

# ANNUAL REPORT AND FINANCIAL STATEMENTS

## For the year ended 31 December 2019

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## MESSAGE FROM THE CHAIR

### *In his first full year as Chair of the Fairtrade Foundation's Board of Trustees, Lord Mark Price reflects on the last year and the challenges ahead in 2020*

Over the past several months, the world has shifted seismically; and as we all find our societies changed, perhaps irrevocably, by the COVID-19 pandemic, it is my hope that together, in recognition of how interconnected we all are, we aim to rebuild a global community that is prosperous for all.

Certainly, that is what we at Fairtrade are focused on doing. We're more galvanised than ever to do more to help the world's most vulnerable left exposed by the outbreak – in all our societies and particularly in the global south. Those people who struggle to eat, who don't have water or soap to protect themselves and can't stay safe. Those who do not have a home nor the means to self-isolate and have had their already poor incomes devastated.

The Fairtrade movement has always spoken up for communities living on the sharp end of trade. As I reflect on 2019, our key campaigns challenged consumers, businesses and the government to recognise the crises facing farmers and take action to address the exploitation and injustices in the coffee and cocoa trades in particular.

Devastatingly in recent years, the conventional market has paid so little for these commodities that farmers cannot afford to live decent lives and many have abandoned farming – for example for much of 2019 the world coffee price was around \$1.00 a pound, below the Cost of Sustainable Production and below the Fairtrade Minimum Price of \$1.40 a pound, a lifeline that protects Fairtrade farmers from the worst impacts of low pay. Our campaigns in 2019 highlighted what this means for the average cocoa farmer, who as a result earns less than 74p per day, and the 61 percent of coffee farmers who earn well below the cost of production.

Last year, we were also proud to mark 25 years since the first pioneering products bearing the iconic FAIRTRADE Mark hit our shelves in the UK. While we celebrated our achievements – particularly the 1.1 billion dollars in Premium generated over that time, which led to transformational changes for many communities – we also spoke about the scale of the challenges. **The fact remains that we're still unable to help every Fairtrade farmer achieve a living income because they aren't currently selling enough of their produce to the Fairtrade market. Farmers only benefit from increased incomes from the Fairtrade market for a proportion of their harvests.**

That said, Fairtrade farmers have some big supporters in retail and on the high street, and with brands sourcing ingredients and bringing out new products all the time. Thanks to them, many communities are gaining opportunities to thrive. But if they are to truly trade their way out of poverty, more businesses must source Fairtrade in greater volumes.

We know how much consumers care about the people who work hard to produce the food, clothes and everyday items we all rely on. Businesses are increasingly taking greater responsibility for the sustainability of their supply chains too, but if people aren't paid fairly for what they do, they simply will be unable to survive – as we've seen starkly this year. That's why we call on everyone who can, to buy more Fairtrade.

A living income should be a human right, but it is also an imperative in today's world if we want to empower farmers and workers in the global south to be self-sufficient. It's critical to redress inequality in trade, and the gender imbalance in particular that blights many communities, so that farmers and workers can respond to the significant challenges they face.

Trade injustice, exploitation and low prices perpetuate poverty. That's why, as this report shows, Fairtrade has opportunities for programmes and partnerships with businesses and government departments such as DFID, to ensure more of the value of our everyday products gets back to the farmers and workers who worked hard to produce them. We're also advocating proactively, with others in the trade justice movement, that Brexit becomes an opportunity to put in place trade deals that give countries an opportunity to add value in manufacturing, for example. Low or zero tariffs on processed products – such as roasted coffee beans – could enable them to do that.

The communities who rely on their land and provide us with everyday goods we want to keep consuming are also suffering the effects of climate change more than anyone else globally. We must enable them to invest in sustainable farming, and ensure they have the technology and resources needed to adapt- already through training and Premium investment Fairtrade is supporting the adaptation, but there is more to do as change continues.

**At Fairtrade, we're more dedicated than ever to securing a better future for people in fragile supply chains, as today, millions of communities around the world are in crisis. That's why we must call on all our supporters, and anyone reading this report, to do what you can to support us, and act now. Help us to support producers through this historic time. We need to show businesses how much demand there is for Fairtrade, and that means more campaigners need to speak up and amplify the voices of farmers and workers.**

Next year, we'll be launching a new strategy, which above all else will focus our efforts to call on businesses, our leaders and the public to understand why it's critical that the people who produce our food are paid enough, and despite the global economic woes we're all facing, why we must champion fair trade. It's in all our interests, now and in the future.

## OUR VISION, MISSION, OBJECTIVES AND ACTIVITIES

### OUR VISION

Fairtrade's vision is a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.

### OUR MISSION

Our mission is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives.

### OBJECTIVES AND ACTIVITIES

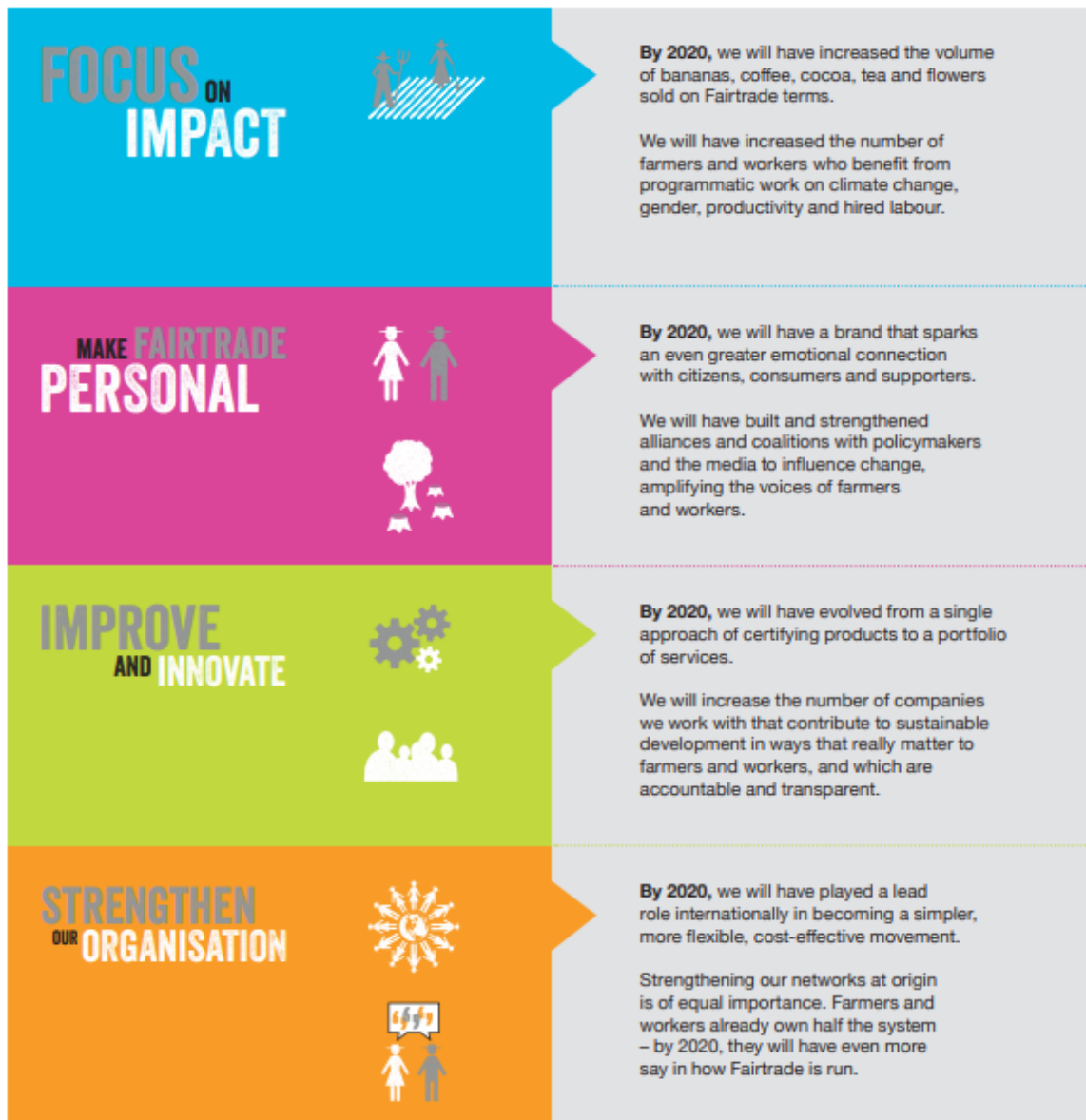
We live in a world where too many farmers and their families are still going hungry, paid too little to afford healthcare or education for their children. We live in a world where workers toil in dangerous conditions, and exploitation is still rife. There are big issues like climate change to tackle. Our objectives are to fight poverty by changing trade, and to highlight the issues affecting farmers and workers across the world who work hard yet still struggle to survive. We elevate the voices of farmers, speaking truth to power. By choosing Fairtrade, shoppers, supporters, businesses, schools and campaigning groups have created change through their everyday actions. They have supported farming communities to feed their families, and fund ambulances, maternity clinics and health centres. Remote, marginalised communities now have infrastructure that didn't exist before – schools, electricity and clean water.

To achieve our objectives, our activities include:

- **Offering businesses and consumers a number of ways of engaging with Fairtrade.** This includes licensing the use of the iconic FAIRTRADE Mark, and Fairtrade Sourced Ingredients, both of which are ways to source on Fairtrade terms. Meanwhile, our programmes and business partnerships support and offer expertise to companies, so they can play a greater role in transforming trade for the better.
- **Using research to raise awareness of the challenges facing poor communities around the world.** Sharing the evidence of what works to address the root causes of poverty and injustice in trade means we can mobilise community groups, politicians and businesses in the UK to redouble our efforts towards a fairer and more sustainable world.
- **Working as part of an international movement.** We are a member of Fairtrade International, which oversees, develops and regulates the international standards of certification that underpin Fairtrade and include the Fairtrade Minimum Price and Fairtrade Premium.

# OUR 2016-2020 STRATEGY

CHANGING TRADE, CHANGING LIVES: FAIRTRADE CAN, I CAN



**By 2020**, we will have increased the volume of bananas, coffee, cocoa, tea and flowers sold on Fairtrade terms.

We will have increased the number of farmers and workers who benefit from programmatic work on climate change, gender, productivity and hired labour.

**By 2020**, we will have a brand that sparks an even greater emotional connection with citizens, consumers and supporters.

We will have built and strengthened alliances and coalitions with policymakers and the media to influence change, amplifying the voices of farmers and workers.

**By 2020**, we will have evolved from a single approach of certifying products to a portfolio of services.

We will increase the number of companies we work with that contribute to sustainable development in ways that really matter to farmers and workers, and which are accountable and transparent.

**By 2020**, we will have played a lead role internationally in becoming a simpler, more flexible, cost-effective movement.

Strengthening our networks at origin is of equal importance. Farmers and workers already own half the system – by 2020, they will have even more say in how Fairtrade is run.

### **Foreword by Michael Gidney, Chief Executive, Fairtrade Foundation**

In many ways, 2019 was a landmark year for Fairtrade. Our sales and performance remained strong with some significant uplifts, despite further turbulence and uncertainty in the wider grocery market. For several categories, Fairtrade sales out-performed the market, and many showed above average purchase volumes – with relatively new categories such as flowers indicating dramatic growth of 12 percent over the year, at a time when the overall market declined by 14 percent. Fairtrade cocoa sales volumes also increased dramatically over the year with a 23 percent hike as various retailers and businesses upped their commitments to 100 percent Fairtrade sourcing, and shoppers showed their support for Fairtrade. Fairtrade coffee volumes also grew by three percent over the year, while other commodities such as bananas showed remarkable resilience to challenges with a slight decline of one percent against an overall market drop of over 6.5 percent as shoppers rallied behind the FAIRTRADE Mark. Fairtrade bananas represented 23 percent of the UK banana market in 2019, up from 21 percent in 2018. Meanwhile, developing Fairtrade categories of wine and gold both showed welcome increases – of 10 percent and 30 percent respectively – in volume sales over the year.

It was heartening to see shopper loyalty to Fairtrade surpass previous levels of support – with 76 percent of people saying they care about Fairtrade. The FAIRTRADE Mark enjoys an awareness level of 90 percent, but perhaps the most striking figure is that 82 percent of people say they trust Fairtrade to deliver a better deal for farmers and workers. This is an exceptionally high level of public confidence, and a mandate for increased action by all companies.

Vitality, Fairtrade sales and shopper support bring increased incomes for many farmers and workers through the Fairtrade Premium, the extra amount of money they receive on top of the Fairtrade Minimum Price. The Fairtrade Minimum Price is a safety net that only kicks in when market prices drop below it, meaning Fairtrade farmers will be better protected. The rest of the time, producers receive the market rate plus the Premium. This additional benefit



is above any other certification system and unique to Fairtrade. When coupled with the protection of better prices, and Fairtrade's training, support and programmatic work, farmers and workers are in a materially stronger position than they would otherwise be.

Awareness-raising campaigns are a crucial part of growing Fairtrade for producers. And our annual Fairtrade Fortnight campaign – which took place in February and March – ushered in a bold new direction. This year's flagship national event saw the launch of our three-year campaign calling for cocoa farmers to earn a living income, highlighting the scandalous fact that cocoa farmers earn on average just 74p per day, far from the £1.86 they need for a sustainable income. The rallying campaign was called 'She Deserves a Living Income', focusing on women cocoa farmers, and Fairtrade supporters wholeheartedly lent their support.

For too long, cocoa has been controlled by men, even when the vast majority of work on cocoa farms is carried out by women. Slowly but surely, Fairtrade is helping to change that and women cocoa farmers are leading the way. I had the privilege of meeting one of them, Rosine, on her cocoa farm in Côte d'Ivoire, where she had recently graduated from Fairtrade's Women's School of Leadership. Rosine is an extraordinary entrepreneur, hugely knowledgeable about sustainable farming. Through the training she received, she increased the yields on her farm by 50 percent in her first year in Fairtrade. Rosine has also risen to lead her co-operative's Women's Society, as well as their diversification strategy: they now grow cassava and aubergines for the local market, as well as rearing chickens. Diversification is vitally important in mitigating risks for smallholders as well as ensuring food security for their families. But diversification costs money, which is why the Fairtrade Premium is such an important catalyst for change.

So it was fitting that Rosine should play a central role in Fairtrade Fortnight this year. We set up 'Rosine's', a secret pop-up hot chocolate salon hidden behind a newsagent in London's trendy Shoreditch, open for two weeks only. With hot chocolate recipes created by celebrities, news of the salon spread through word of mouth and social media, meaning custom was brisk. Fairtrade supporters across the UK also got involved, signing a petition, holding their own events and generally shouting about Fairtrade and the need for fairness for farmers. The hard work paid off – consumer research found that by year end, 80 percent of the UK public *'care about farmers in developing countries getting a living income'* (Kantar TNS Q4 2019).

With Fairtrade Fortnight 2019 under our belt, by autumn it was time for another celebration as 2019 was the year the FAIRTRADE Mark turned 25. We called on all our friends to 'Join the Party!' at an event that saw partners, supporters and Fairtrade family from around the country and beyond join together to celebrate Fairtrade's success. We reflected that over a quarter of a century, an estimated \$1.1bn in Fairtrade Premium income on top of market earnings flowed to farmers and workers around the globe. Though celebration was in the air, so was the acknowledgement that the work we started all those years ago isn't finished, and that there's still a long way to go before farmers and workers all over the world are paid fairly.

Fairtrade's anniversary provided the chance for some of our commercial partners to celebrate their commitment, including Cafédirect, the first certified Fairtrade coffee company. Through the Fairtrade Premium, Cafédirect have contributed £14 million to coffee co-operatives. Ben & Jerry's marked the occasion with the launch of 'Fairway to Heaven', a new ice cream flavour featuring Fairtrade vanilla, available exclusively through Co-op.

Meanwhile, Clipper celebrated by featuring the FAIRTRADE Mark on their Everyday Organic 100 teabag packs.

It was good to reflect 25 years on, as more and more logos, standards and claims appear on products, that the FAIRTRADE Mark is recognised as the gold standard by which other certifications are judged. As Michael Fletcher, Chief Commercial Officer at Co-op, said: 'Fairtrade remains the best and the only major independent global sustainability standard that puts people, price and power at the heart of what it does. That's why through our [Future of Food ambition 2030](#) we're committed to Fairtrade and everything it stands for.'

From the past to the future, 2019 also saw the launch of the Fairphone 3, incorporating ethically sourced Fairtrade Gold in its electronics. And our programmatic work continued apace as we continued to develop deeper relationships with many companies and organisations in order to keep pushing forward.

But while there were many successes to celebrate in 2019, there are still too many farmers not selling on Fairtrade terms. And there are those we already work with who may not be able to sell all of what they grow as Fairtrade. For all of those farmers, we need greater engagement from companies, to buy Fairtrade, certainly, but also to step up to the social and environmental challenges in their supply chains. We need more shoppers to demand Fairtrade. We need governments to step in and say that unfair trade, where farmers and their communities remain in poverty despite working hard and supplying some of our favourite ingredients, is not acceptable. What we are asking for is ingrained in the British notion of self – a sense of fair play. It's why we call for fair trade – and it's why we've done all the following in 2019...



**By 2020**, we will have increased the volume of bananas, coffee, cocoa, tea and flowers sold on Fairtrade terms.

We will have increased the number of farmers and workers who benefit from programmatic work on climate change, gender, productivity and hired labour.

## WHAT WE SAID WE WOULD DO IN 2019

- Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners
- Focus on securing research grants
- Focus on further embedding a sustainable public fundraising programme
- Continue measuring the impact of our work on the ground

## OUR KEY SUCCESSES

**In 2019, the UK market generated \$41m in Fairtrade Premium for producers.**

**Some highlights in our key commodities:**

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### Protect and grow volume – cocoa

**Over 2019, one of the nation's favourite ingredients saw remarkable growth of 23 percent in volumes over the previous year.** This was driven by factors including conversions from Waitrose & Partners, and increases in Fairtrade purchasing by the discounters Aldi and Lidl. 2019 was also the year that Fairtrade launched its three-year campaign calling for a living income for cocoa farmers, particularly women, and many supporters and organisations answered that call.

Waitrose & Partners pledged during Fairtrade Fortnight their intention to source all cocoa in their confectionery range on Fairtrade terms by the year's end, a move mirrored by John Lewis & Partners. Aldi and Lidl continued their move to sustainable cocoa with increased Fairtrade cocoa products, particularly in their premium lines and Easter products.

*'Responsible sourcing is something both we and our customers care deeply about. Given the popularity of our own brand confectionery and Fairtrade products in store, our new cocoa commitment is a natural fit and the perfect act of solidarity to support the Fairtrade Foundation in their campaign. The typical income cocoa farmers currently earn mean they often struggle to cover their production costs, even before affording essentials like food, clothing, education and healthcare. By supporting Fairtrade's campaign and ensuring all cocoa in our own brand*

*confectionery is Fairtrade certified, through the support of our customers, we can improve living standards for many cocoa farming communities in Africa.'* Lizzie Sutcliffe, buyer of confectionery at Waitrose & Partners

The West African region of Côte d'Ivoire and Ghana, where 60 percent of the world's cocoa is grown, continues to struggle with poverty, deforestation and child labour, an unacceptable situation that cannot be allowed to continue. The average income for a cocoa farmer is 74p a day, and for women cocoa farmers it is even less – 23p a day. Change is happening for some of the estimated two million cocoa farmers, but more needs to happen.

With this in mind, the Fairtrade West Africa Cocoa Programme (WACP) continues to be central to Fairtrade's approach of ensuring cocoa producer organisations in West Africa are strong, viable and inclusive, leading to clear benefits for members and commercial partners. In 2019, the programme's activities reached more than 34,000 farmer participants, and a quarter were women.

The continued support of Co-op and Compass Group UK & Ireland enabled Fairtrade Africa to launch phase two of the Women's School of Leadership, in order to further empower women producers and workers to lead and manage their communities and co-operatives. The first cohort of graduates are now being supported to diversify their crops and become mentors and trainers to those around them. Divine Chocolate continued their pioneering approach in cocoa by supporting a small producer organisation, Goleagorbu in Sierra Leone, to become Fairtrade certified.

2019 was the year that Fairtrade took decisive action towards a sustainable and thriving cocoa sector, by increasing the Fairtrade Minimum Price and Premium by 20 percent. The move would bring Fairtrade farmers closer to earning a living income of approximately £1.86 a day, and saw fourth quarter earnings for cocoa farmers in Côte d'Ivoire increase by approximately \$15.1m USD compared to non-Fairtrade cocoa, according to preliminary figures released by Fairtrade International. Further information on Fairtrade's approach is available here. <https://www.fairtrade.net/news/higher-fairtrade-price-boosts-ivorian-cocoa-farmers-incomes-by-15-million-in-q4>

A number of factors point to a more sustainable future for many cocoa farmers, free from the historic challenges that have blighted the industry. That includes decisive action by the Ivorian and Ghanaian governments demanding companies do more to support farmers. Another is Fairtrade and our partners' move towards a living income and the programmatic work underway in West Africa, for example our work with Ben & Jerry's, of which you can read more of below. And then there's those farmers benefiting from sustainable cocoa supply through our partnership with Cocoa Life. But we are not there yet. It is only collectively through support, action and fundamentally paying more to some of the poorest farmers that we will get to the thriving, sustainable cocoa sector that they deserve and we as consumers demand.

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## **PILOTING NEW WAYS TO IMPROVE FARMER LIVELIHOODS WITH BEN & JERRY'S**

Ben & Jerry's are working jointly with Fairtrade, Sustainable Food Lab and Barry Callebaut on an innovative pilot in Côte d'Ivoire to improve livelihoods of cocoa farmers through Fairtrade pricing, improved farming practices and access to safer household items.

Ben & Jerry's already source Fairtrade ingredients for their ice cream – they are now expanding their approach to systemic problems of low incomes for cocoa farmers. Since 2016, they have been working on productivity and professionalisation improvements with

farmers and in 2020, a new phase of the programme launched focused on offsetting carbon while ensuring livelihood gains for farmer households, and especially women.

The programme has provided shade trees for the farms and cookstoves for the households. The cookstoves alleviate the need to cut down forest for firewood, reducing the health risks of smoke. In addition, women will be able to save money by not spending on cooking fuel, as well as save time used for collecting firewood. Furthermore, the shade trees will prolong the lifespan of their cocoa plantations.

Thanks to Fairtrade sourcing by Ben & Jerry's and their commitment to Fairtrade Africa's West Africa Cocoa Programme, women in the co-operatives who have received training from the pilot programme say they feel more empowered. Moreover, Ben & Jerry's are now working with Fairtrade to promote women's groups in the co-operatives further through bespoke business training.

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## CASE STUDY – WOMEN WITH A CHOCO-LOT OF DETERMINATION

**'They [lots of women] don't believe they can do it. If you ask them who is the head of the family, they say the man. Why can't you be the head of the family, a woman? If you can save money, you can be the head of the family... Why are you walking behind? Put yourself in front, women!'**

Rosine Bekoin belongs to Fairtrade co-operative CAYAT in Côte d'Ivoire. The mum of five, unusually for Côte d'Ivoire, owns and runs her own cocoa farm, passed to her from her mother. For that reason as much as any, she's determined to make it a success.

With past harvests, Rosine would sell her cocoa to local middlemen (*pisteurs*), who would visit farms at harvest time and buy cocoa from individual farmers. They drove a hard bargain and would often leave farmers struggling to make a living that way. Rosine heard about a meeting happening in her village – a local co-operative was coming to explain their experience of Fairtrade. It was only a couple of hours, but it was the start of something brighter for Rosine and her farming friends.

By 2016 she had sold her first Fairtrade cocoa harvest. And through training, she's now increased her harvest and earning more.

'I've seen that Fairtrade has helped us a lot in cocoa farming. The Fairtrade Premium has enabled us to do many things. It has enabled us to advance our children, and also we use the Fairtrade Premium to build for the future.'

But the cocoa price farmers received dropped by a third in 2016 and in 2017, and still hadn't recovered in 2018. It's still dropping. Even in 2019, Rosine described her harvest as 'not very famous'. Yet she reached her target of getting a harvest of nearly 500 kilogrammes on her two hectares. She gives credit to training from Fairtrade for this, but her ambition plays a big part too.

It's not just her farm she's setting out to upgrade. She's buying the materials for another big project from a local hardware shop subsidised by the Fairtrade Premium. 'I'm building a house. It's only two bedrooms and a living room, but it's my idea. I bought packets of bricks with my Premium.' Rosine is overseeing the whole project herself.

Always on the lookout for ways to move into her dream home faster, Rosine is a leading light of her co-operative's Women's Society. This group is for independent-minded women who want to increase their family's income. Their projects are fruitful and many. Growing extra vegetables to sell, setting up a fishery, upgrading the cassava mill, all funded by the Fairtrade Premium but all sailing to success with the hard work of the women members.

Many are mothers, wanting to be able to send their children off to school and put food on the table, instead of having to choose which of those things they will do. Others are hoping to be able to save some money to set up their own businesses, to be less reliant on the falling, unreliable cocoa price. Rosine speaks passionately about the support the women offer each other, what they dream of, and why they work so hard.

As a graduate from the Fairtrade Africa Women's School of Leadership, she picked up lots of skills and ideas to share with other women in the co-operative to improve their situation. She believes firmly in the power of women to play a key role bringing communities out of poverty.

'And then, to have our children, girls too, to work in their offices, like as we see on the TV, the ministers, the President – why can't a female producer be the President too? We can do it.'

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## Protect and grow volume – flowers

**The Fairtrade flowers category blossomed in 2019 with a 12 percent increase in volumes sold, up to 98,907,000 stems over the year.** That meant an increase in Fairtrade Premium for the predominantly women workers who produce the majority of the UK's Fairtrade flowers, many of whom are based in Kenya and Ethiopia. The growth occurred at a time that the overall flower market in the UK declined by 14 percent on 2018, yet shoppers continued to show their support for Fairtrade blooms.

Co-op's ongoing commitment to source 100 percent of their African roses as Fairtrade has seen a significant increase in sales over the year, up 170 percent on the previous Fairtrade Fortnight. Co-op began to supply Fairtrade flowers to Nisa stores, too. Aldi also increased their flower sales, before going further by committing to invest £200,000 over four years in Fairtrade's [Dignity for All](#) programme, working with flower workers in Ethiopia. The project aims to empower the women who grow Aldi's Fairtrade roses.

Another major moment for Fairtrade flowers was when we hosted the [first-ever industry event](#) to explore responsible sourcing. The event, 'Sustainability in the Flower Industry: Challenges and Opportunities', held at London's Petersham Nurseries, was attended by major retailers, traders and florists, as well as journalists and influencers. Attendees heard about the importance of Fairtrade for flower farm employees from Grace Otieno, a worker from Flamingo Horticulture in Kenya. Co-op shared their experience of sourcing Fairtrade flowers, and Lidl announced their intention to trial a Fairtrade flowers product in 2020. Further successes included enhanced media coverage following the event, including a piece on [the BBC](#).

Fairtrade Africa's Flower Enhancement Programme continued to see success. Highlights include the training of 400 worker representatives in Fairtrade Premium Committees, and a five-day training course on pesticides and alternatives. There was also capacity building for gender committees on 15 flower farms, plus training on the Fairtrade Standards for 11,301 workers and management representatives.

Impact of the new floor wage we introduced for Fairtrade flower farms in 2018 continued to filter through in 2019. Wages increased up to 120 percent in Uganda, 30 percent in Tanzania and 70 percent in Ethiopia. In 2020, we will publish our learnings on the wage and what it has meant for workers.

2019 saw a step change in the Fairtrade flowers market, and our aim is to work harder in 2020 to increase the limited awareness of Fairtrade flowers and demonstrate the myriad benefits Fairtrade provides for some of the most vulnerable workers.

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## CASE STUDY – THE CHANCE TO BLOOM WITH FAIRTRADE FLOWERS

### 'When you empower a woman, you empower a whole community.'

Everyone deserves to dream. But keeping those dreams alive can be hard when things turn out differently to our plans.

In Kenya, nursing is a popular choice for study, with the chance to go on to a hard but secure and rewarding job. Most nursing courses are three years, and they cost about KES 164,900 (£1,230). It's a lot of money, especially if you're in a family of five, struggling to make ends meet deep in the heartlands of Ol Kalou, near Nakuru in Kenya.

Esther Juma, a recorder at Bigot Flowers in Kenya, was the third born in her family of five. She had her heart set on studying to become a nurse after secondary school. But the college fees were more than the family could spare and so she stayed at home, helping her parents bring up her other siblings. Her loyalty to her family meant Esther had to stay at home for three years and during that time, she got pregnant.

Now a single mother of two, Esther had to fend for her own young family. She found a job at Bigot Flowers as a general worker. Here, on a Fairtrade certified flower farm, she enjoyed the benefits of relatively good wages, and the chance to make her voice heard at work. Perhaps it was this atmosphere of empowerment that rekindled her sense of ambition. Through Fairtrade Africa, she received a one-year bursary to study for a Diploma in Information Technology (IT).

It wasn't the nursing qualification she'd dreamed of, but above all else, Esther was determined to make a better life for her children. When she finished her IT course, she applied for a job as a recorder in the packhouse at Bigot Flowers.

With her new position, Esther has been able to pay school fees for her two daughters and offer them a better standard of living, compared to how she grew up. Her children attend a school built by Bigot Flowers through the Fairtrade Premium, and now they are set on a path to fulfil their own dreams. There are systemic obstacles that prevent ambitious women from pursuing their goals, but with the support that Fairtrade can offer, Esther and others are able to take an active part in shaping their future.

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### Protect and grow volume – coffee

**Coffee is still a daily essential for many in the UK, and Fairtrade sales volumes grew over 2019 with a three percent increase.** Yet in the global coffee market, prices continued to sit well below the Fairtrade Minimum Price. The low prices of coffee beans mean hardship for many farmers around the world, forced to sell at below the cost of production despite the continued demand. They struggle to make ends meet and feed their families. In some cases, they are forced to leave their farms. When coupled with the cost of rising temperatures caused by climate change damaging crops and encouraging pests and disease, the outlook for the world's coffee farms is starting to look bleak. Yet with greater income and support, farmers can tackle some of these issues.

For any sales coffee farmers made on Fairtrade terms in 2019, they were guaranteed a better-than-market rate, plus the Premium, a lifeline at a time when non-Fairtrade sales would likely have been below the cost of production. Many partners stepped up last year to do more for their farmers and workers with Waitrose & Partners converting all their coffee to

100 percent Fairtrade, as well as sourcing and launching the world's first Fairtrade Java coffee. This was the culmination of several years of investment and support by the company in a coffee-producing co-operative, so that the farmers could achieve Fairtrade certification. John Lewis & Partners also converted all their coffee in cafés and retail to Fairtrade.

### **COFFEE WORTH THE WAITROSE**

Polly Astbury, Buyer at Waitrose & Partners comments: 'Indonesia is one of the largest producers of coffee in the world, producing 660,000 metric tons in 2017 alone. Although Java will be a familiar term to coffee drinkers, this will be the first Fairtrade Java available to buy on a supermarket shelf in Europe, which makes this launch incredibly exciting. Being 100 percent Fairtrade sourced, it's also good for the environment and the communities where it is sourced.'

Other partners also launched or added coffees to their ranges in 2019, such as Coca-Cola who launched Fairtrade certified Honest Coffee, kicking off a commitment by Honest to source Fairtrade ingredients and support a fair deal for farmers as part of the brand's 'Proof not Promises' strategy.

Greggs continued with their phenomenal growth and support of Fairtrade farmers and workers with their commitments in coffee, and in all beverages, bananas, sugar and juice. To help them tell their Fairtrade story, we worked with Greggs to develop a toolkit of impact resources. Last year, Greggs' commercial success and increased volumes made them the third largest Out of Home coffee-seller.

*Other coffee highlights of 2019 included:*

- Sodexo continued their support of women producers in Peru with their Coffee Growers Fund, empowering women by creating organic kitchen gardens and improving food security.
- We collaborated with Percol, one of the original supporters of Fairtrade and a leader in sustainable packaging, on a panel discussion on sustainability at the London Coffee Festival alongside Lavazza and Waitrose & Partners. Together, we highlighted the importance of sustainability as the coffee price crisis puts farmers in an impossible position.
- Coffee featured heavily in internal and external Fairtrade communications over the year. Although as we make clear in this post, the answer to many of the problems faced by farmers is simple – pay more. <https://www.fairtrade.org.uk/Media-Centre/Blog/2019/July/There-is-only-one-way-out-of-the-global-coffee-crisis>
- Fairtrade International launched the Fairtrade Coffee Standard Review in September. The aim was to improve the Fairtrade Standard for coffee, in order to improve the sustainability of coffee production and trade, through fairer trade practices and sustainable livelihoods for coffee producers and their families.

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### **CASE STUDY – GROUNDS FOR CHANGE IN COFFEE**

**'The extra money helps me live a better life.'**

In Kenya, Fairtrade Africa has worked with a community to launch a women-only brand of coffee.



In the coffee-growing regions of East Africa, despite women carrying out up to 70 percent of labour on the family farm in many cases, it is still mainly men who are members of the co-operatives. They are the ones who mainly take part in training and, crucially, receive payment for the green coffee beans. Against this backdrop, the Growing Women in Coffee project has seen 480 women become members of two coffee co-operatives after they were gifted coffee bushes by their husbands and fathers, who recognised the importance of women having the opportunity to earn their own incomes. No wonder the women's coffee is called Zawadi – 'gift' in Swahili.

Every bush became a business and has helped improve the livelihoods of entire families as women typically manage household incomes and family savings. Marion Ng'ang'a, an agronomist working with Fairtrade Africa who helped train the women as part of the project, said: 'Firstly it's about the women, but it's also about the whole community. Giving the women economic empowerment – allowing them to own and nurture their own coffee bushes – means they can learn and help others learn.'

Marion supported the women to improve their yields and follow the best climate-friendly agricultural practices to produce the highest quality coffee. This has increased their income and they are now hoping to market a branded coffee. As part of the initiative, the women also benefit from projects such as rearing poultry, 42 biogas stove units (which produce a by-product for organic fertiliser), and a commercial maize mill to help generate further income or save money.

Esther Chepkwony, 56, described the impact of Growing Women in Coffee for herself and her community: 'We are now able to get a loan from a financial institution, whereas this used to belong only in a man's world. I'm now able to budget and take care of my children's needs. I am a mother of nine children. The extra money helps me live a better life. The help I get is immeasurable – every child is educated by the eldest siblings and we only have to take care of the shopping.'

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## **Protect and grow volume – bananas**

**Bananas maintained their strong appeal both in the UK's retail market and in the hearts and stomachs of the British people.** Despite seeing a small sales volume decline of one percent over the year for Fairtrade bananas, this must be seen in the context of the wider market, which saw a decline of over 6.5 percent over 2019. This suggested that shoppers are still standing by Fairtrade.

Fairtrade bananas continue to be present in all major UK retailer ranges, particularly in Co-op, Ocado and Waitrose & Partners, where 100 percent of their banana ranges are Fairtrade certified.

Farmers of the nation's favourite fruit still rely heavily on the Fairtrade Minimum Price and the Fairtrade Premium to survive in an industry where the cost of production keeps on rising while the final retail price remains low in order to entice shoppers. In 2019, the European import price of bananas was the second lowest it has been for the last nine years, yet production costs continued to increase. Alongside Fairtrade's assurance of a more stable income for banana farmers and workers, we continue to join with others in calling for decent salaries for the industry, divorced from the whims of retail price wars and instead reflecting the true cost of production. To this end, Fairtrade worked with agencies including the Netherlands' Ministry of Foreign Affairs and IDH Sustainable Trade Initiative, to organise a conference in November 2019. 'The Only Way is Up' aimed to jointly investigate how a living wage can become the norm for agricultural workers.

Fairtrade's Latin American and Caribbean Network of Fairtrade Small Producers and Workers (CLAC), which produces 92 percent of Fairtrade bananas, trained farmers and workers to mitigate against Fusarium Tropical Race 4 (TR4), a disease aggravated by climate change that affects bananas. They also ran campaigns to raise awareness among producers as the disease was confirmed to have spread to Colombia.

In 2019, Waitrose & Partners partnered with the CLAC to look at how to improve productivity and wages for banana producers in the Dominican Republic. They began by assessing productivity on two plantations, then creating a training manual and workshops to improve processes on farm. Plans are being finalised for Year 2. The CLAC also completed a further year of the Productivity Increase Programme (PIP), which began in 2017. PIP aims to improve soil health through organic production methods, which translates into higher fertility, a reduction of water and chemical use and increased resistance to pathogens. Co-op contributed to financing PIP among five small producer organisations in the Dominican Republic, which has seen a productivity increase three percent higher than the average across other origin countries. The PIP approach has improved conditions in the Dominican Republic such as soil fertility and increased soil biological diversity.

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## **CASE STUDY – THE APPEEL OF FAIRTRADE BANANAS**

Albeiro Alfonso 'Foncho' Cantillo is a member of Coobafrio, a Fairtrade co-operative located in the lush banana lands between Colombia's Cienega and Santa Marta. Famously the face of Fairtrade's award-winning 'Stick with Foncho' campaign, he now has his own brand of bananas called 'Foncho's Bananas'.

Foncho, along with millions of other banana farmers like him, has experienced many shocks over the years, and Fairtrade has helped him get through some of them, thanks to the continued support and loyalty of British banana lovers.

'We experienced very difficult times when we weren't in Fairtrade. We didn't have the resources to provide an education for my children and the banana business barely provided enough for basic meals. It was very worrying to have children and know you couldn't provide the opportunity for the life they deserve. Being in Fairtrade makes me very happy knowing that there are opportunities to achieve some of the goals I had planned.'

Fairtrade works with small banana producer organisations to build the economic and social development of farmers and their communities. Fairtrade Standards require that farmers' organisations are paid a Fairtrade price plus an additional Fairtrade Premium per box of bananas to invest in their business or farm development and community and environmental projects, which they choose collectively and manage via an elected committee. They also receive regular in-depth training in agronomy and best practice from CLAC, the region's Fairtrade producer network.

In 2017, Foncho and the other members of his group had suffered yet another devastating hurricane that had flattened the crops of many of his neighbours.

Maximillian, a neighbouring farmer, explains: 'Thanks to the organisation and the committee, we have a fund for disasters. Those producers whose crops weren't affected by hurricane Maria also gave money to those who lost their crop. 70 percent of farmers' crops were entirely wiped out, and some lost everything.'

Coobafrio have focused their collective income generated through sales of Fairtrade bananas on improving productivity and investing in fertiliser, drainage, irrigation and

trenches. Previously high costs of essential fertilisers prevented farmers from applying correct amounts, resulting in low yields. This has improved crop sizes and led to better incomes.

The farmers also used the Premium to set up an education fund to help members' and employees' children, as well as the wider community. It's helped ensure 82 percent of members have been able to pay for their children's education fees, uniforms, equipment and other costs. Sports, dance and music groups have also been set up to keep children off the streets.

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## **Protect and grow volume – tea**

**Tea is a vital ingredient of British identity, yet traditional black tea in the UK continued to decline by an estimated three percent overall as people turn to other hot drinks such as coffee. Fairtrade tea however bucked that trend. Decline was minimal at one percent over the year, as herbal teas and higher quality teas continued to show growth.**

In 2019, Co-op, Marks & Spencer and Waitrose & Partners continued their 100 percent commitments to Fairtrade tea. The year also saw a number of new sourcing commitments, with John Lewis & Partners converting all their retail tea to Fairtrade. We also secured new sourcing commitments from the English Tea Shop, and began working with Coca-Cola to prepare for the launch of Fairtrade certified Honest Tea.

For Fairtrade, the tea sector remains problematic. It is vital in supporting some of the most marginalised workers, as well as being a source of interesting product innovations and research. But challenges, such as poverty, in the industry remain. The sheer scale of these problems, particularly in north-east India, coupled with Fairtrade's small percentage of global tea sales and desire to improve, drives our collaborative approach, as no one organisation can solve it alone.

2019 saw the launch of the Tea Standards and Pricing Review. This involved working with other institutions such as the University of Sheffield, which had previously conducted research highlighting ongoing challenges in the tea sector. The review focuses on tackling inequalities in gender, problems of forced and child labour (which sadly still form part of the backdrop to tea production for many), as well as looking to improve standards for workers' wages, and living and working conditions.

In partnership with the Ethical Tea Partnership, we started important research in north-east India to better understand how we can improve wages and livelihoods for workers. This research will inform our wider advocacy work looking at living wages and will continue into 2020.

Senior Co-op team members – including Jo Whitfield, Chief Executive of Co-op Food, Breige Donaghy, Head of Delicious Food, Cathryn Higgs, Head of Food Policy, and Sarah Wakefield, Sustainable Sourcing and Fairtrade Manager – joined the Fairtrade Foundation's Head of Commercial Partnerships, Catherine David, and Foundation Board member, Alison Marshall, on a visit to tea and flower producers in their Kenyan supply chain.

The group visited Fintea, a co-operative of tea growers, and Flamingo Flowers, and heard first-hand about how Co-op and their shoppers were making a real impact on the lives of Fairtrade farmers and workers. 2019 also saw Clipper's year-long 'acTEAvism' campaign show why they're proud to support Fairtrade, and how their Fairtrade investment is making

a big difference in the areas of education, environment, healthcare, older generations and empowerment. The campaign used stories from a bespoke impact toolkit we made for Clipper.

In a collaborative project around transparency, last year saw Fairtrade work with M&S to extend the coverage of their Interactive Supply Chain Map to include their tea and coffee supply chains. The map shows where their Fairtrade producers are located. It also includes key details such as how long they have been working with them, the number of workers or co-operative members and, where possible, the percentage of women who are co-operative members. Hazel Culley, Sustainability Manager at M&S, said: 'Being transparent allows us to take a fresh look at our supply chains and presents new opportunities to gain further insights into them. For example, we've found out crucial information about our tea and coffee supply chains such as data on gender representation.'

We will continue to work – and look for new ways to collaborate with – our commercial partners and with other industry bodies like Oxfam, Forum for the Future, THIRST and the Ethical Tea Partnership in 2020.

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## **CASE STUDY – STIRRING UP CHANGE IN TEA**

**'I have to prove myself. It is not only men that can do this job, women are equally capable of doing this job. I feel that I represent women's empowerment.'**

As a factory officer on the Fairtrade certified Welbeck Tea Estate in India, 28-year-old Janet is responsible for the production and manufacture of tea, up to the point of dispatch, and for Human Resources. As the most senior woman on the estate, Janet is something of a trailblazer. She is one of the first female factory officers in South India. While it is usually women who do the plucking, tea factories mostly employ men.

Janet married at 18 after finishing school. Her husband was working in another Fairtrade tea estate at the time, so she went to live with him. Janet studied for a degree by correspondence while she was working. She began to work in the factory, firstly as a bookkeeper. Her more senior colleagues recognised her capabilities and started to train her to take on further responsibilities. Janet did not have much background knowledge about tea at this stage, and management insisted that she learn about production.

Janet, her husband and their eight-year-old son moved to Welbeck six years ago. Her husband, Nixon, works in the estate office. They live together in workers' housing on the estate.

As factory officer, Janet is responsible for the management of all factory workers. Making sure they are safe at work is an important part of Janet's role and a key feature of Fairtrade Standards. All factory workers are trained in safety practices and emergency procedures, and are taught which safety equipment should be worn and why. Janet ensures all workers wear masks to protect them from the dust which could cause respiratory problems, and that their clothing is clean, protecting both the workers' health and the tea.

Janet's family have all benefitted from the Fairtrade Premium. Janet's son attends school off the estate and takes the school bus, purchased with Fairtrade Premium, to school each day. Two years ago, Janet benefitted from the medical assistance scheme, which is part-funded by the Fairtrade Premium, when she needed surgery. The scheme enables the workers to be referred to specialists at any hospital and have their medical bills paid for them.

Janet has big ambitions. Next, she aims to become factory manager, and then general manager. 'I really love this job.' she says, with a smile.

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## **Protect and grow volume – sugar, cotton, gold and wine**

### **Sugar**

**The market in 2019 showed only a slight decline of one percent. This was most likely driven by strong sales from other committed confectionery brands and UK sugar traders and the Co-op's continued 100 percent Fairtrade sugar range.**

In the context of a declining EU market, extremely low and volatile international sugar prices, climate change and high input costs, sugar farmers need access to new markets, to diversify and improve productivity to remain competitive. Fairtrade continues to support farmers to work towards building strong farmer organisations and improving conditions for workers, and child protection. Programmes have enabled farmers to consider income diversification and develop good agricultural practices, dealing with climate insecurity and water scarcity. Meanwhile, Fairtrade International has also been exploring alternative markets, such as more local 'South to South' opportunities, as well as the development of biomaterial and bioplastic supply chains to create further market opportunities for sugar farmers.

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## **CASE STUDY – A SWEETER DEAL FOR FARMERS**

For more than two decades, large areas of Central America have been impacted by an epidemic of chronic kidney disease (CKD).

El Salvador, for example, has one of the highest mortality rates from kidney disease in the world – with Nicaragua and Honduras also among the ten most affected countries – and CKD is the second leading cause of mortality among men of working age in the country.

Diagnosis and prevention are key in the fight against the disease but the health systems in those countries are weak and many cases go undiagnosed. This is why the Fairtrade certified sugar and coffee co-operative El Sunza has been investing Fairtrade Premium funds to help identify the disease in their community, and make sure that the workers are in good health before taking on work in the fields.

Every year, El Sunza, in cooperation with the Izalco Health Unit, organises medical days to carry out general health checks and blood tests, including creatinine levels, to determine whether workers have renal problems. The health checks are carried out at the co-operative's health centre, which was also financed with Fairtrade Premium funds. First aid training is another area the co-operative is investing in.

In March 2019, El Sunza organised first aid training for the workers, delivered by healthcare professionals. The aim was to teach workers how to react in case of an emergency or an accident in the fields and deal with burns, wounds, fractures, poisoning and heatstroke, for example. Besides training, the co-operative provides workers with all the necessary protective equipment and clothing to harvest the cane such as gloves and long-sleeved shirts. El Sunza also installs shaded areas in the fields for workers to rest and drinking water facilities.

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## Cotton

### **Fairtrade cotton continues to grow and in 2019, four more UK companies joined up.**

Interest is still building and our interaction with fashion bears fruit. We continue to work with both British and global businesses to turn their commitments to Fairtrade into reality. Visits by partners in 2019 to cotton growers and their communities brought the reality of cotton farming to life, alongside seeing first-hand the positive impact that Fairtrade practices can have.

We have presented at a range of industry events and conferences in the UK and globally to raise visibility of Fairtrade cotton. We are also continuing our partnership with Ecos and FiBL on the Organic and Fairtrade Cotton Coalition (CCBE) West Africa.

### **Non-GM seed project**

We successfully completed the first phase of the three-year project on seed breeding funded by TRAIID in 2019. This is being carried out at Fairtrade cotton co-operative Pratibha-Vasudha, Madhya Pradesh, India, led and managed by trained and experienced farmers. We have also won funding for the next phase of the project. Its objective is to offer farmers greater independence, improved livelihoods and yields, reduced environmental footprint and better market opportunities through self-provided access to high-value non-GM cotton seeds. Phase two will continue research and testing to develop new parent lines needed for making new superior hybrids and varieties. The additional aim is to make the programme self-sustainable through commercial production and sale of these hybrid seeds.

More than 15 farmers will become commercial cotton seed producers and earn a substantially higher income from seed production. 1,500 Vasudha cotton farmers will have access to good quality non-GM seed at a 20 percent discount, as well as better access to the Fairtrade market. A further 2,500 organic farmers from other project areas will benefit from better quality non-GM seeds at a lower price.

## Gold

**Gold continued to excite and interest as it has done for millennia, and 2019 brought a 30 percent increase in Fairtrade Gold sales, albeit from a small base.** This was mostly driven through Fairtrade's continued partnership with the fashion house Kering.

Availability is still a challenge, though supply from Peru grew slightly over the year. Increased demand from jewellers saw over 150 new designer-makers signing up to buy Fairtrade Gold through Fairtrade's goldsmith scheme.

New resources and a brand refresh for Fairtrade Gold saw the benefits of responsibly sourced gold brought to the fore, with a launch at International Jewellery London 2019, Europe's largest jewellery expo. Fairtrade maintained a stand presence for the entirety of the exhibition, and we delivered a keynote speech as well as a panel discussion with supply chain partners, including refiners, manufacturers and jewellers. Among other events, Fairtrade also participated in the Organisation for Economic Co-operation and Development's responsible supply chains forum and attended a range of private events with manufacturers and industry bodies, including the Company of Master Jewellers and the National Association of Jewellers.

Away from jewellery, 2019 also saw the launch of Fairphone 3 – the only mobile phone company to source Fairtrade Gold, literally setting the gold standard for other mobile and technology companies to follow.

With support from a wide range of donors, Fairtrade continued to work with gold mines in Kenya, Uganda and Tanzania. Of note in 2019 included the securing of an additional \$750,000 in grant and loan finance to continue our work with 30 mine sites. In the medium term, through partnership with the UN (United Nations Environment Programme/United Nations Development Programme) and others, we will seek to grow this number to over 100.

Despite interest, there is more work to do to make Fairtrade Gold the industry standard. The 2019 goal of growing Fairtrade Gold sourcing to 200kg, which would generate \$400,000 in Premium for certified mines in Peru, wasn't reached, with a little under 100kg being sourced. We continue to pursue opportunities with other major brands (such as Swarovski and Tiffany).

## **Wine**

**Fairtrade wine sales in the UK continue to increase significantly year on year, with volumes up ten percent in 2019.** This welcome growth is at odds with a wider market that is declining overall.

Key retail partners continue to support and grow their Fairtrade commitments, with standouts including Co-op increasing their South African range, as well as launching Fairtrade wine in Nisa stores. New Fairtrade lines by Tesco also enjoyed growth. The South African wine programme with Fairtrade Africa continues to flourish, with Fairtrade Africa, local trade unions and non-governmental organisations working together to make the South African wine sector more socially, economically and environmentally sustainable. The benefits emerging include improving worker rights and working conditions, but also moving towards more environmentally sustainable wine production.

Fairtrade also took part in the Wines of South Africa event in September 2019, highlighting the quality of Fairtrade South African wines to a new audience.

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## **Focus on Impact continued**

### **Focus on securing research grants**

In 2019, Fairtrade worked hard to secure research grants, and remains confident of longer-term success.

### **Focus on further embedding a sustainable public fundraising programme**

2019 was a significant year for our public fundraising. Our total fundraised income grew by 97 percent on 2018.

Nearly half of that total was donated by Fairtrade Schools and Fairtrade community groups collecting donations, which grew by 25 percent on 2018, and 68 percent on 2017. The second major growth area in 2019 was major gifts of £5,000 or more as a result of cultivating relationships with donors looking to support Fairtrade. We'll continue to grow this income stream and have earmarked these donations for exciting new projects to nurture and mobilise the next generation of Fairtrade supporters.

*Image: Fairtrade grassroots group fundraising. One man dressed in a banana suit, others playing music and holding a Fairtrade Fortnight poster.*

*Caption: Campaigners in Haworth*

One major highlight of the year was the launch of an exciting new regular giving programme, created after detailed research, development and consultation with supporters. Regular

donors of £8 a month or more now receive dedicated emails and a quarterly 'Live Fair' box containing product samples, information and tips for fair and sustainable living, along with information about how their donation supports Fairtrade. Initial interest resulted in over 450 sign-ups in the first three months of launch (September – November 2019). A portion of the income from the Live Fair programme in 2019 – 2020 will be allocated to Fairtrade Africa's Growing Women in Coffee project.

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## **Continue measuring the impact of our work on the ground**

**2019 saw important pieces of research that have helped with ongoing learning for Fairtrade, as well as supporting insights for key products. Evidence, research and feedback is vital to Fairtrade's aim of improving farmer incomes and livelihoods.**

The **2019 Producer Satisfaction Survey** was a crucial tool to enable Fairtrade to better understand how producer organisations value the support provided by the producer networks, and any resulting actions. The responses showed that over 89 percent of Fairtrade producer organisations surveyed were satisfied with the activities of the producer networks CLAC (in South America) and NAPP (in Asia), including events such as exchange visits or producer network events.

Another landmark study was the **Evaluation of Youth Inclusive Community-Based Monitoring and Remediation System on Child Labour (YICBMR)** as implemented by the Belize Sugar Cane Farmers Association (BSCFA).

The study assessed how BSCFA established Fairtrade's YICBMR, which aims to identify and respond to issues concerning child and youth wellbeing, including child labour. The approach was piloted by the organisation in 2015 and has since expanded to cover all of BSCFA's sugar growing areas. The study found that BSCFA's commitment and capacity to address child labour and other labour abuses in sugar cane production in Belize since 2014 was very high.

The YICBMR method was able to generate community-wide engagement to address child labour, and training young people to work as youth monitors in the sugar cane sector was an additional advantage.

Maintaining and scaling up the system should be a priority that is in the interest not only of BSCFA and the sugar cane-farming households but also the government of Belize, the sugar industry and other stakeholders.

**2019's literature review on public attitudes to fair trade and ethical consumption** found that consumers consistently think it's important for food brands to take action on key sustainability issues, including tackling global poverty, climate change and environmental protection. Products that are environmentally friendly and made by workers receiving fair wages are valued highly by shoppers, backing Fairtrade's position all the way. There is increasing interest in where ingredients come from and how they are produced, and governments need to encourage transparency so that more people can shop sustainably. You can read how environmental protection is deeply ingrained in Fairtrade [in this blog](#).

Fairtrade's policy work in 2019 was vital for many reasons. Leading from the front, the team evaluated the most up-to-date research on living incomes and other areas of interest, providing the foundations for which the organisation and its supporters could demand action and a better life for farmers and workers' communities from businesses, governments and others.



## **Sustainable livelihoods study in the cocoa sector – Mondelēz International**

Our partnership work with Mondelēz International continues to drive impact and change, and the Sustainable Livelihoods report will be a landmark in our understanding of the impact of the many well-intentioned interventions designed to support cocoa farmers in West Africa. The research report aims to identify ways to scale up, innovate, improve and create lasting change for cocoa farming communities in Ghana and Côte d'Ivoire, looking across the whole sector. Based on the outcomes of this landscape study, the partnership will be in a position to design programmes with farmers using innovative approaches and introduce interventions to positively disrupt the cocoa sector and allow farmers to increase their incomes and improve their livelihoods in a sustainable way. The report can be accessed [here](#).

## **Making data count for producers**

Fairtrade continued to work to improve its data collection and processes for farmers so that they can be better informed through access to data. A highlight for 2019 was the continuation of the pilot project Make Data Count for Producers, a collaboration led by the Fairtrade Foundation's Monitoring, Evaluation and Learning (MEL) team with the CLAC, the Guatemalan coffee producer organisation Acodihue, supported by Grid Impact. The sprint design process has led to three prototypes in order to improve routine data collection that could lead to better, more informed, swifter decision-making for farming organisations that will be tested and developed in 2020.

## **Investments in MEL (Monitoring, Learning and Evaluation)**

Further investments in capacity and capabilities in MEL at the Fairtrade Foundation has bolstered our team's ability to research and confirm learnings for Fairtrade and its work. It has resulted in greater innovation in areas such as impact communications, supporting the Foundation's public and commercial announcements. For example, calculating the estimated \$1.1bn in Premium spend that has gone to farmers around the world over the first 25 years of Fairtrade. We will continue to refine and develop this to ensure that the benefits of Fairtrade for its farmers and members continues to be shared and evidenced.

**AN ESTIMATED 1.1 BILLION  
DOLLARS IN PREMIUM  
SPEND HAS GONE TO  
FARMERS AROUND THE  
WORLD OVER 25 YEARS  
OF FAIRTRADE**





By 2020, we will have a brand that sparks an even greater emotional connection with citizens, consumers and supporters.

We will have built and strengthened alliances and coalitions with policymakers and the media to influence change, amplifying the voices of farmers and workers.

## WHAT WE SAID WE WOULD DO IN 2019

- Focus on growing public support for living incomes (in cocoa)
- Invest in and increase our supporter base
- Deepen collaboration with our strategic allies
- Continue to focus our policy work on Brexit to support the enabling environment for Fairtrade, and make trade fairer
- Celebrate 25 years of the Fairtrade Foundation and its impact, inviting people to 'Join the Party!'

## OUR KEY SUCCESSES

### Focus on growing public support for living incomes (in cocoa)

2019 marked the first year of our three-year living income campaign, raising awareness in the UK population of the concept and need for a sustainable income for farmers, and focusing on cocoa farmers and women in particular. By the end of 2019 consumer research found that 80 percent of the UK public *'care about farmers in developing countries getting a living income'* (Kantar TNS Q4 2019). In relation to cocoa farmers specifically we saw a nine percent increase in public awareness for *'Fairtrade is campaigning for living incomes for cocoa growers in West Africa'*, rising from 56 percent in Q1 to 65 percent in Q4 (Kantar TNS Q1 2019 and Kantar TNS Q4 2019).

# 80%

## OF THE UK PUBLIC CARE ABOUT FARMERS IN DEVELOPING COUNTRIES GETTING A LIVING INCOME



A woman's face is shown on the left side of a yellow background filled with gold coins and patterned pouches. The text 'SHE DESERVES A LIVING INCOME' is written in large white and red letters. At the bottom right, there is a black banner with white text that reads 'DON'T FEED EXPLOITATION. CHOOSE FAIRTRADE.' and the Fairtrade logo.

Public support for Fairtrade's living income campaign grew over the year and expressed itself through a range of activities and channels. Campaigners supported Fairtrade to make some noise over the year with 4,000 events, reaching one million people. 10,000 new supporters joined us on our journey, and businesses and MPs made their voices heard on the issue of living incomes.

Fairtrade Fortnight 2019 contributed to growing public support and awareness for the concept of living incomes – an amount earned by farmers to enable them to meet their everyday needs and provide for their families. During the fortnight we had stories across key media outlets and social media engagement resulting in greater reach than 2018. Rosine's, our pop-up hot chocolate salon, welcomed more than 1,300 customers through word of mouth, listings and social media, and 40 pieces of media coverage. Online, the video of the salon had 1.5m views (1.4m unique), reached 2.4 million people, was watched for 526,000 minutes, and had 73,000 shares and likes.

Imbedded video: <https://www.youtube.com/watch?v=xpQ9wla-9KY>

Each hot chocolate, designed by ambassadors Melissa Hemsley, Tess Ward and Tom Hunt, was priced at £1.86, chosen to highlight the amount a farmer would have to earn a day to achieve a living income. The average price paid was £3.00, demonstrating that, when engaged, people were willing to pay more for fairness and a living income.

Meanwhile, there were almost 1 billion opportunities to see Fairtrade in the media, beating the objective of increased reach considerably and demonstrating media appetite for the right story. One in five shoppers said they had bought a Fairtrade product having heard of the campaign (Kantar CAPI Q1 2019).

Over the fortnight more than 50 partners got involved. Ben & Jerry's supported online through blogs and social posts featuring cocoa farmer stories. At Unilever's head office, Ben & Jerry's and Fairtrade ran a staff engagement event and the 'She Deserves a Living Income' campaign was promoted at their flagship London 'scoop shop'. Research indicated that 35 percent of people heard some kind of Fairtrade message during Fairtrade Fortnight (Kantar TNS post-Fairtrade Fortnight research 2019).

On 7 August 2019, Côte d'Ivoire's Independence Day, Fairtrade campaigners joined Fairtrade Foundation staff at 10 Downing Street to hand in a petition calling on the government to take the lead internationally in supporting living incomes for cocoa farmers. The petition was received by 10 Downing Street resulting in a positive written response from Alok Sharma MP, then International Development Secretary of State, who pledged to champion the Fairtrade movement and open the door to further conversations.

During Fairtrade Fortnight, around 80 parliamentarians attended the All-Party Parliamentary Group (APPG) reception at the Houses of Parliament to hear from Lord Price, Fairtrade Foundation Chief Executive Michael Gidney, and Awa Traoré, Director General of CAYAT cocoa co-operative in Côte d'Ivoire. Together, they highlighted the issues in the cocoa industry, and the need to support Fairtrade's campaign for a living income.

*Text box from Percol: The fact that **the theme is part of a three-year holistic campaign on 'a living income' is really advantageous**, in that it will allow us to develop this insight into our network of Fairtrade farmers, and continue to look at **how we can all collaboratively work towards a fair living income for all**.*

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## **Invest in and increase our supporter base**

Work carried out in previous years on General Data Protection Regulation (GDPR) meant that we began 2019 with more robust data systems and processes, balanced by a much lower number of contactable supporters to speak to about our work. Our aim of growing our base of supporters by a third was exceeded with the recruitment of around 36,000 new supporters to our email list alone, largely by targeting new people with actions they can take to support our living income petition, and the 25th anniversary of the FAIRTRADE Mark.





Our supporter base also includes a core of campaigners and in 2019, we launched the first ever [Fairtrade Communities report](#) – a snapshot of the reach and impact of campaigners. Meanwhile, a series of three regional campaigner conferences – in Exeter, Middlesbrough and Nottingham – brought together campaigners to build skills and knowledge to take their campaigns forward.

In a post-GDPR world, it's harder to recruit new supporters and like many organisations we have seen the percentage of people signing up to hear more when they sign a petition or take other action dropping. However, we were encouraged that the level of engaged supporters has proved to be greater than anticipated.

[\[Fairtrade Communities report\]](#) and [summary graphic](#)

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### Deepen collaboration with our strategic allies

**We worked closely with a number of civil society organisations, including the Trade Justice Movement, the Ethical Trading Initiative, the CORE coalition, Sustain, and BOND, as well as individual NGOs, so that we could have a greater impact together.**

Due to the continued and deepening importance of our farmers' relationship with the environment, we were pleased to develop more active relationships with environmental coalitions during 2019, including the Climate Coalition and Green Alliance.



## **WE WORK WITH A CONSORTIUM OF FAIR TRADE PARTNERS**

We continued to work with a consortium of fair trade partners, including Fairtrade International and other National Fairtrade Organisations, the Fair Trade Advocacy Office, Traidcraft, World Fair Trade Organisations across Europe, as a part of the Trade Fair Live Fair programme, and others on public mobilisation, research and advocacy.

We lobbied for systemic changes to the cocoa system so that it improves incomes for farmers alongside civil society organisations (CSOs) across Europe, such as the VOICE network. This has included lobbying the EU to bring in Human Rights Due Diligence regulations aimed at ensuring that all cocoa imported into Europe does not contribute to deforestation or child labour, and enables living incomes.

We deepened our relationship with several environmental and farming coalitions and organisations as part of our engagement with the National Food Strategy.

The Foundation's relationship with the joint DFID/DIT Trade for Development team has continued to grow, as part of our role in the Trade for Development Expert Trade Advisory Group (ETAG), and on the Strategic Trade Advisory Group (STAG).

Our research on competition law saw us recognised as a thought leader on the issue and participate in high level discussions with political figures, legal experts and CSOs in Europe, including presenting our work at several conferences throughout the year.

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### **Continue to focus our policy work on Brexit to support the enabling environment for Fairtrade, and make trade fairer**

Brexit continued to dominate the political agenda and much of the public and media space, and Fairtrade played its part. Policy work around Brexit remained challenging in a crowded and ever louder environment, but our approach of constructive conversations with key ministers and civil servants bore fruit over the year, as we highlighted the importance of continued market access for developing countries.

The interest in Fairtrade's 2018 key report on Competition Law and Sustainability was such that in January 2019, we hosted a roundtable discussion bringing together retailers and brands, government, legal experts, and representatives from academia and NGOs, to reflect on the research findings and discuss possible ways forward.

February and March saw the Foundation submit evidence to the government's UK Global Tariff consultation in which we raised concerns about the impact of new trade policy proposals for developing countries. We are awaiting the publication of the new tariff schedule.

In March, our campaigning work focused on the impact that 'no-deal' could have on developing countries, calling for them to have secure access to markets. The subsequent announcement by the government for a no-deal tariff schedule that would protect developing countries from preference erosion as a result of a no-deal Brexit, plus the offer of transitional and time-limited market access protection to several low-income countries, was one of our key policy asks and a welcome move.

Our briefing ahead of the Committee Stage of the Agriculture Bill 2019-2021 was shared widely among MPs. During Fairtrade Fortnight, the actions of Geraint Davies MP and Theo Clarke MP secured parliamentary debates on 'Trade deals and fair trade' and 'Trade and investment opportunities for women in the Commonwealth'. Both debates saw MPs speak passionately about the benefits of Fairtrade and the need for a greater role for trade for development objectives.

2019 also saw Michael Gidney accept an invitation to join the Department for International Trade's Strategic Trade Advisory Group (STAG) as the NGO representative. This remains an important opportunity for us to represent the views of producers and workers and the wider NGO community as the government moves ahead with an independent trade policy. More information can be found [here](#).

Meanwhile, the policy team's Helen Dennis gave oral evidence to the International Development Committee in May 2019 on the sustainable development goals and the links to trade and development. <https://www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/news-parliament-2017/sustainable-development-goals-evidence-17-191/>

Helen's March Brexit blog – <http://www.fairtrade.org.uk/Media-Centre/Blog/2019/March/Brexit-Update-Trade-Democracy-and-No-Deal-Tariffs>

<http://www.fairtrade.org.uk/Media-Centre/Blog/2019/March/Brexit-Update-Trade-Democracy-and-No-Deal-Tariffs>

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## **Celebrate 25 years of the Fairtrade Foundation and its impact, inviting people to 'Join the Party!'**

The long weekend of 4-7 October 2019 saw the public, our campaigners and partners coming together to 'Join the Party!' across the country in celebrating the first 25 years of Fairtrade.

Hundreds of campaigners, along with local councillors and MPs, and regional campaigner groups, literally made their mark at events across the UK, with five regions creating the iconic FAIRTRADE Mark at locations ranging from the beach to buildings. Local media joined in with coverage of these creations across print, broadcast and online.

Alok Sharma MP said: *'I would like to congratulate Fairtrade on all the important work that has been achieved these past 25 years. I am pleased the UK government has played a key role in supporting the Fairtrade movement in its efforts to help producers around the world improve their lives through receiving fair prices for their products. My department and I recognise more work must be done on this agenda around the world.'*

*'The 'She Deserves' theme, launched at Fairtrade Fortnight earlier this year where Lord Bates gave the keynote speech is one that resonates hugely with DFID. Workers across multiple global supply chains are not paid what they need to escape extreme poverty. This is particularly acute in the cocoa sector where women and girls are often the most vulnerable people within the supply chain.'*

In London, the 'Fair Feast' celebration brought our movement and stakeholders together around the table to reflect on 25 years of making a difference. Guests heard from producers, and the inimitable 'Mama Cocoa' herself, Anne-Marie Yao, regional Cocoa Manager for Fairtrade Africa, who joined us from Côte d'Ivoire. The Fairtrade Foundation policy team's 'menu for change' reflected Fairtrade's vision for the future and enabled guests to pledge their support for the Fairtrade movement in the 25 years ahead.

The celebration was supported by 30 partners who got involved in various ways, from Ben & Jerry's launching Fairway to Heaven ice cream, containing Fairtrade vanilla, in conjunction with Co-op, to the Meaningful Chocolate Company launching a 25th anniversary bar with celebratory 'Join the Party!' campaign look and feel on pack.

*'Fairtrade is about making sure people get their fair share of the pie. The whole concept of Fairtrade goes to the heart of our values and the sense of right and wrong. Nobody wants to buy something that was made by exploiting somebody else.'* Jerry Greenfield, Ben & Jerry's co-founder

The party was joined across the UK and results included 68 percent awareness that *'Fairtrade has been fighting against exploitation and making a tangible difference to farmers' and workers' lives for 25 years'* (Kantar TNS Q4 2019).

After the celebrations we saw an increase in shoppers actively choosing Fairtrade products, with 31 percent of respondents actively purchasing Fairtrade products over an alternative product 'always or 'often', our highest score on record and up from 30 percent. (Kantar TNS Q2 2019).

Comments from OxyInsight qualitative research in 2019 on the difference Fairtrade makes

*'It makes you realise that you can make a difference just by buying a cup of coffee!'*

*'I just thought of it [Co-op] as somewhere to pop into for a loaf of bread but now I know this I see them differently.'*

*'I would never have thought of somewhere like Greggs doing something like this. It makes me think more of them.'*

*'I will go to Greggs now, not Costa if I know that it's making that sort of difference.'*

In terms of media and communications, the celebrations went way beyond expectations, with an estimated advertising value equivalent of £8m and over 700 pieces of media coverage and 200 journalists engaged with Fairtrade's moment in the spotlight.

As always, we remain gratified and inspired by the willingness of our supporters to get involved, with the quantity of images of those making their mark bringing it home to us how much Fairtrade is valued in its mission.





By 2020, we will have evolved from a single approach of certifying products to a portfolio of services.

We will increase the number of companies we work with that contribute to sustainable development in ways that really matter to farmers and workers, and which are accountable and transparent.

## WHAT WE SAID WE WOULD DO IN 2019

- Continue our data project in the UK aimed at streamlining and developing our systems and processes
- Actively participate in a global Fairtrade data warehouse project
- Continue to deliver bespoke information and insight reporting solutions for commercial partners and new opportunities

## OUR KEY SUCCESSES

### **Continue our data project in the UK aimed at streamlining and developing our systems and processes**

**2019 saw a continuation of the 2018 project to streamline and develop Fairtrade's data systems and processes.** The project was responsible for data cleansing across the Foundation, data ownership and quality checks, and moving the Foundation to new systems. The first major shift was a data upgrade enabling licensees to directly report their sales and volumes data for each quarter. Though the process was challenging, the system was tested for a planned 'go live' on 1 April 2020.

The planned transition to Salesforce, the Foundation's customer relationship system, was successful in 2019, and will benefit all parties through being easier to use, with more efficient data use, which will positively impact on many other elements of Fairtrade's business.

### **Actively participate in a global Fairtrade data warehouse project**

## THE GLOBAL FAIRTRADE DATA WAREHOUSE PROJECT



Throughout 2019, we continued to contribute towards a global Fairtrade data warehouse project, aiming to store and share information across the entire Fairtrade system. This three-year project will continue to give us insight into producer statistics, commodity and Premium use information.

**Continue to deliver bespoke information and insight reporting solutions for commercial partners and new opportunities**

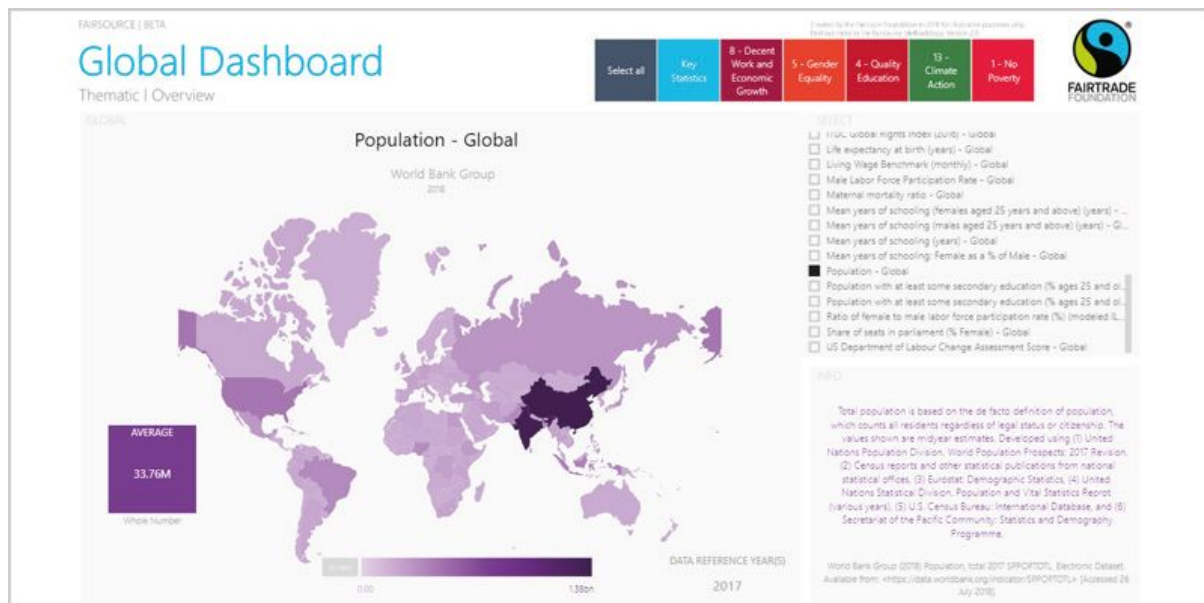
In 2019, we made progress on supporting our commercial partners to understand the full map of their supply chains, including the 'middle layer' of buyers and traders, and the impact on farmers and workers through their commitments to Fairtrade.

We worked with selected partners to create resources, including infographics to break down Fairtrade Premium investment. Others showed how Fairtrade Premium spend in supply chains contributes to the Sustainable Development Goals. We also created Impact Resource Toolkits containing Fairtrade Premium investment details and impact statements to enable partners to tell their Fairtrade story.

## FAIRTRADE PREMIUM SPEND



Finally, we also developed interactive Fairtrade Dashboards, which bring together open source development data with Fairtrade data to allow for data-driven decision-making for commercial partners. We will offer these bespoke dashboards to a wider range of key partners in 2020 to give fuller transparency of producers in supply chains and demonstrate the impact to farmers and workers of Fairtrade.





By 2020, we will have played a lead role internationally in becoming a simpler, more flexible, cost-effective movement.

Strengthening our networks at origin is of equal importance. Farmers and workers already own half the system – by 2020, they will have even more say in how Fairtrade is run.

## WHAT WE SAID WE WOULD DO IN 2019

- Redesign our management and development approaches, including taking part in National Learning Week in May 2019 to dedicate consolidated time for learning and development across the Fairtrade Foundation
- Review our Pay and Reward approach at the Foundation
- Embed the Fairtrade Global Organisation Code and associated Assurance Framework, policies and guidance manual at the Foundation

## OUR KEY SUCCESSES

**Redesign our management and development approaches, including taking part in National Learning Week in May 2019 to dedicate consolidated time for learning and development across the Fairtrade Foundation**

**In 2019, the organisation made a number of changes to our management and development approaches including delivering Management Development workshops. 40 percent of staff attended.** Five in-house Feedback Masterclasses were delivered to 60 percent of staff, aiming to improve Emotional Intelligence (EI) awareness skills and encourage more regular feedback.

## 40 PERCENT OF STAFF ATTENDED MANAGEMENT DEVELOPMENT WORKSHOPS



Externally provided coaching was popular for 20 percent of the Foundation's staff in 2019, to further strengthen leadership skills and reinforce the focus on building the performance culture. The Foundation benefits from the commitment and support of volunteers and the Volunteer Management Development workshops were further refined over 2019.

### *Performance Management outcomes*

**96 employees** had some form of training this year, with **619** instances of training recorded – **222** external events and **397** internally run events. The organisation sponsored five people to attend the two-week Global Development Course run by Ethical Events and supported three requests for external qualification study support.

**A highlight for 2019 was Fairtrade's first ever Learning Week in May 2019, which received positive feedback**, with dedicated time to network, create and share learning experiences with each other and do something a little different in the office. The content delivered from teams – campaigning, policy, research, MEL, supply chain, fundraising, programmes and innovation – was critical to the success of the week in developing and sharing organisational knowledge. The intention is to repeat the week annually.

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### **Review our Pay and Reward approach at the Foundation**

The Institute for Employment Studies (IES) independently reviewed our pay policy and pay structure.

The project, monitored through our People, Safeguarding and Remuneration Committee, aims to introduce a more flexible and contemporary pay and policy framework. A workshop on the design of our recognition scheme took place in November 2019. The scheme aims to reinforce staff and volunteer engagement and acknowledge contributions in a meaningful and non-financial manner.

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### **Embed the Fairtrade Global Organisation Code and associated Assurance Framework, policies and guidance manual at the Foundation**

We launched our new Global Organisational Code and Values to all staff and volunteers, and plan to continue the work in 2020.

We put in place our enhanced safeguarding policies and procedures, and supported the global system to maintain the required safeguarding standards. We established a safeguarding committee and increased staff awareness of our safeguarding policy and codes of conduct, which led to increased confidence in reporting safeguarding matters.

## **PLANS FOR 2020 AND BEYOND**

2020 is the fifth and final year of our current strategy, and our planned activity focused on continuing to deliver impact around our strategic goals. However, at the time of writing, we are pivoting our plans in light of the COVID-19 crisis to support Fairtrade farmers and workers around the world during this unprecedented situation. Now, more than ever, we are guided by our shared Fairtrade vision of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. We are adapting our planned activity in 2020 to continue striving towards this vision in the context of the current situation.

- During the current pandemic, our primary focus is to protect our internal operations and people, as well as protecting volumes for producers through close collaboration with targeted commercial partners.
- Our second focus area is help our stakeholders and producers wherever we can. We will support our partners, farmers and workers through the COVID-19 pandemic.
- Our third focus area is readiness preparation for the end of the pandemic, allowing us to support producers to trade their way out of the crisis and strengthen their businesses and communities.
- As this remains a rapidly changing situation, we continue to work to build flexibility and agility into our activities and approach as an organisation, allowing us to respond as quickly as possible as the situation evolves.

**Our four strategic objectives remain:**



### **Understand and communicate our impact**

- Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners.
- Protect and support producers during the COVID-19 pandemic.
- Secure grants and funding to support our core sourcing and programmatic work on the ground.
- Continue measuring the impact of our work on the ground.



### **Fuel demand for Fairtrade across society**

- Continue to grow public support for living incomes (in cocoa).
- Focus on growing our engagement and relevance within the climate conversation.
- Deepen collaboration with our strategic allies.
- Continue to focus our policy work on supporting the enabling environment for Fairtrade, and make trade fairer.
- Continue to engage with and increase our supporter base.



### **Improve and Innovate:**

- Continue to deliver bespoke information and insight reporting solutions for commercial partners.
- Continue our data project in the UK aimed at streamlining and developing our systems and processes.
- Continue to actively contribute to the global Fairtrade data project.



### **A strengthened organisation**

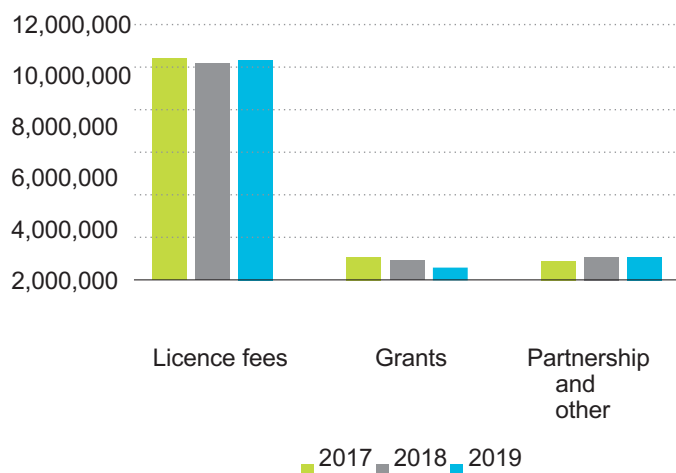
- Work with our global membership system to develop our Fairtrade strategy for the next 5 years (2021-2025).
- Continue our project to upgrade our website.
- Continue to foster a flexible culture where staff have the tools and development support to contribute to organisational strategy, plans and ambitions.

# FINANCIAL REVIEW



## Financial performance

### Trend in income



Total incoming resources in 2019 decreased by two percent to £12.0 million from £12.2 million, with a substantial increase in donations (£131,000) and a small increase in licence fee revenue (£57,000) offset by decreases in restricted grants (£296,000) and Partnership and other income (£124,000).

Licence fees continue to represent the majority of total income (2019: 86 percent; 2018: 84 percent). Licence fee income increased by one percent to £10.3 million (2018: £10.2 million). Fundraised income from grants and donations decreased by 16 percent to £0.8 million (2018: £1.0 million) largely due to the final year income of the EC Development Education and Awareness Raising grant not being recognised in the year as entitlement will be achieved upon satisfactory receipt of our final year report in September 2020. Other significant movements between 2018 and 2019 include the completion of certain grants (see note 4 for details) offset by a large legacy donation and new grants such as the flowers programme in Ethiopia to improve labour relations amongst workers, and the North East India Tea Research programme, which aims to explore measures that would support better economic outcomes for workers on tea plantations in India.

We continue to explore ways of diversifying our income streams and reducing our reliance on licence fees. To this end, we are investing in public fundraising and new ways of working with businesses and other stakeholders, including Mondelēz International and Mars.

Total expenditure was flat at £11.2 million and comprised:

- An increase of £0.6 million in the amount spent on 'Focus on Impact', reflecting the Fairtrade strategy of moving more funds to the South through increased fees to our producer networks. This was offset by:
- A reduction of £0.5 million on 'Improve and Innovate' due to a staggered reduction in the certification transition subsidy we pay and a significant reduction in the associated support costs.
- A reduction of £0.2 million in the amount spent on 'Make Fairtrade Personal' largely due to a reduction in the associated support costs.

Of the total expenditure, charitable expenditure represented 95 percent and the cost of raising funds was five percent (2018: 96 percent, four percent). We continue to invest in public fundraising as part of the strategy noted above of seeking to reduce our reliance on licence fees by diversifying our sources of income. It should be emphasised that the impact of Fairtrade is not just the direct charitable expenditure. Lives of producers are significantly improved by access to guaranteed Fairtrade Minimum Prices and Premium.

Total funds increased by 14 percent to £6.4 million from £5.6 million. Restricted funds decreased to £420,000 from £777,000. Unrestricted funds increased by 24 percent to £6.0 million from £4.8 million. Included within unrestricted funds is £750,000 which the trustees have designated to a Fairtrade Future Fund to support strategic projects in developing and implementing our 2021 – 2025 strategy.

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. They consider the charity remains a going concern, particularly this year having taken into consideration the impact of COVID-19.

### Investment policy

The Memorandum and Articles of Association allow the Fairtrade Foundation to invest funds not immediately required as the Trustees think fit. The Board has an investment policy that allows cash to be invested in short-term cash deposits of up to six months. All investments are subject to financial and ethical criteria. Due to the level of cash reserves, the Foundation has only invested in on-call cash accounts.

### Reserves policy

The Trustees review the reserves policy each year as part of the overall risk management of the Foundation. The target level of reserves is reviewed as part of the planning and statutory reporting cycles. Reserves are needed for working capital and to cover temporary shortfalls in income and unforeseen increases in expenditure so that the charity can continue to operate at all times. The Trustees have reviewed the reserves policy as at 31 December 2019. Under the policy, the target reserves level is based on the higher of:

1. A risk-based calculation of £4.8 million (2018: £3.9 million), based on the financial implications and likelihood of significant risks; and
2. 12 weeks' of unrestricted expenditure; £2.4 million (2018: £2.3 million).

Free reserves, excluding fixed assets (£0.2 million) and designated funds (£0.8 million), as at 31 December 2019 were £5.0 million (2018: £4.5 million) and were therefore four percent above the minimum level set by the reserves policy. Trustees consider that given the significant uncertainty facing the economy, our licensees and Fairtrade consumers from COVID-19 and Brexit, together with the financial impact of other principal risks and uncertainties noted in the next section below, that it is prudent to hold a level of reserves which is higher than the policy to ensure stability over the coming year. The level of reserves is monitored quarterly by the Trustees.

Cash is also a limiting factor. The majority of income is from licence fees which are invoiced in arrears. Therefore cash balances are not always correlated with reserves. Cash balances increased in the year to £4.9 million from £3.5 million, of which £420,000 (2018: £712,000) was restricted funds. Cash flow forecasts are prepared regularly and future cash needs are taken into account when setting reserves targets and budgets.

Note 17 of the Notes to the Financial Statements provides a description of the Foundation's restricted and designated funds.

## Principal risks and uncertainties

### Risk Management

The Trustees undertake a regular review of risks and opportunities facing the Fairtrade Foundation, and the risk register is reviewed at each quarterly Finance and Audit Committee and Board meeting. The management of risk is an integral part of the Senior Leadership Team's management responsibilities. The Trustees believe that through this process a wide range of risks have been identified, quantified and, where appropriate, action taken on a continuing basis to manage those risks. The Trustees have reviewed the risks and consider the strategies for mitigating the risks to be appropriate. One method of combating risks and uncertainties used by the Trustees is through financial forecasting and scenario planning, and holding appropriate levels of reserves and cash, giving time to respond to situations as they arise.

### Principal Risks

**The impact of COVID-19** – the short, medium and long-term impact of COVID-19 is still unknown. In an operational sense, the Foundation was well set up to work remotely, effectively and efficiently when the lockdown in the UK occurred, and we were already doing so, with the office closed before this was formally mandated by the UK government. The Foundation has business continuity plans in place identifying critical functions, people and skills and how to manage if there is widespread illness. In a financial sense, our income is reliant on the performance of our licensees, some of which are more affected than others (for example closure of out of home outlets will have affected coffee licence income, offset by increased sales at supermarkets and other retailers). There may be longer term effects on the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. We also anticipate that the impact of COVID-19 on Fairtrade producers themselves will be significant, and are working with our producer networks to support and mitigate where it is possible and will continue to do so. We have modelled various scenarios and, as we have strong levels of reserves, the Trustees believe that the Foundation continues as a going concern and can prepare these accounts on that basis. The situation is being monitored on a weekly basis and forecasts updated as more information becomes available.

**Data and information** – a co-ordinated global data and digital information strategy for the future is key, and is an integral part of the upcoming 2021 – 2025 strategy. The global Fairtrade system is in the middle of a multi-year project to create a data warehouse and business information tool, which is the first strand of a data and digital information strategy. The project is making satisfactory progress to date, however delays in this area could put us at a significant disadvantage and it is a global priority to address any such delays as and when they arise. Significant resources are being put into ensuring that our data and information tools are appropriate and fit for purpose to ensure we can provide all relevant stakeholders with information and insight to support and drive Fairtrade commitments.

**Income diversification** – as has been the case over the last few years, we face increasing challenges and pressure on our licence fee income, which remains our predominant income stream. To minimise this, we are focusing resource on exploring new ways of working with businesses and other stakeholders. We continue to work in new and innovative ways with our commercial partners and programmatic donors to create more impact for producers through traditional programmes and in selling our expertise.

**The UK economy and grocery market** – the continued pressure on retailers to reduce prices threatens sales of Fairtrade products as retailers are examining ways to reduce costs. This presents a risk to producers and workers that the market for their products will reduce and a risk for the Foundation that income will fall. This is mitigated by maintaining close relationships with retailers and licensees and by continually demonstrating the commercial value to their businesses – in addition to the benefit of Fairtrade to producers and workers. We continue to maintain and increase the awareness of the value of Fairtrade with the public.

**Brexit** – we are now in the transition period and it is as yet unknown whether this will be completed by 31 December 2020. Brexit presents risks for Fairtrade and there will be continued uncertainty for the foreseeable future. Income for both producers and workers and the Foundation could be affected by companies switching their sourcing arrangements, ending long-term relationships with suppliers; the burden of increased tariffs and other costs being pushed down onto producers and workers (ie lower purchasing prices, lower wages); currency devaluation hitting Fairtrade companies importing from developing countries; and companies stepping back from Fairtrade commitments resulting in smaller volumes being bought on Fairtrade terms, less Fairtrade influence on issues such as living wages, and less investment in programmes. Our policy and advocacy team are working hard to raise issues in the appropriate governmental forums to protect producers and workers from the risks arising out of Brexit.

**Governance and structure** – the Fairtrade movement is made up of a number of organisations across the world, representing different needs and perspectives. This leads to a richness and depth of knowledge; for example, giving producer organisations a voice to lead the future of Fairtrade. It also naturally increases the risk that changes become difficult to make or decision-making too complicated. However, this is mitigated through various cross-movement groups, including representatives of the movement's organisations.

**Reputation** – although the FAIRTRADE Mark was 25 years old in 2019, Fairtrade is still a relatively new and bold approach to tackling poverty and therefore there are rightly regular investigations into its effectiveness. Fairtrade will continue to prioritise investment in Monitoring, Evaluation and Learning work to ensure that we are able to make accurate claims of success, learn from experience, are open and constructive when challenges are brought to light, and continue improving to maximise impact for producers and workers. We have a supply chain risk management process which enables us to monitor risks in supply chains, working closely with our producer networks. We are working internationally across the Fairtrade global system to address how we position Fairtrade in the market, demonstrate our differentiation from other certification schemes and leverage the fact that Fairtrade is the most recognised ethical scheme in the UK.

# **STRUCTURE, GOVERNANCE AND MANAGMENT**

## The organisation of the charity

The Fairtrade Foundation is a company limited by guarantee and a charity registered in England and Wales. It is governed by its Memorandum and Articles of Association as adopted on 2 July 1992 and subsequently amended in January 1994, May 2003, July 2006, June 2007, October 2012, January 2017 and December 2019. The organisation was founded in 1992 by CAFOD, Christian Aid, Oxfam, Traidcraft Exchange and the World Development Movement. The National Federation of Women's Institutes joined shortly afterwards. These organisations are known collectively as the Founder Members. In 2003, membership was opened up to enable other organisations to participate in the governance of the Foundation and to share their expertise and experience. Organisations applying for membership are expected to have either a strong development or consumer focus, and to contribute to the promotion of Fairtrade. A full list of member organisations is given on page 75.

## Trustee appointment and induction

The Board can comprise up to 12 Trustees (and no less than nine) who are appointed by the process determined by the Articles of Association. Up to six positions are available to be elected by the full membership. Two further places are available to be nominated by the producer networks (and if not filled, a candidate for one of those places can be nominated by a Fairtrade entity outside the UK) and a further four places may be co-opted by the Board. Formal elections take place at the annual general meeting where one third of the elected Board stand down by rotation. Trustees are elected or co-opted for a three-year term. Trustees can serve for up to nine years before they are required to stand down. After a period of one year, Trustees become eligible for reappointment again. Trustees review the existing skills and identify key skill gaps as part of drawing up the specification for co-opting potential Trustees. The Foundation advertises externally to attract a full range of candidates.

All new Trustees receive an induction pack which contains information on the history of the organisation, governance and operational structures, minutes of Trustee meetings for the previous year, relevant budgets and accounts, and Charity Commission publications on Trustee responsibilities. In addition, Trustees are invited to staff induction days and a wide range of events, for example during Fairtrade Fortnight and other promotional events, licensee meetings and stakeholder events. Should the appropriate opportunity arise, Trustees may visit producer groups to see first-hand the impact of Fairtrade. The Board conducts an annual review of its performance, including a survey of Trustees. This helps Trustees identify and assess the areas of governance that perform well and where improvements may be needed, and to review and consider the skills mix of the Board and sub-committees.

## Trustee meetings and board sub-committees

The Board meets at least four times a year and has overall responsibility for the policy and strategic management of the Foundation. The main tasks of the Board are:

- Setting and maintaining the Foundation's vision, mission and values and in particular agreeing and approving the strategic plan.
- Ensuring strong links with the member organisations and the Fairtrade movement.
- Contributing creatively to the development of the Foundation, including fostering relationships with major licensees.
- Developing the Foundation's policies on trade justice and other means of poverty reduction related to the Foundation's core activity.
- Agreeing and monitoring major policies and programmes.
- Supporting and appraising the Chief Executive, and approving staffing and remuneration policies.
- Approving annual plans and budgets; and reviewing reports and management accounts to ensure that the Foundation's performance is in line with its policies and programmes.
- Ensuring that it is identifying and managing any risks appropriately. The Board has four sub-committees: the Finance and Audit Committee; the Nominations Committee; the Partnerships Committee; and the People, Safeguarding and Remuneration Committee.

**The Finance and Audit Committee** consists of between three and five Trustees, and meets a minimum of four times a year.

Duties include the following:

- Considering strategic issues, including planning and risk.
- Reviewing drafts of financial policies, budgets and annual accounts.
- Reviewing the management accounts and statutory accounts.
- Monitoring the development, implementation and compliance of IT and Finance strategy and policies.
- Monitoring and advising on internal financial controls.

These functions and activities do not absolve the full Board of Trustees of its legal responsibilities.

**The Nominations Committee** consists of the Vice-Chair of the Board, and at least two further Trustees of the Board, who are approved by the Board. Its key responsibility is to manage the appointment of Trustees and members to the Board and its constituent committees respectively.

**The People, Safeguarding and Remuneration Committee** consists of four Board members and has overall responsibility to set remuneration, with associated terms and conditions of employment, for all staff of the organisation, including directors.



**The Partnerships Committee** is an adhoc Committee, which consists of three Board members plus two external advisory members and advises the management on any partnership opportunities the Foundation has under consideration.

Minutes of all Committee meetings are reported to the subsequent full Board meeting so that all Trustees are informed of significant issues discussed at a sub-committee level.

### Operational management

A scheme of delegation is in place which devolves day-to-day operational management of the Foundation to the Chief Executive, who is supported by a senior management team consisting of a Chief Financial Officer, Commercial Director, Director of Public Engagement and Director of Impact.

### Remuneration

The Fairtrade Foundation is a unionised organisation and we recognise the Union for collective bargaining. The charity negotiates annually with the Union on salary and remuneration terms and conditions. The suggested pay award is ratified by the People, Safeguarding and Remuneration Committee. The Foundation uses the Croner Job Evaluation system for benchmarking to set grades and associated pay scales for all posts, which includes all directors' posts. We aspire to pay at least median market rate for all grades, and these are benchmarked against similar size and type of organisations, comparing to both sector and financial turnover. We ensure that our highest salary is no more than five times more than the lowest salary. Some technical specialists can command a market premium. A market premium is only considered if there has been recruitment and/or retention difficulties and benchmark data confirms the need for a market premium. The decision to pay a market premium is approved by the People, Safeguarding and Remuneration Committee.

### Statement of Trustees' responsibilities

The Trustees are responsible for preparing the report of the Trustees, the strategic report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming/outgoing resources for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.

- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Fundraising

We comply with all relevant statutory regulations and we strive for best practice in fundraising, by complying with a range of codes of practice and standards. This includes being a member of the Institute of Fundraising and registering with the Fundraising Regulator, adhering to its Code of Fundraising Practice. We do not engage with any professional fundraisers nor any other commercial participator to fundraise on our behalf. We closely monitor the quality of our fundraising work and received no complaints during 2019.

Our fundraising approaches have historically been limited – mainly focused on donations from existing supporters, schools and volunteer groups. In 2019 we launched a committed giving scheme (the Live Fair box) to offer supporters another way to be part of the Fairtrade movement. We continue to work with data protection experts and consultants to ensure that we have an unbiased public-facing approach in how we respect people's privacy and their preferences. This includes safeguards to preclude us requesting donations from vulnerable people.

### Public benefit

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees further confirm that the activities of the Fairtrade Foundation are carried out, in line with its objects, for the public benefit as described in this report.

## Charity Governance Code

The Fairtrade Foundation takes its governance responsibilities seriously and aims to have a governance framework that is fit for purpose, compliant and efficient. In 2019 the Foundation commissioned the NCVO to conduct an assessment of the Foundation's compliance against the Charity Code of Governance. The NCVO assessment was that the Foundation's compliance level was high and it was 'achieving competence' against the standards established in the Code. Particular highlights were in leadership and integrity, and areas for improvement were Diversity and Openness. A development plan has been made to maintain the high performance and address the small number of gaps identified, including but not limited to:

- considering diversity more significantly at the point of Trustee recruitment,
- carrying out a diversity audit
- increasing visibility of Trustees on the Foundation's website
- tailoring a Trustee Code of Conduct
- continuing to assess compliance against the Governance Code on an annual basis

## Safeguarding

Safeguarding means protecting peoples' health, wellbeing and human rights, and enabling them to live free from significant harm, physical and emotional abuse, neglect and exploitation of any kind, including consequences of any misuse of personal data. We work to ensure we are protecting children and vulnerable adults from harm that arises from coming into contact with our staff, associated personnel or programmatic work on the ground. We work with Fairtrade International through their Protection Policy and Procedures for Children and Vulnerable Adults to act to protect any person from abuse, exploitation and neglect occurring in Fairtrade operations system-wide.

We are committed to the protection of people from abuse, exploitation and neglect, and we always take immediate action to follow up on a concern or an allegation about a person's safety and wellbeing. We are committed to supporting children's rights to survival, development, protection, and participation. Similarly, we are also committed to protecting vulnerable adults from significant harm as defined in Fairtrade Standards relating to Forced Labour, Gender Based Violence and Harassment. We believe that protection of children and vulnerable adults is both a corporate and an individual responsibility, and every person who undertakes and/or shares in the work of the Foundation also shares in the responsibility to take every precaution to protect the children and vulnerable adults we directly or indirectly serve.

The Foundation has safeguarding focal points who monitor safeguarding concerns throughout the organisation and ensure that we have taken appropriate action to keep people safe.

We have a Protection and Safeguarding Policy and Code of Conduct in the UK, which states the Foundation will not tolerate abuse and exploitation by staff or associated personnel and is aligned to DFID's 'zero tolerance' stance. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees have received safeguarding training, safeguarding is part of staff induction and safeguarding is embedded into the start of any new donor-funded programme with our partners. We have introduced DBS (criminal records checks) through an external provider, and have embedded a process for undertaking checks on new and existing roles that require it. We work with our commercial partners to ensure they also have policies and procedures in place. Our own policies and procedures have been reviewed by the Charity Commission and no issues were found.

Internationally, we supported the development of a system-wide Fairtrade Global Organisation Code and its associated assurance framework, policies and guidance manual.

Through the improvements made to policy and reporting procedures, we have increased staff awareness of our safeguarding policies and practices and increased confidence in reporting safeguarding matters. In 2019, there were zero whistleblowing complaints, and 24 safeguarding cases raised, with three reports to the Charity Commission. All of the cases reported to the Charity Commission have now been closed, with the confirmation that the matters have been dealt with appropriately and responsibly.

## Statement as to disclosure to auditors

So far as each Trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a company director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Through the improvements made to policy and reporting procedures, we have increased staff awareness of our safeguarding policies and practices and increased confidence in reporting safeguarding matters. In 2019, there were zero whistleblowing complaints, and 24 safeguarding cases raised, with three reports to the Charity Commission. All of the cases reported to the Charity Commission have now been closed, with the confirmation that the matters have been dealt with appropriately and responsibly.

## Diversity

The Fairtrade Foundation is proud to be a Living Wage employer and an equal opportunities employer, committed to attracting and appointing a diverse workforce, and aims to have a workforce that is representative of all sections of society. We're focusing on improving all aspects of the People Agenda, including Diversity and Inclusion. 60 percent of our most senior leadership are female.



## Acknowledgements

The success of Fairtrade is due to the commitment and dedication of all the stakeholders in the Foundation's work – the producers, consumers, licensees and retail partners, the grassroots campaigners and supporters, staff and volunteers. We particularly thank our volunteers and celebrities for the time they freely give to promote Fairtrade. Campaigners provide invaluable support to the Foundation. They run events to promote knowledge of the FAIRTRADE Mark. Fairtrade Fortnight and other events also depend heavily on the input of many volunteers. A total of 44 volunteers helped in the Fairtrade office or remotely at some time during the year, and gave 4,532 hours to the organisation.

## Trustee Changes

Brenda Achieng has stood down as a Trustee since the last report, and we have no new appointments since the last report.

This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 18 June 2020, in their capacity as company directors, and signed on its behalf by

A handwritten signature in black ink, appearing to read 'M. Price', written in a cursive style.

Lord Mark Price,  
Chair of Trustees

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FAIRTRADE FOUNDATION**

## Opinion

We have audited the financial statements of the Fairtrade Foundation for the year ended 31 December 2019, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- Information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Tim Redwood**  
Senior Statutory Auditor

25 June 2020

For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor

St Bride's House  
10 Salisbury Square  
London, EC4Y 8EH

## The Fairtrade Foundation

### Statement of financial activities for the year ended 31 December 2019 (including the Income and Expenditure Account)

	Notes	2019 Unrestricted £000	2019 Restricted £000	2019 Total £000	2018 Total £000
<b>Income from:</b>					
Donations and legacies	2	266	-	266	135
Grants	4	-	595	595	891
Investment income		3	-	3	1
<b>Charitable activities</b>					
Licence fees		10,279	-	10,279	10,222
Partnership and other income	5	775	60	835	959
<b>Total income</b>		<b>11,323</b>	<b>655</b>	<b>11,978</b>	<b>12,208</b>
<b>Expenditure on:</b>	6				
Raising funds		507	-	507	474
<b>Charitable activities</b>					
Focus on Impact		4,703	695	5,398	4,792
Improve and Innovate		2,594	32	2,626	3,136
Make Fairtrade Personal		2,368	285	2,653	2,826
Total charitable activities		9,665	1,012	10,677	10,754
<b>Total expenditure</b>		<b>10,172</b>	<b>1,012</b>	<b>11,184</b>	<b>11,228</b>
<b>Net income/(expenditure), being net movement in funds</b>	9	<b>1,151</b>	<b>(357)</b>	<b>794</b>	<b>980</b>
<b>Reconciliation of funds:</b>					
Fund balances brought forward		4,848	777	5,625	4,645
<b>Fund balances carried forward</b>	17	<b>5,999</b>	<b>420</b>	<b>6,419</b>	<b>5,625</b>

The breakdown of 2018 figures between restricted and unrestricted funds is shown in Note 19.

There were no recognised gains or losses for 2019 or 2018 other than those included in the Statement of Financial Activities. All activities are continuing. The Notes on pages 56 to 73 form part of these financial statements.

**The Fairtrade Foundation**  
**Balance Sheet as at 31 December 2019**

	Notes	2019	2018
		£000	£000
<b>Fixed assets</b>			
Intangible assets	11	39	126
Tangible assets	12	206	268
<b>Current assets</b>			
Stock		5	11
Debtors	13	4,320	4,511
Cash at bank and in hand		4,912	3,472
Cash at bank – held as agent		-	3
<b>Total current assets</b>		<b>9,237</b>	<b>7,997</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	14	(2,408)	(1,859)
<b>Net current assets</b>		<b>6,829</b>	<b>6,138</b>
<b>Total assets less current liabilities</b>		<b>7,074</b>	<b>6,532</b>
Creditors: amounts falling due after one year	14	(306)	(158)
Provision for liabilities and charges	15	(349)	(749)
<b>Net assets</b>		<b>6,419</b>	<b>5,625</b>
<b>The funds of the charity:</b>			
General funds	17	5,004	4,454
Designated funds – Fairtrade Future		750	-
Designated funds – Fixed Assets		245	394
<b>Unrestricted funds</b>		<b>5,999</b>	<b>4,848</b>
<b>Restricted funds</b>		<b>420</b>	<b>777</b>
<b>Total funds</b>		<b>6,419</b>	<b>5,625</b>

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 18 June 2020, and were signed below on its behalf by

**Mark Price**

Chair of the Board  
Company number:  
2733136



18 June 2020

The Fairtrade Foundation

Statement of cash flows for the year to 31 December 2019

	Notes	2019	2018
		£000	£000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	1,448	885
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(11)	(363)
<b>Change in cash and cash equivalents in the year</b>		<b>1,437</b>	<b>522</b>
<b>Cash and cash equivalents at 1 January</b>	20	<b>3,475</b>	<b>2,953</b>
<b>Cash and cash equivalents at 31 December</b>	20	<b>4,912</b>	<b>3,475</b>

## 1 Accounting policies

### 1.1 Company information

The Fairtrade Foundation is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 21 July 1992 (company number: 2733136) and registered as a charity on 3 February 1995 (charity number: 1043886).

### 1.2 Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of COVID-19, the Trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its consolidated financial statements. There are no material uncertainties about the charity's ability to continue.

In the application of these accounting policies Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

### 1.3 Fund accounting

**Restricted** funds arise from grants and donations given to the Fairtrade Foundation for specific areas and activities of the Foundation's work in furthering its objectives. The aim and use of each material restricted fund is set out in Note 17.

**Unrestricted** funds include the general funds of the Foundation (including fixed assets) and arise from surpluses of income over expenditure which may be used at the discretion of the Trustees in accordance with the objectives of the charity.



**Designated funds** comprises unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated fund is set out in Note 17.

#### 1.4 Income

All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, receipt is probable and the income can be measured with sufficient reliability.

The Foundation receives **licence fees** from companies marketing products carrying the Foundation's FAIRTRADE Mark which means producers and businesses have met internationally agreed standards which have been independently certified. The fees contribute to the costs of work to increase our impact in the global south by increasing the volume of commodities sold on Fairtrade terms, increasing the number of farmers and workers who benefit from work on climate change, gender, productivity and hired labour and the costs of public education and awareness-raising work. Fees are either calculated as a percentage of the products' wholesale value or based on the volume of the Fairtrade commodity sold, and are largely invoiced quarterly in arrears. Licence fee is recognised in the period the sale is made by the licensee. Monitoring and auditing of all UK licensees in 2019 was undertaken directly by FLOCERT.

**Donations and grants** will be recognised on a receivable basis, where there are no performance-related conditions, where the receipt is probable and the amount can be reliably measured.

**Donated services** are included as 'other income' at their estimated value to the charity when received, and under the appropriate expenditure heading depending on the nature of the service provided, at the same value and time.

**Partnership and other income** is included as earned in line with the satisfaction of the contract and underlying services.

#### 1.5 Expenditure

All expenditure is included on an accruals basis. All costs have been attributed to one of the categories of resources expended in the Statement of Financial Activities and include a proportion of the support costs as detailed in Note 6. Support costs have been apportioned based on the number of staff engaged in each activity and all other costs have been apportioned based on the staffing costs of each activity in order to reflect the demands each activity makes on central support resources.

**Governance costs** are included within support costs. They include costs attributable to the governance of the charity and those relating to compliance with constitutional and statutory requirements. The costs associated with the additional support provided to Fairtrade International towards developing and improving governance across the Fairtrade movement is also included in this category of expenditure.

**Raising funds** includes all costs incurred in raising funds from, and reporting back to, government, the European Commission, charitable trusts and foundations, and individual donors.

**Costs of charitable activities** include all costs incurred in seeking to achieve the charity's charitable purposes.

**Focus on Impact** includes the cost of establishing and supporting supply chains, and support provided directly to producer groups and their regional networks.

**Improve and Innovate** includes the monitoring and audit of supply chains of products which are licensed to carry the FAIRTRADE Mark, both in the UK and internationally, establishing and maintaining licence agreements and relationships with companies producing and distributing Fairtrade products, and the cost of exploring new markets and ways of working in order to deepen our impact for producers.

**Make Fairtrade Personal** includes the activities funded to promote knowledge and awareness of the FAIRTRADE Mark and the need for Fairtrade in the interests of disadvantaged producers. It aims to deepen the emotional commitment to Fairtrade, and to our mission of fighting poverty through trade.

## 1.6 Intangible fixed assets

Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historical cost and amortised on a straight-line basis over the period for which revenue is expected to be generated (typically four years).

Amortisation is recognised in the Statement of Financial Activities as part of expenditure and is allocated across the expenditure headings on the same basis as support costs.

## 1.7 Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Assets are included where the cost exceeds £1,000.

Depreciation is provided at 20 percent or 25 percent (depending on the nature of the asset) in order to write off the cost of fixed assets over their useful lives on a straight-line basis. A full year of depreciation is taken in the year of acquisition.

Depreciation is recognised in the Statement of Financial Activities as part of expenditure and is allocated across the expenditure headings on the same basis as support costs.

## 1.8 Stock

Stock of merchandise is included in the accounts at the lower of cost and net realisable value.

## 1.9 Pensions

All staff employed by the Fairtrade Foundation are eligible for membership of a defined contribution group personal pension plan.

The scheme is contributory (the Foundation pays up to 10 percent of salary depending on the level of the staff member's contribution). Pension contributions are charged

to the Statement of Financial Activities in the period to which they relate. Further details are provided in Note 22.

## 1.10 Redundancy/termination payments

Redundancy and termination payments are accounted for in the period in which they are agreed or communicated with the other party.

### 1.11 Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### 1.12 Value Added Tax

The charity is registered for VAT. In common with many other registered charities, the Fairtrade Foundation is unable to fully recover input VAT. During the accounting period, the total irrecoverable VAT suffered by the charity was £43,000 (2018: £60,000).

This irrecoverable VAT is included in the appropriate categories of expenditure within the Statement of Financial Activities.

### 1.13 Taxation

The Fairtrade Foundation is a registered charity and, as such, is exempt from taxation on its income to the extent it is applied to its charitable purposes.

### 1.14 Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are taken to the Statement of Financial Activities and recorded as a support cost.

### 1.15 Provisions

Provisions are recognised when the charity has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

### 1.16 Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors.

A specific provision is made for debts for which recoverability is in doubt.

Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital.

Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

## 2 Donations and legacies

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Triodos Bank Fairtrade Saver Account	6	-	6	6
Legacies	81	-	81	8
Other donations	179	-	179	121
<b>Total donations</b>	<b>266</b>	<b>-</b>	<b>266</b>	<b>135</b>

The Triodos Bank income is generated through the promotion of their Fairtrade Saver Account to individual savers. Triodos Bank donates the equivalent of 0.25 percent of the average balance of funds held in the year and the individual savers also have the opportunity to donate a portion or all of the interest earned on the account to the Foundation.

## 3 Use of volunteers

Additional resources were provided by 44 general unpaid volunteers who contributed a total of 4,532 hours of work in the year, and two seconded staff who were with us for up to six months each. Volunteers provided administrative support, research, project management, media, supply chain, and campaigning support. These contributions are highly valued by the charity but, in line with the Charities SORP, are not recognised in the accounts due to difficulties in measuring their value.

## 4 Grants

	2019 Total £000	2018 Total £000
<b>Comic Relief</b>		
Gold IMPACT Programme	133	219
<b>EPRM</b>		
Improved ASMO Access to Finance	121	119
<b>Fairtrade International</b>		
Cocoa living income work	128	-
<b>Fairtrade International, Fairtrade Germany and Ethical Tea Partnership</b>		
NE India Tea Research Project	65	-
<b>European Commission</b>		
EC DEAR project	-	298
<b>Jersey Overseas Aid Commission (JOAC)</b>		
Sugar	-	27
<b>RVO</b>		
Gold Uganda	25	-
<b>Aldi</b>		
Aldi Flowers Programme Ethiopia	50	-
<b>Department for International Development</b>		
Rate project	-	58
<b>National Union of Students</b>		
Textile standard training programmes	20	-
Digital classroom project	10	-
Fairtrade University Awards	6	-
Traid	37	30
GenesisTrust	-	50
Humanity United	-	79
Big Lottery fund	-	7
Ethical Trading Initiative	-	4
<b>Total grants</b>	<b>595</b>	<b>891</b>

All grants in 2019 are restricted.

## 5 Partnership and other income

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Cross-border sales administration fees	370	-	370	248
Consultancy fees	67	-	67	72
Expertise and commercial partner-funded programmes	299	60	359	548
Other fees and royalties	22	-	22	72
Sale of awareness-raising items	17	-	17	19
<b>Total partnership and other income from charitable activities</b>	<b>775</b>	<b>60</b>	<b>835</b>	<b>959</b>

Cross-border sales administration fees: the Foundation invoices UK licensees for licence fees due on UK and non-UK sales. National Fairtrade organisations outside the UK invoice the Foundation for the licence fee on non-UK sales less an administration fee.

## 6 Expenditure

	Direct staff costs £000	Other direct costs £000	Support costs £000	2019 Total £000	2018 Total £000
Raising funds	311	55	141	507	474
<b>Charitable activities:</b>					
Make Fairtrade Personal	1,277	799	577	2,653	2,826
Improve and Innovate	1,370	637	619	2,626	3,136
Focus on Impact	859	4,151	388	5,398	4,792
Total charitable activities	3,506	5,587	1,584	10,677	10,754
<b>Total expenditure in 2019</b>	<b>3,817</b>	<b>5,642</b>	<b>1,725</b>	<b>11,184</b>	<b>11,228</b>
<b>Total expenditure in 2018</b>	<b>3,564</b>	<b>5,022</b>	<b>2,642</b>	<b>11,228</b>	

Other direct costs and support costs include payments made to Fairtrade International eV, FLO-CERT GmbH and other national Fairtrade organisations around the world. Membership contributions of £1.4 million (2018: £2.0 million) support Fairtrade International's functions in setting the international framework and co-ordination

of Fairtrade including the setting and development of Fairtrade Standards, supporting producers and traders to match supply and demand, and supporting smallholders and workers participating in Fairtrade.

Certification fees of £330,000 (2018: £341,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer network contributions of £1.7 million (2018: £973,000) are distributed to producer networks by Fairtrade International. Contributions of £319,000 (2018: £241,000) were made to the system-wide project fund to fund projects with a global benefit.

Other national Fairtrade organisations invoice their non-UK licensees for licence fees due on UK and non-UK sales, and the Foundation invoices the national Fairtrade organisations for the licence fees on UK sales less administration fees of £32,000 (2018: £33,000).

Support costs of £1.7 million (2018: £2.6 million) have been allocated across activities. Support costs have been apportioned based on the staffing costs of each activity in order to reflect the demands each activity makes on central support resources.

The breakdown of support costs by activity is shown below:

	2019 £000	2018 £000
Human resources	378	270
Finance	565	388
Information technology	499	426
Management and administration	59	165
Governance	104	89
Facilities	120	1,305
<b>Total support costs</b>	<b>1,725</b>	<b>2,643</b>

## 7 Grants payable to institutions

	SOFA heading	2019 £000	2018 £000
Fairtrade Africa and other African partners	Focus on Impact	464	433
Fairtrade International	Focus on Impact	91	-
Network of Asia and Pacific Producers	Focus on Impact	43	19
CLAC	Focus on Impact	-	61
<b>Total grants payable</b>		<b>598</b>	<b>513</b>

We have a programmes guideline we follow when making grants to other organisations. We undergo a due diligence assessment of the organisations to ensure we have a reasonable level of assurance that they are suitable for us to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (ie operational,

financial and reputational risks), alignment to our values and our relationship with the organisation – is completed to ensure the organisation is right for us to engage with following a broad assessment. A Memorandum of Understanding or a grant agreement is put in place which sets out the purpose of the grant and the responsibilities of all relevant parties before the grant is paid.

The grants to Fairtrade Africa and other Africa partners are in relation to the Gold IMPACT programme, Improved ASMO Access to Finance, Gold project Uganda, Lake Victoria Gold Programme, Women's School of Leadership and Strengthening Sugar Farmers in Southern Africa.

The grant to Fairtrade International is in relation to the Tea standards and pricing review, and Fairtrade vanilla living income project.

The grant to the Network of Asia and Pacific Producers is in relation to the Cotton Breeding Programme.

See Note 17 for further details.

Support costs of £57,000 (2018: £66,000) have been allocated to grant-making activities.

## 8 Governance costs

Activities to enable the Foundation to function as a registered charity and a company registered in England and Wales include:

	2019 £000	2018 £000
Trustee expenses	9	8
Fees payable to charity's auditors for the audit of the charity's annual accounts	18	18
Other governance costs	40	29
Staff costs	37	34
<b>Total costs</b>	<b>104</b>	<b>89</b>

No remuneration was paid to Trustees in the year (2018: nil).

Trustee expenses relate to travel expenses reimbursed for attendance at Board and sub- committee meetings, other meetings at the Foundation and external events to represent the Foundation. £9,000 (2018: £8,000) was reimbursed to six Trustees (2018: eight Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings.



## 9 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2019 £000	2018 £000
Depreciation of fixed assets	160	182
Fees payable to charity's auditors for the audit of the annual accounts for the current year	18	18
Fees payable to charity's auditors for other accountancy services	11	1
Operating lease rentals and service charge: land and buildings	293	556

## 10 Staff costs

	2019 £000	2018 £000
Wages and salaries	3,870	3,552
Employer's National Insurance costs	398	360
Employer's contribution to defined contribution pension schemes	325	300
Agency staff	110	127
<b>Staff costs</b>	<b>4,703</b>	<b>4,339</b>
<b>Staff recruitment costs</b>	<b>71</b>	<b>49</b>

Number of employees whose emoluments excluding National Insurance contributions and employer pension costs, fell within the band:

	2019	2018
£70,000 – £79,999	1	2
£80,000 – £89,999	2	2
£90,000 – £99,999	-	-
£100,000 – £109,999	1	1

The Foundation's highest salary was 4.2 times the lowest salary during 2019, in line with our policy to ensure the highest salary is no more than five times the lowest salary.

Contributions in the year for the provision of defined contribution pension schemes to higher paid staff were £31,000 (2018: £34,000).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Public Engagement, the Commercial Director and the Director of Impact. The total employee benefits of key management personnel of the charity were £529,000 (2018: £502,000).

Average headcount in 2019 was 94 (2018: 91).

Redundancy/termination payments agreed and paid in the year came to £17,000 (2018: £2,000).

## 11 Intangible fixed assets

	Software and website £000
<b>Cost at 1 January 2019</b>	<b>921</b>
Additions	-
Disposals	(163)
<b>At 31 December 2019</b>	<b>758</b>
<b>Amortisation at 1 January 2019</b>	<b>795</b>
Charge for period	87
Disposals	(163)
<b>At 31 December 2019</b>	<b>719</b>
<b>Net book value at 1 January 2019</b>	<b>126</b>
<b>Net book value at 31 December 2019</b>	<b>39</b>

## 12 Tangible fixed assets

	Office equipment £000	Fixtures and fittings £000	Total £000
<b>Cost at 1 January 2019</b>	<b>98</b>	<b>278</b>	<b>376</b>
Additions	1	10	11
Disposals	(7)	-	(7)
<b>At 31 December 2019</b>	<b>92</b>	<b>288</b>	<b>380</b>
<b>Depreciation at 1 January 2019</b>	<b>51</b>	<b>57</b>	<b>108</b>
Charge for period	16	57	73
Disposals	(7)	-	(7)
<b>At 31 December 2019</b>	<b>60</b>	<b>114</b>	<b>174</b>
<b>Net book value at 1 January 2019</b>	<b>47</b>	<b>221</b>	<b>268</b>
<b>Net book value at 31 December 2019</b>	<b>32</b>	<b>174</b>	<b>206</b>

## 13 Debtors

	2019 £000	2018 £000
Licence fee debtors	2,108	2,951
Accrued licence fee	1,546	1,193
Amounts due from Fairtrade International and other Fairtrade organisations	264	53
Prepayments, accrued income and other debtors	402	314
<b>Total debtors due within one year</b>	<b>4,320</b>	<b>4,511</b>

#### 14 Creditors

	2019 £000	2018 £000
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	391	237
Amounts due to Fairtrade International and other Fairtrade organisations	550	406
Amount held as agent for system-wide projects	-	7
Social security and other taxes	536	485
Other accruals	931	724
<b>Total creditors due within one year</b>	<b>2,408</b>	<b>1,859</b>

During 2015 the Foundation started acting as an agent for other national Fairtrade organisations by holding funds for use on system-wide projects on their behalf. This came to an end at the start of 2019 and the Foundation no longer acts as agent for the system-wide projects fund.

	2019 £000	2018 £000
<b>Creditors: amounts falling due after one year</b>		
Accruals	306	158
<b>Total creditors due after one year</b>	<b>306</b>	<b>158</b>

#### 15 Provision for liabilities and charges

	Provision at 1 Jan 2019 £000	Charged to SOFA £000	Provision released £000	Provision at 31 Dec 2019 £000
Dilapidations	749	-	(400)	349
<b>Total provision</b>	<b>749</b>	<b>-</b>	<b>(400)</b>	<b>349</b>

The provision relates to the office lease dilapidations clause. Our lease in our old premises ended in 2019 and settlement has yet to be reached. The lease under our current premises ends in 2028 with a break in 2023 allowed, so any payments under this provision are expected to be incurred in either 2023 or 2028.

#### 16 Share capital

The Fairtrade Foundation is a company limited by guarantee and with no share capital. Each of the 16 members is liable to contribute a sum not exceeding £1 in the event of the company being wound up.

## 17 Fund movements

	Funds at 1 January 2019 £000	Income £000	Expenditure £000	Transfers between funds £000	Funds at 31 December 2019 £000
<b>Restricted funds</b>					
<b>Focus on Impact</b>					
Gold IMPACT Programme	125	133	(156)		102
Improved ASMO Access to Finance	14	121	(166)		(31)
Responsible Tanzanian Gold Project	50	-	(50)		-
Swaziland sugar project	17	-	(17)		-
Bolivia coffee project	(10)	-	-		(10)
Cotton Breeding Programme	14	37	(33)		18
Gold project Uganda	10	25	(36)		(1)
Textile Training Programme	-	30	(20)		10
North East India Tea Research Programme	-	65	(24)		41
Strengthening Sugar Farmers in Southern Africa	200	-	(165)		35
Dignity for All: Ethiopia Flowers Programme	-	50	(18)		32
Women's School of Leadership Programme	50	50	-		100
Commercial Partners Sponsored Programmes	1	16	(10)		7
<b>Total</b>	<b>471</b>	<b>527</b>	<b>(695)</b>	<b>-</b>	<b>303</b>
<b>Improve and Innovate</b>					
Fairsource for Fairtrade	32	-	(32)		-
<b>Total</b>	<b>32</b>	<b>-</b>	<b>(32)</b>	<b>-</b>	<b>-</b>
<b>Make Fairtrade Personal</b>					
EC Trade Fair, Live Fair	270	-	(264)		6
Cocoa Living Income Communication	-	128	(17)		111
Esmée Fairbairn Foundation	4	-	(4)		-
<b>Total</b>	<b>274</b>	<b>128</b>	<b>(285)</b>	<b>-</b>	<b>117</b>
<b>Total restricted funds</b>	<b>777</b>	<b>655</b>	<b>(1,012)</b>	<b>-</b>	<b>420</b>
<b>Unrestricted funds</b>					
<b>General funds</b>	<b>4,454</b>	<b>11,323</b>	<b>(10,012)</b>	<b>(761)</b>	<b>5,004</b>
<b>Designated funds – Fairtrade Future Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>750</b>
<b>Designated funds – Fixed Asset Fund</b>	<b>394</b>	<b>-</b>	<b>(160)</b>	<b>11</b>	<b>245</b>
<b>Total unrestricted funds</b>	<b>4,848</b>	<b>11,323</b>	<b>(10,172)</b>	<b>-</b>	<b>5,999</b>
<b>Total funds</b>	<b>5,625</b>	<b>11,978</b>	<b>(11,184)</b>	<b>-</b>	<b>6,419</b>

## Description of funds

### Restricted funds

#### Gold IMPACT Programme

Fairtrade's IMPACT Programme (Investment in Miners Potential through access to Capital and Transparent Markets) started in 2018 and is funded by Comic Relief. This programme built on the success of the 'Extending Fairtrade Gold to East Africa' Programme and seeks to support small-scale mining sites to access finance to invest in clean mining equipment and, additionally, to access export markets on improved terms of trade. The programme will last for four years and reach communities in Kenya, Uganda and Tanzania.

#### Tackling the challenges in artisanal and small-scale

**gold mines** This project, funded by the Dutch government, aims to tackle child labour in artisanal and small-scale mining. The project will be looking to change existing attitudes to using children in the gold mining process through education and an emphasis on the economic benefits of a different approach. Our project work in Uganda is supporting mining communities to improve the environmental footprint of their mining activities and to tackle a range of social issues, including child labour. Core activities include supporting mine sites to access finance to invest in cleaner, more efficient mining equipment which will reduce their reliance on harmful chemicals and increase the productivity of mining. In partnership with other organisations, including UNICEF, we are also supporting work at the community level to open up opportunities for young people away from mining, including supporting children into a quality school education.

#### The Responsible Tanzanian Gold Project

Fairtrade is working with a selection of gold mine sites in the Geita Region of Tanzania, to support groups to access finance, technical support and, in time, international markets. The project is a three-year initiative and part of Fairtrade's wider Lake Victoria Gold Programme.

#### Swaziland sugar project

This is funding provided by the Jersey Overseas Aid Commission to build markets and climate resilience for sugar farmers in Swaziland.

#### Bolivia coffee project

This is funding provided by the Jersey Overseas Aid Commission is aimed at building better farming practices and beating coffee diseases with Bolivian coffee farmers. The objective is to carry out an urgent programme of technical assistance to reverse a 60 – 80 percent decline in the yield of coffee cherry, not through a one-off intervention but by providing the co-operative with the skills and resources they need to achieve economic and environmental self-sufficiency in the face of severe challenges.

#### Cotton Breeding Programme

This funding is provided by TRAIID for a breeding programme for non-GM cotton seeds for 1,500 farmers in Vasudha co-operative.

#### Gold project Uganda

This project is funded by RVO in partnership with UNICEF, Solidaridad, Fairphone, Philips and others. Fairtrade is working to support improved conditions among gold mining sites and communities in the Busia region of Uganda. The project – through a range of community and mine-level interventions – seeks to eliminate child labour from mining environments and to support technology businesses to fold in responsibly mined gold into their supply chains.

#### Textile Training Programme

This project funded by the NUS seeks to provide basic training to workers and managers at the Armstrong Spinning Mill on the Textile Standard, including training to improve understanding and knowledge of workers' rights, labour laws, and health and safety principles.

### **North East India Tea Research Programme**

This project has been jointly funded by the Ethical Tea Partnership, Fairtrade Germany and Fairtrade International to explore measures that would support better economic outcomes for workers on tea plantations in India, with a focus on the Assam and Darjeeling regions.

### **Strengthening sugar farmers in Southern Africa**

This project in Southern Africa aims to build resilience and deepen impact for Fairtrade sugar cane farmers, co-operatives and their communities.

### **Dignity for All: Ethiopia Flowers Programme**

The programme seeks to improve labour relations among workers, employers and labour unions; empower workers, especially women, by improving women's empowerment in Fairtrade certified flower farms in Ethiopia; and ensure a sustainable livelihood for workers in the sector through creating decent working conditions, promoting inclusiveness and ensuring workers' rights.

### **Women's School of Leadership**

The programme is a women's human rights training used to both inform participants about complex problems and concepts and to change the way that participants respond to discrimination and violation of their rights. It aims to highlight the need to mobilise and develop women's rights advocates who help fight for the elimination of All Forms of Discrimination against Women.

### **Commercial partner programmes**

The programmes run with commercial partners includes the NUS digital classrooms project in India.

### **Fairsource for Fairtrade**

This grant from Humanity United is to support the strengthening of a data ecosystem in Fairtrade supply chains and deliver information and insight to drive positive social impact for farmer and worker communities through responsible business behaviour generating learnings around best practice supply chain transparency implementation for farmer and worker empowerment.

### **EC Trade Fair, Live Fair**

This project aims to raise awareness and mobilise the European public to advance consumption patterns that nurture the Sustainable Development Goals (SDGs). It is a joint project between Fair Trade and Ethical Fashion movements across Europe to join forces in order to foster more resilient livelihoods for the producers and workers behind many of the products that European citizens consume.

### **Cocoa Living Income Communication**

This project aims to align the global Fairtrade movements' communication on the need for Fairtrade in cocoa.

### **Esmée Fairbairn Foundation**

In 2015, the Fairtrade Foundation commenced a three-year project funding partnership with Esmée Fairbairn. The supported work deals with the extension of the mandate of the Groceries Code Adjudicator to help prevent Unfair Trading Practices from persisting in the UK and EU trade context. Also supported is work to influence the Competition and Markets Authority to increase recognition of ethical considerations as part of the definition

of consumer interest. Additional to this support for advocacy and policy work, Esmée Fairbairn has agreed to support the Fairtrade Foundation's campaigning efforts, namely the producer tour, which brings four Fairtrade farmers on a tour of the UK's vibrant supporter communities.

## Designated Funds

### Fairtrade Future Fund

The trustees have set aside £750,000 to invest in developing, implementing and unlocking the full potential of our new 2021 – 2025 strategy to maximise the impact the Foundation can generate for producers.

### Fixed Asset Fund

This fund represents the depreciated cost of fixed assets used by the Foundation in its work.

Below is the prior year comparison of the fund movement in 2018:

	Funds at 1 January 2018	Income £000	Expenditure £000	Transfers between funds £000	Funds at 31 December 2018 £000
<b>Restricted funds</b>					
<b>Focus on Impact</b>					
Gold IMPACT Programme	147	219	(241)		125
Improved ASMO Access to Finance	-	119	(105)		14
Responsible Tanzanian Gold Project	-	50	-		50
Growing Women in Coffee	9	15	(24)		-
Swaziland sugar project	12	27	(22)		17
Bolivia coffee project	53	-	(63)		(10)
Cotton Breeding Programme	9	30	(25)		14
Gold project Uganda	23	-	(13)		10
Producer support	4	-	(4)		-
Strengthening sugar farmers in Southern Africa	224	-	(24)		200
Comparative analysis of progress towards gender equity	-	4	(4)		-
Commercial Partners Sponsored Programmes	1	115	(65)		51
<b>Total</b>	<b>482</b>	<b>579</b>	<b>(590)</b>	<b>-</b>	<b>471</b>
<b>Improve and Innovate</b>					
Responsible, Accountable and Transparent Enterprise (RATE)	-	58	(58)		-
Fairsource for Fairtrade	-	79	(47)		32
Climate change and organisational strengthening scoping project	-	3	(3)		-
<b>Total</b>	<b>-</b>	<b>140</b>	<b>(108)</b>	<b>-</b>	<b>32</b>
<b>Make Fairtrade Personal</b>					
EC Trade Fair, Live Fair	222	298	(250)		270
Esmée Fairbairn Foundation	52	-	(48)		4
<b>Total</b>	<b>274</b>	<b>298</b>	<b>(298)</b>	<b>-</b>	<b>274</b>
<b>Total restricted funds</b>	<b>756</b>	<b>1,017</b>	<b>(996)</b>	<b>-</b>	<b>777</b>
<b>Total unrestricted funds</b>	<b>3,889</b>	<b>11,191</b>	<b>(10,232)</b>	<b>-</b>	<b>4,848</b>
<b>Total funds</b>	<b>4,645</b>	<b>12,208</b>	<b>(11,228)</b>	<b>-</b>	<b>5,625</b>

## 18 Analysis of fund balances held as at 31 December 2019

	General £000	Designated £000	Restricted £000	Total £000
Intangible fixed assets	-	39	-	39
Tangible fixed assets	-	206	-	206
Current assets	8,067	750	420	9,237
Current liabilities	(2,408)	-	-	(2,408)
Long term liabilities	(306)	-	-	(306)
Provisions	(349)	-	-	(349)
<b>Fund balance at 31 December 2019</b>	<b>5,004</b>	<b>995</b>	<b>420</b>	<b>6,419</b>

A comparative of the analysis of fund balances held as at 31 December 2018 is as follows:

	General £000	Restricted £000	Total £000
Intangible fixed assets	126	-	126
Tangible fixed assets	268	-	268
Current assets	7,220	777	7,997
Current liabilities	(1,859)	-	(1,859)
Long term liabilities	(158)	-	(158)
Provisions	(749)	-	(749)
<b>Fund balance at 31 December 2018</b>	<b>4,848</b>	<b>777</b>	<b>5,625</b>

## 19 Breakdown of 2018 Statement of Financial Activities into restricted and unrestricted

	Notes	2018 Unrestricted £ 000	2018 Restricted £ 000	2018 Total £ 000	2017 Total £ 000
<b>Income from:</b>					
Donations and legacies	2	127	8	135	114
Grants	4	-	891	891	1,005
Investment income		1	-	1	0
<b>Charitable activities</b>					
Licence fees		10,222	-	10,222	10,387
Partnership and other income	5	841	118	959	855
<b>Total income</b>		<b>11,191</b>	<b>1,017</b>	<b>12,208</b>	<b>12,361</b>
<b>Expenditure on:</b>					
	6				
Raising funds		474	-	474	447
<b>Charitable activities</b>					
Focus on Impact		4,203	589	4,792	4,790
Improve and Innovate		3,027	109	3,136	3,309
Make Fairtrade Personal		2,528	298	2,826	3,007
Total charitable activities		9,758	996	10,754	11,106
<b>Total expenditure</b>		<b>10,232</b>	<b>996</b>	<b>11,228</b>	<b>11,553</b>
<b>Net income/(expenditure), being net movement in funds</b>	9	<b>959</b>	<b>21</b>	<b>980</b>	<b>808</b>
<b>Reconciliation of funds:</b>					
Fund balances brought forward		3,889	756	4,645	3,837
<b>Fund balances carried forward</b>	17	<b>4,848</b>	<b>777</b>	<b>5,625</b>	<b>4,645</b>



## 20 Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2019 £000	2018 £000
Net income	794	980
Depreciation charge	160	182
Decrease in stock	6	1
Decrease/(increase) in debtors	191	929
Increase/(decrease) in creditors excluding short term borrowings	697	(1,572)
Increase in provisions	(400)	365
<b>Net cash inflow from operating activities</b>	<b>1,448</b>	<b>885</b>

## Analysis of net funds

	Balance at 1 Jan 2019 £	Cash flow moveme nt £	Balance at 31 Dec 2019 £
Cash at bank and in hand	3,475	1,437	4,912
<b>Net funds</b>	<b>3,475</b>	<b>1,437</b>	<b>4,912</b>

## 21 Financial commitments under operating leases

At 31 December the charity had total commitments under operating leases as follows:

	2019 £000	2018 £000
<b>Land and buildings</b>		
Due within 1 year	264	106
Total due in years 2 to 5	898	1,162
<b>Office equipment</b>		
Due within 1 year	12	14
Total due in years 2 to 5	28	1
<b>Total</b>	<b>1,202</b>	<b>1,283</b>

Lease payments recognised as an expense were £117,000 (2018: £272,000). They are included in support costs.

## 22 Pension funds – defined contribution scheme

The Foundation contributes towards a defined contribution scheme. The cost of this scheme is charged to the Statement of Financial Activities and amounted to £325,000 (2018: £300,000). It did not give rise to any provisions/reserves.

Employer pension contributions are allocated between activities, and between restricted and unrestricted funds based on a review of the role of each employee.

**Legal status**

A company without share capital limited by guarantee,  
registered in the United Kingdom, number 2733136.

**Registered address and principal office**

5.7 The Loom,  
14 Gower's Walk  
London, E1 8PY

**Registered charity number**

1043886

**Directors/Trustees**

Alison Marshall	Appointed September 2016
Bob Doherty	Appointed August 2017
Brenda Achieng	Appointed June 2016, left March 2019
David Paterson	Appointed September 2018
Didier Dallemagne	Appointed October 2014
Elizabeth Sideris	Appointed October 2014
Jane Frost (Vice Chair)	Appointed June 2014
Mark Price (C hair)	Appointed September 2018
Marika de Peña	Appointed June 2018
Paul Thompson (Treasurer)	Appointed June 2014
Simon Wright	Appointed December 2018

**Senior Management**

Michael Gidney	Chief Executive
Fiona Kindness	Chief Financial Officer
Louisa Cox	Director of Impact
Cheryl McGeachie	Director of Public Engagement – left May 2019
Julia Nicoara	Interim Director of Public Engagement – started May 2019, left June 2020
Euan Venters	Commercial Director

***Company secretary***

Michael Gidney

***Member organisations***

All We Can  
Banana Link  
CAFOD\*  
Christian Aid\*  
Global Justice Now\*  
National Campaigner Committee  
National Federation of Women's Institutes\*  
Nicaragua Solidarity Campaign  
Oxfam\*  
People & Planet  
SCIAF  
Shared Interest Foundation  
Soroptimist International Great Britain & Ireland  
Tearfund  
Traidcraft Exchange\*  
United Reformed Church  
(\*Founder members)

***Bankers***

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Kent  
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31 Holborn Circus  
London  
EC1N 2HR

***Solicitors***

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***Auditor***

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London  
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Registered Charity No. 1043886

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England and Wales No. 2733136 Photography  
credits: Kate Fishpool, Didier Gentilhomme,  
Chris Terry

