



# Annual Report and Financial Statements

For the year ended December 31, 2022

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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.

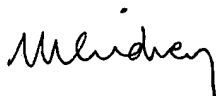
Despite the challenging year we've all had, I remain inspired by the spirit of the British public and their determination to do the right thing by the women and men who grow the products we know and love. Our 2022 consumer research conducted by Kantar reveals that 76 percent of consumers care about Fairtrade,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

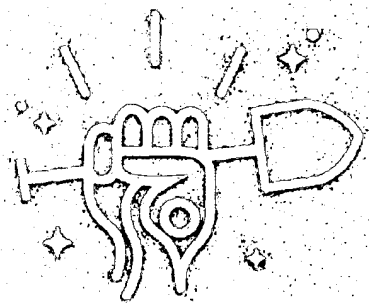
The issues we have championed for almost 30 years – responsible business, fairer prices, better treatment for workers – have now taken centre stage. And yet we need to keep shifting the balance of power to the people who are foundational to supply chains. For today, while many solutions appear to be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

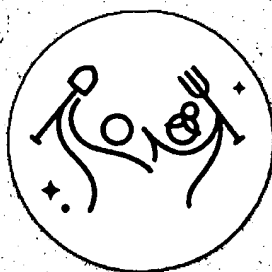


**2 million**

farmers and workers in Fairtrade  
certified producer organisations

**1,930**

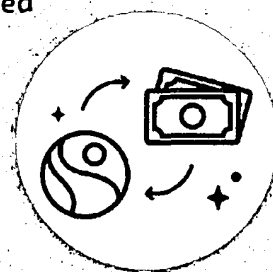
Fairtrade certified  
producer  
organisations  
in 70 countries  
worldwide



UK sales of Fairtrade  
products generated

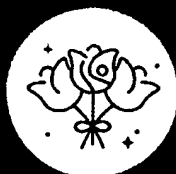
**£30m**

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

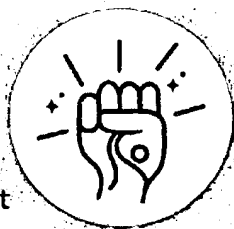
**700**

women shea producers in Ghana to increase their incomes



**15,000**

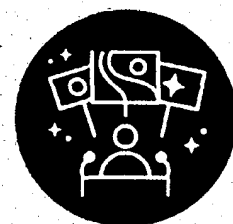
people in the UK signed our Community Declaration in support of climate justice



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, Ecochim, 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.

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*'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**

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### 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 even 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.

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*'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**

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## **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.

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*'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**

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## **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 Hower 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.

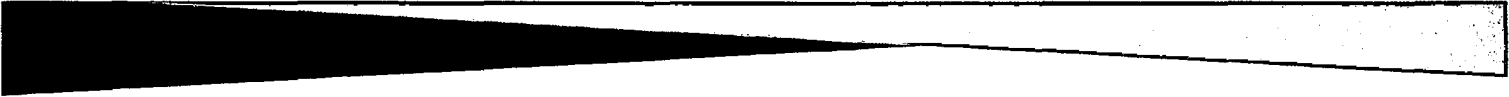
### **Equality, diversity, inclusion and belonging**

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

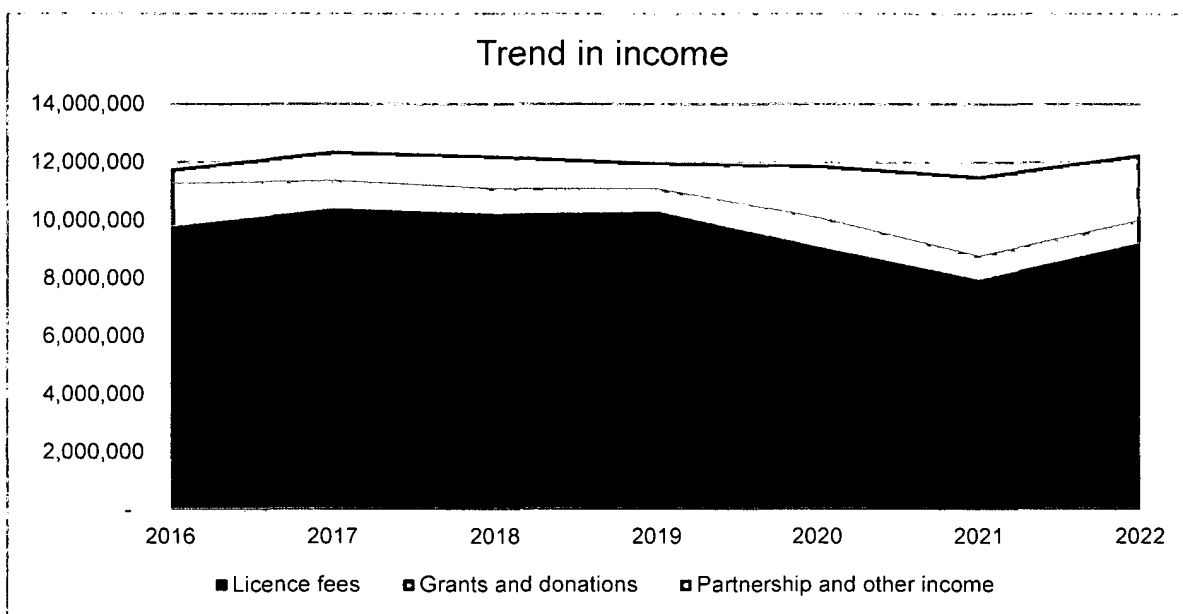
2023 marks the half-way point in our global five-year strategy, 'The Future is Fair' (2021-2025). In 2023 and beyond, Fairtrade farmers and workers will continue to be firmly at the heart of this strategy and its five pillars. As a result, our primary focus will remain on achieving decent and sustainable 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](http://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.

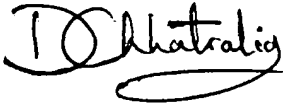
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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
<b>Income from:</b>					
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
<b>Total income</b>		<b>10,666</b>	<b>2,118</b>	<b>12,784</b>	<b>11,515</b>
<b>Expenditure on:</b>	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
<b>Total charitable activities</b>		<b>10,119</b>	<b>2,078</b>	<b>12,197</b>	<b>11,301</b>
<b>Total expenditure</b>		<b>10,374</b>	<b>2,078</b>	<b>12,452</b>	<b>11,591</b>
<b>Net income/(expenditure), being net movement in funds</b>	9	<b>292</b>	<b>40</b>	<b>332</b>	<b>(76)</b>
<b>Reconciliation of funds:</b>	17				
Fund balances brought forward		5,870	624	6,494	6,570
<b>Fund balances carried forward</b>		<b>6,162</b>	<b>664</b>	<b>6,826</b>	<b>6,494</b>

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

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

# 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

			2022	2021
	Unrestricted	Restricted	Total	Total
	£ 000	£ 000	£ 000	£ 000
Triodos Bank Fairtrade Saver Account	7	-	7	4
Legacies	-	-	-	165
Other donations	201	-	201	205
<b>Total donations</b>	<b>208</b>	<b>-</b>	<b>208</b>	<b>374</b>

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

## 3. Use of volunteers

Additional resources were provided by 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
<b>Foreign, Commonwealth and Development Office</b>		
Cadbury Farmer Resilience Fund	-	191
Resilience in Flower Supply Chains	-	178
<b>GIZ</b>		
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	-
<b>EPRM</b>		
Improved ASMO Access to finance	169	-
<b>Waterloo Foundation</b>		
Developing Fairtrade Market Solutions to Financing Education	56	94
<b>Aldi</b>		
Aldi Flowers Programme Ethiopia	50	50
<b>Traid</b>		
Cotton Seed Phase II	-	42
<b>Fairtrade Switzerland</b>		
SECO - Farmers Resilience Platform in response to Covid 19	68	57
<b>RVO</b>		
Gold Uganda	-	1
<b>Iseal</b>		
DELTA Framework Pilot Project	4	13
<b>Open Society Foundation</b>		
Food project	-	12
<b>HMRC Furlough</b>	-	6
<b>Total Grants</b>	<b>814</b>	<b>848</b>

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
<b>Total partnership and other income from charitable activities</b>	<b>727</b>	<b>1,304</b>	<b>2,031</b>	<b>2,346</b>

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

## 6. Expenditure

	Direct staff costs £ 000	Other direct costs £ 000	Support costs £ 000	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
<b>Total expenditure in 2022</b>	<b>4,786</b>	<b>6,281</b>	<b>1,385</b>	<b>12,452</b>	
<b>Total expenditure in 2021</b>	<b>4,544</b>	<b>5,683</b>	<b>1,364</b>	<b>11,591</b>	<b>11,591</b>

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 £ 000	2021 £ 000
Human resources	325	280
Finance	418	221
Information Technology	288	344
Management and administration	28	3
Governance	95	112
Facilities	231	404
<b>Total support costs</b>	<b>1,385</b>	<b>1,364</b>

#### 7. Grants payable to institutions

	Statement of Financial Activities heading	2022 £ 000	2021 £ 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
<b>Total grants payable</b>		<b>873</b>	<b>824</b>

We have a programmes guideline we follow when making grants to other organisations. We undergo a due diligence assessment of the organisations to ensure we have a reasonable level of assurance that they are suitable 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
<b>Total costs</b>	<b>96</b>	<b>112</b>

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	2021
	£ 000	£ 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	2021
	£ 000	£ 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
<b>Staff costs</b>	<b>5,585</b>	<b>5,345</b>
<b>Staff recruitment costs</b>	<b>41</b>	<b>40</b>
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	<b>2022</b>	<b>2021</b>
£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
<b>Cost at 1 January 2022</b>	<b>428</b>
Additions	-
Disposals	(237)
<b>At 31 December 2022</b>	<b>191</b>
<b>Amortisation at 1 January 2022</b>	<b>416</b>
Charge for period	6
Disposals	(237)
<b>At 31 December 2022</b>	<b>185</b>
<b>Net book value at 1 January 2022</b>	<b>12</b>
<b>Net book value at 31 December 2022</b>	<b>6</b>

**12. Tangible Fixed Assets**

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
<b>Cost at 1 January 2022</b>	<b>79</b>	<b>302</b>	<b>381</b>
Additions	3	-	3
Disposals	(1)	-	(1)
<b>At 31 December 2022</b>	<b>81</b>	<b>302</b>	<b>383</b>
<b>Depreciation at 1 January 2022</b>	<b>63</b>	<b>234</b>	<b>297</b>
Charge for period	8	60	68
Disposals	(1)	-	(1)
<b>At 31 December 2022</b>	<b>70</b>	<b>294</b>	<b>364</b>
<b>Net book value at 1 January 2022</b>	<b>16</b>	<b>68</b>	<b>84</b>
<b>Net book value at 31 December 2022</b>	<b>11</b>	<b>8</b>	<b>19</b>

**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
<b>Total debtors due within one year</b>	<b>5,206</b>	<b>3,472</b>

#### 14. Creditors

	2022	2021
Creditors: amounts falling due within one year	£ 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
<b>Total creditors due within one year</b>	<b>3,120</b>	<b>1,650</b>

	2022	2021
Creditors: amounts falling due after one year	£ 000	£ 000
Accruals	116	180
<b>Total creditors due after one year</b>	<b>116</b>	<b>180</b>

#### 15. Provision for liabilities and charges

	Provision at 1 Jan 2022 £ 000	Charged to SOFA £ 000	Provision released £ 000	Provision at 31 Dec 2022 £ 000
Dilapidations	349	-	(218)	131
<b>Total provision</b>	<b>349</b>	<b>-</b>	<b>(218)</b>	<b>131</b>

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 Januar y 2022 £000	Income £000	Expendit ure £000	Transf er betwe en funds £000	Funds at 31 Decem ber 2022 £000
<b>Restricted Funds</b>					
<b>Empowerment of farmers &amp; workers</b>					
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)		-
<b>Total Restricted funds</b>	<b>624</b>	<b>2,118</b>	<b>(2,078)</b>	<b>-</b>	<b>664</b>
<b>Unrestricted funds</b>					
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
<b>Total Unrestricted Funds</b>	<b>5,870</b>	<b>10,666</b>	<b>(10,374)</b>	<b>-</b>	<b>6,162</b>
<b>Total funds</b>	<b>6,494</b>	<b>12,784</b>	<b>(12,452)</b>	<b>-</b>	<b>6,826</b>

## **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 between funds £000	Funds at 31 Decemb er 2021 £000
<b>Restricted Funds</b>					
<b>Empowerment of farmers &amp; workers</b>					
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
<b>Total</b>	<b>533</b>	<b>2,079</b>	<b>(1,988)</b>	<b>-</b>	<b>624</b>
<b>Advocacy &amp; Citizen Engagement</b>					
Cocoa Living Income Communication	70	-	(70)	-	-
<b>Total</b>	<b>70</b>	<b>-</b>	<b>(70)</b>	<b>-</b>	<b>-</b>
<b>Total Restricted funds</b>	<b>603</b>	<b>2,079</b>	<b>(2,059)</b>	<b>-</b>	<b>624</b>
<b>Unrestricted funds</b>					
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
<b>Total Unrestricted Funds</b>	<b>5,967</b>	<b>9,436</b>	<b>(9,533)</b>	<b>-</b>	<b>5,870</b>
<b>Total funds</b>	<b>6,570</b>	<b>11,516</b>	<b>(11,592)</b>	<b>-</b>	<b>6,494</b>

**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
<b>Income from:</b>					
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
<b>Total income</b>		<b>9,436</b>	<b>2,079</b>	<b>11,515</b>	<b>11,898</b>
<b>Expenditure on:</b>					
Raising funds	6	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
<b>Total charitable activities</b>		<b>9,243</b>	<b>2,058</b>	<b>11,301</b>	<b>11,413</b>
<b>Total expenditure</b>		<b>9,533</b>	<b>2,058</b>	<b>11,591</b>	<b>11,747</b>
<b>Net income/(expenditure), being net movement in funds</b>	9	<b>(97)</b>	<b>21</b>	<b>(76)</b>	<b>151</b>
<b>Reconciliation of funds:</b>					
Fund balances brought forward	17	5,967	603	6,570	6,419
<b>Fund balances carried forward</b>		<b>5,870</b>	<b>624</b>	<b>6,494</b>	<b>6,570</b>

## 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)	-	
<b>Net cash inflow from operating activities</b>	<b>(139)</b>	<b>280</b>	

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
<b>Net funds</b>	<b>5,089</b>	<b>(142)</b>	<b>4,947</b>

## 21. Financial commitments under operating leases

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

	2022	2021
	£ 000	£ 000
<b>Land and buildings</b>		
Due within 1 year	292	317
Total due in years 2 to 5	681	264
<b>Office equipment</b>		
Due within 1 year	26	33
Total due in years 2 to 5	12	38
<b>Total</b>	<b>1,011</b>	<b>652</b>

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.

**Marika 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

**fairtrade.org.uk**

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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.  
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FOUNDATION**