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Office of the Minnesota Secretary of State

Minnesota Public Benefit Corporation / Annual Benefit Report



Minnesota Statutes, Chapter 304A

Read the instructions before completing this form

Must be filed by March 31

Filing Fee: \$55 for expedited service in-person, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.

Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. File Number _____

2. Corporate Name: (Required) FAIR ANITA SBC

3. The public benefit corporation's board of directors has reviewed and approved this report.

4. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

see attached

5. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

[Signature]
Signature of Public Benefit Corporation's Chief Executive Officer

3/10/23
Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

JOY.MCBRIEN@GMAIL.COM

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

JOY MCBRIEN

651 338 3842

Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?

Yes No

Eighth Annual Benefit Report of

FAIR ANITA,

A Minnesota Specific Benefit Corporation

March 10, 2023

FAIR ANITA

OUR MISSION

We're on a mission to build a company that's good for the world: both people and the planet. We do this by creating space for individuals, especially women, to feel safe, valued, and respected—no matter their geography.

This mission has led us to work with 8,000+ change-making women around the world, who are on their own missions to improve their lives, children, and communities.

At Fair Anita, we are committed to creating economic self-sufficiency for women. Our work takes root from working with survivors and has long been at the heart of what we do. We believe that economic opportunity benefits not only women but the world.

The United Nations states that for every dollar a woman makes, between 80-90 cents is reinvested into her family and communities, as opposed to 30-40 cents by men. Women, in particular, work diligently to create better lives for their children; making sure they are fed and clothed, sending them to school, and even putting them through college.

Women's economic empowerment and leadership are one of the keys to overall economic growth and prosperity. We are fortunate to partner with so many of these changemakers.

FAIR ANITA AS A SOCIAL ENTERPRISE

Fair Anita is a social enterprise that supports women in marginalized communities through dignified jobs and fair trade relationships. We sell cute + ethically made + affordable products handcrafted by female artisans in 9 countries.

We invest in women to create a positive impact globally. The sale of our products provides income to over 8,000 talented women.

Through our partnerships, we are giving women the resources they need to improve their lives while providing the chance for consumers to contribute to conscious supply chains through their purchases.

We envision a shopping experience where customers can go to a store and know where the products come from. To us, all products should be mission-based, which means that no product should exploit people in the process.

Our goal is for our 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. Dignified relationships all around.

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 worked alongside local leaders to build 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. 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 a big impact on women's lives and their communities. This is why Joy started Fair Anita, to address the clear need for a platform for these women to sell their products.

Management

Joy McBrien is the Founder and CEO of Fair Anita. She 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.

Joy is a graduate of the University of Minnesota in Entrepreneurship Studies, Nonprofit Management, and Design. Fair Anita combines her passions and strengths. She has been recognized for her leadership in this space, with awards including Top Ten Outstanding Young Minnesotans 2015, Open Hands Initiative Fellow 2016, Minnesota Business Magazine's 35 Entrepreneurs Under 35, Real Power 50 award, and others.

She is part of the Global Shapers community, representing women's issues at the World Economic Forum (WEF)'s conference on Overcoming Social and Economic Exclusion with His Holiness Pope Francis, and at "Summer Davos" in China leading a session on gender equity at the WEF's Sustainable Development Impact Summit.

At Fair Anita, Joy is responsible for overseeing and implementing growth activities, such as sales/marketing, artisan relationships, and product development; in addition

to setting the company's vision and making goals to create a more inclusive economy for women.

2022 Fair Anita team members included:

- Libby Ames: Inventory Manager (FT¹). Libby manages our warehouse, inventory levels and purchasing, fulfillment part-time staff, and leads our fulfillment team.
- Taylor Hall: Marketing and Analytics Manager (FT). Taylor's passion for ethical supply chain brought her to our team, where she manages our marketing efforts (emails, website, ads, etc.).
- Mary Lind Mahmud: Sales Director (FT). Mary Lind joined our team in September as Interim Director of Sales, and we've been thrilled to have her teach us critical sales strategies and increase our wholesale partnerships.
- Kelley Hidding: Inventory Associate + Market Coordinator (PT²). Kelley is a critical part of our fulfillment team, making sure orders get out the door in a timely manner, with no inventory or shipping errors! She also manages our pop-up market staffing and schedule.
- Zibby Trow: Sales Manager (PT). Zibby leads our customer service and plays a critical role in developing our retail and wholesale sales channels. She is responsible for our team's internal processes.
- PJ Valenciano: Digital Marketing Manager (PT). PJ is a part-time team member based in the Philippines. She manages our SEO and online branding, including blog posts, Pinterest, and Twitter.
- Kam Short: Marketing Associate (PT). Besides being our most popular model, Kam manages all of our social media pages, staffs the showroom, helps with pop-up markets, and contributes greatly to our marketing team.
- Stefanie Palmer: Photographer (PT). This talented woman managed all of our product and model photography in 2022.
- Nikki Luczak: Sales Associate (PT). 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.
- Joanna Quealy: Sales Associate (PT): Joanna manages visual merchandising and off-site pop-up sales in Illinois.

Our Board of Directors includes:

- Jeanne Voigt: strategy and impact investor
- May Swenson: operations, inventory, and supply chain expertise
- Joy McBrien: Fair Anita CEO & Founder
- (unofficial) Anita Caldas, namesake of Fair Anita

¹ Full-Time Employee at Fair Anita

² Part-Time Employee at Fair Anita

Highlights of the Year

March 2022: **Accepted into the Lunar Startups Cohort**, a 6 month business accelerator program.

April 12, 2022: **Celebrated Anna Bottila's transition** after working for Fair Anita for nearly 7 years. We so appreciate her many, many contributions to our team!

April 28, 2022: **Joy gives keynote address** at the annual meeting of Ten Thousand Villages Evanston, one of Fair Anita's retail partners.

May 21, 2022: We participated in **our first successful Art-A-Whirl**, welcoming thousands of visitors and shoppers to our Minneapolis showroom and warehouse.

July 27, 2022: **Our team has our second annual Fair Anita Summer Camp**, a fun day filled with team-building activities and goal-setting.

August 2022: **Visited artisan partners in South Africa**, working together on new product ideas and designs.

September 1, 2022: **Mary Lind Mahmud joins our team as Interim Director of Sales**, bringing with her some big energy + passion for fair trade!

October 2022: Joy **hosts the Fair Trade Federation Board of Directors in Minneapolis** for 3 days, serving as the President of the Board.

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, 2022, to December 31, 2022, 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 9 countries. The sale of these products provides fair incomes, good working conditions, and sustainable jobs 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/or 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 the 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, supporting their business growth, and hiring additional artisans. We work with them on design skills, which helps us be able to sell more products and increase their sales. 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, all of our capacity-building work was done virtually.
- **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.
- **Anti-Racism work** focused both abroad and here in the U.S. At Fair Anita, we believe that anti-racism work is absolutely critical to the feminist movement. 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. Joy is a founding member of the Fair Trade Federation's JEDI (justice, equity, diversity, inclusion) Committee to further anti-racism work within the larger fair trade movement, and we continue to further these conversations with our customers.

- **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): *Women's March, Dress for Success, Sisterhood Boutique, Ann Bancroft Foundation, Survivor's Memorial, YWCA, and Women Venture.*

Impact

Fair Anita is creating an 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 opportunities for women.** We are proud to have maintained steady income for our partners. We continued to pay upfront payments to all of our artisan partners. In 2022, Fair Anita generated income for women employed by our primary artisan partners in the following countries:
 - o India: \$205,592.70 (27.5% increase from 2021)
 - o Peru: \$35,870.00 (19.14% increase from 2021)
 - o Mexico: \$23,361.27 (61.9% increase from 2021)
 - o Cambodia: \$22,055.80 (14.1% decrease from 2021)
 - o Ethiopia: \$14,878.44 (242% increase from 2021)
 - o Chile: \$11,423.00 (35.8% increase from 2021)
 - o Vietnam: \$11,386.75 (1014% increase from 2021)
 - o South Africa: \$3,352.50 (55.4% increase from 2021)
 - o Egypt: \$660 (90% decrease due to payment cycles)
 - o **Total sent to artisan partners: \$328,580.46 (29% increase from 2021)**
 - All-time total: \$1,722,258.44 (1/2/2015-12/31/2022)
- **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.
 - o **Providing sustainable jobs.** We are committed to longevity, continuity, and reliability in our fair trade fair relationships. These characteristics allow our artisan partners to be forward-thinking in a number of ways, including employing additional artisans.
 - 25% of artisans reported that working with Fair Anita has allowed them to employ additional artisans. This number is lower than in previous years as a result of the ongoing pandemic.
 - o **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 support artisan groups' work 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.
- o **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.
 - Continued this year, artisans reported a strong desire to focus on their ability as cooperatives to support their neighbors and community through the pandemic (and economic implications). We are committed to supporting artisan partners in making this goal a reality.
- o **Maintaining responsive and accountable partnerships.** Meeting and exceeding artisan partners' 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.
- o **Artisan testimonials**
 - "We are grateful for this work so that artisans with different abilities can have fair payment and feel useful, especially as those who suffer physical and psychological violence are excluded by the society in which we live and especially within their family environment. They can enjoy their fair wages and spend them as they choose, without having to ask anyone. Artisans with disabilities feel emotional when they realize they can work, and for some, it helps them be less shy and serves as physical therapy, especially hand therapy." – Peru
 - "We are successful because women artisans put our hearts into what we do, always thinking about what we can achieve together, and how to help each other. We do our best so that more women can join such a beneficial project. The relationship with Fair Anita is excellent because we feel like a part of the company. As artisans, we are always giving our best because we also feel understood as human beings." - Mexico
 - "We are heartily thankful to Fair Anita, with the fact that during the last difficult years, your orders have immensely contributed and were the lifeline for all of us." – India

- “With support and purchases from Fair Anita, we manage to continue to employ workers in 3 provinces total of 140 families and workers. It is such a special blessing for our team that we need work to do and they can work from home during the pandemic lockdown. This means so much to us during difficult times. We are so grateful for the strong partnership and commitment of the Fair Anita team. On behalf of our artisans and workers, I would like to thank you so much for your support and collaboration, this means so much for us that our cooperative can fulfill the need of to marginalize and disabled to continue jobs for their daily life.” - Cambodia
- “We have a long-standing relationship with Fair Anita and are very happy working with them. This company has been sending orders, which have increased its quantity over time since it started working with us more than 7 years now. It is easy to communicate and get a response from them, by ordering from us they helped us to empower more women living with HIV/AIDS. It is truly a great pleasure working with them, their orders not only benefit the organization but also the women who are directly working with us.” – Ethiopia
- **Impact of selling products for our customers.** Fair Anita successfully marketed and sold products to customers in 50 states in U.S., Canada, and across parts of Europe in 2022. In early 2023, we conducted a mixed-methods survey³ to measure our progress in pursuit of our mission. The survey results show that we successfully engaged with our target demographic in 2022 and communicated our mission to customers. We also used our online analytic data to provide these results.
 - o **Reaching a younger demographic.** The majority of our customers are under the age of 45, indicating our client base is significantly younger than the average fair trade demographic (women 60-75). 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 2022.
 - The largest age group of survey respondents was women 25-34 (25%), the second largest was women 35-44 (24.4%) & 45-54 (24.4%). According to our Google Analytics data, 24.3% of all website visitors in 2022 were between the ages of 25-34, followed by women ages 35-44 (21.8%), and 18-24 (18%).
 - o **Selling fair trade goods at an affordable price point.** 91.2% 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.
 - o **Competing with free market firms.** 64.6% 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.

³ The survey was sent to retail customers through email and social media. There were 113 respondents.

- 25.7% 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.
- o **Reaching new customers.** About 25% of our customers in 2022 were new to Fair Anita.
 - We grew our social media following online from January 2022 to December 2022.
 - Facebook: 3398 to 3612
 - Instagram: 7559 to 7802
 - We partnered with new retailers to get Fair Anita products to a wider audience.
 - Wholesale partners increased from 915 to 1300
 - 85% of surveyed customers say they are likely or very likely to recommend Fair Anita to a friend
 - This year, 14% (aligned with 2021's revenue channels) of our revenue was generated at pop-up shops, 77% through Purchase Orders, trade show orders, and online purchases with our wholesale partners, and 9% of revenue came from online retail purchases. We were intentional in our pursuit of wholesale over retail purchases in 2022.
- o **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.
 - About 80% of our entire customer demographic understand the term "fair trade." 90% of our online survey respondents understood this term, likely proving that we do a better job of educating customers online vs in person. This number is higher than it has been in past years, likely because the large majority of sales happened online.
 - 58.5% of survey respondents are more likely to purchase a product if they know it is fair trade and sustainable.
- o **Customer testimonials**
 - "I LOVE this company!!! It's my go-to for jewelry!"
 - "I gifted my Fair Anita earrings to my bridesmaids and it was so special and meaningful."
 - "Unbeatable customer service"
 - "Love your products...Love your mission and Joy's story."
 - "Thanks for making it easy to look cute and support others!"
 - "I love your mission and the jewelry."
 - "I've been a long-time customer and things just keep getting better and better. Thank you for doing this work and making jobs available for women. I will always support this organization and wear the jewelry proudly!"
 - "As someone who works in a high school, my paycheck cannot often support the fair trader purchases I'd like to. I LOVE that Fair

Anita is a mission-driven place I can support on my educator salary!”

- “Love so many of your pieces and the prices are perfect for gift-giving to make more people aware of your mission.”
- “Nothing more than simply feeling great about the company and loving what they support, represent, and the products that they offer.”

By increasing capacity.

- **Impact of capacity building by 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 60-75. According to leaders from 8 of our artisan partners, this opened up a totally new demographic, allowing them to increase production and sales.

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 (and should not) 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. Some of the languages we’ve used above (including our stated mission) are the legal terminology needed for this legally-binding report. 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 oftentimes, the impact on 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 2023

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

- **Implement comprehensive ERP system.** We are choosing to implement Netsuite ERP, which will allow our organization to sync sales, customer, inventory, and other data across many platforms. We aim to streamline our inventory management systems and make reordering products easier and smoother with our artisan partners, so there is no lag in our timing or cycles.
- **Focus on messaging and branding that is fully rooted in our feminism.** It’s time we re-vamp our branding and become more vocal about the issues that matter to us! Our social enterprise has always been a feminist organization, and we’re more ready than ever to live out those values.

- **Build out custom order process, focusing on wholesale channel development.** Over the last year, we've piloted some custom products that can be personalized to meet the needs of our retail partners. We're looking to more fully develop this program, making it a no-brainer for all stakeholders. This will also allow us to partner with different retailers that couldn't find a "fit" with our products previously.

CERTIFICATION BY THE BOARD OF DIRECTORS

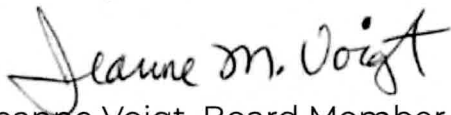
The undersigned, being all of the directors of Fair Anita, hereby acknowledge and certify that we have reviewed and approved the enclosed Eighth Annual Report.



Joy McBrien, CEO & Founder



May Swenson, Board Member



Jeanne Voigt, Board Member



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Steve Simon

Steve Simon
Secretary of State