

THE FAIRTRADE FOUNDATION

England & Wales · Charity number 1043886

Details

Status	Registered
Legal form	Charitable company
Company number	02733136
Registered	1995-02-03
Register	View on the Charity Commission register

Contact

Address	5.7 The Loom Gowers Walk London E1 8PY
Phone	02074055942
Email	mail@fairtrade.org.uk
Website	www.fairtrade.org.uk

Activities

Objects: 1. TO RELIEVE POVERTY SUFFERING AND DISTRESS IN ANY PART OF THE WORLD. 2. TO PROMOTE RESEARCH INTO AND EDUCATION CONCERNING THE CAUSES AND EFFECTS OF POVERTY.

Activities: The Fairtrade Foundation seeks to 1. Providing an independent certification of the trade supply chain, with the FAIRTRADE Mark as the consumer guarantee.2. Facilitating the market so that producers can sell to traders and retailers in order that the market for Fairtrade grows.3.Awareness-raising among consumers of the need for Fairtrade and the importance of the FAIRTRADE Mark.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Economic/community Development/employment
- **Who:** Other Defined Groups

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£13,317,000	£14,354,000	£5,298,000	105
2023-12-31	£13,384,000	£13,875,000	£6,335,000	101
2022-12-31	£12,784,000	£12,452,000	£6,826,000	105
2021-12-31	£11,515,000	£11,591,000	£6,494,000	105
2020-12-31	£11,898,000	£11,747,000	£6,570,000	102

Trustees

Name	Role	Appointed
Dr Risper Atieno Nyong'o	Chair	2024-10-01
Anita Chandraker		2021-09-30
DAVID PATERSON		2018-09-10
Dr Stephanie Barrientos		2023-09-28
George Kporye		2023-06-02
Keri John Elborn		2021-09-30
Kerry Jane Smith		2021-09-30
Larissa Kennedy		2026-01-06
Sarah King		2023-12-04
Sean O'Neill		2023-12-04
Simon Wright		2018-12-10
Titus Pinto		2023-06-02

THE FAIRTRADE FOUNDATION

England & Wales - Charity number 1043886

Accounts

Image: Jaime García and Marlene López, coffee farmers and husband and wife, from Red Ecolsierra co-operative, Colombia

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended December 31, 2024



FAIRTRADE
FOUNDATION

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Foreword by Eleanor Harrison, CEO at Fairtrade Foundation

2024 was a memorable year for the Fairtrade Foundation as we celebrated our 30th year. Together, we marked three decades of transformative impact, ensuring that the women and men who produce some of our favourite food overseas receive fair pay, good working conditions and job security so they can pay for housing, put food on the table and send their children to school.

Our work in 2024 continued to focus on creating long-term impact. Fairtrade's commitment to promoting living incomes and wages has meant that producers have been able to cover essential living costs for themselves and their families, plan for the future, and invest in their communities. Farmers have adopted sustainable agricultural practices that have protected their crops and yields from climate change. We have continued to advocate for trade policy reform, effective regulation and legislative action to address global challenges like deforestation. Initiatives like Shared ImPact have set the stage for wider sectoral shifts and market changes, while ongoing commitments from businesses have supported producers to invest Fairtrade Premium funds into the projects they value most.

Thanks to this collective effort, almost 2 million farmers and workers in Fairtrade certified producer organisations around the world have strengthened their resilience. The unique Minimum Price and additional financial Premium they receive through sales on Fairtrade terms means they have more working capital and greater control over how these funds are invested.

Consumer research conducted by YouGov for Fairtrade revealed 85 percent of UK adults think farmers in low-income countries should receive stable and fair pay for the products they grow that are sold in the UK. Politicians also have a role to play: 60 percent of UK adults believe they could do more to ensure overseas farmers and workers are paid fairly (YouGov, 2024).

Following the election of a new UK Government in July, during our flagship campaign 'Fairtrade Fortnight', we asked MPs to pledge to 'Be the Change' and support a fairer trade system that addresses the links between trade, development and environmental sustainability. Over 4,000 campaigners wrote to their MP and more than 130 MPs have signed our 'Be the Change' pledge. We look forward to working with them over the coming years to promote fairer trade.

Held in September for the first time, Fairtrade Fortnight 2024 was our most successful in years. The number of people who had heard of the campaign doubled and there was significant sales uplift (volume and value) across all confectionery, hot beverages and bananas (KantarWorldPanel, 2024). Once again, our Fairtrade movement came out in force, organising over 615 grassroots community activities across the UK.

It is down to the strength and commitment of our movement that Fairtrade continues to be the most well-known ethical certification label globally (GlobeScan, 2025). Our 2024 consumer research conducted by Kantar revealed that trust in the FAIRTRADE Mark remains high (76 percent), while 75 percent of consumers care about Fairtrade (Kantar Profiles, 2024). Fairtrade is most strongly associated with paying a fair price to producers and enabling farmers to invest in their communities and futures. Fairtrade is also increasingly associated with reducing the impact of farming on the environment and

supporting farmers to diversify their income to be more resilient to climate change and other risks (Kantar Profiles, 2024).

UK sales volumes of most Fairtrade products increased in 2024. Coffee volumes were up 5 percent (an extra 87 million cups of coffee) with particularly strong growth in supermarket sales; tea volumes were up 2 percent (an extra 37 million cups of Fairtrade tea); and Fairtrade banana sales volumes grew by 1 percent (an additional 7 million Fairtrade bananas sold). There was also growth in juice sales (up 8 percent), in sugar (up 3 percent) and wine (up 4 percent).

In 2024, through sales of Fairtrade products in the UK, producers earned over £28 million in Fairtrade Premium, an extra sum of money that farmers and workers invest in areas such as farming improvements and community initiatives of their choice. These payments can also be essential support for narrowing the gap towards living wages: as demonstrated in a new 2024 study we published about flower workers in Kenya.

We believe collaboration is key to supporting more of the people who produce our food and drink. That's why we launched Shared ImPact in 2024 – which brings retailers and brands together to co-source bananas, coffee, and cocoa, enabling cost-sharing and deeper collaboration with producers at origin. This approach addresses production-level risks and challenges that individual retailers could not tackle in isolation. Having gained informal approval from the UK's Competition and Markets Authority (CMA) in December 2023, Shared ImPact launched a mass balance plus pilot in 2024, and Shared ImPact partnership discussion kicked off for 2025. We are excited about what this groundbreaking model can achieve in the years to come.

My predecessor, Michael Gidney, led the Fairtrade Foundation for 12 years until December 2024. I would like to take this opportunity, on behalf of our Trustees, staff, and the Fairtrade producers, to thank Michael for his hard work, passion and commitment to Fairtrade. I would also like to thank our Trustees for their excellent contributions over the year, including our outgoing Chair, Mark Price. In turn I would like to welcome Dr Nyagoy Nyong'o, our new Chair of Trustees who was appointed in October 2024.

As I settle into my new role as the new Chief Executive of the Fairtrade Foundation, I will be focused on delivering the last year of our 2021-2025 Strategy while working with our team, producers and our partners to craft our new strategy, ensuring we continue to innovate, further grow our impact and secure our long-term sustainability.

Thank you to everyone who supported Fairtrade in 2024 and who has been part of the Fairtrade movement over the last 30 years. As global crises and uncertainties continue, please continue to support us in calling for fairer trade for all.



Eleanor Harrison
Chief Executive, Fairtrade Foundation

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.

Our objectives and activities

We live in a world where too many farmers and their families are still going hungry or 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 to 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 to engage 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 marginalised 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.

Trustees' report (incorporating the report of the directors and the strategic report)

Achievements and Performance

An outline of our 2021-2025 strategy, our objectives for 2024, and how we performed against them

Our international system, connecting producers, markets and activists is a movement that has always been a catalyst for change. Through Fairtrade, farmers gain membership of sustainable, equitable co-operatives. They can negotiate for higher prices and they have direct access to markets. Workers join organisations that respect unions, health and safety and consider their welfare.

The issues we have championed for 30 years – responsible business, fairer prices, better treatment for workers – have now taken centre stage. And yet we need to keep shifting the balance of power to the people who are in the first mile of supply chains. For today, while many solutions appear to be available, collectively the world is far from achieving decent livelihoods for all.

To make it easier for businesses and consumers to drive positive change where it is most needed, the Fairtrade Foundation strategy is framed around five pillars to drive the systemic change needed to address the significant problems experienced by communities worldwide. Those five pillars are:

- Empowerment of farmers and workers
- Growth and innovation
- Advocacy and citizen engagement
- Digitalisation for fairer supply chains
- A launchpad for the future

Here, we report on the fourth year of our strategy and outline our achievements. Among other things we outline how the Fairtrade Foundation has expanded its partnerships and innovated for greater reach and impact for the farmers and workers it works with around the world.

2024: our impact in numbers

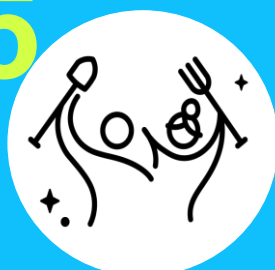
**30 years of
Fairtrade in
the UK**



Almost 2 million
farmers and
workers in
Fairtrade
certified producer
organisations

1,875

producer
organisations in
67 countries



UK sales of Fairtrade
products generated
more than

£28m

In Fairtrade Premium
for farmers and
workers



FAIRTRADE

The FAIRTRADE
Mark was the most
recognised and
trusted ethical label
in the UK, with

84% awareness and

76% trust

among those who recall
seeing the Mark

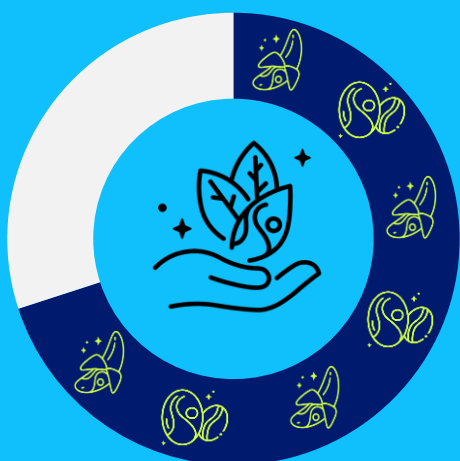


Fairtrade coffee
sales volumes in
the UK grew by
5%



Fairtrade tea
sales volumes in
the UK grew by
2%

Around
two thirds
of Fairtrade bananas (63%)
and coffee (71%) sold was organic



Workers on Fairtrade certified
estates allocated:

88%

of their Fairtrade
Premium to social
investments



Small scale producer
organisations invested:

20%

of their Fairtrade Premium
on projects to improve
productivity, quality and
adapt to climate change



'Be the Change' Pledge

**Over
4,000**

campaigners asked
their Member of
Parliament (MP) to
take our pledge



**130
MPs**

have taken our 'Be
the Change'
pledge for fairer
trade

7 million

more bananas sold
In 2024 compared
To 2023



UK campaigners ran

615

events and
activities during
Fairtrade Fortnight



275,000 pupils
attend Fairtrade
schools in the UK



40 universities
were awarded
Fairtrade status



What we said we would do in 2024- Pillar 1: Empowerment of farmers and workers

2024 we made good progress on our first pillar, working to close the gap towards achieving living wages and living incomes for the people who produce our food and drink, on climate mitigation and resilience for producers, particularly in the context of the approaching European Union Deforestation Regulation (EUDR), and in supporting greater Human Rights and Environmental Due Diligence (HREDD) in supply chains.

Livelihoods, income and living wage

Ben & Jerry's Living Income Accelerator

The Living Income Accelerator (LIA) is a portfolio of programmes led by Ben & Jerry's and some of its partners and managed by the Fairtrade Foundation in partnership with Sustainable Food Lab (SFL).

Within Cocoa LIA in 2024 we concluded the Income Diversification for Women (this project received match-funding from the Ministry for Foreign Affairs of Finland (MFA) via Fairtrade Finland's DONUTS programme) and Cooperative Strengthening programmes in Cote d'Ivoire led by Fairtrade's Producer Network, Fairtrade Africa, which were focused on strengthening the incomes of female farmers and building capacity within the cooperatives. Although the income diversification enterprises led by women cocoa farmers encountered supply challenges over the years, three of the four businesses are now successfully operating. As part of the Cooperative strengthening project, two cocoa cooperatives COOBADI and COOPAZA took part in human rights and due diligence (HREDD) trainings and have developed action plans to strengthen women's capacity within the cooperatives. Two studies were completed in 2024; a case study was published with recommendations on aligning key living income measurement methodologies; and a study was conducted into labour brigades - groups offering pruning services to farmers – giving valuable insights into farmers' motivations for pruning, a key agricultural practice.

In 2024 we continued the implementation of the Vanilla LIA, another project funded by Ben & Jerry's with match funding from the Ministry for Foreign Affairs of Finland (MFA) through Fairtrade Finland. In this second year of implementation the five vanilla co-operatives were impacted by cyclone Gamane, which caused great damage in Madagascar. Fortunately, trainings around co-operative strengthening, income diversification and regenerative agriculture were able to continue with over 1,700 seedlings being distributed and over 125 farmers engaging directly in the programme.

MARS – Livelihoods and Ecosystem Advancement Programme (LEAP)

LEAP is a Living Income programme funded by Mars and Finland's Ministry of Foreign Affairs via Fairtrade Finland's DONUTS programme, working with over 5,000 producer members of four cocoa cooperatives across Cote d'Ivoire. In 2024, LEAP launched three key interventions: the LEAP Facility, a US\$ 2 million revolving fund providing accessible finance to cooperatives and producers; eight Agripreneur Business Units, which are cooperative-owned, agricultural service provision (such as pruning and weeding); and thirdly, the Private Sector Partnerships Network, an alliance between like-

mindful, globally-engaged businesses with the shared goal of increasing producer incomes through innovative collaborations.

As a market systems development programme, LEAP is committed to sustainable and scalable market-led interventions. In early 2024 the programme hosted four Farmer Field Days, providing an interactive platform where cooperatives and farmers established professional connections with private sector companies, and gained practical experience and training with agricultural technologies. The events hosted 2,221 producers who made 635 purchases or subscriptions to a product/service offered by one of the 33 partners. Additionally, LEAP signed agreements with two leading agro-industry partners: SACRI, for the supply of and training on agricultural motorised tools for agripreneurs, and SIFCA for the sustainable and fairly priced uptake of cash crops (cashew, palm oil and rubber). Other formal market income diversification activities include partnering with Dune de Miel who will source 15 Metric Tonnes (MT) of honey via LEAP producers in 2025. By the end of 2024, 60 producers had received apiculture training and three hives in the pilot, and LEAP intends to reach 380 producers by the end of 2025, and new partnerships are in the process of development with Holly Honey and Apinome.

Sainsbury's Living Wage commitment

In February 2024 Sainsbury's committed to paying their contribution towards paying thousands of workers a fairer wage and to supporting the future of banana growers in Cameroon, Colombia, Dominican Republic and Ghana. The price Sainsbury's is paying for every box of bananas covers the cost of the fruit, plus a Premium which is invested into workers' wages. This additional money helps the workers to cover food, housing, education and healthcare costs, improving their livelihoods and those of their families. The Fairtrade Premium Sainsbury's pay also contributes to environmental initiatives, enabling the banana workers to adopt more sustainable farm practices such as carbon capture, reduced water usage, improved biodiversity and enhanced soil health. As an early adopter, Sainsbury's have been instrumental in calling on the wider banana-buying industry to also observe and act on the living wage gap. Sainsbury's has also moved to four-year contracts to give its growers greater stability and financial security.

Revised Standards will help close gap to living wages for flower workers

The Fairtrade Foundation worked closely with our Living Wage experts and the Standards and Pricing Unit at Fairtrade International to review the Standard for Flowers and Plants, with the goal of developing a framework for Fairtrade flower origins to move towards living wages. In 2024, we met with many stakeholders to propose a sustainable method to improve livelihoods for workers on flower farms in East Africa, where the majority of Fairtrade flowers originate.

As a result, the revised Standard will now include a partial distribution of Fairtrade Premium as cash; 30 percent will be allocated to flower workers to help reduce the gap to a living wage (as a Fairtrade bonus). Additional requirements around transparency on wages and working with trade unions were also included in the new Standards, which will come to effect in February 2026.

New study on impact of Premium on living wages of flower workers

A new study shed light on the significant economic benefits that flower workers in Kenya receive through the Fairtrade Premium. The report highlighted that Fairtrade flower workers in Kenya receive

around EUR 107 worth of economic benefits per year through the Fairtrade Premium, which includes the provision of educational subsidies, housing support, healthcare, and other in-kind benefits. These benefits are a considerable economic support, particularly for women workers, who often have lower wages than men. With flower workers' salaries averaging around EUR 895 per year, this Premium helps support workers who earn below the living wage benchmark of EUR 2,808. Fairtrade flower workers are also able to access loans through the Fairtrade Premium, providing additional economic benefits to producers. The report was shared in the media and at the Amsterdam cut flower show in November 2024.

Assam Approach

In early 2024, we worked with consultants to develop an inclusive Premium decision-making model for the three Assam Approach tea estates. We continued to consult partners on the Assam Approach Standard Operating Procedure (SOP) which has been developed as a guide to partners on the parameters of the Assam Approach. In Q2, we oversaw an independent assessment and mock audit at the three tea estates, which provided a clear picture of where there are significant gaps in compliance with the Fairtrade Standard. We pivoted our approach in response to these findings and focused on working with the tea producer and Fairtrade's Producer Network, NAPP, to see how we could respond to these gaps. In Q4, the tea producer prepared an Action Plan for addressing these gaps. At the same time, we supported the tea estates in rolling out the inclusive Premium decision-making tool developed at the start of the year. We developed a Theory of Change and accompanying structure for the next three years focused on three outcome areas: Workers' rights are protected; workers' basic needs are met; and workers advocate for their rights and needs. Further information about Fairtrade's Assam Approach can be found at: fairtrade.org.uk/tea

Improved Workers' Rights in Ethiopian Flowers Programme

The Improved Workers' Rights in Ethiopian Flowers Programme (part of Fairtrade Finland's development co-operation programme – DONUTS) has been funded by Aldi UK and Ministry for Foreign affairs Finland since 2022. In 2024, basic trade unions have successfully negotiated better terms and conditions for workers. At Yassin, one of the producer organisations, the labour union has negotiated four months and 15 days maternity leave, seven days of paternity leave and one hour breastfeeding time for lactating mothers during work hours. Furthermore, in 2024 Fairtrade Africa dispersed 191 assistive devices to persons with disabilities, of which approximately 75 percent of whom were women.

Living Income Reference Price

The Living Income Reference Price is the price a typical farmer household with a viable farm size and a sustainable productivity level needs in order to earn a living income from the sales of their crop. In 2024 we have engaged with Fairtrade International in discussions with partners that are committed to paying the LIRP for cocoa, including Ben & Jerry's and Tony's Chocolonely, to update the LIRP for Cote d'Ivoire and Ghana. The LIRP review for cocoa concluded in 2024, and the revised value will come into effect from October 2025. Fairtrade International also published a revised LIRP for vanilla in Madagascar.

Empower farmers and workers with information

In 2024, under Pillar 2 of the Mondelez funded Cocoa Cooperative Organisational Strengthening Programme (CCOSP), a feasibility study on data ownership was conducted to co-develop a business model with cocoa unions for them to manage, market and sell access to their membership data, and included recommendations on necessary resources and capacities for adoption. The shift from third-party data management to union-managed systems will be central to this effort, with the aim of empowering unions to become data controllers and processors in their own right. At the end of the year, we were awarded funding from the ISEAL Innovations Fund to extend the scope of data ownership pilots due to take place in 2025 and 2026.

To strengthen data management practices in cocoa cooperatives, the CCOSP team organised targeted training for field data collectors in 2024. The training aimed to equip participants with the necessary skills to collect and manage data responsibly, ensuring compliance with data protection laws.

EPRM Peruvian Gold Programme

Responsible Peruvian Gold (RPG) programme works with Artisanal and Small-scale Mining Organisations (ASMOs) in Peru; it is funded by the European Partnership for Responsible Minerals (EPRM) and designed to support partner mines to operate formally – enabling access to finance from formal lenders, training of more responsible and productive mining practices, and access to international markets on Fairtrade terms. Throughout 2024, our local Fairtrade partners Coordinadora Nacional De Comercio Justo (CNCJ) Peru and FairCapital worked closely with the mines to deliver activities, such as targeted workshops on access to finance, sustainable mining practices and gender-based violence. We have continued approaching prospective brands in the jewellery, watch, banking & finance sectors where there is interest in responsibly sourced gold. Alongside our partners, we took part in the Organisation for Economic Co-operation and Development (OECD) Precious Metals Forum in Paris with two Fairtrade miners from Lima, Peru.

Climate mitigation

GIZ Inclusive Energy Fund (IEF)

In 2024, we concluded the inaugural phase of the Innovation and Energy Fund (IEF), supported by the German development agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH). This pioneering challenge fund accelerates clean and off-grid energy adoption in Fairtrade producer communities.

With a EUR 789,334 budget (80 percent going directly facilitating producer organisation projects through technical and financial support), IEF 1.0 reached 19,608 households across six Fairtrade organisations in Rwanda, Tanzania, and Uganda. Key achievements included 383 households adopting clean energy for domestic use, 1,588 farmers using it productively, 148 accessing cooperative financial services, and 7,730 participants in off-grid energy education and awareness initiatives.

IEF 2.0 was designed through 2024 Q3/Q4 following IEF 1.0's conclusion in August 2024. The Second Funding Round incorporates key lessons and aims to expand clean energy access for East Africa's tea and coffee farmers. Fundraising for IEF 2.0 will commence in 2025.

Carbon Mitigation Strategies Report

In 2024 we finalised and released a technical paper looking at carbon footprints and mitigation opportunities in Fairtrade supply chains. This paper focuses on five key commodity origins, and how to balance carbon benefits with co-benefits for the smallholder farmers at the frontline of the climate crisis. This paper has five key takeaways which will shape our climate mitigation programme strategy in 2025 and beyond:

1. There are a wide range of opportunities and strategies to reduce emissions in Fairtrade supply chains.
2. Mitigation programmes must deliver multiple benefits for farmers, workers and their communities.
3. Farmers must drive decision making.
4. Farmers need support to implement mitigation strategies successfully.
5. Models for engaging farmers in verified carbon projects need to be effective, equitable, and linked to a sound business case.

More detail on this work can be found [here](#), including download links for the PDF [Executive Summary](#) and [Full Report](#).

Climate Resilience

Sustainable Banana Programme

The Sustainable Banana Programme took place in 2024, with investments in climate resilience for producer organisations. Producer organisations have access to technical support, training, and information to help with climate resilience and production practices. Climate resilience is being achieved through a responsible use of natural resources, reducing environmental and social externalities and a more sustainable approach overall.

Banana Productivity Improvement Programme

The Productivity Improvement Programme (PIP) was developed and implemented by Fairtrade's Producer Network, CLAC. Commercial partners Co-op and Fyffes funded this programme for a number of years, with 2024 being the 4th and concluding phase. The project has been successful in supporting and upskilling smallholder Fairtrade banana farmers in Colombia and the Dominican Republic, and has focused on improving agricultural practices, optimising water resource use, reducing carbon and water footprints, and promoting the adoption of agroecological techniques, with a comprehensive approach to environmental sustainability and increased crop productivity. Over 1,000 banana producers have benefited directly from the programme, and the learnings have helped to inform the development of Fairtrade's wider Sustainable Banana Programme.

Fairtrade Alliance for Climate-smart Supply Chains in Africa (FACSCA)

The multi-year FACSCA programme was concluded in 2024. Launched in September 2021, it was designed to support Fairtrade farmers and workers in East Africa to become more resilient and adaptive to climate change. The programme was funded by Co-op, implemented by Fairtrade Africa, managed by the Fairtrade Foundation and co-created by all stakeholders in collaboration with 12 tea, coffee and

flower Producer Organisations (POs) across Ethiopia, Kenya and Rwanda – all of whom are navigating the impacts of climate change.

Activities under the FACSCA programme covered a broad range of topics, including training on financial management and diversifying income. Alongside the trainings provided by Fairtrade Africa, tangible goods were provided to producers - including 6,900 solar kits and over 500,000 tree seedlings. Furthermore, the programme set aside seed capital funds, worth £12,000, for youth groups to establish climate-smart enterprises, such as beekeeping, supplying tree seedlings and producing organic compost. By the end of October 2024, 19,430 farmers and workers had participated in the programme, enhancing their knowledge on climate change and their capacity to adapt to and mitigate its effects.

In 2024, the project was successfully concluded as Fairtrade Africa completed and launched the programme's 2nd Centre of Excellence, and led a workshop for producer feedback with representatives from all 12 POs.

New study on smallholder coffee farming in Latin America

A new Fairtrade study, 'Understanding the Climate and Environmental Impacts of Smallholder Coffee Farming', was published in October 2024 and investigated existing academic and sectoral literature regarding the environmental sustainability of small-scale coffee production in five Latin American countries – Brazil, Colombia, Peru, Nicaragua, and Honduras and compared findings with large-scale production. Read the report [here](#). The research showed how smallholders in Latin America are generally more sustainable than large-scale plantations, and that Fairtrade can play a significant role by supporting farmers' sustainable practices including agroforestry, facilitating farmer-led data collection to demonstrate their sustainable practices, and working with commercial partners to financially support farmers' efforts to improve sustainability and climate resilience.

EU Deforestation Regulation (EUDR) Preparedness

The EUDR is an essential and much-welcomed regulation, but one that underwent many changes in 2024, bringing uncertainties for producers. We worked closely with Fairtrade International and the Producer Networks throughout the year, as they conducted in-person trainings and workshops to support Fairtrade coffee, cocoa and soy farmers to collect and upload the required geolocation data. As a system, we continued to advocate for more technical and financial support for producers in order to comply with the regulation – so that they are not cut off from trade to the EU market or pushed out of supply chains – as well as advocating against a dilution of the regulation. 2024 also saw the launch of the first phase of new requirements in coffee and cocoa Fairtrade Standards that mirror EUDR, baking forest protection and producer-owned deforestation data collection into the Fairtrade sourcing model.

A new study 'The Effect of Fairtrade on Forest Protection and Deforestation Prevention', published by Fairtrade in September 2024, found that Fairtrade certified cocoa and coffee cooperatives are in an advantageous position when it comes to protecting forests and complying with the EU Deforestation Regulation (EUDR). The study found that several factors contribute to the better positioning of Fairtrade cooperatives, especially their compliance with the Fairtrade Standards that guide them to implement key forest protection measures and that align with the requirements of the EUDR.

Connecting farmers with UK policy makers

In the light of UK's banana tariff arrangements under the UK's trans-pacific (CPTPP) and Andean trade deal, we advocated about risks for banana growers including in West Africa. We called for the Government to address the needs of countries where the banana sector plays a vital role and arranged for a parliamentary question to be put down by International Development Committee chair Sarah Champion MP. We convened a meeting between Foreign, Commonwealth and Development Office (FCDO) and Fairtrade West Africa Banana partners Golden Exotics and Compagnie Fruitiere, which led to some of our partners contributing evidence as part of the consultation on the impacts of the possible tariff review.

Ahead of the UN Climate Summit in November, we worked with a Fairtrade cocoa farmer and Ghanaian climate activist Bismark Kpabitey to create a video explaining how fairer prices for crops will support small-scale farmers to adapt to climate change, farm more sustainably and protect the planet. Over 1,000 Fairtrade campaigners contacted their MPs with Bismark's message and we also wrote to MPs with a briefing, emphasising the connections between trade, sustainability, and climate action.

Terms of trade and Human Rights and Environmental Due Diligence (HREDD)

Over the year, Fairtrade sought to influence the terms of trade in various opportunities. We participated in two roundtables, chaired by the UK Minister for Trade, Douglas Alexander, where we emphasised the importance of a trade strategy that addresses the crucial connections between trade, international development and environmental sustainability.

In December 2024 Fairtrade submitted a response to the Business and Trade Committee: Priorities Inquiry. This submission highlighted Fairtrade's call for the Government to adopt Human Rights and Environmental Due Diligence (HREDD) legislation, and to support pre-competitive collaboration for sustainable farming practices.

Trader and HLO standard consultation

The Fairtrade Foundation worked with traders and hired-labour organisations (HLO) to incorporate new elements of HREDD into the Fairtrade Trader and HLO standards. Those strengthened requirements were published in April. The criteria now include HREDD requirements in line with the UN Guiding Principles on Business and Human Rights. The additions were particularly significant for Traders, because the previous Trader Standard included very few due diligence related requirements. In addition to basic HREDD measures, traders will be expected to engage in dialogue and strengthen cooperation with cooperatives. In addition, Fairtrade created numerous guidance materials and offer webinars on the changes to support stakeholders.

Human Rights and Environmental Due Diligence (HREDD)

Following the publication of Fairtrade's first Human Rights and Environmental Due Diligence (HREDD) Report in December 2023, as part of our HREDD efforts in 2024, Fairtrade Foundation piloted sharing aggregated audit data and risk reports with committed partners. This initiative aims to encourage our partners to assess risks more effectively and take meaningful action to prevent and remediate issues such as low wages, child labour, and environmental harm. The reports provide deeper levels of transparency in addressing human rights and environmental risks within supply chains. We have also

been incorporating data from the Fairtrade Risk Map into these reports to provide further context and highlight salient supply chain risks.

Fairtrade Risk Map Updates

In 2024 the Fairtrade Risk Map, which is publicly available, was updated to include four new commodities: flower, sugar, tea and sports balls. The Centre of Excellence on HREDD also updated the country indicators and populations, as well as the 'Fairtrade Response' in the salient issues pages. Increasing the scope of the map ensures it reflects the current realities and potential risks for farmers and workers in specified supply chains by increasing transparency, encouraging root cause analysis and systemic change, and supporting inclusive and responsible risk assessments through meaningful stakeholder engagement. Remaining validations are planned to occur in 2025, including fruit, gold, cereals, nuts and oils, herbs and spices, and vegetables.

What we said we would do in 2024 - Pillar 2: Growth and innovation

In 2024 our partnerships shone through in terms of commitment to Fairtrade in our thirtieth year, as well as in securing our first one-year pilot for our innovative Shared ImPact model to increase pre-competitive collaboration to drive greater economic, social, and environmental resilience for producers through increased premium investment and longer-term procurement commitments.

Partnerships

Many of our partners went above and beyond to celebrate their responsible sourcing commitments in Fairtrade's 30th year. Key highlights from our partnerships work include:

- Celebrating long term partnership anniversaries with Co-op, Waitrose & Partners, Clipper, Cafédirect and Green & Black's reaching 30 years of Fairtrade whilst M&S and Asda reached 20 years.
- During our shared 30th year, Co-op celebrated with many fantastic activations throughout 2024. These included a rebrand of Co-op's core Fairtrade products with a bright new design and producers featured on-pack, plus a celebration of our partnership at Glastonbury Festival, with a range of activities including a co-designed Fairtrade cotton tote bag for all attendees. Co-op also implemented a campaign 'Choose a Fairer Future' in store to support Fairtrade Fortnight, alongside product offers, above the line advertising, dedicated Fairtrade aisle space in stores, staff engagement events and influencer collaborations. Collectively these amplified producer voices directly to customers, made their Fairtrade range even more accessible and illustrated the positive change that can be driven for farmers and workers through buying Fairtrade. In 2024 Co-op also launched its 100 percent global rose commitment: the first UK retailer to move its entire range of fresh cut roses to be 100% Fairtrade.
- M&S invested in Fairtrade International's Child Labour and Forced Labour Prevention and Remediation Scheme to deepen their commitment to tackling systematic issues in global supply chains. They also support new innovations for greater economic, social and environmental outcomes by collaborating with FTF. In 2024, M&S were the first partner to commit to Shared ImPact, piloting the new mass balance plus approach in partnership with Yeyasso, a key cocoa producing cooperative.

- Sainsbury's ran a Fairtrade banana activation in store with POS (Point of Sale) messaging about Fairtrade bananas and their Living Wage commitments. The banana carriers were in 218 stores from 1-21 May with the message 'Every single banana bought at Sainsbury's will contribute towards paying thousands of workers a fairer wage and supports the future of growers in our supply chain'.
- Mars sold more Fairtrade cocoa than any other partner in the UK through Maltesers.
- Tate & Lyle Sugars celebrated 15 years of commitment to Fairtrade: a partnership which has supported thousands of small-scale sugar cane farmers, and their communities in Belize, Eswatini, Fiji and Paraguay, to invest in their businesses, communities and the environment.
- Fairtrade is featuring heavily as part of Clipper's advertising campaign 'There's Tea and there's GOOD tea' which reached over 25 million people in the first month alone.
- We continued to work with the UK's leading coffee roasters, traders and suppliers, including Cafea UK, Finlay Beverages, Matthew Algie, Taylors of Harrogate, and UCC Coffee, to deepen and expand the reach of Fairtrade coffee with retailers and brands.
- Fairtrade colleagues speaking at various panel events and staff conferences across Co-op, Waitrose & Partners, Greggs and Clipper head offices to further demonstrate the impact Fairtrade commitments have on farmers and workers across the world.

New Fairtrade products

Even more Fairtrade products hit the shelves in 2024, including: Co-op's Chunky Salted Caramel and Pretzel Chocolate, The Good Egg easter egg, and their launch of the first ever UK own brand Fairtrade rum, Ben & Jerry's Salted Caramel and Cookie Dough Peaces, Cafédirect's Grumpy Mule range, Lidl's Mister Choc Buttons, Aldi's Fairtrade Fortnight flower bouquets and Choco for Change bars, Tony's Choclonely Milk Chocolate Gingerbread and Greggs' Iced Mocha and Iced Chocolate drinks.

Our Business Engagement team delivered a world-first *Fairtrade Sourced Ingredient: Fonio* supply chain for the ethical brewing company Brewgooder. Brewgooder Fairtrade Fonio beer launched in 2024 to worldwide acclaim, and is available in all of the major national UK retailers. Brewgooder have gone even further by inviting other brewing companies to explore and help develop the supply-chain for this lesser-known west African grain.

Shared ImPact

No single company or producer can tackle today's sustainability challenges in supply chains alone. Shared ImPact is Fairtrade Foundation's pioneering response to this reality.

Offering an innovative, pre-competitive collaboration, Shared ImPact enables Fairtrade retailers and brands to drive greater economic, social, and environmental resilience for producers through increased premium investment and longer-term procurement commitments (minimum three years). By collectively sourcing from select Fairtrade producer organisations, participating retailers amplify impact through the Fairtrade Minimum Price and Fairtrade Premium - empowering producers to invest in long-term sustainability for their communities and environments.

By bringing retailers and brands together to co-source living wage, coffee, and cocoa, Shared ImPact enables cost-sharing and deeper collaboration within supply chains. This approach helps address production-level risks and challenges that individual retailers could not tackle in isolation.

Having gained informal approval from the UK's Competition and Markets Authority (CMA) in December 2023, this groundbreaking model gained industry recognition in 2024, with coverage in The Financial Times (April 2024) and The Grocer (May 2024). The transparency instrument which supports the model, 'mass balance plus', was piloted with M&S from 2024, and preparations were made ahead of the launch of the full pilot design (done in partnership) in 2025.

Mass Balance Plus

Mass Balance Plus is a new instrument that began testing in 2024 to support Shared ImPact. It is a stepping stone between mass balance and transparency for companies who don't feel they can make the full step yet to segregated cocoa – whether due to length of supply chain, number of operators, or price margins. The targeted Fairtrade Minimum Price and Premium will drive tangible impact at an individual small producer organisation (SPO) level, offering impact reporting aligned to Partner sourcing relationships.

Partners will be able to make claims that their company is committed to these SPOs, and the difference this commitment is making through the Fairtrade Premium and Minimum Price.

New market development

The out of home coffee sector continued to be a priority for new business growth in 2024. The Partnership Development team engaged with leading coffee brands in the UK and aimed for further conversions of Fairtrade coffee. The coffee industry faces ongoing pressures including high coffee prices and the impending EU Deforestation legislation (originally due to come into law by the end of the year but which has now been delayed until the end of 2025). The Out of Home (OOH) coffee sector will remain a priority for new business growth in 2025 with a focus on Shared ImPact as a solution to tackling some of these sector issues.

The Partnership Development team sought to develop the UK market for Fairtrade gold with a particular focus on the finance sector. The market for gold assets has grown considerably in the last few years and there has been an increase in demand from investors for responsibly sourced gold linked to Environmental, Social and Governance (ESG) investment funds. As a result, the team engaged in positive conversations with a number of financial companies and will continue to develop these opportunities in 2025.

Juice and cosmetics were also identified as target areas for growth in 2024. Through our existing partnership with Greggs we have seen an 8 per cent growth in ambient Fairtrade juice sales since 2023 and in 2024 sales generated £392,000 in Premium for farmers and workers. However, this growth was not translated across new business conversations in this area. Following approaches to businesses within the UK cosmetics sector it became clear that the UK market is not the biggest opportunity for growth for Shea producers.

The team will continue to have a strategic focus on diversifying income by developing corporate fundraising opportunities and applying to trusts and foundations to support our work to deepen impact for Fairtrade producers globally.

What we said we would do in 2024 - Pillar 3: Advocacy and citizen engagement

Throughout 2024 our work on public engagement and advocacy continued, across campaigning, parliament, media and industry, pushing for action on power imbalances in supply chains, inequality, human rights risks and climate change. In 2024 we were at Glastonbury Festival for the first time meanwhile our 'Be the Change' campaign engaged thousands of Fairtrade campaigners and drew commitments to work for fairer trade from hundreds of newly appointed Members of Parliament.

30th Anniversary

Our 30th anniversary in 2024 provided the chance to look forward and advocate on some of the critical challenges facing the world today. At our 30th Birthday Event at the Barbican, we brought together Colombian Fairtrade coffee farmer Silvia Herrera, Sainsbury's CEO Simon Roberts and young Fairtrade campaigner Imogen Suett on a panel to share why Fairtrade matters more than ever. We also published our 30th anniversary report [Growing Our Movement For Change](#), setting out our '3 Ps' analysis of the critical importance of improving Price and Power for overseas farmers at Pace.

Advocacy

We participated in a parliamentary panel event on deforestation to convey the issues faced by cocoa farmers and we provided a briefing for MPs on deforestation. This led to Parliamentary questions from Holly Lynch MP. We launched a public campaign on deforestation which led to over 10,000 people calling on the UK Government to ensure the Environment Act doesn't put extra costs on farmers and that it delivers on climate funding commitments.

Ahead of the General Election, we produced a manifesto asking all political parties to build fairness and resilience for producers and consumers, and shared the manifesto as part of our pre-election campaign which involved Fairtrade supporters calling on the Prospective Parliamentary Candidates for their constituency to be a champion for Fairtrade in parliament if elected.

Fairtrade at Glastonbury

Following their 2024 commitment to convert all festival merchandise to Fairtrade cotton, we partnered with Glastonbury to take our message to festival goers. During the festival, we reached 210,000 attendees discussing the importance of fair trade through an onsite Fairtrade campaign stall, a film shown over 70 times on the main stage screens and messaging across the site on posters, programmes, stalls, crew shirts and the onsite Co-op store. We also ran social media content which delivered half a million impressions.

Fairtrade Fortnight 2024 - Be the Change campaign

For the first time, our flagship campaign Fairtrade Fortnight campaign was moved from February to September. We developed a holistic multi-channel campaign themed 'Be The Change', which included 205 Digital Out of Home (billboards) running in six key UK cities, alongside digital/social content, instore/POS materials in partnership with brands and retailers, PR/media strategies, a digital advocacy action and the mobilising of our campaigner network.

Building on our pre-election engagement, we called on Fairtrade supporters, MPs and the UK Government to 'Be the Change' for fairer trade. This resulted in over 4,000 campaigners writing to their MPs to ask for their commitment to advocate in parliament for a fairer trade system.

2024's campaign was the most successful Fairtrade Fortnight in many years, demonstrated by strong results across all channels, including:

- Nearly double (from 12 percent to 23 percent) the number of people heard of the campaign vs 2021-2023,
- Significant sales uplift (volume and value) across all 3 measured categories (confectionary, hot beverages and bananas),
- 2.5 million social media impressions,
- More than 130 MPs signing our Be the Change pledge,
- 1.5k media mentions of Fairtrade and 27 broadcast interviews (media value £27.2m),
- Over 30 Fairtrade commercial partners supporting the campaign,
- 615 grassroots community activities across the UK.

Fairtrade Climate Day

In October 2024, Fairtrade hosted its first 'Climate day' - a workshop with key partners and prospects titled '*Climate: What Comes Next? Working with Fairtrade Producer Organisations to mitigate climate change, promote sustainable livelihoods, and build resilient supply chains*'. Held at Toynbee Hall, London, the day featured a blend of presentations, workshops, and discussions. We showcased our work and expertise in areas such as Shared ImPact, deforestation, research, data and insights, and programmes. Pre-recorded presentations from Co-op on 'working with smallholders' and from Fairtrade Africa on 'Fairtrade's producer networks and technical expertise' offered valuable commercial and producer perspectives, while workshops and discussions focussed on supply chain challenges, potential solutions, and the barriers and opportunities for co-investment.

The event met its primary objectives, enhancing knowledge of Fairtrade's climate capabilities while demonstrating the feasibility of action within supply chains involving Fairtrade Producers. Attendees valued the diverse stakeholder engagement and opportunities for tailored climate partnerships. Feedback highlighted the productive group discussions and the event's impact on shaping future strategies as big positives, while insights gained will inform the planning of comparable events moving forwards.

What we said we would do in 2024 - Pillar 4: Digitalisation for fairer supply chains

In 2024 work under our fourth pillar focused on further development and use of our unique digital tools to support producers by helping them reach new business, improving transparency, and increasing our understanding of the challenges they might be facing.

FairInsight: Producer information with one click

FairInsight is our platform for producers to enable insight-driven business relationships that make trade fair. The Fairtrade producer networks train and support producer organisations to add information to FairInsight and use it to strengthen their relationships.

In 2024, new features were added to help producers generate a commercial profile that they can share with existing and potential buyers. Plus, Fairtrade continued to source key monitoring data from FairInsight, such as how producers invested their Fairtrade Premiums. The next development phase will focus on geolocation data and deforestation risk assessments for cocoa and coffee producers, with an emphasis on enabling fair and transparent data sharing for EU Deforestation Regulation preparedness.

FairMarket: digital traceability innovation

In 2024, Fairtrade advanced digital traceability by launching a solution for tracking coffee from cooperatives to manufacturers. This effort is part of a broader strategy to unify and harmonise Fairtrade digital systems, starting with scoping the single sign-on for supply chain actors. In 2025, we plan to extend traceability to individual farmers, and expand to cocoa and bananas. Developed with industry standards in mind, this initiative aims to strengthen regulatory compliance while ensuring producers and businesses have the tools needed for greater transparency.

FairVoice: amplifying insights from producers

FairVoice is a unique mixed methods solution for remote data collection which allows farmers and workers to share their experiences through their mobile devices. In 2024, FairVoice was used in two Fairtrade programmes; in the Livelihoods Ecosystem Advancement Programme (LEAP), community researchers were trained to collect and share qualitative feedback from their community, which contributed to evidencing the programme's achievements and provided feedback to the implementation team. FairVoice was also deployed as a mobile surveying tool in the Inclusive Energy Fund (IEF) endline evaluation in Rwanda, gathering direct feedback from farmers and workers on the impacts of the programme.

Fairtrade Sourcing Impact Reports

In 2024, we shared tailored sourcing impact reports with over 200 partners who sell Fairtrade products in the UK. The annual reports provide a snapshot in time of supply chain specific data and insights, as

well as stories from Fairtrade producers highlighting the impact of Fairtrade sourcing. The reports are designed to provide transparency to businesses about the impact of their sourcing commitments. In 2024 we improved our data processing and analysis using python resulting in efficiency gains. We received positive feedback on the reports from our partners. For example, M&S said: 'The annual Impact Reports shared with us by Fairtrade are a really valuable element of our partnership and we look forward to receiving them every year.'

What we said we would do in 2024 - Pillar 5: A launchpad for the future

Our fifth pillar is centred on strengthening our organisation, both as an independent charity in the UK, and as a member of the global Fairtrade federation.

One Fairtrade Culture

Our People and Culture Transformation Programme, launched in 2023, is reshaping our workplace culture to foster excellence, strengthen leadership, and enhance overall performance. In 2024, our One Fairtrade Culture Day was a pivotal moment bringing all Fairtrade Foundation colleagues together and actions since have been building a renewed sense of culture based on our values and behaviours.

In addition, we made significant progress by delivering a leadership programme for our Senior Leadership Team and Heads of Department and initiating a comprehensive review of our reward structure, ensuring alignment with our goals to attract, retain and engage high-performing individuals. Through regular Pulse Surveys, we continue to assess employee engagement and have seen consistent improvement in our Net Promoter Score, which is an indication that the work that is being carried out across the organisation is having a positive impact.

Fairtrade is a global movement for change. We are led by the principles of partnership, integrity, respect, and accountability. It is within this overarching mission and our guiding principles that we have also been working on embedding active inclusion and anti-racism into our day-to-day activities as an organisation and thinking about the wider work needed for change across the Fairtrade system and wider sector. In 2024 we continued our learning journey as an organisation and focused on the critical learning and reflection needed to build meaningful anti-racist practice into everyone's work at Fairtrade. This work was fully supported by our Board and senior leadership team, and across the year we worked with an external consultancy firm to provide training and workshops to facilitate this. We will continue to push ahead in this area and look forward to building a long-term vision of inclusion and anti-racist action both within the Foundation and the global Fairtrade system.

Our plans for 2025

Moving into 2025, we are in the final year of our five-year strategy. Growing market access for Fairtrade farmers and workers continues to drive our plans and activities, with specific focus this year on fewer objectives and clearly articulated expected outcomes.

Our two strategic objectives for 2025 are;

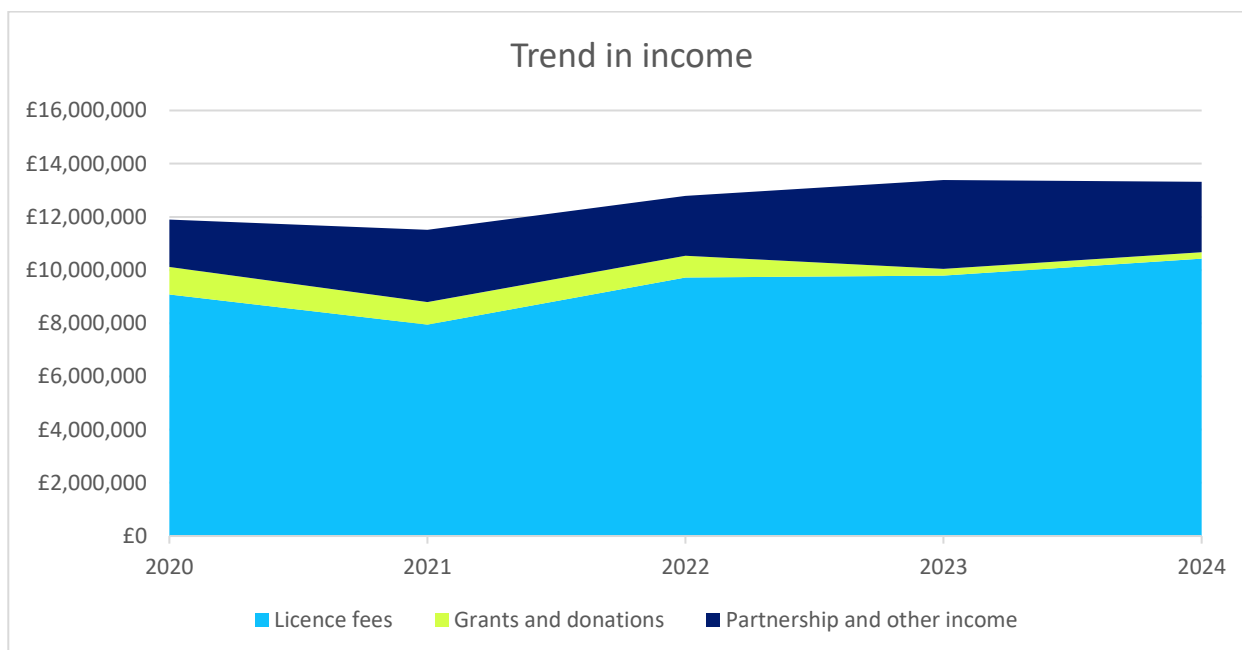
- **Innovate to Further our Mission**
- **Secure our long-term sustainability to deliver our mission**

These objectives are designed to be delivered cross-organisation, promoting collaboration across all teams and enabling everyone to contribute to how we deliver for Fairtrade farmers and workers. They are also targeted towards growth in volume and income in-year for 2025, while also fostering future mission-driven innovation.

Under our Innovation objective, success will be measured through increased volumes sold through our Shared ImPact initiative, sector leading partnerships that drive impact for farmers and workers, innovation as to how we grow market access for Fairtrade Tea farmers and workers and through evolution in how we engage supporters. In terms of our focus on long-term sustainability to deliver our mission, here we are planning to grow partner commitments, deepen our reach within the UK market, strengthen our fundraising offer and grow participation and engagement with the Fairtrade movement through our brand.

Financial Review

Financial performance



Overall, there was a £861,000 deficit (2023: £183,000 deficit) on unrestricted funds and a £176,000 deficit (2023: £308,000 deficit) on restricted funds, leading to a £1.0 million deficit (2023: £491,000 deficit) in the year ended 31 December 2024. Movements in income and expenditure within that are explained below.

Total incoming resources in 2024 decreased by one percent to £13.3 million from £13.4 million, due to decreases in partnerships and other income (£784,000) and restricted grants (£21,000) which were offset by an increase in licence fee revenue (£642,000), donations (£52,000) and investment income (£44,000).

Licence fees continue to represent the majority of our total income (2024: 78 percent; 2023: 73 percent). Licence fee income increased by seven percent to £10.4 million (2023: £9.8 million) due to strong sales performances by some of our key licensees as well new conversions. **Partnership and other income** decreased by 25 percent to £2.4 million (2023: £3.2 million) largely due to timing on a key programme shifting from 2024 to 2025. **Fundraised income** from grants and donations increased by 8 percent to £440,000 (2023: £409,000) due to a donation from the TUUT Charitable Trust and a legacy donation.

Total expenditure increased by three percent to £14.4 million (2023: £13.9 million) and comprised:

- An increase of £1.0 million on **growth and innovation** due to a continued focus and effort to grow income and volumes for producers through our ongoing growth strategy

- A decrease of £505,000 in the amount spent on **empowerment of farmers & workers**, largely due to an decrease in programme delivery as a result of timing on one of our key programmes shifting activities in 2025.
- An increase of £30,000 on **advocacy and citizen engagement** due to growing our campaigner base
- A decrease of £7,000 in the amount spent on **raising funds** largely due to our continued focus of resource towards delivering on volume growth and impact for our producers.

Of the total expenditure, charitable expenditure represented 99 percent and the cost of raising funds was one percent (2023: 99 percent, one percent).

It should be noted 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 Fairtrade Premium.

Total funds decreased by sixteen percent to £5.3 million (2023: £6.3 million) on the prior year. Restricted funds decreased to £180,000 (2023: £356,000). Unrestricted funds decreased fourteen percent to £5.1 million (2023: £6.0 million). The funds the Trustees had designated to the Fairtrade Future Fund to support strategic projects in developing and implementing our 2021-2025 strategy has now been fully spent.

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 2024. Under the policy, the target reserves level is based on a risk-based calculation of £3.6 million (2023: £3.3 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (2024: £33,000, 2023: £47,000) and designated funds (2024: £nil, 2023: £87,000), as at 31 December 2024 were £5.1 million (2023: £5.8 million) and were therefore 42 percent above the minimum level set by the reserves policy. Trustees consider that given the continuing uncertainty facing the economy, our licensees and Fairtrade consumers from the global trade war, high interest rates, 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 Trustees expect to invest a proportion of these reserves into activity spend in 2025 to further the organisational goals. 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 decreased in the year to £2.6 million (2023: £4.6 million), of which £180,000 (2023: £356,000) 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 constituents of the Foundation's restricted and unrestricted funds.

Going concern

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of prices, inflation and interest rates, the continuing political unrest around the world, and the potential financial impact of the principal risks set out below, the Trustees have a reasonable expectation that the Foundation 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.

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

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 mitigate against 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.

Data and information

A co-ordinated global data and digital information strategy for the future is key and is an integral part of the 2021-2025 strategy. The global Fairtrade system is in the middle of a multi-year project to design and implement a data and digital information strategy, including centralised data warehousing, business information tools and tools to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. 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.

The impact of economic uncertainty

The continuing effects of high prices, inflation, interest rates, tariffs and political unrest across the world are all combining to produce uncertainty for consumers and licensees. Our income is reliant on the performance of our licensees, which are being affected both by consumer choice, forced by economic realities, and their own cost and supply chain pressures. There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised when appropriate. The risk is mitigated by the Foundation holding good levels of reserves which, together with sensible cost control, have helped us through the disruption of previous years.

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.

Attracting and retaining talent

Our people are key to our success which is driven by the talent, passion, resilience and commitment of our team. However, we are operating in a competitive and sometimes candidate driven market, where the skills we require now and in the future are in high demand. We risk losing key people, and/or failing to attract good people. To mitigate this, we have designed and are implementing a multi-year People and Culture Transformation Programme covering leadership, culture, performance, talent attraction, talent retention and total reward. The aim is to build a deeper sense of belonging and engagement, creating an environment where our people can thrive, with a strong organisational culture aligned to strategic goals. Top talent will be attracted and retained by highlighting the unique offerings and experiences that people can expect from working for the Foundation.

Transformation projects fail to deliver the required outcomes

As well as the People and Culture Transformation project, we have a number of strategic projects underway to develop and innovate both our partnerships and our communications and advocacy work. Cross functional execution of these projects brings complexities to navigate and can lead to delays and the risk that the projects do not deliver the required outcomes on time or fail to maximise the expected benefits. Additionally, we may lack the internal capabilities and talent to support moving into new business areas. Ultimately this can hinder achievement of strategic objectives through business disruption, increased costs and an inability to capitalise on efficiencies, and/or lost opportunities. To mitigate the risks, we have governance frameworks in place across each of the projects, monitoring progress, risks and dependencies. Detailed project management is in place with regular updates on progress, key issues and risks to the senior leadership team. Each project is supported by a cross functional steering group, including at least one senior leadership sponsor, that meets regularly to review status, risks, dependencies and impacts and will then report to the Board of Trustees or one of its committees as appropriate. Talent mapping is carried out to ensure we have the appropriate capability and capacity in place to deliver our strategic objectives.

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. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future.

Reputation

Although the FAIRTRADE Mark was 30 years old in 2024, 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 evidence and insights 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.

Cyber security incidents

The cyber security landscape is continuously evolving, with threats becoming more sophisticated, aggressive and more frequent. We continue to improve security policies, procedures and capabilities to reduce the risks related to confidential data loss, malware infections, ransomware, phishing attempts, DDoS attacks and insecure third-party software. Multi factor authentication across our systems increases our protection against phishing and malware attacks. We run awareness raising campaigns and more formal training for employees on cyber security and work with independent third-party specialists when appropriate.

Structure, governance and management

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 Global Justice Now (at the time known as 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 66.

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.

During 2024 the Board had three sub-committees: the Finance and Audit Committee; the Nominations 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 three Trustees of the Board, who are approved by the Board. Its key responsibility is to manage the appointment of Trustees and members of the Board and its constituent committees respectively. The committee is responsible in particular for ensuring formal, rigorous and transparent appointment procedures, and for carrying out a review and forward planning to ensure the Foundation has a balanced, appropriately experienced and qualified Trustee base.

The People, Safeguarding and Remuneration Committee consists of at least three Board members and has overall responsibility to set remuneration, with associated terms and conditions of employment, for all staff of the organisation, including the senior leadership team. The committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis. The committee also provides strategic oversight and Trustee sponsorship of anti-racism work within the Foundation.

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 an executive team consisting of a Chief Financial Officer, Partnerships Director, and Director of Communications and Advocacy.

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 a 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 (who are also directors of the Foundation for the purposes of company law) 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 2024. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. 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 summer 2024 the Fairtrade Foundation Board conducted a self- assessment on how they work together as an effective team. Overall the review concluded that the Board was operating effectively, with a plan in place to review how to increase the diversity of the board, revising the approach to trustee objective setting, and the approach the Board would like to take to the development of the Foundation's next strategic cycle.

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 overseas.

We work with Fairtrade International 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. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees receive safeguarding training. Safeguarding is part of staff induction and safeguarding is embedded into our organisational strategy and culture. We conduct DBS (criminal records checks) through an external provider and have embedded a process for undertaking checks on new and existing roles that require it.

In 2024, there were no whistleblowing complaints, and 24 safeguarding cases raised regarding incidents within global supply chains (none of which related to Fairtrade employees or consultants). There was one serious incident report made to the Charity Commission about a possible reputational matter related to another member of the Fairtrade system. The issue continues to be monitored.

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.

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 4 volunteers helped in the Fairtrade office or remotely at some time during the year.

Trustee changes

In April 2024 we bade a sad farewell to our Chair, Lord Mark Price. Mark led us through an extremely turbulent period, and his wisdom and sage advice were much valued as we weathered the COVID-19 pandemic, economic downturn and geopolitical uncertainty.

Keri Elborn, treasurer, acted as interim Chair and we extend many thanks to him for his excellent stewardship during the interim period.

We welcomed Dr Nyagoy Nyong'o as our new Chair in October 2024. Nyagoy is one of the most expert and respected leaders in global Fairtrade, having served as CEO of Fairtrade Africa for seven years, then global CEO of Fairtrade International until 2022. Earlier in her career she was also an auditor for FLOCERT and has a PhD in forestry, so she has in-depth knowledge of Fairtrade, global supply chains and the impacts of the climate crisis. Nyagoy, a Kenyan by nationality, was born and brought up by a mother who was a small-scale farmer. Witnessing the struggles she bore, she quickly became a skilled and passionate advocate for the rights of farming communities. Nyagoy has a vision for Fairtrade to get closer to producers, and for the decision-making and leadership to be increasingly driven from the global South, believing this is what gives Fairtrade authenticity with the public, but also what enables Fairtrade to be such an impactful partner with companies, as no other ethical label is so closely rooted in the reality of producers' experience.

This report, including the strategic report, was approved by the Trustees of The Fairtrade Foundation on 25 June 2025, in their capacity as company directors, and signed on its behalf by:



Dr Nyagoy Nyong'o, 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 ('the charitable company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including 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 2024 and of its income and expenditure, 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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

- the 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 their 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 and proper 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities,

sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
London

31 July 2025

The Fairtrade Foundation – Statement of Financial Activities for the year ended 31 December 2024

(including the Income and Expenditure Account)

		2024	2024	2024	2023
	Notes	Unrestricted	Restricted	Total	Total
		£ 000	£ 000	£ 000	£ 000
Income from:					
Donations and legacies	2	201	-	201	149
Grants	4	-	239	239	260
Investment income		79	-	79	35
Licence fees		10,429	-	10,429	9,787
Partnership and other income	5	837	1,532	2,369	3,153
Total income		11,546	1,771	13,317	13,384
Expenditure on:					
	6				
Raising funds		178		178	185
Charitable activities					
Empowerment of farmers & workers		5,375	1,947	7,322	7,827
Growth & Innovation		4,668	-	4,668	3,707
Advocacy & Citizen Engagement		2,186	-	2,186	2,156
Total charitable activities		12,229	1,947	14,176	13,690
Total expenditure		12,407	1,947	14,354	13,875
Net income/(expenditure), being net movement in funds	9	(861)	(176)	(1,037)	(491)
Reconciliation of funds:					
	17				
Fund balances brought forward		5,979	356	6,335	6,826
Fund balances carried forward		5,118	180	5,298	6,335

The Fairtrade Foundation - Balance Sheet as at 31 December 2024

	Notes	2024 £ 000	2023 £ 000
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	33	47
Current assets			
Debtors	13	4,697	4,725
Cash at bank and in hand	20	2,639	4,585
Total current assets		7,336	9,310
Liabilities			
Creditors: amounts falling due within one year	14	(1,903)	(2,882)
Net current assets		5,433	6,428
Total assets less current liabilities		5,466	6,475
Creditors: amounts falling due after one year	14	(37)	(9)
Provision for liabilities and charges	15	(131)	(131)
Net assets		5,298	6,335

The funds of the charity:

	17		
General funds		5,085	5,846
Designated funds – Fairtrade Future		-	87
Designated funds – Fixed Assets		33	46
Unrestricted funds		5,118	5,979
Restricted funds		180	356
Total funds		5,298	6,335

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 25 June 2025, and were signed below on its behalf by



Nyagoy Nyong'o
 Chair of the Board
 Company number: 02733136

The Fairtrade Foundation - Statement of cash flows for the year ended 31 December 2024

	Notes	2024 £ 000	2023 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	20	(1,942)	(312)
Cash flows from investing activities			
Purchase of property, plant and equipment	11&12	(4)	(50)
Change in cash and cash equivalents in the year		(1,946)	(362)
Cash and cash equivalents at 1 January		4,585	4,947
Cash and cash equivalents at 31 December		2,639	4,585

The Fairtrade Foundation - Notes to the financial statements for the year ended 31 December 2024

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: 02733136) 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.

Going concern

After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of the global trade war triggered by the new US regime, cost of living crisis, the ongoing war in Ukraine, active review of our income pipeline and the potential financial impact of the principal risks set out in the Trustees' report, the Trustees have a reasonable expectation that the Foundation 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.

Judgements, estimates and assumptions

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, the most significant estimates and judgements which may have a material effect on the amounts recognised in the financial statements are as follows:

- the level of provision for dilapidations (see detail in note 15)

- Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £3m was billed relating to 2024 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.
- the level of bad debt provision is estimated at £269k (2023: £255k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

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 had 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 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 that 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 since 2020 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. Legacies are recognised at the earlier of cash received or notification of an interim distribution or when estate accounts have been settled.

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 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.

Empowerment of farmers & workers includes the cost of establishing and supporting supply chains, and support provided directly to producer groups and their regional networks.

Growth & innovation includes the monitoring and audit of supply chains of products 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.

Advocacy & Citizen Engagement 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 £101,000 (2023: £67,000).

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.

1.17 Grants payable

Grants payable are recognised in the year that an unconditional commitment is communicated to the grant recipient. In the case of multi-year grants, subsequent distributions are only recognised in expenditure once all reporting conditions have been met by the recipient and reviewed by the Foundation.

2. Donations and legacies

	Unrestricted	Restricted	2024	2023
	£ 000	£ 000	Total	Total
			£ 000	£ 000
Triodos Bank Fairtrade Saver Account	28	-	28	21
The TUUT Charitable Trust	12	-	12	-
Legacies	22	-	22	-
Other donations	139	-	139	128
Total donations	201	-	201	149

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 general unpaid volunteers who contributed approximately 360 hours of work in the year. Volunteers provided administrative, 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

	2024 Total £ 000	2023 Total £ 000
GIZ		
Building and Supporting Resilience for Cotton Farmers	-	6
Green People's Energy Uganda	-	10
Accelerate Access to Green Energy Products and Technologies	-	189
EPRM		
Improved ASMO Access to finance	54	5
Waterloo Foundation		
Developing Fairtrade Market Solutions to Financing Education	10	-
Aldi		
Aldi Flowers Programme Ethiopia	100	50
M&S		
West Guji Improved Cookstove Distribution Programme	50	-
Child Labour and Forced Labour Prevention and Remediation Programme	25	
Total Grants	239	260

All grants in 2024 are restricted.

5. Partnerships and other income

	Unrestricted £ 000	Restricted £ 000	2024 Total £ 000	2023 Total £ 000
Cross-border sales administration fees	327	-	327	345
Expertise and commercial partner-funded programmes	313	1,486	1,799	2,608
Consultancy fees	160	-	160	144
Other fees and royalties	37	46	83	56
Sale of awareness-raising items	-	-	-	-
Total partnership and other income from charitable activities	837	1,532	2,369	3,153

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	2024 Total £ 000	2023 Total £ 000
Raising funds	115	20	43	178	185
Charitable activities:					
Empowerment of farmers & workers	1,510	5,244	568	7,322	7,827
Growth & Innovation	2,680	981	1,007	4,668	3,707
Advocacy & Citizen Engagement	1,225	501	460	2,186	2,156
Total charitable activities	5,415	6,726	2,035	14,176	13,690
Total expenditure in 2024	5,530	6,746	2,078	14,354	
Total expenditure in 2023	4,857	7,267	1,751	13,875	13,875

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.7 million (2023: £1.6 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 £66,000 (2023: £70,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £2.1 million (2023: £1.9 million) are distributed to Producer Networks by Fairtrade International.

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 £24,000 (2023: £32,000).

Support costs of £2.1 million (2023: £1.8 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:

	2024	2023
	£ 000	£ 000
People	601	467
Finance & Business Intelligence	597	456
Information Technology	72	64
Management and administration	64	95
Governance	186	119
Facilities	558	550
Total support costs	2,078	1,751

7. Grants payable to institutions

	Statement of Financial Activities heading	2024 £ 000	2023 £ 000
Fairtrade Africa and other African partners	Empowerment of farmers & workers	81	661
Fairtrade Finland	Empowerment of farmers & workers	425	769
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Empowerment of farmers & workers	113	136
Fairtrade Germany	Empowerment of farmers & workers	-	13
Fairtrade International	Empowerment of farmers & workers	-	20
Network of Asia and Pacific Producers and other Asian partners	Empowerment of farmers & workers	-	-
Total grants payable		619	1,599

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 to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. 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 African partners are in relations to Climate Resilient Supply Chains Strategy, Farmer Resilience Platform in response to Covid, Co-operative strengthening and Women's School of Leadership.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme, the Livelihood Ecosystem Advancement Programme and the Living Income verification.

The grant to the CLAC and Latin American partners is in relations to the Productivity improvement programme, Colombia Coffee Project and Responsible Peruvian gold programme.

As at 31 December 2024, we had grant commitments of £75k, payable over the next 1 year (2023: £1.8 million). Grant commitments are funded from funding received from external donors.

See Note 17 for further details.

Support costs of £52k (2023: £108k) 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:

	2024	2023
	£ 000	£ 000
Trustee expenses	30	17
Fees payable to the charity's auditors for the audit of the charity's annual accounts	27	25
Other governance costs	12	8
Staff costs	117	69
Total costs	186	119

No remuneration was paid to Trustees in the year (2023: 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. £30k (2023: £17k) was reimbursed this year to 7 of the Trustees (2023: 6 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2024, all Trustee and committee meetings were in person or hybrid and we had 3 internationally based trustees attending the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2024	2023
	£ 000	£ 000
Depreciation of fixed assets	18	29
Fees payable to charity's auditors for the audit of the annual accounts for the current year	27	25
Fees payable to charity's auditors for other accountancy services	2	-
Operating lease rentals and service charge: land and buildings	193	239

10. Staff costs

	2024 £ 000	2023 £ 000
Wages and salaries	5,224	4,691
Employer's National Insurance costs	567	499
Employer's contribution to defined contribution pension schemes	468	410
Agency staff	291	63
Staff costs	6,550	5,663
Staff recruitment costs	103	136
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2024	2023
£60,000 - £69,999	8	6
£70,000 - £79,999	1	4
£80,000 - £89,999	3	1
£90,000 - £99,999	1	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1

The Foundation's highest salary was 4.3 times the lowest salary during 2024, 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 £109k (2023: £90k).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Advocacy & Engagement and the Partnerships Director. The total employee benefits of key management personnel of the charity were £473k (2023: £492k).

Average headcount in 2024 was 105 (2023: 101).

Redundancy/termination payments agreed and paid in the year came to £44,000 (2023: £169,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2024	191
Additions	-
Disposals	-
At 31 December 2024	191
Amortisation at 1 January 2024	191
Charge for period	-
Disposals	-
At 31 December 2024	191
Net book value at 1 January 2024	-
Net book value at 31 December 2024	-

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2024	80	263	343
Additions	4	-	4
Disposals	(2)	(8)	(10)
At 31 December 2024	82	255	337
Amortisation at 1 January 2024	71	225	296
Charge for period	6	12	18
Disposals	(2)	(8)	(10)
At 31 December 2024	75	229	304
Net book value at 1 January 2024	9	38	47
Net book value at 31 December 2024	7	26	33

13. Debtors

	2024	2023
	£ 000	£ 000
Licence fee debtors	3,817	4,039
Accrued licence fee	209	-
Amounts due from Fairtrade International and other Fairtrade organisations	109	239
Prepayments, accrued income and other debtors	562	447
Total debtors due within one year	4,697	4,725

14. Creditors

	2024	2023
	£ 000	£ 000
Creditors: amounts falling due within one year		
Trade creditors	191	141
Amounts due to Fairtrade International and other Fairtrade organisations	147	271
Social security and other taxes	521	645
Other accruals and deferred income	1,044	1,825
Total creditors due within one year	1,903	2,882

	2024	2023
	£ 000	£ 000
Creditors: amounts falling due after one year		
Accruals	37	9
Total creditors due after one year	37	9

15. Provision for liabilities and charges

	Provision at 1 Jan 2024 £ 000	Charged to SOFA £ 000	Provision released £ 000	Provision at 31 Dec 2024 £ 000
Dilapidations	131	-	-	131
Total provision	131	-	-	131

The provision relates to the office lease dilapidations clause. The lease under our current premises ends in 2028.

16. Share Capital

The Fairtrade Foundation is a company limited by guarantee and with no share capital. Each of the sixteen 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 2024 £000	Income £000	Expenditure £000	Transfer funds £000	Funds at 31 December 2024 £000
Restricted Funds					
Empowerment of farmers & workers					
Responsible Peruvian Gold	(21)	54	(79)		(46)
Climate-Change and Organisational Strengthening Programme	-	584	(584)		-
LEAP Programme	-	702	(702)		-
Accelerate Access to Green Energy Products and Technologies	29	-	(115)		(86)
Developing Fairtrade Market Solutions to Financing Education	-	10	(10)		-
Cotton Breeding Programme	77	-	-		77
Dignity for All: Ethiopia Flowers Programme	(5)	100	(87)		8
Farmer Resilience Platform in response to Covid	7	7	(1)		7
Colombia Coffee Project	24	-	(24)		-
Co-op sponsored Programmes	20	20	(40)		-
Climate Resilient Supply Chains Strategy	12	-	(12)		-
Women School of Leadership	45	50	(50)		45
Living income payment verification	134	130	(155)		109
Fairtrade cotton collaboration	-	46	(46)		-
M&S sponsored programmes	-	75	(2)		73
Exploring the economic benefit of FT premium	17	-	(17)		-
Ben & Jerry’s Sponsored Programmes	17	17	(17)		
Total Restricted funds	356	1,771	(1,947)	-	180
Unrestricted funds					
General funds	5,846	11,546	(12,320)	14	5,086
Designated funds – Fairtrade Future Fund	87	-	(87)	-	-
Designated funds – Fixed Asset funds	46	-	-	(14)	32
Total Unrestricted Funds	5,979	11,546	(12,407)	-	5,118
Total funds	6,335	13,317	(14,354)	-	5,298

Description of Funds

Restricted Funds

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 mines 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.

Responsible Peruvian Gold

This project, funded by the Dutch government, aims to support the formalisation of the operations of 4 Artisanal and Small-scale Mining Organisations (ASMOs) from Puno, South Peru and providing them with the technical and financial capabilities required to export into premium export markets.

Climate-Change and Organisational Strengthening Programme

This programme is in partnership with Mondelez and aims to enhance the offerings and reach of Cocoa Life and to develop and implement programs which will socially, economically and environmentally benefit local communities, workers and producers.

Livelihood Ecosystem Advancement Programme (LEAP)

Fairtrade, ECOOKIM (a union of cocoa, coffee and cashew farmer groups across Côte d'Ivoire) and Mars have co-created the LEAP programme, a five-year initiative launched in September 2022. Together, we are working across three priority areas: Strengthening co-operatives to be more efficient and strategic with their resources, and support their members with a with a range of tailored services to help them to grow more cocoa and earn higher incomes; Diversifying farmer incomes through piloting viable new products and services with farmers and co-operatives; Expanding access to financial services such as loans and mobile banking so that farmers can invest in their farms and futures.

COVID Response

This funding is provided by GIZ to support the most vulnerable cotton farmers during COVID-19 in India through the provision of food and income security for smallholder cotton farmers to mitigate the impact of COVID-19 on their livelihoods and incomes.

Green People's Energy Uganda

This funding is provided by GIZ to improve the livelihood of marginalised groups within cooperatives through increasing access to their access to sustainable financial products and productive clean energy assets.

Accelerate Access to Green Energy Products and Technologies

This funding is provided by GIZ to scope, develop and implement a standardised and scalable access to energy approach in Fairtrade communities. Looking to establish and launch the **Fairtrade Inclusive Energy Fund** (IEF) to support agricultural cooperatives in **Fairtrade Africa's** network to increase farmers' access to clean and green energy solutions and expand use of solar powered systems at cooperative level.

Developing Fairtrade Market Solutions to Financing Education

This project is funded by the Waterloo Foundation to explore Fairtrade's role in the shea nut supply chain, helping farmers to gain traction and form market linkages.

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.

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.

Farmer Resilience Platform in response to Covid

This project aims to create a Farmers Resilience Platform in response to Covid 19:

Development of a web based platform to monitor and predict farmer's resilience to Covid-19 and similar shocks that may occur in the future.

Migrant Roadmap towards equal rights, benefits, and decent working conditions

Fyffes contribute towards this programme which aims to build a better understanding and baseline on migrant realities and gaps in access to rights, benefits and decent working conditions in the Dominican Republic.

Colombia Coffee Project

The is project, funded by John Lewis Partnership, offers regional support to coffee producers in Tolima Colombia through the funding of a training centre at ASOPEP and a training programme. It aims to deliver a regional training centre which has a positive impact on productivity, cup score, market access and inspiring the next generation of coffee farmers.

The Co-op sponsored programmes

This includes contributions towards the Women School of Leadership programme and Productivity improvement programme.

Climate Resilient Supply Chains Strategy

This programme funded by the Co-op aims to deliver a Climate Change Strategy embedded within Fairtrade Africa's 2021-2025 strategy to ensure sustainable farming systems amongst the 1.1 million farmers and workers supported across Africa. It will support a series of scalable and sustainable interventions, across different commodities and regions, whose objective is to enable Producer Organisations to adapt to a changing climate and maintain adequate productivity levels, that guarantee supply chain stability and return on investment.

Carbon Innovation Fund

This project funded by the Co-op Foundation aims to support food and farming projects that are tackling the climate crisis by reducing greenhouse gas emissions.

Living income verification

The project looks to verify the Living Income differential payments made to cocoa farmers in Cote D'Ivoire, as part of the work on moving farmers towards achieving a living income.

Fairtrade cotton collaboration

Lead in developing and implementing the global cotton & textiles strategy.

Exploring the economic benefit of the FT Premium

Research study exploring the economic benefit of FT premium for banana farmers in Colombia and Dominican Republic and flower workers in Kenya.

Ben & Jerry's sponsored programmes

This includes contributions to a co-operative strengthening programme in Cote d'Ivoire and a living income verification programme.

Designated Funds

Fairtrade Future Fund

Funds set aside to invest in developing, implementing and unlocking the full potential of our 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 2023

18. Analysis of fund balances held as at 31 December 2023

	Funds at 1 January 2023 £000	Income £000	Expenditure £000	Transfer funds £000	Funds at 31 December 2023 £000
Restricted Funds					
Empowerment of farmers & workers					
Improved ASMO Access to finance	16	5	(21)	-	-
Responsible Peruvian Gold	112	-	(133)	-	(21)
Climate-Change and Organisational Strengthening Programme	-	550	(550)	-	-
LEAP Programme	-	1,187	(1,187)	-	-
COVID Response	(6)	6	-	-	-
Green People's Energy Uganda	(10)	10	-	-	-
Accelerate Access to Green Energy Products and Technologies	348	189	(508)	-	29
Developing Fairtrade Market Solutions to Financing Education	52	-	(52)	-	-
Cotton Breeding Programme	77	-	-	-	77
Dignity for All: Ethiopia Flowers Programme	3	50	(58)	-	(5)
Farmer Resilience Platform in response to Covid	8	-	(1)	-	7
Migrant Roadmap towards equal rights, benefits and decent working conditions	-	7	(7)	-	-
Colombia Coffee Project	24	-	-	-	24
Co-op sponsored Programmes	20	90	(45)	-	65
Climate Resilient Supply Chains Strategy	19	90	(97)	-	12
Carbon Innovation Fund	-	34	(34)	-	-
Living income payment verification	(1)	219	(84)	-	134
Fairtrade cotton collaboration	2	76	(78)	-	-
Exploring the economic benefit of FT premium	-	17	-	-	17
Ben & Jerry's Sponsored Programmes	-	54	(37)	-	17
Total Restricted funds	664	2,584	(2,892)	-	356
Unrestricted funds					
General funds	5,710	10,800	(10,643)	(21)	5,846
Designated funds – Fairtrade Future Fund	427	-	(340)	-	87
Designated funds – Fixed Asset funds	25	-	-	21	46
Total Unrestricted Funds	6,162	10,800	(10,983)	-	5,979
Total funds	6,826	13,384	(13,875)	-	6,335

19. Breakdown of 2023 Statement of Financial Activities into restricted and unrestricted

	Notes	2023 Unrestricted £ 000	2023 Restricted £ 000	2023 Total £ 000	2022 Total £ 000
Income from:					
Donations and legacies	2	149	-	149	208
Grants	4	-	260	260	814
Investment income		35	-	35	12
Licence fees		9,787	-	9,787	9,719
Partnership and other income	5	829	2,324	3,153	2,031
Total income		10,800	2,584	13,384	12,784
Expenditure on:					
	6				
Raising funds		185	-	185	255
Charitable activities					
Empowerment of farmers & workers		4,935	2,892	7,827	6,690
Growth & Innovation		3,707	-	3,707	3,199
Advocacy & Citizen Engagement		2,156	-	2,156	2,308
Total charitable activities		10,798	2,892	13,690	12,197
Total expenditure		10,983	2,892	13,875	12,452
Net income/(expenditure), being net movement in funds	9	(183)	(308)	(491)	332
Reconciliation of funds:					
	17				
Fund balances brought forward		6,162	664	6,826	6,494
Fund balances carried forward		5,979	356	6,335	6,826

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2024	2023
	£ 000	£ 000
Net income	(1,037)	(491)
Depreciation charge	18	28
(Increase)/ Decrease in stock	-	15
(Increase)/ Decrease in debtors	28	481
Increase / (decrease) in creditors excluding short term borrowings	(951)	(345)
Increase/ (decrease) in provisions	-	-
Net cash inflow from operating activities	(1,942)	(312)

Analysis of net funds

	Balance at 1 January 2024	Cash flow movement	Balance at 31 December 2024
	£	£	£
Cash at bank and in hand	4,585	(1,946)	2,639
Net funds	4,585	(1,946)	2,639

21. Financial commitments under operating leases

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

	2024	2023
	£ 000	£ 000
Land and buildings		
Due within 1 year	170	170
Total due in years 2 to 5	398	568
Office equipment		
Due within 1 year	-	12
Total due in years 2 to 5	-	-
Total	568	750

Lease payments recognised as an expense were £183k (2023: £305k). 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 £468,000 (2023: £410,000). 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.

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £7,000 (2023: £6,000) from Engaging Works of which our former Chair, Lord Mark Price, is a Founder and a Shareholder.

Fairtrade Foundation Reference and Administrative Information

Legal status

A company without share capital limited by guarantee, registered in the United Kingdom, number 02733136.

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

Nyagoy Nyong'o (Incoming Chair)	Appointed October 2024
Mark Price (Outgoing Chair)	Appointed September 2018, retired April 2024
Alison Marshall	Appointed September 2016
Anita Chandraker	Appointed September 2021
David Paterson	Appointed September 2018
Keri Elborn (Treasurer and Interim Chair)	Appointed September 2021
Kerry Smith	Appointed September 2021
Simon Wright	Appointed December 2018
Titus Pinto, Producer trustee	Appointed June 2023
George Kporye, Producer trustee	Appointed June 2023
Dr Stephanie Barrientos, Member trustee	Appointed September 2023
Sarah King, Co-opted trustee	Appointed December 2023
Sean O'Neill, Co-opted trustee	Appointed December 2023

More information about our trustees can be found here: <https://www.fairtrade.org.uk/what-is-fairtrade/who-we-are/>

Executive Team

Michael Gidney	Chief Executive (until December 2024)
Eleanor Harrison	Chief Executive (from March 2025)
Fiona Kindness	Chief Financial Officer
Kerrina Thorogood	Partnerships Director
Marie Rumsby	Communications and Advocacy Director (from April 2024)
Zoe Abrams	Interim Director, Communications and Advocacy (until April 2024)

Company secretary

Michael Gidney (until December 2024)
Fiona Kindness (from December 2024)

Member organisations

All We Can
Banana Link
CAFOD#
Christian Aid#
Global Justice Now# (resigned as a member at the AGM in September 2024)
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

CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA
HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH

Auditor

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW



FAIRTRADE
FOUNDATION

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Registered charity no.1043886

A company limited by guarantee, registered
in England and Wales no. 2733136

THE FAIRTRADE FOUNDATION

England & Wales - Charity number 1043886

Accounts



Annual Report and Financial Statements

For the year ended December 31, 2023

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Foreword by Michael Gidney, Chief Executive, Fairtrade Foundation

2023 was a difficult year for many around the world as inflation and the rising cost of living impacted people everywhere. The women and men in low-income countries, who produce the goods we love in the UK, were particularly badly affected as farming, transport and logistics costs rose considerably over the year. Banana farmers have told us, for example, that fertiliser costs have increased by 70% over the past two years, and fuel has increased by 39%. And in 2023 we saw how these challenges can impact us as consumers in the UK, with shifting climate patterns affecting supply of salad for a period in the spring.

Farmers and workers, and their communities, also had to contend with volatile prices, debts incurred during the pandemic and the potentially catastrophic effects of the climate crisis.

There has never been a more pressing need for fair prices, a shift of power to producers and a sharp uptick in the pace of change.

As an international movement, and in partnership with two million farmers and workers, Fairtrade has a vision of a world in which all producers enjoy secure and sustainable livelihoods, fulfil their potential, and decide on their future. This vision forms the bedrock of our global strategy *The Future is Fair*, which runs from 2021 to 2025.

Central to this strategy is the drive to address the root causes of poverty and tackle those systemic challenges that undermine trade justice.

We do this by growing the volumes of products sold on Fairtrade terms, delivering ambitious impact through a broad range of programmes with our partners, and championing responsible business practices, decent working conditions and fairer prices for producers so they can build their resilience in a turbulent world.

We have heard loud and clear from farmers and workers that they value the benefits they gain from Fairtrade, and they want to see it grow, both to enable them to capture more value through better prices, and to enable them to invest in their farms so they can increase their resilience to climate change. In the UK, we have responded with a focused growth plan, which will allow us to deliver deeper impact for producers, while also ensuring that our organisation is equipped to respond to their needs in our rapidly changing world.

There are many examples in Fairtrade of companies working in partnership with producers to build a better future. The next step is to shift entire markets, and that will require finding ways for companies to work more closely together pre-competitively. Fairtrade is breaking exciting new ground here. We were delighted to be the first organisation to receive positive informal guidance from the Competition and Markets Authority, at the end of 2023, in support of our Shared ImPACT initiative, a means through which buyers of key agricultural commodities can work together to source on Fairtrade terms.

This is a significant opportunity for real, lasting change. Under its initial pilot, participating UK retailers will come together to source additional Fairtrade banana, coffee or cocoa volumes from specific certified Fairtrade producer groups, who are currently only able to sell a small proportion of their produce on Fairtrade terms.

For producers, the aggregated impact of having multiple longer-term sourcing commitments will mean better incomes, more Fairtrade Premium, less dependency on individual businesses and therefore a greater share of power in supply chains, as well as more resources to invest in sustainability initiatives. For participating companies, the new model allows them to mitigate risks in their supply chain and drive forward a more resilient food sector in partnership with producers and other businesses.

We hope this will be the start of greater collaboration, even among competitors, so that fairer trading becomes the norm.

In 2023 we continued our climate justice campaign alongside farmers and workers at the front line of the climate crisis. We are calling on rich-country governments to honour their promises to provide climate finance to low-income countries. And we want governments to ensure that producers themselves play a lead role in deciding how any climate funds are invested. They are the experts and know best how to adapt, mitigate and build their resilience, but their voices are still too often unheard.

Despite the challenges for farmers, companies and consumers, Fairtrade sales volumes held up well over the year. Thanks to the support of shoppers and businesses in 2023 sales of Fairtrade products in the UK generated approximately £28 million in Fairtrade Premium for producers to invest in business and community projects of their choice including healthcare, education and environmental initiatives. This is very encouraging to see and is testament to the fact that UK shoppers do not trade down on their values when times are tough.

Fairtrade cocoa sales volumes in the UK grew by 6% and tea by 5%. And we saw encouraging growth in other, smaller categories: Fairtrade gold volumes rose by 25%, fresh vegetables by 15% and nuts and oil seeds by 12%.

I continue to be inspired and heartened by the British public and their determination to do the right thing by the women and men who grow the products we know and love.

Our 2023 consumer research conducted by Kantar reveals that 77% of consumers care about Fairtrade while trust in the FAIRTRADE Mark remains very strong at 79% (Kantar Profiles, 2023). Globescan found that the FAIRTRADE Mark was the most recognised and trusted ethical label in the UK, with 92% awareness and 88% trust among those who recall seeing the Mark. Fairtrade is most strongly associated with paying a fair price to producers and enabling farmers to invest in their communities and futures. Fairtrade is also increasingly associated with reducing the impact of farming on the environment and with addressing gender inequality by empowering women farmers (Kantar Profiles, 2023).

In 2023 Fairtrade was awarded Superbrand status. This accolade is rare for a charity. It is a recognition of our brand's quality, reliability and distinction and a potent reminder of the value that Fairtrade holds in the eyes of the public.

Despite the external economic difficulties of the year, there was plenty to celebrate and much to be thankful for. Fairtrade campaigners once again showed great commitment and passion in their dedication to the cause. Fairtrade Schools and Communities continued to flourish, supported by a refreshed Fairtrade Communities Scheme that was launched last year, and by a newly constituted National Campaigner Committee that will ensure the movement goes from strength to strength. Our talented and dedicated staff team, patrons and ambassadors pushed hard for change. Our commercial partners made inspiring commitments to Fairtrade, through sourcing and through partnering on an increasing range of programmes. And the All-Party Parliamentary Group for Fairtrade continued their

excellent work to raise awareness of trade justice. Thank you to you all for joining us in our call for change.

I would like to take this opportunity to thank our Trustees for their excellent contributions over the year, in particular Jane Frost CBE, Professor Bob Doherty and Didier Dallemagne who all retired from the Board in 2023. Thank you all for your expertise, insight and tireless support. I'd like to welcome Dr Stephanie Barrientos, George Kporye, Titus Pinto, Sarah King and Sean O'Neill who joined the Board in 2023. The Fairtrade Foundation is lucky to have such a highly skilled and committed Board.

As I write this in 2024, we are making plans to mark the 30th anniversary of the FAIRTRADE Mark. It has been truly inspiring to look back at our history and consider how far the Fairtrade movement has come. Fairtrade has changed attitudes, revolutionised the way we shop and connected us all to the world beyond our own communities and helped us to recognise our part in shaping it.

Thank you to everyone who supported and engaged with us in 2023. Every time you choose Fairtrade – as a consumer or a business - you are taking a stand with millions of others around the world to work alongside producers to address inequality. Together we must do all we can to ensure the future is fair.



Michael Gidney

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.

Our objectives and activities

We live in a world where too many farmers and their families are still going hungry or 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 to 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 to engage 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 marginalised 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.

Trustees' report (incorporating the report of the directors and the strategic report)

Achievements and Performance

Our 2021-2025 strategy, our objectives for 2023, and how we performed against them

Our international system, connecting producers, markets and activists is a movement that has always been a catalyst for change. Through Fairtrade, farmers gain membership of sustainable, equitable co-operatives. They can negotiate for higher prices and they have direct access to markets. Workers join organisations that respect unions, health and safety and consider their welfare. We regularly hear from farmers and workers who say that without Fairtrade, their farming futures would be bleak.

The issues we have championed for 30 years – responsible business, fairer prices, better treatment for workers – have now taken centre stage. And yet we need to keep shifting the balance of power to the people who are in the first mile of supply chains. For today, while many solutions appear to be available, collectively the world is far from achieving decent livelihoods for all.

To make it easier for businesses and consumers to drive positive change where it is most needed, the Fairtrade Foundation strategy is framed around five pillars to drive the systemic change needed to address the significant problems experienced by communities worldwide. Here, we report on the third year of our strategy and outline our achievements.

2023: our impact in numbers



2 million

farmers and workers in Fairtrade certified producer organisations

1,910

producer organisations in 68 countries



UK sales of Fairtrade products generated

£28m

in Fairtrade Premium for farmers and workers



The FAIRTRADE Mark was the most recognised and trusted ethical label in the UK, with

92% awareness and **88% trust** among those who recall seeing the Mark



Fairtrade cocoa sales volumes in the UK grew by **6%**



Fairtrade tea sales volumes in the UK grew by **5%**

Almost
two thirds
of Fairtrade coffee and bananas
sold were also organic



Workers on Fairtrade certified
plantations allocated:

75%
of their Fairtrade
Premium to social
investments

and

15%
to financial
benefits for
workers and
their families



Small scale producer organisations invested:

36% of their Fairtrade
Premium into improving
production and farming
practices



and **23%** into
financial
benefits for
farmers



23,000

individual actions
were taken to back
our campaigns for
fairer trade



UK campaigners ran

600
events and
activities during
Fairtrade Fortnight



More than one
million children
learnt about
Fairtrade in school



More than one
quarter of UK
universities were
Fairtrade Universities



What we said we would do in 2023 – Pillar 1: Empowerment of farmers and workers

In 2023 we made good progress against our first pillar, with activities focused on building resilience to climate change, securing decent and sustainable livelihoods through expanded market access and fair prices, and further supporting women and young people.

Livelihoods, income and living wage

Ben & Jerry's Living Income Accelerator

In 2023 we implemented a second phase of an income diversification project taking place in four cocoa co-operatives in Côte d'Ivoire.

This is part of our Living Income Accelerator (LIA) portfolio of programmes led by Ben & Jerry's and some of its partners and managed by the Fairtrade Foundation in partnership with Sustainable Food Lab (SFL). The LIA aims to strengthen the businesses of smallholder farmers within the cocoa and vanilla supply chains by working together to achieve sustainable crop yields, improve farm efficiency and accelerate smallholder farmers' journeys towards achieving a living income.

With funding from Ben & Jerry's, SFL and the Ministry of Foreign Affairs of Finland (MFA) as part of Fairtrade Finland's Dignified Opportunities Nurtured through Trade and Sustainability (DONUTS) programme, the income diversification project focuses on supporting female farmers in Côte d'Ivoire to generate new sources of household income through investments in value-added processing and extensive business training. For example, a women's group at COOBADI has set up a cassava processing plant. This allows them to produce and sell attiéké, a staple dish in Côte d'Ivoire made with cassava. In this current phase, the focus is improving the business's capacity so that they can sell more volumes into local markets. Activity in 2023 included the mechanisation of some of the previously very manual labour-oriented businesses, as well as a more intensive focus on capacity building and financial management for the women's groups.

In 2023 we launched the Vanilla LIA, another project funded by Ben & Jerry's with match funding from the Ministry of Foreign Affairs of Finland (MFA) through Fairtrade Finland. It will see us work with industry partners to implement a three-year programme with vanilla smallholder farmers in Madagascar. The key objectives are to protect and improve incomes, foster strong and inclusive co-operatives, and for farmers to take action to protect the environment through the promotion of restoration practices and the sustainable use of natural resources. Farmers will also receive training to prevent child labour. Last year our work involved the identification of direct and indirect participants from each of the five participating co-operatives, and the development of training modules.

MARS – Livelihoods and Ecosystem Advancement Programme (LEAP)

In March 2023 our Livelihoods Ecosystem Advancement Programme (LEAP) completed its six-month inception phase. The programme was co-created by ECOOKIM, Fairtrade and Mars to help more than 70% of the 5000 participating cocoa farmers achieve a living income by 2030. The programme is also co-funded by the Ministry of Foreign Affairs of Finland through DONUTS, simultaneously seeking to strengthen the capacity of the Fairtrade Producer Networks.

LEAP conducted deep analysis with farmers and the wider cocoa ecosystem, producing three studies looking at the co-operative structures, income diversification opportunities and mapping farmers' financing needs, all supported by a baseline analysis which sought to understand the farmer demographics. Moving into implementation in April 2023, the team gained support from the Steering Committee (membership includes the Conseil du Café-Cacao, ECOOKIM, Mars and Fairtrade) and created a suite of interventions designed to meet our headline goal to take at least 70% of participating farmers closer to a living income by 2030. We directly reached 1,704 members in 2023 out of a total population of 5391 co-operative members who indirectly benefitted from the project's work in cooperative strengthening.

LEAP has generated invaluable insights for the cocoa sector, poised for dissemination in publications targeted for 2024. These insights include how the programme has been successful in implementing a farmer-centric market systems analysis and subsequent approach, pioneering farmer segmentation techniques, innovative strategies for elevating farmers along the value chain into aggregators for cash crops via Village Savings and Loan Associations (VSLAs) or co-operatives, assessments of farmers' financial needs, and the critical role of effective co-ordination and management in fostering 'uncommon collaborations' within LEAP. Research has shown that when women are involved in farm management decision-making processes, the farms tend to be more profitable and have higher yields, therefore in 2023 LEAP carried out a gender assessment for the project and is now in the process of putting together an action plan to ensure each workstream is tailored for women. This is likely to include governance structures that ensure women's participation at the co-operative level, and creating market linkages for women's VSLA groups.

In 2024 our three main priorities for LEAP are: the rollout of the agripreneur model – where farmers and young adults will be assisted to set up small business units designed to provide tailored coaching and inputs to their peers; the establishment of the \$2 million USD LEAP Finance Facility with investment by Mars; and a focus on partnerships in the income diversification workstream to secure new contracts for producers in complimentary sectors to cocoa farming. The LEAP Finance Facility will have a focus on gender and young adults, through supporting women's VSLA groups to apply for financing for new business loans and providing capital to the agripreneur groups to set up their new businesses providing tailored farming services to their peers.

Sustainable Banana Offer

In October, our sustainable offer to achieve living wages, living incomes and resilient banana supply chains was launched at the global Fruit Attraction expo in Madrid. It aims to ensure that banana workers earn as a minimum the living wage for their country, whilst helping retailers fulfil their commitments to a sustainable banana industry. More than 35,658 workers and farmers employed by 265 Fairtrade banana producers stand to benefit.

The offer combines three elements - the Fairtrade Minimum Price, Living Wage Reference Price (LWRP), and Fairtrade Living Wage Differential (LWD) - designed to make both living wages and resilient banana supply chains a reality. During 2024 we will continue to develop tools for pilot testing the journey to living incomes for smallholder banana farmers.

Gender

Improved rights for female flower farm workers

Last year, Aldi continued to support the Improved Workers' Rights in Ethiopian Flowers Programme. A programme which Aldi committed £200,000 to in 2022 and will run until 2025. The programme supports improved working conditions in flower farms through sector wide representation of women and will promote a strong focus on gender, youth and disability inclusion.

This project also receives support from Fairtrade Finland's development co-operation programme (DONUTS), which receives funding from the Ministry of Foreign Affairs of Finland. Programme

implementation is ongoing and anticipated programme outcomes include:

- Enhancing representation of women in management structures and on worker committees
- Improving dispute resolution and grievance mechanisms
- Improving collective bargaining
- Building effective trade unions
- Providing assistive devices for farm workers with disabilities
- Improving working environments
- Training on gender, youth, and disability inclusion.

During 2023, the project worked with a total of 14,008 flower workers, of which 8,316 were female, 6,652 were young people, and 420 were people with disabilities. In 2023, the programme achieved some key changes to improve gender inclusion. For example, at AQ Roses, paternity leave was extended from three to five days, and lactating mothers were given an hour and 30 minutes breastfeeding time during working hours for a period of one year.

Across all seven farms involved in the programme, 128 workers (72 women and 56 men) with disabilities were equipped with assistive devices, empowering greater independence, improving quality of life and working conditions.

Building market linkages for women's livelihoods and education

The Waterloo Foundation, CAMFED and Fairtrade identified an opportunity to investigate a model in which shea producing enterprises (made up of predominantly women) in Northern Ghana become Fairtrade certified co-operatives and invest a proportion of their income and Fairtrade Premium into girls' education. Since January 2022, Fairtrade and CAMFED have been implementing the project with a total of £201,000 of funding from the Waterloo Foundation.

During 2023, Fairtrade Africa delivered an extensive training programme towards certification, while the Fairtrade Foundation worked to grow demand for ethical shea, including through the Make Way for Fairer Shea campaign, as well as prospecting brands and traders. By the end of 2023, four of the six co-operatives had achieved Fairtrade status, with the remaining two co-operatives becoming certified in early 2024.

Living Income Reference Price (LIRP) in cocoa

In line with the currency change for the Fairtrade Minimum Price for Côte d'Ivoire from US dollars to euros the LIRP for Côte d'Ivoire was also converted to euros for the cocoa season starting October 2023. Our voluntary LIRP-paying partners, such as Ben and Jerry's and Tony's Chocolonely have continued to pay the LIRP.

The Living Income Reference Price is the price a typical farmer household with a viable farm size and a sustainable productivity level needs in order to earn a living income from the sales of their crop.

We developed the concept of the LIRP to support farmers at the beginning of the supply chain to make a decent living, invest in more efficient or sustainable production methods, pay their workers a decent wage, and not have to resort to using children for cheap labour.

The model is based on the joint responsibility concept, in that farmers need to reach a sustainable productivity target and buyers have to pay a price that covers the costs involved.

Climate mitigation

CarbonCloud

In 2023 we completed a carbon footprinting study with CarbonCloud across five highly vulnerable Fairtrade commodity origins - Colombian coffee, Dominican Republic bananas, Ghanaian and Ivorian cocoa, and Kenyan roses. The results formed the bases of a technical paper *Carbon footprints and mitigation opportunities in Fairtrade Supply Chains*. The paper sets out carbon mitigation strategies available to smallholder farmers with high non-carbon benefits. This will inform how we work with Fairtrade farmers to respond to the climate crisis moving forward. The paper will be published in 2024.

Co-op Carbon Innovation Fund

Last year saw the conclusion of the Carbon Innovation Fund programme (2022-2023). This was funded by the Co-op Foundation and delivered by Fairtrade Africa as part of a continued partnership. This second phase of the programme had a budget of GBP 99,220 and was designed to promote sustainable energy practices, improve the livelihoods of coffee-producing communities, and reduce the environmental impact of traditional cooking methods.

During the second phase, 6,000 cookstoves were distributed taking the total for the project to 10,000, and seven briquette machines were delivered to two cooperatives in Uganda. In 2022, these two co-operatives had over 9,550 members collectively. The programme has had a significant positive impact on the environment, health, and wellbeing of farmers by providing training and sensitisation around utilising agri-waste from coffee husks as biomass. It has reduced deforestation and created income generating activities for women and young people. Additionally, efficient cookstoves provide a cleaner alternative to traditional cooking methods.

GIZ Inclusive Energy Fund

The Fairtrade Inclusive Energy Fund (IEF), supported by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), supports agricultural co-operatives in Fairtrade Africa's network by a) increasing farmers' access to clean and green energy solutions and b) expanding use of solar powered systems at co-operative level. Total project budget is EUR789 334. The project aims to make renewable energy sources more accessible for coffee and tea producers, enabling inclusive finance schemes and training around procurement and project management.

In 2023 we launched grant and revolving finance activities which funded interventions to increase producer, domestic and community access to clean and off-grid energy technologies.

The IEF has reached 19,608 farming households in Rwanda, Tanzania and Uganda. We are planning work to design the next phase which is commencing in 2024.

Climate resilience

The Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA) programme

We continued our work last year with Fairtrade producers to build resilience and adapt to climate change through the Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA) programme. The programme is funded by Co-op and promotes climate resilience in Co-op supply chains in Kenya, Ethiopia and Rwanda in coffee, tea and flowers.

FACSCA has increased climate resilience by funding innovative climate change enterprises, distributing clean energy solutions and establishing a climate change centre-of-excellence learning hub for farmers and producers. As part of this programme, we invested in mapping nature-based inseting opportunities in East Africa with FairClimateFund. This has informed the design of our first inseting project model, Resilient Agriculture Through Agroforestry (RATA), which we hope to implement with Kenyan coffee farmers and subject to securing funding, launch in 2024. RATA will constitute the evolution of FACSCA.

Key to our climate mitigation work, is ensuring we are simultaneously building farmer resilience. As companies are now significantly expanding their commitments to reduce greenhouse gas emissions by incorporating scope 3 emissions into their climate strategies and action plans, we are well positioned to support this and achieve both adaptation and mitigation goals simultaneously.

The Climate Change Organisational Strengthening Programme (CCOSP)

Last year our Climate Change Organisational Strengthening Programme (CCOSP) built on its previous phase, to enhance climate resilience among smallholder cocoa farmers in Ghana, through income diversification and climate adaptation.

In collaboration with Fairtrade Africa, the programme supported nine Cocoa Life unions (with a membership of over 31,000 farmers, covering 245 cocoa communities) in Mondelez International's Cocoa Life Ghana programme. Activities were designed under three core workstreams; organisational strengthening, climate adaptation and income diversification. Technical training was provided on

governance and leadership, human rights and environmental due diligence (HREDD) and capacity building, agricultural value chain management, dynamic agroforestry and income generating activities such as crop multiplication. The training and hands-on support provided to farmers helped to protect cocoa farmers' livelihoods and increase resilience to climate change. The programme continues with a new three-year phase commencing in 2024 focusing on organisational strengthening, and access to finance and data.

What we said we would do in 2023 - Pillar 2: Growth and innovation

In 2023, we worked to move further into the mainstream and develop new sources of growth, with projects including local Fairtrade, tailored solutions, partner segmentation and expansion into untapped markets.

Superbrand status

Last year saw us awarded Superbrand status. This accolade is rare for a charity. It is a recognition of our brand's quality, reliability and distinction and a potent reminder of the value that Fairtrade holds in the eyes of the public.

Pre-competitive collaboration

In December 2023, the Competition and Markets Authority issued new informal guidance in support of Fairtrade's Shared ImPACT initiative, a means through which buyers of key agricultural commodities can work together to source on Fairtrade terms.

This is a ground-breaking initiative for business collaboration which has the potential to transform markets.

Shared ImPACT includes a focused sourcing approach which brings retailers together pre-competitively to pool sourcing to specific named and strong producer groups (smallholder co-operatives and hired labour) to deliver more impact for farmers and more cost-effective risk reduction for retailers.

Under its initial pilot, participating UK retailers will come together to source additional Fairtrade banana, coffee or cocoa volumes from specific certified Fairtrade producer groups, who are currently only able to sell a small proportion of their produce on Fairtrade terms.

For producers, the aggregated impact of having multiple increased longer-term sourcing commitments will mean better incomes, more Fairtrade Premium, less dependency on businesses and thus a greater share of power in supply chains and more resources to invest in sustainability initiatives. For participating companies, the new model allows them to mitigate risks in their supply chain, drive forward a more resilient food sector, and fund real, lasting change in partnership with producers and other businesses. No single company can shift the sustainability dial alone, and under Shared ImPACT they can co-invest with other businesses and Fairtrade to drive change and supply chain resilience.

This makes Shared ImPACT groundbreaking for producers and businesses alike. Arguably, more important still, is the precedent it sets. Our hope is the future will be one of greater collaboration, even among competitors, so that fairer trading becomes the norm.

Mass balance

To meet the growing need for more transparent cocoa supply chains, we developed a stepping stone between mass balance and traceability for companies who don't feel they can make the full step yet to segregated cocoa. This enables transparency not possible under traditional mass balance sourcing while also driving tangible and deeper impact for cocoa farmers. This model is now ready to be piloted in 2024.

New market developments

Last year, the recently established Partnership Development Team focused on high growth potential target sectors and commodities including 'out of home and hospitality' for food and beverages, 'fashion and beauty' for cotton and 'cosmetics' for shea butter. They also looked at emerging trends among Fairtrade commodities such as rice, juice and gold. The team continued to explore broader areas of income for growth such as corporate fundraising.

New markets and partnerships take time to establish. While promising headway was made to build a new business pipeline, with a couple of new partnerships agreed during the year, income fell short of the 2023 target. External factors also impacted progress. A difficult economic climate and the rise in the cost of living proved challenging, with conversations taking longer to develop and decisions delayed. There were also a number of barriers within specific sectors and commodities.

Following market research and engagement with companies in the cosmetics and food sectors, it became apparent that many companies use shea butter kernels rather than pure shea butter in their products, for which there is currently no Fairtrade price. For cotton, there are already a number of well-established certifications in the market, which has made it challenging to gain significant traction with UK fashion and textiles companies. For Fairtrade gold, the team conducted market research to determine the potential beyond jewellery, identifying opportunities within the finance and banking sectors, as well as the potential of conducting a pilot to determine a Fairtrade standard for gold in electronics.

As part of the planning process for 2024 we reviewed progress within the new business target sectors and commodities and revised our plan. In 2024 we will focus on the following sectors and commodities: out of home coffee, tea, juice, gold and cosmetics - with the potential for a shea kernel price pilot. We will also explore the non-retail market for rice, wine and flowers. The team will continue work to diversify income by developing corporate fundraising opportunities.

Product portfolio and new product innovations

With over 300 Fairtrade licensees in the UK, partnership working remains critical to achieving the Fairtrade vision. Key partnership highlights from 2023 include:

- Hosted by Fairtrade Africa, the Fairtrade Global Awards recognised excellence and strong commitments by companies which go above and beyond their Fairtrade certification engagement. With Ben & Jerry's winning the Partner of the Year Award, Co-op UK winning the Climate Leader Award and Green & Black's winning the Latin America and Caribbean Award, the event enabled us to celebrate some of our key UK partners on the global Fairtrade stage.
- Consumer demand for Fairtrade products remained strong with many partners experiencing increased sales in core Fairtrade commodity lines. Greggs sourced an additional 69% in Fairtrade cocoa alone.
- Nurture categories also experienced growth with Co-op seeing sales of Fairtrade flowers increase by 9% and new wine product lines hit the shelves in Aldi, Co-op and Tesco.
- Inspired by flavours from Syria, Morocco and Afghanistan, Ben & Jerry's launched their new Sunny Honey Home. Co-created with refugee entrepreneurs, proceeds from this new flavour will fund refugee led start-up businesses, helping the next generation to flourish.
- Waitrose launched their new own label Duchy Fairtrade Organic Coconut Oil, the first of its kind in the UK.
- Chocolate lovers finally have a responsibly sourced, bite-sized chocolate option with the launch of Tony's Fairtrade Littl' Bits.
- High street coffee brand AMT switched to 100% Fairtrade coffee, hot chocolate and tea, giving consumers a new place to get a Fairtrade hot drink on the go.
- Sainsbury's remains the world's largest retailer of Fairtrade bananas. Since 2000, Sainsbury's has invested over £67 million via Fairtrade to improve social infrastructure for banana producing communities.

What we said we would do in 2023 - Pillar 3: Advocacy and citizen engagement

Throughout 2023 our work on public engagement and advocacy continued, across campaigning, parliament, media and industry, pushing for action on power imbalances in supply chains, inequality, human rights risks and climate change.

Parliamentary relations

Our parliamentary work focused on both developing targeted relationships and sharing our messaging with a wide selection of MPs across different parties. In 2023 we convened two roundtables on trade in Africa for the Shadow Trade team, one with commercial partners, and one with civil society in the UK and Africa. Following these roundtables, we continued to urge all parties to adopt a manifesto commitment to provide more UK development assistance to smallholder farmers to boost their incomes and exports. We also contributed to the cross-sector BOND manifesto.

The All-Party Parliamentary Group for Fairtrade undertook events including our AGM which was attended by speakers including a Fairtrade coffee producer from Uganda (joining online) and M&S. In December, we hosted a Christmas reception in Parliament with over 35 MPs to promote Fairtrade's partnership with business and discuss our joint work with politicians across the political spectrum.

Advocacy on climate

2023 also saw us advocate for a fairer approach to UK legislation to limit deforestation. While we welcome the principle, we are concerned about the financial implications for smallholder farmers and plantation workers who are already struggling on low incomes. We have been making this case to decision-makers, government officials and parliamentarians, and participating in civil society work on this through the NGO Forests Coalition.

In the run-up to COP28, we highlighted these issues and sent an open letter to government ministers at the FCDO and DEFRA, calling for deforestation legislation to be implemented in a way that does not lead to extra costs for Fairtrade farmers, and for the delivery of promised development assistance, such as the £500 million in aid that was committed to tackle deforestation at COP26.

Consumer insight & digital connection

In 2023 the marketing team undertook qualitative research on both our consumer and campaigner audiences. This gave us vital insight and direction to inform our future marketing and communications campaigns.

Our website and social channels had strong engagement throughout the year, particularly for our festive campaigns in December, Mother's Day and for the International Coffee Day. For example, Mother's Day digital activity with well-known influencer Chigs Palmer drove sales of Fairtrade flowers and chocolate. Over the year, awareness of Fairtrade flowers rose consistently every quarter, from 43% to 51%.

Next generation of supporters

In 2023, we launched a refreshed Fairtrade Communities scheme. Fairtrade Community Groups can now focus on activity across five broad areas aiming to boost Fairtrade sales, connect Fairtrade campaigners to other campaigning groups, influence political decision makers, share knowledge, and grow the movement. We also launched a host of new resources including a new Fairtrade Campaigning Guide.

During 2023 we shared the Fairtrade message at numerous coalition platforms including The Big One with Extinction Rebellion, and Great Big Green Week with the Climate Coalition, as well as through our ongoing climate justice campaigning. This work has resulted in 10,000 new supporters signing up.

We also saw continued support from the education sector over the year, with more than one million children in the UK now attending schools that are working towards the Fairtrade Schools Award and 42 universities involved in our universities scheme. This will ensure that we continue to work closely with the next generation of consumers and decision-makers to put fairer trade at the heart of society's values.

Evolved & differentiated public narrative

We launched our new global brand *The future is fair* in the UK at the start of the year, during our long-standing Fairtrade Fortnight in February. This included our *Endangered Aisle* campaign and a pop-up walk-in experience in Shoreditch, London.

This brought to life our messaging that without Fairtrade the future is not fair and not certain, and some of our most loved commodities and products might not exist in the way we know them. Our research found that 12% of the UK public heard about Fairtrade Fortnight and 87% of those aware were able to recall one or more key messages. We placed 16,891 pieces of PR coverage for which the advertising value equivalency was £348 million. ²

What we said we would do in 2023 - Pillar 4: Digitisation for fairer supply chains

In 2023 work under our fourth pillar focused on investing in data and digital systems to provide full transparency and traceability, to help achieve fairer supply chains and demonstrate Fairtrade's impact.

FairMarket: Traceability for supply chain partners

In 2023, we worked with Fairtrade International to conduct traceability trials for coffee. This work will enable companies to trace products from origin while allowing farmer co-operatives to track product endpoints. Our user-friendly solution uses data from existing systems, and aims to align closely with sector practices, thus minimising the burden of traceability data reporting.

We are now ready to scale up the traceability solution for coffee, transitioning from a piloting phase to a full rollout. We also plan to extend the approach to the banana and cocoa supply chains.

What we said we would do in 2023 - Pillar 5: A launchpad for the future

Our fifth pillar is centred on strengthening our organisation, both as an independent charity in the UK, and as a member of the global Fairtrade federation.

One Fairtrade culture

In 2023, we embarked on a journey to re-imagine our culture as part of an overarching strategic People and Culture Transformation Programme. We recognise that people are key to our success. If we wish to attract, retain and engage high-performing individuals in today's increasingly competitive market, we need to demonstrate the unique benefits and experiences that people can expect while working for the Fairtrade Foundation, both as an independent UK charity and as a leading member of the global

Fairtrade federation. We are implementing a multi-year People & Culture Transformation Programme covering leadership, culture, performance, talent attraction, talent retention and total reward. Through the programme we aim to build a deeper sense of belonging and engagement, and create an environment where our people can thrive, with a strong organisational culture aligned to strategic goals.

Anti-racism at Fairtrade

Fairtrade is a global movement for change. We are led by the principles of partnership, integrity, respect, and accountability. It is within this overarching mission and our guiding principles that we have been working on embedding active anti-racism into our day-to-day activities as an organisation and thinking about the wider work needed for change across the Fairtrade system and wider sector.

In the UK, we are working across four focus areas in which to actively work towards becoming a truly anti-racist organisation: our recruitment practices, our communications, our procurement and our monitoring, evaluation, and learning (MEL) and research work.

We have also developed several proposals to embed these focus areas into organisational plans. As a global system we want to ensure that our work in this area is directed by the concerns of affected communities here in the UK and overseas. We are striving to undertake this work in a way that is useful and sensitive to farming communities, and we understand that these conversations cannot be rushed or pushed onto them.

In 2023 we worked with Wood & Water, a not-for-profit consultancy, to audit our communications materials from an anti-racist perspective. As well as providing in-depth narrative analysis, Wood & Water also gave us a much broader perspective, including from a structural and cultural point of view. We were able to have challenging conversations within a safe space, leaving us inspired and armed with the information we need to meaningfully progress our narrative approach. We also set out key principles for taking an inclusive approach to monitoring, evaluation and learning covering three core areas of implementation: research, programme MEL and impact analytics. The principles tie into the broader work taking place at the Foundation on anti-racism and inclusive approaches.

We are on a learning journey as an organisation, and this work is being fully supported by our Board and senior leadership team. But we also acknowledge that to fully embed anti-racism we must work across the Fairtrade system and collaboratively with experts throughout the sector. We will continue to push ahead in this area and look forward to building a long-term vision of anti-racist action both within the Foundation and the global Fairtrade system.

The Fairtrade Foundation continues to be a living wage employer and an equal opportunities employer, committed to attracting, appointing, and retaining a diverse workforce at all levels of the organisation, and aims to have a workforce that is representative of all sections of society. Through our multi-year People & Culture Transformation Programme we are focusing on improving all aspects of the people agenda, including equality diversity and inclusion.

Our plans for 2024

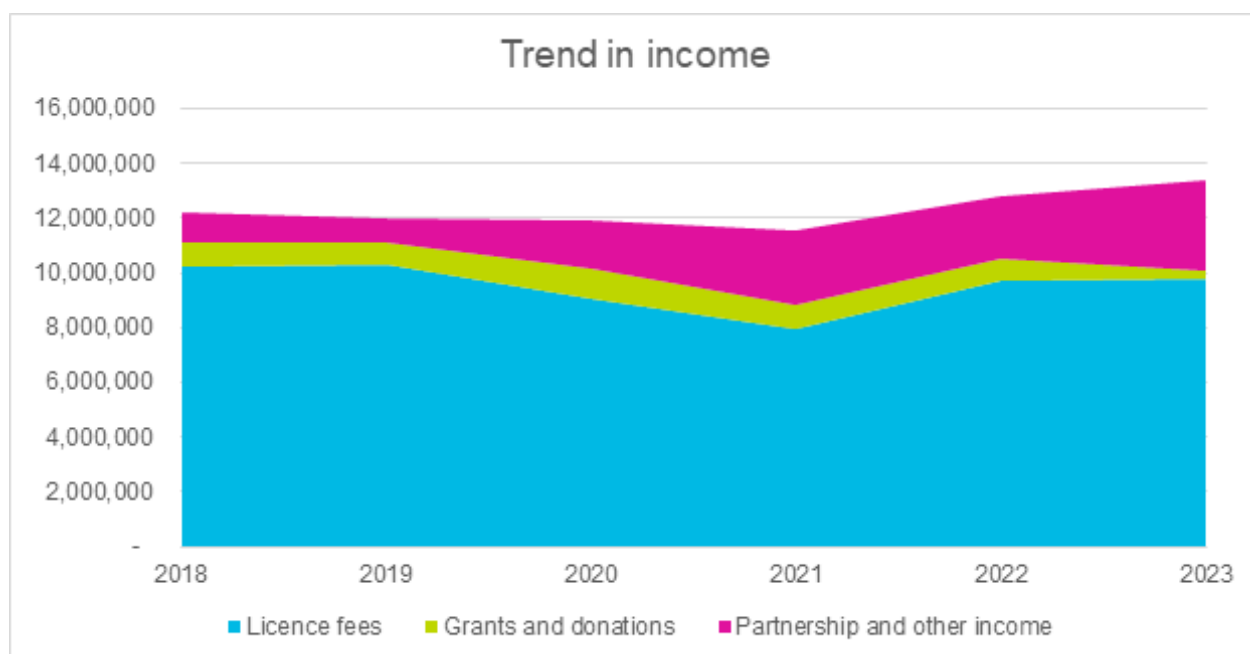
Moving into 2024, we are in the fourth year of our five-year strategy. Growing market access for Fairtrade farmers and workers continues to drive our plans and activities.

A significant focus in 2024 will be leveraging the informal guidance we received from the Competition and Markets Authority (CMA) in December 2023 to grow volumes sold on Fairtrade terms through our Shared ImPACT initiative. We see pre-competitive collaboration as the next big milestone in making UK trade fairer.

We have also planned an exciting year of activities to celebrate the 30th birthday of the Fairtrade Mark and all that the movement has achieved so far.

Financial Review

Financial performance



Overall, there was a £183,000 deficit (2022: £292,000 surplus) on unrestricted funds and a £308,000 deficit (2022: £40,000 surplus) on restricted funds, leading to a £491,000 deficit (2022: £332k surplus) in the year ended 31 December 2023. Movements in income and expenditure within that are explained below.

Total incoming resources in 2023 increased by 5% to £13.4 million from £12.8 million, with an increase in partnerships and other income (£1.1 million), licence fee revenue (£68,000) and investment income (£23,000) offset by decreases in restricted grants (£554,000) and donations (£59,000).

Licence fees continue to represent the majority of our total income (2023: 73 percent; 2022: 76 percent). Licence fee income increased slightly by one percent to £9.8 million (2022: £9.7 million) with the loss of a significant licensee being mitigated by inflationary pressures increasing the prices of products in which a majority of our licence fees are calculated. Partnership and other income increased by 55 percent to £3.2 million (2022: £2.0 million) largely due to an increase in activity on partner programmes. Fundraised income from grants and donations decreased by 60 percent to £0.4 million (2022: £1.0 million) as some of the grant income was brought forward in our restricted reserves from 2022.

Total expenditure increased by eleven percent to £13.9 million (2022: £12.5 million) and comprised:

- An increase of £1.1 million in the amount spent on empowerment of farmers & workers, largely due to an increase in programme delivery as a result of increased programme funding from partners and brought forward grant funding
- An increase of £0.5 million on growth and innovation due to a continued focus and effort to grow income and volumes for producers through our ongoing growth strategy

- A decrease of £0.2 million on advocacy and citizen engagement due to a reduction in our inhouse creative resource
- A decrease of £70,000 in the amount spent on raising funds largely due to a decision to reduce our efforts on public fundraising as we stopped our Live Fair box in June 2022 and to focus resource on delivering growth and impact for our producers.

Of the total expenditure, charitable expenditure represented 99 percent and the cost of raising funds was one percent (2022: 98 percent, two percent).

It should be noted 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 Fairtrade Premium.

Total funds decreased by 7 percent to £6.3 million (2022: £6.8 million) on the prior year. Restricted funds decreased to £356,000 (2022: £664,000). Unrestricted funds decreased three percent to £6.0 million (2022: £6.2 million). Included within unrestricted funds is £87,000 which the Trustees designated to a Fairtrade Future Fund to support strategic projects in developing and implementing our 2021-2025 strategy.

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 2023.

Under the policy, the target reserves level is based on a risk-based calculation of £3.3 million (2022: £3.3 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£47,000) and designated funds (£87,000), as at 31 December 2023 were £5.8 million (2022: £5.7 million) and were therefore 76 percent above the minimum level set by the reserves policy. Trustees consider that given the continuing uncertainty facing the economy, our licensees and Fairtrade consumers from inflation and continuing high prices and interest rates, 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 Trustees expect to invest a proportion of these reserves into activity spend in 2024 to further the organisational goals. 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 decreased in the year to £4.6 million (2022: £4.9 million), of which £356,000 (2022: £664,000) 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 constituents of the Foundation's restricted and designated funds.

Going concern

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of prices, inflation and interest rates, the continuing political unrest around the world, and the potential financial impact of the principal risks set out below, the Trustees have a reasonable expectation that the Foundation 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.

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

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 mitigate against 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.

Data and information

A co-ordinated global data and digital information strategy for the future is key and is an integral part of the 2021-2025 strategy. The global Fairtrade system is in the middle of a multi-year project to design and implement a data and digital information strategy, including centralised data warehousing, business information tools and tools to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. 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.

The impact of economic uncertainty

The continuing effects of high prices, inflation, interest rates and political unrest across the world are all combining to produce uncertainty for consumers and licensees. Our income is reliant on the performance of our licensees, which are being affected both by consumer choice, forced by economic realities, and their own cost and supply chain pressures. There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised when appropriate. The risk is mitigated by the Foundation holding good levels of reserves which, together with sensible cost control, have helped us through the disruption of previous years and set the Foundation up well for 2024.

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.

Attracting and retaining talent

Our people are key to our success which is driven by the talent, passion, resilience and commitment of our team. However, we are operating in a competitive and sometimes candidate driven market, where the skills we require now and in the future are in high demand. We risk losing key people, and/or failing to attract good people. To mitigate this, we have designed and are implementing a multi-year People and Culture Transformation Programme covering leadership, culture, performance, talent attraction, talent retention and total reward. The aim is to build a deeper sense of belonging and engagement, creating an environment where our people can thrive, with a strong organisational culture aligned to strategic goals. Top talent will be attracted and retained by highlighting the unique offerings and experiences that people can expect from working for the Foundation.

Transformation projects fail to deliver the required outcomes

As well as the People and Culture Transformation project, we have a number of strategic projects underway to develop and innovate both our partnerships and our communications and advocacy work. Cross functional execution of these projects brings complexities to navigate and can lead to delays and the risk that the projects do not deliver the required outcomes on time or fail to maximise the expected benefits. Additionally, we may lack the internal capabilities and talent to support moving into new business areas. Ultimately this can hinder achievement of strategic objectives through business disruption, increased costs and an inability to capitalise on efficiencies, and/or lost opportunities. To mitigate the risks, we have governance frameworks in place across each of the projects, monitoring progress, risks and dependencies. Detailed project management is in place with regular updates on progress, key issues and risks to the senior leadership team. Each project is supported by a cross functional steering group, including at least one senior leadership sponsor, that meets regularly to review status, risks, dependencies and impacts and will then report to the Board of Trustees or one of its committees as appropriate. Talent mapping is carried out to ensure we have the appropriate capability and capacity in place to deliver our strategic objectives.

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. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future.

Reputation

Although the FAIRTRADE Mark is 30 years old in 2024, 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 evidence and insights 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.

Cyber security incidents

The cyber security landscape is continuously evolving, with threats becoming more sophisticated, aggressive and more frequent. We continue to improve security policies, procedures and capabilities to

reduce the risks related to confidential data loss, malware infections, ransomware, phishing attempts, DDoS attacks and insecure third-party software. Multi factor authentication across our systems increases our protection against phishing and malware attacks. We run awareness raising campaigns and more formal training for employees on cyber security and work with independent third-party specialists when appropriate.

Structure, governance and management

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 Global Justice Now (at the time known as 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 64.

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.

During 2023 the Board had three sub-committees: the Finance and Audit Committee; the Nominations 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 of the Board and its constituent committees respectively. The committee is responsible in particular for ensuring formal, rigorous and transparent appointment procedures, and for carrying out a review and forward planning to ensure the Foundation has a balanced, appropriately experienced and qualified Trustee base.

The People, Safeguarding and Remuneration Committee consists of at least three Board members and has overall responsibility to set remuneration, with associated terms and conditions of employment, for all staff of the organisation, including the senior leadership team. The committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis. The committee also provides strategic oversight and Trustee sponsorship of anti-racism work within the Foundation.

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 leadership team consisting of a Chief Financial Officer, Partnerships Director, and Director of Communications and Advocacy.

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 a 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 (who are also directors of the Foundation for the purposes of company law) 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 2023. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. 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 March 2023 Bates Wells Braithwaite completed an assessment of the Foundation's compliance against Principle 5 of the Charity Governance Code which looks at the whether the board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions. Overall the review concluded that the Board was operating effectively.

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 overseas.

We work with Fairtrade International 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. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees receive safeguarding training. Safeguarding is part of staff induction and safeguarding is embedded into our organisational strategy and culture. We conduct DBS (criminal records checks) through an external provider and have embedded a process for undertaking checks on new and existing roles that require it.

In 2023, there were no whistleblowing complaints, and 21 safeguarding cases raised regarding incidents within global supply chains (none of which related to Fairtrade employees or consultants). There were no serious incident reports to the Charity Commission.

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.

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 16 volunteers helped in the Fairtrade office or remotely at some time during the year.

Trustee changes

Three Trustees stood down during 2023. Jane Frost CBE retired as Vice Chair after a nine-year term in June 2023, alongside Dr Bob Doherty who stepped down after five years in September, and Didier Dallemagne who also came to the end of a nine-year term in October.

In addition, we bade a sad farewell to our Chair, Lord Mark Price, in April 2024. Mark led us through an extremely turbulent period, and his wisdom and sage advice were much valued as we weathered the COVID-19 pandemic, economic downturn and geopolitical uncertainty. During the period we welcomed Titus Pinto and George Kporye to the Board in May 2023, Dr Stephanie Barrientos in September and Sarah King and Sean O'Neill in December 2023.

We are currently in the process of recruiting a new Chair who it is hoped will be in place by the time of the Annual General Meeting. In the intervening period Keri Elborn, Treasurer, has stepped up as Chair of the Board to lead us through the next few months.

We thank all of the departing Trustees for their commitment and tireless support over the duration of their tenure. Each brought significant skills, respectful challenge and added hugely to the development of the Foundation. They will be much missed.

This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 27 June 2024, in their capacity as company directors, and signed on its behalf by



Keri Elborn, 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 ('the charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including 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 2023 and of its income and expenditure, 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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

- the 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 their 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 and proper 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Dipesh Chhatralia

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

London

30 July 2024

The Fairtrade Foundation – Statement of Financial Activities for the year ended 31 December 2023

(including the Income and Expenditure Account)

	Notes	2023 Unrestricted £ 000	2023 Restricted £ 000	2023 Total £ 000	2022 Total £ 000
Income from:					
Donations and legacies	2	149	-	149	208
Grants	4	-	260	260	814
Investment income		35	-	35	12
Licence fees		9,787	-	9,787	9,719
Partnership and other income	5	829	2,324	3,153	2,031
Total income		10,800	2,584	13,384	12,784
Expenditure on:	6				
Raising funds		185	-	185	255
Charitable activities					
Empowerment of farmers & workers		4,935	2,892	7,827	6,690
Growth & Innovation		3,707	-	3,707	3,199
Advocacy & Citizen Engagement		2,156	-	2,156	2,308
Total charitable activities		10,798	2,892	13,690	12,197
Total expenditure		10,983	2,892	13,875	12,452
Net income/(expenditure), being net movement in funds	9	(183)	(308)	(491)	332
Reconciliation of funds:	17				
Fund balances brought forward		6,162	664	6,826	6,494
Fund balances carried forward		5,979	356	6,335	6,826

The breakdown of 2022 figures between restricted and unrestricted funds is shown in Note 19.

There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing.

The Fairtrade Foundation

Balance Sheet as at 31 December 2023

	Notes	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	11	-	6
Tangible assets	12	47	19
Current assets			
Stock		-	15
Debtors	13	4,725	5,206
Cash at bank and in hand		4,585	4,947
Total current assets		9,310	10,168
Liabilities			
Creditors: amounts falling due within one year	14	(2,882)	(3,120)
Net current assets		6,428	7,048
Total assets less current liabilities		6,475	7,073
Creditors: amounts falling due after one year	14	(9)	(116)
Provision for liabilities and charges	15	(131)	(131)
Net assets		6,335	6,826
The funds of the charity:	17		
General funds		5,846	5,710
Designated funds – Fairtrade Future		87	427
Designated funds – Fixed Assets		46	25
Unrestricted funds		5,979	6,162
Restricted funds		356	664
Total funds		6,335	6,826

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 27 June 2024, and were signed below on its behalf by



Keri Elborn

Chair of the Board

Company number: 02733136

The Fairtrade Foundation

Statement of cash flows for the year to 31 December 2023

	Notes	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	20	(312)	(139)
Cash flows from investing activities			
Purchase of property, plant and equipment	11&12	(50)	(3)
Change in cash and cash equivalents in the year		(362)	(142)
Cash and cash equivalents at 1 January		4,947	5,089
Cash and cash equivalents at 31 December		4,585	4,947

The Fairtrade Foundation – Notes to the Financial Statements for the year ended 31 December 2023

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: 02733136) 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.

Going concern

After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of the cost of living crisis, the ongoing war in Ukraine, active review of our income pipeline and the potential financial impact of the principal risks set out in the Trustees' report, the Trustees have a reasonable expectation that the Foundation 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.

Judgements, estimates and assumptions

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, the most significant estimates and judgements which may have a material effect on the amounts recognised in the financial statements are as follows:

- the level of provision for dilapidations (see detail in note 15)

- Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £2.1m was billed relating to 2023 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.
- the level of bad debt provision is estimated at £255k (2022: £173k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

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 had 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 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 that 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 since 2020 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. Legacies are recognised at the earlier of cash received or notification of an interim distribution or when estate accounts have been settled.

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 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.

Empowerment of farmers & workers includes the cost of establishing and supporting supply chains, and support provided directly to producer groups and their regional networks.

Growth & innovation includes the monitoring and audit of supply chains of products 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.

Advocacy & Citizen Engagement 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 £67,000 (2022: £93,000).

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.

1.17 Grants payable

Grants payable are recognised in the year that an unconditional commitment is communicated to the grant recipient. In the case of multi-year grants, subsequent distributions are only recognised in expenditure once all reporting conditions have been met by the recipient and reviewed by the Foundation.

2. Donations and legacies

			2023	2022
	Unrestricted	Restricted	Total	Total
	£ 000	£ 000	£ 000	£ 000
Triodos Bank Fairtrade Saver Account	21	-	21	7
Legacies	-	-	-	-
Other donations	128	-	128	201
Total donations	149	-	149	208

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 general unpaid volunteers who contributed approximately 500 hours of work in the year. Volunteers provided administrative, 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

	2023	2022
	Total	Total
	£ 000	£ 000
GIZ		
Building and Supporting Resilience for Cotton Farmers	6	(2)
Green People's Energy Uganda	10	40
Accelerate Access to Green Energy Products and Technologies	189	429
EPRM		
Improved ASMO Access to finance	5	-
Responsible Peruvian Gold	-	169
Waterloo Foundation		
Developing Fairtrade Market Solutions to Financing Education	-	56
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Traid		
Cotton Seed Phase II	-	-
Fairtrade Switzerland		
SECO - Farmers Resilience Platform in response to Covid 19	-	68
Iseal		
DELTA Framework Pilot Project	-	4
Total Grants	260	814

All grants in 2023 are restricted.

5. Partnerships and other income

	Unrestricted £ 000	Restricted £ 000	2023 Total £ 000	2022 Total £ 000
Cross-border sales administration fees	345	-	345	288
Consultancy fees	79	65	144	130
Expertise and commercial partner-funded programmes	377	2,231	2,608	1,586
Other fees and royalties	28	28	56	27
Sale of awareness-raising items	-	-	-	-
Total partnership and other income from charitable activities	829	2,324	3,153	2,031

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	2023 Total £ 000	2022 Total £ 000
Raising funds	104	44	37	185	255
Charitable activities:					
Empowerment of farmers & workers	1,373	5,959	495	7,827	6,690
Growth & Innovation	2,136	801	770	3,707	3,199
Advocacy & Citizen Engagement	1,244	463	449	2,156	2,308
Total charitable activities	4,753	7,223	1,714	13,690	12,197
Total expenditure in 2023	4,857	7,267	1,751	13,875	
Total expenditure in 2022	4,786	6,281	1,385	12,452	12,452

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.6 million (2022: £1.6 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 £70,000 (2022: £48,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.9 million (2022: £1.9 million) are distributed to Producer Networks by Fairtrade International.

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 (2022: £28,000).

Support costs of £1.8 million (2022: £1.4 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:

	2023	2022
	£ 000	£ 000
People	467	325
Finance & Business Intelligence	456	418
Information Technology	64	288
Management and administration	95	28
Governance	119	95
Facilities	550	231
Total support costs	1,751	1,385

7. Grants payable to institutions

	Statement of Financial Activities heading	2023 £ 000	2022 £ 000
Fairtrade Africa and other African partners	Empowerment of farmers & workers	661	391
Fairtrade Finland	Empowerment of farmers & workers	769	302
Fairtrade Germany	Empowerment of farmers & workers	13	0
Fairtrade International	Empowerment of farmers & workers	20	0
Network of Asia and Pacific Producers and other Asian partners	Empowerment of farmers & workers	0	91
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Empowerment of farmers & workers	136	89
Total grants payable		1,599	873

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 to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. 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 African partners are in relations to Accelerate Access to Green Energy Products and Technologies, Climate Resilient Supply Chains Strategy, Carbon Innovation Fund, Tackling the challenges in Artisanal and Small-Scale gold mines, Living Income verification, Co-operative strengthening, Women's School of Leadership and Developing Fairtrade Market Solutions to Financing Education.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme, the Livelihood Ecosystem Advancement Programme and the Living Income verification.

The grant to the CLAC and Latin American partners is in relations to the Productivity improvement programme, responsible Peruvian gold programme and the Migrant Roadmap towards equal rights, benefits and decent working conditions programme.

As at 31 December 2023, we had grant commitments of £1.8 million, payable over the next 3 years (2022: £1.5 million). Grant commitments are funded from funding received from external donors.

See Note 17 for further details.

Support costs of £108k (2022: £51k) 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:

	2023	2022
	£ 000	£ 000
Trustee expenses	17	1
Fees payable to the charity's auditors for the audit of the charity's annual accounts	25	23
Other governance costs	8	15
Staff costs	69	57
Total costs	119	96

No remuneration was paid to Trustees in the year (2022: 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. £17k (2022: £1k) was reimbursed this year to 6 of the Trustees (2022: 2 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2023, all Trustee and committee meetings were in person or hybrid and we had 3 internationally based trustees attending the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2023	2022
	£ 000	£ 000
Depreciation of fixed assets	29	74
Fees payable to charity's auditors for the audit of the annual accounts for the current year	25	23
Fees payable to charity's auditors for other accountancy services	-	-
Operating lease rentals and service charge: land and buildings	239	310

10. Staff costs

	2023	2022
	£ 000	£ 000
Wages and salaries	4,691	4,521
Employer's National Insurance costs	499	510
Employer's contribution to defined contribution pension schemes	410	404
Agency staff	63	150
Staff costs	5,663	5,585
Staff recruitment costs	136	41
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2023	2022
£60,000 - £69,999	6	5
£70,000 - £79,999	4	2
£80,000 - £89,999	1	-
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1

The Foundation's highest salary was 4.4 times the lowest salary during 2023, 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 £90k (2022: £61k).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Advocacy & Engagement and the Partnerships Director. The total employee benefits of key management personnel of the charity were £492k (2022: £438k).

Average headcount in 2023 was 101 (2022: 105).

Redundancy/termination payments agreed and paid in the year came to £169,000 (2022: £118,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2023	191
Additions	-
Disposals	-
At 31 December 2023	191
Amortisation at 1 January 2023	185
Charge for period	6
Disposals	-
At 31 December 2023	191
Net book value at 1 January 2023	6
Net book value at 31 December 2023	-

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2023	81	302	383
Additions	7	43	50
Disposals	(8)	(82)	(90)
At 31 December 2023	80	263	343
Amortisation at 1 January 2023	70	294	364
Charge for period	9	13	22
Disposals	(8)	(82)	(90)
At 31 December 2023	71	225	296
Net book value at 1 January 2023	11	8	19
Net book value at 31 December 2023	9	38	47

13. Debtors

	2023	2022
	£ 000	£ 000
Licence fee debtors	4,039	3,983
Accrued licence fee	-	512
Amounts due from Fairtrade International and other Fairtrade organisations	239	298
Prepayments, accrued income and other debtors	447	413
Total debtors due within one year	4,725	5,206

14. Creditors

	2023	2022
	£ 000	£ 000
Creditors: amounts falling due within one year		
Trade creditors	141	148
Amounts due to Fairtrade International and other Fairtrade organisations	271	249
Social security and other taxes	645	695
Other accruals and deferred income	1,825	2,028
Total creditors due within one year	2,882	3,120

	2023	2022
	£ 000	£ 000
Creditors: amounts falling due after one year		
Accruals	9	116
Total creditors due after one year	9	116

15. Provision for liabilities and charges

	Provision at 1 Jan 2023 £ 000	Charged to SOFA £ 000	Provision released £ 000	Provision at 31 Dec 2023 £ 000
Dilapidations	131	-	-	131
Total provision	131	-	-	131

The provision relates to the office lease dilapidations clause. The lease under our current premises ends in 2028.

16. Share Capital

The Fairtrade Foundation is a company limited by guarantee and with no share capital. Each of the sixteen 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 2023 £000	Income £000	Expenditure £000	Transfer funds £000	Funds at 31 December 2023 £000
Restricted Funds					
Empowerment of farmers & workers					
Improved ASMO Access to finance	16	5	(21)	-	-
Responsible Peruvian Gold	112	-	(133)	-	(21)
Climate-Change and Organisational Strengthening Programme	-	550	(550)	-	-
LEAP Programme	-	1,187	(1,187)	-	-
COVID Response	(6)	6	-	-	-
Green People's Energy Uganda	(10)	10	-	-	-
Accelerate Access to Green Energy Products and Technologies	348	189	(508)	-	29
Developing Fairtrade Market Solutions to Financing Education	52	-	(52)	-	-
Cotton Breeding Programme	77	-	-	-	77
Dignity for All: Ethiopia Flowers Programme	3	50	(58)	-	(5)
Farmer Resilience Platform in response to Covid	8	-	(1)	-	7
Migrant Roadmap towards equal rights, benefits and decent working conditions	-	7	(7)	-	-
Colombia Coffee Project	24	-	-	-	24
Co-op sponsored Programmes	20	90	(45)	-	65
Climate Resilient Supply Chains Strategy	19	90	(97)	-	12
Carbon Innovation Fund	-	34	(34)	-	-
Living income payment verification	(1)	219	(84)	-	134
Fairtrade cotton collaboration	2	76	(78)	-	-
Exploring the economic benefit of FT premium	-	17	-	-	17
Ben & Jerry's Sponsored Programmes	-	54	(37)	-	17
Total Restricted funds	664	2,584	(2,892)	-	356
Unrestricted funds					
General funds	5,710	10,800	(10,643)	(21)	5,846
Designated funds – Fairtrade Future Fund	427	-	(340)	-	87
Designated funds – Fixed Asset funds	25	-	-	21	46
Total Unrestricted Funds	6,162	10,800	(10,983)	-	5,979
Total funds	6,826	13,384	(13,875)	-	6,335

Description of Funds

Restricted Funds

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 mines 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.

Responsible Peruvian Gold

This project, funded by the Dutch government, aims to support the formalisation of the operations of 4 Artisanal and Small-scale Mining Organisations (ASMOs) from Puno, South Peru and providing them with the technical and financial capabilities required to export into premium export markets.

Climate-Change and Organisational Strengthening Programme

This programme is in partnership with Mondelez and aims to enhance the offerings and reach of Cocoa Life and to develop and implement programs which will socially, economically and environmentally benefit local communities, workers and producers.

Livelihood Ecosystem Advancement Programme (LEAP)

Fairtrade, ECOOKIM (a union of cocoa, coffee and cashew farmer groups across Côte d'Ivoire) and Mars have co-created the LEAP programme, a five-year initiative launched in September 2022. Together, we are working across three priority areas: Strengthening co-operatives to be more efficient and strategic with their resources, and support their members with a with a range of tailored services to help them to grow more cocoa and earn higher incomes; Diversifying farmer incomes through piloting viable new products and services with farmers and co-operatives; Expanding access to financial services such as loans and mobile banking so that farmers can invest in their farms and futures.

COVID Response

This funding is provided by GIZ to support the most vulnerable cotton farmers during COVID-19 in India through the provision of food and income security for smallholder cotton farmers to mitigate the impact of COVID-19 on their livelihoods and incomes.

Green People's Energy Uganda

This funding is provided by GIZ to improve the livelihood of marginalised groups within cooperatives through increasing access to their access to sustainable financial products and productive clean energy assets.

Accelerate Access to Green Energy Products and Technologies

This funding is provided by GIZ to scope, develop and implement a standardised and scalable access to energy approach in Fairtrade communities. Looking to establish and launch the **Fairtrade Inclusive Energy Fund** (IEF) to support agricultural cooperatives in **Fairtrade Africa's** network to increase farmers' access to clean and green energy solutions and expand use of solar powered systems at cooperative level.

Developing Fairtrade Market Solutions to Financing Education

This project is funded by the Waterloo Foundation to explore Fairtrade's role in the shea nut supply chain, helping farmers to gain traction and form market linkages.

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.

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.

Farmer Resilience Platform in response to Covid

This project aims to create a Farmers Resilience Platform in response to Covid 19:

Development of a web based platform to monitor and predict farmer's resilience to Covid-19 and similar shocks that may occur in the future.

Migrant Roadmap towards equal rights, benefits, and decent working conditions

Fyffes contribute towards this programme which aims to build a better understanding and baseline on migrant realities and gaps in access to rights, benefits and decent working conditions in the Dominican Republic.

Colombia Coffee Project

The project, funded by John Lewis Partnership, offers regional support to coffee producers in Tolima Colombia through the funding of a training centre at ASOPEP and a training programme. It aims to deliver a regional training centre which has a positive impact on productivity, cup score, market access and inspiring the next generation of coffee farmers.

The Co-op sponsored programmes

This includes contributions towards the Women School of Leadership programme and Productivity improvement programme.

Climate Resilient Supply Chains Strategy

This programme funded by the Co-op aims to deliver a Climate Change Strategy embedded within Fairtrade Africa's 2021-2025 strategy to ensure sustainable farming systems amongst the 1.1 million farmers and workers supported across Africa. It will support a series of scalable and sustainable interventions, across different commodities and regions, whose objective is to enable Producer Organisations to adapt to a changing climate and maintain adequate productivity levels, that guarantee supply chain stability and return on investment.

Carbon Innovation Fund

This project funded by the Co-op Foundation aims to support food and farming projects that are tackling the climate crisis by reducing greenhouse gas emissions.

Living income verification

The project looks to verify the Living Income differential payments made to cocoa farmers in Cote D'Ivoire, as part of the work on moving farmers towards achieving a living income.

Fairtrade cotton collaboration

Lead in developing and implementing the global cotton & textiles strategy.

Exploring the economic benefit of the FT Premium

Research study exploring the economic benefit of FT premium for banana farmers in Colombia and Dominican Republic and flower workers in Kenya.

Ben & Jerry's sponsored programmes

This includes contributions to a co-operative strengthening programme in Cote d'Ivoire and a living income verification programme.

Designated Funds

Fairtrade Future Fund

Funds set aside to invest in developing, implementing and unlocking the full potential of our 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 2022

18. Analysis of fund balances held as at 31 December 2022

	Funds at 1 January 2022 £000	Income £000	Expenditure £000	Transfer Funds at 31 between funds £000	December 2022 £000
Restricted Funds					
Empowerment of farmers & workers					
Improved ASMO Access to finance	16	-	-		16
Responsible Peruvian Gold	(4)	169	(53)		112
Climate-Change and Organisational Strengthening Programme	-	577	(577)		-
LEAP Programme	-	436	(436)		-
COVID Response	102	1	(109)		(6)
Green People's Energy Uganda	9	40	(59)		(10)
Accelerate Access to Green Energy Products and Technologies	-	429	(81)		348
Textile Training Programme	8	-	(8)		-
Developing Fairtrade Market Solutions to Financing Education	94	56	(98)		52
Cotton Breeding Programme	100	-	(23)		77
North East India Tea Research Programme	10	-	(10)		-
Dignity for All: Ethiopia Flowers Programme	-	50	(47)		3
DELTA Framework Pilot	6	4	(10)		-
Farmer Resilience Platform in response to Covid	40	68	(100)		8
Migrant Roadmap towards equal rights, benefits and decent working conditions	20	-	(20)		-
Colombia Coffee Project	24	-	-		24
Co-op sponsored Programmes	40	70	(90)		20
Climate Resilient Supply Chains Strategy	77	90	(148)		19
Carbon Innovation Fund	-	65	(65)		-
Living income payment verification	-	-	(1)		(1)
Fairtrade cotton collaboration	-	63	(61)		2
Commercial Partners Sponsored Programmes	82	-	(82)		-
Total Restricted funds	624	2,118	(2,078)	-	664
Unrestricted funds					
General funds	5,073	10,666	(10,100)	71	5,710
Designated funds – Fairtrade Future Fund	701	-	(274)	-	427
Designated funds – Fixed Asset funds	96	-	-	(71)	25
Total Unrestricted Funds	5,870	10,666	(10,374)	-	6,162
Total funds	6,494	12,784	(12,452)	-	6,826

19. Breakdown of 2022 Statement of Financial Activities into restricted and unrestricted

	Notes	2022 Unrestricted £ 000	2022 Restricted £ 000	2022 Total £ 000	2021 Total £ 000
Income from:					
Donations and legacies	2	208	-	208	374
Grants	4	-	814	814	848
Investment income		12	-	12	-
Licence fees		9,719	-	9,719	7,947
Partnership and other income	5	727	1,304	2,031	2,346
Total income		10,666	2,118	12,784	11,515
Expenditure on:					
Raising funds	6	255	-	255	290
Charitable activities					
Empowerment of farmers & workers		4,612	2,078	6,690	6,375
Growth & Innovation		3,199	-	3,199	2,741
Advocacy & Citizen Engagement		2,308	-	2,308	2,185
Total charitable activities		10,119	2,078	12,197	11,301
Total expenditure		10,374	2,078	12,452	11,591
Net income/(expenditure), being net movement in funds	9	292	40	332	(76)
Reconciliation of funds:					
Fund balances brought forward	17	5,870	624	6,494	6,570
Fund balances carried forward		6,162	664	6,826	6,494

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2023	2022
	£ 000	£ 000
Net income	(491)	332
Depreciation charge	28	74
(Increase)/ Decrease in stock	15	(1)
(Increase)/ Decrease in debtors	481	(1,734)
Increase / (decrease) in creditors excluding short term borrowings	(345)	1,406
Increase/ (decrease) in provisions	-	(218)
Net cash inflow from operating activities	(312)	(139)

Analysis of net funds			
	Balance at 1 January 2023	Cash flow movement	Balance at 31 December 2023
	£	£	£
Cash at bank and in hand	4,947	(362)	4,585
Net funds	4,947	(362)	4,585

21. Financial commitments under operating leases

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

	2023	2022
	£ 000	£ 000
Land and buildings		
Due within 1 year	170	292
Total due in years 2 to 5	568	681
Office equipment		
Due within 1 year	12	26
Total due in years 2 to 5	-	12
Total	750	1,011

Lease payments recognised as an expense were £305k (2022: £350k). 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 £410,000 (2022: £404,000). 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.

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £6,000 (2022: £5,500) from Engaging Works of which our former Chair, Lord Mark Price, is a Founder and a Shareholder.

Fairtrade Foundation Reference and Administrative Information

Legal status

A company without share capital limited by guarantee, registered in the United Kingdom, number 02733136.

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

Mark Price (Chair)	Appointed September 2018, retired April 2024
Jane Frost (Vice Chair)	Appointed June 2014 , retired June 2024
Alison Marshall	Appointed September 2016
Anita Chandraker	Appointed September 2021
Bob Doherty	Appointed August 2017, retired September 2023
David Paterson	Appointed September 2018
Didier Dallemagne	Appointed October 2014, retired October 2023
Keri Elborn (Treasurer and Interim Chair)	Appointed September 2021
Kerry Smith	Appointed September 2021
Simon Wright	Appointed December 2018
Titus Pinto, Producer trustee	Appointed June 2023
George Kporye, Producer trustee	Appointed June 2023
Dr Stephanie Barrientos, Member trustee	Appointed September 2023
Sarah King, Co-opted trustee	Appointed December 2023
Sean O'Neill, Co-opted trustee	Appointed December 2023

More information about our trustees can be found here: <https://www.fairtrade.org.uk/what-is-fairtrade/who-we-are/>

Senior Management

Michael Gidney	Chief Executive
Fiona Kindness	Chief Financial Officer
Nilufar Verjee	Director, Advocacy and Engagement (until August 2023)
Zoe Abrams	Interim Director, Communications & Advocacy (from September 2023)
Kerrina Thorogood	Director, Partnerships

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

CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA

HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH

Auditor

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

fairtrade.org.uk



FAIRTRADE
FOUNDATION

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

Tel: +44 (0) 20 7405 5942

Email: mail@fairtrade.org.uk

Registered charity no.1043886

A company limited by guarantee, registered
in England and Wales no. 2733136

Front cover image : Dominique and Rosine, Cocoa farmers, Côte d'Ivoire. Photographer: Mohamed ALY Diabatae.

THE FAIRTRADE FOUNDATION

England & Wales - Charity number 1043886

Accounts



Annual Report and Financial Statements

For the year ended December 31, 2022



FAIRTRADE
FOUNDATION

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Foreword by Michael Gidney, Chief Executive, Fairtrade Foundation

Each year of this decade has felt unprecedented in its own way – and 2022 was no different. In the UK, 2022 was a year of change and turbulence, with the death of the Queen and with three different Prime Ministers in just a few months. Around the world, as communities began to emerge from the restrictions of the pandemic, three other global crises were keenly felt: conflict, climate change and the rising cost of living.

Over the year the Fairtrade Foundation has raised awareness of the impact of inflation on the women and men in low-income countries who produce the food we love to eat here in the UK. Through our policy, media, advocacy, campaigning and commercial work, we have highlighted how farming, transport, logistics, labour and household costs are rising for producers, aggravated by the war in Ukraine – a conflict which, more than a year on, tragically continues to cause untold suffering.

Small-scale farmers are already contending with long-term low prices, debts incurred during the pandemic, and the potentially catastrophic effects of the climate crisis. For their communities, there has never been a more pressing need for fair prices and fair pay, for access to their rights and a sustainable route out of poverty.

As an international movement, and in partnership with 2 million farmers and workers, Fairtrade has a vision of a world in which all producers enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. This vision forms the bedrock of our global strategy, '[The Future is Fair](#)', which runs from 2021-2025. Central to this strategy is the drive to address the root causes of poverty and tackle those systemic challenges that undermine trade justice. We do this by growing the volumes of products sold on Fairtrade terms, delivering ambitious impact through a broad range of programmes with our partners, and championing responsible business practices, decent working conditions and fairer prices for producers so they can build their resilience in a turbulent world.

In line with this strategy, during 2022 the Fairtrade Foundation has continued to work directly with farmers and workers at the forefront of the climate crisis. We also ran our climate justice campaign for a second year, calling on rich governments to honour their promises to provide climate finance to lower-income countries. We want governments to ensure that farmers themselves play a lead role in deciding how any climate funds are invested. They are the experts and know best how to adapt, mitigate and build their resilience to climate change.

As part of our commitment to delivering the strategy and ensuring that the organisation is better suited to our rapidly changing world, 2022 saw the Fairtrade Foundation develop a new multi-year growth plan. The growth plan will allow us to deliver deeper impact for agricultural farmers and workers overseas, through more targeted interventions.

Fairtrade remains committed to working deeply with companies to improve the sustainability of global value chains, recognising the financial challenges we all face. And at a time when consumers – and regulators – are increasingly demanding authenticity from companies, Fairtrade doesn't just make ethical sense, but also commercial sense too.

We know that Fairtrade – though its Minimum Price, Premium, Standards and programmes – has a significant impact on farmers' living standards and their ability to develop sustainably in the face of crises. [Research](#) published in October 2022 demonstrated that Fairtrade farmers are more resilient in times of global crisis than non-Fairtrade farmers. A separate [study](#) published in December 2022 has also shown Fairtrade to be a uniquely valuable partner for companies that take sustainability seriously, and who want to reduce their ESG risks and improve human rights in their supply chains.

There has never been a greater need to focus in on solutions. And our partners agree. In 2022 major brands and retailers continued to back Fairtrade, making impressive commitments to producers in their supply chains.

Meanwhile, we have collaborated with our partners to ensure that everybody can afford Fairtrade, wherever they shop. More supermarkets have been offering Fairtrade products at accessible prices within their value ranges, while ensuring farmers don't lose out financially. Partnership in action.

Fairtrade sales volumes showed resilience over the year, as the shadow of the pandemic receded, thanks to the support of shoppers and businesses. In 2022 sales of Fairtrade products in the UK generated approximately £30m in Fairtrade Premium for producers to invest in business and community projects of their choice, including healthcare, education and environmental initiatives - more important than ever given the global cost of living crisis.

In the UK, gold sales volumes rose by 24 percent, flower sales volumes rose by 8 percent, and wine by 7 percent. Cocoa sales volumes grew 5 percent over the year, while sales volumes for coffee were up by 3 percent. Smaller commodities have also shown promising growth, with sales volumes of Fairtrade honey up by 19 percent, Fairtrade apples up by 38 percent, and rice up by an impressive 107 percent.

Despite the challenging year we've all had, I remain inspired by the spirit of the British public and their determination to do the right thing by the women and men who grow the products we know and love. Our 2022 consumer research conducted by Kantar reveals that 76 percent of consumers care about Fairtrade, while trust in the FAIRTRADE Mark remains very strong at 79 percent.

The data shows that when it comes to shoppers' perceptions, Fairtrade is consistently the best-known and most trusted certification, including for 'paying a fair price to producers' and being 'ethically and responsibly sourced'. According to consumers' perceptions of different ethical certifications, Fairtrade also performs very strongly on environmental action and gender justice. For instance, when it comes to 'supporting farmers to diversify their income to be more resilient to climate change and other risks', twice as many shoppers in Great Britain now associate this statement with the Fairtrade label as they do any other measured comparable certification scheme (Kantar Profiles, 2022).

Each decision to choose Fairtrade is a simple, yet powerful way to address inequality. While the external environment of 2022 made it a challenging context in which to drive forwards social, trade and environmental justice, I see plenty to celebrate and much to be thankful for. I have been filled with hope by the commitment and passion we have seen: from campaigners and shoppers; Fairtrade schools and communities; the Foundation's talented and dedicated staff team; the Fairtrade All-Party Parliamentary Group; our Board of Trustees; our Patrons and Ambassadors; and, importantly, from farmers, workers and Fairtrade businesses. I would like to take this opportunity to thank Trustees Marike de Peña and Anne Marie Yao, who both retired from the Board in 2022: we are grateful for the commitment, expertise and insight they gave to the Fairtrade Foundation during their respective terms.

I firmly believe that Fairtrade's work – connecting farmers, businesses and consumers on the path to sustainability – will be more important than ever this coming year. And as I write this in 2023, I am pleased to note that the year started with the Fairtrade Foundation being awarded [Superbrand status](#). This accolade is rare for a charity: it is a recognition of our brand's quality, reliability and distinction, and a reminder of the value that Fairtrade holds in the eyes of the public.

So thank you to everyone who supported and engaged with Fairtrade in 2022. The challenges we face in tackling trade justice are many, but there are many of us, and together we must do what we can to ensure the future is fair for all. I urge you to continue to stand with Fairtrade in the years ahead, and join the fight for fairness, justice and a more sustainable world.



Michael Gidney

Trustees' report (incorporating the report of the Directors and the strategic report)

Strategic report

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.

Our 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 the Fairtrade Sourced Ingredients (FSI) mark, both of which are ways for businesses 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 marginalised 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.

Achievements and Performance

Here is what we said we would do in 2022, our key successes and how they help us achieve our 2021-2025 strategy.

With our 2021-2025 strategy, our shared Fairtrade International vision of sustainable livelihoods for all remains the same.

Fairtrade is best known for our distinctive blue and green label that appears on products that have been certified to industry-leading Fairtrade Standards. But Fairtrade is more than a label; it is a beacon for social and environmental justice.

Our international system, connecting producers, markets and activists, is a movement that has always been a catalyst for change. Fairtrade is co-governed by producers: i.e. farmers and workers. Through Fairtrade, farmers gain membership of sustainable, equitable co-operatives, they can negotiate for higher prices, they have direct access to markets; meanwhile workers join organisations that respect unions, health and safety, workers' welfare and rights. We constantly hear from farmers and workers who say that without Fairtrade, they would not have survived.

The issues we have championed for almost 30 years – responsible business, fairer prices, better treatment for workers – have now taken centre stage. And yet we need to keep shifting the balance of power to the people who are foundational to supply chains. For today, while many solutions appear to be available, collectively the world is far from achieving decent livelihoods for all.

To make it easier for businesses and consumers to drive positive change where it is most needed, the Fairtrade Foundation strategy is framed around five pillars to drive the systemic change needed to address the significant problems experienced by communities worldwide. Those five pillars are:

- Empowerment of farmers and workers
- Growth and innovation
- Advocacy and citizen engagement
- Digitalisation for fairer supply chains
- A launchpad for the future

Here, we report on the second year of our strategy. Among other things, we outline how the Fairtrade Foundation has expanded our partnerships with companies and donors, which are increasingly becoming Fairtrade producer-led, and how we have scaled services to complement sourcing and enable businesses to create deeper impact and a fairer future for more people around the world.

2022: our impact in numbers



2 million

farmers and workers in Fairtrade certified producer organisations

1,930

Fairtrade certified producer organisations in 70 countries worldwide



UK sales of Fairtrade products generated

£30m

in Fairtrade Premium for farmers and workers



77%

of UK consumers say they chose Fairtrade products over an alternative



8% growth in Fairtrade flower sales volumes in the UK



Fairtrade cocoa sale volumes in the UK grew by **5%**



35,000

banana farmers and workers being supported to receive a decent price and a decent wage

1,400

tea, coffee and flower growers in East Africa trained on climate change awareness



With partners, we are supporting

5,000

cocoa farmers on a path to a living income



With partners, we are supporting

700

women shea producers in Ghana to increase their incomes



15,000

people in the UK signed our Community Declaration in support of climate justice



UK campaigners ran

600

events and activities during Fairtrade Fortnight



There were **475,000** views of our Fairtrade School website



and **100,000** downloads of Fairtrade educational resources



What we said we would do in 2022 – Pillar 1:

Empowered farmers and workers

Under this pillar, we are working together as a movement to build farmers' and workers' resilience to climate change, secure decent and sustainable livelihoods through expanded market access and fair prices, and support women's rights and youth inclusion.

In 2022 we have rolled out a number of programmes and partnerships that have supported our aims under Pillar 1 of this strategy. These fall under the following categories:

1. Livelihoods, living income and living wage

Living income reference price in cocoa

In recognition of the impact of global inflation, in September 2022 Fairtrade International applied a corresponding inflation correction to the living income reference price (LIRP) for cocoa grown in Ghana and Côte d'Ivoire: a preliminary adjustment of the prices that would allow cocoa farmers to continue to invest in their farms and afford a decent standard of living. Our voluntary LIRP-paying partners Tony's Chocolonely and Ben & Jerry's (among others) rose to the challenge, in recognition of the fact that it is more important than ever to pay a higher price for cocoa so that cocoa farmers can experience decent livelihoods.

Livelihoods and Ecosystem Advancement Programme (LEAP)

In April 2022, we launched the [Livelihood Ecosystem Advancement Programme](#) (LEAP). This ground-breaking programme is a partnership between Fairtrade, Ecookim, Mars and the Finnish Ministry of Foreign Affairs (MFA), to enable cocoa farmers to reach a living income. We are working with more than 5,000 farmers from four cooperatives and our ambition is for 70 percent of the participating farmers to reach a living income by 2030. The innovation focus of LEAP includes:

- Grouping together programme activities, and tailoring approaches and living income growth streams to meet the unique needs of different farmer segments.
- Co-operative strengthening with expanded capacity, business sustainability and improved service delivery provision (i.e. training/coaching, governance, access to inputs, market access) to provide members with support needed to thrive.
- Diversified household income, with both on-farm and off-farm activities, specifically focusing on women's entrepreneurship and market-linked supply chain development.
- Expanded access to affordable finance through digital banking, a revolving micro-finance facility and introduction of village savings and loan associations.

Programme inception began in October 2022 and concludes at the end of March 2023. During this phase, we have established the operations for the programme, opened an office and hired a team. We have initiated studies on access to finance, income diversification and cooperative strengthening to deepen our knowledge on farmer needs and inform our implementation phase. We have also commissioned a baseline assessment, both to get a snapshot of what farmers are doing now and also as a means of measuring our future progress. From April 2023 onwards we will be moving to the implementation phase and utilising the findings from the studies to develop specific activities together with our programme partners.

Vanilla Living Income Accelerator

The Living Income Accelerator (LIA) is a portfolio of programmes led by Ben & Jerry's and some of its partners, and managed by the Fairtrade Foundation in partnership with Sustainable Food Lab. The work spans almost a decade across multiple commodities, and at present, the LIA works to strengthen smallholder farmers within the cocoa and vanilla supply chains by working together to achieve sustainable crop yields, improve farm efficiency and accelerate smallholder farmers' journeys towards achieving a living income.

In 2022 Ben & Jerry's, with match funding from the Ministry of Foreign Affairs Finland (MFA), launched the vanilla LIA. Fairtrade, together with industry partners, launched a co-operative strengthening and resilience programme in Madagascar that will work with five co-operatives of smallholder vanilla farmers to address productivity, value addition and strengthening co-operative business capacity. Madagascar is the largest producer of vanilla beans in the world, but vanilla is a very challenging market for farmers. At a moment where there is currently oversupply of vanilla, the project focuses on interventions that can support farmers' livelihoods.

Sustainable Livelihoods Landscape Study

The Fairtrade Foundation's research partnership with Mondelēz International continued in 2022, with the second phase of the Sustainable Livelihoods Landscape Study. The goal of this research is to inform and influence strategies for more co-ordinated implementation and design of sustainable livelihoods initiatives (across industry and non-industry stakeholders) for cocoa-farming communities in Ghana and Côte d'Ivoire. We aim to amplify the perspectives of a more diverse range of cocoa farmers and workers. After completion of the primary research in 2021, the focus in 2022 was on the writing, review and design of the research report. The final report will be published in 2023.

Living Income Verification

This project is looking to verify the living income differential payments made to cocoa farmers in Côte D'Ivoire, as part of the wider work to move farmers towards achieving a living income.

2. Climate mitigation and climate resilience

Renewable Energy Expansion Programme – GIZ

For many people globally, electricity remains unaffordable. Across sub-Saharan Africa, over half of the population have no access to light and power, with rural communities far more likely to go without. With funding from GIZ, the German Agency for International Cooperation, and in partnership with Fairtrade Africa and Practical Action, we implemented a project designed to bring access to clean, solar energy to coffee farmers in rural Uganda. Following the successful implementation of this project, we expanded the scope in 2022.

While previous activities have focused on western Uganda, the Expansion Phase integrates three new geographies: eastern Uganda, Tanzania and Rwanda. A rapid scoping exercise was conducted in these geographies to understand the green energy context and needs. Key findings and recommendations from these assessments have been integrated into the design of a new funding instrument, the Fairtrade Inclusive Energy Fund (IEF), to scale projects led by small-scale producer organisations aimed at increasing affordable access to clean and green energy solutions for their membership base. The IEF began in December 2022 and will close in 2023.

Climate Change and Organisational Strengthening Programme

Our programme with Mondelēz International on climate change, income diversification and organisational strengthening, working with cocoa farmers in Ghana, completed its third and final year of implementation in 2022. During 2022, this grant enabled us to continue our work with nine Cocoa Life unions with a membership of 22,500 farmers, to ensure their livelihoods are protected and become more resilient to climate change. The project included:

- Support for the unions with enterprise development, including additional income-generating activities to supplement income from cocoa farming.
- Training and support on governance and leadership skills, to continue to strengthen management of unions as they mature.
- Development of climate adaptation plans, identifying the most immediate threats and mitigation measures communities need to put in place to reduce their vulnerability to climate change impacts, which are significant in this part of west Africa.

Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA)

The Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA) is a programme established to support farmers to build resilience to the severe effects of climate change in East Africa. FACSCA is supported by the Co-op and runs from 2021 to 2023. The programme has shown strong impacts to date with farmers and workers across 12 flower, coffee and tea producer organisations. It has four core workstreams: organisational strengthening, natural resource usage, productivity enhancement and income diversification.

In 2022, the major focus of the programme was: to generate climate change awareness among farmers and workers; promote and build capacity on the use of sustainable agricultural practices (such as reforestation, soil and water conservation, and rainwater harvesting); share information on green energy solutions and how they can be accessed; and initiate income diversification and value addition activities. More than 1,400 farmers across tea, coffee and flower cooperatives were trained on climate change awareness and reducing environmental impact.

In 2023, the programme will build on these activities and intensify work on the adoption of agro-ecological farming practices such as agroforestry and organic farming, the uptake of cookstoves and reforestation, and the distribution of solar energy and LPG (liquified petroleum gas) kits. The programme will phase out in December 2023.

During 2022, representatives from Fairtrade and Co-op visited the Mutira co-operative in Kenya, where Co-op heard more from coffee, tea and flower growers about the impact of FACSCA in its first year.

'The FACSCA project has supported me through knowledge. Knowledge is power... Before the Fairtrade project came in, we were very low... But now, after the project, I learnt I have to take initiative to protect the environment. It is my responsibility not only to take care of the environment but also to educate others. I want to be among the best climatic change educators in the world – not just in the area.'

Daniel Kutondo— flower worker at Rainforest, Kenya

3. Gender

Waterloo Foundation

With funding from the Waterloo Foundation, Fairtrade Foundation is partnering with Fairtrade Africa and CAMFED (the Campaign for Female Education) to support six women-led producer organisations in northern Ghana to become Fairtrade certified and access new markets, enabling 700 women shea producers to increase their incomes. Shea butter is a key ingredient in many beauty and skincare products. As such, this project has been instrumental in catalysing Fairtrade Foundation's wider work to engage brands and shoppers with responsible business and ethical approaches across the cosmetics industry, ultimately championing many more women outside of Ghana.

Women's School of Leadership – Cocoa

Since 2017, Co-op has funded the Women's School of Leadership in Côte d'Ivoire, a project to ultimately train and mentor more women into leadership roles within their cocoa co-operatives and communities. Co-op is a long term supporter of this successful project, which has been scaling over time, and it will continue to contribute funds until 2025 alongside Max Havelaar France and AFD (the French development agency) in Europe. The Women's School of Leadership has benefitted hundreds of women, supporting them to gain their share of family land, electing women to committee positions, training women as ambassadors in their communities and supporting them to provide training on gender equality in their co-operatives – among many other positive impacts to date.

Income Diversification for Women

In the second half of 2022, Fairtrade launched a new phase of the income diversification work taking place in four cocoa co-operatives in Côte d'Ivoire. With funding from Ben & Jerry's, Sustainable Food Lab and the Ministry of Foreign Affairs Finland (MFA), the project focuses on supporting women farmers in Côte d'Ivoire to expand their existing businesses selling cassava and eggs to the local markets, in order to diversify their income and not rely only on cocoa sales. The businesses started trading during 2022, and this new phase of the project will focus on improving the businesses and making them more environmentally friendly.

Dignity for All Programme – the Fairtrade Flowers Gender Empowerment Project, 2018-2022

The Fairtrade Flowers Gender Empowerment Project was an initiative that set out to provide education programmes and mentorship to women working in the Ethiopian flower industry, running from 2018 to 2022. Aldi UK and the Ministry of Foreign Affairs Finland (MFA) both funded the project, which ran across six Fairtrade certified flower farms in Ethiopia with the goals of empowering workers, improving labour relations among employers, workers and labour unions, and ensuring a sustainable livelihood for workers in the sector.

Key activities of the project included the Women's School of Leadership for flower workers, which delivered training in subjects such as workers' rights and gender equality, and has worked with trade unions to advocate for fairer wages. Workers and management also received training on labour laws, collective bargaining skills, occupational health and safety, social dialogue, conflict resolution strategies, disability inclusiveness, environmental protection, and advocacy for registration on Fairtrade Premium committees.

Over the past four years, more than 19,000 workers across six farms have been reached through the project, which has established gender committees, developed gender and inclusion policies, and introduced grievance handling procedures at each of the participating farms. By the time the project ended in 2022, it had produced several key outcomes:

- 19,000 workers benefitted.

- All six farms adopted grievance handling procedures.
- 82 percent of participants satisfied with resolution of a reported issue.
- 168 people received workers' rights, gender and conflict management training.
- 67 percent of participants satisfied with their work because the farm improved workers' rights.

Improved Workers' Rights in Ethiopian Flowers Project, 2022-2025

2022 saw the launch of the second phase of a wider programme of support for the Ethiopian flower sector. The new initiative – the Fairtrade Improved Workers' Rights in Ethiopian Flowers Project – sets out to enhance the representation of women in management structures and on worker committees, improve labour relations, improve worker health and safety and the working environment, and increase women's literacy through savings schemes and better access to finance.

Aldi UK and the Ministry of Foreign Affairs Finland have invested in the project, with Aldi contributing £200,000 of funding. It will run from 2022-2025 across seven Fairtrade certified flower farms in Ethiopia. Key activities include: establishing working partnerships with trade union officials and the ILO (International Labour Organization); sharing learning and knowledge to promote workers' rights and collective bargaining agreements; and supporting enhanced inclusion of women, young adults and vulnerable persons at the workplace. Across the duration of the project, more than 19,000 workers across seven farms will participate.

This scope of work falls under the DONUTs programme – Dignified Opportunities Nurtured Through Trade and Sustainability – a Development Cooperation Programme funded by the Ministry for Foreign Affairs Finland, with support from national Fairtrade organisations (including Fairtrade Foundation) and commercial partners.

Fairtrade commodities

When shoppers buy Fairtrade, they create business demand so that producer organisations can benefit from increased sales under Fairtrade terms, meaning they have the investment to stay certified and maintain the rigorous Fairtrade Standards. Fairtrade exists to improve people's livelihoods and we regularly review our Standards, including commodity pricing, to ensure living incomes and living wages remain a priority.

Bananas

Bananas remain among the most produced, traded and consumed fruits globally. Bananas are of major economic importance and bananas consumed locally to where they're grown play a major role in terms of food security. They are also an essential source of income and employment for many households in low-income countries. Fairtrade works with both small-scale farms and plantations in bananas – supporting more than 35,000 farmers and workers to receive a decent price and a decent wage for their work and produce.

Ensuring a living wage for banana workers remains one of the most pressing and unresolved challenges for the banana sector. Workers already benefit through better working conditions and Fairtrade Premium projects, but at Fairtrade we strive to go further to ensure living wages for all workers on Fairtrade certified plantations.

Throughout 2022, Fairtrade has continued to closely align with The Sustainable Trade Initiative (IDH), to work together to accelerate progress towards enabling living wages and incomes in food supply chains. In 2022 IDH and the Fairtrade Foundation collaborated on cocoa, bananas and flowers, and we will continue to work together to identify priority actions in the UK context to drive action towards fair economic conditions.

Fairtrade reviews its Minimum Price for bananas annually, in consultation with producers and traders. In 2022, the Fairtrade Minimum Price review for bananas represented an average of 4.5 percent increase at farm level, plus an average extra 15 percent increase for producers who export their bananas directly, to cover higher export and packing costs.

Producers have faced soaring costs, following those in 2021, and they increased exponentially in 2022. Data collected by Fairtrade from Fairtrade-certified banana farms and verified by technical experts revealed that fertiliser costs increased by 70 percent; fuel by 39 percent, pallets and plastic packaging up by more than 20 percent. The price of other inputs and services (labour, carton boxes, inland freight and port charges) all rose as well. The review of, and increase in, the Fairtrade Minimum Price was carried out in an effort to support and protect farmers from these challenging costs.

2022 has seen the ongoing and successful roll out of the [Productivity Improvement Programme](#) (PIP) run by CLAC, Fairtrade's network of small producers and workers in Latin America and the Caribbean. PIP has been supporting small-scale banana producers to restore the health of depleted soils and, therefore, increase the fertility and productive potential of their farms. This programme is ever the more important as farmers continue to face challenges posed by climate change, which threaten their crops and place pressure on productivity and use of resources.

In 2022, Phase II of the PIP has been funded by the Co-op and Fyffes, with activities being implemented in Colombia. Productivity and income in PIP farms have shown, on average, 36 percent higher productivity and income compared to non-PIP farms. Fairtrade accompanied Co-op and Fyffes on a due diligence visit to three co-operatives in Colombia involved in the PIP project and the positive results on improving soil health, productivity, incomes and reducing greenhouse gases and water usage were clearly communicated by the farmers themselves. Co-op also confirmed investment in another year of the Productivity Improvement Programme in its banana supply chain, supporting smallholder farmers to improve their productivity and incomes, whilst protecting their local environments.

In 2022 our Monitoring, Evaluation and Learning (MEL) team worked on a new research study to understand how Fairtrade Premium can play a crucial role in reducing the pressure on wages by supporting the basic needs that are the components in a living wage (food, clothing, shelter, healthcare, education, transport to work and a little extra for unforeseen circumstances), and in generating the enabling environment needed to make living wages effective in improving livelihoods for workers in banana supply chains in Ghana and Colombia. We presented the findings to the major UK retailers in November 2022 and the full report will be published in early 2023.

'The PIP programme, with its bio products, helps us mitigate issues generated within the farm. I assure you that... by using the PIP product, we will greatly increase production. Today my production is higher, the control of leaf diseases is better, I have a better stability inside my farm.'

Banana farmer Albeiro Cantillo (known as 'Foncho'), Coobafrio, Colombia

Cocoa

To deepen our impact for farmers and strengthen sustainable supply chains around the world, Fairtrade updated its Cocoa Standard in December 2022 – with a reinforced focus on human rights, traceability, living incomes and the fight against deforestation. The changes reflect Fairtrade's continuing commitment to progress on the shared goals of producers, businesses and consumers in preventing child labour and fighting deforestation. It also reflects our dedication to strengthening Fairtrade's mission to promote farmers' right to enjoy decent livelihoods and to enable them to be leaders of a fairer, more sustainable future for all.

2022 saw significant expansion in Fairtrade's work on cocoa. Building on the longstanding partnership between Fairtrade and Mars, we launched an innovative three-way partnership with Mars and Ecookim (a collection of cocoa farming cooperatives from Côte d'Ivoire), to support 5,000 farmers on a path towards a sustainable living income by 2030. (See 'Livelihoods Ecosystem Advancement Programme', page 9).

Our partnership with Mondelēz International in Ghana continued, with the third year of the Climate Change and Organisational Strengthening programme delivering targeted climate change training for more than 5,000 farmers by 2022, as well as supporting cocoa unions to deliver services and income diversification projects to their members. 2023 will mark the launch of the second phase of this programme and the publication of the second phase of the Sustainable Livelihoods Landscape study, which aims to contribute to the debate around how to help cocoa farmers achieve a sustainable livelihood.

Meanwhile, Tony's Chocolonely and Ben & Jerry's joined forces, coming together under Tony's Open Chain sourcing model on cocoa, with a joint mission to pioneer a new model of cocoa bean sourcing which strengthens work towards ending modern slavery in cocoa farming. They launched new Fairtrade products under the collaboration in 2022 (see page 22 below).

In June 2022, Fairtrade Foundation led a Monitoring, Evaluation and Learning (MEL) working group with partners including Ben & Jerry's, Fairtrade International and Tony's Chocolonely, among others. This group met for a two-day workshop in Zurich and is working to align on key indicators to measure living incomes and to streamline data collection. Having so many Fairtrade partners working together on MEL signals an innovative collaboration in the cocoa sector, and we are excited to continue to lead the work in 2023.

In 2022 our partner Waitrose & Partners visited a Fairtrade cocoa farm, ABOCFA, in Ghana's Eastern Region. It is the only organic and Fairtrade dual certified cocoa co-operative in Ghana. ABOCFA has more than 1,000 members and during the visit, co-operative management and staff spoke of the many projects they have invested in through their Fairtrade certification: including on productivity, gender, youth, child labour monitoring and remediation, sustainable livelihoods, education and infrastructure.

Coffee

Coffee is a popular product and a highly valuable commodity supported by a vast global industry, with a retail value of over \$100 billion. Recent years have seen a growing interest in sustainability solutions in the coffee sector: however, in many regions farmers see little value from coffee and bear most of the risk. Smallholders produce 75 percent of the world's coffee: but despite producing significant volumes, they have little negotiating power in coffee supply chains. Meanwhile the climate crisis poses a monumental threat to coffee producers and is deepening poverty and inequality. Fairtrade continues to support producers to face these threats.

In 2021, 9 percent of the world's coffee production was grown on Fairtrade terms. A study conducted by Fairtrade Germany in 2022 has shown that the Fairtrade Minimum Price and the Premium represent a crucial safety net for farmers, their small producer organisations and, eventually, also their communities. In times of crisis, it becomes evident that Fairtrade enhances farmers' economic resilience and supports them in continuing their profession in challenging times. The research also established that Fairtrade plays a pivotal role to mobilise actors and funds, and to raise awareness on the effects of climate change at the beginning of the value chain.

Coffee prices in 2022 were high, but stakeholder consultations have made clear that farmers are not feeling as much benefit from these high prices since the costs of farm inputs, everyday items and transport have increased dramatically. In 2022, Fairtrade International announced Living Income Reference Prices for three new coffee origins: Indonesia, Honduras and Uganda. A living income reference price is the price a typical farmer household with a viable farm size and a sustainable productivity level needs in order to earn a living income from the sales of their crop.

Fairtrade Producer Networks support market access and the development of high-quality coffees through various initiatives, including the Golden Cup competition. The Golden Cup competition encourages producers to improve the quality of their coffee, while offering them an opportunity to strike up business contacts with potential buyers and make new deals. The goal of the event is to promote high-quality coffee produced by Fairtrade-certified cooperatives across the world: this year's activity was carried out in 15 countries. Many entrants to the 2022 competitions had high cupping scores, as set by the Speciality Coffee Association. The Fairtrade Foundation offers partners samples from the competitions in order to support producer sales.

Cotton

Cotton farmers in lower income countries often live in hardship. As many as a 100 million rural households – 90 percent of them in lower income countries – are directly engaged in cotton production, relying on it for their income. For farmers, the challenges range from the impact of climate change and poor prices for seed cotton, through to competition from highly subsidised producers in rich countries and poor terms of trade. Through tools like the Fairtrade Minimum Price, an additional Fairtrade Premium and stronger, more democratic organisations, Fairtrade has sought to provide these farmers with an alternative route to trade and higher, more stable incomes.

2022 saw an increase in the price of cotton due to low yields, supply chain issues arising from the pandemic, and higher energy and shipping costs. In 2022, building on existing work with cotton farmers, Fairtrade implemented a GIZ-funded project designed to build and support resilience amongst the 50 thousand certified farmers in India. Over the course of 18 months in collaboration with technical experts CRY and WOTR, Fairtrade developed and delivered learning resources and training sessions for farmers in regenerative agriculture and soil management, and human, health and environmental rights.

The project also funded further research into the carbon footprint of Fairtrade and climate recommendations, which will allow farmers to trial recommended good environmental and agricultural farming practices to help mitigate and adapt to climate change. Training materials are to be made accessible to all certified farmers following the project closure.

Flowers

Fairtrade Foundation's campaigns team has been mobilising campaigners to promote the new Fairtrade florist scheme to allow independent florists to incorporate Fairtrade flowers in their offering. We are also supporting the recommendations from the Building Resilience in Flower Supply Chains project, which have evolved into the beginnings of a new multi-stakeholder initiative that will work to tackle the sustainability challenges facing the flower sector.

The first phase of the Flowers and Plants Standard review took place in November 2022. A total of 193 stakeholders participated in the consultation through a survey, workshops in Kenya, Ethiopia, Uganda, and Ecuador, or via a webinar for commercial partners. Feedback on 35 proposals was received and the Standard Committee agreed to the suggested changes in November 2022. The changes in the Standard will be published in August 2023. Some highlights of the new requirements include:

- Fairtrade Premium: mandatory reporting of Fairtrade Premium on Flower Platform; external audits for Fairtrade Premium expenditure that exceed \$50,000 per year; Premium funds must be allocated with at least one long-term project.
- Labour conditions: procedures and training against sexual misconduct and gender-based violence must be in place; mandatory wage reporting.
- Environment and water use: mandatory carbon footprint estimation and identification of opportunities for improvement; identification and recording of environmental risks of climate change and resilience and

identification of steps towards addressing them; mandatory water management plan to ensure responsible use of the resource.

Fairtrade will implement a new floor wage for workers on Fairtrade certified flower farms from April 2023. During a review of the Fairtrade Standard for Flowers and Plants, which took place in 2016-17, a new clause was introduced requiring companies to ensure that base wages paid do not fall below the global poverty line of \$1.90/day set by the World Bank (WB). The WB updated the global poverty lines to \$2.15/day in September 2022. The figures stated only include inflation up to the end of 2022. Farms will have to follow inflation in their country very closely in 2023 to adjust their wages during the year to cost of living increases.

In 2022 Co-op, the largest retailer of Fairtrade flowers, expanded its impressive range by launching the first-ever Fairtrade Ecuadorian roses on UK retail shelves – in their Serenity Bouquet, sourced from Qualisa Flowers. These beautiful blooms are the first time Fairtrade roses from Ecuador have been available in UK retail. Qualisa Flowers have two farms located in the Cayambe Valley, just north of Ecuador's capital Quito, where the climactic conditions are excellent for flower production. Together, the farms make up nearly 30 hectares of greenhouses, specifically for rose production. Qualisa are committed to the wellbeing of all who work for them, specifically the health and safety of workers. Around half of their workers are women.

'The door was smaller before, now we women are more empowered. Trainings help us learn our rights, increase our understanding, how to give our opinion.'

Qualisa flower worker, Ecuador

Gold

The Fairtrade Gold Standard is one of the world's most recognised ethical standards for artisanal and small-scale mines, tackling unfair pay and dangerous working conditions, and promoting environmental protection and health and safety.

Fairtrade, Valcambi, FairCapital and Fairphone continued their partnership in 2022 on the three-year programme funded by the European Partnership for Responsible Minerals. Worth £490,000, the programme is now working with three artisanal and small-scale mining organisations (ASMOs) in the Puno region of Peru.

This programme is supporting mine operators within the ASMOs to provide miners with the technical and financial skills needed to meet the mining standards and due diligence required to sell their gold to international markets on Fairtrade terms. Particular focus has been on promoting the participation of women in training, with a view to building leadership that allows them to influence decision-making. The programme also aims to ensure decent and safe working conditions for miners, as well as to explore how we can expand the market for Fairtrade certified gold, including through exploration of the electronics sector.

Tea

Due to low tea prices and poor wages, small-scale tea producers are often the most vulnerable in supply chains. Despite being vital to a lucrative global industry, many tea-growing communities are living in extreme poverty. Fairtrade sources from both small-scale farms and plantations with hired workers, and supports around 400,000 tea farmers and workers to receive a fair wage and decent working conditions. Fairtrade is working to establish better conditions and incomes for tea farmers through the Fairtrade Minimum Price, Fairtrade Premium, the Fairtrade Standards, and direct support to producers from Fairtrade Producer Network – local offices of Fairtrade

experts – in Africa, the Middle East, Asia and the Pacific. We want to see a future where tea farmers and workers can earn a decent livelihood, human rights are respected, and the environment is protected.

The Fairtrade Tea Standard was strengthened from April 2022 to include more detailed requirements to stop all forms of gender-based violence in producer organisations through a rights-based approach. Our Producer Networks provide regular training on gender equality and gender-based violence and run programmes specifically designed to encourage women's leadership and improve the lives of marginalised women. For example, the Gender Action Learning in Tea Farming Communities project in Kenya is working with two producer groups to support women and young people to build their business skills and increase access to finance. Their goal is to involve more women and young people in the running of producer organisations.

Even with the strengthened requirements, there is more work to be done in closing the gap to a living wage for tea workers in many origins. Specific local realities, and the fact that Fairtrade tea is only a very small portion of most tea estates' business, contribute to the challenge. Recognising the need for change across the whole tea sector, we continue to advocate with commercial partners, government, and civil society to ensure everyone plays their part in ensuring tea production is sustainable, respects workers' rights and enables a decent livelihood.

Sugar

Extreme weather events and climate impacts have continued to make life challenging for Fairtrade sugar producers and growers. For instance, flooding in southern Malawi destroyed both property and sugar cane crops, while sugar farmers in Fiji are still recovering from a series of disastrous cyclones in 2020 and 2021. Meanwhile, initial findings from an evaluation study carried out by Agricane Consulting International suggest that Fairtrade is 'driving positive change in the Mauritian sugar cane sector'.

Fairtrade sugarcane producers played a key role in Belize's adoption of a new National Child Labour Policy and Strategy, thanks to their own youth-inclusive initiatives, with Fairtrade's support. In 2022 Fairtrade also concluded carbon and water footprint studies in almost all Fairtrade sugar supply chains. These studies set out to assess how sugar producers contribute to, and are affected by climate change, and to enable Fairtrade sugar farmers and supply chain partners to design and build collaborative climate actions and follow-up projects to improve resilience to climate disasters.

Fairtrade partner Tate & Lyle, who took part in the assessment, said: 'We were ... pleased to participate in a study of the carbon footprint of our mill in Belize and the Fairtrade-certified smallholder cane farmers associations who supply it. The study provides a robust platform from which to work towards a lower carbon, more sustainable sugar industry.'

Wine

Wine producers across South Africa and South America face unique economic, social, and political challenges, such as unpredictable climate, gender inequality, poor health and safety and low wages. The Fairtrade Standards address these challenges, and the Fairtrade Premium supports wine growing communities to invest in education, healthcare and social projects.

The South African industry was hit hard by the Covid-19 pandemic and Fairtrade was instrumental in supporting wine producers during this period and in recovery. In 2022, Co-op made a commitment to switch all of the South African wine stocked in its range, across branded and own-label, to Fairtrade: a move that will support even more wine producers to receive a Minimum Price, experience decent working conditions, and continue to invest in the future of their business and communities.

Elsewhere in 2022, Fairtrade was a new category for the People's Choice Wine Awards, with this category seeing the biggest number of entries and demonstrating the recognition of Fairtrade wines on the market.

What we said we would do in 2022 – Pillar 2: Growth and innovation

Move from niche to mainstream and develop new sources of growth, including local Fairtrade, tailored solutions, partner segmentation and expansion into untapped markets.

High demand for Fairtrade products

As with the previous year, 2022 brought further economic challenges in the UK and further afield. While the recovery from the pandemic gathered pace, the cost-of-living crisis saw unprecedented levels of inflation hitting the UK, with a 40-year high recorded in October 2022 according to the UK's Office for National Statistics. As a result, UK consumers and businesses alike have felt the impact of rising prices, bringing a great deal of uncertainty and challenges to supply chains.

This wider market context is reflected in the sales figures Fairtrade gathers, although there have also been signs of continued hope, including the growth in sales volumes across relatively newer commodities in 2022. This is thanks to the strength of the Fairtrade brand, together with the commitment of our producers, commercial partners, supporters and staff.

- Fairtrade flowers continue to bloom, with 2022 sales volumes growing by 8 percent. This shows the ongoing strength of Fairtrade's brand and partnerships.
- Fairtrade gold sales volumes have risen again, this time by an impressive 24 percent in 2022, demonstrating growing demand for ethically sourced precious metals.
- It is encouraging to note that Fairtrade cocoa volumes also grew in 2022 (+5 percent), an increase driven by Maltesers, Mars FSI, Co-op FSI, Guylian and Tony's Chocoloney.
- We have seen growth in Fairtrade wine grapes, with sales up by 7 percent, largely due to Co-op's commitment to source 100% of own-brand and branded South African wine on Fairtrade terms.
- After a drop in coffee sales volumes in 2021 (a year that saw the third national lockdown), our UK coffee sales volumes have now recovered and grew by 3 percent in 2022. This growth is driven by continued recovery in the UK's out-of-home market, as cafes, hospitality venues and workplaces re-opened, and is also triggered by strong sales by UK retailers.
- In a mixed picture for the hot beverage sector, 2022 has brought a further drop in tea volumes sold (-3 percent), as sales of Fairtrade tea continued to mirror the national decline in sales of tea.
- Elsewhere there was a slight reduction (-4 percent) in UK sales volumes for Fairtrade bananas: this steady decline has been in play since the spikes of sales during the pandemic, with current figures now more in tune with pre-Covid sales volumes. We have also seen a fall in cane sugar sales (-5 percent).
- However, in cause for celebration, other Fairtrade commodities have demonstrated an encouraging upwards trend, with sales volumes of honey up by 19 percent, apples up by 38 percent, oranges up by 13 percent and quinoa up by 11 percent.
- Elsewhere, sales of Fairtrade rice have risen by a remarkable 107 percent, showing promising growth.

Unlocking the power of our brand

While Fairtrade remains the most recognised and trusted ethical certification in the market (Globescan, 2023), challenging market conditions driven by multiple factors – particularly the cost of living crisis – have affected the public's purchasing power and ability to prioritise sustainable and ethical purchasing over more pressing concerns. Active choice of Fairtrade – those who say they 'always' or 'often' purchase Fairtrade products – tracked at an average of 26 percent in 2022. While this has increased from 23 percent in 2017, it has dropped off from the 29 percent figure average in 2021 (Kantar Profiles, 2022). Altogether, 77 percent say they 'sometimes', 'often' or 'always' buy a Fairtrade product over a non-Fairtrade product (Kantar Profiles, 2022).

Awareness of the FAIRTRADE Mark remains strong with almost 9 in 10 (89 percent) of people having seen the symbol. Similarly, those who say they care about Fairtrade performs well at 76 percent, along with trust in the FAIRTRADE Mark consistently very strong at 79 percent (Kantar Profiles, 2022).

Our 2022 Brand Transition project saw a significant amount of work to develop our brand for further growth. In accordance with Fairtrade's global strategy, the Fairtrade Foundation adopted the new global branding, 'The Future is Fair', to embed our purpose clearly into our brand and to position our work toward a more optimistic and relevant future. Adopting a global brand will enable more effective cross-market external work in future, such as global or multi-market campaigns, and will enable Fairtrade to utilise our global presence to appear as a single, unified and powerful brand.

The impact of Fairtrade sourcing

As well as our price structure, Fairtrade is the only sustainability standard that guarantees a fixed Premium. This is an extra sum of money on top of sales (for example, for bananas it is generated per banana sold). The Premium goes directly to producer organisations and enables farmers and workers to invest in projects of their choice. In 2022 sales of Fairtrade products in the UK generated approximately £30m in Fairtrade Premium for producers to invest in business and community projects of their choice - more important than ever given the global cost of living crisis.

Over the past 25 years, businesses have invested more than €1 billion in Fairtrade Premium globally. Premium investments have included low-interest loans, subsidised medical care, scholarships, cash payments, environmental projects, quality and productivity measures. Fairtrade certified organisations make a plan for how to invest the Premium, which is approved by a democratic system and this is checked during audits. This investment, supplemented by training and support carried out by the three Producer Networks, strengthens the resilience of producer organisations in businesses' supply chains.

To demonstrate the impact of Fairtrade and deliver greater transparency for all our Fairtrade licensees, our MEL team and Supply Chain teams produce reports and projects for business partners who source Fairtrade. These show a breakdown of customers' Fairtrade volumes and products, and information on their supply chains to demonstrate how their purchases build resilience for producer organisations. This year we've worked on more than 50 impact projects for our partners. With data insights and eye-catching visualisations, the packages we provide demonstrate the impact of partner sourcing, as well as highlighting their important commitments to Fairtrade. We have also produced detailed impact reports for our retail partners and licensees to showcase the impact of the commitments to Fairtrade, including data on volumes, Premium generation, and use and supply chain data.

The Fairtrade Foundation Marketing team have also provided information and communications materials for particular licensees to use in their own communications, including a mixture of supply chain data, social media assets and case studies. This was used throughout 2022 to show the impact of their Fairtrade sourcing commitments for producers. We also gathered content for four retailer reports, which show enhanced insights into the impact of Fairtrade sourcing.

Over 2022, we continued our popular Fair Focus webinars to enable a greater understanding of ethical sourcing and deliver interesting, topical discussions, with our Fairtrade farmers and many of our partners speaking on panels. These events were open to the public in 2022 and hundreds of attendees signed up, including activists, academics and representatives from a wide range of businesses.

Customer experience

To improve our customer experience further, in 2022 the Fairtrade Foundation Business Engagement team engaged in various customer improvement projects and mapped out efficiencies that could be made throughout the customer journey, to improve operational excellence, efficiency and enhance satisfaction across the system. For example, as part of our new growth plan, the team implemented the option for smaller customers to report on an annual basis, which has been requested by businesses in the past and minimises the administrative burden of working with Fairtrade.

Furthermore, the Business Engagement team has successfully implemented an improved and streamlined product registration for Gold licensees, and has updated guides and external 'how to' documents in line with the new brand architecture. The team has also worked to engage with key partners on their customer experience and ways in which we can work differently with B2B (business to business) partners.

Key successes: new business and strategic partnerships

In 2022, the Fairtrade Foundation welcomed new sourcing commitments and promoted our 'scaled offer to business', generating more interest in our programmes and expertise services. Confirmed new business in 2022 included commitments from retailers and brand conversions. For example:

- Ben & Jerry's continued to excite their fans by launching new Fairtrade ice creams in the UK, such as its new Sundaes range, which included Hazel-nuttin' but Chocolate and Non-Dairy Berry Revolutionary. The launch coincided with Fairtrade Fortnight, which saw Point of Sale activity with fellow Fairtrade partner Co-op.
- Fairtrade also supported exciting partnerships between some of our key Fairtrade partners globally. As mentioned earlier, in 2022 Ben & Jerry's joined Tony's Chocolonely's mission to pioneer a new model of cocoa bean sourcing which strengthens work towards ending modern slavery in cocoa farming. To celebrate this coming together of like-minded brands, they launched two new Fairtrade certified products inspired by each other. The Ben & Jerry's ice-cream flavours – Chocolatey Love A-Fair and Non-Dairy Chocolatey Love A-Fair – launched in the UK in August, ahead of all other markets.
- In May 2022, we celebrated a move by premium Belgian chocolate brand Guylian to convert 100 percent of its cocoa to Fairtrade.
- Green & Black's – the first Fairtrade chocolate brand – launched a new Fairtrade and organic dark chocolate range: Smooth. The organic 50 percent cocoa bars are made with exceptionally smooth, less bitter dark Fairtrade chocolate and feature a refreshing new Smooth Mint flavour.
- Divine's commitment to Fairtrade continues and in September, it launched two new products: the dark chocolate with mint bar, the perfect after-dinner sweet, and the chunky chocolate gift set, a chocolate lover's dream.
- Lidl GB continued its support for cocoa farmers in Côte d'Ivoire by making a commitment to source all cocoa for 100% of their own-label block chocolate as Fairtrade. This made Lidl the largest retail buyer of

Fairtrade certified cocoa through own-label products, selling more than 100 Fairtrade products throughout the year.

- Tony's Chocolonely grew its presence in the UK retail space, successfully launching into Morrisons, Tesco and ASDA in 2022.
- Greggs continued to roll out its 100% FSI (Fairtrade Sourced Ingredient) cocoa commitment, add seasonal hot drinks and products for Easter and Christmas, and promote Fairtrade far and wide in store and online.
- We also saw ongoing growth with new Fairtrade cocoa brands, with the conversion of Beech's and Mighty Fine throughout the course of the year.
- We continued to see retailers add to their Fairtrade tea ranges: for example, Sainsbury's launched new FSI products, such as their Flourish Energise Infusion.
- Co-op continue to be the largest seller of Fairtrade wine in the world. In 2022, Co-op made a commitment to switch all of the South African wine stocked in its range to Fairtrade, across branded and own-label, making them the first-ever retailer to make a 100% Fairtrade commitment to South African wine in store. This move will support even more wine producers to receive a Minimum Price, decent working conditions, and continue to invest in the future of their business and communities.
- In a year of many new launches, Co-op supported diversification of incomes by partnering with existing Fairtrade producers to unveil new product offerings. The Co-op launched the UK's first Fairtrade veg tray in a special stir-fry deal and the only retailer own-label olive oil on shelves in 2022. It also brought the first Fairtrade own-label vegan chocolate bar to shelves with its Gianduja GRO chocolate bar from Peru, which garnered high praise and a lot of press coverage.
- Honest Bowl became a partner, launching a range of Fairtrade Thai curry pastes and chilli sauces for the first time.
- Waitrose & Partners continue to expand its FSI cocoa commitment by working hard to convert more products across its own brand range. It also launched the exclusive WholeFruit bar, which took Fairtrade chocolate to another level. Unlike traditional bars which use only the derivatives of the cocoa seeds, WholeFruit uses the entire cacao fruit, providing a fruity, zesty taste and helping to reduce food waste.
- Going bananas for Fairtrade, Waitrose & Partner's Essential Fairtrade Bananas took top spot in its stores in 2022 as the most common item people buy, found in 7 percent of baskets.
- 2022 was a key year for Fairtrade promotion at Waitrose & Partners. The company was launched the Food to Feel Good About campaign in October with a TV, billboard and out-of-home media campaign promoting Fairtrade bananas, tea and hot chocolate. In addition to this, it has featured Fairtrade articles in its Waitrose Weekend and Food Mag throughout the year.
- Fairtrade Foundation set plans to grow within the cosmetics sector in 2022, coordinating a number of activities such as a dedicated Fair Focus webinar to help generate interest. There were a number of high profile conversions of cosmetics range. In January 2022, Amazon launched the first Fairtrade olive oil health and beauty products, supporting olive oil producers from Palestine, as part of its Amazon Aware range. Meanwhile Primark launched a new global partnership with Fairtrade. Products within Primark's Wellness contain Fairtrade olive oil and shea butter and are available in the UK and 13 other markets. Cosmetics will continue to be an area of focus for growth in 2023.
- In 2022 Lidl GB announced it would become the first UK retailer to convert all its cotton uniforms to Fairtrade. The uniform range is being rolled out across all stores, with a commitment to purchase 330,000

shirts, trousers, polo tops and chinos, and to be worn by the retailer's 22,000 store colleagues. This equates to a volume of 175 metric tonnes of Fairtrade certified cotton, benefitting farmers in India.

- M&S maintained its position as the largest UK retailer of Fairtrade tea and coffee in 2022, contributing over £1 million in Fairtrade Premium for coffee and tea producers. In 2022, M&S launched a number of new Fairtrade coffee products, including coffee bags. Fairtrade Foundation worked with M&S to update its interactive sourcing supply chain map for tea and coffee, which shows the number of producers, gender split and Premium within its supply chain, helping to grow transparency for consumers. Adding to the retailer's focus on transparency, M&S also included its Fairtrade Sourcing Impact Report on its corporate website, showing the Premium raised by M&S, along with producer case studies and a breakdown of how tea and coffee producers in its supply chain spent their Premium funds.
- Our coffee brand partnerships continued to demonstrate a strong commitment and growth: Bewleys launched its new Arabica line, while Löfbergs developed Co-op's Everground Whole Bean, Roast & Ground Coffee and tasty ready to drink latte range. Löfbergs also launched Percol's Fairtrade Coffee Bags into Tesco, as part of the trend for more convenient but quality brews. We look forward to seeing how this partnership moves forward.
- CRU Kafe continued to demonstrate its commitment to our partnership, and in March 2022, it launched its Colombian coffee bags: a convenient way to taste one of its best-selling single origin coffees. In September, it also launched its Papua New Guinea limited edition. And in November, representatives from CRU went on an origin trip to Honduras, where they were able to see first-hand the difference their investment with Fairtrade makes in those communities.
- Already a 100 percent Fairtrade coffee partner (with single origin coffee commitments across Fairtrade origins), Co-op expanded its 100 percent Fairtrade Everground brand range. This exciting new move included two roast and ground lines and two Ready to Drink cans. Another example of Co-op's extensive commitment to Fairtrade: from being the first retailer to switch all own-brand coffee to Fairtrade in 2003, to committing that whenever Co-op uses coffee as an ingredient, Fairtrade farmers will benefit since 2018.

This is just a snapshot of the new commitments in 2022. During the year we saw a range of other businesses signing up to source Fairtrade, including in cotton, gold, cosmetics and sugar.

Business relationships

As evidenced above, 2022 saw a number of new business relationships growing the volume of products sold on Fairtrade terms, both within existing core commodities as well as an expansion into newer markets.

In the second half of 2022, the Fairtrade Foundation recruited a new Partnership Development team, focused on prospecting and winning new business relationships. This team was recruited to allow dedicated capacity to growth outside of our existing partners, recognising the time and effort it takes to proactively build brand new partnerships.

The Partnership Development team will have a focus on sectors identified as high growth potential for Fairtrade, primarily focusing on sourcing opportunities but also exploring broader areas of income generation. Identified areas of focus include core commodities for which we see headroom or markets for growth, such as within the Out Of Home sector for coffee, or sectors the Foundation has not historically focussed resource behind, such as fashion or cosmetics.

What we said we would do in 2022 – Pillar 3:

Advocacy and citizen engagement

Leverage global presence to push for action on power imbalances in supply chains, inequality, human rights risks and climate change.

Our key successes

During 2022, an active programme of advocacy work has raised the position of Fairtrade farmers in critical areas of government policy, including climate change, trade policy, human rights and environmental legislation, and market regulation.

COP27

A joint delegation led by Fairtrade Africa (FTA), the Fairtrade Centre of Excellence for Climate and the Fairtrade International Climate Adviser made for a strong delegation at the COP27 summit in Egypt, in November 2022. The Fairtrade Foundation was represented at the global conference by its Head of Policy. While the COP27 outcome was frustrating in terms of high-level commitments on emissions and fossil fuels, there were some positive steps taken, including the agreement of provisions on food and agriculture, and the establishment of a loss and damage fund.

Working with the farmers' constituency, the Fairtrade movement secured greater access to negotiators than in the past, with a highlight being the FTA Chair's intervention in the main plenary. We actively lobbied several government delegations on agriculture and the inclusion of farmers in the decisions. Fairtrade made a step forward in our engagement and access to negotiators, and there is great potential to go further with this in future.

Over 20 side events at COP27 featured a Fairtrade speaker, while Fairtrade tea and coffee were on sale in the FAO (Food and Agriculture Organization of the UN) pavilion. Event highlights included a side event with a speech from former UN Secretary General Ban Ki-moon. The team found this very helpful for relationships with strategic partners such as the International Trade Centre (ITC), the FAO and others.

In all, the summit demonstrated the value of working together on advocacy as one Fairtrade movement, with producers, Producer Networks and national Fairtrade organisations operating in a collaborative team.

Building off the previous success of COP26, we launched a B2B Climate Network with the signatories of our business pledge letter, to ensure that the ambitions remained on top of the business agenda and to track progress against the aims, share learnings, and bring expertise and knowledge to businesses at the forefront of tackling the climate crisis.

Government relations

The Fairtrade Foundation welcomes the support of elected politicians, especially when working with our All Party Parliamentary Group (APPG). The Fairtrade APPG's Fairtrade Fortnight event in February 2022 attracted 56 MPs and Peers from across the main political parties, including 21 Conservatives.

Over the year we have seen two changes of Prime Minister and considerable turnover of ministers. As we approach elections in 2024, we have developed a 'Fairtrade manifesto' document with a summary of key points we would like to see taken forward with a future government.

We have continued to engage with the Department for International Trade, especially through a number of consultative working groups. In particular we have been encouraging the government to align trade policy more closely with the UK's climate goals, and to encourage investment in low-carbon food production.

Competition policy

Last year we contributed to a Competition and Markets Authority (CMA) consultation on sustainability and competition law, drawing on Fairtrade research from 2017-19. New guidance issued during the year recognises the importance of alignment of competition and sustainability policy, and is introducing guidance for business to counteract the 'chilling effect' of competition law fears. This is a significant development to which Fairtrade can claim to have contributed. It is also a reminder about the length of time that can be needed for significant policy change. As the CMA takes new interest in sustainability, it is also looking to police green claims more robustly. This is partly in order to ensure consumer protection, and also to inform decision-making on sustainability collaborations with competition implications.

Human Rights and Environmental Due Diligence (HREDD)

Following the publication of Fairtrade's updated Human Rights Commitment in June 2020, the Fairtrade Foundation has supported work across the Fairtrade system to strengthen our human rights effectiveness. We have also joined other civil society organisations in calling for effective and producer-focused HREDD legislation in the UK and EU. In the UK this has included responding to government consultations on anti-deforestation measures contained within the Environment Bill.

Moves in the UK and EU to bring forward anti-deforestation legislation, and new corporate responsibility regulations in the EU, demonstrate the importance of HREDD for our producers and partners. In our advocacy in support of HREDD, we have emphasised the importance of a producer-focused approach to new legislation, which ensures that the costs of compliance are not passed on to producers, but that appropriate financial and technical support is provided. We also met with Defra (the Department for Environment, Food and Rural Affairs) to discuss the secondary legislation proposals on the Environment Bill, which include important anti-deforestation measures in cocoa and coffee.

Global advocacy

The establishment of 'Centres of Excellence' for the global Fairtrade system in HREDD, climate change and advocacy has been a welcome development during the year. It is helping the system to move forward in a focused and coordinated way in these critical areas. The appointment of a Global Advocacy Director by Fairtrade International will also support stronger international coordination in this area, and in particular the strengthening of producer-led advocacy.

Campaigns

As active members of the Climate Coalition, alongside other NGOs we mobilised Fairtrade campaigners to engage their communities with the successful Great Big Green Week moment in September 2022. Campaigners were encouraged to run events to celebrate Great Big Green Week, and take the opportunity to link up with other local environmental and social justice campaign groups. More than 60 events led by Fairtrade campaigners took place.

Just prior to Great Big Green Week we launched our Community Declarations in support of climate justice, which aimed to demonstrate to MPs the scale of local support for global action on climate change. Initially, people were incentivised to sign-up by the offer of free pieces of seeded paper, made in the shape of the FAIRTRADE Mark. This served as an opportunity to refresh our Fairtrade and climate justice campaign.

Throughout COP27 in November 2022, Fairtrade supporters were encouraged to sign their Community Declaration to continue to put pressure on politicians to take meaningful action on climate justice and deliver on existing promises. These asks were coupled with updates from Fairtrade farmers' attending COP27, and supporters were invited to watch livestreamed and recorded events at the summit featuring Fairtrade farmers.

More than 15,000 people have now signed a Community Declaration across the UK, including at least one person in every Parliamentary constituency. These have been useful tools in supporting campaigners to have conversations with their MPs about Fairtrade and climate justice.

In addition, more than 20 MPs have met with Fairtrade campaigners in their area since Great Big Green Week 2022, with tangible results including MPs expressing interest in joining the Fairtrade All-Party Parliamentary Group and attending a series of local events.

A refresh of our Campaigning webpage has sought to make it easier for people to engage with Fairtrade in a campaigning context. This has included always having at least one active way to participate in Fairtrade campaigning at any point. Nearly 5,000 people signed up to campaign with Fairtrade Foundation in 2023.

Fairtrade Fortnight 2022

During Fairtrade Fortnight 2022, we built on the previous year's climate campaign to grow public visibility and understanding of the role Fairtrade plays in helping farmers overseas adapt to the climate crisis. The second year of the Fairtrade Foundation's Choose the World You Want festival saw continued high levels of engagement, including in the six headline virtual events run centrally by the Fairtrade Foundation and partners from across the commercial and charitable sectors.

Campaigners also took on the challenge to show more clearly the links between choosing Fairtrade and tackling the climate crisis, running over 600 events, initiatives and activities over Fairtrade Fortnight.

Thanks to a multi-faceted media and PR strategy, our press coverage for Fairtrade Fortnight grew by an impressive 40 percent on 2021, with 1,550 pieces of coverage and a total potential reach of 2.4 billion over the duration of the campaign. At the same time, 13 percent of people surveyed after the campaign said they had been aware of Fairtrade Fortnight. Of that number, 70 percent said they purchased Fairtrade certified products as a result of seeing or hearing about either Fairtrade or Fairtrade Fortnight.

Commercial partners engaged well with Fairtrade Fortnight 2022. For instance:

- A Fair Focus webinar for Fairtrade Fortnight, 'A business pledge for people and planet', featured speakers including the Head of Activism and Social Mission, Europe, at Ben & Jerry's and the Head of Ethics, Sustainability and Policy at the Co-op.
- Waitrose & Partners was one of our lead retail partners in Fairtrade Fortnight 2022, holding its own highly successful influencer event.
- Co-op had a successful Fairtrade Fortnight: 22 percent of people who saw the campaign overall encountered it through Co-op. The retailer's wine conversion in particular received much deserved press coverage, with promotions in store and online for consumers to enjoy.
- Another longstanding Fairtrade partner, Cafédirect, produced a Fairtrade Fortnight special edition of their Building Better Business podcast, discussing the 'climate of crisis for farmers.'
- Tony's Chocolonely also supported our campaign, hosting a Choco Quiz with Fairtrade, offering free chocolate, featuring us in their newsletter and doing social media posts. (They also actively engaged with Fairtrade in the advocacy space, speaking at our Climate Network in July).

A variety of other Fairtrade partners also got behind the Fairtrade Fortnight campaign in 2022, showing the breadth of support for our climate justice message.

Let's Make Fairtrade Flowers Bloom campaign

In 2022 we launched a new campaign that saw Fairtrade campaigners raising awareness of Fairtrade flowers in their communities and approaching local florists encouraging them to stock Fairtrade flowers.

More than 8,000 postcards have been shared with more than 1,000 supporters in all parts of the UK, to support them in opening conversations with local florists. A digital Facts, Figures and FAQ document acted as an online campaign pack: this supported supporters to have productive conversations, with both local businesses and local people, about the impact of choosing Fairtrade flowers.

Next generation of supporters

Our ongoing work with Fairtrade Schools means tens of thousands of children continue to learn about the need for Fairtrade in schools all across the UK. 2022 was a successful year for education and youth engagement with Fairtrade with our Fairtrade School website receiving more than 475,000 views and over 102,000 downloads of Fairtrade educational resources.

Fairtrade continues to draw much attention in the education sector; during 2022 we teamed up with educational resource giants, Twinkl and Widgeit, in creating bespoke Fairtrade resources. These platforms have enormous reach across schools and other education providers nationally and internationally. We were also commended by the Times Education Supplement (TES) for our excellent Fairtrade education resources; they published several of them on their website. (TES is a global education business connecting and supporting more than 13 million educators globally.)

As part of the Let's Go Zero coalition we have united with a powerful network of organisations – led by Ashden – with a strong track record of supporting schools and young people to take action on climate. The Let's Go Zero Campaign is now supported by more than 2,000 schools teaching 1 million students.

We have a strong partnership with SOS-UK, running the Fairtrade University and College Award, which gives recognition to institutions that have embedded ethical and sustainable practices through their curriculum, procurement, research and campaigns. SOS-UK is a student-led education charity focusing on sustainability across all forms of education, from early years to workplace learning. Through this partnership, we are working alongside 43 universities on the two-year Fairtrade programme.

Digital engagement

More than ever, digital channels are becoming the way to reach and grow supporters and consumers, and this is reflected in Fairtrade Foundation's 2022 activity. Throughout 2022 we leveraged new and existing digital channels to connect with audiences.

On our owned social media channels, we developed a range of visual content to support major campaigns, awareness days, new product launches and more. Our Fairtrade Fortnight launch day post, developed through pioneering new cross-functional ways of working, amassed a reach of more than 700,000, with 15,000 engagements. We also trialled the use of the WeAre8 platform, a social media community 'built upon the idea that collective change and daily actions can make the world a better place'. Video-first content is a marketing trend that is key to engaging digital audiences and the Fairtrade Foundation has increased its short-form, platform-optimised video content to reflect this.

Aside from the Fairtrade Foundation's owned channels, we also worked with a number of influencers – from bakers to climate activists – in order to connect authentically with digital audiences who we might not otherwise reach.

On our website we experienced a peak in traffic over Fairtrade Fortnight, with 90,000 unique visits to our Choose The World You Want Festival microsite. Website visitors enjoy consuming content about Fairtrade products, with our Christmas and Easter product blogs coming out on top in 2022.

Media relations

Over the year, the Fairtrade Foundation media team has continued to lead the organisation's news agenda, generate impactful media coverage, and build and protect Fairtrade's public profile and relevance to engage businesses, consumers and other stakeholders in our mission. Operating both proactively and reactively, the team has worked strategically across a range of print, broadcast and digital channels to raise the voices of producers, tell the Fairtrade story and highlight Fairtrade's unique value as a solution to supply chain issues such as low incomes, climate change and access to human rights.

Throughout 2022, the media team also supported Fairtrade commercial partners and brands to launch new category conversions, commitments and major programmes, in both the UK and international media outlets.

Despite a challenging external media context, it was a successful year in terms of media results. During 2022, there were approximately 11,000 pieces of news coverage (nationally and internationally), with a potential reach of 31.2 billion. This coverage had an advertising value equivalent of £227.3 million.

Key areas of media focus over the year included Fairtrade Fortnight, the COP27 climate summit and the cost-of-living crisis. For example, during Fairtrade Fortnight 2022, the team delivered a wide range of media and PR activities, alongside an agency. This included commissioning a giant grass painting of a Ghanaian Fairtrade cocoa farmer, producing farmer case studies, commissioning a consumer poll, holding a broadcast day, working with Patrons and Ambassadors, liaising with national and B2B outlets to place media stories, and supporting on key commercial announcements. As mentioned above, media coverage for Fairtrade Fortnight grew by an impressive 40 percent on 2021.

What we said we would do in 2022 – Pillar 4:

Digitisation for fairer supply chains

Invest in data and digital systems to provide full transparency and traceability that helps achieve fairer supply chains and demonstrates Fairtrade's impact.

Our key successes

We are part of a global task-force across the Fairtrade system to provide greater transparency and traceability for businesses, without affecting producers' ownership of data. Fairtrade International's Impact team aims to ensure data is more accessible and public. For example, it has introduced product [dashboards](#) with public, real-time, transparent information about Fairtrade supply chains.

Across Fairtrade, but being led by Fairtrade International, efforts are being made to build a fair and equitable access to data, to 'digitalise fairness' by leveraging the three Ts: traceability, transparency, and trade. As boardrooms and governments digitally speed ahead, we are working to ensure farmers, agricultural workers, and consumers are not left behind. An example of this is our partnership with Farmforce and Think!Data to create a digital solution for cocoa farmers in Côte d'Ivoire to ensure their co-operatives can own their data, whilst also using it to respond to market changes and increase market access.

Through our planned FairMarket strategy Fairtrade is working to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries.

Fairtrade's updated Fresh Fruit Standard, stipulating a base wage for banana workers, means wage data is now collected annually from banana hired labour organisations. Using the wage data provided by Fairtrade International, we completed bespoke analysis for three of the UK 100 percent Fairtrade banana retailers, detailing the current gaps in their own supply chains between actual wages paid and the living wage benchmarks set by Anker. The analysis identified the additional cost per box of bananas to support wages to the living wage benchmark and showed how Fairtrade Premium, paid directly as cash or vouchers to workers, can temporarily support wages up to a living wage when producers sell all of their bananas as Fairtrade.

FairVoice

FairVoice is a unique mixed methods solution for remote data collection, using digital channels to enable direct producer insights in a way that is convenient and accessible for producers. 2022 was an incredible year in the evolution of FairVoice. Through funding and collaboration between Max Havelaar Switzerland and Fairtrade Africa, we developed FairVoice Mobile Surveys, a quantitative offer through FairVoice to complement our existing qualitative Community Reporting model. Fairtrade secured funding to adapt and develop FairVoice to build new technical features needed to send surveys and manage data at the scale required for the new Mobile Survey approach. Fairtrade worked with a design and technology partner using an agile approach for the software development.

We ran pilot surveys in Kenya with coffee farmers exploring climate resilience, and in Ghana with banana workers asking questions on Fairtrade Premium in the context of living wages.

Our vision for FairVoice is to use technology to create greater connections for farmers and workers, ensuring they have a greater voice and influence within supply chains and in Fairtrade. This will enable commercial actors to have

a deeper understanding of producer needs in their supply chains and for producers' voices – and insights on the issues that affect them – to have greater visibility in sector discussions.

Internal data projects

As mentioned under Pillar 3, we offered more insight reporting to partners in 2022. In order to continue to deliver bespoke information and solutions for commercial partners, we carried out a series of projects aimed at streamlining and developing our systems and processes.

We continued to roll out our data project, Project Hubble, designed to better demonstrate the impact of working with Fairtrade to our priority partners, by delivering reports that help our customers gain better insight into their supply chains and demonstrate the value of choosing Fairtrade. The Project Hubble team have continued to innovate in data visualisation tools to share views and insights with customers, partners and supporters, such as collaborating with the IT team to build a dashboard for account managers to track volumes and Premium for licensees throughout the year. The UK also uses resources and tools from Fairtrade International and the auditors, FLOCERT, to further visualise and understand its supply chains, investments of the Fairtrade Premium and also volumes of key commodities from the global system.

To implement this strategy the Fairtrade Foundation has carried out a series of projects, from data cleansing historical data, to introducing a Salesforce CRM solution, to providing insights to different teams. In 2020, we put in place a new operating system to capture the different types of Fairtrade sales, to have better transparency of UK sales values and volumes. This is a more accurate system to keep track of the Fairtrade Premium that is generated by sales of Fairtrade products.

One of the tools used across the Fairtrade system is Fairlens, which was designed, developed and funded with support from the Fairtrade Foundation. Fairlens is a business intelligence service for the Fairtrade system, set up to provide National Fairtrade Organisations (NFOs), Producer Networks and Fairtrade International with information on how Fairtrade Premium is being spent and how that spend contributes to the UN's Sustainable Development Goals, as well as how it links to national markets.

During 2022 we completed a review and refresh of data protection policies and procedures across the Foundation, streamlining processes and ensuring best practice.

What we said we would do in 2022 – Pillar 5: A launchpad for the future

Transform the Fairtrade system into an agile organisation that embraces innovation, digitalisation and partnership.

Our key successes

Public engagement

The Fairtrade Foundation's Public Engagement directorate works to inspire and enable public supporters of Fairtrade to take action through a diverse range of channels and campaigns. The directorate (comprising Marketing and Brand, Creative, Campaigns and Communications) embraced innovation during 2022, particularly in the digital space.

This was evident during Fairtrade Fortnight, which saw us hosting a virtual festival – Choose the World You Want – for the second consecutive year. It featured free online events and activities designed to entertain, educate and inspire, all accessed via a bespoke festival website created by our Digital team. Public-facing events included a live YouTube film screening and Q&A on farmers fighting the climate crisis, featuring a Kenyan coffee farmer, as well as a 'meet the farmer' event hosted on Facebook, featuring a Ghanaian cocoa farmer and Peruvian coffee farmer. The festival gave us an opportunity to show how truly global we are, celebrating the 'One Fairtrade' culture, modelling a way to bring together diverse stories across the movement, and connecting consumers with the people behind their best-loved products.

Digitalisation has endless opportunities for connecting people around the world, and connecting producers with consumers. Over 2022, we ran a number of highly effective digital campaigns. For instance, in August for Banana Lover's Day we collaborated with an artist to create a striking portrait of a Peruvian Fairtrade banana farmer by using the unique technique of bruising the banana. This campaign included a captivating behind-the-scenes time-lapse reel of the art being developed, which was promoted on Facebook and Instagram to engage an audience of more than 1.2 million, to put Fairtrade banana farmers front and centre, and to drive purchase preference of Fairtrade bananas.

During the year, we also trialled the use of emerging digital channels, including a collaboration with WeARe8 – a new social media platform that aims to champion good causes and unite people in support of a better world.

Thanks to the hard work and enthusiasm of staff, volunteers, campaigners, businesses sourcing Fairtrade, partners and supporters of the Fairtrade Foundation, together in 2022 we made a huge impact on the public. We must acknowledge and thank our Patrons Adjoa Andoh, Nick Hewer and Allegra McEvedy, for their continued support for Fairtrade throughout the year, helping to drive awareness and reach among consumers, speaking to the media and amplifying our campaigns on social media. Our Ambassadors including Rosie Birkett, Melissa Hemsley, Harry Hill and Tom Hunt, also worked tirelessly to help build awareness of Fairtrade.

Partnerships

The Fairtrade Foundation continues to work to strengthen our commercial and civil society relationships to collaborate on new ways to maximise impact for the farmers and workers in our global movement. During 2022 we have engaged in a number of key partnerships with civil society organisations in the UK. This includes through our

membership of various sector-wide bodies, such as the Climate Coalition, the Ethical Trading Initiative and BOND, the international development network.

From a business perspective, our Commercial Partnerships team was renamed as the Responsible Business team in Q1 of 2022, to reflect the sustainability services we provide our key partners. The team worked hard across the year to protect existing commitments from businesses who source Fairtrade products, and to grow sales for new lines as well, as described above. Despite a challenging economic climate and market volatility, the team was able to maintain all existing commitments from our partners and we saw no major losses, de-listings, or moves away from Fairtrade. Moreover, our partnerships have deepened across the year to deliver on more impact for farmers and workers. The team is ensuring that, together with the wider organisation, we continue to provide expertise on responsible business practices to our commercial partners.

As mentioned elsewhere, the Fairtrade Foundation created a new Partnership Development team in 2022, dedicated to prospecting and winning new business relationships. Since its launch, one of the team's area of focus has been to explore new streams of income for Fairtrade outside of sourcing: for example, understanding the potential for sponsorship of key aspects of the Foundation's work or for corporate philanthropy. As part of its remit, the team has been tasked with exploring opportunities for sourcing growth among commodities not currently widely available in the UK market but sold as Fairtrade in other countries.

Climate justice

We believe there can be no climate justice without trade justice. In 2022 we entered the second year of the Fairtrade Foundation's climate justice campaign to raise awareness of Fairtrade's role in achieving both social and climate justice for farmers. Grounded in our insights into consumers' environmental concerns, the campaign aimed to motivate shoppers to buy Fairtrade by demonstrating the connection between fair prices – earned through Fairtrade – and climate resilience for the farmers who grow the food we love to eat.

The campaign ran throughout the year, peaking at Fairtrade Fortnight, Great Big Green Week and the COP27 climate summit. It saw us using a range of channels – both earned, owned and partner-led – to grow visibility and understanding amongst consumers and businesses of the critical role Fairtrade plays in supporting farming communities overseas to adapt to the climate crisis and build their resilience to its impacts in a sustainable way.

Our efforts have been bearing fruit: our latest consumer research (Kantar Profiles, 2022) shows that according to consumers' perceptions of different ethical certifications, Fairtrade performs very strongly on environmental action and gender justice. For instance, when it comes to 'supporting farmers to diversify their income to be more resilient to climate change and other risks', twice as many shoppers in Great Britain now associate this statement with the Fairtrade label as they do any other measured comparable certification scheme (Kantar Profiles, 2022).

Income diversification

Fairtrade Foundation's income comes from licence fee, expertise and programme investment, donor funding and public fundraised sources. Major brands and retailers continued to back Fairtrade as licensees in 2022 despite the impacts of Brexit, rising inflation and ongoing pandemic-related challenges, making impressive commitments to Fairtrade and the producers in their supply chains.

In recent years the Fairtrade Foundation has been successful in securing funding from institutional donors, foundations, and corporate partners – a notable achievement in a highly competitive funding environment marked by reduced donor budgets and increasing number of applicants.

Fairtrade's fundraising successes in the last two years lays the groundwork for programmes over the next few years, enabling us to scale progress for farmers and workers on a range of challenges including climate change, living incomes, living wages, decent work and women's empowerment. To meet these significant challenges and

deepen Fairtrade's impact, we continue to nurture relationships with our current donors and explore funding relationships with new organisations.

In 2022, we made the difficult decision to close our individual giving programme Live Fair, which launched in 2019. Against a new backdrop of challenging donation market conditions, rising costs and increased complexities of fulfilling the Live Fair product sample rewards, we successfully implemented a plan to migrate Live Fair donors to a new, simpler regular giving scheme.

The remaining income from other public donations comes from community fundraising (donations from Fairtrade Schools, places of worship, high net worth individuals, legacies and communities from Fairtrade Fortnight events) and other one-off individual donations.

Reconfiguration

2022 saw the Fairtrade Foundation begin a process of reconfiguration, looking at how Fairtrade can continue to make the best possible long-term contribution to ensuring decent livelihoods for smallholder farmers and workers. This included a review of our office footprint, with a view to downsizing our office facilities in 2023 to better serve our organisational needs and deliver more flexible ways of working, post-pandemic. In addition, the Fairtrade Foundation aimed to build a more resilient organisation which evolves with a rapidly changing world, as such organisational changes were implemented to streamline our work and enhance financial controls. Following a redundancy process, the Fairtrade Foundation was reduced by approximately 20 percent. The reorganisation, combined with further phases of transformation in the months ahead, aim to put the Fairtrade Foundation in the strongest possible position for the future, to continue delivering for the 1.9 million Fairtrade farmers and workers around the world. We remain deeply grateful to our staff, past and present, for their hard work, support, diligence, and patience during this process.

Equality, diversity, inclusion and belonging

Fairtrade is a global movement for change. We are led by the principles of partnership, integrity, respect and accountability. It is within this overarching mission and our guiding principles that we have been working on embedding active anti-racism into our day-to-day activities as an organisation and thinking about the wider work needed for change across the Fairtrade system and wider sector. In the UK, we are working across five different pillars to embed anti-racism in our activities. These pillars look at recruitment practices, procurement, staff culture, our public communications and our relationship with the Producer Networks.

We have engaged with external experts to facilitate discussions on racism in the wider sector and have developed and amended some of our communications guidance to ensure we are conscious and aware of the language we are using and its impact on the communities we work with. We have also developed a number of proposals to embed these pillars into organisational plans. As a global system we want to ensure that our work in this area is directed by the concerns of affected communities here in the UK and overseas. We are striving to undertake this work in a way that is useful and sensitive to farming communities, and we understand that these conversations cannot be rushed or pushed onto them.

We are on a learning journey as an organisation, and it is a step forward that the Fairtrade Foundation's Anti-Racism Steering Group is playing a convening and supporting role in drafting the organisational strategies that we need. The work of the group is being fully supported by the Board and Senior Leadership Team. But we also acknowledge that in order to fully embed anti-racism we must work across the Fairtrade system and collaboratively with experts throughout the sector. We will continue to push ahead in this area and look forward to building a long-term vision of anti-racist action both within the Foundation and the global Fairtrade system.

The Fairtrade Foundation continues to be a Living Wage employer and an equal opportunities employer, committed to attracting, appointing and retaining a diverse workforce at all levels of the organisation, and aims to

have a workforce representative of all sections of society. We are focusing on improving all aspects of the People Agenda, including Equality, Diversity, Inclusion and Belonging (EDIB).

Plans for 2023 and beyond

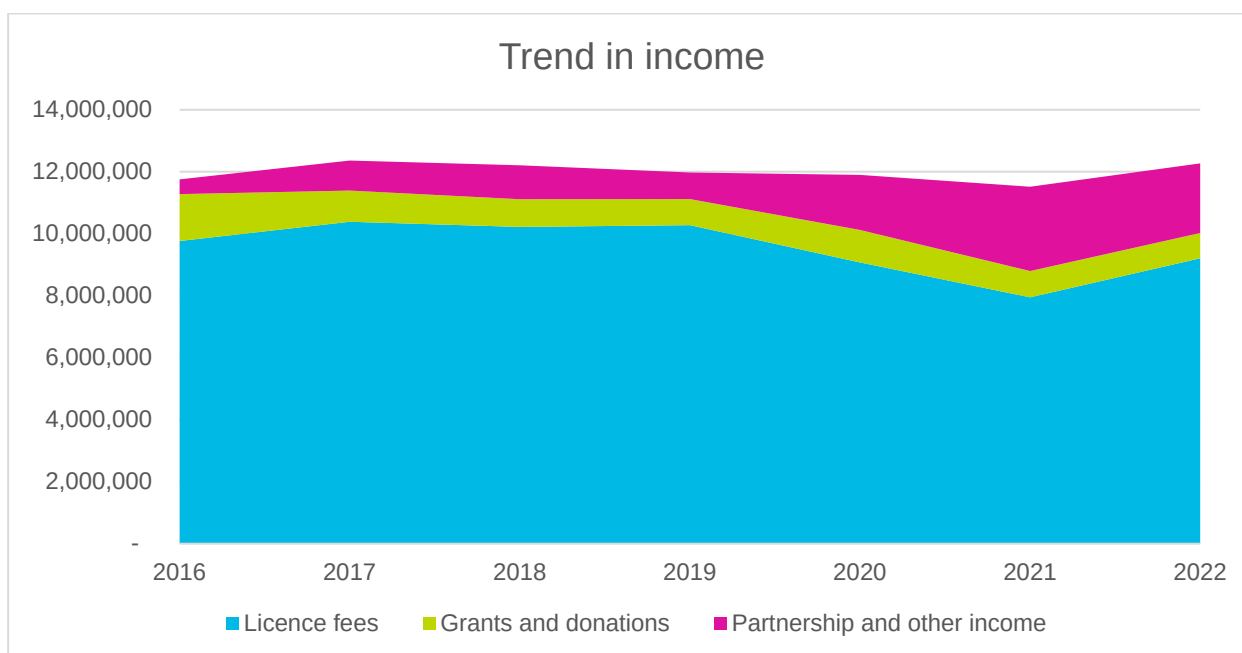
2023 marks the half-way point in our global five-year strategy, 'The Future is Fair' (2021-2025). In 2023 and beyond, Fairtrade farmers and workers will continue to be firmly at the heart of this strategy and its five pillars. As a result, our primary focus will remain on achieving decent and sustainable livelihoods. To do this, we will be at the vanguard of living incomes and wages, focusing on growing volumes of products sold on Fairtrade terms in the UK and delivering ambitious, innovative impact with our partners so that farmers and workers can build their resilience in our fast-changing, challenging world.

We will also lay the groundwork for the Fairtrade Foundation's 30th anniversary in 2024: a time for us to celebrate what has been achieved over the past three decades. It will also be an opportunity to reflect on what more needs to happen – in partnership with producers, businesses, governments and others – to make trade fair so that farmers and workers can truly thrive into the future.

Directors' report

Financial review

Financial performance



Overall there was a £292k surplus (2021: £97k deficit) on unrestricted funds and a small £40k surplus (2021: £21k surplus) on restricted funds, leading to a £332k surplus (2021: £76k deficit) in the year ended 31 December 2022. Movements in income and expenditure within that are explained below.

Total incoming resources in 2022 increased by eleven percent to £12.8 million from £11.5 million, with an increase in licence fee revenue (£1.8 million) and investment income (£12,000) offset by decreases in donations (£166,000), restricted grants (£34,000) and Partnership and other income (£315,000).

Licence fees continue to represent the majority of our total income (2022: 76 percent; 2021: 69 percent). Licence fee income increased significantly by twenty-two percent to £9.7 million (2021: £7.9 million) with the continued recovery of Out of Homes licensees sales following a challenging period during the pandemic and inflationary pressures increasing the prices of products in which our licence fees are calculated. Partnership and other income decreased by thirteen percent to £2.0 million (2021: £2.3 million) largely due to several COVID related programmes tapering off. Fundraised income from grants and donations decreased by sixteen percent to £1.0 million (2021: £1.2 million) with income from grants being relatively flat on 2021.

Total expenditure increased by 8% to £12.5 million (2021: £11.6 million) and comprised:

- An increase of £0.5 million on “Growth and innovation” due to a shift in our focus and efforts to grow income and volumes for producers through a growth strategy we deployed in the year.

- An increase of £0.1 million on “Advocacy and citizen engagement” due to an increase in our awareness raising efforts in the year.
- ‘An increase of £0.3 million in the amount spent on “Empowerment of farmers & workers”, largely due to an increase in our investment in our producer networks as a result of an increase in our licence fee income.
- A decrease of £36,000 in the amount spent on “Raising funds” largely due to a decision to reduce our efforts on public fundraising as we stopped our Live Fair box in June 2022 and to focus resource on delivering growth and impact for our producers.

Of the total expenditure, charitable expenditure represented 98 percent and the cost of raising funds was 2 percent (2021: 97 percent, 3 percent).

It should be noted 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 five percent to £6.8 million (2021: £6.5 million on the prior year. Restricted funds increased to £664,000 (2021: £624,000). Unrestricted funds increased 5% to £6.2 million (2021: £5.9 million). Included within unrestricted funds is £427,000 which the trustees have designated to a Fairtrade Future Fund to support strategic projects in developing and implementing our 2021 - 2025 strategy.

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 2022.

Under the policy, the target reserves level is based on a risk-based calculation of £3.3 million (2021: £3.3 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£25,000) and designated funds (£0.4 million), as at 31 December 2022 were £5.7 million (2021: £5.1 million) and were therefore 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 high inflation and increase in interest rates 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 decreased in the year to £5.0 million (2021: £5.1 million), of which £664,000 (2021: £624,000) 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 constituents of the Foundation’s restricted and designated funds.

Going concern

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of the cost of living crisis, the ongoing war in Ukraine, active review of our income pipeline and the potential financial impact of the principal risks set out below, the Trustees have a reasonable expectation that the Foundation 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.

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

Income diversification:

Risk: 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.

Mitigation: To mitigate against 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.

Data and information:

Risk: A co-ordinated global data and digital information strategy for the future is key, and is an integral part of the 2021 – 2025 strategy. Delays in this area could put us at a significant disadvantage vs our competitors and in terms of our own efficiency and effectiveness.

Mitigation: The global Fairtrade system has created a data warehouse and business information tool, which is the first strand of a data and digital information strategy. The next strand is underway to build fair and equitable access to data, to 'digitalise fairness' by leveraging the three Ts: **traceability, transparency, and trade**.

Through the planned FairMarket strategy the Fairtrade system is working to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. 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. It is a global priority to focus on a Digital strategy and address any such delays as and when they arise.

The impact of economic uncertainty:

Risk: The continuing effects of UK governmental instability in 2022, COVID-19, Brexit issues, the war in Ukraine, inflation, interest rates and recession are all combining to produce uncertainty for consumers, licensees and indeed our own staff. Staff are one of our biggest assets and their wellbeing is extremely important. Our income is reliant on the performance of our licensees, which are being affected both by consumer choice (forced by economic realities) and their own cost and supply chain pressures. There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains.

Mitigation: In an operational sense, the Foundation is well set up with business continuity plans in place identifying critical functions, people and skills and how to manage during a crisis. There is a strong focus from the People Team on staff engagement, development and wellbeing. Financially the situation continues to be monitored, with forecasts being revised as matters change. Income diversification as noted above is an important mitigation to reduce over reliance on licence fee. The Foundation has reserves which, together with difficult decisions to control costs and restructure in certain areas, mean the Foundation continues as a going concern.

The UK economy and grocery market:

Risk: 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.

Mitigation: 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.

Governance and structure:

Risk: 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.

Mitigation: This is mitigated through various cross-movement groups, including representatives of the movement's organisations. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future. In particular, in 2022 we developed collaborative working groups with Fairtrade Africa and Fairtrade International and these are further expanding during 2023.

Reputation:

Risk: Although the FAIRTRADE Mark will be 30 years old in 2024, Fairtrade is still a relatively new and bold approach to tackling poverty and therefore there are rightly regular investigations into its effectiveness from academics and others. In addition, in 2021 the Competition and Markets Authority published the Green Claims Code which is designed to check whether environmental claims may be misleading to consumers, which may include Fairtrade.

Mitigation: We are engaged with our stakeholders to ensure any on or off pack claims, or our own marketing claims, are factual and do not overstate what a Fairtrade certification means. Fairtrade invests 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 management

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 Global Justice Now (formerly known as 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.

During 2022 the Board had three sub-committees: the Finance and Audit Committee; the Nominations 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 committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis.

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, Partnerships Director and Director of Advocacy and Engagement.

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 a 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.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 external professional fundraisers or agencies nor any other commercial participator to fundraise on our behalf. We closely monitor the quality of our fundraising work and received no complaints during 2022. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. This includes safeguards to preclude us requesting donations from vulnerable people, and ensuring all donors are treated with dignity and compassion.

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. As noted above, in 2022 we made the difficult decision to close our individual giving programme, Live Fair. Against a new backdrop of challenging donation market conditions, rising costs and increased complexities of fulfilling the Live Fair product sample rewards, we successfully implemented a plan to migrate Live Fair donors to a new, simpler regular giving scheme.

The remaining income from other public donations comes from community fundraising (donations from Fairtrade Schools, places of worship, high net worth individuals, legacies and communities from Fairtrade Fortnight events) and other one-off individual donations.

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 late 2022 we commissioned Bates Wells Braithwaite to conduct an assessment of the Foundation's compliance against Principle 5 of the Charity Governance Code, which has been completed in early 2023 and will be tabled for Board discussion. We are intending on completing a fuller Governance review in 2023.

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 Act to Protect 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. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees receive safeguarding training, safeguarding is part of staff induction and safeguarding is embedded into our organisational strategy and culture. We continue to conduct DBS (criminal records checks) through an external provider, and have embedded a process for undertaking checks on new and existing roles that require it.

In 2022, there were no whistleblowing complaints, and 15 safeguarding cases raised regarding incidents within global supply chains (none of which related to Fairtrade employees or consultants). There were no reports to the Charity Commission.

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.

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 25 volunteers helped in the Fairtrade office or remotely at some time during the year.

Trustee changes

Two trustees, Anne Marie Yao and Marike de Peña, retired from the board during 2022. We are grateful for the commitment, expertise and insight they gave to the Fairtrade Foundation during their respective terms. The vacant positions are now in the final stages of recruitment and the new trustees will be appointed shortly.

This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 4 July 2023, in their capacity as company directors, and signed on its behalf by



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 ('the charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including 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 2022 and of its income and expenditure, 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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

- the 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 their 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 and proper 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-

compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
London

Date: 14 August 2023

The Fairtrade Foundation – Statement of Financial Activities for the year ended 31 December 2022 (including the Income and Expenditure Account)

	Notes	2022 Unrestricted £ 000	2022 Restricted £ 000	2022 Total £ 000	2021 Total £ 000
Income from:					
Donations and legacies	2	208	-	208	374
Grants	4	-	814	814	848
Investment income		12	-	12	-
Licence fees		9,719	-	9,719	7,947
Partnership and other income	5	727	1,304	2,031	2,346
Total income		10,666	2,118	12,784	11,515
Expenditure on:	6				
Raising funds		255	-	255	290
Charitable activities					
Empowerment of farmers & workers		4,612	2,078	6,690	6,375
Growth & Innovation		3,199	-	3,199	2,741
Advocacy & Citizen Engagement		2,308	-	2,308	2,185
Total charitable activities		10,119	2,078	12,197	11,301
Total expenditure		10,374	2,078	12,452	11,591
Net income/(expenditure), being net movement in funds	9	292	40	332	(76)
Reconciliation of funds:	17				
Fund balances brought forward		5,870	624	6,494	6,570
Fund balances carried forward		6,162	664	6,826	6,494

The breakdown of 2021 figures between restricted and unrestricted funds is shown in Note 19.

There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing.

THE FAIRTRADE FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	11	6	12
Tangible assets	12	19	84
Current assets			
Stock		15	16
Debtors	13	5,206	3,472
Cash at bank and in hand		4,947	5,089
Total current assets		10,168	8,577
Liabilities			
Creditors: amounts falling due within one year	14	(3,120)	(1,650)
Net current assets		7,048	6,927
Total assets less current liabilities		7,073	7,023
Creditors: amounts falling due after one year	14	(116)	(180)
Provision for liabilities and charges	15	(131)	(349)
Net assets		6,826	6,494
The funds of the charity:	17		
General funds		5,710	5,073
Designated funds – Fairtrade Future		427	701
Designated funds – Fixed Assets		25	96
Unrestricted funds		6,162	5,870
Restricted funds		664	624
Total funds		6,826	6,494

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 04 July 2023, and were signed below on its behalf by



Mark Price
Chair of the Board
Company number: 02733136

THE FAIRTRADE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2022

	Notes	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	20	(139)	280
Cash flows from investing activities			
Purchase of property, plant and equipment	11&12	(3)	(10)
Change in cash and cash equivalents in the year		(142)	270
Cash and cash equivalents at 1 January		5,089	4,819
Cash and cash equivalents at 31 December		4,947	5,089

The Fairtrade Foundation – Notes to the Financial Statements for the year ended 31 December 2022

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: 02733136) 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.

Going concern

After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of the cost of living crisis, the ongoing war in Ukraine, active review of our income pipeline and the potential financial impact of the principal risks set out in the Trustees' report, the Trustees have a reasonable expectation that the Foundation 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.

Judgements, estimates and assumptions

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, the most significant estimates and judgements which may have a material effect on the amounts recognised in the financial statements are as follows:

- the level of provision for dilapidations (see detail in note 15)
- Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £2.1m was billed relating to 2022 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.

- the level of bad debt provision is estimated at £173k (2021: £163k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

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 had 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 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 that 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 2020 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. Legacies are recognised at the earlier of cash received or notification of an interim distribution or when estate accounts have been settled.

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 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.

Empowerment of farmers & workers includes the cost of establishing and supporting supply chains, and support provided directly to producer groups and their regional networks.

Growth & innovation includes the monitoring and audit of supply chains of products 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.

Advocacy & Citizen Engagement 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 £93,000 (2021: £115,000).

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.

1.17 Grants payable

Grants payable are recognised in the year that an unconditional commitment is communicated to the grant recipient. In the case of multi-year grants, subsequent distributions are only recognised in expenditure once all reporting conditions have been met by the recipient and reviewed by the Foundation.

2. Donations and legacies

	Unrestricted	Restricted	2022	2021
	£ 000	£ 000	Total	Total
			£ 000	£ 000
Triodos Bank Fairtrade Saver Account	7	-	7	4
Legacies	-	-	-	165
Other donations	201	-	201	205
Total donations	208	-	208	374

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 general unpaid volunteers who contributed a total of 1,600 hours of work in the year. Volunteers provided administrative, 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

	2022 Total £ 000	2021 Total £ 000
Foreign, Commonwealth and Development Office		
Cadbury Farmer Resilience Fund	-	191
Resilience in Flower Supply Chains	-	178
GIZ		
Building and Supporting Resilience for Cotton Farmers	(2)	133
Green People's Energy Uganda	40	71
Accelerate Access to Green Energy Products and Technologies	429	-
EPRM		
Improved ASMO Access to finance	169	-
Waterloo Foundation		
Developing Fairtrade Market Solutions to Financing Education	56	94
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Traid		
Cotton Seed Phase II	-	42
Fairtrade Switzerland		
SECO - Farmers Resilience Platform in response to Covid 19	68	57
RVO		
Gold Uganda	-	1
Iseal		
DELTA Framework Pilot Project	4	13
Open Society Foundation		
Food project	-	12
HMRC Furlough	-	6
Total Grants	814	848

All grants in 2022 are restricted.

5. Partnerships and other income

	Unrestricted £ 000	Restricted £ 000	2022 Total £ 000	2021 Total £ 000
Cross-border sales administration fees	288	-	288	330
Consultancy fees	71	59	130	158
Expertise and commercial partner-funded programmes	348	1,238	1,586	1,793
Other fees and royalties	20	7	27	63
Sale of awareness-raising items	-	-	-	2
Total partnership and other income from charitable activities	727	1,304	2,031	2,346

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	2022 Total £ 000	2021 Total £ 000
Raising funds	174	27	54	255	290
Charitable activities:					
Empowerment of farmers & workers	1,141	5,189	360	6,690	6,375
Growth & Innovation	1,967	700	532	3,199	2,741
Advocacy & Citizen Engagement	1,504	365	439	2,308	2,185
Total charitable activities	4,612	6,254	1,331	12,197	11,301
Total expenditure in 2022	4,786	6,281	1,385	12,452	
Total expenditure in 2021	4,544	5,683	1,364	11,591	11,591

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.6 million (2021: £1.3 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 £48,000 (2021: £70,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.9 million (2021: £1.5 million) are distributed to Producer Networks by Fairtrade International.

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 £28,000 (2021: £28,000).

Support costs of £1.4 million (2021: £1.4 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:

	2022	2021
	£ 000	£ 000
Human resources	325	280
Finance	418	221
Information Technology	288	344
Management and administration	28	3
Governance	95	112
Facilities	231	404
Total support costs	1,385	1,364

7. Grants payable to institutions

	Statement of Financial Activities heading	2022	2021
		£ 000	£ 000
Fairtrade Africa and other African partners	Empowerment of farmers & workers	391	461
Fairtrade Finland	Empowerment of farmers & workers	302	37
Fairtrade America	Advocacy & Citizen Engagement	0	4
Network of Asia and Pacific Producers and other Asian partners	Empowerment of farmers & workers	91	14
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Empowerment of farmers & workers	89	308
Total grants payable		873	824

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 to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. 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 African partners are in relation Green People's Energy Uganda, Accelerate Access to Green Energy Products and Technologies, Climate Resilient Supply Chains Strategy, Carbon Innovation Fund, Women's School of Leadership and Developing Fairtrade Market Solutions to Financing Education.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme, the Livelihood Ecosystem Advancement Programme and the Income Diversification For Women.

The grant to the Asian partners is in relation to the COVID response, Cotton Breeding Programme and funding to support tea workers in India.

The grant to the CLAC and Latin American partners is in relations to the Productivity improvement programme, responsible Peruvian gold programme and the Migrant Roadmap towards equal rights, benefits and decent working conditions programme.

As at 31 December 2022, we had grant commitments of £1.5 million, payable over the next 3 years (2021: £0.6 million). Grant commitments are funded from funding received from external donors.

See Note 17 for further details.

Support costs of £51k (2021: £49k) 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:

	2022 £ 000	2021 £ 000
Trustee expenses	1	-
Fees payable to the charity's auditors for the audit of the charity's annual accounts	23	19
Other governance costs	15	42
Staff costs	57	51
Total costs	96	112

No remuneration was paid to Trustees in the year (2021: 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. £1k (2021: £0) was reimbursed this year to 2 of the Trustees (2021: 0 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2022, all Trustee and committee meetings were in person or hybrid and we had 1 international based trustee attend the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2022 £ 000	2021 £ 000
Depreciation of fixed assets	74	93
Fees payable to charity's auditors for the audit of the annual accounts for the current year	23	19
Fees payable to charity's auditors for other accountancy services	-	8
Operating lease rentals and service charge: land and buildings	310	296

10. Staff costs

	2022 £ 000	2021 £ 000
		4,273
Wages and salaries	4,521	
Employer's National Insurance costs	510	447
Employer's contribution to defined contribution pension schemes	404	381
Agency staff	150	244
Staff costs	5,585	5,345
Staff recruitment costs	41	40
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2022	2021
£60,000 - £69,999	5	2
£70,000 - £79,999	2	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	-	1
£120,000 - £129,999	1	-

The Foundation's highest salary was 4.4 times the lowest salary during 2022, 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 £61k (2021: £43k).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Public Engagement and the Commercial Partnerships Director. The total employee benefits of key management personnel of the charity were £438k (2021: £474k).

Average headcount in 2022 was 105 (2021: 105).

Redundancy/termination payments agreed and paid in the year came to £118,000 (2021: £0).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2022	428
Additions	-
Disposals	(237)
At 31 December 2022	191
Amortisation at 1 January 2022	416
Charge for period	6
Disposals	(237)
At 31 December 2022	185
Net book value at 1 January 2022	12
Net book value at 31 December 2022	6

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2022	79	302	381
Additions	3	-	3
Disposals	(1)	-	(1)
At 31 December 2022	81	302	383
Depreciation at 1 January 2022	63	234	297
Charge for period	8	60	68
Disposals	(1)	-	(1)
At 31 December 2022	70	294	364
Net book value at 1 January 2022	16	68	84
Net book value at 31 December 2022	11	8	19

13. Debtors

	2022 £ 000	2021 £ 000
Licence fee debtors	3,983	2,676
Accrued licence fee	512	46
Amounts due from Fairtrade International and other Fairtrade organisations	298	96
Prepayments, accrued income and other debtors	413	654
Total debtors due within one year	5,206	3,472

14. Creditors

Creditors: amounts falling due within one year	2022	2021
	£ 000	£ 000
Trade creditors	148	227
Amounts due to Fairtrade International and other Fairtrade organisations	249	353
Social security and other taxes	695	571
Other accruals and deferred income	2,028	499
Total creditors due within one year	3,120	1,650

Creditors: amounts falling due after one year	2022	2021
	£ 000	£ 000
Accruals	116	180
Total creditors due after one year	116	180

15. Provision for liabilities and charges

	Provision at 1 Jan 2022	Charged to SOFA	Provision released	Provision at 31 Dec 2022
	£ 000	£ 000	£ 000	£ 000
Dilapidations	349	-	(218)	131
Total provision	349	-	(218)	131

The provision relates to the office lease dilapidations clause. The lease under our current premises ends in 2028 with a break in 2023 allowed. We are returning circa 50% of the office in 2023 expecting payments under this provision to be incurred in both 2023 and 2028.

16. Share Capital

The Fairtrade Foundation is a company limited by guarantee and with no share capital. Each of the sixteen 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 2022 £000	Income £000	Expenditure £000	Transfer between funds £000	Funds at 31 December 2022 £000
Restricted Funds					
Empowerment of farmers & workers					
Improved ASMO Access to finance	16	-	-		16
Responsible Peruvian Gold	(4)	169	(53)		112
Climate-Change and Organisational Strengthening Programme	-	577	(577)		-
LEAP Programme	-	436	(436)		-
COVID Response	102	1	(109)		(6)
Green People's Energy Uganda	9	40	(59)		(10)
Accelerate Access to Green Energy Products and Technologies	-	429	(81)		348
Textile Training Programme	8	-	(8)		-
Developing Fairtrade Market Solutions to Financing Education	94	56	(98)		52
Cotton Breeding Programme	100	-	(23)		77
North East India Tea Research Programme	10	-	(10)		-
Dignity for All: Ethiopia Flowers Programme	-	50	(47)		3
DELTA Framework Pilot	6	4	(10)		-
Farmer Resilience Platform in response to Covid	40	68	(100)		8
Migrant Roadmap towards equal rights, benefits and decent working conditions	20	-	(20)		-
Colombia Coffee Project	24	-	-		24
Co-op sponsored Programmes	40	70	(90)		20
Climate Resilient Supply Chains Strategy	77	90	(148)		19
Carbon Innovation Fund	-	65	(65)		-
Living income payment verification	-	-	(1)		(1)
Fairtrade cotton collaboration	-	63	(61)		2
Commercial Partners Sponsored Programmes	82	-	(82)		-
Total Restricted funds	624	2,118	(2,078)	-	664
Unrestricted funds					
General funds	5,073	10,666	(10,100)	71	5,710
Designated funds – Fairtrade Future Fund	701	-	(274)	-	427
Designated funds – Fixed Asset funds	96	-	-	(71)	25
Total Unrestricted Funds	5,870	10,666	(10,374)	-	6,162
Total funds	6,494	12,784	(12,452)	-	6,826

Description of Funds

Restricted Funds

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 mines 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.

Responsible Peruvian Gold

This project, funded by the Dutch government, aims to support the formalisation of the operations of 4 Artisanal and Small-scale Mining Organisations (ASMOs) from Puno, South Peru and providing them with the technical and financial capabilities required to export into premium export markets.

Climate-Change and Organisational Strengthening Programme

This programme is in partnership with Mondelez and aims to enhance the offerings and reach of Cocoa Life and to develop and implement programs which will socially, economically and environmentally benefit local communities, workers and producers.

Livelihood Ecosystem Advancement Programme (LEAP)

Fairtrade, ECOOKIM (a union of cocoa, coffee and cashew farmer groups across Côte d'Ivoire) and Mars have co-created the LEAP programme, a five-year initiative launched in September 2022. Together, we are working across three priority areas: Strengthening co-operatives to be more efficient and strategic with their resources, and support their members with a with a range of tailored services to help them to grow more cocoa and earn higher incomes; Diversifying farmer incomes through piloting viable new products and services with farmers and co-operatives; Expanding access to financial services such as loans and mobile banking so that farmers can invest in their farms and futures.

COVID Response

This funding is provided by GIZ to support the most vulnerable cotton farmers during COVID-19 in India through the provision of food and income security for smallholder cotton farmers to mitigate the impact of COVID-19 on their livelihoods and incomes.

Green People's Energy Uganda

This funding is provided by GIZ to improve the livelihood of marginalised groups within cooperatives through increasing access to their access to sustainable financial products and productive clean energy assets.

Accelerate Access to Green Energy Products and Technologies

This funding is provided by GIZ to scope, develop and implement a standardised and scalable access to energy approach in Fairtrade communities. Looking to establish and launch the **Fairtrade Inclusive Energy Fund (IEF)** to support agricultural cooperatives in **Fairtrade Africa's** network to increase farmers' access to clean and green energy solutions and expand use of solar powered systems at cooperative level.

Textile Training Programme

This project is 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 principle.

Developing Fairtrade Market Solutions to Financing Education

This project is funded by the Waterloo Foundation to explore Fairtrade's role in the shea nut supply chain, helping farmers to gain traction and form market linkages.

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.

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.

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.

DELTA Framework Pilot

This project is funded by Iseal to run pilots which test improvement strategies or measure changes in sustainability performance and the effectiveness of improvement initiatives. These pilot activities are part of ISEAL's programmatic work on Credible Progress and are separate to the ISEAL Innovations Fund.

Farmer Resilience Platform in response to Covid

This project aims to create a Farmers Resilience Platform in response to Covid 19: Development of a web based platform to monitor and predict farmer's resilience to Covid-19 and similar shocks that may occur in the future.

Migrant Roadmap towards equal rights, benefits, and decent working conditions

Fyffes contribute towards this programme which aims to build a better understanding and baseline on migrant realities and gaps in access to rights, benefits and decent working conditions in the Dominican Republic.

Colombia Coffee Project

The is project, funded by John Lewis Partnership, offers regional support to coffee producers in Tolima Colombia through the funding of a training centre at ASOPEP and a training programme. It aims to deliver a regional training centre which has a positive impact on productivity, cup score, market access and inspiring the next generation of coffee farmers.

The Co-op sponsored programmes

This includes contributions towards the Women School of Leadership programme and Productivity improvement programme.

Climate Resilient Supply Chains Strategy

This programme funded by the Co-op aims to deliver a Climate Change Strategy embedded within Fairtrade Africa's 2021-2025 strategy to ensure sustainable farming systems amongst the 1.1 million farmers and workers supported across Africa. It will support a series of scalable and sustainable interventions, across different commodities and regions, whose objective is to enable Producer Organisations to adapt to a changing climate and maintain adequate productivity levels, that guarantee supply chain stability and return on investment.

Carbon Innovation Fund

This project funded by the Co-op Foundation aims to support food and farming projects that are tackling the climate crisis by reducing greenhouse gas emissions.

Living income verification

The project looks to verify the Living Income differential payments made to cocoa farmers in Cote D'Ivoire, as part of the work on moving farmers towards achieving a living income

Other Commercial partner programmes

This includes funding to support tea workers in India.

Designated Funds**Fairtrade Future Fund**

Funds set aside to invest in developing, implementing and unlocking the full potential of our 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 2021

18. Analysis of fund balances held as at 31 December 2021

	Funds at 1 January 2021 £000	Income £000	Expenditur e £000	Transfe r betwee n funds £000	Funds at 31 Decemb er 2021 £000
Restricted Funds					
Empowerment of farmers & workers					
Gold I.M.P.A.C.T Programme	-	-	-	-	-
Improved ASMO Access to finance	26	-	(10)	-	16
Responsible Peruvian Gold	96	-	(100)	-	(4)
Climate-Change and Organisational Strengthening Programme	-	694	(694)	-	-
Cocoa Farmer Resilience Fund	(33)	191	(158)	-	-
Resilience in Flower Supply Chains	15	183	(198)	-	-
The Responsible Tanzanian Gold Project	19	-	(19)	-	-
COVID Response	-	133	(30)	-	102
Green People's Energy Uganda	28	71	(90)	-	9
Textile Training Programme	-	-	8	-	8
Developing optimum cocoa cooperative governance models in					
Ghana	41	12	(53)	-	-
Gold project Uganda	-	1	(1)	-	-
Developing Fairtrade Market Solutions to Financing Education	-	94	-	-	94
Cotton Breeding Programme	65	42	(7)	-	100
North East India Tea Research Programme	29	-	(19)	-	10
Dignity for All: Ethiopia Flowers Programme	3	50	(53)	-	-
Strengthening Sugar Farmers in Southern Africa	16	-	(16)	-	-
DELTA Framework Pilot	-	13	(7)	-	6
Farmer Resilience Platform in response to Covid	-	57	(17)	-	40
Migrant Roadmap towards equal rights, benefits and decent					
working conditions	-	20	-	-	20
Colombia Coffee Project	25	25	(26)	-	24
Co-op sponsored Programmes	185	394	(462)	-	117
Living income payment verification	-	10	(10)	-	-
Fairtrade cotton collaboration	10	-	(10)	-	-
Commercial Partners Sponsored Programmes	8	89	(15)	-	82
Total	533	2,079	(1,988)	-	624
Advocacy & Citizen Engagement					
Cocoa Living Income Communication	70	-	(70)	-	-
Total	70	-	(70)	-	-
Total Restricted funds	603	2,079	(2,059)	-	624
Unrestricted funds					
General funds	5,038	9,436	(9,484)	83	5,073
Designated funds – Fairtrade Future Fund	750	-	(49)	-	701
Designated funds – Fixed Asset funds	179	-	-	(83)	96
Total Unrestricted Funds	5,967	9,436	(9,533)	-	5,870
Total funds	6,570	11,516	(11,592)	-	6,494

19. Breakdown of 2021 Statement of Financial Activities into restricted and unrestricted

	Notes	2021 Unrestricted £ 000	2021 Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Income from:					
Donations and legacies	2	374	-	374	144
Grants	4	-	848	848	1,046
Investment income		-	-	-	2
Licence fees		7,947	-	7,947	9,076
Partnership and other income	5	1,115	1,231	2,346	1,630
Total income		9,436	2,079	11,515	11,898
Expenditure on:	6				
Raising funds		290	-	290	334
Charitable activities					
Empowerment of farmers & workers		4,387	1,988	6,375	5,819
Growth & Innovation		2,741	-	2,741	2,931
Advocacy & Citizen Engagement		2,115	70	2,185	2,663
Total charitable activities		9,243	2,058	11,301	11,413
Total expenditure		9,533	2,058	11,591	11,747
Net income/(expenditure), being net movement in funds	9	(97)	21	(76)	151
Reconciliation of funds:	17				
Fund balances brought forward		5,967	603	6,570	6,419
Fund balances carried forward		5,870	624	6,494	6,570

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2022	2021
	£ 000	£ 000
Net income	332	(76)
Depreciation charge	74	93
(Increase)/ Decrease in stock	-	(1)
(Increase)/ Decrease in debtors	(1,734)	659
Increase / (decrease) in creditors excluding short term borrowings	1,406	(395)
Increase/ (decrease) in provisions	(218)	-
Net cash inflow from operating activities	(139)	280

Analysis of net funds			
	Balance at 1 January 2022	Cash flow movement	Balance at 31 December 2022
	£	£	£
Cash at bank and in hand	5,089	(142)	4,947
Net funds	5,089	(142)	4,947

21. Financial commitments under operating leases

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

	2022	2021
	£ 000	£ 000
Land and buildings		
Due within 1 year	292	317
Total due in years 2 to 5	681	264
Office equipment		
Due within 1 year	26	33
Total due in years 2 to 5	12	38
Total	1,011	652

Lease payments recognised as an expense were £350k (2021: £337k). 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 £404,000 (2021: £381,000). 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.

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £5,500 (2021: £5,500) from Engaging Works of which our Chair, Lord Mark Price, is a Founder and a Shareholder.

24. Post Balance Sheet Event

The Foundation was notified in June 2023 by a National Fairtrade Organisation of licence fee income of £551,000 that they had underbilled their customer between 2017 to 2022 of which there was Cross Border licence fee due to us. This represents an adjusting post balance sheet event which has been recognised in the financial statement.

Fairtrade Foundation Reference and Administrative Information

Legal status

A company without share capital limited by guarantee, registered in the United Kingdom, number 02733136.

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

Mark Price (Chair)



Appointed September 2018

After reading Archaeology and Ancient History, Mark started his career at the John Lewis Partnership as a graduate trainee in 1982. In 2005, he joined the John Lewis Partnership Board, taking on responsibility for strategy and IT as Development Director. In April 2007 he was appointed Managing Director of Waitrose. At the time, Waitrose had 183 stores but had increased to 346 when he retired in 2016 after 10 fulfilling years in the role.

It was during his period as Deputy Chairman of the John Lewis Partnership that Mark first became familiar with Fairtrade, its aims and objectives. In February 2016 Lord Price was appointed the UK Minister of State for Trade and Investment and was made a life peer.

He left the government in September 2017 to pursue his writing and business interests, founding WorkL in 2017 to help employees have more fulfilling working lives, and remains a member of the House of Lords. He has published five books – on business, food and for children.

Jane Frost (Vice Chair)



Appointed June 2014

Jane holds some 150 awards for marketing and advertising, including the iconic 'Perfect Day' charity single for the BBC. She is currently CEO of MRS (the research regulator), vice chair of Fairtrade, co-chair of the Tiffany Circle (Red Cross), and a trustee of the Lowry Centre and other charities.

Jane's senior positions at Shell, the BBC and in government prove that empathy for, and understanding the customer is core to success everywhere. She believes that great leaders focus on helping everyone achieve their potential and recognise that the greatest success comes from teams representing an ecosystem of people and skills. For Jane, Fairtrade is a brilliant concept: 'It does what it says, providing a simple way everyone can be part of the fight for trade justice – simply by making an easy buying choice – and it gives producers control of the money they earn.'

Alison Marshall

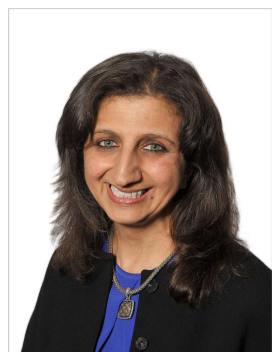


Appointed September 2016

Alison brings over 25 years of experience with international development and non-governmental organisations. She is currently CEO of Age International, and in that role is also part of Age UK's senior leadership team. She was previously Managing Director of Sense International, working for and with people with disabilities. Before that she held senior roles at the International Planned Parenthood Federation, UNICEF UK, Bond and CAFOD. Her work on human rights has seen her travel extensively. Alison is a member of the BBC Charity Appeals Advisory Committee, and the Boards of the Disasters Emergency Committee, and International Disability and Development Coalition. Alison is proud to serve on the Fairtrade Foundation's People Safeguarding and Remuneration and Nominations sub-committees.

Alison is passionate about the difference Fairtrade makes and the crucial role of public campaigning, advocacy and innovative partnerships in the Foundation's work.

Anita Chandraker



Appointed September 2021

Anita is a senior leader with executive and non-executive board experience. She has worked for more than 30 years with PA Consulting, advising clients at board level on strategic technology and digital initiatives, and delivering complex transformation programmes. Whilst at PA, she also had responsibility for growing significant parts of the business and was a member of the Executive Team and Board. Anita retired in 2021 and now holds several non-executive roles and coaches and mentors senior leaders.

Anita is passionate about reducing inequalities across high-income and low-income countries, having witnessed disparities first-hand through her strong family connection to India. Anita enjoys walking, cooking and yoga, and is a keen follower of football.

Anne Marie Yao

Appointed September 2020, retired August 2022

Bob Doherty



Appointed August 2017

Bob Doherty is Dean of the School for Business and Society at the University of York. Since joining York in 2012 he has been Principal Investigator of 'IKnowFood' and more recently 'FixOurFood' from the Transforming Food Systems programme. Bob was also seconded as a policy fellow into the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) on a new science research programme from April 2019-March 2022. Prior to moving into academia, Bob spent nearly five years as Head of Sales and Marketing at Fairtrade social enterprise, Divine Chocolate.

Bob is passionate about social justice and has been involved in fair trade since 1998, either as a campaigner, researcher or in a commercial capacity. He is committed to making sure that smallholder farmers have a strong voice in the global food system.

David Paterson Appointed September 2018



David is a retired City solicitor, having been a partner at Herbert Smith Freehills from 1994, specialising in corporate finance, board and governance matters. Retiring from legal practice in 2018, David now divides his time between a number of non-executive roles.

David has supported Christian Aid, one of Fairtrade's UK founders, in a variety of roles over the last decade. He has been a trustee of Christian Aid Kenya since 2016. His experience in enterprise development work, such as is led by Christian Aid in East Africa, has been a valuable base for his input into the work of the Foundation. David also works part time at the Financial Reporting Council in its enforcement division, overseeing investigations and enforcement proceedings in the audit and actuarial fields. David is a Trustee of The Benefact

Trust, owner of the Benefact Group of financial services businesses, leading grant funder in the Christian Funder's Forum, and a non-executive director of The R&A Group of companies, which stages a range of elite events in Golf (including The Open Championship) and includes one of the two world governing bodies of that sport.

Didier Dallemagne

Appointed October 2014



Didier retired from Unilever after a 35-year career in the food sector, in marketing and general management. He then started a second career as a coach (he holds a MSc in Executive Coaching) and he decided to invest more time and energy in supporting not-for-profit organisations through coaching key staff members and working with international NGOs to enhance their impact.

As coach and marketer, Didier brings varied experience to the Fairtrade Foundation. He continues to be impressed by the impact Fairtrade has on the farmers, the scale it has already achieved, its potential and is excited to participate in the achievements ahead.

Didier lives in Brussels.

Keri Elborn (Treasurer) Appointed September 2021



Keri has worked in the financial services industry for over 25 years. During this time, he has had roles in external audit, mergers and acquisitions (M&A), strategy, finance as a CFO, and is currently an advisor on both M&A and value creation.

Keri has covered Europe, the Middle East, Asia, Latin America and Africa through his career. He has travelled extensively and lived in both Mexico City (where he was born) and Zagreb.

Keri is also a Governor of Dulwich College and Chairman of the Finance Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Kerry Smith**Appointed September 2021**

Kerry is the Chief People Officer at the British Heart Foundation. She is a Fellow of the CIPD and has 30 years' worth of experience in human resources, talent development and change leadership, working for recognised organisations including the Royal Horticultural Society and the National Trust.

Kerry is known for leading award-winning people change programmes which bring about modern and successful workplaces. She is one of the UK's HR Most Influential since 2018, awarded by HR Excellence. She is Chair of the Charities HR Network and Chair of People, Safeguarding & Remuneration Committee for Fairtrade.

Kerry is delighted have joined the Fairtrade Foundation Board of Trustees and has long been a buyer of Fairtrade products. She admires them for their quality and consistency but moreover, to drive and deliver sustainable livelihoods that people can be proud of.

Marike de Peña Appointed June 2018, retired March 2022**Simon Wright****Appointed December 2018**

Simon's involvement with Fairtrade goes back to the very first UK product to carry the Fairtrade logo – Green & Black's Maya Gold. In 1994 Simon was part of the team that developed this bar and the initial development of the Divine range of Fairtrade chocolate bars.

Simon now works with a chocolate company in Italy that processes many of the world's Fairtrade cocoa beans. With a keen interest in sustainable food production, Simon also runs a consultancy business that helps food and drink companies to develop their products. Simon sits on the Standards Board of the Soil Association, helping to maintain and develop organic standards. He also chairs the judging of the Quality Food Awards and has recently been appointed to the UK Expert Group on Organic Production. Apart from sustainable food, Simon's other interests are rock 'n' roll – writing, releasing,

collecting and DJing.

Senior Management

Michael Gidney
Fiona Kindness
Nilufar Verjee
Kerrina Thorogood

Chief Executive
Chief Financial Officer
Director, Advocacy and Engagement
Director, Partnerships

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

CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA
HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH

Auditor

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

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Email: mail@fairtrade.org.uk**

Registered charity no.1043886

A company limited by guarantee, registered
in England and Wales no. 2733136

Cover image: Cocoa farmer Yaa Faustina in Edwinase, Ghana.
Photographer credit: Francis Kokoroko / Fairtrade / Fairpicture
Infographic design credit: Kate Fishpool



THE FAIRTRADE FOUNDATION

England & Wales - Charity number 1043886

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

**CHOOSE THE WORLD
YOU WANT**



FAIRTRADE

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FOREWORD BY MICHAEL GIDNEY,

CHIEF EXECUTIVE, FAIRTRADE FOUNDATION

If 2020 was a year like no other, as we all faced the enormous challenges of the pandemic, last year continued in a similar vein. As people continued to deal with the pandemic, 2021 also brought global supply chain shortages, cost of living increases and the climate crisis which caused havoc around the world.

For the Fairtrade Foundation, 2021 was also the first year of our new five-year global strategy 'The Future is Fair'. ([Our strategy - \(fairtrade.net\)](https://www.fairtrade.net)). Together, as an international movement, and in partnership with 1.9 million farmers and workers around the world, we aim to address the root causes of poverty and tackle those systemic challenges that undermine climate and social justice in trade – a mission which has never been more necessary. This report outlines the steps we're putting in place to put communities in the driving seat as they take tentative steps to recover from the pandemic and respond to the climate crisis. There are huge challenges to overcome, certainly, but there are really positive signs of progress, of producers, companies and consumers working together in ever-deeper partnership, which fill me with hope.

However, as we publish this in the middle of 2022, I cannot ignore the conflicts that are destroying lives around the world. The horrors in Ukraine are already having global consequences and the UN is predicting a food crisis that could put tens of millions of people at risk of hunger. Grain, oil and fertiliser shortages for those who rely on Ukrainian exports are expected to expose people in low-income countries to food poverty and hardship. Whilst the UK is facing a cost of living crisis, with high inflation rates and rising prices not seen for a generation, the generosity of the public astounds me: through record-breaking donations and remarkable acts of solidarity, people are demonstrating what humanity means at a chilling moment in history. Similarly, it is inspiring to see that public trust in, and preference for, Fairtrade is at its highest ever – there is an understanding that we are all in this together which became apparent during the first lockdown but which is, happily, still evident today.

Change happens through millions of everyday unseen or unheralded actions. British people increasingly want the businesses they buy from to improve society; and Fairtrade remains the most well-known ethical label because consumers trust it makes a difference.

Choosing Fairtrade is a simple, yet powerful way to take action on climate change and inequality. Fairtrade is co-owned by producers and its purpose is to get a better deal for farmers and workers around the world. In 2021 sales of Fairtrade products in the UK generated £25.2 million (€30million) for producers to invest in essentials such as healthcare, education, housing, water, as well as developing their businesses and caring for the natural environment.

I know that the past few years have been hard for all of us, and for many companies on our UK high streets the various pandemic restrictions through much of 2021 meant that many cafes, restaurants and hospitality venues were still closed, or saw their trade fall away. Of course any reduction in trade in the UK has a direct impact on those farmers and workers who grow the products – Fairtrade's focus has always been on helping producers become more resilient and we continue to work tirelessly to support them through these challenges.

The lives of those on whom we depend for our daily cuppa or our favourite snacks are increasingly precarious, and in 2021 we continued to see outbreaks of COVID-19 variants, volatility in commodity markets, downward pressure on prices, floods and diseases that can wipe out entire farms, threatening to devastate the livelihoods of thousands of people in low-income countries. People need

support to rebuild after disasters and to adapt for the future, and that is why thousands of supporters signed our petition ahead of the COP26 UN climate summit calling for more finance to be delivered directly to communities on the climate frontline. As Benjamin-Francklin Kouamé, a cocoa farmer from Côte D'Ivoire, said during the conference: "Being a farmer shouldn't be a route to poverty. My feeling is that poverty is a reason for the destruction of nature. It drives deforestation. When I am hungry I can't think."

Joining Benjamin-Francklin were other Fairtrade producers who travelled to Glasgow for COP26 to make the case for faster, more decisive action. Andres Gonzales, a sugar farmer from Paraguay, Muniraju Shivanna, a sugar farmer from India and Rachel Banda, a sugar farmer from Malawi, all spoke movingly and compellingly of the problems they face - the hot sun scorching their plants and unpredictable droughts or floods that destroy their crops are all becoming more common. And they also spoke of hope. Hope that there is still time to change the path humanity is on.

I would also like to thank Trustees Elizabeth Sideris and Paul Thompson who both retired from the Board of Trustees in December, having both joined in 2014. Both gave Fairtrade the benefit of their expertise and insights, and leave an organisation stronger for their support.

Those who choose Fairtrade certification and partner with us on programmes are showing they want to be leaders in ethical sustainability and environmental protection. All businesses have a responsibility to identify and tackle potentially harmful practices and risks within supply chains. There is no place in today's society for those who do not. That's why our new strategy includes objectives to grow Fairtrade's partnerships.

The FAIRTRADE Mark gives consumers the reassurance that farmers and workers in low-income countries are not being exploited. Through the [unique combination of the](#) Fairtrade Minimum Price and Premium producers have the means to invest in their land and the knowledge to farm both sustainably and profitably. We believe paying someone a decent return for a day's work is more than just fairness, it should be a human right. So if you agree, join us in showing your support to producers around the globe with Fairtrade.



Michael Gidney

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.

Our 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 marginalised 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.

ACHIEVEMENTS AND PERFORMANCE

- Here is what we said we would do in 2021, our key successes and how they help us achieve our 2021-2025 strategy.

With our 2021-2025 strategy, our shared Fairtrade International vision of sustainable livelihoods for all remains the same, but how we get there will change. Fairtrade is best known for our distinctive blue and green label that appears on products that have been certified to industry-leading Fairtrade Standards. But Fairtrade is more than a label; it is a beacon for social and environmental justice.

Our international system, connecting producers, markets and activists is a movement that has always been a catalyst for change. Through Fairtrade, farmers gain membership of sustainable, equitable co-operatives, they can negotiate for higher prices, they have direct access to markets, while workers join organisations that respect unions, health and safety and consider their welfare. We constantly hear from farmers and workers who say that without Fairtrade, they would not have survived.

The issues we have championed for almost 30 years – responsible business, fairer prices, better treatment for workers – have now taken centre stage. And yet we need to keep shifting the balance of power to the people who are foundational to supply chains. For today, while many solutions appear to be available, collectively the world is far from achieving decent livelihoods for all.

To make it easier for businesses and consumers to drive positive change where it is most needed, the Fairtrade Foundation strategy is framed around five pillars to drive the systemic change needed to address the significant problems experienced by communities worldwide.

Here, we report on the first year of our strategy as this annual report outlines how the Fairtrade Foundation has expanded our partnerships with companies and donors, which are increasingly becoming Fairtrade producer-led, and scaled services to complement sourcing and enable businesses to create the most impact and a fairer future for more people around the world.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 1: Empowerment of farmers & workers

Build resilience to climate change, secure decent and sustainable livelihoods through expanded market access and fair prices, support women and young people.

- 1.1.1 Living Income and Living Wage
- 1.1.2 Gender
- 1.1.3 Youth
- 1.1.4 Human Rights & Environmental Due Diligence (HREDD)
- 1.2.1 Living Income Reference Price
- 1.2.2 Empower farmers and workers with information
- 1.2.3 Terms of trade
- 1.3.1 Climate mitigation
- 1.3.2 Climate resilience

Global extreme poverty, the rate of people living on less than \$1.90 per day, rose in 2020 for the [first time in over 20 years](#) as the disruption of the COVID-19 pandemic compounded the forces of conflict and climate change, which were already slowing poverty reduction progress. [About 100 million additional people are living in poverty as a result of the pandemic](#). Source: [World Bank](#) 2021

It is vital that funds continue to reach communities, and in early 2021 we were entirely focused on ensuring Fairtrade farmers and workers had access to finance and programmes to minimise the harmful impacts of the pandemic and prevent extreme poverty.

Throughout 2021 COVID-19 relief and resilience funds raised by Fairtrade as part of global advocacy efforts and existing programmes with partners continued to support producers. From variant outbreaks in different countries, unequal access to vaccines and the long-lasting economic side-effects, 2021 meant continued struggle for everyone. For those whose income relies on being able to work in fields and factories, for whom harvesting and planting seasons are bound to the laws of nature, and not lockdowns, they needed support to implement safe working conditions.

In November 2020, in response to the significant threat communities were facing to their livelihoods, collaboration with partners across several sectors including the UK government led to Fairtrade securing €15million to support producers in both immediate relief and long-term recovery measures. This has been invested in activities in 57 countries to support more than half a million farmers and workers impacted by COVID-19 in more than 900 producer organisations.

Our Fairtrade relief fund continued to support those in need of immediate assistance: keeping workers safe and operations running, covering increased production costs and providing food or essentials to families in quarantine. A secondary Fairtrade resilience fund was created for long-term measures (such as adjusting business models or diversifying economic activities) to achieve a more solid recovery. As well as the Covid Relief and Resilience Funds, the Fairtrade Premium provided a lifeline to farmers during the pandemic and continues to play a vital role in working towards long-term recovery.

Our key programmes in 2021 are outlined below:

Building Resilience in Flower Supply Chains

In August 2020, working with partners including Co-op, Coventry University, Food Network for Ethical Trade (FNET), M&S, MM Flowers, Mott MacDonald, Tesco, Women Working Worldwide, Fairtrade Foundation was awarded a grant from the FCDO – under the Vulnerable Supply Chains Facility – to deliver the Building Resilience in Flower Supply Chains project.

When the pandemic first broke out it had a devastating effect on Kenyan flower farms and thousands of workers were laid off without pay. *'We were not prepared for the pandemic and its effects... I was forced to cut on costs and prioritise spending on house rent and food: at some point it became a struggle to survive,'* says flower worker Caroline Shikuku, from Tulaga Flowers, a flower farm in Kenya, as she reflects on the disruption to her life, work and well-being.

Through this project during 2021, approximately 6,000 flower farm workers received health packages, while kitchen gardens growing nutritional crops were introduced, so workers could access food for themselves and their families. To tackle inequality and discrimination in the industry, the project also offered gender awareness training. At the same time funding and support was offered to workers to enable them to acquire new skills and diversify income-generating activities.

As the UK is the third largest importer of flowers in the world, Fairtrade has been part of setting up an industry-wide British initiative to address the long-term challenges in the sector and make fair and sustainable flowers the norm. Between January and May 2021 four retailer roundtable events were held and in July we published a report based on research by Coventry University and recommendations from the project.

The Building Resilience in Flower Supply Chains project was one of two projects that Fairtrade led under the Vulnerable Supply Chains Facility, which was a key component of the FCDO's Business Partnerships for Global Goals (BP4GG) programme. The final programme completion review of BP4GG by FCDO resulted in the programme being awarded A++ scores, meaning it was classed as 'Substantially Exceeding Expectations'. This is the highest score in the FCDO system and only 2% of FCDO projects are ranked so highly.

Fairtrade Foundation's Partnerships and Programmes

- **Uganda Renewable Energy**

For many people globally, electricity remains unaffordable and across sub-Saharan Africa over half the population have no access to light and power, with rural communities far more likely to go without. With funding from GIZ, German Agency for International Cooperation and in partnership with the Fairtrade Foundation, Fairtrade Africa and Practical Action, this project aimed to bring access to clean, solar energy to coffee farmers in rural Uganda after 65 percent reported they did not have electricity.

The project identified three coffee co-operatives in Western and Central Uganda to establish partnerships with carefully vetted local solar energy suppliers. In addition, loans are available for

coffee farmers who are unable to afford quality solar power home systems and reduce their reliance on kerosene, candles and batteries. There are savings in the long term, but many farmers cannot afford the initial cost of the equipment.

Because there also needs to be local technical support, as part of this project co-operative members were trained to become support technicians and ensure the equipment's long-term use and maintenance.

- **Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA)**

The Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA) was launched in September 2021 to support farmers and workers in East Africa with scalable strategies to adapt to climate change in the coffee, flowers, and tea supply chains. The project, delivered by Fairtrade Africa with support from the Fairtrade Foundation, is funded by Co-op and will work with 12 Producer Organisations (POs) to support producers in Kenya, Ethiopia and Rwanda to farm as sustainably as possible, improve crop yields, become more resilient to the climate crisis and protect their local environment.

The FACSCA will deliver Fairtrade Africa's Climate Change Strategy and to address the retailer's 10-point action plan which can be found on their website. By placing decision making with Fairtrade Africa, who work closely with producers, this programme demonstrates how private-NGO partnerships can be collaborative, driven by shared values that address power imbalances and ensure farmers' and workers' voices are central in programme design and delivery.

Over two years, FACSCA aims to target 16,000 farmers and workers and benefit an additional 65,000 people indirectly. Communities will also get practical support, for example reducing household fuel use by changing to lower carbon-emitting energy sources, such as bio-gas cookers.

- **OSF Co-operatives Ghana**

Ghana is one of the world's biggest exporters of cocoa. Supported by a grant from the Open Society Foundations (OSF), Fairtrade Foundation worked with the Fairtrade Africa West African Network on research to help the Ghanaian cocoa sector gain a deeper understanding of how to unlock and scale the value of co-operatives. Fairtrade Foundation believes this understanding is critical to improve incomes, human rights, and resilience for Ghana's cocoa farmers.

The research, carried out in 2021, analyses the co-operative sector in Ghana and includes farmer feedback on their experiences with co-operatives as well as insights from co-operative leaders and staff, public institutions and commercial partners buying cocoa. A report based on this research with key recommendations and next steps for the sector was published at the end of 2021, entitled *What Makes Co-operatives Work: Exploring value creation and distribution in cocoa co-operatives in Ghana*.

- **Waterloo Foundation Shea**

Shea is a key ingredient in many beauty and skincare products. At a time when the cosmetics industry is becoming increasingly concerned about sustainability and responsible sourcing, this project aims to provide better access to markets for Ghanaian producers. With funding from the Waterloo Foundation, Fairtrade Foundation is partnering with Fairtrade Africa and CAMFED, an organisation which supports girls' education and women's entrepreneurship in Africa, to scale up

women-led shea businesses in Ghana between 2021-2023. The programme will support six women-owned shea organisations to become Fairtrade certified, which will create new business opportunities and the potential to earn higher incomes for approximately 700 producers.

Climate Change and Organisational Strengthening Programme

Our programme with Mondelēz International on climate change, income diversification and organisational strengthening, working with cocoa farmers in Ghana, completed its second year of implementation in 2021, with 12 months remaining before the programme finishes at the end of 2022. In July 2020, Fairtrade and Mondelēz were awarded a £500,000 FCDO grant under the Vulnerable Supply Chains Facility (as mentioned above).

During 2021, this grant enabled us to expand the project on climate-smart income diversification and add a COVID-19 support component from one to nine unions. This included training for leaders and members of the nine cocoa unions on business planning, entrepreneurship, climate-smart income diversification and product development, and skills building within the co-operative in the areas of grant management, financial management, environmental management, governance and leadership. The nine unions also received investment to start income diversification activities which are already supporting more than 14,500 farmers.

Cadbury Farmer Resilience Fund

This project, also funded by the FCDO fund, builds on the existing Climate Change and Organisational Strengthening Programme funded by Mondelēz and allowed us to reach an extra 20,000 farmers in both Fairtrade and non-Fairtrade supply chains. In addition, farmers were trained on both business skills to complement the union project, improving the packaging of products and climate friendly agronomic, agricultural practices to grow crops like maize, cassava, rice and vegetables. Projects like this support farmers to produce enough food for themselves as well as to sell in local markets, and 96 percent of farmers surveyed at the end of the project reported that they had improved access to food as a result of project activities.

Focusing on supporting women and young people impacted by the pandemic, this project also made grants so people could start up businesses including fish farming, beekeeping, bread and pastry making. Among those surveyed at the end of the project, 71 percent felt their livelihoods were secure.

In addition, a COVID-19 awareness raising campaign was rolled out between February and May 2021 to support farmers to continue their operations safely and included a radio notice broadcast across the regions of Ashanti, Eastern, Central, Volta, Accra, Western and Western North in Ghana.

Sustainable Livelihoods Landscape Study

Our research partnership with Mondelēz International continued in 2021, with the second phase of the Sustainable Livelihoods Landscape Study. The goal of this research is to inform and influence strategies for more co-ordinated implementation and design of sustainable livelihoods initiatives (across industry and non-industry stakeholders) for cocoa-farming communities in Ghana and Côte d'Ivoire. We aim to amplify the perspectives of a more diverse range of cocoa farmers and workers. In 2021, 18 focus group discussions took place in Ghana and 11 in Côte d'Ivoire, with segmented groups of farmers and labourers exploring how they defined sustainable livelihoods and the key constraints and needs for achieving them. Key interviews were also carried out with the industry, including representatives from NGOs, government bodies, commercial partners and traders. The final report will be published in 2022.

Fairtrade commodities

When shoppers buy Fairtrade, they create business demand and co-operatives can benefit from increased sales under Fairtrade terms, meaning they have the investment to stay certified and maintain the rigorous Fairtrade Standards. Fairtrade exists to improve people's livelihoods and we regularly review our Standards, including commodity pricing, to ensure that living incomes and living wages remain a priority.

- Bananas

Fairtrade sources from both small-scale farms, and plantations with hired workers. Fairtrade supports 22,000 banana farmers and workers to receive a fair wage and decent working conditions.

Ensuring a living wage for workers remains one of the most pressing and unresolved challenges for the banana sector. These workers already benefit through better working conditions and Fairtrade Premium projects, but we want to go further to ensure living wages for all workers on Fairtrade certified plantations. The COVID-19 pandemic has increased the insecurity and vulnerability of millions of agricultural workers worldwide, including those working on Fairtrade certified banana plantations.

That's why we introduced a new Fairtrade Base Wage for Fairtrade certified banana plantations, paid from 1 July 2021 onwards, to ensure they get higher wages. It applies to all countries and is unique amongst certification schemes in making a concrete step towards a living wage – that is, a wage that provides workers enough for food, healthcare, schooling and other essentials for themselves and their families, plus a little extra to put aside. In countries where banana workers currently earn less than the Fairtrade Base Wage, such as the Dominican Republic, earnings are estimated to rise by up to 15 percent, benefiting 15,000 workers, including María Jorge, who said: *'This base wage proposed by Fairtrade means for us more access to health, education, self-improvement, happiness and motivation to continue working. With perseverance, hard work and a living wage, anything can be achieved.'*

- Cocoa

In addition to the above-mentioned programmes, 2021 was an important year for Fairtrade cocoa in which we were part of a global campaign, named Bitter Sweet, that highlighted the unethical cocoa sourcing practices by some major chocolate manufacturers. As part of this we commissioned *Unwrap a Fairer Future*, a film to show consumers how their simple everyday shopping choices – such as choosing Fairtrade chocolate – can change the lives and futures of cocoa farmers and their communities.

Independent research into the living standards of cocoa farming families shows that on average, Fairtrade boosts farmers' spending on household essentials beyond the need for food by nine percent according to a 2021 study, *Effects of Fairtrade on farm household food security and living standards: Insights from Côte d'Ivoire* by Isabel Knölsdorfer et al. from the University of Goettingen and collaborators, analysed data from 500 randomly selected Ivorian cocoa farming households. They were evenly split between Fairtrade and non-Fairtrade certified co-operative members. Côte d'Ivoire is the largest global producer and trader of cocoa, and despite the world's love of chocolate, cocoa farming remains a very precarious way to make a living. The results showed that cocoa is clearly the most important source of income for most of the households surveyed, accounting for 76 percent of total household income on average.

In October confectionery company Tony's Chocolonely, international discount retailer Lidl and Fairtrade Africa were part of a cocoa webinar co-hosted by Fairtrade and Sustainable Brands, which aims to encourage businesses to engage with sustainability while creating positive impact for their brand.

- Coffee

The coffee supply chain is fragile, as was most recently exposed by the COVID-19 pandemic. However, there have been previous shocks – from the global economic crash to the plant disease La Roya, which wreaked havoc across Latin America. Over the past two decades there has also been a significant interest in sustainability solutions, yet farmers still see little value from coffee and face most of the risk. Almost all coffee is exported as green unprocessed coffee beans and the value lies in roasting, which largely happens in importing countries. Fairtrade Producer Networks ensure farmers have the latest information about pricing and provide opportunities to improve the quality of their coffee, for instance, through projects like the Coffee Golden Cup. This is a global competition set up by Fairtrade's producer networks, which saw remarkable success in 2021 with many entrants scoring high results on ratings set by the Specialty Coffee Association (SCA). Having quality coffee with high SCA ratings can mean that farmers can negotiate higher prices. The Fairtrade Foundation is helping to generate new market opportunities for coffee producers that have taken part in these competitions and has shared samples with business partners interested in quality origins.

In the last two years, Fairtrade Africa has led training in Good Agricultural Practices, sustainable agricultural land management, and climate change awareness and sensitisation, reaching over 9,000 coffee households. Through this work, Fairtrade producer organisations have set up 15 wetlands, 73 demo-plots, 58 coffee and shade tree nursery sites. They have installed 424 solar panels and 17 solar coffee driers have been installed, and over 700,000 coffee and shade trees. In early 2021, the revised Fairtrade Standard for Coffee introduced new environmental requirements. These further encourage co-operatives to evaluate their environmental risk and develop climate adaptation plans.

In the summer of 2021, Fairtrade International have published Fairtrade's first Living Income Reference Prices for coffee – setting them for Colombia. This is an exciting milestone in the Fairtrade coffee sector and mirrors Fairtrade's work on living income in other commodities such as cocoa. A living income allows a farming household to afford decent housing, nutritious food, education, health care and other essentials and the Fairtrade Living Income Reference Price provides industry with the price needed to close the gap for farmers in their supply chains.

Fairtrade recognises the importance of sustainable and stable prices as one of the key factors in making living incomes a reality for farmers. Fairtrade coffee farmers have been able to stay in business during the price crises in recent years thanks to the Fairtrade Minimum Price and Premium, but we know that many are still not earning a living income. During the 2018-2019 harvest season, around 60 percent of coffee farmers did not earn enough to cover their costs of production. Our own baseline data showed that only a quarter of Fairtrade coffee producers in Colombia were making a living income in 2019/20. The new voluntary prices are a first step for those companies aiming to achieve living incomes for growers in Colombia.

In Colombia the average age of a coffee farmer is 52 and rising. It is critical for the future of coffee that the next generation see coffee as a sustainable livelihood. We need to see more young people employed in coffee farming to ensure coffee communities have stable and secure access to food, and the means to build financial stability for coffee communities into the future. That is why Fairtrade Producer Networks are all working with young people to build their skills in farming, entrepreneurship, climate adaptation, leadership, and more. In November 2021, Fairtrade held a Fairtrade Global Youth Convention, a virtual global forum that brought together young representatives of the three regional Fairtrade Producer Networks in Africa, Asia, and Latin America. The goal of the three-day online event was to create lasting networks and to provide a space for young people to connect, learn and

collaborate. The convention provided learning opportunities and workshops for building skills in areas such as leadership, agri-preneurship and climate change. The online platform provided a space for youth to network with each other and with climate professionals.

- Cotton

Cotton farmers in lower income countries often live in hardship. As many as a 100 million rural households – 90 percent of them in lower income countries – are directly engaged in cotton production, relying on it for their income. An estimated 350 million people work in the cotton sector. For farmers, the challenges range from the impact of climate change, poor prices for seed cotton, through to competition from highly subsidised producers in rich countries and poor terms of trade. Through tools like the Fairtrade Minimum Price and an additional Fairtrade Premium and stronger, more democratic organisations, Fairtrade has sought to provide these farmers with an alternative route to trade and higher, more stable incomes.

In 2021 all the cotton in Red Nose Day chari-tees was Fairtrade certified, traded, audited and sourced from Fairtrade producers from the Rwenzori Farmers Marketing Co-operative Society Ltd, located in Western Uganda near the foothills of the Rwenzori mountains (meaning ‘Mountains of the moon.’) The co-operative is supported by TK Maxx’s Sustainable Trade Programme and works with over 600 farmers to increase their capacity to grow top quality cotton, raise their income and send their children to school. The co-operative was certified in 2014 and is the first Fairtrade certified cotton producer organisation in East Africa.

In addition, in October 2021, Fairtrade is piloting paying an extra sum of money on top of the market price for Fairtrade organic cotton in India. This ‘organic differential’ price pilot will see an extra €0.03 per kg of seed cotton go into the farmer’s pocket with the aim of increasing their incomes.

- Flowers

In addition to the previously mentioned VSC programme, other interventions have been taking place over recent years in Fairtrade’s flowers supply chain. Fairtrade Africa’s Women’s School of Leadership programme (WSOL), the *Dignity for All* initiative, financed by Aldi UK, the Finnish Ministry of Foreign Affairs and the Swedish Postcode Lottery was in its final year in 2021. The programme has supported 1,200 employees at Herburg Roses (75 percent of which are women) to increase their gender equality awareness, as well as practical skills and knowledge. More than half of the 73,000 workers on Fairtrade certified flower farms are women, so it is important that we go further in ensuring women have a say at work and in the development of their communities, as well as having opportunities to learn, progress in their careers and become entrepreneurs.

Bringing producers’ stories and experiences to life at in-person events was an important part of our inaugural stand at the iconic, world-renowned RHS Chelsea Flower show in 2021 and demonstrated to businesses both the impact of Fairtrade sourcing, the strength of Fairtrade marketing and our programmes with businesses.

In March 2021 we published a new report, *Blooming Back Better: Towards living wages and resilience in the flower industry*, in which we called on businesses, farms and governments to do more to tackle the challenges facing workers in the flower and plant industry, and to join Fairtrade in working towards living wages. Among other things, the Fairtrade Foundation report asked governments to introduce an ‘appropriately benchmarked national minimum wage’ for the horticultural sector, where none already

exists, and recommended that governments and non-certified flower farms recognise and work with trade unions to strengthen workers' rights.

- Gold

The Fairtrade Gold Standard is one of the world's most recognised ethical standards for artisanal and small-scale mines, tackling unfair pay and dangerous working conditions, and promoting environmental protection and health and safety. We care about the workers who mine this most precious metal, and have continued to support mines producing Fairtrade gold as they dealt with the impacts of the pandemic. For instance, when operations were disrupted in Peru, Fairtrade certified mines continued to pay miners with their usual salary, even though they had to reduce their working hours in the face of site closures and government pre-conditions for operating. We have also worked with the mines to develop COVID-19 prevention measures and share information on how best to keep miners safe. Fairtrade also secured emergency funding to help miners access the right safety equipment and supplies to safeguard them from COVID-19 while working.

Fairtrade, Valcambi, FairCapital and Fairphone announced a partnership in 2021 on a new programme funded by the European Partnership for Responsible Minerals. The Responsible Peruvian Gold programme is working with four artisanal and small-scale mining organisations (ASMOs) in the Puno region of Peru. This programme is supporting a total of 10 mine operators within the ASMOs to provide miners with the technical and financial skills needed to meet the mining standards and due diligence required to sell their gold to international markets on Fairtrade terms. The three-year ERPM-funded programme – worth £490,000 – also aims to ensure decent and safe working conditions for miners.

- Tea

Due to low tea prices and poor wages, small-scale tea producers are often the most vulnerable in supply chains. Despite being vital to a lucrative global industry, many tea-growing communities are living in extreme poverty.

We at Fairtrade want to see a future where tea farmers and workers can earn a decent livelihood, human rights are respected, and the environment is protected. Fairtrade is working to establish better conditions and incomes for tea farmers through the Fairtrade Minimum Price, Fairtrade Premium, the Fairtrade Standards, and direct support to producers from Fairtrade Producer Network – local offices of Fairtrade experts – in Africa, the Middle East, Asia and the Pacific.

Around a third of Fairtrade tea farmers and workers are women. They are often the ones plucking the tea leaves which are then sold to plantations or tea factories for processing. While women provide significant labour in tea production, their access to and control over resources are greatly restricted. Gender inequality and discrimination is unfortunately endemic in the tea sector. Often women don't own the land and see little of the profit made from it. Fairtrade works to address this gender gap and supports women to participate equally in agriculture, earn better wages and diversify their income and opportunities.

Following an extensive consultation with producers, tea workers, traders, companies, and researchers, in 2021 Fairtrade updated the Standard for tea to address pressing priorities for workers. The current updated Fairtrade Standard for tea requires organisations to have a gender policy and prohibitions against forced labour and gender-based violence and must implement relevant monitoring and remediation systems. It also includes stronger specifications on housing standards and sanitation and washing facilities, as well as giving workers a greater voice in the

certification process and in dialogue with management regarding compliance with the Fairtrade Standards.

The Tea Standard was strengthened further from April 2022 to include more detailed requirements to stop all forms of gender-based violence in producer organisations through a rights-based approach. Producer Networks provide regular training on gender equality and gender-based violence and run programmes specifically designed to encourage female leadership and improve the lives of marginalised women. For example, the Gender Action Learning in Tea Farming Communities project in Kenya is working with 250 women and young people to build their business skills and increase access to finance. Their goal is to involve more women and young people in the running of producer organisations.

Even with the strengthened requirements, there is more work to be done in closing the gap to a living wage for tea workers in many origins. Specific local realities, and the fact that Fairtrade tea is only a very small portion of most tea estates' business, contribute to the challenge. Recognising the need for change across the whole tea sector, we continue to advocate with commercial partners, government, and civil society to ensure everyone plays their part in ensuring tea production is sustainable, respects workers' rights and enables a decent livelihood.

- Sugar

The COVID-19 pandemic continues to affect farming communities' incomes. The impact is especially hard in those countries where Fairtrade sugar is grown which are also experiencing climate-related challenges. As the [Fairtrade International Annual Report](#) notes, climate-related weather events hit sugar producers hard in Central America, and Fiji was devastated by Tropical Cyclone Yasa in 2020.

Rachel Banda, a sugar farmer from Malawi raised the voices of many of her fellow farmers, as she represented them at Glasgow for COP26. *'It's a big deal for us because our livelihoods depend on agricultural activities. We are 1,056 farmers and our lives really depend on this co-operative. Whenever we are hit by the effects of climate change our lives go down, poverty keeps on increasing. Whenever our yields are low, earning a living becomes really hard.'*

To address the challenges for sugar farmers and aiming to diversify income and markets. With a global market worth US\$15 billion in 2021, expected to rise to US\$21.5 billion by 2026, rum produced with Fairtrade ingredients could be a source of additional revenue for Fairtrade sugar producers – including those in Belize, El Salvador, Fiji, Mauritius and Paraguay where molasses or alcohol are used to make rum.

In India, discussions are underway to produce Fairtrade paper using bagasse, or sugar cane pulp, while several NFOs report interest in biomaterials and bioplastics made from sugar cane by-products. Fairtrade will also explore selling ethanol as a Fairtrade ingredient if there is interest from producer countries with a government biofuels mandate. Fairtrade ethanol has already been sold to companies as a cosmetics ingredient.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 2: Growth & Innovation

Move from niche to mainstream and develop new sources of growth, including local Fairtrade, tailored solutions, partner segmentation and expansion into untapped markets.

Fairtrade sales figures

There was a great deal of uncertainty in 2021, as the year continued to bring challenges to businesses and supply chain disruptions due to the pandemic. The Out of Home (OOH) market, which includes pubs, cafés, restaurants, hotels and hospitality venues suffered significantly in 2020. Globally the UK was one of the worst hit markets, continuing to cause uncertainty into 2021. This has had a particularly big impact on the coffee sector, as many Fairtrade commercial partners operate within the Out of Home sector. With continuing restrictions at the start of 2021 and increasing costs we recognise the financial pressures faced by the sector and are focused on showing our business partners the enduring importance of Fairtrade.

This wider market instability is reflected in the figures Fairtrade gathers, although there have also been signs of continued hope, including the growth in sales volumes across relatively newer commodities in 2021 and other partners have chosen to grow their Fairtrade commitments.

Fairtrade flowers have offered cause for celebration, having seen significant growth in retail volumes in 2021 (+11 percent) particularly at Asda which saw a +70 percent YoY increase. The growth among key partners enabled us to grow the category volumes and demonstrates the strength of Fairtrade's brand and partnerships, particularly when viewed in the context of the disastrous effects of COVID-19 on the East Africa flower sector in 2020.

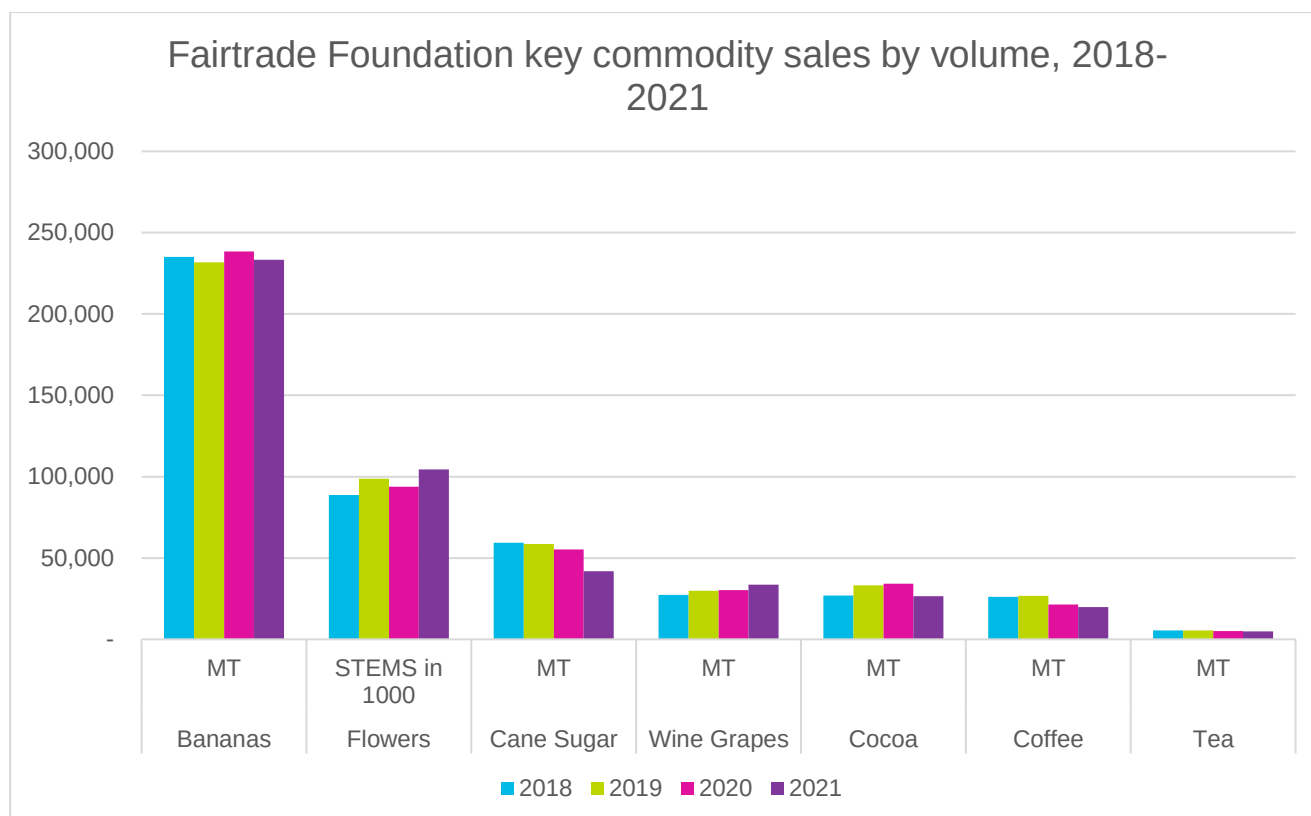
Fairtrade gold sale volumes also grew (+15 percent), as 2021 saw licensees and goldsmiths increase their purchasing volumes. This positive trend indicates that the sector is slowly recovering from the impact of the pandemic, which hit it hard in 2020. We also saw continued interest in our key Fairtrade Gold Sourcing Programme (GSP) with new commitments in 2021. This included Fairphone, in partnership with its supplier Hirose Electric Co. Ltd, showing how the electronics sector can integrate more Fairtrade gold into supply chains while Maria Black became the first independent luxury jeweller to sign up to the model.

As the UK moved further out of lockdown the sales of some Fairtrade commodities showed improvement as availability increased and sales reverted to pre-pandemic levels. However for commodities such as cocoa, 2021 was the first year of sales without the commitment of Nestlé through their iconic KitKat. At the same time 2020 saw people buying more groceries and taking up hobbies such as baking, triggering a rise in sales of produce such as sugar and bananas, whereas in 2021 fewer lockdowns were in place and people tentatively began to embrace a 'new normal'.

2021 has brought a drop in coffee sales volumes (-7 percent) and tea volumes sold (-6 percent) as black tea continued to mirror the national decline, and the third national lockdown in the UK made its impact felt – for example people were advised to stay at home and schools, colleges, workplaces and hospitality venues where a lot of Fairtrade beverages are sold were closed. Cafés open for takeaways experienced significantly reduced footfall during COVID-19 restrictions. Elsewhere, a decline in cocoa (-22 percent) is for the most part associated with Nestlé's departure in 2020. Nestlé's move also drove a reduction in sugar volumes (-24 percent), with healthier lifestyles also

likely playing a part and the ongoing move by the EU to remove the quotas on UK grown beet sugar which has reduced demand for imported cane sugar, plus the shift back to pre-pandemic lifestyles. Bananas stayed fairly constant though there was a slight decline in sales (-2 percent) following the 2020 spike of banana bread and other home baking favourites.

We have seen growth in fruits such as oranges and apples (+26 percent and +28 percent), and wine grapes (+11 percent). The latter increase was largely driven by Co-op's transition towards stocking 100% South African wine in 2022, as well as significant growth of wine in other retailers. Fairtrade's wine category has been complemented by partnerships in origin to create further value for farmers and workers.



High demand for Fairtrade products

In further positive trends, 2021 saw high consumer demand for Fairtrade, reflecting an increased shopper awareness of sustainability. Our consumer research consistently shows support for Fairtrade, and other reports show a growing and wider social shift towards more ethical, sustainable purchases in 2021.

Fairtrade is the most recognised and trusted ethical certification in the market (Globescan, 2021). Active choice of Fairtrade – those who say they ‘always’ or ‘often’ purchase Fairtrade products – has grown from 24 percent when we started tracking this metric in 2017 and peaked at 32 percent in 2021. According to the latest GlobeScan 2021 data, 65 percent of people in the UK say they choose Fairtrade, demonstrating continued consumer commitment to products that are ethically and sustainably produced. Over two-thirds are more likely to buy a product with the FAIRTRADE Mark knowing that it is ethically produced, being aware of its origin, and that farmers are paid a fair price. 61 percent of customers feel proud to shop at supermarkets and stores that support Fairtrade

(Globescan, 2021). This demonstrates continued consumer commitment to products that are ethically and sustainably produced.

The FAIRTRADE Mark also maintains by far the highest level of awareness of any certification model in the UK. Consumer research conducted in Q4 of 2021 by Kantar shows that 89 percent of people say they have seen the FAIRTRADE Mark. The Mark also has the highest levels of trust, with around eight in ten customers (78 percent) trusting the Mark and a similar number (77 percent) saying they care about Fairtrade. (Kantar TNS Consumer Research, Q4, 2021).

As people were unable to visit their high streets due to COVID-19 restrictions, there was an accelerated shift to online shopping in 2020 and early 2021. Ocado was the fastest growing retailer: an engaged partner of Fairtrade which stocks a wide range of Fairtrade branded items and who has appeared on one of our Fair Focus panels. Meanwhile shopping for everyday goods online will remain the new norm amid the pandemic. Digitalisation makes it easier for shoppers to compare products and learn whether a company's sourcing and manufacturing practices align with their values.

In 2020, Amazon launched the Climate Pledge Friendly badge – a new programme to make it easy for customers to discover and shop for more sustainable products, and Fairtrade was one of the launch partners. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products to signify that the products have one or more of 30 different sustainability certifications, including Fairtrade. Fairtrade badging now also appears on Asda's online shop and dedicated Fairtrade aisles on Co-op and Ocado's online stores. This approach helps the public to make an informed choice, to identify and choose Fairtrade products with ease when shopping, ensuring they're choosing a better future for people and planet.

The Fairtrade Foundation has good relationships with many of the UK retailers, and there is a significant range of Fairtrade certified products available across the 'Big Four' and discounters, including both own-brand and branded items.

The Impact of Fairtrade sourcing

As well as our price structure, Fairtrade is the only sustainability standard that guarantees a fixed Premium. This is an extra sum of money on top of sales (for example in bananas it is generated per banana sold). The Premium goes directly to producer organisations and enables farmers and workers to invest in projects of their choice. Businesses have invested over €1 billion in Fairtrade Premium globally over the last 25 years. Premium investments have included low-interest loans, subsidised medical care, scholarships, cash payments, environmental projects, quality and productivity measures. Fairtrade certified organisations make a plan for how to invest the Premium, which is approved by a democratic system and this is checked during audits. This investment, supplemented by training and support carried out by the three Producer Networks, strengthens the resilience of producer organisations in businesses' supply chains.

To demonstrate the impact of Fairtrade and deliver greater transparency for all our Fairtrade licensees, a joint project from the Commercial, Monitoring Evaluation and Learning (MEL) and Supply Chain teams has produced reports for business partners sourcing Fairtrade. These show a breakdown of customers' Fairtrade volumes and products, and information on their supply chains to demonstrate how their purchases build resilience for producer organisations. These reports include Fairtrade Premium spend broken down by category and how it links to the UN Sustainable

Development Goals, as well as case studies highlighting why it is important to source Fairtrade. Over the year 159 Licensee Impact Reports were produced which was especially useful for smaller licensees in tea, coffee, flowers, wine, sugar, cocoa, gold and cotton who had not received such detailed information previously. Recipients say these reports are: 'excellent and very useful' and that this approach 'quantifies our contribution toward your specific development goals and projects'.

The Marketing team also provided information and communications materials for particular licensees to use in their own communications, including a mixture of supply chain data, social media assets and case studies. This was used throughout 2021 to show the impact of their Fairtrade sourcing commitments for producers. We also gathered content for four retailer reports, which show enhanced insights into the impact of Fairtrade sourcing. In addition, two special reports to give customers greater understanding of the lives of tea and coffee producers in their supply chains, focused on Kenya and Colombia. Fyffes, who are a significant customer of Fairtrade bananas, received impact materials from Fairtrade Foundation, showcasing the human stories from producers and farmers in the Dominican Republic in early 2021.

We also continued our Fair Focus webinars in 2021 to create greater understanding of ethical sourcing and deliver interesting, topical discussions, with many of our partners speaking on panels. These events were open to the public in 2021 and hundreds of attendees signed up including activists, academics and representatives of a wide range of businesses.

To improve our customer experience further, the Business Engagement team mapped a customer journey to explore how businesses interact with Fairtrade and improve operational excellence, efficiency and enhance satisfaction across the system. As a result solutions were identified to simplify and improve interactions with licensees, which has led to better relationships with customers, and improved ways of working. For example, there is now a single application process to Fairtrade and the auditor through a partnership with FLOCERT, which minimises duplication for a business wanting to source from Fairtrade-certified organisations.

Key successes: new business and strategic partnerships

In 2021 Fairtrade Foundation welcomed new sourcing commitments and promoted our 'scaled offer to business' which generated more interest in our programmes and expertise services. Confirmed new business for 2021 included commitments from retailers and brand conversions, in particular a number of cocoa commitments.

Lidl are the biggest buyer of Fairtrade cocoa and rolled out their Way 2 Go chocolate across 400 stores. Aldi launched the Choco Changer, a new chocolate bar that commits to Fairtrade's Living Income Reference Price for cocoa. Aldi is also a longstanding partner in a programme in Ethiopia, investing in providing opportunities for flower farm workers to meet their organisational objectives on gender equity. Other Fairtrade cocoa conversions were made by SPAR, introducing three new products on trial. Proper, building on their brand commitment as the 'only Fairtrade sweet popcorn' introduced two new Proper Chocolate Popcorn bars, while Asda launched a new FSI cocoa chocolate bar. 100 percent Fairtrade brand Tony's Chocolonely also launched in major retailers in 2021.

Despite the challenges the Out of Home sector has experienced throughout the pandemic, we saw increased collaboration with one of our key strategic partners, Greggs. Since 2005, Greggs has sourced Fairtrade coffee beans (for all its coffee products), and since then adding on bananas, apple juice, orange juice, sugar sticks, sugar syrup, hot chocolate, black tea, mint tea and green tea as part

of its Fairtrade commitments. Their Greggs Pledge, announced early in 2021, sets out ten commitments aligned to the Sustainable Development Goals (SDGs), to make the world a better place by 2025. In August 2021, Greggs announced a switch to using only Fairtrade chocolate in its own products, which include Milk Chocolate Cookies, Caramel Shortbread and Chocolate Brownies, to name a few. We amplified their cocoa conversion through our marketing channels, including featuring Fairtrade-produced communications in stores, online, on our social media Fairtrade Friday moment, and in earned media.

In tea, Clipper Teas launched new decaf products and they remain a supportive Fairtrade business partner, proudly talking about their commitments as 'the world's largest Fairtrade tea brand' and going further in other aspects of sustainability, such as using plant-based, biodegradable tea bags. In coffee, OOH partner LEON launched their Fairtrade coffee cross-channel into retail and CRU Kafe has expanded their range, with new whole beans and ground coffees. The first roast and ground coffee brand to feature the FAIRTRADE Mark on pack and pioneer of the movement, Cafédirect also celebrated its 30th birthday in 2021 and over time it has generated £21.1million for Fairtrade producers and their communities. Building on the success of the launch of the Machu Picchu TV campaign in 2020, this was continued in 2021 with two bursts of activity in February/March and the second in May/June which boosted awareness and preference for the bestselling Fairtrade coffee.

The Co-op successfully converted new lines, with a big focus on fresh produce, including Fairtrade baby plum tomatoes. In 2021 they launched Fairtrade oranges, grapes, tomatoes, and green beans, with a vision to expand their Fairtrade fresh produce range further throughout 2022. They are also supporting programmes, including contributing funding to a three-year climate change adaption programme being led by Fairtrade Africa (detailed in the Programmes section).

Waitrose has increased its volumes of cocoa through the Fairtrade Sourced Ingredient (FSI) model and are planning more products in 2022, as well as remaining committed to stocking Fairtrade brands. M&S converted all their jams and spreads to Fairtrade with FSI sugar as well as launching new products, including Fairtrade iced coffee drinks, while the classic M&S Gold Label tea is award-winning. They were also a key partner, along with Tesco and Co-op on the successfully delivered FCDO flowers project.

Amazon offers Fairtrade coffee in their UK Amazon Fresh stores so customers can enjoy coffee to go. In addition, it has committed to source other Fairtrade commodities, and is sourcing FSI olive oil initially, a key ingredient in their new personal care range. There are other businesses interested in sustainability in this sector and therefore new market opportunities for producers of shea butter, cocoa butter, coconut oil and olive oil – natural ingredients for skincare products.

Fairtrade aims to expand the FSI model to other commodities, such as tea, as this would allow brands to produce Fairtrade kombucha for example, a product category which has seen rapid growth in recent years.

In 2021, Essina Wholefoods also signed up, offering customers Fairtrade cashews nuts and dried fruits.

The market for gold was challenging in 2021 due to lockdowns and shop closures. However well-known brands are signing up to Fairtrade gold, including the first independent jeweller to join the Gold Sourcing Programme, Maria Black.

Fairtrade lends itself to product innovation, and Ben & Jerry's often launch new products, such as Peace Pops, in the UK. The launch coincided with Fairtrade Fortnight and there was fantastic Point of Sale activity with fellow Fairtrade partner Co-op. In addition to sourcing, we work with partners on advocacy and the Fairtrade COP26 campaign was an important way for the Foundation to engage business licensees, which in turn creates greater market access opportunities for producers.

For example, Ben & Jerry's was one of 27 organisations to sign and support the Fairtrade Business Pledge during the campaign, and by working with them Fairtrade's campaign messages were further amplified.

As part of Ben & Jerry's own plans to celebrate September's Big Green Week, the brand independently hosted three live events in the run-up to COP26 and they shared our petition via an e-programme circulated to all of those who had signed up. The petition was shared with more than 50,000 Ben & Jerry's fans when it featured in their October newsletter under the title 'Take Action For Climate Justice', and a blog on [Climate Justice Now!](#) linking to our advocacy campaign was also shared across their social channels. On the eve of COP26, Ben & Jerry's sponsored the Pathway to Paris event in Glasgow Royal Theatre, a concert that featured rock singer Patti Smith and Ugandan activist Vanessa Nakate. They invited us to participate in this event and as a result Fairtrade Africa's Mary Kinyua gave an inspiring speech, sharing the key asks of our campaign. Mary also hosted a Green Zone panel discussion which heard from Ben & Jerry's Global Head of Values Led Sourcing.

Also part of Fairtrade's ongoing climate justice campaign, launched during COP26, was an opportunity for key partners to sign up and commit to taking climate action in their supply chains. We are continuing to invite more companies to add their names to our climate pledge this year.

Fairtrade held a series of webinars throughout 2021, and joined other industry events to share expertise and knowledge. The Fair Focus events covered a variety of topics and highlighted the increasing demand for sustainability. Hearing from Globescan in May 2021 for example, the research organisation which has been tracking consumer attitudes on this for more than 20 years shared that 47 percent of people are willing to pay more for products that work to improve society and the environment.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 3: Advocacy & Citizen Engagement

Leverage global presence to push for action on power imbalances in supply chains, inequality, human rights risks and climate change.

Our key successes

During 2021, an active programme of advocacy work has raised the position of Fairtrade farmers in critical areas of government policy, including climate change, trade policy, human rights and environmental legislation, and market regulation.

Despite pandemic restrictions, Fairtrade supported work by the Fairtrade All Party Parliamentary Group (APPG). In Fairtrade Fortnight 2021 we were delighted to welcome the Secretary of State for International Trade, Liz Truss MP, to an online Q&A session with questions from Fairtrade producers and children from Fairtrade schools. MPs also took part in a virtual visit to a Fairtrade tea farm in Kenya, where they heard first-hand from farmers impacted by the climate crisis.

We held two briefings for FCDO staff on child labour in West Africa and living incomes. In addition, the FCDO's Minister for Africa visited Fairtrade's flower programme in January, a programme partly funded through the FCDO Vulnerable Supply Chains Facility.

2021 saw the UK leave EU trade agreements and begin to set new trade agreements in place. We have continued to represent issues arising for Fairtrade with the Department of International Trade including through Michael Gidney's membership of the Strategic Trade Advisory Group (STAG). In early 2021 we highlighted the risk of a loss of market access for Fairtrade bananas from Ghana caused by a delay to Ghana's new trade arrangement with the UK and were pleased to see an agreement concluded in March 2021.

We responded to a number of government consultations of importance for Fairtrade farmers, including the Environment Bill (2021) provisions for anti-deforestation measures. We also responded to a call for evidence from the Competition and Markets Authority to highlight the challenges posed by competition policy for sustainability initiatives.

2021 also sadly saw cuts to the UK's international aid budget. We joined other NGOs in challenging the decision, and to call for the UK's commitment on aid to be restored.

As active members of the Climate Coalition, alongside other NGOs we mobilised Fairtrade campaigners to engage their communities with the successful Great Big Green Week moment in September. Dozens of community events were organised by Fairtrade groups as part of Great Big Green Week, and over 3,200 supporters contacted their constituency MPs to demonstrate public support for climate finance promises to reach smallholder farmers in advance of the COP26 summit in Glasgow.

COP26: Be fair with your climate promise campaign

Today, millions of farming families and their communities stand on the front line of a climate crisis that they have done the least to cause. Cocoa, coffee, sugar, tea, banana and cotton and flower production are highly vulnerable to climate change. Research from VU Amsterdam and Bern

University of Applied Sciences, commissioned by Fairtrade, found that dramatic weather patterns spurred by climate change will put millions of farmers at risk of financial collapse as their livelihoods come under increasing climate pressure. Source: [*Fairtrade and climate change: Systematic review, hotspot analysis and survey, BU and BFH 2021*](#)

The vast majority cannot afford to adapt to the changes they are experiencing, from floods, droughts and storms to hotter temperatures and crop diseases. To press for proper support for Fairtrade farmers faced with the climate crisis, in November 2021, an international Fairtrade delegation, including farmers, travelled to Glasgow, Scotland for the COP26 climate change summit. We worked with Producer Networks on a campaign to ensure their voices were front and centre of the campaign. In an open letter reflecting the concerns of 1.8 million farmers and workers worldwide, Fairtrade Producer Networks called on rich nations to deliver on their climate promise and invest \$100bn a year on climate change finance. Farmer representatives met government delegates and spoke at a number of official side events.

Building on our key message during Fairtrade Fortnight, and amplifying the demands of Fairtrade producers set out in the open letter, we called on world leaders to be fair with their climate promise, and ensure that climate finance commitments are met and delivered in a way that supports smallholder farmers to both adapt to, and mitigate the effects of climate change. This was a campaign that involved a vast range of stakeholders, over 30,000 citizens signed our petition backing Fairtrade's advocacy demands to COP president Alok Sharma MP, and 27 businesses signed up to the Climate Business Pledge, committing them to take action within their supply chains, including ensuring fair prices for producers, partnering with farming communities and measuring their own climate impact.

Climate change has a significant and increasing impact on Fairtrade producers. Farmers and workers report they are most concerned about changes in rainfall, floods as well as environmental challenges including deforestation, water contamination and increasing temperatures. According to a Globescan survey of 300 producers carried out in 2021, 36 percent of Fairtrade farmers surveyed say climate change is the biggest issue they are facing (NB: This is not representative of all farmers due to response rate and location of farmers).

Farmers and workers are best positioned to address the challenges like this that are caused by climate change, expand opportunity to all, and make agriculture an attractive option for the next generation. By shifting the balance of power closer to farmers and workers, we strengthen the ability of producer organisations to effect change in their communities. One of those to speak at a panel event during the conference Benjamin-Francklin Kouamé, a cocoa farmer from Côte D'Ivoire, was also interviewed at the COP26 summit for a video we shared via Fairtrade's communication channels. He said: *'I am here in Glasgow to bring the voice of farmers to world leaders. I want to explain the negative impacts of climate change on our lives and livelihoods. When we get a price for our products that isn't a fair price then our work is threatened further. We have come to ask for justice: climate justice and trade justice...Being a farmer shouldn't be a route to poverty. My feeling is that poverty is a reason for the destruction of nature. It drives deforestation. When I am hungry I can't think. I will do what I have to do to eat, to support my family.'*

A key part of this approach is also enabling producers to speak about their experiences and advocate for themselves. That is why our COP campaign took a producer-centric approach, and we provided many opportunities for producers to be thought leaders, speaking at panel events, giving interviews to the media and writing comment pieces, as well as staff across the Fairtrade Foundation and international system. The Fairtrade Media team supports producers with training ahead of interviews

with journalists and invested in a Broadcast Day, working with a specialist agency to amplify our message, and this saw Fairtrade Africa's Commercial Director deliver high profile interviews to national media including Sky News and the BBC.

Kate Nkatha Ochieng, Commercial Director Fairtrade Africa, speaking from COP26, said: *'At Fairtrade, farmers and agricultural workers have told us that climate change is the single biggest threat to their livelihoods. They and their communities stand on the frontline of a crisis they have done the least to cause. It is a grave injustice. As the granddaughter of a tea farmer myself, I have seen first-hand the devastating impacts of climate change in my home country of Kenya.'*

Work has taken place through 2021 by Fairtrade International to establish new global centres of excellence for Advocacy, Climate, and Human Rights Environmental Due Diligence. This new way of working is expected to strengthen global co-ordination and delivery of work in these vital priority areas, including strengthening the leadership of Fairtrade producers in advocacy. The success of joint work with Fairtrade producer networks during COP26 shows the importance of prioritising producer-led advocacy and we will seek to support this goal in coming years.

Following the publication of the updated Human Rights Commitment in June 2020, we have supported work across the Fairtrade system to strengthen our human rights effectiveness. We have also joined other civil society organisations in calling for effective and producer-focused Human Rights Environment Due Diligence (HREDD) legislation in the UK and EU. In the UK this has included responding to government consultations on anti-deforestation measures contained within the Environment Bill.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 4: Digitisation for fairer supply chains

Invest in data and digital systems to provide full transparency and traceability that helps achieve fairer supply chains and demonstrates Fairtrade's impact.

- 4.1.1 Supply chain traceability solution
- 4.1.2 Supply chain traceability offer
- 4.2.1 Supply chain transparency solution
- 4.2.2 Supply chain transparency offer
- 4.3.1 Insight capability

Our key successes

As we are in the first year of this strategy there have not been significant plans made under this pillar. However we are part of a global task-force across the Fairtrade system to provide greater transparency and traceability for businesses, without affecting producers' ownership of data. Fairtrade International's Impact team aims to ensure data is more accessible and public. For example, it has introduced product dashboards with public, real-time, transparent information about Fairtrade supply chains: <https://www.fairtrade.net/impact/top-7-products-dashboard>

Across Fairtrade, but being led by Fairtrade International, efforts are being made to build a fair and equitable access to data, to 'digitalise fairness' by leveraging the three Ts: **traceability**, **transparency**, and **trade**. As boardrooms and governments digitally speed ahead, we are working to ensure farmers, agricultural workers, and consumers are not left behind. An example of this is our partnership with Farmforce and Think!Data to create a digital solution for cocoa farmers in Côte d'Ivoire to ensure their co-operatives can own their data, whilst also using it to respond to market changes and increase market access.

Once the systems are implemented, co-operatives will be able to map their members' farms and track what they buy from each farm, giving cocoa producers greater oversight of their own businesses and the ability to assure buyers of how and where their cocoa is grown. In our digital future, information is power. And fair data puts farmers and co-operatives right at the centre, so they have a system that meets their own needs, and they acquire the capacity to control and benefit from that information.

Through our planned FairMarket strategy Fairtrade is working to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries.

Digitalisation has endless opportunities for connecting people around the world. Our annual Fairtrade Fortnight campaign, which for the first time in 2021 was virtual, sought to do this. Fairtrade is increasingly running mini digital communications campaigns, for example in August for Banana Lover's Day, we worked on a new video with Caught Creating, the people behind the successful Caught Snackin' TikTok account in a first for Fairtrade on the platform. We shared stories about producers, fun facts and celebrated five UK retailers that are committed to selling 100 percent Fairtrade bananas.

In addition, Fairtrade's virtual flower farm tours launched in 2021, provide invaluable insights into Fairtrade-certified flower farm operations and important metrics on their sustainability achievements

regarding everything from waste management and water and energy usage to gender equality initiatives.

Internal data projects

As mentioned in Pillar 3, we offered more insight reporting to partners. To continue to deliver bespoke information and solutions for commercial partners we carried out a series of projects aimed at streamlining and developing our systems and processes. We continued to roll out our data project, Project Hubble, designed to better demonstrate the impact of working with Fairtrade to our priority partners, by delivering reports that help our customers gain better insight into their supply chains and demonstrate the value of choosing Fairtrade.

To implement this strategy the Fairtrade Foundation has carried out a series of projects, from data cleansing historical data to introducing a Salesforce CRM solution, to providing insights to different teams. In 2020, we put in place a new operating system to capture the different types of Fairtrade sales, to have better transparency of UK sales values and volumes. This is a more accurate system to keep track of the Fairtrade Premium that is generated by sales of Fairtrade products. In addition, the Project Hubble team created various mechanisms to share data, working closely with the Monitoring Evaluation and Learning team, investing in data visualisation tools to share views and insights with customers, partners and supporters. The UK also uses resources and tools from Fairtrade International and the auditors, FLOCERT, to further visualise and understand its supply chains, investments of the Fairtrade Premium and also volumes of key commodities from the global system. One of these tools, FairLens, was designed and funded with support from Fairtrade Foundation.

Fairlens is a business intelligence service for the Fairtrade system, set up to provide National Fairtrade Organisations (NFOs), Producer Networks and Fairtrade International with information on how Fairtrade Premium is being spent and how that spend contributes to the UN's SDGs, as well as how it links to national markets.

In addition to building on this work, in September 2021 our new Data Protection Project involves a review of data protection, plans to streamline processes and ensure best practice.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 5: A launchpad for the future

Transform the Fairtrade system into an agile organisation that embraces innovation, digitalisation and partnership.

Our key successes

Fairtrade Fortnight is the highlight of the year for the UK movement. In 2021, for the first time, we held a virtual festival: Choose the World You Want. This gave us an opportunity to show how truly global we are, celebrating the 'One Fairtrade' culture and modelling a way to bring diverse stories across the system together for the future. As well as involving producers themselves and experts in fascinating talks on supply chains, we worked with artists campaigning creatively for change, we hosted engaging events with well-known chefs like Zoe Adjonyoh, who did a cook-a-long, and ran competitions with influencer and Fairtrade ambassador Melissa Helmsley.

In each of our new partnerships in 2021 we sought to ensure we followed the principles of equality, diversity and inclusion, which led to us commissioning Climate in Colour, a collaboration that reached 129,000 people, engaging 30,000 in a creative expression of 'the reality of the climate crisis for the farmers behind our food'.

As part of our virtual approach, we held more than 100 events online, with 96,000 unique visitors to our festival website, while partnerships with businesses reached an estimated audience of over 9 million. Our Fair Focus webinar with Co-op, Ben & Jerry's, Cafedirect and Fairtrade Africa saw the highest level of engagement we'd ever had on the platform. Elsewhere, Waitrose & Partners held a bake-a-long with pastry chef Will Torrent and presenter Olivia Wayne, while Divine Chocolate gave chocoholics an opportunity to virtually meet Ghanaian cocoa farmers Alice and Agyin. All these activities saw the Fairtrade Fortnight hashtag trend on Twitter.

We are especially proud of the passionate youth engagement we saw at Fortnight. This developed the enthusiasm and interest of a new generation of socially conscious citizens, with 76,000 people viewing our schools films and 800 young people entering our youth exhibition, displaying poems, artworks and creative expressions of the world they wish to see. Teachers continue to find our lesson plans, films and other content useful in teaching their classes about the lives of producers around the world, as 104,000 education resources were downloaded between January and March.

We must acknowledge and thank our Patrons Adjoa Andoh, Nick Hewer and Allegra McEvedy, for their continued support for Fairtrade throughout the year, helping drive awareness and reach amongst consumers, speaking to the media and amplifying our campaigns on social media. Our Celebrity Ambassadors including Harry Hill, Melissa Hemsley, Rosie Birkett and Tom Hunt also tirelessly worked to help drive to build awareness of Fairtrade.

In June 2021 we played an active role in the Wave of Hope campaign, which took place ahead of the G7 summit in Cornwall. The UK-side campaign was run by the Crack the Crises coalition, which is made up of 75 of Britain's leading charities and organisations, including the Fairtrade Foundation. The campaign invited the British public to back its call for the G7 to take decisive action to secure a fair future for everyone on the planet. It also demanded that leaders of the world's richest nations

attending the G7 seize the opportunity to discuss three inseparable global crises: COVID-19, the climate emergency and extreme global injustice.

Fairtrade supporters up and down the country participated, using the Wave of Hope campaign to tell G7 members that the farmers and workers who produce the UK's foods and goods must not be ignored. Renowned illustrator Sakina Saïdi was commissioned to create a special animation for the Fairtrade Foundation's Wave of Hope, for people to share on their social media channels. The illustration highlighted the need for climate justice for farmers and workers hardest hit by the climate crisis. Hundreds of Fairtrade campaigners also shared their own individually crafted Waves of Hope online, in windows and in their communities.

The campaigns in 2021, from Fortnight in the beginning of the year to the COP campaign at the end, have increased public awareness of how Fairtrade supports environmental sustainability and communities to adapt to the climate crisis.

Thanks to the hard work and enthusiasm of staff, volunteers, campaigners, businesses sourcing Fairtrade, partners and supporters of the Fairtrade Foundation, together in 2021 we made a huge impact on the public. Consumers' awareness is growing every day and this saw their shopping habits shift last year, with increasing numbers of people making ethical choices.

Fundraising

Fairtrade Foundation's income comes from licence fee, expertise and programme investment, donor funding and public fundraised sources. Major brands and retailers continue to back Fairtrade despite the impacts of Brexit and ongoing pandemic-related challenges, making impressive commitments to Fairtrade and the farmers and workers in their supply chains and support the system as licensees.

The Fairtrade Foundation has been successful in securing funding from institutional donors (including GIZ and Finland's Ministry for Foreign Affairs), foundations, and corporate partners. The total raised in the year was around £2.2 million, which was a huge success in a highly competitive funding environment marked by reduced donor budgets and increasing number of applicants.

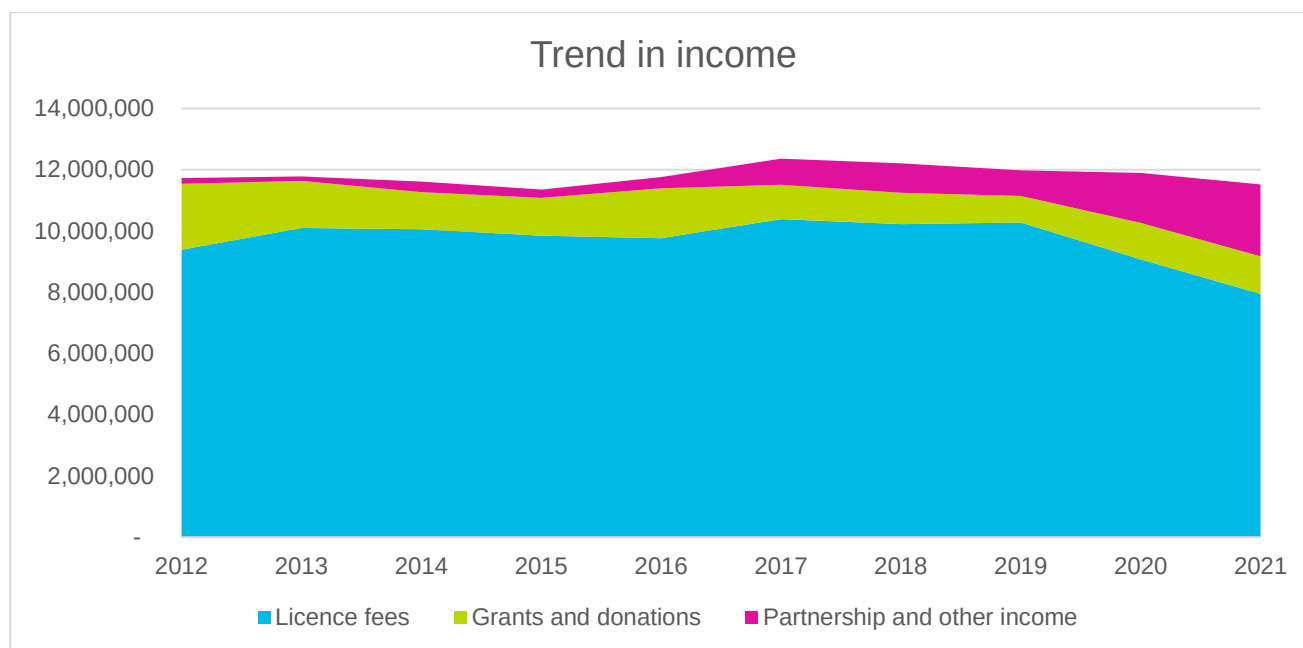
Fairtrade's fundraising successes in 2021 lay the groundwork for programmes over the next few years, enabling Fairtrade to scale progress for farmers and workers on a range of challenges including climate change, living income, living wages, decent work and women's empowerment. To meet these significant challenges and deepen its impact, Fairtrade continues to nurture its relationships with its current donors and explore funding relationships with new organisations.

Fairtrade's regular giving programme Live Fair launched in September 2019. While it had successfully retained just under 900 active donors in 2021, a change in terms and conditions caused cancellations of around 20 percent and the costs of managing and producing the boxes was not sufficient to continue resourcing, so the programme will be reviewed in 2022.

The remaining income from other donations comes from community fundraising (donations from Fairtrade Schools, places of worship, high net worth individuals, legacies and communities from Fairtrade Fortnight events) and other one-off individual donations.

FINANCIAL REVIEW

Financial performance



Total incoming resources in 2021 decreased by three percent to £11.5 million from £11.9 million, with an increase in donations (£230,000) and Partnership and other income (£715,000) offset by decreases in licence fee revenue (£1.1 million) and in restricted grants (£198,000).

Licence fees continue to represent the majority of total income (2021: 69 percent; 2020: 76 percent). Licence fee income decreased significantly by twelve percent to £7.9 million (2020: £9.1 million) following the departure of Nestle as well as the ongoing impact of covid hitting demand for some of our licensees, slight reduction in sales of commodities that were boosted by the 2020 lockdown which eased as the economy opened up in 2021 which was partly offset by improvements our Out of Homes licensees sales following a challenging year in 2020. Partnership and other income increased by forty-four percent to £2.3 million (2020: £1.7 million) following the easing of lockdown restrictions across the globe we planned for a significant increase in activities in the second year of the Mondelez Cocoa Life programme as well as receiving further COVID related funding. Fundraised income from grants and donations increased by 3 percent to £1.2 million (2020: £1.2 million) largely due to the receipt of a legacy and increase in donations from our Livefair regular giving offer which was partially offset by the ending of the EC Development, Education and Awareness Raising grant.

Total expenditure decreased by 1% to £11.6 million (2020: £11.7 million) and comprised:

- A decrease of £0.2 million on “Growth and innovation” due to a decrease in expertise service as a result of more focus on delivery and increase in programmatic activity under Empowerment of farmers and workers.

- A decrease of £0.5 million on “Advocacy and citizen engagement” largely due to the ending of the EC Development, Education and Awareness Raising grant and increased focus on growth for producers and increase in programmatic activities.
- A reduction of £44,000 in the amount spent on “Raising funds” largely due to a decision to reduce our efforts on public fundraising and increasing our focus on the effective COVID response support for producers. This was offset by;
- An increase of £0.6 million in the amount spent on “Empowerment of farmers & workers”, reflecting the increased programmatic work as a result of the easing of restrictions and delivery of COVID resilience funding.

Of the total expenditure, charitable expenditure represented 97 percent and the cost of raising funds was 3 percent (2020: 97 percent, 3 percent). It should be noted 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 decreased by 1 percent to £6.5 million from £6.6 million. Restricted funds increased to £624,000 (2020: £603,000). Unrestricted funds decreased 2% to £5.9 million (2020: £6.0 million). Included within unrestricted funds is £701,000 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, taking into consideration the impact of current economic uncertainty, and the potential financial impact of the principle risks and uncertainties noted below.

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 2021.

Under the policy, the target reserves level is based on a risk-based calculation of £3.3 million (2020: £3.8 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£0.1 million) and designated funds (£0.7 million), as at 31 December 2021 were £5.1 million (2020: £5.0 million) and were therefore 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 high inflation and increase in interest rates, war in Ukraine, and forecast recession 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 £5.1 million (2020: £4.8 million), of which £624,000 (2020: £604,000) 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 constituents 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

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 mitigate against 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.

Data and information – a co-ordinated global data and digital information strategy for the future is key, and is an integral part of the 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 next strand is to build fair and equitable access to data, to 'digitalise fairness' by leveraging the three Ts: **traceability**, **transparency**, and **trade**.

Through the planned FairMarket strategy the Fairtrade system is working to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. 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.

The impact of economic uncertainty – the continuing effects of COVID-19, Brexit issues, the war in Ukraine, inflation, interest rates and recession are all combining to produce uncertainty for consumers, licensees and indeed our own staff. In an operational sense, the Foundation is well set up with business continuity plans in place identifying critical functions, people and skills and how to manage during a crisis. In a financial sense, our income is reliant on the performance of our licensees, which are being affected both by consumer choice (forced by economic realities) and their own cost and supply chain pressures. There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised as matters change. We have strong levels of reserves which, together with sensible cost control, have helped take us through the disruption of the last two years and have ensured that the Foundation continues as a going concern.

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.

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. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future.

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 management

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 72.

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.

During 2021 the Board had 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 committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis.

The Partnerships Committee is an ad hoc 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. This Committee was dissolved by the Board in April 2022.

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 (for part of 2021) a 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 a 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 2021. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. This includes safeguards to preclude us requesting donations from vulnerable people.

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. In 2021 the scheme altered its terms and conditions in order to gain a higher return on investment and in 2022 we have taken the decision to close the scheme.

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 and in 2022, we will update our progress since that review. Since the

review we have implemented a Trustee code of conduct and refreshed the visibility of trustees on the Foundation's website.

We continue to implement our development plan, which 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.

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. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees receive safeguarding training, safeguarding is part of staff induction and safeguarding is embedded into our organisational strategy and culture. We continue to conduct DBS (criminal records checks) through an external provider, and have embedded a process for undertaking checks on new and existing roles that require it.

In 2021, there were **0** whistleblowing complaints, and 13 safeguarding cases raised, with **1** report to the Charity Commission.

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.

Diversity

As part of our work within Equality, Diversity and Inclusion (EDI), during 2021 we continued working towards our organisational action plan to tackle racism and address inequalities with regards to race. Our Anti-Racism Steering Group continue to drive change across five key areas :

- Area 1 – Anti-racist recruitment and development.
- Area 2 – Creating an anti-racist staff culture.
- Area 3 – Anti-racist procurement.
- Area 4 – Building anti-racist public communications and campaigns.
- Area 5 – Becoming an anti-racist role model.

The Fairtrade Foundation continues to be a Living Wage employer and an equal opportunities employer, committed to attracting, appointing and retaining a diverse workforce at all levels of the organisation, 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 EDI.

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 37 volunteers helped in the Fairtrade office or remotely at some time during the year, and gave 2,400 hours to the organisation.

Trustee changes

We have had 2 trustees stand down, and have appointed 3 new trustees, Keri Elborn, Kerry Smith and Anita Chandraker, since the last report.

This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 16 June 2022, in their capacity as company directors, and signed on its behalf by



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 ('the charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including 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 2021 and of its income and expenditure, 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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

- the 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 their 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 and proper 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), taxation and employment legislation.

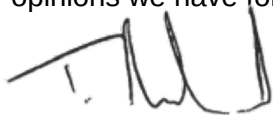
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

5 August 2022

THE FAIRTRADE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021 (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

	Notes	2021 Unrestrict ed £ 000	2021 Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Income from:					
Donations and legacies	2	374	-	374	144
Grants	4	-	848	848	1,046
Investment income		-	-	-	2
Licence fees		7,947	-	7,947	9,076
Partnership and other income	5	1,115	1,231	2,346	1,630
Total income		9,436	2,079	11,515	11,898
Expenditure on:	6				
Raising funds		290	-	290	334
Charitable activities					
Empowerment of farmers & workers		4,387	1,988	6,375	5,819
Growth & Innovation		2,741	-	2,741	2,931
Advocacy & Citizen Engagement		2,115	70	2,185	2,663
Total charitable activities		9,243	2,058	11,301	11,413
Total expenditure		9,533	2,058	11,591	11,747
Net income/(expenditure), being net movement in funds	9	(97)	21	(76)	151
Reconciliation of funds:	17				
Fund balances brought forward		5,967	603	6,570	6,419
Fund balances carried forward		5,870	624	6,494	6,570

The breakdown of 2020 figures between restricted and unrestricted funds is shown in Note 19. There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing. The Notes on pages 45 to 65 form part of these financial statements.

THE FAIRTRADE FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	11	12	24
Tangible assets	12	84	155
Current assets			
Stock		16	15
Debtors	13	3,472	4,131
Cash at bank and in hand		5,089	4,819
Total current assets		8,577	8,965
Liabilities			
Creditors: amounts falling due within one year	14	(1,650)	(1,982)
Net current assets		6,927	6,983
Total assets less current liabilities		7,023	7,162
Creditors: amounts falling due after one year	14	(180)	(243)
Provision for liabilities and charges	15	(349)	(349)
Net assets		6,494	6,570
The funds of the charity:	17		
General funds		5,073	5,038
Designated funds – Fairtrade Future		701	750
Designated funds – Fixed Assets		96	179
Unrestricted funds		5,870	5,967
Restricted funds		624	603
Total funds		6,494	6,570

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 16 June 2022, and were signed below on its behalf by



Mark Price
Chair of the Board
Company number: 02733136

THE FAIRTRADE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2021

	Notes	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	20	280	(40)
Cash flows from investing activities			
Purchase of property, plant and equipment	11&12	(10)	(53)
Change in cash and cash equivalents in the year		270	(93)
Cash and cash equivalents at 1 January		4,819	4,912
Cash and cash equivalents at 31 December		5,089	4,819

THE FAIRTRADE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Accounting policies

a. 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: 02733136) and registered as a charity on 3 February 1995 (charity number: 1043886).

b. 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 economic uncertainty as a result of the cost of living crisis, the ongoing war in Ukraine and the potential financial impact of the principle risks set out in the Trustees' report, 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, the most significant estimates and judgements which may have a material effect on the amounts recognised in the financial statements are as follows:

2. the level of provision for dilapidations (see detail in note 15)
3. Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £2.0m was billed relating to 2021 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.

4. the level of bad debt provision is estimated at £163k (2020: £166k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

c. 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 had 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 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 that 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 2020 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. Legacies are recognised at the earlier of cash received or notification of an interim distribution or when estate accounts have been settled.

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 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.

Empowerment of farmers & workers includes the cost of establishing and supporting supply chains, and support provided directly to producer groups and their regional networks.

Growth & innovation includes the monitoring and audit of supply chains of products 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.

Advocacy & Citizen Engagement 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 £115,000 (2020: £51,000).

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.

1.17 Grants payable

Grants payable are recognised in the year that an unconditional commitment is communicated to the grant recipient. In the case of multi-year grants, subsequent distributions are only recognised in expenditure once all reporting conditions have been met by the recipient and reviewed by the Foundation.

2. Donations and legacies

	Unrestricted £ 000	Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Triodos Bank Fairtrade Saver Account	4	-	4	5
Legacies	165	-	165	-
Other donations	205	-	205	139
Total donations	374	-	374	144

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.

- **Use of volunteers**

Additional resources were provided by general unpaid volunteers who contributed a total of 2,400 hours of work in the year. Volunteers provided administrative, 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.

3. Grants

	2021 Total £ 000	2020 Total £ 000
Foreign, Commonwealth and Development Office		
Cadbury Farmer Resilience Fund	191	309
Resilience in Flower Supply Chains	178	22
GIZ		
Building and Supporting Resilience for Cotton Farmers	133	-
Coffee work Uganda	71	34
COVID Response	-	34
Waterloo Foundation		
Developing Fairtrade Market Solutions to Financing Education	94	
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Traid		
Cotton Seed Phase II	42	83
Fairtrade Switzerland		
SECO - Farmers Resilience Platform in response to Covid 19	57	-
RVO		
Gold Uganda	1	9
Iseal		
DELTA Framework Pilot Project	13	-
Open Society Foundation		
Food project	12	52
HMRC Furlough	6	-
Comic Relief		
Gold IMPACT programme	-	8
EPRM		
Improved ASMO Access to finance	-	218
European Commission		
EC DEAR project	-	208
Jersey Overseas Aid Commission (JOAC)		
Bolivia Coffee	-	19
Total Grants	848	1,046

All grants in 2021 are restricted.

• **Partnerships and other income**

	Unrestricted £ 000	Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Cross-border sales administration fees	330	-	330	357
Consultancy fees	158	-	158	59
Expertise and commercial partner-funded programmes	562	1,231	1,793	1,191
Other fees and royalties	63	-	63	12
Sale of awareness-raising items	2	-	2	11
Total partnership and other income from charitable activities	1,115	1,231	2,346	1,630

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	2021 Total £ 000	2020 Total £ 000
Raising funds	178	58	54	290	334
Charitable activities:					
Empowerment of farmers & workers	1,180	4,841	354	6,375	5,819
Growth & Innovation	1,746	471	524	2,741	2,931
Advocacy & Citizen Engagement	1,440	313	432	2,185	2,663
Total charitable activities	4,366	5,625	1,310	11,301	11,413
Total expenditure in 2021	4,544	5,683	1,364	11,591	
Total expenditure in 2020	4,341	5,695	1,711	11,747	11,747

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.3 million (2020: £1.4 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 £70,000 (2020: £330,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.5 million (2020: £1.7 million) are distributed to Producer Networks by Fairtrade International. Contributions to the system-wide project fund £0 (2020:

£319,000) to support projects with a global benefit was discontinued in 2021 as part of the new strategy with a more effective process.

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 £28,000 (2020: £32,000).

Support costs of £1.4 million (2020: £1.7 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:

	2021	2020
	£ 000	£ 000
Human resources	280	285
Finance	221	513
Information Technology	344	407
Management and administration	3	5
Governance	112	74
Facilities	404	427
Total support costs	1,364	1,711

7. Grants payable to institutions

	Statement of Financial Activities heading	2021	2020
		£ 000	£ 000
Fairtrade Africa and other African partners	Empowerment of farmers & workers	461	652
Fairtrade Finland	Empowerment of farmers & workers	37	70
Fairtrade America	Advocacy & Citizen Engagement	4	-
Network of Asia and Pacific Producers and other Asian partners	Empowerment of farmers & workers	14	62
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Empowerment of farmers & workers	308	18
Total grants payable		824	801

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 to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. 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 African partners are in relation to Cocoa Farmer Resilience Fund, Resilience in Flower Supply Chains, Green People's Energy Uganda, Covid response, Climate Resilient Supply Chains, Lake Victoria Gold programme, Women's School of Leadership and Strengthening Sugar Farmers in Southern Africa.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme.

The grant to Fairtrade America is in relation to the Cocoa Living Income Communication project.

The grant to the Asian partners is in relation to the Cotton Breeding Programme.

The grant to the CLAC and Latin American partners is in relations to the COVID response, Productivity improvement programme, responsible Peruvian gold programme and the Colombia coffee project.

See Note 17 for further details.

Support costs of £49k (2020: £63k) 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:

	2021 £ 000	2020 £ 000
Trustee expenses	-	-
Fees payable to the charity's auditors for the audit of the charity's annual accounts	19	19
Other governance costs	42	10
Staff costs	51	45
Total costs	112	74

No remuneration was paid to Trustees in the year (2020: 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. No payment (2020: £0) was reimbursed this year to any of the Trustees (2020: 0 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2021, all Trustee and committee meetings were virtual or hybrid and no international based trustees attended the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2021 £ 000	2020 £ 000
Depreciation of fixed assets	93	119
Fees payable to charity's auditors for the audit of the annual accounts for the current year	19	19
Fees payable to charity's auditors for other accountancy services	8	1
Operating lease rentals and service charge: land and buildings	296	292

10. Staff costs

	2021 £ 000	2020 £ 000
Wages and salaries	4,273	4,243
Employer's National Insurance costs	447	442
Employer's contribution to defined contribution pension schemes	381	360
Agency staff	244	178
Staff costs	5,345	5,223
Staff recruitment costs	40	26
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2021	2020
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£80,000 - £89,999	-	2
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1

The Foundation's highest salary was 4.4 times the lowest salary during 2021, 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 £43k (2020: £47k).

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 £474k (2020: £545k).

Average headcount in 2021 was 105 (2020: 102).

Redundancy/termination payments agreed and paid in the year came to £0 (2020: £58,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2021	428
Additions	-
Disposals	-
At 31 December 2021	428
Amortisation at 1 January 2021	404
Charge for period	12
Disposals	-
At 31 December 2021	416
Net book value at 1 January 2021	24
Net book value at 31 December 2021	12

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2021	73	302	375
Additions	10	-	10
Disposals	(4)	-	(4)
At 31 December 2021	79	302	381
Depreciation at 1 January 2021	46	174	220
Charge for period	21	60	81
Disposals	(4)	-	(4)
At 31 December 2021	63	234	297
Net book value at 1 January 2021	27	128	155
Net book value at 31 December 2021	16	68	84

13. Debtors

	2021	2020
	£ 000	£ 000
Licence fee debtors	2,075	1,265
Accrued licence fee	647	1,891
Amounts due from Fairtrade International and other Fairtrade organisations	96	291
Prepayments, accrued income and other debtors	654	684
Total debtors due within one year	3,472	4,131

14. Creditors

Creditors: amounts falling due within one year	2021	2020
	£ 000	£ 000
Trade creditors	227	300
Amounts due to Fairtrade International and other Fairtrade organisations	353	482
Social security and other taxes	571	395
Other accruals	499	805
Total creditors due within one year	1,650	1,982

15. Provision for liabilities and charges

	Provision at 1 Jan 2021	Charged to SOFA	Provision released	Provision at 31 Dec 2021
	£ 000	£ 000	£ 000	£ 000
Dilapidations	349	-	-	349
Total provision	349	-	-	349

The provision relates to the office lease dilapidations clause. Our lease in our old premises ended in 2019 and settlement has yet to be agreed. The lease under our current premises ends in 2028 with a break in 2023 allowed, 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 sixteen 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 2021 £000	Income £000	Expenditure £000	Transfer between funds £000	Funds at 31 December 2021 £000
Restricted Funds					
Empowerment of farmers & workers					
Gold I.M.P.A.C.T Programme	-	-	-	-	-
Improved ASMO Access to finance	26	-	(10)	-	16
Responsible Peruvian Gold	96	-	(100)	-	(4)
Climate-Change and Organisational Strengthening Programme	-	694	(694)	-	-
Cocoa Farmer Resilience Fund	(33)	191	(158)	-	-
Resilience in Flower Supply Chains	15	183	(198)	-	-
The Responsible Tanzanian Gold Project	19	-	(19)	-	-
COVID Response	-	133	(30)	-	102
Green People's Energy Uganda	28	71	(90)	-	9
Textile Training Programme	-	-	8	-	8
Developing optimum cocoa cooperative governance models in Ghana	41	12	(53)	-	-
Gold project Uganda	-	1	(1)	-	-
Developing Fairtrade Market Solutions to Financing Education	-	94	-	-	94
Cotton Breeding Programme	65	42	(7)	-	100
North East India Tea Research Programme	29	-	(19)	-	10
Dignity for All: Ethiopia Flowers Programme	3	50	(53)	-	-
Strengthening Sugar Farmers in Southern Africa	16	-	(16)	-	-
DELTA Framework Pilot	-	13	(7)	-	6
Farmer Resilience Platform in response to Covid	-	57	(17)	-	40
Migrant Roadmap towards equal rights, benefits and decent working conditions	-	20	-	-	20
Colombia Coffee Project	25	25	(26)	-	24
Co-op sponsored Programmes	185	394	(462)	-	117
Living income payment verification	-	10	(10)	-	-
Fairtrade cotton collaboration	10	-	(10)	-	-
Commercial Partners Sponsored Programmes	8	89	(15)	-	82
Total	533	2,079	(1,988)	-	624
Advocacy & Citizen Engagement					
Cocoa Living Income Communication	70	-	(70)	-	-
Total	70	-	(70)	-	-
Total Restricted funds	603	2,079	(2,059)	-	624
Unrestricted funds					
General funds	5,038	9,436	(9,484)	83	5,073
Designated funds – Fairtrade Future Fund	750	-	(49)	-	701
Designated funds – Fixed Asset funds	179	-	-	(83)	96
Total Unrestricted Funds	5,967	9,436	(9,533)	-	5,870
Total funds	6,419	11,516	(11,592)	-	6,494

Description of Funds

Restricted Funds

Gold IMPACT Programme

Fairtrade's I.M.P.A.C.T 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 mines 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.

Responsible Peruvian Gold

This project, funded by the Dutch government, aims to support the formalisation of the operations of 4 Artisanal and Small-scale Mining Organisations (ASMOs) from Puno, South Peru and providing them with the technical and financial capabilities required to export into premium export markets.

Climate-Change and Organisational Strengthening Programme

This programme is in partnership with Mondelez and aims to enhance the offerings and reach of Cocoa Life and to develop and implement programs which will socially, economically and environmentally benefit local communities, workers and producers.

Cocoa Farmer Resilience Fund

This programme is funded by FCDO and is designed to enable the resilience of approximately 23,000 cocoa farmers in Ghana, benefitting over 135,000 individuals dependent on cocoa for their livelihoods. The project seeks to ensure farmers maintain their productive base, enact safe COVID-19 practices along the supply chain and have access to alternative income streams through the peak of the pandemic and the cocoa season due between October 2020 and March 2021, hence averting a potential humanitarian disaster. Leveraging a working team on the ground, the project will launch a flexible grant facility to extend to additional beneficiaries and accelerate and deepen the impact of the existing work in the partnership. Furthermore, the project will establish a tracker, targeted at providing direct updates from farmers on the impact of the pandemic on farming communities to supply chain actors, allowing businesses to react nimbly to emerging challenges and provide evidence to create responsible business interventions and advocacy strategies. The project aims to maintain or increase incomes through the pandemic, lower the severity of the virus in communities and influence the cocoa sector towards enacting business policies that benefit vulnerable cocoa farmers.

Resilience in Flower Supply Chains

This programme is funded by FCDO and aims to address the immediate needs of the workers in the face of coronavirus, create a stronger and more resilient worker, community and grower base to ensure a more sustainable supply chain and make a robust business case for ethically traded flowers and provide insights that can be transferred to other countries and supply chains.

The Responsible Tanzanian Gold Project

This is funded by the Genesis Trust to work 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.

COVID Response

This funding is provided by GIZ to support the most vulnerable cotton farmers during COVID-19 in India through the provision of food and income security for smallholder cotton farmers to mitigate the impact of COVID-19 on their livelihoods and incomes.

Green People's Energy Uganda

This funding is provided by GIZ to design and unlock microfinancing products that are appropriate to link the commercial activities of rural poor farming HHs and off-grid solar products.

Textile Training Programme

This project is 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 principle.

Developing optimum cocoa cooperative governance models in Ghana

This project is funded by the Open Society Foundation to provide relief and advancement of education of smallholder cocoa producers in Ghana who are typically poor or low-income persons because they are self-employed and operate small-scale farms of 2 to 5 hectares. The majority of these farmers work outside producer cooperatives and are facing challenges of lower productivity, high poverty rates (majority below the poverty line), low incomes, climate change threats and food insecurity. This purpose would be accomplished by research into cooperative governance models and the enabling environment will support the drive for increased producer-owned cocoa cooperatives in Ghana thereby improving producer participation in the cocoa value chain beyond primary production. Such research shall be made publicly available and would be used to implement pilot programmes with Fairtrade's key commercial partners and farmer cooperatives to ultimately strengthen and increase the number of farmers that benefit from the cooperative movement in Ghana, driving smallholder farmer empowerment and incomes.

Gold project Uganda

This project funded by RVO in partnership with UNICEF, Solidaridad, Fairphone, Philips and others, Fairtrade are 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.

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.

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.

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.

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.

DELTA Framework Pilot

This project is funded by Iseal to run pilots which test improvement strategies or measure changes in sustainability performance and the effectiveness of improvement initiatives. These pilot activities are part of ISEAL's programmatic work on Credible Progress and are separate to the ISEAL Innovations Fund.

Farmer Resilience Platform in response to Covid

This project aims to create a Farmers Resilience Platform in response to Covid 19: Development of a web based platform to monitor and predict farmer's resilience to Covid-19 and similar shocks that may occur in the future

Migrant Roadmap towards equal rights, benefits, and decent working conditions

Fyffes contribute towards this programme which aims to build a better understanding and baseline on migrant realities and gaps in access to rights, benefits and decent working conditions in the Dominican Republic.

Colombia Coffee Project

The is project, funded by John Lewis Partnership, offers regional support to coffee producers in Tolima Colombia through the funding of a training centre at ASOPEP and a training programme. It aims to deliver a regional training centre which has a positive impact on productivity, cup score, market access and inspiring the next generation of coffee farmers.

The Co-op sponsored programmes

This includes contributions towards the Women School of Leadership programme, COVID relief funding, Productivity improvement programme and Fairtrade Africa's 'Climate Resilient Supply Chains' Strategy.

Living income verification

The Project looks at ways in which the cocoa farmers in Cote D'Ivoire can work towards achieving a living income

Other Commercial partner programmes

This includes funding to support tea workers in India.

Cocoa Living Income Communication

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

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 2020

18. Analysis of fund balances held as at 31 December 2020

	Funds at 1 January 2020	Income £000	Expenditu re £000	Transf er betwe en funds £000	Funds at 31 Decem ber 2020 £000
Restricted Funds					
Empowerment of farmers & workers					
Gold I.M.P.A.C.T Programme	102	8	(110)		-
Improved ASMO Access to finance	(31)	218	(64)		123
Climate-Change and Organisational					
Strengthening Programme	-	288	(288)		-
Cocoa Farmer Resilience Fund	-	309	(341)		(32)
Resilience in Flower Supply Chains	-	82	(67)		15
The Responsible Tanzanian Gold Project	-	-	19		19
COVID Response	-	34	(34)		-
Green People's Energy Uganda	-	34	(7)		27
Bolivia coffee project	(10)	19	(9)		-
Textile Training Programme	10	-	(10)		-
Developing optimum cocoa cooperative					
governance models in Ghana	-	52	(12)		40
Gold project Uganda	(1)	9	(8)		-
Cotton Breeding Programme	18	83	(36)		65
North East India Tea Research Programme	41	-	(12)		29
Dignity for All: Ethiopia Flowers Programme	32	50	(79)		3
Strengthening Sugar Farmers in Southern Africa	35	-	(19)		16
Co-op sponsored Programmes	100	287	(202)		185
Commercial Partners Sponsored Programmes	7	54	(18)		43
Total	303	1,527	(1,297)	-	533
Advocacy & Citizen Engagement					
EC Trade Fair, Live Fair	6	208	(214)		-
Cocoa Living Income Communication	111	-	(41)		70
Total	117	208	(255)	-	70
Total Restricted funds	420	1,735	(1,552)	-	603
Unrestricted funds					
General funds	5,004	10,451	(10,483)	66	5,038
Designated funds – Fairtrade Future Fund	750	-	-	-	750
Designated funds – Fixed Asset funds	245	-	-	(66)	179
Total Unrestricted Funds	5,999	10,451	(10,483)	-	5,967
Total funds	6,419	11,898	(11,747)	-	6,570

19. Breakdown of 2020 Statement of Financial Activities into restricted and unrestricted

	Notes	2020 Unrestricted £ 000	2020 Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Income from:					
Donations and legacies	2	144	-	144	266
Grants	4	-	1,046	1,046	595
Investment income		2	-	2	3
Charitable activities					
Licence fees		9,076	-	9,076	10,279
Partnership and other income	5	941	689	1,630	835
Total income		10,163	1,735	11,898	11,978
Expenditure on:					
	6				
Raising funds		334	-	334	507
Charitable activities					
Empowerment of Farmers and workers		4,522	1,297	5,819	5,398
Growth and innovation		2,931	-	2,931	2,626
Advocacy and Citizen Engagement		2,408	255	2,663	2,653
Total charitable activities		9,861	1,552	11,413	10,677
Total expenditure		10,195	1,552	11,747	11,184
Net income/(expenditure), being net movement in funds	9	(32)	183	151	794
Reconciliation of funds:					
	1				
	7				
Fund balances brought forward		5,999	420	6,419	5,625
Fund balances carried forward		5,967	603	6,570	6,419

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2021	2020
	£ 000	£ 000
Net income	(76)	151
Depreciation charge	93	119
(Increase)/ Decrease in stock	(1)	(10)
(Increase)/ Decrease in debtors	659	189
Increase / (decrease) in creditors excluding short term borrowings	(395)	(489)
Increase in provisions	-	-
Net cash inflow from operating activities	280	(40)

Analysis of net funds			
	Balance at 1 January 2021	Cash flow movement	Balance at 31 December 2021
	£	£	£
Cash at bank and in hand	4,819	270	5,089
Net funds	4,819	270	5,089

21. Financial commitments under operating leases

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

	2021	2020
	£ 000	£ 000
Land and buildings		
Due within 1 year	317	317
Total due in years 2 to 5	264	581
Office equipment		
Due within 1 year	33	12
Total due in years 2 to 5	38	17
Total	652	927

Lease payments recognised as an expense were £337k (2020: £276k). 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 £381,000 (2020: £360,000). 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.

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £5,500 (2020: £6,500) from Engaging Works of which our Chair, Lord Mark Price, is a Founder and a Shareholder.

The Foundation received a donation of £5,000 (2020: £5,000) from Utmost Group Ltd of which our former Treasurer, Paul Thompson, is a Director and Shareholder.

Fairtrade Foundation Reference and Administrative Information

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

Mark Price (Chair)



Appointed September 2018

After reading Archaeology and Ancient History, Mark started his career at the John Lewis Partnership as a graduate trainee in 1982, progressing to become branch manager. In 2005, he joined the John Lewis Partnership Board, taking on responsibility for strategy and IT as Development Director.

In April 2007 he was appointed Managing Director of Waitrose. At the time, Waitrose had 183 stores but had increased to 346 when he retired in 2016 after 10 fulfilling years in the role.

It was during his period as Deputy Chairman of the John Lewis Partnership that Mark first became familiar with Fairtrade, its aims and objectives. In February 2016 Lord Price was appointed the UK Minister of State for Trade and Investment and was made a life peer.

He left the government in September 2017 to pursue his writing and business interests and remains a member of the House of Lords. He has published five books – on business, food and for children.

Jane Frost (Vice Chair)



Appointed June 2014

Jane holds some 150 awards for marketing and advertising, including the iconic 'Perfect Day' charity single for the BBC. She is currently CEO of MRS (the research regulator), vice chair of Fairtrade, co-chair of the Tiffany Circle (Red Cross), and a trustee of the Lowry Centre and other charities.

Jane's senior positions at Shell, the BBC and in government prove that empathy for, and understanding the customer is core to success everywhere. She believes that great leaders focus on helping everyone achieve their potential and recognise that the greatest success comes from teams representing an ecosystem of people and skills.

For Jane, Fairtrade is a brilliant concept: 'It does what it says, providing a simple way everyone can be part of the fight for trade justice – simply by making an easy buying choice – and it gives producers control of the money they earn.'

Alison Marshall



Appointed September 2016

Alison brings over 25 years of experience with international development and non-governmental organisations. She is currently Director of Sense International, a disability and international development charity that supports people with deaf-blindness.

Alison is proud to serve on the Fairtrade Foundation's Finance and Audit and Nominations sub-committees. She brings governance experience from her nine years as a board member at Practical Action, plus her role on the board of the International Disability and Development Consortium, and her chairing of Children's Rights Alliance for England.

Alison is passionate about the difference Fairtrade makes and the crucial role of public campaigning, advocacy and innovative partnerships in the Foundation's work.

Anita Chandraker



Appointed September 2021

Anita is a senior leader with executive and non-executive board experience. She has worked for more than 30 years with PA Consulting, advising clients at board level on strategic technology and digital initiatives, and delivering complex transformation programmes.

Anita has non-executive board experience with not-for-profit organisation The Mentoring Foundation, which drives a leading cross-company mentoring programme for women.

Anita is passionate about reducing inequalities across high-income and low-income countries, having witnessed disparities first-hand through her strong family connection to India. Anita enjoys walking and yoga, and is a keen follower of football.

Anne Marie Yao



Appointed September 2020

Anne-Marie is the Regional Cocoa Manager at Fairtrade Africa. Previously the Fairtrade International Liaison Officer, Anne-Marie has a strong commitment to Fairtrade, with more than eight years working in the producer network.

Anne-Marie is keenly engaged in community development and women's empowerment. Well-travelled and with good knowledge of trader and small-scale producer organisation management, Anne-Marie brings a fresh producer network perspective to our board.

What is your favourite Fairtrade product? It is incontestably cocoa because of its importance in the regional economics and how big the needs are to ensure producers benefit from Fairtrade principles.

Bob Doherty



Appointed August 2017

Bob Doherty is Professor of Marketing and N8 Chair in Agrifood at the University of York Management School. Since joining York in 2012 he has been Principal Investigator of 'IKnowFood' and more recently 'FixOurFood' from the Transforming Food Systems SPF.

Bob has been seconded as a policy fellow into the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) on a new science research programme launched to inform DEFRA policymaking.

Prior to moving into academia, Bob spent nearly five years as Head of Sales and Marketing at Fairtrade social enterprise, Divine Chocolate.

Bob is passionate about social justice and has been involved in fair trade since 1998, either as a campaigner, researcher or in a commercial capacity. He is committed to making sure that

smallholder farmers have a strong voice in the global food system.

David Paterson



Appointed September 2018

David is a retired City solicitor, having been a partner at Herbert Smith Freehills from 1994, specialising in corporate finance, board and governance matters. Retiring from legal practice in 2018, David now divides his time between a number of non-executive roles.

David has supported Christian Aid, one of Fairtrade's UK founders, in a variety of roles over the last decade. He has been a trustee of Christian Aid Kenya since 2016. His experience in enterprise development work, such as is led by Christian Aid in East Africa, has been a valuable base for his input into the work of the Foundation.

David also works part time at the Financial Reporting Council in its enforcement division, overseeing investigations and enforcement proceedings in the audit and actuarial fields.

He also serves as a non-executive member of the Finance, Audit and Investment Committee at The R&A Group.

Didier Dallemagne



Appointed October 2014

Didier retired from Unilever after a 35-year career in the food sector, in marketing and general management. He decided to invest more time and energy in supporting not-for-profit organisations through coaching key staff members, and working with international NGOs to enhance their impact.

Didier is a marketer and brings varied experience to the Fairtrade Foundation. He continues to be impressed by the scale Fairtrade has already achieved and is excited to participate in the achievements ahead.

Didier lives in Brussels with his family. He enjoys reading and sports such as tennis, cycling and skiing.

Elizabeth Sideris

Appointed October 2014, retired December 2021

Keri Elborn (Treasurer)

Appointed September 2021



Keri has worked in the financial services industry for over 25 years. During this time, he has had roles in external audit, mergers and acquisitions (M&A), strategy, finance as a CFO, and is currently an advisor on both M&A and value creation.

Keri has covered Europe, the Middle East, Asia, Latin America and Africa through his career. He has travelled extensively and lived in both Mexico City (where he was born) and Zagreb.

Keri is also a Governor of Dulwich College and Chairman of the Finance Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Kerry Smith



Appointed September 2021

Kerry is the Executive Director of People and Organisational Development at the British Heart Foundation. She has three decades' worth of experience working for recognised organisations including the Royal Horticultural Society and the National Trust.

Kerry is known for leading award-winning people change programmes which bring about modern and successful workplaces. She is one of the UK's HR Most Influential since 2018, awarded by HR Excellence.

Kerry is delighted to be joining the Fairtrade Foundation Board of Trustees and has long been a buyer of Fairtrade products. She admires them for their quality and consistency but moreover, to drive and deliver sustainable livelihoods that people can be proud of.

Marike de Peña



Appointed June 2018

Marike is a sociologist in Agricultural Development, working as the managing director of Fairtrade certified banana co-operative Banelino in the Dominican Republic.

Over the last 25 years, Marike has been active in different positions representing farmers and workers, as board and committee member of the Latin American and Caribbean Network of Fairtrade Farmers and Workers (CLAC); the Dominican Platform of Fairtrade Farmers and Workers (COORDOM); Fairtrade International; and the Fairtrade Foundation.

Marike currently coordinates the Alliance of the Fairtrade Producer Networks of Latin America and the Caribbean, Africa, Asia and the Pacific, with the aim of sharing knowledge and influencing the future of sustainable agriculture and trade.

Paul Thompson (Treasurer) Appointed June 2014, retired December 2021

Simon Wright



Appointed December 2018

Simon's involvement with Fairtrade goes back to the very first UK product to carry the Fairtrade logo – Green & Black's Maya Gold. In 1994 Simon was part of the team that developed this bar and the initial development of the Divine range of Fairtrade chocolate bars.

Simon now works with a chocolate company in Italy that processes many of the world's Fairtrade cocoa beans. With a keen interest in sustainable food production, Simon also runs a consultancy business that helps food and drink companies to develop their products.

Simon sits on the Standards Board of the Soil Association, helping to maintain and develop organic standards. He also chairs the judging of the Quality Food Awards and runs the Gluten Free Industry Association.

Apart from sustainable food, Simon's other interests are rock 'n' roll – writing, releasing, collecting and DJing.

Senior Management

Michael Gidney	Chief Executive
Fiona Kindness	Chief Financial Officer
Louisa Cox	Director of Impact – resigned August 2021
Karin Linser	Interim Commercial Partnerships Director – February 2021 to December 2021
Nilufar Verjee	Director, Public Engagement

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
Sorooptimist International Great Britain & Ireland
Tearfund
Traidcraft Exchange#
United Reformed Church

Founder members

Bankers

CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA

HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH

Auditor

Crowe U.K. LLP, 55 Ludgate hill, London EC4M 7JW

fairtrade.org.uk

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

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Registered Charity No. 1043886

A company limited by guarantee, registered in England and Wales No. 2733136

Photography credit: José Garcia, Sean Hawkey

**CHOOSE THE WORLD
YOU WANT**



FAIRTRADE

THE FAIRTRADE FOUNDATION

England & Wales - Charity number 1043886

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

**CHOOSE THE WORLD
YOU WANT**



FAIRTRADE

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MESSAGE FROM THE CHAIR

Chair of the Fairtrade Foundation's Board of Trustees, Lord Mark Price, reflects on the last year and the opportunities ahead in 2021.

In 2020, Covid-19 placed enormous pressures on the lives and livelihoods of the 1.7 million farmers and workers across the Fairtrade system. It hit countries where social safety nets are limited, where people live hand-to-mouth and where everyday realities make physical distancing difficult. In East Africa, for instance, the pandemic hit the flower sector extremely hard and left its workers facing immense hardship.

That's why I am incredibly grateful for the continued support, determination, and dedication our global community has shown Fairtrade over the past year: from our producers and licensees to our colleagues, campaigners and shoppers. As a result, we have been able to achieve strong sales in 2020 and continue supporting farmers and workers throughout the pandemic, including via the Fairtrade Premium and the new Fairtrade Producer Relief Fund.

I am particularly delighted that in 2020 the Fairtrade Foundation was awarded funding from the UK Government's Foreign, Commonwealth and Development Office, through its Covid-19 Vulnerable Supply Chains Facility. This has enabled us to run ambitious programmes to support Kenyan flower workers and Ghanaian cocoa farmers to meet their immediate needs, and to promote more sustainable, resilient sectors in the longer term. We must extend our thanks to the Government, and particularly to the Minister for Africa, James Duddridge MP, for their swift response to our calls for financial support for Fairtrade producers, and we hope to build on this work in the future.

The past year has shown how imperative it is that we continue to pursue our goal of living incomes and living wages. Without it, producers will always struggle to build resilience in the face of crises such as Covid-19 and climate change. Although the pandemic has severely hindered many licensees' ability to sell Fairtrade products, our partners have carried on sourcing Fairtrade, and many have made impressive commitments to Fairtrade and the producers in their supply chains. We have also seen many retailers responding creatively to the challenging context and changing the way they reach consumers. Meanwhile, in the face of their own challenges coping with the pandemic, farmers and workers have kept our shelves stocked and supply chains going with kitchen staples from tea and coffee to sugar and bananas.

Such support for Fairtrade continues to provide a vital lifeline to farmers and workers in 2021. We owe our gratitude to our supporters, campaigners and customers for their commitment to Fairtrade during 2020, and for their part in enabling us to maintain strong sales throughout the year.

Fairtrade Foundation staff and volunteers demonstrated their commitment and adaptability too, maintaining the progress made during 2019 and continuing to innovate and develop as evidenced by the exceptionally successful Fairtrade Fortnight 2021.

I'm delighted that for Fairtrade Fortnight 2021 we seized the opportunity to emphasise the clear link between the climate challenge we face and its impact on farmers, and to highlight the crucial role fairer trade plays in climate justice. Our Choose the World You Want festival was a particularly powerful way of communicating the need for a holistic approach to climate action, and the need to ensure producers are paid fairly so they can adapt to climate change and build resilient, sustainable businesses.

Now, as we look ahead to the UN climate summit in Glasgow, we will continue to amplify the voices of farmers and workers in communities that bear the brunt of extreme weather.

The need to put producers at the forefront of policy discussions has also driven our efforts to support farmers and workers through the Brexit transition, and we have worked to mitigate the immediate risks to their jobs and livelihoods triggered by Britain's new trading landscape.

We are pleased the UK has been able to reach trade deals with countries like Ghana and Kenya, which has helped to limit any potential disruption to supply chains for Fairtrade producers. The Fairtrade Foundation hopes to continue to work more closely with the Department of International Trade to improve on those terms.

In line with the new Fairtrade Foundation strategy for 2021-2025, this coming year we will look to strengthen our relationship with campaigners and our work with the government. We will also continue working with businesses, leaders, and the public to demonstrate why it's so critical that the people who produce our food and goods can earn a decent income. And why, despite the global economic challenges, we must champion fair trade – particularly in the face of the climate crisis.

Above all, we'll highlight the importance of building back fairer in the wake of the pandemic, for the sake of both people and the environment. Our message remains the same – when consumers and businesses choose Fairtrade, they are joining a global community where farmers and workers have a fighting chance of thriving, including throughout times of crisis.

We all have a stake in this. That's why we call on all our supporters, and everyone who can, to choose Fairtrade and choose the world you want – a world where trade justice is a reality for all.

FOREWORD BY MICHAEL GIDNEY, CHIEF EXECUTIVE, FAIRTRADE FOUNDATION

2020 was a year unlike any other, one that showed us the strength and the feeling for Fairtrade despite the adversity experienced by so many around the globe. The pandemic demonstrated in no uncertain terms how we are reliant on each other for so much, not least in the links surrounding the global food system and how we treat our farmers and producers. And this is where, despite the turmoil, Fairtrade's unique proposition and position shone through. Support for Fairtrade, in the UK, through its network of supporters and campaigners, shoppers and partners, continued through the toughest of times, and allowed farmers and workers to weather the storm more effectively than they may have otherwise. As the world reacted to a seismic event and supply lines faced unprecedented disruption, Fairtrade and its partnerships held firm or grew their commitments or their support through the crisis, in many cases bolstered by the networks and infrastructure provided to producers and workers over years of Fairtrade premium investment.

Fairtrade sales volumes showed remarkable resilience, thanks to the support of shoppers and businesses, with some categories showing growth and others at the very least mirroring the wider market. Cocoa sales volumes grew 3 percent over the year, matched by volume sales of the iconic Fairtrade banana, helped no doubt by the rise of banana bread recipes shared by lockdown bakers. Cut flowers, after strong growth in 2019, faced calamity in the second quarter of 2020 as the initial Covid-19 wave meant UK shoppers focused on other items and orders were cancelled or disrupted by the lockdown and lack of transportation to the UK. Yet after the initial turbulence subsided, flower farmers in Kenya and Ethiopia saw a sales bounce finishing 2020 only 5% lower than 2019. 2020 saw online florists really deliver more for Fairtrade flower growers as home deliveries bloomed.

In many categories Fairtrade sales volumes reflected the wider market disruption: for example in coffee, where the lockdowns in the UK meant coffee shops and other businesses having to pull down their shutters, with sales disappearing. Despite this hardship, organisations such as the Co-op and Greggs, saw this as a moment to reaffirm and increase their Fairtrade commitments, to support farmers and workers who supply them, at a time when they themselves were facing challenging markets.

Online retail saw a seismic change in shopping habits, in many cases necessitated by the lockdown. But the virtual space saw real life demand for Fairtrade. Waitrose & Partners' "How Britain shops" report showed that one in four shoppers were seeking out the Fairtrade logo when shopping online in 2020. Two thirds of Ocado customers (64%) said it was important to include Fairtrade products in their shop. And others stepped up also. Amazon.com chose Fairtrade to be one of the core partners for its "Climate Pledge Friendly" launch, which will appear on an initial 40,000 products to help shoppers choose a better future for people and planet.

Throughout this period I heard of so many reasons that reaffirm why I am proud to be part of Fairtrade, and proud of the people and the principles that make up the movement. This pandemic has demonstrated to me how the flexibility of the Fairtrade system, and the freedom of the Fairtrade premium, really makes the difference on the ground for so many. Over the year many stories came in from our networks of how groups had adapted their premium income spends to support their communities, be it [repurposing banana sanitiser to sanitise the streets of their towns](#), or [retooling workshops and skills to make face masks and other PPE items](#), or [contributing food parcels to](#)

[ensure the elderly or the vulnerable in their neighbourhoods were okay](#). Fairtrade worked. And Fairtrade worked hard.

2020 showed me once more the strength of the network, of what can be achieved when we share a common aim. Our partners delivered much for so many, and our strong links with producer organisations enabled those in the UK to hear what was happening on the ground overseas. Government funding, boosted by retailer and partner donations from groups such as Co-op, M&S and Tesco, saw more money flow to support cocoa farmers, and flower workers, and others. The Producer Relief and Resilience Funds, set up by Fairtrade International and supported by Fairtrade Foundation and partners, raised over £13M to address the urgent and longer-term priorities of producers, building on an initial investment of almost £3M from the Fairtrade system.

But none of these things would happen without the continued support of our shoppers, our campaigners, our supporters in the UK. And as always, they delivered. Our supporters were there: be it over 300,000 signing a campaigner led petition expressing their disappointment that Nestle chose 2020 as the time to end their KitKat Fairtrade commitment, or continuing to buy Fairtrade products in ever increasing quantities in their shops and supermarkets (Alex Crumbie, writer, researcher and director at Ethical Consumer said: "Despite adversity, appetite among UK consumers for Fairtrade products has continued to grow. Fairtrade purchases increased by 15% in the last year and almost 30 percent of consumers pledged to buying more Fairtrade goods in future."). Trust in the Fairtrade Mark remained high, at around 80 percent across the year. And the depth of feeling for Fairtrade became even clearer when three quarters of survey respondents said they cared about stores offering a wide range of products. Supporters want and expect Fairtrade.

And supporters, for me, are the centre of Fairtrade, along with the farmers and workers on whom we rely. The individuals that make a difference with every purchase. The ones looking, wanting and demanding we build back better, and build back fairer. When I look back on 2020, and how the year changed the world around us to be almost unrecognisable, I also look back to a time where so many in the UK decided to choose the world they want: a world that is fairer, equitable and has Fairtrade at its heart.



Michael Gidney

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.

Our objectives and activities

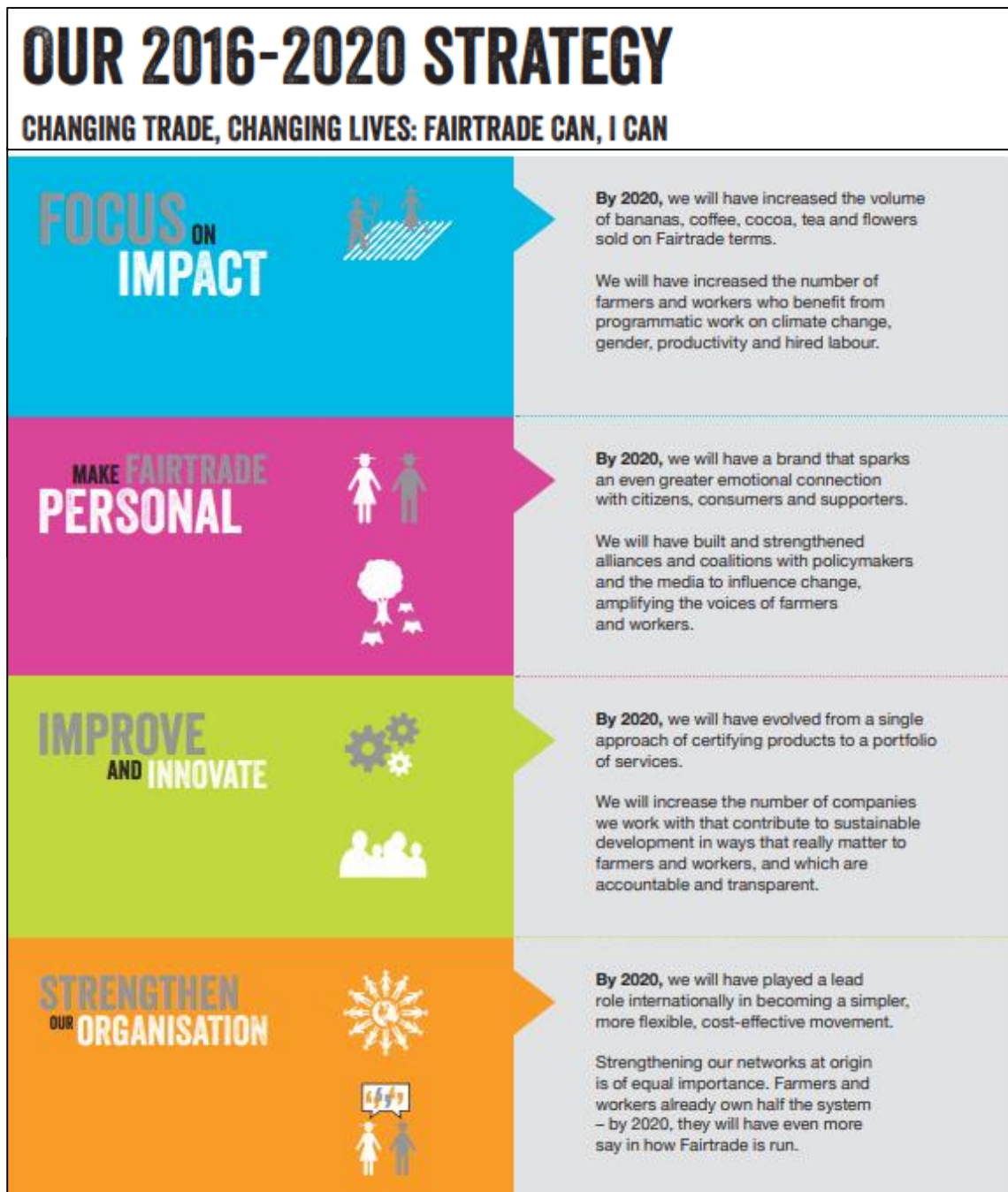
We live in a world where too many farmers and their families are still going hungry, paid too little to afford healthcare or education for their children. We live in a world where workers toil in dangerous conditions, and exploitation is still rife. There are big issues like climate change to tackle. 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.

ACHIEVEMENTS AND PERFORMANCE

Here is what we said we would do in 2020, our key successes and how they help us achieve our strategy.





WHAT WE SAID WE WOULD DO IN 2020

Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners:

- Protect and grow volume in bananas, tea, coffee, cocoa, flowers, sugar, cotton, gold and wine.
- Protect and support producers during the Covid-19 pandemic/ Secure grants and funding to support our core sourcing and programmatic work on the ground.
- Focus on further embedding a sustainable public fundraising programme.
- Continue measuring the impact of our work on the ground.

Our key successes

Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners.

Protect and grow volume – bananas

Fairtrade bananas saw 3 percent growth over 2020, which meant over £10M in Premium to producers as shopping habits meant more people eating and cooking at home.

Commercial partners remained engaged with Fairtrade throughout 2020, with a two-way flow of information on supply chain disruptions and how best to support producer groups through Covid-19. The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) provided regular updates on events taking place across banana groups that highlighted challenges. The network also shared how Fairtrade Premium was being spent in order to support producers through the pandemic, for example purchasing PPE.

2020 also saw Fairtrade, in consultation with commercial businesses in the UK and overseas, take a big step towards living wages for banana workers by announcing and launching a new base wage for all Fairtrade certified banana plantations, benefiting thousands of workers. The new Fairtrade Base Wage is set at 70 percent of the take-home pay needed for a living wage, supporting workers on any Fairtrade certified plantation, from the CLAC in South America to those covered by Fairtrade Africa, who will be able to use the premium for cash payments as well as to further increase their wages. A living wage remains one of the most pressing and unresolved challenges for the banana sector as many workers may earn the national legal minimum wage, which is often below a living wage. The Fairtrade Base Wage will be paid from 1 July 2021 onwards.

Protect and grow volume – tea

The humble cuppa has faced many challenges in recent years, including the continued rise of coffee, a declining UK market (3 percent annually), and the very low wages paid to tea workers in regions such as North East India.

In 2020, Fairtrade tea, including herbal and black tea, saw a further decline of 6 percent due to the lockdown and some reductions in tea lines offered by the discounters, though volumes remained relatively steady which led to over £2M in premium for workers. The pandemic also disrupted Indian tea production, but due to the efforts of all parties involved, partners were able to continue sourcing Fairtrade tea. Commercial partners Ringtons, Finlays and Kallo all increased their Fairtrade tea volumes, meaning they contributed more vital Fairtrade Premium to workers at a key time.

Our work on tea this year included:

- Supporting producers in Africa and Asia to understand the market impacts of Covid-19, provide reassurance of the continued demand for Fairtrade tea and look for opportunities to increase volumes.
- Commissioning research to understand the barriers and challenges to improving wages for workers in North East India and to provide insights on the pending legal reforms that are expected to affect the rules on wages and provision of services to workers.
- Holding Tea Standard Review consultations with virtual workshops in November 2020.
- Continuing to engage with industry bodies including the Ethical Tea Partnership, THIRST, Oxfam and the Ethical Trading Initiative on the challenges in tea, particularly to share information on Covid-19 impacts and response.

Protect and grow volume – coffee

2020 saw a triple crisis for many coffee farmers. Continued market volatility meant many non-Fairtrade farmers were forced to sell their beans for below the cost of production, although Fairtrade farmers benefited from the safety net of the Fairtrade Minimum Price. On top of that, climate change continued to bite, including emerging new pests and the most devastating Atlantic hurricane season on record. Storm Eta alone is estimated to have reduced Nicaraguan coffee crops by as much as 30 percent. The third blow was Covid-19, which exposed the fragility of supply chains. Restrictions made production difficult and increased costs, while many producer networks saw orders cancelled, and falling prices. Lockdowns meant unprecedented disruption to the UK market with many outlets closing their doors for extended periods, leading to a drop of 28% in Fairtrade coffee volumes over the year in the UK but still £6.7M Premium to Fairtrade farmers on top of market price.

Yet 2020 also brought grounds for optimism, shown through the commitment of many Fairtrade partners who continued to increase or maintain their Fairtrade offer.

- Co-op expanded and revamped their Fairtrade coffee range, introducing 13 new lines, and launched Ever Ground, their new coffee-to-go brand, bringing Fairtrade coffee, tea and hot chocolate to participating stores.

- Cafédirect launched Mayan Gold coffee and began running an ad campaign focused on their Machu Picchu coffee, following a ten-year break since its last appearance on television.
- 2020 was the final year of Sodexo's Peru programme, which has seen farmers increase their food security and diversify their income by raising small animals, alongside training on nutrition, farming techniques, plus coffee quality and management.
- Fairtrade also secured funding from the German government to launch a pilot programme with Fairtrade Africa to support three Ugandan coffee co-operatives to test new home solar systems on affordable payment terms. The project launched in September 2020 and aims to scale sustainable energy access to the sixty-five percent of Ugandan farmers living without power.

Protect and grow volume – cocoa

Fairtrade saw a welcome 3 percent increase in demand for cocoa in 2020, resulting in over £6M in Fairtrade Premium payments for cocoa farmers, despite export challenges, outbreaks of Covid-19 and a decline in the global cocoa market. Increases were spurred on by the Fairtrade commitments of partners such as Lidl, Co-op, Mars and Tony's Chocolonely looking to do more for cocoa farmers, even as Nestlé made the regrettable decision to stop sourcing cocoa on Fairtrade terms for their KitKat bar.

Lockdown brought with it changing shopping habits which led to drops in sales for some products, such as single-pack purchases normally bought for lunches and snacks, while other items intended for home consumption saw growth. For example, Ben & Jerry's sales saw a 32 percent year-on-year increase.

Recognition goes to Greggs for their continued support of Fairtrade with the move to make all their hot chocolate Fairtrade, in addition to their existing commitments, and despite the challenges caused by the lockdown.

Protect and grow volume – flowers

The flower industry and Fairtrade started 2020 well after strong growth the previous year, with new prospects showing potential, and Lidl launching Fairtrade roses in January. In other highlights, Fairtrade launched as an option with florists, Aldi went public with their flowers programme on social media, new online sales were secured through Floom and awareness grew by four percent in the first quarter.

With the onset of the pandemic, consumer habits changed and orders dropped in quarter two, with the halting of passenger flights leading to supply shortages as exports fell.

2020 saw the rise of the online flower shop as shopping habits moved further online. UK shoppers bought almost 94 million Fairtrade stems over the year, just five percent below 2019, and better than the market overall which saw a 6 percent drop, ensuring £700,000 in Fairtrade Premium will go to workers.

Meanwhile, over 17,000 flower workers benefited from the permitted 'exceptional use' of the Fairtrade Premium across 25 farms, with over £445,000 distributed by Fairtrade Premium

committees to support workers to buy food, health equipment, and help cushion the reduced wages during a critical time.

Fairtrade farming groups also quickly and effectively used Fairtrade's Producer Relief Fund, set up to tackle hardship, to support flower farms in accessing health products in Kenya.

The Department for International Development (DFID) also came forward to fund the Fairtrade project 'Resilience in Flower Supply Chains', which is allowing Fairtrade and MM Flowers to show leadership in the sector, build stronger relationships with commercial partners including Co-op, M&S and Tesco, and plan for future activities in the sector.

Protect and grow volume – sugar

Fairtrade sugar continued to show a decline – 9 percent– due to changing tastes, lockdown and the loss of Nestlé KitKat volumes. However, this was offset to some extent by strong sales of retail bagged sugar during Covid-19 lockdowns thanks to a resurgence of home baking in lockdown, and the launch of Tate & Lyle's new coffee syrups in Sainsbury's.

Sugar producers in Central America and Fiji were hit hard by both the pandemic and climate disasters – leading to reduced production and risking livelihoods.

Once more, Fairtrade's approach to the flexible use of Fairtrade Premium, plus the Producer Relief Fund and Fairtrade programmes, helped to mitigate these risks. Farmers were able to access food parcels and emergency funds, facemasks, and handwashing stations. Fairtrade Sourced Ingredient sugar programmes focused on better labour practices (Belize) and climate-smart agriculture over the year.

The Mondelēz Sugar Fund – to drive resilience, competitiveness and sustainability for sugar producers in Malawi, Eswatini and Mauritius – was extended into 2021, due to the impact of the pandemic. This means seven groups have received funding for a wide range of projects such as charcoal making, fish farming and vegetable cultivation.

Protect and grow volume – cotton

Cotton sales remained stable despite the fashion sector struggling throughout the pandemic. Fairtrade sought to focus on its food and seed security projects for farmers in 2020 and invested in further resilience projects on the ground over the year.

Fairtrade began working with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) to implement an emergency relief project to support farmers in India to mitigate the impact of Covid-19 on their livelihoods and incomes. Running between June 2020 and October 2020, the project distributed 1,650 packs of cottonseed to over 1,500 farmers in Madhya Pradesh, Gujarat and Tamil Nadu, along with agricultural inputs and technical training to support ongoing sustainable cultivation, alongside support for vegetable garden cultivation to ensure greater food security.

Protect and grow volume – gold

Gold remained an exciting yet tantalisingly small Fairtrade sector with big potential to benefit small scale miners. 2020 saw fledgling sales fall 65 percent as Covid-19 constrained spending within the jewellery sector at large, and delayed growth commitments from large partners. The Fairtrade Foundation is confident of recovery in the sector, not least due to the continued demand for Fairtrade gold from the industry and shoppers, even as Covid-19 demanded mines be made 'Covid-secure' and limited transportation options increased costs, due to the requiring of government approved transportation agencies.

Once more the Fairtrade Premium proved instrumental in supporting workers and ensuring the mines are fully operational again- new mines are entering the Fairtrade system bringing with them renewed optimism and confidence for growth in the sector.

An additional 68 partners signed up to Fairtrade Foundation's Goldsmiths Registration Scheme, bringing the total to over 200. Most of these were independent jewellers and designer-makers, but also included partners sourcing Fairtrade gold for use in jewellery design colleges.

Protect and grow volume – wine

Fairtrade wine remained broadly stable in 2020, as sales of remained high, thanks to the support of traders, retailers and customers who continued to choose Fairtrade. 75 percent of Fairtrade wine comes from South Africa, and all exports from the country were banned for a period over the first wave of the pandemic, when much wine ended up unsold, unable to be transported, and workers lost their jobs. Despite a resultant 1 percent decline over the year Fairtrade wine delivered £1.3M in premium for producers.

Fairtrade, particularly Fairtrade Africa, supported workers through the distribution of facemasks, hand sanitisers, infrared thermometers and PPE, plus the distribution of Covid-19 information pamphlets to workers and farming communities. Flexibility in how the Fairtrade Premium was spent included supporting workers through cash payments to help them through difficult periods, along with food parcels and PPE. Fairtrade Africa also assisted wine workers in applying for South African government relief funds.

Co-op, the world's biggest retailer of Fairtrade wine, continued to launch new Fairtrade wines in 2020, with the category aided by new lines in other retailers including Sainsbury's and M&S. The support of retailers through this time made a massive difference to the lives of many workers.

Protect and support producers during the Covid-19 pandemic/ Secure grants and funding to support our core sourcing and programmatic work on the ground

Fairtrade took a number of actions to support farmers and workers as the pandemic continued to cause serious damage to health and livelihoods. Fairtrade worked closely with producers, commercial partners and government to share information about the impact of the pandemic on the ground, advocate on behalf of farmers and workers and arrange emergency support. This has led to a change in some circles as to how Fairtrade has been perceived – from ‘just’ a sustainability standard to a comprehensive means of building resilient communities, who in turn become robust commercial partners for UK businesses.

Fairtrade International launched the global Fairtrade Producer Relief and Resilience Fund – a pot of nearly £3M for the two grant facilities that supported vulnerable members across our three Producer Networks. This funding was boosted by donors to the tune of almost £11M providing vital support to farmers and workers through the pandemic.

Through the relief fund:

- Producer and worker organisations could request support for immediate needs.
- Most grants focused on food and nutrition security, keeping businesses afloat, increasing productivity to counter income losses, biosafety protocols, and medical expenses.
- In Latin America, 65 percent of funds went to coffee farmers who face the burden of climate change challenges alongside those of the pandemic. In Asia, the majority went to support tea producers and workers with access to food. In Africa, the majority went to support flower workers and coffee producers who have suffered economically as a result of the crisis.

In addition, the Fairtrade Foundation mobilised commercial and government funding to support vulnerable workers and farmers in the face of Covid-19.

That included:

- Retailer partner Co-op contributing over £240,000 via their Covid-19 Relief Funding to support Fairtrade farmers in Latin American and Africa.
- £70,000 from GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) to support the most vulnerable cotton farmers in India. This project provided food and income security for smallholder cotton farmers to mitigate the impact of Covid-19.
- Funding from the FCDO Business Partnerships for the Global Goals (BP4GG) programme (£200k from FCDO plus £25k each from Tesco, Co-op and M&S for flowers, £500k for cocoa projects) pivoted to respond to Covid-19 and support value chains in need as the Vulnerable Supply Chain Facility (VSCF). This resulted in the implementation of two grants supporting cocoa farmers in Ghana and flower farm workers in Kenya. The programme is being delivered in partnership with Fairtrade Africa, Co-op, Coventry University, FNET, M&S, Partner Africa, Tesco and Women Working Worldwide.

The FCDO VSCF funding aims to help nearly a million people by ensuring vulnerable workers

and suppliers and their families overcome the economic and social shocks of Covid-19. This world-leading model for partnership with the private sector and civil society means working together to support farmers and workers and improve the resilience of the UK's food supply chains. The three-way partnership means that FCDO support reaches the most vulnerable directly, with impact multiplied by private sector investment.

The grant provided health equipment to 6,000 of the most vulnerable flower farm workers in Kenya, most of whom are women. Seven farms have benefited from nutritional gardens and community kitchen gardens to provide food security. We are also providing training on alternative income-generating skills for those most at risk of losing income, alongside a study on crop diversification to support future resilience.

- £500k Funding secured from the FCDO for work with cocoa farming communities in Mondelēz International's supply chain has supported farmers to diversify incomes while cocoa sales have been affected by the pandemic. This project is building the resilience of 22,500 farmers and 86 farming communities to address the pandemic and the climate emergency. We have so far awarded £275,000 in grants, conducted training in climate-smart agriculture, and are raising awareness of Covid-19 among more vulnerable people. The programme makes particular efforts to reach women, with 25 percent additional funding for women and training on how to design projects that meet women's needs.

Fairtrade worked with a range of partners to successfully attract funding. Highlights from 2020 include:

- Funding from the European Partnership for Responsible Minerals to grow the supply of certified gold available from Peru and develop new approaches for engaging partners from the electronics sector. Funding secured will enable the support of supply chain and market development activities for a three-year period, from 2021 onwards.
- Funding from the GIZ Green People's Initiative has enabled a project working with coffee co-operatives in Uganda to provide access to energy and finance solutions for farmers. The project is in collaboration with Practical Action.

Focus on further embedding a sustainable public fundraising programme:

The fundraising landscape changed overnight with the arrival of Covid-19 – from the changing priorities of donors and the lack of community events which are an important source of donations. However, our fledgling Live Fair regular donation programme complemented the new focus on staying at home, and we focused our efforts on continuing to grow this income stream into a sustainable long term programme, and were pleased to see the number of Live Fair donors swell by 100% from around 500 to 1,100 by year end.

Continue measuring the impact of our work on the ground (now known as research in 2020):

The pandemic, with its lockdowns and travel restrictions, made it challenging to continue with research and evaluation of programmes, and the Foundation instead pivoted to focus on other areas:

Sustainable livelihoods study – Fairtrade-Mondelēz International Partnership

Our partnership work with Mondelēz International continues to drive impact and change, and the [Sustainable Livelihoods report](#) in 2020 was a landmark in our understanding of the impact of the many well-intentioned interventions designed to support cocoa farmers in West Africa. The analysis combined a review of publicly available information, perspectives from key sector experts and in-depth consultations with representatives from farming communities. Phase one of the research sets out three calls to action for the sector to improve the design, effective delivery and relevance of future sustainability initiatives:

1. Make partnerships work in new and better ways.
2. Improve support for farmers who are being left out.
3. Design new initiatives considering both farmer voice and how the sector functions.

Since the publication of the report, the Fairtrade Foundation's Monitoring, Evaluation and Learning team has led the design of the second part of this research, expected for completion and publication in 2021. Now we understand what is being done, we must ask what needs to change to achieve sustainable livelihoods for cocoa farming communities in West Africa.

FairVoice in Kenya

East African flower sales were hit hard at the onset of the Covid-19 pandemic, which impacted directly on flower farm workers when orders were cancelled and transportation halted. To understand better how workers were experiencing the crisis, and to bring their voices to the forefront of supply chain conversations, we designed a research pilot called 'FairVoice', led by our Monitoring, Evaluation and Learning team.

FairVoice is an innovative qualitative data collection tool that provides a platform for workers to be able to tell their stories, designed and developed in partnership with [On Our Radar](#). The empowering methodology trains participants to share information about their experiences, as well as others in their communities, via their mobile phones. We piloted this with four Fairtrade flower farms in Kenya, where workers explored the impact that Covid-19 was having on their lives and communities. You can hear from them in this [report](#).

Many of their insights were incorporated into the 'Building Resilience in the Flower Industry' project, co-funded by the FCDO's VSCF. FairVoice was key in helping us understand the reality for workers throughout 2020 and will help us advocate for action and raise awareness. In 2021, we are planning to adapt the methodology to work on other FairVoice projects with tea workers and cocoa farmers.

Impact Data Analytics

One focus in 2020 has been to enhance our impact data analytics offering. We have improved processes and designed new tools that support the organisation to deliver better services to Fairtrade producers, commercial partners and donors. This work includes a new generation of bespoke dashboards that allow for detailed analysis of patterns in Fairtrade sourcing. We have also tested pilot projects applying big data and advanced analytics techniques to our core monitoring data to improve our capacity for processing large amounts of information to enable data-

driven decision-making.

Remote data collection

Covid-19 presented a challenge to traditional and in-person data collection. This led us to invest significantly in remote data collection technology. In addition to the FairVoice pilot, we have been working with technical partners to safely and rigorously collect household and individual-level data through mobile phone and landline-based surveys to monitor and learn about the impact of Fairtrade projects in producer communities. More developments in this area are expected in 2021 through partnering with the rest of the Fairtrade system and being able to share and influence best practices within the sector.



WHAT WE SAID WE WOULD DO IN 2020

- 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 Brexit supporting the enabling environment for Fairtrade and make trade fairer.
- Continue to engage with and increase our supporter base.

Our key successes

Continue to grow public support for living incomes – in cocoa

We continued to grow public support for our living incomes for cocoa farmers in 2020, in particular deepening our focus on the role of women farmers, who typically earn a third less than their male counterparts, through storytelling, research and media work.

After registering our political demands for change in order to achieve living incomes for cocoa farmers in 2019, Fairtrade Fortnight 2020 returned our focus to engaging consumers, led by inspirational stories of four Ivorian women cocoa farmers to illustrate Fairtrade's unique and industry-leading approach to making living incomes a reality.

The stories of Kouame Ehui Edith Laure (Edith) and Kouame N'Guessan Thérèse (Thérèse) were heard by over 3.5 million people – including via an online video and novel 'storybombs' illustrated by iconic illustrator DorcasCreates and shared in their thousands across the country by Fairtrade supporters.

Rosine Bekoin and Cyr Léocadie Voho visited the UK and spent Fairtrade Fortnight telling their own inspirational moving stories about Fairtrade's impact for their families and communities. They spoke at a series of flagship all-women discussion panels in Oxford, York, Cardiff, Edinburgh and Manchester with celebrities and leading women from the world of Fairtrade and food. They also shared their stories with 89 MPs in the Houses of Parliament, and with businesses, the media and at community events.

Our media report unpacked the story of invisible women in the chocolate industry, and an exciting new partnership with gal-dem magazine was an important part of our ambition to work more closely alongside women and non-binary people of colour in our public awareness and influencing work.

Fortnight saw almost 2,000 pieces of coverage with a reach of 2,713,793 and an Advertising Value Equivalent (AVE) of £25,102,130.

Over the year, we continued to communicate our work on living incomes, particularly highlighting Fairtrade and Mondelez International's Sustainable Livelihoods study, resulting in coverage in 13 targeted outlets that led to a request for Fairtrade to speak on the topic at the World Cocoa Foundation.

2020 also saw Nestlé's iconic KitKat bar leave the Fairtrade system. Whilst this was very unfortunate and worrying news, primarily for the tens of thousands of cocoa and sugar farmers it affected, it also provoked a strong response from across civil society, grassroots supporters, faith groups, MPs and others who called on them to reconsider their decision and keep KitKat Fairtrade. This in turn generated a groundswell of authentic, independent support for Fairtrade from across the Fair Trade movement and beyond, with over 300,000 signing independent petitions calling for KitKat to remain Fairtrade.

In October 2020, we further deepened our partnership with Ben & Jerry's, who launched an ambitious pledge to work towards living incomes for cocoa farmers in their supply chain by committing to Fairtrade's Living Income Reference Price (LIRP) for the majority of their cocoa purchases. The announcement gained 55 pieces of news coverage globally, reaching an estimated 388 million people.

Focus on growing our engagement and relevance within the climate conversation

As farmers and workers continued to flag the growing importance and impact of the climate emergency, in 2020 we continued to draw attention to the issues and how it links with Fairtrade in our supporter and public communications. Highlights include:

- We produced an engaging new [film](#) to explain how Fairtrade is tackling the climate crisis.
- We've been active partners in the Climate Coalition, and many Fairtrade groups and supporters signed the Climate Coalition's [declaration](#) to the Prime Minister – for a healthy, greener and fairer tomorrow.
- We launched a brand-new flagship educational film alongside learning activities developed in partnership with educational charity Trading Visions. [Guardians of the Rainforest](#) follows a family of cocoa farmers in Sierra Leone's Gola Rainforest, and shows how the better deal from Fairtrade supports their 'forest-friendly farming', protecting their beautiful rainforest environment and biodiversity.
- Mary Kinyua, Chair of Fairtrade Africa, joined the COP26 Civil Society and Youth Council to represent farmers and workers of the Fairtrade system as the UK government host the next COP26 summit. Mary spoke eloquently to world leaders at the high-profile COP26 Global Ambition Summit hosted by the UK Prime Minister in December 2020. She told them progress to net zero is not happening fast enough and called for governments to work harder to protect the world's farmers and bring down supply chain emissions.

Deepen collaboration with our strategic allies

Fairtrade took a number of steps throughout 2020 to increase collaboration, which became more vital as the pandemic took hold.

- 2020 saw the launch of our 'Fair Focus' webinar series, highlighting key industry topics and encouraging discussion among strategic partners, chaired by the Fairtrade Foundation. Topics covered recently include 'Boosting supply chain climate resilience', with Ben & Jerry's. Meanwhile, Co-op, Cafédirect and Oxfam GB teamed up on 'The new deforestation bill, HRDD and what it means for business'. The webinars attracted attendance from a host of partners across a range of sectors, including commercial organisations and NGOs, plus members of the public keen to learn more.
- Despite the challenges the Out of Home sector has experienced throughout the pandemic, we saw increased collaboration with one of our key strategic partners, Greggs. In the last 12 months, we have seen them celebrate their 15 years of Fairtrade anniversary across their stores and online channels, as well as a broadening of their commitment to Fairtrade, with a conversion to Fairtrade-sourced cocoa in their chocolate couverture, in addition to their other Fairtrade lines. We hope to extend this through their 'Greggs Pledge', announced early in 2021, which sets out ten commitments, aligned to the Sustainable Development Goals (SDGs), to make the world a better place by 2025. In our joint business plan with Greggs, we have agreed to explore synergies that go beyond 'sourcing sustainably'.
- In 2020, Amazon launched the Climate Pledge Friendly badge – a new programme to make it easy for customers to discover and shop for more sustainable products, and Fairtrade was one of the launch partners. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products to signify that the products have one or more of 19 different sustainability certifications, including Fairtrade. Climate Pledge Friendly badging helps Amazon customers to make an informed choice, to identify and choose Fairtrade products with ease when shopping, ensuring they're choosing a better future for people and planet.
- Fairtrade's work with Co-op continued apace over the year as the retailer grew their own-label Fairtrade range and launched FSI Cocoa Labelling. They also worked to make Fairtrade products more visible in store, including Cafédirect's new Fairtrade London Tea range and more Fairtrade wines.

Co-op expanded and revamped their Fairtrade coffee range, introducing 13 new lines, new origins and a series of single-origin limited editions, including a Fairtrade Monsoon Malabar. They also launched Ever Ground, Co-op's new 'coffee-to-go' brand, and included Fairtrade instant coffee and tea in their own-label value range 'Honest Value'.

In 2020, Co-op developed a bold new strategy setting out their objective to become the UK's biggest supporter of Fairtrade by growing the contribution they make to Fairtrade producers through a three-pillar plan of sourcing, innovation and communications. Co-op worked with the Fairtrade Foundation to develop new, more sophisticated measures for assessing their Fairtrade impact and performance.

In 2020, the volume of Fairtrade ingredients used in Co-op's own-label products, along with Fairtrade-branded wine, amounted to 53,617 tonnes, 14.1 million litres of wine and 41.4 million cut flower stems.

- Other Fairtrade highlights by Co-op included extending the distribution of Fairtrade flowers through their NISA partnership, and joining the virtual graduation ceremony for the second cohort of students graduating from the Women's School of Leadership, which Co-op co-funded in Cote d'Ivoire.
- Waitrose & Partners finalised the roll-out of their commitment to 100 percent Fairtrade cocoa across all Waitrose and John Lewis confectionery lines in 2020, launching over 50 new Fairtrade Sourced Ingredient (FSI) cocoa products. They have now seen the full impact of this with their Fairtrade cocoa volumes through FSI products quadrupling in 2020 from 2019.

According to Waitrose & Partners' 'How Britain Shops Report', released in 2020, more than one in four shoppers were actively seeking out the Fairtrade logo when shopping online in 2020, particularly within the 18-24 bracket. In fact, searches on Waitrose.com for Fairtrade sugar was up 94 percent, up 40 percent for Fairtrade bananas, and up 31 percent for Fairtrade coffee compared to searches in 2019.

- M&S introduced nine new own-label wine lines in 2020 and saw a 20 percent growth in Fairtrade wine volumes from 2019, generating over £50,000 for wine producers in Fairtrade Premium in 2020. The Fairtrade Foundation supported M&S with updating their interactive supply chain map for Fairtrade tea and coffee producers.
- Ocado launched the UK's first-ever Fairtrade aisle, stocking exclusively Fairtrade products across a huge range of categories from bananas and ice cream to spreads and coffee. This included their own 100 percent Fairtrade banana range – whose volumes doubled from 2019 to 2020, as well as a huge number of Fairtrade brands.

Ocado supported Fairtrade Fortnight by promoting the Fairtrade aisle on their main landing page, and also emailed half a million UK customers about our annual campaign.

- Sainsbury's continued to be the UK's leading seller of Fairtrade products over the year, and the global leader in Fairtrade banana sales. In 2020, their Fairtrade Premium for bananas was over £4.5 million, which benefited thousands of farmers and workers.
- In November 2020, Ben & Jerry's committed to paying farmers an even higher price for their cocoa. This equates to more than \$600,000 a year in additional income to 5,000 cocoa farmers, an amount on top of both the annual Fairtrade Premium and above the Ivorian government's minimum price for cocoa. The extra money will help accelerate farmers' progress towards living incomes, provide added stability in the midst of a global pandemic, and demonstrate a business committed to action.

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

The Brexit transition period concluded at the end of 2020, at which point the UK ceased to be bound by EU trade rules. Fairtrade has continued to be in dialogue with the Department for International Trade (DIT) to ensure that the position of Fairtrade farmers is represented clearly, including participation in DIT working groups (Michael Gidney is an invited member of DIT's Strategic Trade

Advisory Group). We also contributed evidence to the Trade and Agriculture Commission. We asked for countries exporting Fairtrade goods to the UK to be offered equivalent or better terms in 'continuity agreements' and in the UK's Generalised Scheme of Preferences (GSP). Almost all countries had agreements in place by the end of 2020. An important exception was Ghana, which reached agreement in March 2021. We also raised the challenges of trade friction with the EU for Fairtrade goods, and continue in dialogue on this. We also argued for the government to align future trade policy to the SDGs, coherent with poverty reduction, human rights and environmental goals, and continued this work in 2021.

The Fairtrade Foundation also issued a [statement](#) on the impact of No Deal on farmers and workers.

Continue to engage with and increase our supporter base

- The impact of the Covid-19 pandemic severely disrupted much of the usual supporter activities in communities up and down the UK, but strong highlights include: Fairtrade Fortnight, our headline campaign of the year, served as our primary supporter engagement moment, mobilising all of our supporter audiences behind the 'She Deserves Fairtrade' campaign, and growing our online supporter following by over 2,000 people. Fairtrade Fortnight saw almost 2,000 pieces of coverage with a video reach was 2 million, up from 1.7m in 2019. We continued to see an increase online with the number of social followers increasing to 381,264, a hike of over 14,000 over the course of 2020. Website visits increased by 40,000 over the year to 907,000 visits.
- World Fair Trade Day in May celebrated the 'key workers beyond our borders' –sharing [stories](#) of how Fairtrade was supporting farmers and workers across the globe in response to the COVID 19 pandemic, and generating hundreds of messages of support shared by UK supporters.
- Despite school closures due to the pandemic, we saw a growth in our engagement with young people via teachers and families as educational resources were pivoted from the classroom to the home, regularly shared via email and social media. For example, from April to June 2020, we saw an incredible 3,600 percent increase in resource downloads from our emails on the same period in 2019.
- In 2020 we delivered a refreshed Fairtrade brand, Choose the world you want, which focuses on the range, breadth and scale of positive impact created when choosing Fairtrade. Through this positioning we are able to demonstrate the power of change is in everyone's hands and empower audiences to actively choose the world they want. With our vibrant visual assets and refreshed tone we have aligned our branding across audiences and have seen deeper engagement with our brand. Finally we have categorised our impact into four key areas, one of these being tackling climate change, these four areas not only highlight the range of Fairtrade impacts but also increase the brand salience.
- We upped the coffee content on Fairtrade channels, and saw coverage of Fairtrade coffee elsewhere, drawing in new supporters. Highlights included a six-part 'how to' series called 'The Filter', a collaboration between the Fairtrade Foundation, five commercial partners, one influencer and Fairtrade coffee farmer Hugo Guerrero, from Peru. Other moments included creating connections between farmers and shoppers, and working with influencers to reach a younger ethically minded audience – including So Vegan, who promoted Percol coffee through Instagram and held a competition. Overall, the approach engaged 3,791 coffee enthusiasts, which translated to 2,090 new Fairtrade supporters.



WHAT WE SAID WE WOULD DO IN 2020

- 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.

Our key successes

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

Our data project, Project 'Hubble', designed to better demonstrate the impact of working with Fairtrade to our priority partners, had a very successful inaugural year. We delivered 14 reports over the year to external partners, which included statements and full 'dashboards' detailing their impact. The reports will also help them gain better insight into their supply chains and demonstrate the value of choosing Fairtrade.

We created a Project Management framework for delivery, which better defined the needed roles and responsibilities for the project team and outputs. The project's success and subsequent needs meant the team behind it grew with an additional Senior Impact Data Analyst and Data Quality Assistant.

Internally, the Connect system went live in April 2020, delivering better data accuracy and integrity, allowing us to develop insights and improve communicate of our impact externally.

Continue to actively contribute to the global Fairtrade data project

Fairlens, the Business Intelligence service for the Fairtrade system, launched in June 2020 and provides National Fairtrade Organisations (NFOs), Producer Networks and Fairtrade International with information on how Fairtrade Premium is being spent and how that spend contributes to the UN's SDGs. Fairlens can also provide a greater level of historic information on Fairtrade categories such as volumes of products sold on Fairtrade terms and supply chain information on core Fairtrade products, linked to the UK market. Since launch, two expert users at the Foundation have received training and have access to Fairlens.



WHAT WE SAID WE WOULD DO IN 2020

- Work with our global membership system to develop our Fairtrade strategy for the next five 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

Our key successes

Work with our global membership system to develop our Fairtrade strategy for the next five years (2021-2025)

The Fairtrade Foundation's mission of achieving decent and sustainable livelihoods for farmers and workers remains. But for us to be successful in achieving this aim over the next strategic period, we will need to keep championing progress in living incomes and living wages, to grow the volumes of products sold on Fairtrade terms and to further support producer organisations to become more resilient in a fast-changing environment (which includes climate resilience and adaptation).

We have been working with the global Fairtrade system to design a new five-year strategy that meets the challenges facing markets and producers, as well as seizing the opportunities our ever-evolving world provides.

Continue our project to upgrade our website

In 2020 we rebuilt the website in a new system, creating a more reliable and easy-to-use site, while also delivering an annual cost saving to the organisation.

We improved the website accessibility as part of the project, and will continue to do so, aiming for AA accessibility across the entire website and its content in the future. The project was delivered within budget and on time, despite challenges and competing priorities brought about by lockdown and COVID-19.

Continue to foster a flexible culture where staff have the tools and development support to contribute to organisational strategy, plans and ambitions

With face-to-face learning paused for the majority of the year, and Learning Week cancelled, we repurposed our Learning and Development (L&D) budget to a Learning Management System, enabling and encouraging more self-directed learning across the organisation that could be accessed remotely.

We promoted flexibility across teams to focus on outputs, to review plans to enable resource that can allow us to pivot relevant workstreams to have a Covid-19 focus. We supported our people with focused workshops on a range of sessions to support the shift to home working; from 'Wellbeing for Remote Workers' to 'Science of Motivation'.

Our performance culture continued to adapt and having relaunched Performance Development Reviews for 2020 with a toolkit to better support the L&D part of the conversation, we ran workshops to support staff (59 percent of staff attended) and introduced a new suggested mid-year L&D review. The following work was paused due to reviewed team plans:

- Design and deliver a new global values workshop.
- Support for global Talent Management/ leadership programme for emerging Fairtrade leaders.
- Pay structure changes.

In our adapted plan, the recognition scheme launch was paused in the way we had planned, but we have launched a successful online recognition tool called Kudoboard to encourage colleagues to celebrate success and recognise the contribution of others around them.

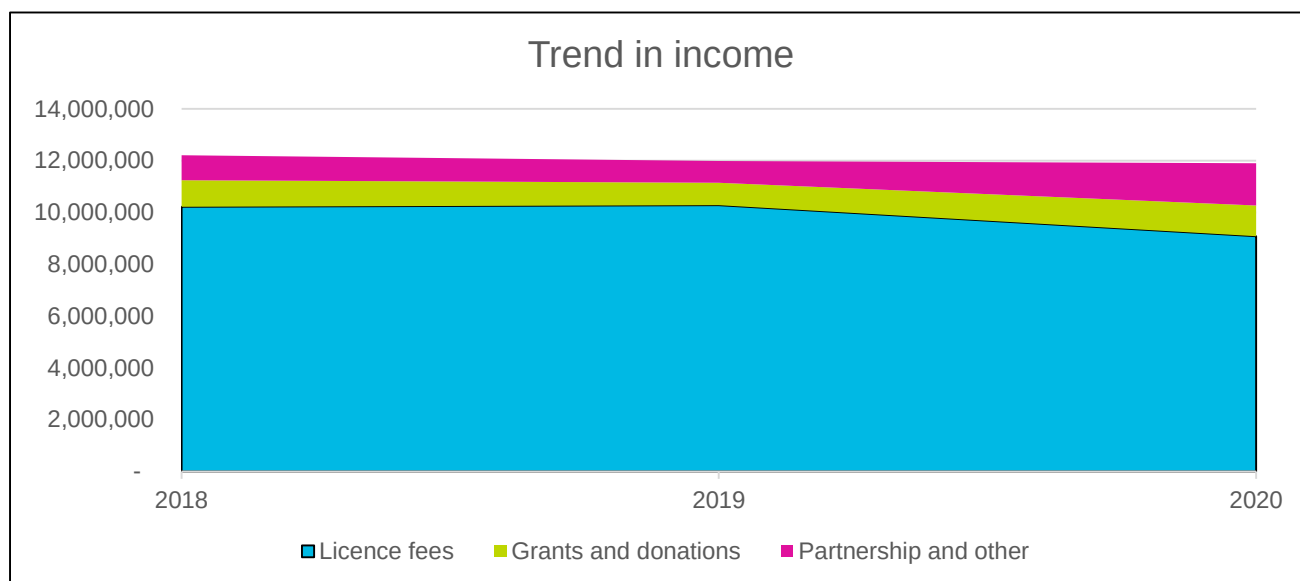
Plans for 2021 and beyond

We have recently embarked on a multi-year process across the whole of the Fairtrade Global System to define and design a new 5-year strategy (2021-2025). We expect our new strategy to be framed around five core pillars, which will guide and focus our efforts as a system, as well as at the Fairtrade Foundation, and will meet the challenges being presented to markets and producers. These pillars are:

- Empowerment of farmers and workers.
- Growth and innovation.
- Advocacy and citizen engagement.
- Digitisation for fairer supply chains.
- A launch pad for the future.

Our primary focus remains achieving decent and sustainable livelihoods for producers.

FINANCIAL REVIEW



Financial performance

Total incoming resources in 2020 decreased by one percent to £11.9 million from £12.0 million, with a decrease in donations (£122,000) and a decrease in licence fee revenue (£1.2 million) offset by increases in restricted grants (£451,000) and Partnership and other income (£795,000).

Licence fees continue to represent the majority of total income (2020: 76 percent; 2019: 86 percent). Licence fee income decreased significantly by twelve percent to £9.1 million (2019: £10.3 million) as the crisis hit our Out of Homes sales significantly which was partly offset by stronger retail sales. Partnership and other income increased significantly by ninety-eight percent to £1.7 million (2019: 0.8 million) as our Partnership with Mondelez on the Cocoa Life programme began, we received some COVID response funding from some of our key partners and we saw an increase in our expertise offering being taken up by partners such as Mars and Pepsi Co. Fundraised income from grants and donations increased by twenty-eight percent to £1.2 million (2019: £0.8 million) largely due to the receipt of COVID related funding and the final year income of the EC Development, Education and Awareness Raising grant.

We continue to explore ways of diversifying our income streams and reduce our reliance on licence fees and to this end are investing in new ways of working with businesses and other stakeholders, including Mondelēz International and Mars. Our approach has strengthened our financial resilience, which has been vital in helping us weather the impact of the crisis on our licence fee.

Total expenditure increased by 5% to £11.7 million (2019: £11.2 million) and comprised:

- An increase of £0.4 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 as well as increased programmatic work and COVID resilience funding.
- An increase of £0.3 million on “Improve and Innovate” due to an increased investment and focus in growing volumes for our producers as well as increase in our expertise offering with partners. This was offset by;

- A reduction of £0.2 million in the amount spent on “Raising funds” largely due to a decision to reduce our efforts on public fundraising and increasing our focus on the volume growth and effective COVID response support for producers.
- Expenditure on “Make Fairtrade Personal” remained at 2019 levels.

Of the total expenditure, charitable expenditure represented 97 percent and the cost of raising funds was 3 percent (2019: 95 percent, 5 percent). We are reviewing 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 noted 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 2 percent to £6.6 million from £6.4 million. Restricted funds increased to £603,000 (2019: £420,000). Unrestricted funds was flat at £6.0 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, taken into consideration the continued 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 2020.

Under the policy, the target reserves level is based on a risk-based calculation of £3.8 million (2019: £4.8 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£0.2 million) and designated funds (£0.8 million), as at 31 December 2020 were £5.0 million (2019: £5.0 million) and were therefore 32 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 decreased in the year to £4.8 million (2019: £4.9 million), of which £604,000 (2019: £420,000) 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 constituents 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 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 first 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 during a crisis and these were employed as appropriate. In a financial sense, our income is reliant on the performance of our licensees, some of which have been more affected than others (for example closure of out of home outlets affected coffee licence fee income, offset by increased sales at supermarkets and other retailers). There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised as matters change. We have strong levels of reserves which, together with sensible cost control, have helped take us through the disruption of 2020 (at broadly breakeven for the year) and have ensured that the Foundation continues as a going concern.

Data and information – a co-ordinated global data and digital information strategy for the future is key, and is an integral part of the 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.

Government aid cuts – as part of our income diversification strategy, one priority was targeting government funding (for example the FCDO funded projects described earlier in this report). In November 2020 the UK government announced aid cuts from 0.7% GNI to 0.5%. The detail of where cuts are being made was announced in April. Our current FCDO funded programmes are not

significantly affected, however our ability to obtain funding for further phases of those programmes, or more broadly to look on the government as a significant income stream going forward, is in doubt. We continue to engage with government to demonstrate the solutions and value Fairtrade can bring to global issues.

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.

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. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future.

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 management

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 67.

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 committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis.

The Partnerships Committee is an ad hoc 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 a 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 2020.

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 and in 2021, we are updating our progress since that review, including having implemented a Trustee code of conduct.

We continue to implement our development plan, which 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.

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 2020, there were zero whistleblowing complaints, and 24 safeguarding cases raised, with zero reports to the Charity Commission.

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.

Diversity

As part of our work within Equality, Diversity and Inclusion (EDI), during 2020 we have been working towards an organisational action plan to tackle racism and address inequalities with regards to race. This forms part of our broader EDI strategy for 2021, which will start with alignment to the new strategy, a review of data across diversity characteristics, education and learning for colleagues and review of policies, procedures, training and workshops. During 2020, the organisation set up an Anti-Racism Steering Group who have identified five key areas to focus on:

- Area 1 – Anti-racist recruitment and development.
- Area 2 – Creating an anti-racist staff culture.
- Area 3 – Anti-racist procurement.
- Area 4 – Building anti-racist public communications and campaigns.
- Area 5 – Becoming an anti-racist role model.

The Fairtrade Foundation continues to be a Living Wage employer and an equal opportunities employer, committed to attracting, appointing and retaining a diverse workforce at all levels of the organisation, 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 EDI.

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 32 volunteers helped in the Fairtrade office or remotely at some time during the year, and gave 3,374 hours to the organisation.

Trustee changes:

We have had no Trustees stand down since the last report, and have appointed Anne Marie Yao as Trustee since the last report. This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 17 June 2021, in their capacity as company directors, and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Lord Mark Price', with a stylized, wavy line at the end.

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 ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including 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 2020 and of its income and expenditure, 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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

- the 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 their 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 and proper 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

7 July 2021

THE FAIRTRADE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020 (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

	Notes	2020 Unrestrict ed £ 000	2020 Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Income from:					
Donations and legacies	2	144	-	144	266
Grants	4	-	1,046	1,046	595
Investment income		2	-	2	3
Charitable activities					
Licence fees		9,076	-	9,076	10,279
Partnership and other income	5	941	689	1,630	835
Total income		10,163	1,735	11,898	11,978
Expenditure on:	6				
Raising funds		334	-	334	507
Charitable activities					
Focus on Impact		4,522	1,297	5,819	5,398
Improve and Innovate		2,931	-	2,931	2,626
Make Fairtrade Personal		2,408	255	2,663	2,653
Total charitable activities		9,861	1,552	11,413	10,677
Total expenditure		10,195	1,552	11,747	11,184
Net income/(expenditure), being net movement in funds	9	(32)	183	151	794
Reconciliation of funds:	17				
Fund balances brought forward		5,999	420	6,419	5,625
Fund balances carried forward		5,967	603	6,570	6,419

The breakdown of 2019 figures between restricted and unrestricted funds is shown in Note 19. There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing. The Notes on pages 44 to 65 form part of these financial statements.

THE FAIRTRADE FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	11	24	39
Tangible assets	12	155	206
Current assets			
Stock		15	5
Debtors	13	4,131	4,320
Cash at bank and in hand		4,819	4,912
Total current assets		8,965	9,237
Liabilities			
Creditors: amounts falling due within one year	14	(1,982)	(2,408)
Net current assets		6,983	6,829
Total assets less current liabilities		7,162	7,074
Creditors: amounts falling due after one year	14	(243)	(306)
Provision for liabilities and charges	15	(349)	(349)
Net assets		6,570	6,419
The funds of the charity:	17		
General funds		5,038	5,004
Designated funds – Fairtrade Future		750	750
Designated funds – Fixed Assets		179	245
Unrestricted funds		5,967	5,999
Restricted funds		603	420
Total funds		6,570	6,419

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 17 June 2021, and were signed below on its behalf by



Mark Price
Chair of the Board
Company number: 02733136

THE FAIRTRADE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2020

	Notes	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Net cash provided by operating activities		(40)	1,448
Cash flows from investing activities			
Purchase of property, plant and equipment		(53)	(11)
Change in cash and cash equivalents in the year		(93)	1,437
Cash and cash equivalents at 1 January		4,912	3,475
Cash and cash equivalents at 31 December		4,819	4,912

THE FAIRTRADE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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: 02733136) 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, the most significant estimates and judgements which may have a material effect on the amounts recognised in the financial statements are as follows:

- the level of provision for dilapidations (see detail in note 15)
- Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £1.9m was billed relating to 2020 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.
- the level of bad debt provision is estimated at £166k (2019: £105k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those

between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

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 had 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 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 that 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 2020 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 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 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 £51,000 (2019: £43,000).

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.

1.17 Grants payable

Grants payable are recognised in the year that an unconditional commitment is communicated to the grant recipient. In the case of multi-year grants, subsequent distributions are only recognised in expenditure once all reporting conditions have been met by the recipient and reviewed by the Foundation.

2. Donations and legacies

	Unrestricted £ 000	Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Triodos Bank Fairtrade Saver Account	5	-	5	6
Legacies	-	-	-	81
Other donations	139	-	139	179
Total donations	144	-	144	266

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 general unpaid volunteers who contributed a total of 3,374 hours of work in the year. Volunteers provided administrative, 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

	2020 Total £ 000	2019 Total £ 000
Comic Relief		
Gold IMPACT Programme	8	133
EPRM		
Improved ASMO Access to Finance	218	121
Fairtrade International		
Cocoa living income work	-	128
Fairtrade International, Fairtrade Germany and Ethical Tea Partnership		
North East India Tea Research Project	-	65
European Commission		
EC DEAR Project	208	-
Jersey Overseas Aid Commission (JOAC)		
Bolivia Coffee	19	-
RVO		
Gold Uganda	9	25
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Foreign, Commonwealth and Development Office		
Cocoa Farmer Resilience Fund	309	-
Resilience in Flower Supply Chains	22	-
GIZ		
COVID Response	34	-
Coffee Uganda	34	-
Traid		37
Cotton Seed Phase II	83	-
Cotton Seed Phase I	-	37
Students Organising for Sustainability		
Textile standard training programme	-	20
Digital classroom project	-	10
Fairtrade University Awards	-	6
Total Grants	1,046	595

All grants in 2020 are restricted.

5 Partnerships and other income

	Unrestricted £ 000	Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Cross-border sales administration fees	357	-	357	370
Consultancy fees	59	-	59	67
Expertise and commercial partner-funded programmes	504	687	1,191	359
Other fees and royalties	10	2	12	22
Sale of awareness-raising items	11	-	11	17
Total partnership and other income from charitable activities	941	689	1,630	835

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	2020 Total £ 000	2019 Total £ 000
Raising funds	179	84	71	334	507
Charitable activities:					
Focus on Impact	1,077	4,317	425	5,819	5,398
Improve and Innovate	1,541	783	607	2,931	2,626
Make Fairtrade Personal	1,544	511	608	2,663	2,653
Total charitable activities	4,162	5,611	1,640	11,413	11,184
Total expenditure in 2020	4,341	5,695	1,711	11,747	
Total expenditure in 2019	3,817	5,642	1,725	11,184	

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.2 million (2019: £1.4 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 £252,000 (2019: £330,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.8 million (2019: £1.7 million) are distributed to Producer Networks by Fairtrade International. Contributions of £281,000 (2019: £319,000) were made to the system-wide project fund to support 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 £26,000 (2019: £32,000).

Support costs of £1.7 million (2019: £1.7 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:

	2020	2019
	£ 000	£ 000
Human resources	286	378
Finance	515	565
Information Technology	447	499
Management and administration	5	59
Governance	29	104
Facilities	429	120
Total support costs	1,711	1,725

7. Grants payable to institutions

	Statement of Financial Activities heading	2020	2019
		£ 000	£ 000
Fairtrade Africa and other African partners	Focus on Impact	652	464
Fairtrade International	Focus on Impact	-	91
Fairtrade Finland	Focus on Impact	70	-
Network of Asia and Pacific Producers and other Asian partners	Focus on Impact	62	43
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Focus on Impact	18	-
Total grants payable		802	598

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 to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. 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 African partners are in relation to Gold Impact Programme, Cocoa Farmer Resilience Fund, Resilience in Flower Supply Chains, ASMO Access to Finance, Mutira Coffee project, Gold project Uganda, Women's School of Leadership and Strengthening Sugar Farmers in Southern Africa.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme.

The grant to the Asian partners is in relation to the Cotton Breeding Programme and COVID Response.

The grant to the CLAC and Latin American partners is in relations to the Bolivia coffee project and the Ben & Jerry's Sugar programme.

See Note 17 for further details.

Support costs of £63k (2019: £57k) 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:

	2020 £ 000	2019 £ 000
Trustee expenses	-	9
Fees payable to the charity's auditors for the audit of the charity's annual accounts	19	18
Other governance costs	10	40
Staff costs	45	37
Total costs	74	104

No remuneration was paid to Trustees in the year (2019: 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. No payment (2019: £9,000) was reimbursed this year to none of the Trustees (2019: six Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2020, all Trustee and committee meetings were held virtually.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2020 £ 000	2019 £ 000
Depreciation of fixed assets	119	160
Fees payable to charity's auditors for the audit of the annual accounts for the current year	19	18
Fees payable to charity's auditors for other accountancy services	1	11
Operating lease rentals and service charge: land and buildings	292	293

10. Staff costs

	2020 £ 000	2019 £ 000
Wages and salaries	4,243	3,870
Employer's National Insurance costs	442	398
Employer's contribution to defined contribution pension schemes	360	325
Agency staff	178	110
Staff costs	5,223	4,703
Staff recruitment costs	26	71
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2020	2019
£60,000 - £69,999	2	-
£70,000 - £79,999	-	1
£80,000 - £89,999	2	2
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-

The Foundation's highest salary was 4.4 times the lowest salary during 2020, 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 £47k (2019: £31k).

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 £545k (2019: £529k). Average headcount in 2020 was 102 (2019: 94).

Redundancy/termination payments agreed and paid in the year came to £58,000 (2019: £17,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2020	758
Additions	24
Disposals	(354)
At 31 December 2020	428
Amortisation at 1 January 2020	719
Charge for period	39
Disposals	(354)
At 31 December 2020	404
Net book value at 1 January 2020	39
Net book value at 31 December 2020	24

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2020	92	288	380
Additions	17	14	31
Disposals	(36)	-	(36)
At 31 December 2020	73	302	375
Depreciation at 1 January 2020	60	114	174
Charge for period	20	60	80
Disposals	(34)	-	(34)
At 31 December 2020	46	174	220
Net book value at 1 January 2020	32	174	206
Net book value at 31 December 2020	27	128	155

13. Debtors

	2020 £ 000	2019 £ 000
Licence fee debtors	1,265	2,108
Accrued licence fee	1,891	1,546
Amounts due from Fairtrade International and other Fairtrade organisations	291	264
Prepayments, accrued income and other debtors	684	402
Total debtors due within one year	4,131	4,320

14. Creditors

Creditors: amounts falling due within one year	2020 £ 000	2019 £ 000
Trade creditors	300	391
Amounts due to Fairtrade International and other Fairtrade organisations	482	550
Social security and other taxes	395	536
Other accruals	805	931
Total creditors due within one year	1,982	2,408
Creditors: amounts falling due after one year	2020 £ 000	2019 £ 000
Accruals	243	306
Total creditors due after one year	243	306

15. Provision for liabilities and charges

	Provision at 1 Jan 2020 £ 000	Charged to SOFA £ 000	Provision released £ 000	Provision at 31 Dec 2020 £ 000
Dilapidations	349	-	-	349
Total provision	349	-	-	349

The provision relates to the office lease dilapidations clause. Our lease in our old premises ended in 2019 and settlement has yet to be agreed. The lease under our current premises ends in 2028 with a break in 2023 allowed, 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 sixteen 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 2020	Income £000	Expenditu re £000	Transf er betwe en funds £000	Funds at 31 Decem ber 2020 £000
Restricted Funds					
Focus on Impact					
Gold I.M.P.A.C.T Programme	102	8	(110)		-
Improved ASMO Access to finance	(31)	218	(64)		123
Climate-Change and Organisational					
Strengthening Programme	-	288	(288)		-
Cocoa Farmer Resilience Fund	-	309	(341)		(32)
Resilience in Flower Supply Chains	-	82	(67)		15
The Responsible Tanzanian Gold Project	-	-	19		19
COVID Response	-	34	(34)		-
Green People's Energy Uganda	-	34	(7)		27
Bolivia coffee project	(10)	19	(9)		-
Textile Training Programme	10	-	(10)		-
Developing optimum cocoa cooperative					
governance models in Ghana	-	52	(12)		40
Gold project Uganda	(1)	9	(8)		-
Cotton Breeding Programme	18	83	(36)		65
North East India Tea Research Programme	41	-	(12)		29
Dignity for All: Ethiopia Flowers Programme	32	50	(79)		3
Strengthening Sugar Farmers in Southern Africa	35	-	(19)		16
Co-op sponsored Programmes	100	287	(202)		185
Commercial Partners Sponsored Programmes	7	54	(18)		43
Total	303	1,527	(1,297)	-	533
Make Fairtrade Personal					
EC Trade Fair, Live Fair	6	208	(214)		-
Cocoa Living Income Communication	111	-	(41)		70
Total	117	208	(255)	-	70
Total Restricted funds	420	1,735	(1,552)	-	603
Unrestricted funds					
General funds	5,004	10,451	(10,483)	66	5,038
Designated funds – Fairtrade Future Fund	750	-	-	-	750
Designated funds – Fixed Asset funds	245	-	-	(66)	179
Total Unrestricted Funds	5,999	10,451	(10,483)	-	5,967
Total funds	6,419	11,898	(11,747)	-	6,570

Description of Funds

Restricted Funds

Gold IMPACT Programme

Fairtrade's I.M.P.A.C.T 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 mines 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.

Climate-Change and Organisational Strengthening Programme

This programme is in partnership with Mondelez and aims to enhance the offerings and reach of Cocoa Life and to develop and implement programs which will socially, economically and environmentally benefit local communities, workers and producers.

Cocoa Farmer Resilience Fund

This programme is funded by FCDO and is designed to enable the resilience of approximately 23,000 cocoa farmers in Ghana, benefitting over 135,000 individuals dependent on cocoa for their livelihoods. The project seeks to ensure farmers maintain their productive base, enact safe COVID-19 practices along the supply chain and have access to alternative income streams through the peak of the pandemic and the cocoa season due between October 2020 and March 2021, hence averting a potential humanitarian disaster. Leveraging a working team on the ground, the project will launch a flexible grant facility to extend to additional beneficiaries and accelerate and deepen the impact of the existing work in the partnership. Furthermore, the project will establish a tracker, targeted at providing direct updates from farmers on the impact of the pandemic on farming communities to supply chain actors, allowing businesses to react nimbly to emerging challenges and provide evidence to create responsible business interventions and advocacy strategies. The project aims to maintain or increase incomes through the pandemic, lower the severity of the virus in communities and influence the cocoa sector towards enacting business policies that benefit vulnerable cocoa farmers.

Resilience in Flower Supply Chains

This programme is funded by FCDO and aims to address the immediate needs of the workers in the face of coronavirus, create a stronger and more resilient worker, community and grower base to ensure a more sustainable supply chain and make a robust business case for ethically traded flowers and provide insights that can be transferred to other countries and supply chains.

The Responsible Tanzanian Gold Project

This is funded by the Genesis Trust to work 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.

COVID Response

This funding is provided by GIZ to support the most vulnerable cotton farmers during COVID-19 in India through the provision of food and income security for smallholder cotton farmers to mitigate the impact of COVID-19 on their livelihoods and incomes.

Green People's Energy Uganda

This funding is provided by GIZ to design and unlock microfinancing products that are appropriate to link the commercial activities of rural poor farming HHs and off-grid solar products.

Bolivia coffee project

This is funded 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.

Textile Training Programme

This project is 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 principle.

Developing optimum cocoa cooperative governance models in Ghana

This project is funded by the Open Society Foundation to provide relief and advancement of education of smallholder cocoa producers in Ghana who are typically poor or low-income persons because they are self-employed and operate small-scale farms of 2 to 5 hectares. The majority of these farmers work outside producer cooperatives and are facing challenges of lower productivity, high poverty rates (majority below the poverty line), low incomes, climate change threats and food insecurity. This purpose would be accomplished by research into cooperative governance models and the enabling environment will support the drive for increased producer-owned cocoa cooperatives in Ghana thereby improving producer participation in the cocoa value chain beyond primary production. Such research shall be made publicly available and would be used to implement pilot programmes with Fairtrade's key commercial partners and farmer cooperatives to ultimately strengthen and increase the number of farmers that benefit from the cooperative movement in Ghana, driving smallholder farmer empowerment and incomes.

Gold project Uganda

This project funded by RVO in partnership with UNICEF, Solidaridad, Fairphone, Philips and others, Fairtrade are 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.

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.

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.

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.

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.

The Co-op sponsored programmes

This includes the Women School of Leadership programme, COVID relief funding and East Africa youth engagement programme.

Other Commercial partner programmes

The programmes run with commercial partners includes Compass' contribution to the Women's school of leadership programme, Waitrose programme funding, and the Ben & Jerry's Sugar and Gender programmes.

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.

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 2019

	Funds at 1 January 2019	Income £000	Expenditure £000	Transfer between funds £000	Funds at 31 December 2019 £000
Restricted Funds					
Focus on Impact					
Gold I.M.P.A.C.T 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
Total	471	527	(695)	-	303
Improve and Innovate					
Fairsource for Fairtrade	32	-	(32)		-
Total	32	-	(32)	-	-
Make Fairtrade Personal					
EC Trade Fair, Live Fair	270	-	(264)		6
Cocoa Living Income Communication	-	128	(17)		111
Esmee Fairbairn Foundation	4	-	(4)		-
Total	274	128	(285)	-	117

Total Restricted funds	777	655	(1,012)	-	420
Unrestricted funds					
General funds	4,454	11,323	(10,012)	(761)	5,004
Designated funds – Fairtrade Future Fund	-	-	-	750	750
Designated funds – Fixed Asset funds	394	-	(160)	11	245
Total Unrestricted Funds	4,848	11,323	(10,172)	-	5,999
Total funds	5,625	11,978	(11,184)	-	6,419

18. Analysis of fund balances held as at 31 December 2020

	General £ 000	Designated £ 000	Restricted £ 000	Total £ 000
Intangible fixed assets		24	-	24
Tangible fixed assets	-	155	-	155
Current assets	7,612	750	603	8,965
Current liabilities	(1,982)	-	-	(1,982)
Long term liabilities	(243)	-	-	(243)
Provisions	(349)	-	-	(349)
Fund balance at 31 December 2020	5,038	929	603	6,570

A comparative of the analysis of fund balances held as at 31 December 2019 is as follows:

	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)
Fund balance at 31 December 2019	5,004	995	420	6,419

19. Breakdown of 2019 Statement of Financial Activities into restricted and unrestricted

	2019 Unrestricted £ 000	2019 Restricted £ 000	2019 Total £ 000	2018 Total £ 000
Income from:				
Donations and legacies	266	-	266	135
Grants	-	595	595	891
Investment income	3	-	3	1
Charitable activities				
Licence fees	10,279	-	10,279	10,222
Partnership and other income	775	60	835	959
Total income	11,323	655	11,978	12,208
Expenditure on:				
Raising funds	507	-	507	474
Charitable activities				
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
Total expenditure	10,172	1,012	11,184	11,228
Net income/(expenditure), being net movement in funds	1,151	(357)	794	980
Reconciliation of funds:				
Fund balances brought forward	4,848	777	5,625	4,645
Fund balances carried forward	5,999	420	6,419	5,625

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2020	2019
	£ 000	£ 000
Net income	151	794
Depreciation charge	119	160
(Increase)/ Decrease in stock	(10)	6
(Increase)/ Decrease in debtors	189	191
Increase / (decrease) in creditors excluding short term borrowings	(489)	697
Increase in provisions	-	(400)
Net cash inflow from operating activities	(40)	1,448

Analysis of net funds			
	Balance at 1 January 2020	Cash flow movement	Balance at 31 December 2020
	£	£	£
Cash at bank and in hand	4,912	(93)	4,819
Net funds	4,912	(93)	4,819

21. Financial commitments under operating leases

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

	2020	2019
	£ 000	£ 000
Land and buildings		
Due within 1 year	317	264
Total due in years 2 to 5	581	898
Office equipment		
Due within 1 year	12	12
Total due in years 2 to 5	17	28
Total	927	1,202

Lease payments recognised as an expense were £276k (2019: £117k). 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 £360,000 (2019: £325,000). 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.

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £7,000 (2019: nil) from Engaging Works of which our Chair, Lord Mark Price, is a Founder and a Shareholder.

The Foundation received a donation of £5,000 (2019: nil) from Utmost Group Ltd of which our Treasurer, Paul Thompson, is a Director and Shareholder.

Fairtrade Foundation Reference and Administrative Information

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

Anne Marie Yao	Appointed September 2020
Alison Marshall	Appointed September 2016
Bob Doherty	Appointed August 2017
David Paterson	Appointed September 2018
Didier Dallemagne	Appointed October 2014
Elizabeth Sideris	Appointed October 2014
Jane Frost (Vice Chair)	Appointed June 2014
Mark Price (Chair)	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
Julia Nicoara	Interim Director of Public Engagement – left June 2020
Nilufar Verjee	Director, Public Engagement – joined June 2020
Euan Venters	Commercial Director – left December 2020

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

CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA
HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

Bates, Wells and Braithwaite London LLP, 2-6 Cannon Street, London EC4M 6YH

Auditor

Crowe U.K. LLP, 55 Ludgate hill, London EC4M 7JW

fairtrade.org.uk

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London E1 8PY

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Registered Charity No. 1043886

A company limited by guarantee, registered in England and Wales No. 2733136

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