



Fourth Annual Benefit Report of

FAIR ANITA,

A Minnesota Specific Benefit Corporation

February 11, 2019

FAIR ANITA

Sexual violence has been the “trendy” topic of 2018, from #MeToo to #TimesUp, allegations across every industry, a new story in every news cycle. But for many women, this hasn't been a trending topic, but rather one that has shaped their daily existence, a global pandemic that they've been struggling to draw attention to for many years.

At Fair Anita, working with survivors has long been at the heart of what we do. Financial insecurity is the #1 reason why women stay with abusive partners, so by providing fair trade jobs, women can potentially leave an abusive partner, or they're seen as having more value in their own homes, so abusive levels go down.

But economic opportunity isn't just good for women; it's good for the world. For every dollar a woman makes, between 80-90 cents is reinvested back into her family and communities, as opposed to 30-40 cents by men. Women work diligently to create better lives for their children; making sure they are fed and clothed, sending them to school, even putting them through college. Women's economic empowerment and leadership is key to overall economic growth and prosperity, and we are lucky to partner with so many of these changemakers.

Fair Anita is a social enterprise that empowers women in developing countries through dignified jobs and fair trade relationships. We sell cute + ethically-made + affordable products handcrafted by female artisans in 9 countries, giving women tools they need to improve their lives, while providing the chance for consumers to contribute to this positive life-changing process through their purchases. The sale of our products provides income to over 8,000 talented yet impoverished women. Our message is women investing in other women, creating positive impact globally.

Fair Anita exists to serve women.

We envision a shopping experience where customers can go to the store and know where their product is actually coming from. All products should be mission-based products—no product should exploit people in the making of it. We want customers to have the opportunity to make fashion-forward purchases that empower people rather than exploit them. Fair Anita is opening up a fair trade supply chain so that products that consumers love can also do good in the world.

History of Fair Anita

Fair Anita was incorporated as a Minnesota Public Benefit Corporation on January 2, 2015. After falling victim to rape and sexual violence, Joy became very passionate about women's rights. Feeling compelled to take action on the issue, she moved to Chimbote, Peru, and built the city's first battered women's shelter, working to heal herself while helping others tackle the same issue. After years of traveling and meeting with women from around the world, Joy McBrien founded Fair Anita as a way to provide economic opportunity to the women who need it most, the women who continually ask for it. Financial insecurity is the #1 reason women stay in abusive partnerships, and economic abuse affects 99% of women experiencing domestic violence. Sustainable jobs have the potential to create big impact in women's lives and their communities.

This is why Joy started Fair Anita, because of this clear need for a platform for these women to sell their products. We're so grateful for the support of our communities in these efforts, and we look forward to the growth Fair Anita will see in the coming years.

Management

Joy McBrien is the Founder and CEO of Fair Anita. Joy is a global learner who is passionate about creating opportunities for women and girls. She has worked with thousands of women around the world, using her empathetic nature to understand circumstances and develop creative solutions. As a graduate of the University of Minnesota in Entrepreneurship Studies, Nonprofit Management, and Design, Fair Anita combines her passions and strengths. Joy has been recognized for her leadership in this space, awards including: Top Ten Outstanding Young Minnesotans 2015, Open Hands Initiative Fellow 2016, and Minnesota Business Magazine's 35 Entrepreneurs Under 35 and Real Power 50 award. Joy is part of the Global Shapers community, and she was chosen to represent women's issues at the World Economic Forum's conference on Overcoming Social and Economic Exclusion with His Holiness Pope Francis, as well as participate in "Summer Davos" in China and lead a session on gender equity at the World Economic Forum's Sustainable Development Impact Summit. At Fair Anita, Joy is responsible for overseeing and implementing growth activities, such as marketing, artisan relationships, product development, and sales, in addition to setting the company's vision and making goals to create a more inclusive economy for women.

Fair Anita team members include:

- Anna Bottila: Operations Manager. Anna is a full-time team member at Fair Anita. She's responsible for all off-site sales, part-time staff management, inventory management, and customer service, and she plays a critical role in developing our retail and wholesale sales channels and our brand presence in the Twin Cities and around the country.
- Taylor Hall: Sales Associate and Inventory Manager. Taylor's passion for ethical supply chain brought her to our team, where she works offsite sales and helps with inventory.
- Nikki Luczak: Sales Associate. Nikki started with us at the end of 2018, our first sales associate based outside of Minnesota. She manages pop-up sales in WI and IL.
- Grace Nelson: Social Media Manager and Sales Associate. Grace started with us in the summer of 2018. She now manages our Facebook page and runs off-site sales.
- Cara Lahti: Marketing Strategy Associate. Cara has been a part-time staff member with us since 2016. She's responsible for our marketing campaigns and our Mission Ambassador program, as well as managing influencer relationships.
- Allie Hopkins: Sales Associate. Allie is a part-time staff member who is known for her outstanding customer service at our offsite sales. She helps with organizational development and sales fulfillment as well.
- PJ Valenciano: Digital Marketing Manager. PJ is a part-time team member based in the Philippines. She manages our SEO and online branding, including blog posts, Pinterest, Twitter, and Facebook.
- Rachele Green, Bailey Kinsky, Natalie Kinsky, Allie Emmert: Holiday Sales Staff. These ladies worked part-time for us over our busy holiday season to assist with sales.

Key advisors include:

- Debbie Walker-Kool, lawyer at Fredrikson & Byron
- Jeanne Voigt, strategy mentor
- Barbara Norrgard, marketing expertise
- Anita Caldas, namesake of Fair Anita

Highlights of the Year

January 7, 2018: **Debuted at Atlanta Gift Market**, gaining over 30 new wholesale customers and expanding our reach in the Southern U.S.

February 6, 2018: **Featured as "36 Social Entrepreneurs to Watch in 2018"** by Cause Artist for our work in growing ethical supply chains.

March 15, 2018: **Revamped website**, including new layout, pictures, mobile accessibility, and SEO updates, which greatly increased online sales.

March 25, 2018: **Attended Fair Trade Federation Conference** in Denver as a vendor and new member, meeting many of our fair trade friends face-to-face for the first time!

April 1, 2018: **Visited artisan partners in India, Vietnam, and Cambodia**, and designing alongside artisans for 2018 and 2019 collections.

May 25, 2018: **Formalized partnership with new fulfillment center**, allowing us space to warehouse our products and a great partnership to ship out orders super speedy!

June 5, 2018: **Visited artisan partners in Ethiopia**, bringing along 3 students from the University of Minnesota to learn more about social enterprise growth and operation.

August 25, 2018: **Exceeded sales goals at summer trade shows**, entering the holiday season with over 500 retail partners (compared to last year's 150).

September 3, 2018: **Hired bookkeeper**, which may sound like a small feat, but it has been a huge step for our business!

September 20, 2018: **Joy invited to "Summer Davos" with the World Economic Forum** in China to speak on creating inclusive economies for women in the 4th Industrial Revolution.

October 20, 2018: **Joy embarks on "Fair Trade Speaking Tour,"** visiting retail partners across Minnesota, Wisconsin, and Illinois to speak on how fair trade impacts women around the world.

November 1, 2018: **Expanded pop-up markets to WI and IL**, hiring Nikki Luczak as a part-time sales associate.

November 25, 2018: **Featured in TPT's video "Gender Equality One Paycheck at a Time,"** produced by Diana Fraser.

December 2, 2018: **Our biggest sale day of all time**, held at Colonial Church in Edina. We sold over \$17,000 in one day. \$14,000 came from one 1.5 hour sale at the church!

December 23, 2018: **Participated in over 80 popup markets** throughout November and December, our highest being 12 markets in one weekend!

December 24, 2018: **Featured in Twin Cities Business Journal** as a "Leader In Giving" amongst Minnesota giants like Cargill, Ecolab, and General Mills.

Our SBC Mission:

*Empowering under-resourced women throughout
our supply chain and business operations.*

Pursuit of Mission

With regard to the period covered by this report, January 1, 2018 to December 31, 2018, Fair Anita pursued the specific benefit purpose stated in its articles in the following ways.

- **Selling fair trade products.** As a business, our main activity is the creation and selling of fair trade products, made by over 8000 women in 16 countries. The sale of these products provides fair incomes, good working conditions, and a sustainable job to women around the world. Part of our mission is to fill a gap in consumer markets by sourcing fair-trade goods that are designed to appeal to a younger and more mainstream demographic and at lower prices than are average for fair trade consumers. This brings a new demographic to ethical, fair trade purchasing, which ultimately increases opportunity for our artisan partners to create and sell their products. Resources devoted to this include: staff time, marketing, website development and maintenance, order fulfillment, shipping products, off-site sales, building wholesale partnerships, creating relationships with customers, and managing an authentic brand.
- **Increasing capacity** in design and business of artisan groups. Fair Anita not only buys and sells products from fair trade artisan groups, but we work with the women to increase their competencies, allowing their businesses to grow and enabling them to hire more women. We work with them on design skills, which helps us be able to sell more product. We regularly work on business acumen as well, making sure all costs are accounted for in their pricing strategies and figuring out the best ways to improve the supply chains. This year, we worked in-person with artisan groups in India, Cambodia, Vietnam, and Ethiopia, in addition to working with groups in 14 other countries over the internet.
- **Providing mentorship** and guidance to entrepreneurs across the U.S. and globally. We worked with hundreds of entrepreneurs, primarily those looking to start mission-driven businesses, to help them prepare, launch, and/or scale. We worked primarily with young entrepreneurs, often meeting with students to help them think critically about their business models.
- **Hosting workshops** for women in the US. We organized and led 2 workshops on topics of women's empowerment and anti-racism. At Fair Anita, we believe that anti-racism work is absolutely critical to the feminist movement, and as a social enterprise (primarily led by white women) working with artisans in 9 countries, it is of utmost importance that we are always pushing ourselves further in our understanding of anti-racism work.
- **Donating to causes** that further Fair Anita's mission. We made donations, both in-kind and otherwise, to nonprofit organizations that support women around the world and in the Twin Cities. These include (but aren't limited to): UN Women, Dress for Success, Girl Scouts, Laura Jeffrey Academy, Emily Program, YWCA, and Men Stopping Violence.

Impact

Fair Anita is creating impact in Minnesota and across the world. Here's how we succeed in meeting the goals of our specific benefit purpose:

By selling fair trade products.

- **Impact of selling products on earning opportunity for women.** In 2018, Fair Anita generated income for women employed by our primary artisan partners in the following countries:
 - India: \$168,338.80 (330% growth over 2017)
 - Ethiopia: \$40,342.77 (92% growth over 2017)
 - Cambodia: \$32,708.00 (295% growth over 2017)
 - Peru: \$16,928.00 (19% decline due to payment cycles)
 - Egypt: \$13,502.73 (366% growth over 2017)
 - Chile: \$13,457.55 (26% decline due to payment cycles)
 - Mexico: \$12,748.60 (59% decline due to payment cycles)
 - Vietnam: \$10,927.63 (577% growth over 2017)
 - South Africa: \$6,000.00 (24% growth over 2017)
 - *Total sent to artisan partners: \$314,954.08 (112% growth over 2017)*
- **Impact of selling products on improving the lives of artisan partners.** These jobs provide a path to economic independence for at-risk or marginalized women.
 - **Providing sustainable jobs.** We are committed to longevity, continuity and reliability in our fair trade relationships. These characteristics allow our artisan partners to be forward thinking in a number of ways, including employing additional artisans.
 - 52% of artisans reported that working with Fair Anita has allowed them to employ additional artisans.
 - "Fair Anita is easy to work with, and it makes us live easier to know that they keep placing orders with us."—Peru
 - **Increasing organizational capacity.** Our artisan partners strive to produce more than fair trade goods, they seek to create stable and inspiring opportunities for women in society. By paying artisans fair wages and committing to long-term partnerships, we enable artisan groups to invest in production and organizational development simultaneously.
 - Artisans report growing capacity, creating more jobs and educating clients as their goals for the future. We are committed to helping our partners realize those goals.
 - **Improving women's status in the community.** We believe that investments in women are investments in the community. The results of employing groups of women with fair wages and long-term opportunities spread beyond the artisan cooperatives themselves.
 - 100% of artisan groups strongly agree that fair and sustainable jobs improve women's status in their community.
 - 90% of artisan groups agree that economic opportunity is essential for women experiencing domestic abuse.
 - **Maintaining responsive and accountable partnerships.** Meeting and exceeding artisan partner's needs is our primary motivation. We strive to provide open communication and responsive behavior in all of our partnerships, and our artisan partners know this about us.
 - On average, artisan groups indicated being "strongly satisfied" with the current state of our fair trade relationships.

- "I find working with Fair Anita to be very easy. They respond very quickly and have many new ideas for products, which helps us sell more." – India
- **Artisan testimonials**
 - "Thank you, Fair Anita, for the good work. We are grateful for the opportunity to demonstrate our abilities and share our talents with your customers." – Peru
 - "We are always so happy to receive an order from Fair Anita! We are excited to work with our partners and customers in the U.S.A." – Vietnam
 - "Because of fair trade work, we're able to raise our children differently. We're able to provide them with education. We have a better living standard than before. Before, the small children didn't have shoes to wear, but now, the children go to school and have clothes to wear. We have our own transport, a motorbike. We're able to save some of our earnings and invest in buying more animals, like chickens and cows." – Cambodia
 - "I was fortunate that I met a fair trade cooperative making bags of cotton and leather. Knowing my problems, they supported and gave me some work. Since I had never worked before, I was a bit nervous in the beginning. It took some time to learn the work. I like my work and it gives me more confidence. It all turned out to be a new lease of life for family and myself. I was happy that we could survive and my children could continue their school. Self respect and dignity is very important for me. I am happy that we all respect and help each other. I feel like a family, working here. I also receive my wages on time." – India
 - "We are crying with happiness when we work. With our disabilities, we never thought we would earn money like this." – Peru
 - "Thank you Fair Anita for the love and the trust that you have in us. It is beautiful to know that we are cared for and appreciated by people in other countries, and that other people find value in my work. My sincere congratulations for the work you're doing for women who suffer from violence. You give them value and raise their esteem so they can move forward." – Peru
 - "I came to this community 12 years ago, right after my husband and daughter passed away. It took me years to accept that I have HIV/AIDS in my blood. It has been 6 years since I started with this artisan group, and I'm very thankful for it because through this job I have started living again." – Ethiopia
 - "I love this work and it has definitely made a big impact on my life. I am able to make jewelry in my own home, and I am able to care for my disability without others making it harder for me. People love the pieces I make, and that brings me so much joy and motivation." - Chile
- **Impact of selling products for our customers.** Fair Anita successfully marketed and sold products to customers in 50 states in U.S. and Canada in 2018. In early 2019, we conducted a mixed-methods survey to measure our progress in pursuit of mission. The survey results show that we successfully engaged with our target demographic in 2018 and communicated our mission to customers.
 - **Reaching a younger demographic.** The majority of our customers are under the age of 34, indicating our client base is significantly younger than the average fair trade demographic (women 40-65). We continue to sell our products to people of all ages, but our sales records show that our goal of engaging a younger market in fair trade has been successful in 2018.

- The largest age group of survey respondents was women 25-34 (34%), the second largest women 35-44 (24.5%), and the third largest women 18-24 (17%). According to our Google Analytics data, 37.62% of all website visitors in 2018 were between the ages of 25-34, followed by women ages 35-44 (19.81%) and 18-24 (13.77%).
- **Selling fair trade goods at an affordable price point.** 95% of survey respondents say that our price point is "just right." Other options included "too high" and "too low." Our average product price is currently \$20 retail.
- **Competing with free market firms.** 75% of participants purchased Fair Anita products as substitute goods that they would otherwise purchase in the free market, meaning they chose our mission-based product over other options.
 - 24% of survey respondents purchased Fair Anita products as an act of philanthropic giving, meaning they potentially purchased the product solely because of the associated mission.
- **Reaching new customers.** About 85% of our customers in 2018 were new to Fair Anita.
 - We grew our social media following online from January 2018 to December 2018.
 - Facebook: 1547 to 1945
 - Instagram: 2573 to 3623
 - We partnered with new retailers to get Fair Anita products to a wider audience.
 - Wholesale partners increased from 208 to about 500
 - 100% customers say they are likely or very likely to recommend Fair Anita to a friend
 - 27% of our sales were done in pop-up shops, 18% retail online, and 55% through wholesale partners.
- **Communicating our mission as a social enterprise.** While our customers purchase our products for a variety of reasons (price, design, mission, convenience, etc), it is clear that they are aware of our mission.
 - 98% of our survey respondents believe that women's economic empowerment is positively correlated with breaking the cycle of domestic violence.
 - About 75% of our entire customer demographic understand the term "fair trade." 85% of our online survey respondents understood this term, likely proving that we do a better job of educating customers online vs in person.
 - 100% of survey respondents are more likely to purchase a product if they know it is fair trade.
- **Customer testimonials**
 - "I love all the variety. The work is impeccable, and I truly appreciate all their work and show it off with pride."
 - "Fair Anita is so easy to work with. Their jewelry has done very well in our stores. Great product! Great prices! Great customer service! Great mission!"
 - "Cute products, GREAT price, invaluable mission"
 - "Great variety of cute designs! Sometimes fair trade doesn't equate to things that are 'in style'"

opportunity to spend two weeks working side-by-side with the artisans. We developed 50+ new designs, worked through quality control and packaging, and developed a much stronger understanding for pricing these products. As a result, we were able to design products for a lower price point, using the beads that cost less money to create. We sell far more products when they're at a lower price point, so as a result we were able to grow both partnerships in Ethiopia pretty dramatically with a 92% increase in dollars sent to artisan partners in 2018. This means more fair trade jobs for women in Addis, and they're doing incredible things with this opportunity. Women are purchasing homes, sending children to school and college, and buying the life-saving medicines they need to manage their HIV status. We are so impressed by these artisans, and the opportunity to grow together has been phenomenal

A note on measuring impact.

- We understand that the women we are working with are capable, competent people, who, like all women, are trying to create better lives for themselves and their families. We cannot attribute all of their successes solely to the opportunities that Fair Anita has created, as they are likely exploring multiple approaches to improve their livelihoods. We used a mixed methods approach, gathering both qualitative and quantitative information, to determine the impact of Fair Anita. Some of our artisan partners work with other distributors for their products, so often times, the impact in artisans' lives can be attributed to more than one organization. That being said, we're proud to contribute to the happiness, safety, income stability, and respect that these women are achieving.

Strategic Directions for 2019

In order to scale Fair Anita sales and impact, we've determined the following goals for the next year:

- **Continue to improve communication with artisans.** Fair trade is called "inefficient supply chains" for a reason, and while we take pride in the relationships we've built with artisan partners around the world, we're realizing we still have many improvements to make. Our small team needs to be in nearly constant communication with partners to ensure we receive shipments in a timely manner. We are expanding our processes around supply chain management.
- **Utilize online sales trends to grow our margins and our mission.** In 2018, online retail sales were just 18% of our overall revenues. These sales give us the highest margin on product and are the easiest to manage, so we would like to focus on increasing our online sales. The higher margins will help ease some of our cash flow issues, as we pay artisans upfront for their products. In 2019, we will focus on SEO and online advertising to drive people to the website, as well as make some website improvements that encourage visitors to convert to customers.
- **Expand brand presence throughout the U.S.** Right now, while we've sold to customers in every state and varying countries around the world, our sales are still very Midwest-centric (Minnesota, specifically). We are focusing on expanding our brand presence this year, both through strategic retail partners and influencers, but also potentially hiring part-time staff to run pop-up markets in other regions.
- **Find innovative ways to reach new customers.** As trade shows seem to be a dying industry, we need to prepare for new ways to find wholesale partners, as our wholesale channels move the most product, therefore creating the most fair trade jobs.

- "You're great at keeping us in the loop. I love how transparent you are and the inside scoops we get when you travel. Basically your instagram stories!"
- "I appreciate the quality and innovative design at very reasonable prices. One of the few merchants supporting social causes I can contribute to on account of the price points."
- "Communication is great. Service is perfect. Designs and price point = great."
- "Marketing and communications. The mix of personal posts from Joy (with parts of her story, pictures from trips, celebration of her business partners, etc.) and product highlights and information on fair trade and gender equity is awesome and keeps me engaged. All of the web and social media materials are fun, authentic, empowering, and eye-catching."
- "You are doing a great job of promoting fair quality goods and support of women all around the world."
- "I love my Fair Anita jewelry! Not only is it cute and affordable, but it supports women!"
- "Thank you for being a positive role model in today's world. Keep up the good work and spreading the positivity"
- "I just received three pairs of earrings I ordered. I planned to use one or two pairs for gifts, but they are so beautiful, I am having a difficult time choosing which ones to give! I hate to sound selfish, but I would like to keep all of them! I received them quickly and they were packaged very well."
- "I just wanted to say how much I've appreciated Fair Anita customer service. Since Amazon prime has become the norm, it's easy to take fast shipments for granted. It wasn't until I placed a few other orders online with small businesses that I was reminded that isn't always the case. I appreciate that small businesses have a lot going on, and not always a ton of resources, so I think it's extra special that you prioritize your customers. The thank you note with each order is also a great touch. Keep it up, you guys are the best!"
- "Your personal notes and customer service were great! Fair Anita provides customer service with a personal touch, positive, and consistent communication about the mission."

By increasing capacity.

- **Impact of capacity building with attracting new markets to increase sales.** Fair Anita provides consultation to artisan partners on product designs, creating products that are more likely to appeal to younger US consumers. Nationally, this is a new and emerging market for fair trade, as fair trade products are traditionally sold to women ages 40-65. Because Fair Anita is able to help artisans create jewelry for a younger demographic, they're able to sell more product; both to their typical fair trade retailers with their traditional designs, and to new fair trade partners (including Fair Anita) with the younger, trendier designs. According to leaders from 8 of our artisan partners, this opened up a totally new demographic, allowing them to increase production and sales. For some of these partners, including groups in Peru, Chile, Mexico, and India, the new sales opportunities meant they were able to create new jobs for additional women in their communities.
- **Impact of capacity building with our artisan partners in Ethiopia.** Fair Anita works with two artisan partners based in Addis Ababa, Ethiopia. In June 2018, we had the

Additionally, millennials are becoming more skeptical of paid advertisements, so it's vital that we think strategically about how to reach retail customers that would be excited about our mission.

- **Assist other mission-driven businesses in their launch and growth.** We are starting to develop some online materials for early-stage entrepreneurs to use to help them start new social enterprises. We'd love for all business to be mission-driven business, and we believe it's partially our responsibility to help make this a reality!

CERTIFICATION BY THE BOARD OF DIRECTORS

The undersigned, being all of the directors of Fair Anita, hereby acknowledge and certify that we have reviewed and approved the enclosed Fourth Annual Report.

A handwritten signature in cursive script, appearing to read "Joy McBrien".

Joy McBrien



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Steve Simon

Steve Simon
Secretary of State