's home, I was quickly reminded that I have family in Colombia.

I stay in the same room each time I visit, so I woke up to familiar surroundings, pictures of their relatives, Estela's art (she is quite creative), plants and the chilly morning air. I felt comforted by the sounds and smells of my Colombian home, with Refugio (means *refuge* in Spanish and they rescued her) meowing for a bite of my *arepa* and the warm smiles that greeted me each morning, followed by a welcoming kiss from what have become my Colombian parents.

We ate our meals together and our conversations shifted from world politics to local honey production and, of course, to Magnus. It was fun to share family pictures with Estela and Hernan and tell them stories about Magnus learning to run and his new obsession with the word "truck." Inevitably, our conversations would make their way back to coffee and this within itself was just like being at home with Todd. Everything in the Caspersen household revolves around coffee and the same is true for the Trujillo family. Coffee is the center of their universe, too, and although it was painful to be away from my family, Estela and Hernan took care of me like one of their own and it felt good to know that someone was watching after me.



Barbara Albernaz
 Brian Albert
 Mike Allen
 Juvenal Alves
 Jodi Anderson
 Rafael Aviles
 Sarah Belfort
 Virginia Berman
 Phil Berry
 Renie Bithell
 Terry Boisclair
 Steve Bolton
 Alison Booth
 Peter Buck
 Joao Cardoso
 Heather Carpentier
 Beth Ann Caspersen

Todd Caspersen
 Dia Cheney
 Ann Cherin
 Dan Cobb
 River Cook
 Andrea Costa
 Mike Cummiskey
 Aaron Dawson
 Antonio Delgado
 Kayleigh DeMello
 John DePina
 Victor Depina
 Rink Dickinson
 Sandra Distelrath
 Domingos Do Rosario
 Maria Dos Reis
 Rick Doughty

Joe Driscoll
 Cindy Eason
 Kelsie Evans
 Rob Everts
 Jim Feldmann
 Bernardo Fernandes
 Michelle Ford
 Luke Fowler
 Jonathan Freedman
 Jamie Gallagher
 Carlos Gomes
 Valdimiro Gomes
 Gary Goodman
 Dary Goodrich
 Ian Gray
 Tom Wilde
 Lisa Harris

Kevin Hollender
 Meghan Hubbs
 Jeanne Hunt
 Peter Mark Ingalls
 Kevin Jones
 Suzanne Keleher
 Andrew Kessel
 Adena Killian
 Becca Koganer
 Hope Kolly
 Wayne Kritzman
 Danielle Lafond
 Sam Lewontin
 Thomas Lussier
 Peter Lynch
 Roxanne Magnuson
 Ian McMillan

Sharyn McWilliams
 Greta Merrick
 Elisabeth Miles
 Lynsey Miller
 Gladys Minaya
 Miranda Moody
 Michael Mowry
 Jessie Myszka
 Liane Nadeau
 Wells Neal
 Rodney North
 Brian O'Connell
 Ruthie Oland
 Keith Olcott
 Margaret O'Neill
 Marlene Ortins
 Scott Patterson

Meghan Pfeiffer
 Karin Picarski
 Richard Poole
 Anzel Ransom
 Nicholas Reid
 Joe Riemann
 Phyllis Robinson
 Dan Rony
 Cara Ross
 Lisa Russell
 Jose Sanchez
 Adam Schaeffer
 Cari Senefsky
 Susan Shaw
 Rick Shepard
 Susan Sklar
 Mark Souza

Cody Squire
 Daniel Steinberg
 Lori Stevens
 Forrest Sutton
 Ashley Symons
 L.J. Taylor
 Joaquim Teixeira
 Mario Teixeira
 Robby Tucker
 Anna Utech
 Lisa Valdez
 Nicole Vitello
 Dana Welch
 Esther West
 Alistair Williamson
 Lilla Woodham



PHOTOS: Clockwise from top left: Equal Exchange Community Brand Builder Daniel Steinberg with event staffer Leif Rawson-Ahern; Natural Foods Sales Rep. Pfeif and Midwest Sales Rep. River Cook make pedal-powered smoothies in Minnesota; Fundraising participant Lisa Cochran and her son, Brick; Sarah Christensen of GreenTree Cooperative Grocery in Mt. Pleasant, Mich.; Bridget Perry of Chatham Marketplace in Pittsboro, N.C.; and Travis Meyer of Community Food Co-op in Bellingham, Wash.

2009 AWARDS & RECOGNITIONS

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OUR MISSION

Equal Exchange's mission is to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relationships between farmers and consumers and to demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world.

2009 BUSINESS REPORT



EQUAL EXCHANGE

FAIRLY TRADED

WHAT'S INSIDE:

A LETTER FROM OUR
EXECUTIVE DIRECTORS

2009 INCOME STATEMENT
AND BALANCE SHEET

AN INVESTOR PROFILE

A LOOK AT OUR UNIQUE
BUSINESS MODEL

SALES OVERVIEW:

2009 SALES: \$35,832,510

NET INCOME BEFORE TAXES: \$1,367,133

OUR VISION

IN 20 YEARS THERE WILL BE...
a vibrant, mutually committed community
of two million committed participants
trading fairly one billion dollars a year
in a way that transforms the world.

Letter from the Office of Executive Directors

// By Rob Everts and Rink Dickinson, Co-Executive Directors

How do you begin to assess a year like 2009, given that the relevant frame of reference must include the financial implosion immediately preceding it? In the context of the world around us—businesses going under or shrinking, millions newly unemployed, frightened consumers buying less or trading down—Equal Exchange did well. What felt worst for our organization was that our coffee purchases from farmers actually shrank fractionally for the first time. Cacao purchases were flat. But due to a price increase we needed to implement in mid-2008 the 2009 revenues actually grew by four percent over 2008, to \$35.8 million. After charitable contributions and worker-owner patronage disbursements, we realized a net income before taxes of \$1.37 million.

Once again, the diversity of sectors to which we market was an asset. From the hundreds of food co-ops to the thousands of religious congregations, from upscale cafés to supermarkets and universities, we reach a broad spectrum of consumers, and if one avenue is struggling, another will likely pick up the slack. In the challenging period of 2009, it was the natural foods sector that grew, while other sectors came out even or lost some ground compared to 2008.

Our café in Boston completed its first full year, not yet hitting breakeven but holding its own and providing a vital venue for learning, engaging consumers directly, and building our brand visibility.

The remarkable success story of 2009 for Equal Exchange was raising over two million dollars in preferred stock, a number unprecedented in

our history. With the substantial involvement of our friends at Progressive Asset Management/Financial West Group, we significantly improved an already solid balance sheet, and we enter 2010 in a strong cash position. Beyond the great work of our outgoing Capital Coordinator, Alistair Williamson, and the folks at PAM/FWG, what contributed most to this success was how sickened many investors were by the greed and scandals on Wall Street. It didn't hurt that the appeal of Equal Exchange's steady, live-within-our-means approach to financing our growth was backed up by a solid track record of performance that extends over 20 years. To all of our investors, thank you for being with us.

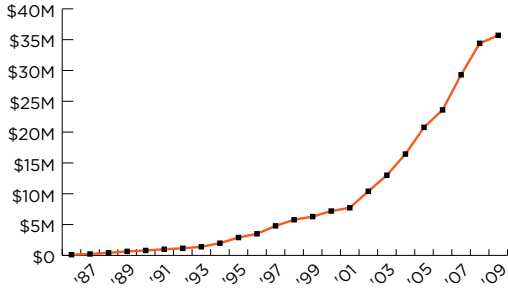
In a rapidly changing world and increasingly competitive natural foods marketplace, it is clear we will need to quicken the pace of learning, demonstrate more agility to seize opportunities, and be willing to take the necessary risks to fulfill our mission.

Our investment in Oké USA bananas was one such example. We are extremely happy to report that with disciplined and focused attention, together with changing the branding from Oké USA to Equal Exchange, Oké USA broke even for the first time in its short history. To fulfill our commitment to increase volumes for our other farmer partners—the means to improving living standards—we will need to keep learning and innovating like never before.

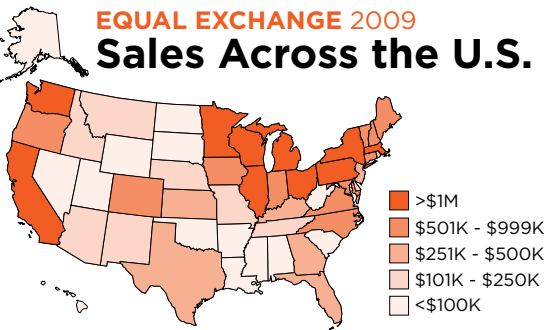
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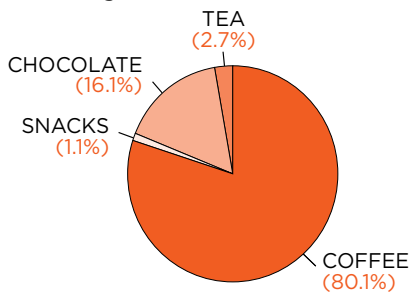
EQUAL EXCHANGE (1986 - 2009)
24 Years of Sales Growth



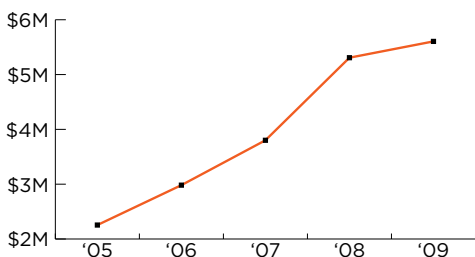
EQUAL EXCHANGE 2009
Sales Across the U.S.



EQUAL EXCHANGE 2009
Sales by Product Category



EQUAL EXCHANGE (2005-2009)
 A Growing Product Category
Chocolate & Cocoa Sales



Rob Everts, left, and Rink Dickinson, right.



Our Evolving Co-op Democracy

// By *Alistair Williamson, Board Chair*

At Equal Exchange, means and ends are two sides of the same coin. How we trade, not just what we trade, is the point; how we run our business, not just its bottom line, is the point. So while we sell Fair Trade products, being a worker co-operative is integral to our purpose. We've captured this in our vision and mission. In the first line of our vision we see "a mutually cooperative community" and in the last line of our mission we seek to "demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world."

So, how are we doing? On the mutually cooperative community, Oké USA is now operated from our West Bridgewater and St. Paul offices as a joint venture with Equal Exchange, and the bananas have Equal Exchange's brand on them. We've also been looking for ways to support and strengthen cooperative supply chains, from farmer to consumer. Our recent planning with food co-ops to

engage their members through a new supply chain program has been especially exciting.

On the worker co-op front, it's time to keep pace with our growth. We now have over 90 worker-owners and 10 more on the path to worker-ownership. This year the worker-owners topped one million dollars invested in Equal Exchange. The accomplishments are profound, but we must ensure they don't obscure participation. Informed and engaged workers, participating as owners, with one person/one vote, is a foundational value, so as a board we are exploring the investments and systems to support that value.

Friends, we are not a small business any more. The past holds sweet memories but we cannot linger long; it's now time to infiltrate the "medium-sized business" category with our brand of economic democracy, fairness and spectacular coffee, chocolate, and tea. Here we go.



We're Not Here to Make Anyone Rich

// By *Daniel Fireside, Capital Coordinator*

As the new Capital Coordinator, I'd like to share a few of the most strikingly wonderful things I've learned about Equal Exchange's business model.

My predecessor, Alistair Williamson, gave me a taste of this in our first meeting together. He explained the fundamental characteristic of our business model: We won't make anyone rich—not our investors, worker-owners, or the farmers. But we are committed to paying fair returns for working capital, people's labor, and, of course, the crops the farmers grow. And even in the age of Ponzi economics, corporate bailouts, and rising unemployment, Equal Exchange just finished another profitable year marked by careful growth and record capital acquisition.

There are several key pieces to Equal Exchange's business model. Our outside investors don't get capital gains, and can't vote to change how we do business. Instead, they get a fair return on their investment, and know that their money is being

used to build a more equitable global system of trade. There's a 4-to-1 cap on the spread of salaries for worker-owners, and if we were ever tempted to sell out, we would be required to give any windfall profits to other Fair Trade organizations.

As worker-owners, instead of stock options and Wall Street bonuses, we get full benefits, a living wage, a spirit of community and shared ownership, and the knowledge that we're contributing to global social and economic justice. Our farmer partners are supported by fair prices, long-term relationships, extended financing, and the backing of a vibrant cooperative movement.

We could do it differently, of course—courting investors out to make a fast buck, not doing 100 percent Fair Trade, squeezing the farmers and our workers, and investing in slick ad campaigns instead of actually operating ethically. But like we said, we're not here to make anyone rich. We're doing something much more important.

FINANCIAL REPORT



A Shifting Financial Focus

// By Brian Albert, Finance Director

We've come a long way. Equal Exchange is a company that for many years thought almost exclusively about our Income Statement. Then we invested in a building and roastery equipment and our focus shifted to Balance Sheets and, more recently, our Cash Flow Statement.

Early in 2009, it became clear that the long pattern of double-digit sales growth would come to an end. For the first time ever, we purchased less green coffee from our producer partners than in the previous year. A carefully planned inventory reduction and the corresponding decrease in the balances due on our lines of credit, coupled with a record influx of outside investments, have

contributed to the dramatic changes that appear on the 2009 Balance Sheet.

Toward the end of the year, it was clear that, thanks to a small increase in sales revenues, we would still achieve a reasonable level of profitability, and be somewhat close in terms of exceeding our debt-service ratios. We used the excess cash flow generated from the outside investors and inventory reductions to begin prepaying costlier longer-term debt, thus ensuring that we would continue to meet our banking covenants for the remainder of 2009 and through the coming year. We've made significant progress and we know there's still much work to be done.



INCOME STATEMENT

	2009	2008	2007
Total Sales	\$35,833,000	\$34,440,000	\$29,370,000
Cost of Sales (coffee/tea/chocolate, roasting, packaging, shipping)	\$23,075,000	\$22,447,000	\$18,867,000
Operating Expenses (marketing, sales, administration, education)	\$10,657,000	\$9,535,000	\$8,646,000
Other Expenses (primarily interest on loans)	\$733,000	\$990,000	\$759,000
Total Costs	\$34,465,000	\$32,972,000	\$28,272,000
Net Income Before Taxes	\$1,367,000	\$1,468,000	\$1,098,000
Taxes	\$593,000	\$600,000	\$435,000
Shareholder Dividends	\$254,000	\$283,000	\$214,000
Annual Retained Earnings (reinvested in the business)	\$520,000	\$585,000	\$449,000

EQUAL EXCHANGE Audited Financial Statements, 2009 & 2008

These financial statements are extracts from the Audited Financial Statements of Equal Exchange, Inc. for the years ending December 31, 2008 and 2009. This independent audit was conducted in accordance with auditing standards generally accepted in the United States of America by the firm of Morris and Morris P.C., Certified Public Accountants of Needham Heights, Massachusetts.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	<u>2009</u>	<u>2008</u>
SALES	\$ 35,832,510	\$ 34,440,241
COST OF SALES	<u>23,075,260</u>	<u>22,446,593</u>
GROSS PROFIT	12,757,250	11,993,648
OPERATING EXPENSES	<u>10,656,867</u>	<u>9,535,120</u>
INCOME FROM OPERATIONS	<u>2,100,383</u>	<u>2,458,528</u>
OTHER (EXPENSE) INCOME:		
Interest Expense	(622,848)	(720,437)
Charitable Contributions Expense	(92,150)	(105,000)
Bad Debt (Expense) Recovery, Net - Trade	(16,506)	(14,265)
Bad Debt Expense - Loans	(5,500)	(80,000)
Interest Income	3,754	9,314
Reduction of Investment to Market Value	-	<u>(80,000)</u>
	<u>(733,250)</u>	<u>(990,388)</u>
NET INCOME BEFORE INCOME TAXES	<u>1,367,133</u>	<u>1,468,140</u>
PROVISIONS FOR INCOME TAXES:		
Current	430,000	435,000
Deferred	<u>163,000</u>	<u>165,000</u>
	<u>593,000</u>	<u>600,000</u>
NET INCOME	774,133	868,140
RETAINED EARNINGS, Beginning of Year	2,654,249	2,069,068
Less: Preferred Stock Dividends Paid	<u>(253,599)</u>	<u>(282,959)</u>
RETAINED EARNINGS, End of Year	\$ <u>3,174,783</u>	<u>2,654,249</u>

BALANCE SHEETS

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Equivalents	\$ 376,667	\$ 212,717
Accounts Receivable - Trade	2,185,768	2,227,843
Notes Receivable - Other	34,996	88,628
Inventories	8,293,729	10,839,429
Prepaid Expenses, Advances in Inventory, and Other Current Assets	348,321	928,227
Deferred Income Tax Asset	<u>115,000</u>	<u>145,000</u>
TOTAL CURRENT ASSETS	<u>11,354,481</u>	<u>14,441,844</u>
PROPERTY AND EQUIPMENT, at Cost	10,064,117	9,761,178
Less: Accumulated Depreciation and Amortization	<u>(3,046,553)</u>	<u>(2,287,935)</u>
	7,017,564	7,473,243
DEFERRED FINANCING COSTS	21,034	35,434
NOTES RECEIVABLE - OTHER	296,039	190,870
OTHER ASSETS	<u>456,339</u>	<u>234,473</u>
	<u>7,790,976</u>	<u>7,934,020</u>
TOTAL ASSETS	\$ <u>19,145,457</u>	\$ <u>22,375,864</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Notes Payable - Lines-of-Credit	\$ 624,928	\$ 5,164,438
Mortgages and Other Notes Payable, Current Portion	550,639	1,639,829
Capitalized Lease Obligations, Current Portion	432,124	447,679
Accounts Payable - Trade	417,198	940,158
Accrued Expenses and Other Current Liabilities	672,505	769,526
Patronage Rebates Payable	<u>421,875</u>	<u>255,255</u>
TOTAL CURRENT LIABILITIES	3,119,269	9,216,885
MORTGAGES AND OTHER NOTES PAYABLE, Non-Current	3,190,008	2,875,097
CAPITALIZED LEASE OBLIGATIONS, Non-Current	693,092	1,125,216
DEFERRED INCOME TAXES	770,000	637,000
TOTAL LIABILITIES	<u>7,772,369</u>	<u>13,854,198</u>
STOCKHOLDERS' EQUITY:		
Preferred Stock: 290,429 Shares in 2009 and 206,864 Shares in 2008	7,978,429	5,680,390
Common Stock: 99 Shares in 2009 and 93 Shares in 2008	282,683	260,903
Less: Common Stock Subscriptions Receivable	(62,807)	(73,876)
Retained Earnings	<u>3,174,783</u>	<u>2,654,249</u>
TOTAL STOCKHOLDERS' EQUITY	<u>11,373,088</u>	<u>8,521,666</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>19,145,457</u>	\$ <u>22,375,864</u>



Rosa González El Pinal
Coffee farmer and member of
APECAPPE Co-operative, El Salvador

EQUAL EXCHANGE Audited Financial Statements, 2009 & 2008

STATEMENTS OF CASH FLOWS

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 35,874,585	\$ 34,185,496
Cash Paid for Operating Expenses	(30,179,104)	(34,359,448)
Interest Paid	(622,848)	(720,437)
Income Taxes (Paid), Net	(603,498)	(412,249)
Interest Received	<u>3,754</u>	<u>9,314</u>
Net Cash Provided by (Used for) Operating Activities	<u>4,472,889</u>	<u>(1,297,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Paid for Purchase of Property and Equipment	(385,087)	(924,851)
Cash Paid for Investments	(182,637)	(20,000)
Cash (Advanced) on Notes Receivable - Other, Net	<u>(51,537)</u>	<u>(173,998)</u>
Net Cash (Used for) Investing Activities	<u>(619,261)</u>	<u>(1,118,849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Advances (Repayments) on Notes - Lines-of-Credit, Net	(4,539,510)	1,142,285
Cash Paid to Reduce Mortgages and Other Notes	(1,079,279)	(164,720)
Cash Paid to Reduce Capitalized Lease Obligations	(447,679)	(420,472)
Preferred Stock Dividends Paid	(253,599)	(282,959)
Cash Paid to Redeem Preferred Stock	(79,491)	(118,232)
Cash Paid to Redeem Common Stock	(17,100)	(27,572)
Proceeds Received from Preferred Stock	2,217,150	791,549
Proceeds Received from New Debt	305,000	1,100,000
Cash Received from Dividend Reinvestment	160,380	177,087
Proceeds Received from Common Stock	<u>44,450</u>	<u>50,427</u>
Net Cash (Used for) Provided by Financing Activities	<u>(3,689,678)</u>	<u>2,247,393</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	163,950	(168,780)
CASH AND EQUIVALENTS, Beginning of Year	<u>212,717</u>	<u>381,497</u>
CASH AND EQUIVALENTS, End of Year	\$ <u>376,667</u>	\$ <u>212,717</u>
RECONCILIATIONS OF NET INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Net Income	\$ <u>774,133</u>	\$ <u>868,140</u>
Adjustments to Reconcile Net Income to Net Cash		
Provided by (Used for) Operating Activities:		
Depreciation and Amortization	855,570	777,955
Increase in Deferred Income Taxes, Net	163,000	165,000
Bad Debt Expense - Trade	16,506	14,265
Bad Debt Expense - Loans	5,500	80,000
Reduction of Investment to Market Value	-	80,000
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable - Trade	25,569	(269,010)
Decrease (Increase) in Inventories	2,545,700	(2,645,799)
Decrease (Increase) in Prepaid Expenses, Advances for Inventories and Other Current Assets	579,906	(161,616)
(Increase) in Other Assets	(39,634)	(13,690)
(Decrease) in Accounts Payable - Trade	(522,960)	(139,082)
(Decrease) Increase in Accrued Expenses and Other Current Liabilities	(107,747)	109,463
Increase (Decrease) in Accrued Patronage Rebates Payable	<u>177,346</u>	<u>(162,950)</u>
Total Adjustments	<u>3,698,756</u>	<u>(2,165,464)</u>
Net Cash Provided by (Used for) Operating Activities	\$ <u>4,472,889</u>	\$ <u>(1,297,324)</u>

INVESTOR PROFILE

Alan Locklear



// By Alistair Williamson

Alan Locklear, of Portland, Ore., had been buying Equal Exchange coffee via mail order for two years when, at last, the coffee appeared at Food Front, his local co-op. That was 20 years ago.

Since then he and his wife, Marie Valleroy, have invested in Equal Exchange twice. Food Front, where he helps with their Membership system, has since opened a second store just a mile from his home, and Equal Exchange opened a Portland office/warehouse five miles away.

Asked to share reasons he invested in Equal Exchange, Alan thought for a moment: "It makes so much sense, I'm not sure it needs a particular reason."

So here's a welcome wish to the 99 new investors that joined us in 2009: over the next 20 years, for you as for us all, may investing in Fair Trade, co-operatives and sustainable food need no explanation or supporting argument. May it become just what people do.



Equal Exchange Goes Bananas

// By Rink Dickinson, Co-Executive Director of Equal Exchange and President of Oké USA, and Bradley Russell, Banana Sales and Operations, Oké USA



When Equal Exchange worker-owners chose to invest in Oké USA in 2008, we knew the investment fit our vision of building a vibrant, mutually cooperative community. We also knew that we were taking a considerable risk investing in this struggling banana company; Oké USA had lost more than \$300,000 each year for the previous two years and we knew there was a chance it would not survive another year.

We are happy to report that a year after Equal Exchange's investment, Oké USA is strong and growing. Sales increased by 11 percent over 2008, and for the first time the company achieved positive cash flow. In 2009, Oké USA sold over six million pounds of Fair Trade bananas, providing more than \$1.5 million in income to small-scale banana farmers in Ecuador.

We feel that this is a powerful way to reach people with the Equal Exchange mission and message. We have been inspired by the reaction of consumers and brand loyalists when they see the Equal Exchange brand offered as an alternative to some of the largest agribusinesses on the planet.

Oké USA's banana producing partner, El Guabo Association of Small Banana Producers, also had a successful year. In 2009, El Guabo's members voted to spend \$170,580 of their Fair Trade social premium funds to run clinics providing health care to banana producers, workers, and their families; \$430,580 for business improvement investments; \$565,000 for farm improvements; \$50,000 in seed capital for loans to farmers; and \$93,360 to support 16 rural elementary schools. These are just a few of the ways that the Fair Trade purchases are positively affecting the members of the El Guabo co-operative.

Our banana work has changed Equal Exchange internally by adding an in-house banana team, and out in the marketplace by offering Fair Trade organic bananas. This new operation has put us on the path to build new models of cooperation and has helped us address key challenges we face in moving toward our 20 Year Vision.



Shared Interest: Financing the Cooperative Circle

// By Daniel Fireside, Capital Coordinator

In the conventional coffee trade, small farmers are in a vicious financial bind between harvests. They either have to take out loans at usurious interest rates, sell at a steep discount to middlemen (*coyotes*), or scrape along until they're paid.

A critical benefit of Fair Trade with Equal Exchange is that farmer co-ops get access to affordable pre-harvest financing. One of Equal Exchange's key partners in providing this financing is a British organization called Shared Interest, a cooperative society that pools its member assets.

For over 20 years, Shared Interest has provided Equal Exchange with vital working capital, and has partnered with us to provide low-interest, pre-harvest financing to farmer co-ops around the globe. Because of Shared Interest financing, farmer

co-ops can assure their members the best prices for their crops and cash when they need it most. In 2009, Equal Exchange partnered with Shared Interest to provide over half a million dollars in low-interest, pre-harvest financing to dozens of farming co-ops.

Our work with Shared Interest supports our 20 Year Vision for a "mutually cooperative community," with a lending co-op in the U.K. financing farmer co-ops in Latin America, Africa and Asia, that then sell to Equal Exchange co-op, which sells products to natural foods co-ops and others in the cooperative movement around the United States. Investors and customers of Equal Exchange, along with small farmers and financiers like Shared Interest, are doing more than moving coffee beans—we're building a cooperative world.

