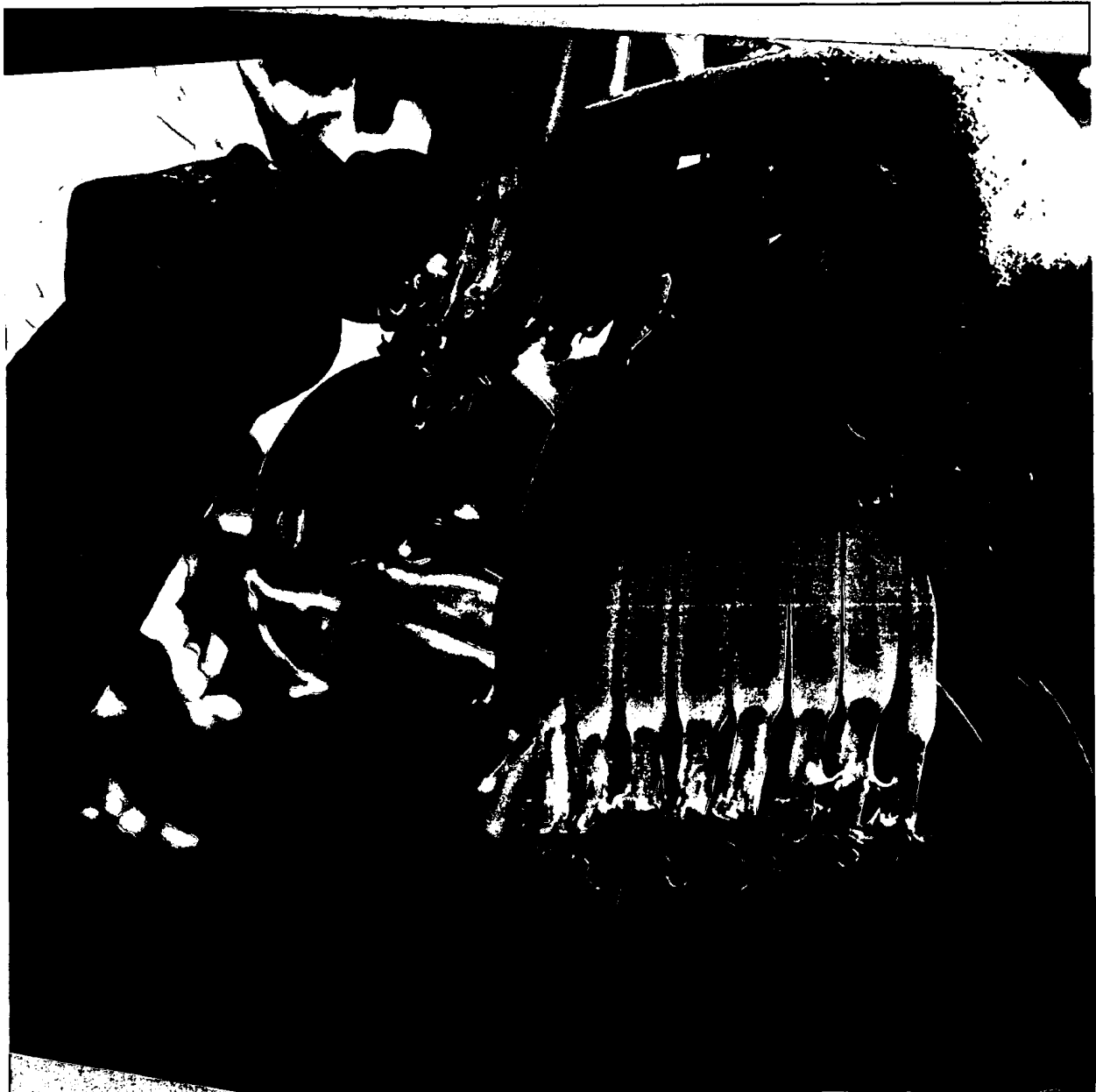
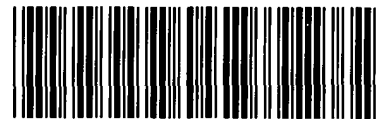




ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

TUESDAY



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MESSAGE FROM THE CHAIR

Chair of the Fairtrade Foundation's Board of Trustees, Lord Mark Price, reflects on the last year and the opportunities ahead in 2021.

In 2020, Covid-19 placed enormous pressures on the lives and livelihoods of the 1.7 million farmers and workers across the Fairtrade system. It hit countries where social safety nets are limited, where people live hand-to-mouth and where everyday realities make physical distancing difficult. In East Africa, for instance, the pandemic hit the flower sector extremely hard and left its workers facing immense hardship.

That's why I am incredibly grateful for the continued support, determination, and dedication our global community has shown Fairtrade over the past year: from our producers and licensees to our colleagues, campaigners and shoppers. As a result, we have been able to achieve strong sales in 2020 and continue supporting farmers and workers throughout the pandemic, including via the Fairtrade Premium and the new Fairtrade Producer Relief Fund.

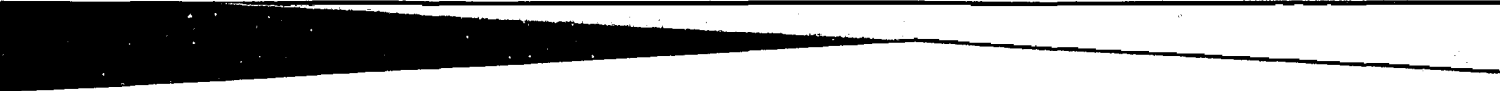
I am particularly delighted that in 2020 the Fairtrade Foundation was awarded funding from the UK Government's Foreign, Commonwealth and Development Office, through its Covid-19 Vulnerable Supply Chains Facility. This has enabled us to run ambitious programmes to support Kenyan flower workers and Ghanaian cocoa farmers to meet their immediate needs, and to promote more sustainable, resilient sectors in the longer term. We must extend our thanks to the Government, and particularly to the Minister for Africa, James Duddridge MP, for their swift response to our calls for financial support for Fairtrade producers, and we hope to build on this work in the future.

The past year has shown how imperative it is that we continue to pursue our goal of living incomes and living wages. Without it, producers will always struggle to build resilience in the face of crises such as Covid-19 and climate change. Although the pandemic has severely hindered many licensees' ability to sell Fairtrade products, our partners have carried on sourcing Fairtrade, and many have made impressive commitments to Fairtrade and the producers in their supply chains. We have also seen many retailers responding creatively to the challenging context and changing the way they reach consumers. Meanwhile, in the face of their own challenges coping with the pandemic, farmers and workers have kept our shelves stocked and supply chains going with kitchen staples from tea and coffee to sugar and bananas.

Such support for Fairtrade continues to provide a vital lifeline to farmers and workers in 2021. We owe our gratitude to our supporters, campaigners and customers for their commitment to Fairtrade during 2020, and for their part in enabling us to maintain strong sales throughout the year.

Fairtrade Foundation staff and volunteers demonstrated their commitment and adaptability too, maintaining the progress made during 2019 and continuing to innovate and develop as evidenced by the exceptionally successful Fairtrade Fortnight 2021.

I'm delighted that for Fairtrade Fortnight 2021 we seized the opportunity to emphasise the clear link between the climate challenge we face and its impact on farmers, and to highlight the crucial role fairer trade plays in climate justice. Our Choose the World You Want festival was a particularly powerful way of communicating the need for a holistic approach to climate action, and the need to ensure producers are paid fairly so they can adapt to climate change and build resilient, sustainable businesses.



Now, as we look ahead to the UN climate summit in Glasgow, we will continue to amplify the voices of farmers and workers in communities that bear the brunt of extreme weather.

The need to put producers at the forefront of policy discussions has also driven our efforts to support farmers and workers through the Brexit transition, and we have worked to mitigate the immediate risks to their jobs and livelihoods triggered by Britain's new trading landscape.

We are pleased the UK has been able to reach trade deals with countries like Ghana and Kenya, which has helped to limit any potential disruption to supply chains for Fairtrade producers. The Fairtrade Foundation hopes to continue to work more closely with the Department of International Trade to improve on those terms.

In line with the new Fairtrade Foundation strategy for 2021-2025, this coming year we will look to strengthen our relationship with campaigners and our work with the government. We will also continue working with businesses, leaders, and the public to demonstrate why it's so critical that the people who produce our food and goods can earn a decent income. And why, despite the global economic challenges, we must champion fair trade – particularly in the face of the climate crisis.

Above all, we'll highlight the importance of building back fairer in the wake of the pandemic, for the sake of both people and the environment. Our message remains the same – when consumers and businesses choose Fairtrade, they are joining a global community where farmers and workers have a fighting chance of thriving, including throughout times of crisis.

We all have a stake in this. That's why we call on all our supporters, and everyone who can, to choose Fairtrade and choose the world you want – a world where trade justice is a reality for all.

FOREWORD BY MICHAEL GIDNEY, CHIEF EXECUTIVE, FAIRTRADE FOUNDATION

2020 was a year unlike any other, one that showed us the strength and the feeling for Fairtrade despite the adversity experienced by so many around the globe. The pandemic demonstrated in no uncertain terms how we are reliant on each other for so much, not least in the links surrounding the global food system and how we treat our farmers and producers. And this is where, despite the turmoil, Fairtrade's unique proposition and position shone through. Support for Fairtrade, in the UK, through its network of supporters and campaigners, shoppers and partners, continued through the toughest of times, and allowed farmers and workers to weather the storm more effectively than they may have otherwise. As the world reacted to a seismic event and supply lines faced unprecedented disruption, Fairtrade and its partnerships held firm or grew their commitments or their support through the crisis, in many cases bolstered by the networks and infrastructure provided to producers and workers over years of Fairtrade premium investment.

Fairtrade sales volumes showed remarkable resilience, thanks to the support of shoppers and businesses, with some categories showing growth and others at the very least mirroring the wider market. Cocoa sales volumes grew 3 percent over the year, matched by volume sales of the iconic Fairtrade banana, helped no doubt by the rise of banana bread recipes shared by lockdown bakers. Cut flowers, after strong growth in 2019, faced calamity in the second quarter of 2020 as the initial Covid-19 wave meant UK shoppers focused on other items and orders were cancelled or disrupted by the lockdown and lack of transportation to the UK. Yet after the initial turbulence subsided, flower farmers in Kenya and Ethiopia saw a sales bounce finishing 2020 only 5% lower than 2019. 2020 saw online florists really deliver more for Fairtrade flower growers as home deliveries bloomed.

In many categories Fairtrade sales volumes reflected the wider market disruption: for example in coffee, where the lockdowns in the UK meant coffee shops and other businesses having to pull down their shutters, with sales disappearing. Despite this hardship, organisations such as the Co-op and Greggs, saw this as a moment to reaffirm and increase their Fairtrade commitments, to support farmers and workers who supply them, at a time when they themselves were facing challenging markets.

Online retail saw a seismic change in shopping habits, in many cases necessitated by the lockdown. But the virtual space saw real life demand for Fairtrade. Waitrose & Partners' "How Britain shops" report showed that one in four shoppers were seeking out the Fairtrade logo when shopping online in 2020. Two thirds of Ocado customers (64%) said it was important to include Fairtrade products in their shop. And others stepped up also. Amazon.com chose Fairtrade to be one of the core partners for its "Climate Pledge Friendly" launch, which will appear on an initial 40,000 products to help shoppers choose a better future for people and planet.

Throughout this period I heard of so many reasons that reaffirm why I am proud to be part of Fairtrade, and proud of the people and the principles that make up the movement. This pandemic has demonstrated to me how the flexibility of the Fairtrade system, and the freedom of the Fairtrade premium, really makes the difference on the ground for so many. Over the year many stories came in from our networks of how groups had adapted their premium income spends to support their communities, be it repurposing banana sanitiser to sanitise the streets of their towns, or retooling workshops and skills to make face masks and other PPE items, or contributing food parcels to

ensure the elderly or the vulnerable in their neighbourhoods were okay. Fairtrade worked. And Fairtrade worked hard.

2020 showed me once more the strength of the network, of what can be achieved when we share a common aim. Our partners delivered much for so many, and our strong links with producer organisations enabled those in the UK to hear what was happening on the ground overseas. Government funding, boosted by retailer and partner donations from groups such as Co-op, M&S and Tesco, saw more money flow to support cocoa farmers, and flower workers, and others. The Producer Relief and Resilience Funds, set up by Fairtrade International and supported by Fairtrade Foundation and partners, raised over £13M to address the urgent and longer-term priorities of producers, building on an initial investment of almost £3M from the Fairtrade system.

But none of these things would happen without the continued support of our shoppers, our campaigners, our supporters in the UK. And as always, they delivered. Our supporters were there: be it over 300,000 signing a campaigner led petition expressing their disappointment that Nestle chose 2020 as the time to end their KitKat Fairtrade commitment, or continuing to buy Fairtrade products in ever increasing quantities in their shops and supermarkets (Alex Crumbie, writer, researcher and director at Ethical Consumer said: "Despite adversity, appetite among UK consumers for Fairtrade products has continued to grow. Fairtrade purchases increased by 15% in the last year and almost 30 percent of consumers pledged to buying more Fairtrade goods in future."). Trust in the Fairtrade Mark remained high, at around 80 percent across the year. And the depth of feeling for Fairtrade became even clearer when three quarters of survey respondents said they cared about stores offering a wide range of products. Supporters want and expect Fairtrade.

And supporters, for me, are the centre of Fairtrade, along with the farmers and workers on whom we rely. The individuals that make a difference with every purchase. The ones looking, wanting and demanding we build back better, and build back fairer. When I look back on 2020, and how the year changed the world around us to be almost unrecognisable, I also look back to a time where so many in the UK decided to choose the world they want: a world that is fairer, equitable and has Fairtrade at its heart.



Michael Gidney

OUR VISION, MISSION, OBJECTIVES AND ACTIVITIES

Our vision

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

Our mission

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

Our objectives and activities

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

To achieve our objectives, our activities include:

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

ACHIEVEMENTS AND PERFORMANCE

Here is what we said we would do in 2020, our key successes and how they help us achieve our strategy.

OUR 2016-2020 STRATEGY

CHANGING TRADE, CHANGING LIVES: FAIRTRADE CAN, I CAN

FOCUS ON IMPACT



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

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

MAKE FAIRTRADE PERSONAL



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

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

IMPROVE AND INNOVATE



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

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

STRENGTHEN OUR ORGANISATION



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

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



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

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

WHAT WE SAID WE WOULD DO IN 2020

Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners:

- Protect and grow volume in bananas, tea, coffee, cocoa, flowers, sugar, cotton, gold and wine.
- Protect and support producers during the Covid-19 pandemic/ Secure grants and funding to support our core sourcing and programmatic work on the ground.
- Focus on further embedding a sustainable public fundraising programme.
- Continue measuring the impact of our work on the ground.

Our key successes

Focus on protecting and growing volume and benefits for our producers through close collaboration with targeted commercial partners.

Protect and grow volume – bananas

Fairtrade bananas saw 3 percent growth over 2020, which meant over £10M in Premium to producers as shopping habits meant more people eating and cooking at home.

Commercial partners remained engaged with Fairtrade throughout 2020, with a two-way flow of information on supply chain disruptions and how best to support producer groups through Covid-19. The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) provided regular updates on events taking place across banana groups that highlighted challenges. The network also shared how Fairtrade Premium was being spent in order to support producers through the pandemic, for example purchasing PPE.

2020 also saw Fairtrade, in consultation with commercial businesses in the UK and overseas, take a big step towards living wages for banana workers by announcing and launching a new base wage for all Fairtrade certified banana plantations, benefiting thousands of workers. The new Fairtrade Base Wage is set at 70 percent of the take-home pay needed for a living wage, supporting workers on any Fairtrade certified plantation, from the CLAC in South America to those covered by Fairtrade Africa, who will be able to use the premium for cash payments as well as to further increase their wages. A living wage remains one of the most pressing and unresolved challenges for the banana sector as many workers may earn the national legal minimum wage, which is often below a living wage. The Fairtrade Base Wage will be paid from 1 July 2021 onwards.

Protect and grow volume – tea

The humble cuppa has faced many challenges in recent years, including the continued rise of coffee, a declining UK market (3 percent annually), and the very low wages paid to tea workers in regions such as North East India.

In 2020, Fairtrade tea, including herbal and black tea, saw a further decline of 6 percent due to the lockdown and some reductions in tea lines offered by the discounters, though volumes remained relatively steady which led to over £2M in premium for workers. The pandemic also disrupted Indian tea production, but due to the efforts of all parties involved, partners were able to continue sourcing Fairtrade tea. Commercial partners Ringtons, Finlays and Kallo all increased their Fairtrade tea volumes, meaning they contributed more vital Fairtrade Premium to workers at a key time.

Our work on tea this year included:

- Supporting producers in Africa and Asia to understand the market impacts of Covid-19, provide reassurance of the continued demand for Fairtrade tea and look for opportunities to increase volumes.
- Commissioning research to understand the barriers and challenges to improving wages for workers in North East India and to provide insights on the pending legal reforms that are expected to affect the rules on wages and provision of services to workers.
- Holding Tea Standard Review consultations with virtual workshops in November 2020.
- Continuing to engage with industry bodies including the Ethical Tea Partnership, THIRST, Oxfam and the Ethical Trading Initiative on the challenges in tea, particularly to share information on Covid-19 impacts and response.

Protect and grow volume – coffee

2020 saw a triple crisis for many coffee farmers. Continued market volatility meant many non-Fairtrade farmers were forced to sell their beans for below the cost of production, although Fairtrade farmers benefited from the safety net of the Fairtrade Minimum Price. On top of that, climate change continued to bite, including emerging new pests and the most devastating Atlantic hurricane season on record. Storm Eta alone is estimated to have reduced Nicaraguan coffee crops by as much as 30 percent. The third blow was Covid-19, which exposed the fragility of supply chains. Restrictions made production difficult and increased costs, while many producer networks saw orders cancelled, and falling prices. Lockdowns meant unprecedented disruption to the UK market with many outlets closing their doors for extended periods, leading to a drop of 28% in Fairtrade coffee volumes over the year in the UK but still £6.7M Premium to Fairtrade farmers on top of market price.

Yet 2020 also brought grounds for optimism, shown through the commitment of many Fairtrade partners who continued to increase or maintain their Fairtrade offer.

- Co-op expanded and revamped their Fairtrade coffee range, introducing 13 new lines, and launched Ever Ground, their new coffee-to-go brand, bringing Fairtrade coffee, tea and hot chocolate to participating stores.

- Cafédirect launched Mayan Gold coffee and began running an ad campaign focused on their Machu Picchu coffee, following a ten-year break since its last appearance on television.
- 2020 was the final year of Sodexo's Peru programme, which has seen farmers increase their food security and diversify their income by raising small animals, alongside training on nutrition, farming techniques, plus coffee quality and management.
- Fairtrade also secured funding from the German government to launch a pilot programme with Fairtrade Africa to support three Ugandan coffee co-operatives to test new home solar systems on affordable payment terms. The project launched in September 2020 and aims to scale sustainable energy access to the sixty-five percent of Ugandan farmers living without power.

Protect and grow volume – cocoa

Fairtrade saw a welcome 3 percent increase in demand for cocoa in 2020, resulting in over £6M in Fairtrade Premium payments for cocoa farmers, despite export challenges, outbreaks of Covid-19 and a decline in the global cocoa market. Increases were spurred on by the Fairtrade commitments of partners such as Lidl, Co-op, Mars and Tony's Chocolonely looking to do more for cocoa farmers, even as Nestlé made the regrettable decision to stop sourcing cocoa on Fairtrade terms for their KitKat bar.

Lockdown brought with it changing shopping habits which led to drops in sales for some products, such as single-pack purchases normally bought for lunches and snacks, while other items intended for home consumption saw growth. For example, Ben & Jerry's sales saw a 32 percent year-on-year increase.

Recognition goes to Greggs for their continued support of Fairtrade with the move to make all their hot chocolate Fairtrade, in addition to their existing commitments, and despite the challenges caused by the lockdown.

Protect and grow volume – flowers

The flower industry and Fairtrade started 2020 well after strong growth the previous year, with new prospects showing potential, and Lidl launching Fairtrade roses in January. In other highlights, Fairtrade launched as an option with florists, Aldi went public with their flowers programme on social media, new online sales were secured through Floom and awareness grew by four percent in the first quarter.

With the onset of the pandemic, consumer habits changed and orders dropped in quarter two, with the halting of passenger flights leading to supply shortages as exports fell.

2020 saw the rise of the online flower shop as shopping habits moved further online. UK shoppers bought almost 94 million Fairtrade stems over the year, just five percent below 2019, and better than the market overall which saw a 6 percent drop, ensuring £700,000 in Fairtrade Premium will go to workers.

Meanwhile, over 17,000 flower workers benefited from the permitted 'exceptional use' of the Fairtrade Premium across 25 farms, with over £445,000 distributed by Fairtrade Premium

committees to support workers to buy food, health equipment, and help cushion the reduced wages during a critical time.

Fairtrade farming groups also quickly and effectively used Fairtrade's Producer Relief Fund, set up to tackle hardship, to support flower farms in accessing health products in Kenya.

The Department for International Development (DFID) also came forward to fund the Fairtrade project 'Resilience in Flower Supply Chains', which is allowing Fairtrade and MM Flowers to show leadership in the sector, build stronger relationships with commercial partners including Co-op, M&S and Tesco, and plan for future activities in the sector.

Protect and grow volume – sugar

Fairtrade sugar continued to show a decline – 9 percent– due to changing tastes, lockdown and the loss of Nestlé KitKat volumes. However, this was offset to some extent by strong sales of retail bagged sugar during Covid-19 lockdowns thanks to a resurgence of home baking in lockdown, and the launch of Tate & Lyle's new coffee syrups in Sainsbury's.

Sugar producers in Central America and Fiji were hit hard by both the pandemic and climate disasters – leading to reduced production and risking livelihoods.

Once more, Fairtrade's approach to the flexible use of Fairtrade Premium, plus the Producer Relief Fund and Fairtrade programmes, helped to mitigate these risks. Farmers were able to access food parcels and emergency funds, facemasks, and handwashing stations. Fairtrade Sourced Ingredient sugar programmes focused on better labour practices (Belize) and climate-smart agriculture over the year.

The Mondelēz Sugar Fund – to drive resilience, competitiveness and sustainability for sugar producers in Malawi, Eswatini and Mauritius – was extended into 2021, due to the impact of the pandemic. This means seven groups have received funding for a wide range of projects such as charcoal making, fish farming and vegetable cultivation.

Protect and grow volume – cotton

Cotton sales remained stable despite the fashion sector struggling throughout the pandemic. Fairtrade sought to focus on its food and seed security projects for farmers in 2020 and invested in further resilience projects on the ground over the year.

Fairtrade began working with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) to implement an emergency relief project to support farmers in India to mitigate the impact of Covid-19 on their livelihoods and incomes. Running between June 2020 and October 2020, the project distributed 1,650 packs of cottonseed to over 1,500 farmers in Madhya Pradesh, Gujarat and Tamil Nadu, along with agricultural inputs and technical training to support ongoing sustainable cultivation, alongside support for vegetable garden cultivation to ensure greater food security.

Protect and grow volume – gold

Gold remained an exciting yet tantalisingly small Fairtrade sector with big potential to benefit small scale miners. 2020 saw fledgling sales fall 65 percent as Covid-19 constrained spending within the jewellery sector at large, and delayed growth commitments from large partners. The Fairtrade Foundation is confident of recovery in the sector, not least due to the continued demand for Fairtrade gold from the industry and shoppers, even as Covid-19 demanded mines be made 'Covid-secure' and limited transportation options increased costs, due to the requiring of government approved transportation agencies.

Once more the Fairtrade Premium proved instrumental in supporting workers and ensuring the mines are fully operational again- new mines are entering the Fairtrade system bringing with them renewed optimism and confidence for growth in the sector.

An additional 68 partners signed up to Fairtrade Foundation's Goldsmiths Registration Scheme, bringing the total to over 200. Most of these were independent jewellers and designer-makers, but also included partners sourcing Fairtrade gold for use in jewellery design colleges.

Protect and grow volume – wine

Fairtrade wine remained broadly stable in 2020, as sales of remained high, thanks to the support of traders, retailers and customers who continued to choose Fairtrade. 75 percent of Fairtrade wine comes from South Africa, and all exports from the country were banned for a period over the first wave of the pandemic, when much wine ended up unsold, unable to be transported, and workers lost their jobs. Despite a resultant 1 percent decline over the year Fairtrade wine delivered £1.3M in premium for producers.

Fairtrade, particularly Fairtrade Africa, supported workers through the distribution of facemasks, hand sanitisers, infrared thermometers and PPE, plus the distribution of Covid-19 information pamphlets to workers and farming communities. Flexibility in how the Fairtrade Premium was spent included supporting workers through cash payments to help them through difficult periods, along with food parcels and PPE. Fairtrade Africa also assisted wine workers in applying for South African government relief funds.

Co-op, the world's biggest retailer of Fairtrade wine, continued to launch new Fairtrade wines in 2020, with the category aided by new lines in other retailers including Sainsbury's and M&S. The support of retailers through this time made a massive difference to the lives of many workers.

Protect and support producers during the Covid-19 pandemic/ Secure grants and funding to support our core sourcing and programmatic work on the ground

Fairtrade took a number of actions to support farmers and workers as the pandemic continued to cause serious damage to health and livelihoods. Fairtrade worked closely with producers, commercial partners and government to share information about the impact of the pandemic on the ground, advocate on behalf of farmers and workers and arrange emergency support. This has led to a change in some circles as to how Fairtrade has been perceived – from ‘just’ a sustainability standard to a comprehensive means of building resilient communities, who in turn become robust commercial partners for UK businesses.

Fairtrade International launched the global Fairtrade Producer Relief and Resilience Fund – a pot of nearly £3M for the two grant facilities that supported vulnerable members across our three Producer Networks. This funding was boosted by donors to the tune of almost £11M providing vital support to farmers and workers through the pandemic.

Through the relief fund:

- Producer and worker organisations could request support for immediate needs.
- Most grants focused on food and nutrition security, keeping businesses afloat, increasing productivity to counter income losses, biosafety protocols, and medical expenses.
- In Latin America, 65 percent of funds went to coffee farmers who face the burden of climate change challenges alongside those of the pandemic. In Asia, the majority went to support tea producers and workers with access to food. In Africa, the majority went to support flower workers and coffee producers who have suffered economically as a result of the crisis.

In addition, the Fairtrade Foundation mobilised commercial and government funding to support vulnerable workers and farmers in the face of Covid-19.

That included:

- Retailer partner Co-op contributing over £240,000 via their Covid-19 Relief Funding to support Fairtrade farmers in Latin American and Africa.
- £70,000 from GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) to support the most vulnerable cotton farmers in India. This project provided food and income security for smallholder cotton farmers to mitigate the impact of Covid-19.
- Funding from the FCDO Business Partnerships for the Global Goals (BP4GG) programme (£200k from FCDO plus £25k each from Tesco, Co-op and M&S for flowers, £500k for cocoa projects) pivoted to respond to Covid-19 and support value chains in need as the Vulnerable Supply Chain Facility (VSCF). This resulted in the implementation of two grants supporting cocoa farmers in Ghana and flower farm workers in Kenya. The programme is being delivered in partnership with Fairtrade Africa, Co-op, Coventry University, FNET, M&S, Partner Africa, Tesco and Women Working Worldwide.

The FCDO VSCF funding aims to help nearly a million people by ensuring vulnerable workers

and suppliers and their families overcome the economic and social shocks of Covid-19. This world-leading model for partnership with the private sector and civil society means working together to support farmers and workers and improve the resilience of the UK's food supply chains. The three-way partnership means that FCDO support reaches the most vulnerable directly, with impact multiplied by private sector investment.

The grant provided health equipment to 6,000 of the most vulnerable flower farm workers in Kenya, most of whom are women. Seven farms have benefited from nutritional gardens and community kitchen gardens to provide food security. We are also providing training on alternative income-generating skills for those most at risk of losing income, alongside a study on crop diversification to support future resilience.

- £500k Funding secured from the FCDO for work with cocoa farming communities in Mondelez International's supply chain has supported farmers to diversify incomes while cocoa sales have been affected by the pandemic. This project is building the resilience of 22,500 farmers and 86 farming communities to address the pandemic and the climate emergency. We have so far awarded £275,000 in grants, conducted training in climate-smart agriculture, and are raising awareness of Covid-19 among more vulnerable people. The programme makes particular efforts to reach women, with 25 percent additional funding for women and training on how to design projects that meet women's needs.

Fairtrade worked with a range of partners to successfully attract funding. Highlights from 2020 include:

- Funding from the European Partnership for Responsible Minerals to grow the supply of certified gold available from Peru and develop new approaches for engaging partners from the electronics sector. Funding secured will enable the support of supply chain and market development activities for a three-year period, from 2021 onwards.
- Funding from the GIZ Green People's Initiative has enabled a project working with coffee co-operatives in Uganda to provide access to energy and finance solutions for farmers. The project is in collaboration with Practical Action.

Focus on further embedding a sustainable public fundraising programme:

The fundraising landscape changed overnight with the arrival of Covid-19 – from the changing priorities of donors and the lack of community events which are an important source of donations. However, our fledgling Live Fair regular donation programme complemented the new focus on staying at home, and we focused our efforts on continuing to grow this income stream into a sustainable long term programme, and were pleased to see the number of Live Fair donors swell by 100% from around 500 to 1,100 by year end.

Continue measuring the impact of our work on the ground (now known as research in 2020):

The pandemic, with its lockdowns and travel restrictions, made it challenging to continue with research and evaluation of programmes, and the Foundation instead pivoted to focus on other areas:

Sustainable livelihoods study – Fairtrade-Mondelēz International Partnership

Our partnership work with Mondelēz International continues to drive impact and change, and the [Sustainable Livelihoods report](#) in 2020 was a landmark in our understanding of the impact of the many well-intentioned interventions designed to support cocoa farmers in West Africa. The analysis combined a review of publicly available information, perspectives from key sector experts and in-depth consultations with representatives from farming communities. Phase one of the research sets out three calls to action for the sector to improve the design, effective delivery and relevance of future sustainability initiatives:

1. Make partnerships work in new and better ways.
2. Improve support for farmers who are being left out.
3. Design new initiatives considering both farmer voice and how the sector functions.

Since the publication of the report, the Fairtrade Foundation's Monitoring, Evaluation and Learning team has led the design of the second part of this research, expected for completion and publication in 2021. Now we understand what is being done, we must ask what needs to change to achieve sustainable livelihoods for cocoa farming communities in West Africa.

FairVoice in Kenya

East African flower sales were hit hard at the onset of the Covid-19 pandemic, which impacted directly on flower farm workers when orders were cancelled and transportation halted. To understand better how workers were experiencing the crisis, and to bring their voices to the forefront of supply chain conversations, we designed a research pilot called 'FairVoice', led by our Monitoring, Evaluation and Learning team.

FairVoice is an innovative qualitative data collection tool that provides a platform for workers to be able to tell their stories, designed and developed in partnership with [On Our Radar](#). The empowering methodology trains participants to share information about their experiences, as well as others in their communities, via their mobile phones. We piloted this with four Fairtrade flower farms in Kenya, where workers explored the impact that Covid-19 was having on their lives and communities. You can hear from them in this [report](#).

Many of their insights were incorporated into the 'Building Resilience in the Flower Industry' project, co-funded by the FCDO's VSCF. FairVoice was key in helping us understand the reality for workers throughout 2020 and will help us advocate for action and raise awareness. In 2021, we are planning to adapt the methodology to work on other FairVoice projects with tea workers and cocoa farmers.

Impact Data Analytics

One focus in 2020 has been to enhance our impact data analytics offering. We have improved processes and designed new tools that support the organisation to deliver better services to Fairtrade producers, commercial partners and donors. This work includes a new generation of bespoke dashboards that allow for detailed analysis of patterns in Fairtrade sourcing. We have also tested pilot projects applying big data and advanced analytics techniques to our core monitoring data to improve our capacity for processing large amounts of information to enable data-



driven decision-making.

Remote data collection

Covid-19 presented a challenge to traditional and in-person data collection. This led us to invest significantly in remote data collection technology. In addition to the FairVoice pilot, we have been working with technical partners to safely and rigorously collect household and individual-level data through mobile phone and landline-based surveys to monitor and learn about the impact of Fairtrade projects in producer communities. More developments in this area are expected in 2021 through partnering with the rest of the Fairtrade system and being able to share and influence best practices within the sector.

**MAKE FAIRTRADE
PERSONAL**



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

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

WHAT WE SAID WE WOULD DO IN 2020

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

Our key successes

Continue to grow public support for living incomes – in cocoa

We continued to grow public support for our living incomes for cocoa farmers in 2020, in particular deepening our focus on the role of women farmers, who typically earn a third less than their male counterparts, through storytelling, research and media work.

After registering our political demands for change in order to achieve living incomes for cocoa farmers in 2019, Fairtrade Fortnight 2020 returned our focus to engaging consumers, led by inspirational stories of four Ivorian women cocoa farmers to illustrate Fairtrade's unique and industry-leading approach to making living incomes a reality.

The stories of Kouame Ehui Edith Laure (Edith) and Kouame N'Guessan Thérèse (Thérèse) were heard by over 3.5 million people – including via an online video and novel 'storybombs' illustrated by iconic illustrator DorcasCreates and shared in their thousands across the country by Fairtrade supporters.

Rosine Bekoin and Cyr Léocadie Voho visited the UK and spent Fairtrade Fortnight telling their own inspirational moving stories about Fairtrade's impact for their families and communities. They spoke at a series of flagship all-women discussion panels in Oxford, York, Cardiff, Edinburgh and Manchester with celebrities and leading women from the world of Fairtrade and food. They also shared their stories with 89 MPs in the Houses of Parliament, and with businesses, the media and at community events.

Our media report unpacked the story of invisible women in the chocolate industry, and an exciting new partnership with gal-dem magazine was an important part of our ambition to work more closely alongside women and non-binary people of colour in our public awareness and influencing work.

Fortnight saw almost 2,000 pieces of coverage with a reach of 2,713,793 and an Advertising Value Equivalent (AVE) of £25,102,130.

Over the year, we continued to communicate our work on living incomes, particularly highlighting Fairtrade and Mondelez International's Sustainable Livelihoods study, resulting in coverage in 13 targeted outlets that led to a request for Fairtrade to speak on the topic at the World Cocoa Foundation.

2020 also saw Nestlé's iconic KitKat bar leave the Fairtrade system. Whilst this was very unfortunate and worrying news, primarily for the tens of thousands of cocoa and sugar farmers it affected, it also provoked a strong response from across civil society, grassroots supporters, faith groups, MPs and others who called on them to reconsider their decision and keep KitKat Fairtrade. This in turn generated a groundswell of authentic, independent support for Fairtrade from across the Fair Trade movement and beyond, with over 300,000 signing independent petitions calling for KitKat to remain Fairtrade.

In October 2020, we further deepened our partnership with Ben & Jerry's, who launched an ambitious pledge to work towards living incomes for cocoa farmers in their supply chain by committing to Fairtrade's Living Income Reference Price (LIRP) for the majority of their cocoa purchases. The announcement gained 55 pieces of news coverage globally, reaching an estimated 388 million people.

Focus on growing our engagement and relevance within the climate conversation

As farmers and workers continued to flag the growing importance and impact of the climate emergency, in 2020 we continued to draw attention to the issues and how it links with Fairtrade in our supporter and public communications. Highlights include:

- We produced an engaging new film to explain how Fairtrade is tackling the climate crisis.
- We've been active partners in the Climate Coalition, and many Fairtrade groups and supporters signed the Climate Coalition's declaration to the Prime Minister – for a healthy, greener and fairer tomorrow.
- We launched a brand-new flagship educational film alongside learning activities developed in partnership with educational charity Trading Visions. *Guardians of the Rainforest* follows a family of cocoa farmers in Sierra Leone's Gola Rainforest, and shows how the better deal from Fairtrade supports their 'forest-friendly farming', protecting their beautiful rainforest environment and biodiversity.
- Mary Kinyua, Chair of Fairtrade Africa, joined the COP26 Civil Society and Youth Council to represent farmers and workers of the Fairtrade system as the UK government host the next COP26 summit. Mary spoke eloquently to world leaders at the high-profile COP26 Global Ambition Summit hosted by the UK Prime Minister in December 2020. She told them progress to net zero is not happening fast enough and called for governments to work harder to protect the world's farmers and bring down supply chain emissions.

Deepen collaboration with our strategic allies

Fairtrade took a number of steps throughout 2020 to increase collaboration, which became more vital as the pandemic took hold.

- 2020 saw the launch of our 'Fair Focus' webinar series, highlighting key industry topics and encouraging discussion among strategic partners, chaired by the Fairtrade Foundation. Topics covered recently include 'Boosting supply chain climate resilience', with Ben & Jerry's. Meanwhile, Co-op, Cafédirect and Oxfam GB teamed up on 'The new deforestation bill, HRDD and what it means for business'. The webinars attracted attendance from a host of partners across a range of sectors, including commercial organisations and NGOs, plus members of the public keen to learn more.
- Despite the challenges the Out of Home sector has experienced throughout the pandemic, we saw increased collaboration with one of our key strategic partners, Greggs. In the last 12 months, we have seen them celebrate their 15 years of Fairtrade anniversary across their stores and online channels, as well as a broadening of their commitment to Fairtrade, with a conversion to Fairtrade-sourced cocoa in their chocolate couverture, in addition to their other Fairtrade lines. We hope to extend this through their 'Greggs Pledge', announced early in 2021, which sets out ten commitments, aligned to the Sustainable Development Goals (SDGs), to make the world a better place by 2025. In our joint business plan with Greggs, we have agreed to explore synergies that go beyond 'sourcing sustainably'.
- In 2020, Amazon launched the Climate Pledge Friendly badge – a new programme to make it easy for customers to discover and shop for more sustainable products, and Fairtrade was one of the launch partners. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products to signify that the products have one or more of 19 different sustainability certifications, including Fairtrade. Climate Pledge Friendly badging helps Amazon customers to make an informed choice, to identify and choose Fairtrade products with ease when shopping, ensuring they're choosing a better future for people and planet.
- Fairtrade's work with Co-op continued apace over the year as the retailer grew their own-label Fairtrade range and launched FSI Cocoa Labelling. They also worked to make Fairtrade products more visible in store, including Cafédirect's new Fairtrade London Tea range and more Fairtrade wines.

Co-op expanded and revamped their Fairtrade coffee range, introducing 13 new lines, new origins and a series of single-origin limited editions, including a Fairtrade Monsoon Malabar. They also launched Ever Ground, Co-op's new 'coffee-to-go' brand, and included Fairtrade instant coffee and tea in their own-label value range 'Honest Value'.

In 2020, Co-op developed a bold new strategy setting out their objective to become the UK's biggest supporter of Fairtrade by growing the contribution they make to Fairtrade producers through a three-pillar plan of sourcing, innovation and communications. Co-op worked with the Fairtrade Foundation to develop new, more sophisticated measures for assessing their Fairtrade impact and performance.

In 2020, the volume of Fairtrade ingredients used in Co-op's own-label products, along with Fairtrade-branded wine, amounted to 53,617 tonnes, 14.1 million litres of wine and 41.4 million cut flower stems.

- Other Fairtrade highlights by Co-op included extending the distribution of Fairtrade flowers through their NISA partnership, and joining the virtual graduation ceremony for the second cohort of students graduating from the Women's School of Leadership, which Co-op co-funded in Cote d'Ivoire.
- Waitrose & Partners finalised the roll-out of their commitment to 100 percent Fairtrade cocoa across all Waitrose and John Lewis confectionery lines in 2020, launching over 50 new Fairtrade Sourced Ingredient (FSI) cocoa products. They have now seen the full impact of this with their Fairtrade cocoa volumes through FSI products quadrupling in 2020 from 2019.

According to Waitrose & Partners' 'How Britain Shops Report', released in 2020, more than one in four shoppers were actively seeking out the Fairtrade logo when shopping online in 2020, particularly within the 18-24 bracket. In fact, searches on Waitrose.com for Fairtrade sugar was up 94 percent, up 40 percent for Fairtrade bananas, and up 31 percent for Fairtrade coffee compared to searches in 2019.

- M&S introduced nine new own-label wine lines in 2020 and saw a 20 percent growth in Fairtrade wine volumes from 2019, generating over £50,000 for wine producers in Fairtrade Premium in 2020. The Fairtrade Foundation supported M&S with updating their interactive supply chain map for Fairtrade tea and coffee producers.
- Ocado launched the UK's first-ever Fairtrade aisle, stocking exclusively Fairtrade products across a huge range of categories from bananas and ice cream to spreads and coffee. This included their own 100 percent Fairtrade banana range – whose volumes doubled from 2019 to 2020, as well as a huge number of Fairtrade brands.

Ocado supported Fairtrade Fortnight by promoting the Fairtrade aisle on their main landing page, and also emailed half a million UK customers about our annual campaign.

- Sainsbury's continued to be the UK's leading seller of Fairtrade products over the year, and the global leader in Fairtrade banana sales. In 2020, their Fairtrade Premium for bananas was over £4.5 million, which benefited thousands of farmers and workers.
- In November 2020, Ben & Jerry's committed to paying farmers an even higher price for their cocoa. This equates to more than \$600,000 a year in additional income to 5,000 cocoa farmers, an amount on top of both the annual Fairtrade Premium and above the Ivorian government's minimum price for cocoa. The extra money will help accelerate farmers' progress towards living incomes, provide added stability in the midst of a global pandemic, and demonstrate a business committed to action.

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

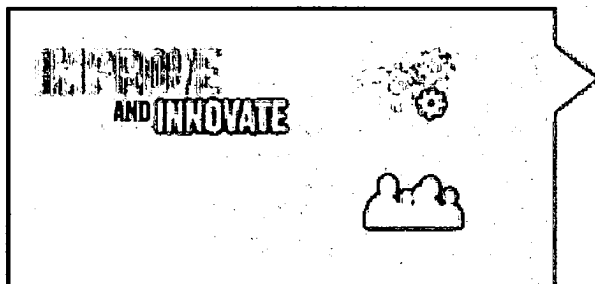
The Brexit transition period concluded at the end of 2020, at which point the UK ceased to be bound by EU trade rules. Fairtrade has continued to be in dialogue with the Department for International Trade (DIT) to ensure that the position of Fairtrade farmers is represented clearly, including participation in DIT working groups (Michael Gidney is an invited member of DIT's Strategic Trade

Advisory Group). We also contributed evidence to the Trade and Agriculture Commission. We asked for countries exporting Fairtrade goods to the UK to be offered equivalent or better terms in 'continuity agreements' and in the UK's Generalised Scheme of Preferences (GSP). Almost all countries had agreements in place by the end of 2020. An important exception was Ghana, which reached agreement in March 2021. We also raised the challenges of trade friction with the EU for Fairtrade goods, and continue in dialogue on this. We also argued for the government to align future trade policy to the SDGs, coherent with poverty reduction, human rights and environmental goals, and continued this work in 2021.

The Fairtrade Foundation also issued a [statement](#) on the impact of No Deal on farmers and workers.

Continue to engage with and increase our supporter base

- The impact of the Covid-19 pandemic severely disrupted much of the usual supporter activities in communities up and down the UK, but strong highlights include: Fairtrade Fortnight, our headline campaign of the year, served as our primary supporter engagement moment, mobilising all of our supporter audiences behind the 'She Deserves Fairtrade' campaign, and growing our online supporter following by over 2,000 people. Fairtrade Fortnight saw almost 2,000 pieces of coverage with a video reach was 2 million, up from 1.7m in 2019. We continued to see an increase online with the number of social followers increasing to 381,264, a hike of over 14,000 over the course of 2020. Website visits increased by 40,000 over the year to 907,000 visits.
- World Fair Trade Day in May celebrated the 'key workers beyond our borders' –sharing [stories](#) of how Fairtrade was supporting farmers and workers across the globe in response to the COVID 19 pandemic, and generating hundreds of messages of support shared by UK supporters.
- Despite school closures due to the pandemic, we saw a growth in our engagement with young people via teachers and families as educational resources were pivoted from the classroom to the home, regularly shared via email and social media. For example, from April to June 2020, we saw an incredible 3,600 percent increase in resource downloads from our emails on the same period in 2019.
- In 2020 we delivered a refreshed Fairtrade brand, Choose the world you want, which focuses on the range, breadth and scale of positive impact created when choosing Fairtrade. Through this positioning we are able to demonstrate the power of change is in everyone's hands and empower audiences to actively choose the world they want. With our vibrant visual assets and refreshed tone we have aligned our branding across audiences and have seen deeper engagement with our brand. Finally we have categorised our impact into four key areas, one of these being tackling climate change, these four areas not only highlight the range of Fairtrade impacts but also increase the brand salience.
- We upped the coffee content on Fairtrade channels, and saw coverage of Fairtrade coffee elsewhere, drawing in new supporters. Highlights included a six-part 'how to' series called 'The Filter', a collaboration between the Fairtrade Foundation, five commercial partners, one influencer and Fairtrade coffee farmer Hugo Guerrero, from Peru. Other moments included creating connections between farmers and shoppers, and working with influencers to reach a younger ethically minded audience – including So Vegan, who promoted Percol coffee through Instagram and held a competition. Overall, the approach engaged 3,791 coffee enthusiasts, which translated to 2,090 new Fairtrade supporters.



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

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

WHAT WE SAID WE WOULD DO IN 2020

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

Our key successes

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

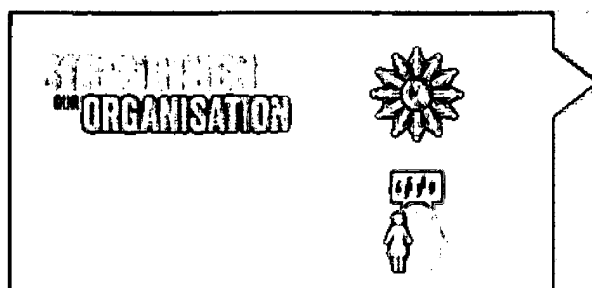
Our data project, Project 'Hubble', designed to better demonstrate the impact of working with Fairtrade to our priority partners, had a very successful inaugural year. We delivered 14 reports over the year to external partners, which included statements and full 'dashboards' detailing their impact. The reports will also help them gain better insight into their supply chains and demonstrate the value of choosing Fairtrade.

We created a Project Management framework for delivery, which better defined the needed roles and responsibilities for the project team and outputs. The project's success and subsequent needs meant the team behind it grew with an additional Senior Impact Data Analyst and Data Quality Assistant.

Internally, the Connect system went live in April 2020, delivering better data accuracy and integrity, allowing us to develop insights and improve communicate of our impact externally.

Continue to actively contribute to the global Fairtrade data project

Fairlens, the Business Intelligence service for the Fairtrade system, launched in June 2020 and provides National Fairtrade Organisations (NFOs), Producer Networks and Fairtrade International with information on how Fairtrade Premium is being spent and how that spend contributes to the UN's SDGs. Fairlens can also provide a greater level of historic information on Fairtrade categories such as volumes of products sold on Fairtrade terms and supply chain information on core Fairtrade products, linked to the UK market. Since launch, two expert users at the Foundation have received training and have access to Fairlens.



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

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

WHAT WE SAID WE WOULD DO IN 2020

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

Our key successes

Work with our global membership system to develop our Fairtrade strategy for the next five years (2021-2025)

The Fairtrade Foundation's mission of achieving decent and sustainable livelihoods for farmers and workers remains. But for us to be successful in achieving this aim over the next strategic period, we will need to keep championing progress in living incomes and living wages, to grow the volumes of products sold on Fairtrade terms and to further support producer organisations to become more resilient in a fast-changing environment (which includes climate resilience and adaptation).

We have been working with the global Fairtrade system to design a new five-year strategy that meets the challenges facing markets and producers, as well as seizing the opportunities our ever-evolving world provides.

Continue our project to upgrade our website

In 2020 we rebuilt the website in a new system, creating a more reliable and easy-to-use site, while also delivering an annual cost saving to the organisation.

We improved the website accessibility as part of the project, and will continue to do so, aiming for AA accessibility across the entire website and its content in the future. The project was delivered within budget and on time, despite challenges and competing priorities brought about by lockdown and COVID-19.

Continue to foster a flexible culture where staff have the tools and development support to contribute to organisational strategy, plans and ambitions

With face-to-face learning paused for the majority of the year, and Learning Week cancelled, we repurposed our Learning and Development (L&D) budget to a Learning Management System, enabling and encouraging more self-directed learning across the organisation that could be accessed remotely.

We promoted flexibility across teams to focus on outputs, to review plans to enable resource that can allow us to pivot relevant workstreams to have a Covid-19 focus. We supported our people with focused workshops on a range of sessions to support the shift to home working; from 'Wellbeing for Remote Workers' to 'Science of Motivation'.

Our performance culture continued to adapt and having relaunched Performance Development Reviews for 2020 with a toolkit to better support the L&D part of the conversation, we ran workshops to support staff (59 percent of staff attended) and introduced a new suggested mid-year L&D review. The following work was paused due to reviewed team plans:

- Design and deliver a new global values workshop.
- Support for global Talent Management/ leadership programme for emerging Fairtrade leaders.
- Pay structure changes.

In our adapted plan, the recognition scheme launch was paused in the way we had planned, but we have launched a successful online recognition tool called Kudoboard to encourage colleagues to celebrate success and recognise the contribution of others around them.

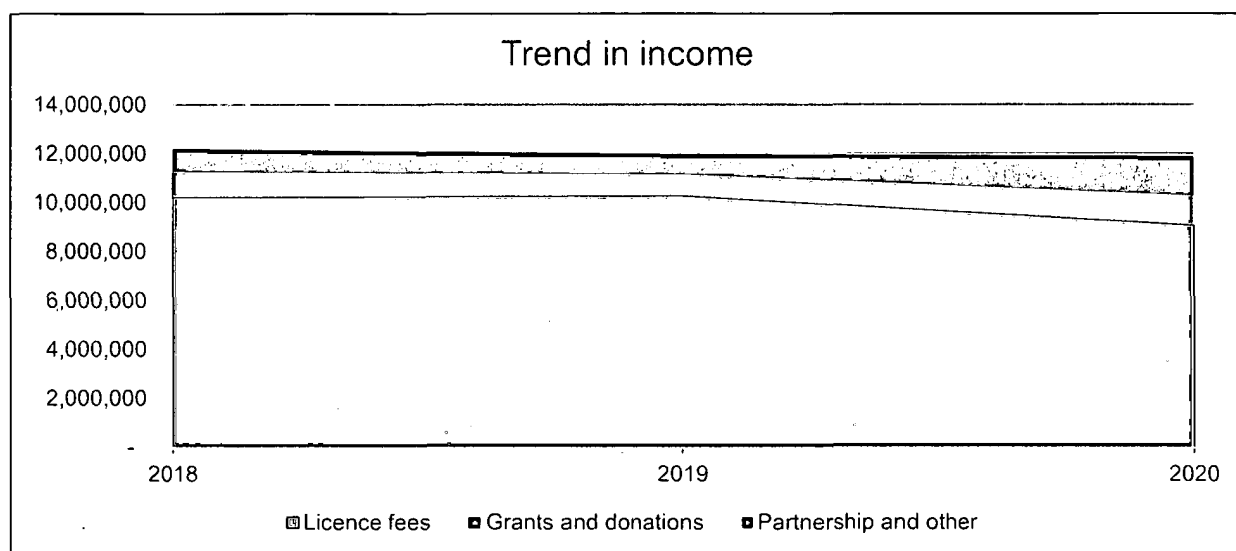
Plans for 2021 and beyond

We have recently embarked on a multi-year process across the whole of the Fairtrade Global System to define and design a new 5-year strategy (2021-2025). We expect our new strategy to be framed around five core pillars, which will guide and focus our efforts as a system, as well as at the Fairtrade Foundation, and will meet the challenges being presented to markets and producers. These pillars are:

- Empowerment of farmers and workers.
- Growth and innovation.
- Advocacy and citizen engagement.
- Digitisation for fairer supply chains.
- A launch pad for the future.

Our primary focus remains achieving decent and sustainable livelihoods for producers.

FINANCIAL REVIEW



Financial performance

Total incoming resources in 2020 decreased by one percent to £11.9 million from £12.0 million, with a decrease in donations (£122,000) and a decrease in licence fee revenue (£1.2 million) offset by increases in restricted grants (£451,000) and Partnership and other income (£795,000).

Licence fees continue to represent the majority of total income (2020: 76 percent; 2019: 86 percent). Licence fee income decreased significantly by twelve percent to £9.1 million (2019: £10.3 million) as the crisis hit our Out of Homes sales significantly which was partly offset by stronger retail sales. Partnership and other income increased significantly by ninety-eight percent to £1.7 million (2019: 0.8 million) as our Partnership with Mondelez on the Cocoa Life programme began, we received some COVID response funding from some of our key partners and we saw an increase in our expertise offering being taken up by partners such as Mars and Pepsi Co. Fundraised income from grants and donations increased by twenty-eight percent to £1.2 million (2019: £0.8 million) largely due to the receipt of COVID related funding and the final year income of the EC Development, Education and Awareness Raising grant.

We continue to explore ways of diversifying our income streams and reduce our reliance on licence fees and to this end are investing in new ways of working with businesses and other stakeholders, including Mondelēz International and Mars. Our approach has strengthened our financial resilience, which has been vital in helping us weather the impact of the crisis on our licence fee.

Total expenditure increased by 5% to £11.7 million (2019: £11.2 million) and comprised:

- An increase of £0.4 million in the amount spent on “Focus on Impact”, reflecting the Fairtrade strategy of moving more funds to the South through increased fees to our producer networks as well as increased programmatic work and COVID resilience funding.
- An increase of £0.3 million on “Improve and Innovate” due to an increased investment and focus in growing volumes for our producers as well as increase in our expertise offering with partners. This was offset by;

- A reduction of £0.2 million in the amount spent on “Raising funds” largely due to a decision to reduce our efforts on public fundraising and increasing our focus on the volume growth and effective COVID response support for producers.
- Expenditure on “Make Fairtrade Personal” remained at 2019 levels.

Of the total expenditure, charitable expenditure represented 97 percent and the cost of raising funds was 3 percent (2019: 95 percent, 5 percent). We are reviewing public fundraising as part of the strategy noted above of seeking to reduce our reliance on licence fees by diversifying our sources of income. It should be noted that the impact of Fairtrade is not just the direct charitable expenditure. Lives of producers are significantly improved by access to guaranteed Fairtrade minimum prices and premium.

Total funds increased by 2 percent to £6.6 million from £6.4 million. Restricted funds increased to £603,000 (2019: £420,000). Unrestricted funds was flat at £6.0 million. Included within unrestricted funds is £750,000 which the trustees have designated to a Fairtrade Future Fund to support strategic projects in developing and implementing our 2021 - 2025 strategy.

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

Investment policy

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

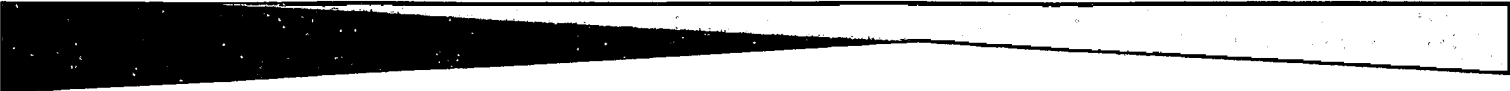
Reserves policy

The Trustees review the reserves policy each year as part of the overall risk management of the Foundation. The target level of reserves is reviewed as part of the planning and statutory reporting cycles. Reserves are needed for working capital and to cover temporary shortfalls in income and unforeseen increases in expenditure so that the charity can continue to operate at all times. The Trustees have reviewed the reserves policy as at 31 December 2020.

Under the policy, the target reserves level is based on a risk-based calculation of £3.8 million (2019: £4.8 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£0.2 million) and designated funds (£0.8 million), as at 31 December 2020 were £5.0 million (2019: £5.0 million) and were therefore 32 percent above the minimum level set by the reserves policy. Trustees consider that given the significant uncertainty facing the economy, our licensees and Fairtrade consumers from COVID-19 and Brexit, together with the financial impact of other principal risks and uncertainties noted in the next section below, that it is prudent to hold a level of reserves which is higher than the policy to ensure stability over the coming year. The level of reserves is monitored quarterly by the Trustees.

Cash is also a limiting factor. The majority of income is from licence fees which are invoiced in arrears. Therefore cash balances are not always correlated with reserves. Cash balances decreased in the year to £4.8 million (2019: £4.9 million), of which £604,000 (2019: £420,000) was restricted funds. Cash flow forecasts are prepared regularly and future cash needs are taken into account when



setting reserves targets and budgets Note 17 of the Notes to the Financial Statements provides a description of the constituents of the Foundation's restricted and designated funds.

Principal risks and uncertainties

Risk management

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

Principal risks

The impact of COVID-19 – the medium and long-term impact of COVID-19 is still unknown. In an operational sense, the Foundation was well set up to work remotely, effectively and efficiently when the first lockdown in the UK occurred, and we were already doing so, with the office closed before this was formally mandated by the UK government. The Foundation has business continuity plans in place identifying critical functions, people and skills and how to manage during a crisis and these were employed as appropriate. In a financial sense, our income is reliant on the performance of our licensees, some of which have been more affected than others (for example closure of out of home outlets affected coffee licence fee income, offset by increased sales at supermarkets and other retailers). There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised as matters change. We have strong levels of reserves which, together with sensible cost control, have helped take us through the disruption of 2020 (at broadly breakeven for the year) and have ensured that the Foundation continues as a going concern.

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

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

Government aid cuts – as part of our income diversification strategy, one priority was targeting government funding (for example the FCDO funded projects described earlier in this report). In November 2020 the UK government announced aid cuts from 0.7% GNI to 0.5%. The detail of where cuts are being made was announced in April. Our current FCDO funded programmes are not

significantly affected, however our ability to obtain funding for further phases of those programmes, or more broadly to look on the government as a significant income stream going forward, is in doubt. We continue to engage with government to demonstrate the solutions and value Fairtrade can bring to global issues.

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

Governance and structure – the Fairtrade movement is made up of a number of organisations across the world, representing different needs and perspectives. This leads to a richness and depth of knowledge; for example, giving producer organisations a voice to lead the future of Fairtrade. It also naturally increases the risk that changes become difficult to make or decision making too complicated. However, this is mitigated through various cross-movement groups, including representatives of the movement's organisations. The 2021-2025 strategy process has focused on cross-movement collaboration and 'one Fairtrade' solutions which will set us up well for the future.

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

Structure, governance and management

The organisation of the charity

The Fairtrade Foundation is a company limited by guarantee and a charity registered in England and Wales. It is governed by its Memorandum and Articles of Association as adopted on 2 July 1992 and subsequently amended in January 1994, May 2003, July 2006, June 2007, October 2012, January 2017 and December 2019. The organisation was founded in 1992 by CAFOD, Christian Aid, Oxfam, Traidcraft Exchange and the World Development Movement. The National Federation of Women's Institutes joined shortly afterwards. These organisations are known collectively as the Founder Members. In 2003, membership was opened up to enable other organisations to participate in the governance of the Foundation and to share their expertise and experience. Organisations applying for membership are expected to have either a strong development or consumer focus, and to contribute to the promotion of Fairtrade. A full list of member organisations is given on page 67.

Trustee appointment and induction

The Board can comprise up to 12 Trustees (and no less than nine) who are appointed by the process determined by the Articles of Association. Up to six positions are available to be elected by the full membership. Two further places are available to be nominated by the Producer Networks (and if not filled, a candidate for one of those places can be nominated by a Fairtrade entity outside the UK) and a further four places may be co-opted by the Board. Formal elections take place at the annual general meeting where one third of the elected Board stand down by rotation. Trustees are elected or co-opted for a three-year term. Trustees can serve for up to nine years before they are required to stand down. After a period of one year, Trustees become eligible for reappointment again.

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

Trustee meetings and board sub-committees

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

- Setting and maintaining the Foundation's vision, mission and values and in particular agreeing and approving the strategic plan.
- Ensuring strong links with the member organisations and the Fairtrade movement.
- Contributing creatively to the development of the Foundation, including fostering relationships with major licensees.

- Developing the Foundation's policies on trade justice and other means of poverty reduction related to the Foundation's core activity.
- Agreeing and monitoring major policies and programmes.
- Supporting and appraising the Chief Executive and approving staffing and remuneration policies.
- Approving annual plans and budgets; and reviewing reports and management accounts to ensure that the Foundation's performance is in line with its policies and programmes.
- Ensuring that it is identifying and managing any risks appropriately.

The Board has four sub-committees: the Finance and Audit Committee; the Nominations Committee; the Partnerships Committee; and the People, Safeguarding and Remuneration Committee.

The Finance and Audit Committee consists of between three and five Trustees and meets a minimum of four times a year. Duties include the following:

- Considering strategic issues, including planning and risk.
- Reviewing drafts of financial policies, budgets and annual accounts.
- Reviewing the management accounts and statutory accounts.
- Monitoring the development, implementation and compliance of IT and Finance strategy and policies.
- Monitoring and advising on internal financial controls. These functions and activities do not absolve the full Board of Trustees of its legal responsibilities.

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

The People, Safeguarding and Remuneration Committee consists of four Board members and has overall responsibility to set remuneration, with associated terms and conditions of employment, for all staff of the organisation, including directors. The committee also provides strategic oversight for safeguarding work across the Foundation, and reports to the Board on safeguarding on a quarterly basis.

The Partnerships Committee is an ad hoc committee, which consists of three Board members plus two external advisory members and advises the management on any partnership opportunities the Foundation has under consideration. Minutes of all committee meetings are reported to the subsequent full Board meeting so that all Trustees are informed of significant issues discussed at a sub-committee level.

Operational management

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

Remuneration

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

Statement of Trustees' responsibilities

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

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP. Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

Fundraising

We comply with all relevant statutory regulations and we strive for best practice in fundraising, by complying with a range of codes of practice and standards. This includes being a member of the Institute of Fundraising and registering with the Fundraising Regulator, adhering to its Code of Fundraising Practice. We do not engage with any professional fundraisers nor any other commercial participator to fundraise on our behalf. We closely monitor the quality of our fundraising work and received no complaints during 2020.

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

Public benefit

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

Charity governance code

The Fairtrade Foundation takes its governance responsibilities seriously and aims to have a governance framework that is fit for purpose, compliant and efficient. In 2019, the Foundation commissioned the NCVO to conduct an assessment of the Foundation's compliance against the Charity Code of Governance and in 2021, we are updating our progress since that review, including having implemented a Trustee code of conduct.

We continue to implement our development plan, which has been made to maintain the high performance and address the small number of gaps identified, including but not limited to:

- Considering diversity more significantly at the point of Trustee recruitment.
- Carrying out a diversity audit.
- Increasing visibility of Trustees on the Foundation's website.

Safeguarding

Safeguarding means protecting peoples' health, wellbeing and human rights, and enabling them to live free from significant harm, physical and emotional abuse, neglect and exploitation of any kind, including consequences of any misuse of personal data. We work to ensure we are protecting children and vulnerable adults from harm that arises from coming into contact with our staff, associated personnel or programmatic work on the ground.

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

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



Protection and Safeguarding Policy and Code of Conduct in the UK, which states the Foundation will not tolerate abuse and exploitation by staff or associated personnel and is aligned to DFID's 'zero tolerance' stance. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees have received safeguarding training, safeguarding is part of staff induction and safeguarding is embedded into the start of any new donor-funded programme with our partners. We have introduced DBS (criminal records checks) through an external provider, and have embedded a process for undertaking checks on new and existing roles that require it.

We work with our commercial partners to ensure they also have policies and procedures in place. Our own policies and procedures have been reviewed by the Charity Commission and no issues were found. Internationally, we supported the development of a system-wide Fairtrade Global Organisation Code and its associated assurance framework, policies and guidance manual. Through the improvements made to policy and reporting procedures, we have increased staff awareness of our safeguarding policies and practices and increased confidence in reporting safeguarding matters. In 2020, there were zero whistleblowing complaints, and 24 safeguarding cases raised, with zero reports to the Charity Commission.

Statement as to disclosure to auditors

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

Diversity

As part of our work within Equality, Diversity and Inclusion (EDI), during 2020 we have been working towards an organisational action plan to tackle racism and address inequalities with regards to race. This forms part of our broader EDI strategy for 2021, which will start with alignment to the new strategy, a review of data across diversity characteristics, education and learning for colleagues and review of policies, procedures, training and workshops. During 2020, the organisation set up an Anti-Racism Steering Group who have identified five key areas to focus on:

- Area 1 – Anti-racist recruitment and development.
- Area 2 – Creating an anti-racist staff culture.
- Area 3 – Anti-racist procurement.
- Area 4 – Building anti-racist public communications and campaigns.
- Area 5 – Becoming an anti-racist role model.

The Fairtrade Foundation continues to be a Living Wage employer and an equal opportunities employer, committed to attracting, appointing and retaining a diverse workforce at all levels of the organisation, and aims to have a workforce that is representative of all sections of society. We're focusing on improving all aspects of the People Agenda, including EDI.

Acknowledgements:

The success of Fairtrade is due to the commitment and dedication of all the stakeholders in the Foundation's work – the producers, consumers, licensees and retail partners, the grassroots campaigners and supporters, staff and volunteers. We particularly thank our volunteers and celebrities for the time they freely give to promote Fairtrade. Campaigners provide invaluable support to the Foundation. They run events to promote knowledge of the FAIRTRADE Mark. Fairtrade Fortnight and other events also depend heavily on the input of many volunteers. A total of 32 volunteers helped in the Fairtrade office or remotely at some time during the year, and gave 3,374 hours to the organisation.

Trustee changes:

We have had no Trustees stand down since the last report, and have appointed Anne Marie Yao as Trustee since the last report. This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 17 June 2021, in their capacity as company directors, and signed on its behalf by



Lord Mark Price, Chair of Trustees

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

Opinion

We have audited the financial statements of the Fairtrade Foundation ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

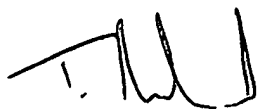
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

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

Use of our report

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



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

7 July 2021

THE FAIRTRADE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020 (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

	Notes	2020 Unrestrict ed £ 000	2020 Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Income from:					
Donations and legacies	2	144	-	144	266
Grants	4	-	1,046	1,046	595
Investment income		2	-	2	3
Charitable activities					
Licence fees		9,076	-	9,076	10,279
Partnership and other income	5	941	689	1,630	835
Total income		10,163	1,735	11,898	11,978
Expenditure on:					
Raising funds	6	334	-	334	507
Charitable activities					
Focus on Impact		4,522	1,297	5,819	5,398
Improve and Innovate		2,931	-	2,931	2,626
Make Fairtrade Personal		2,408	255	2,663	2,653
Total charitable activities		9,861	1,552	11,413	10,677
Total expenditure		10,195	1,552	11,747	11,184
Net income/(expenditure), being net movement in funds	9	(32)	183	151	794
Reconciliation of funds:					
Fund balances brought forward	17	5,999	420	6,419	5,625
Fund balances carried forward		5,967	603	6,570	6,419

The breakdown of 2019 figures between restricted and unrestricted funds is shown in Note 19. There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing. The Notes on pages 44 to 65 form part of these financial statements.

THE FAIRTRADE FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	11	24	39
Tangible assets	12	155	206
Current assets			
Stock		15	5
Debtors	13	4,131	4,320
Cash at bank and in hand		4,819	4,912
Total current assets		8,965	9,237
Liabilities			
Creditors: amounts falling due within one year	14	(1,982)	(2,408)
Net current assets		6,983	6,829
Total assets less current liabilities		7,162	7,074
Creditors: amounts falling due after one year	14	(243)	(306)
Provision for liabilities and charges	15	(349)	(349)
Net assets		6,570	6,419
The funds of the charity:	17		
General funds		5,038	5,004
Designated funds – Fairtrade Future		750	750
Designated funds – Fixed Assets		179	245
Unrestricted funds		5,967	5,999
Restricted funds		603	420
Total funds		6,570	6,419

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 17 June 2021, and were signed below on its behalf by



Mark Price
Chair of the Board
Company number: 02733136

THE FAIRTRADE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2020

	Notes	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Net cash provided by operating activities		(40)	1,448
Cash flows from investing activities			
Purchase of property, plant and equipment		(53)	(11)
Change in cash and cash equivalents in the year		(93)	1,437
Cash and cash equivalents at 1 January		4,912	3,475
Cash and cash equivalents at 31 December		4,819	4,912

THE FAIRTRADE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Accounting policies

1.1. Company information

The Fairtrade Foundation is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 21 July 1992 (company number: 02733136) and registered as a charity on 3 February 1995 (charity number: 1043886).

1.2. Basis of preparation of accounts

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

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

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

In the application of these accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

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

- the level of provision for dilapidations (see detail in note 15)
- Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £1.9m was billed relating to 2020 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.
- the level of bad debt provision is estimated at £166k (2019: £105k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those

between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

1.3. Fund accounting

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

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

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

1.4 Income

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

The Foundation receives **licence fees** from companies marketing products carrying the Foundation's FAIRTRADE Mark, which means producers and businesses have met internationally agreed standards that have been independently certified. The fees contribute to the costs of work to increase our impact in the global south by increasing the volume of commodities sold on Fairtrade terms, increasing the number of farmers and workers who benefit from work on climate change, gender, productivity and hired labour and the costs of public education and awareness-raising work. Fees are either calculated as a percentage of the products' wholesale value or based on the volume of the Fairtrade commodity sold, and are largely invoiced quarterly in arrears. Licence fee is recognised in the period the sale is made by the licensee. Monitoring and auditing of all UK licensees in 2020 was undertaken directly by FLOCERT.

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

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

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

1.5 Expenditure

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

Governance costs are included within support costs. They include costs attributable to the governance of the charity and those relating to compliance with constitutional and statutory requirements. The costs associated with the additional support provided to Fairtrade International

towards developing and improving governance across the Fairtrade movement is included in this category of expenditure.

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

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

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

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

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

1.6 Intangible fixed assets

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

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

1.7 Fixed assets and depreciation

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

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

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

1.8 Stock

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

1.9 Pensions

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

The scheme is contributory (the Foundation pays up to 10 percent of salary depending on the level of the staff member's contribution). Pension contributions are charged to the Statement of Financial Activities in the period to which they relate. Further details are provided in Note 22.

1.10 Redundancy/termination payments

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

1.11 Operating leases

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

1.12 Value Added Tax

The charity is registered for VAT. In common with many other registered charities, the Fairtrade Foundation is unable to fully recover input VAT. During the accounting period, the total irrecoverable VAT suffered by the charity was £51,000 (2019: £43,000).

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

1.13 Taxation

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

1.14 Foreign currency

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

1.15 Provisions

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

1.16 Financial Instruments

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

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

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

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

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

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

1.17 Grants payable

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

2. Donations and legacies

	Unrestricted	Restricted	2020 Total	2019 Total
	£ 000	£ 000	£ 000	£ 000
Triodos Bank Fairtrade Saver Account	5	-	5	6
Legacies	-	-	-	81
Other donations	139	-	139	179
Total donations	144	-	144	266

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

3. Use of volunteers

Additional resources were provided by general unpaid volunteers who contributed a total of 3,374 hours of work in the year. Volunteers provided administrative, research, project management, media, supply chain, and campaigning support. These contributions are highly valued by the charity but, in line with the Charities SORP, are not recognised in the accounts due to difficulties in measuring their value.

4. Grants

	2020 Total £ 000	2019 Total £ 000
Comic Relief		
Gold IMPACT Programme	8	133
EPRM		
Improved ASMO Access to Finance	218	121
Fairtrade International		
Cocoa living income work	-	128
Fairtrade International, Fairtrade Germany and Ethical Tea Partnership		
North East India Tea Research Project	-	65
European Commission		
EC DEAR Project	208	-
Jersey Overseas Aid Commission (JOAC)		
Bolivia Coffee	19	-
RVO		
Gold Uganda	9	25
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Foreign, Commonwealth and Development Office		
Cocoa Farmer Resilience Fund	309	-
Resilience in Flower Supply Chains	22	-
GIZ		
COVID Response	34	-
Coffee Uganda	34	-
Traid		37
Cotton Seed Phase II	83	-
Cotton Seed Phase I	-	37
Students Organising for Sustainability		
Textile standard training programme	-	20
Digital classroom project	-	10
Fairtrade University Awards	-	6
Total Grants	1,046	595

All grants in 2020 are restricted.

5 Partnerships and other income

	Unrestricted £ 000	Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Cross-border sales administration fees	357	-	357	370
Consultancy fees	59	-	59	67
Expertise and commercial partner-funded programmes	504	687	1,191	359
Other fees and royalties	10	2	12	22
Sale of awareness-raising items	11	-	11	17
Total partnership and other income from charitable activities	941	689	1,630	835

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

6. Expenditure

	Direct staff costs £ 000	Other direct costs £ 000	Support costs £ 000	2020 Total £ 000	2019 Total £ 000
Raising funds	179	84	71	334	507
Charitable activities:					
Focus on Impact	1,077	4,317	425	5,819	5,398
Improve and Innovate	1,541	783	607	2,931	2,626
Make Fairtrade Personal	1,544	511	608	2,663	2,653
Total charitable activities	4,162	5,611	1,640	11,413	11,184
Total expenditure in 2020	4,341	5,695	1,711	11,747	
Total expenditure in 2019	3,817	5,642	1,725	11,184	

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.2 million (2019: £1.4 million) support Fairtrade International's functions in setting the international framework and co-ordination of Fairtrade, including the setting and development of Fairtrade Standards, supporting producers and traders to match supply and demand, and supporting smallholders and workers participating in Fairtrade.

Certification fees of £252,000 (2019: £330,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.8 million (2019: £1.7 million) are distributed to Producer Networks by Fairtrade International. Contributions of £281,000 (2019: £319,000) were made to the system-wide project fund to support projects with a global benefit.

Other National Fairtrade Organisations invoice their non-UK licensees for licence fees due on UK and non-UK sales, and the Foundation invoices the National Fairtrade Organisations for the licence fees on UK sales less administration fees of £26,000 (2019: £32,000).

Support costs of £1.7 million (2019: £1.7 million) have been allocated across activities. Support costs have been apportioned based on the staffing costs of each activity in order to reflect the demands each activity makes on central support resources.

The breakdown of support costs by activity is shown below:

	2020	2019
	£ 000	£ 000
Human resources	286	378
Finance	515	565
Information Technology	447	499
Management and administration	5	59
Governance	29	104
Facilities	429	120
Total support costs	1,711	1,725

7. Grants payable to institutions

	Statement of Financial Activities heading	2020	2019
		£ 000	£ 000
Fairtrade Africa and other African partners	Focus on Impact	652	464
Fairtrade International	Focus on Impact	-	91
Fairtrade Finland	Focus on Impact	70	-
Network of Asia and Pacific Producers and other Asian partners	Focus on Impact	62	43
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Focus on Impact	18	-
Total grants payable		802	598

We have a programmes guideline we follow when making grants to other organisations. We undergo a due diligence assessment of the organisations to ensure we have a reasonable level of assurance that they are suitable to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. operational, financial and reputational risks), alignment to our values and our relationship with the organisation – is completed to ensure the organisation is right for us to engage with following a broad assessment. A Memorandum of Understanding or a grant agreement is put in place, which sets out the purpose of the grant and the responsibilities of all relevant parties before the grant is paid.

The grants to Fairtrade Africa and other African partners are in relation to Gold Impact Programme, Cocoa Farmer Resilience Fund, Resilience in Flower Supply Chains, ASMO Access to Finance, Mutira Coffee project, Gold project Uganda, Women's School of Leadership and Strengthening Sugar Farmers in Southern Africa.

The grant to Fairtrade Finland is in relation to Dignity for All - Ethiopia Flowers Programme.

The grant to the Asian partners is in relation to the Cotton Breeding Programme and COVID Response.

The grant to the CLAC and Latin American partners is in relations to the Bolivia coffee project and the Ben & Jerry's Sugar programme.

See Note 17 for further details.

Support costs of £63k (2019: £57k) have been allocated to grant-making activities.

8. Governance costs

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

	2020 £ 000	2019 £ 000
Trustee expenses	-	9
Fees payable to the charity's auditors for the audit of the charity's annual accounts	19	18
Other governance costs	10	40
Staff costs	45	37
Total costs	74	104

No remuneration was paid to Trustees in the year (2019: nil).

Trustee expenses relate to travel expenses reimbursed for attendance at Board and sub-committee meetings, other meetings at the Foundation and external events to represent the Foundation. No payment (2019: £9,000) was reimbursed this year to none of the Trustees (2019: six Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2020, all Trustee and committee meetings were held virtually.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2020 £ 000	2019 £ 000
Depreciation of fixed assets	119	160
Fees payable to charity's auditors for the audit of the annual accounts for the current year	19	18
Fees payable to charity's auditors for other accountancy services	1	11
Operating lease rentals and service charge: land and buildings	292	293

10. Staff costs

	2020 £ 000	2019 £ 000
Wages and salaries	4,243	3,870
Employer's National Insurance costs	442	398
Employer's contribution to defined contribution pension schemes	360	325
Agency staff	178	110
Staff costs	5,223	4,703
Staff recruitment costs	26	71
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2020	2019
£60,000 - £69,999	2	-
£70,000 - £79,999	-	1
£80,000 - £89,999	2	2
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-

The Foundation's highest salary was 4.4 times the lowest salary during 2020, in line with our policy to ensure the highest salary is no more than five times the lowest salary.

Contributions in the year for the provision of defined contribution pension schemes to higher paid staff were £47k (2019: £31k).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Public Engagement, the Commercial Director and the Director of Impact. The total employee benefits of key management personnel of the charity were £545k (2019: £529k). Average headcount in 2020 was 102 (2019: 94).

Redundancy/termination payments agreed and paid in the year came to £58,000 (2019: £17,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2020	758
Additions	24
Disposals	(354)
At 31 December 2020	428
Amortisation at 1 January 2020	719
Charge for period	39
Disposals	(354)
At 31 December 2020	404
Net book value at 1 January 2020	39
Net book value at 31 December 2020	24

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2020	92	288	380
Additions	17	14	31
Disposals	(36)	-	(36)
At 31 December 2020	73	302	375
Depreciation at 1 January 2020	60	114	174
Charge for period	20	60	80
Disposals	(34)	-	(34)
At 31 December 2020	46	174	220
Net book value at 1 January 2020	32	174	206
Net book value at 31 December 2020	27	128	155

13. Debtors

	2020 £ 000	2019 £ 000
Licence fee debtors	1,265	2,108
Accrued licence fee	1,891	1,546
Amounts due from Fairtrade International and other Fairtrade organisations	291	264
Prepayments, accrued income and other debtors	684	402
Total debtors due within one year	4,131	4,320

14. Creditors

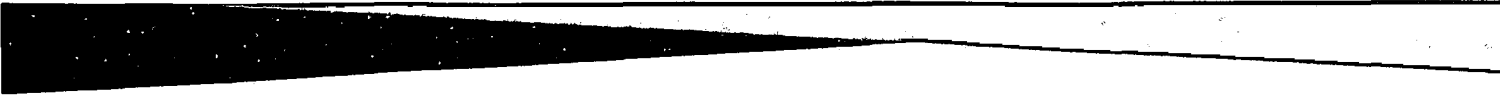
Creditors: amounts falling due within one year	2020 £ 000	2019 £ 000
Trade creditors	300	391
Amounts due to Fairtrade International and other Fairtrade organisations	482	550
Social security and other taxes	395	536
Other accruals	805	931
Total creditors due within one year	1,982	2,408

Creditors: amounts falling due after one year	2020 £ 000	2019 £ 000
Accruals	243	306
Total creditors due after one year	243	306

15. Provision for liabilities and charges

	Provision at 1 Jan 2020 £ 000	Charged to SOFA £ 000	Provision released £ 000	Provision at 31 Dec 2020 £ 000
Dilapidations	349	-	-	349
Total provision	349	-	-	349

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



16. Share Capital

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

17. Fund Movements

	Funds at 1 January 2020	Income £000	Expenditu re £000	Transf er betwe en funds £000	Funds at 31 Decem ber 2020 £000
Restricted Funds					
Focus on Impact					
Gold I.M.P.A.C.T Programme	102	8	(110)	-	-
Improved ASMO Access to finance	(31)	218	(64)	-	123
Climate-Change and Organisational					
Strengthening Programme	-	288	(288)	-	-
Cocoa Farmer Resilience Fund	-	309	(341)	-	(32)
Resilience in Flower Supply Chains	-	82	(67)	-	15
The Responsible Tanzanian Gold Project	-	-	19	-	19
COVID Response	-	34	(34)	-	-
Green People's Energy Uganda	-	34	(7)	-	27
Bolivia coffee project	(10)	19	(9)	-	-
Textile Training Programme	10	-	(10)	-	-
Developing optimum cocoa cooperative					
governance models in Ghana	-	52	(12)	-	40
Gold project Uganda	(1)	9	(8)	-	-
Cotton Breeding Programme	18	83	(36)	-	65
North East India Tea Research Programme	41	-	(12)	-	29
Dignity for All: Ethiopia Flowers Programme	32	50	(79)	-	3
Strengthening Sugar Farmers in Southern Africa	35	-	(19)	-	16
Co-op sponsored Programmes	100	287	(202)	-	185
Commercial Partners Sponsored Programmes	7	54	(18)	-	43
Total	303	1,527	(1,297)	-	533
Make Fairtrade Personal					
EC Trade Fair, Live Fair	6	208	(214)	-	-
Cocoa Living Income Communication	111	-	(41)	-	70
Total	117	208	(255)	-	70
Total Restricted funds	420	1,735	(1,552)	-	603
Unrestricted funds					
General funds	5,004	10,451	(10,483)	66	5,038
Designated funds – Fairtrade Future Fund	750	-	-	-	750
Designated funds – Fixed Asset funds	245	-	-	(66)	179
Total Unrestricted Funds	5,999	10,451	(10,483)	-	5,967
Total funds	6,419	11,898	(11,747)	-	6,570

Description of Funds

Restricted Funds

Gold IMPACT Programme

Fairtrade's I.M.P.A.C.T Programme (Investment in Miners Potential through access to Capital and Transparent Markets) started in 2018 and is funded by Comic Relief. This programme built on the success of the 'Extending Fairtrade Gold to East Africa' Programme and seeks to support small-scale mining sites to access finance to invest in clean mining equipment and, additionally, to access export markets on improved terms of trade. The programme will last for four years and reach communities in Kenya, Uganda and Tanzania.

Tackling the challenges in Artisanal and Small-Scale gold mines

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

Climate-Change and Organisational Strengthening Programme

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

Cocoa Farmer Resilience Fund

This programme is funded by FCDO and is designed to enable the resilience of approximately 23,000 cocoa farmers in Ghana, benefitting over 135,000 individuals dependent on cocoa for their livelihoods. The project seeks to ensure farmers maintain their productive base, enact safe COVID-19 practices along the supply chain and have access to alternative income streams through the peak of the pandemic and the cocoa season due between October 2020 and March 2021, hence averting a potential humanitarian disaster. Leveraging a working team on the ground, the project will launch a flexible grant facility to extend to additional beneficiaries and accelerate and deepen the impact of the existing work in the partnership. Furthermore, the project will establish a tracker, targeted at providing direct updates from farmers on the impact of the pandemic on farming communities to supply chain actors, allowing businesses to react nimbly to emerging challenges and provide evidence to create responsible business interventions and advocacy strategies. The project aims to maintain or increase incomes through the pandemic, lower the severity of the virus in communities and influence the cocoa sector towards enacting business policies that benefit vulnerable cocoa farmers.

Resilience in Flower Supply Chains

This programme is funded by FCDO and aims to address the immediate needs of the workers in the face of coronavirus, create a stronger and more resilient worker, community and grower base to ensure a more sustainable supply chain and make a robust business case for ethically traded flowers and provide insights that can be transferred to other countries and supply chains.

The Responsible Tanzanian Gold Project

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

COVID Response

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

Green People's Energy Uganda

This funding is provided by GIZ to design and unlock microfinancing products that are appropriate to link the commercial activities of rural poor farming HHs and off-grid solar products.

Bolivia coffee project

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

Textile Training Programme

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

Developing optimum cocoa cooperative governance models in Ghana

This project is funded by the Open Society Foundation to provide relief and advancement of education of smallholder cocoa producers in Ghana who are typically poor or low-income persons because they are self-employed and operate small-scale farms of 2 to 5 hectares. The majority of these farmers work outside producer cooperatives and are facing challenges of lower productivity, high poverty rates (majority below the poverty line), low incomes, climate change threats and food insecurity. This purpose would be accomplished by research into cooperative governance models and the enabling environment will support the drive for increased producer-owned cocoa cooperatives in Ghana thereby improving producer participation in the cocoa value chain beyond primary production. Such research shall be made publicly available and would be used to implement pilot programmes with Fairtrade's key commercial partners and farmer cooperatives to ultimately strengthen and increase the number of farmers that benefit from the cooperative movement in Ghana, driving smallholder farmer empowerment and incomes.

Gold project Uganda

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

Cotton breeding programme

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

North East India Tea Research Programme

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

Dignity for All: Ethiopia Flowers Programme

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

Strengthening sugar farmers in Southern Africa

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

The Co-op sponsored programmes

This includes the Women School of Leadership programme, COVID relief funding and East Africa youth engagement programme.

Other Commercial partner programmes

The programmes run with commercial partners includes Compass' contribution to the Women's school of leadership programme, Waitrose programme funding, and the Ben & Jerry's Sugar and Gender programmes.

EC Trade Fair, Live Fair

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

Cocoa Living Income Communication

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

Designated Funds

Fairtrade Future Fund

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

Fixed Asset Fund

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

Below is the prior year comparison of the fund movement in 2019

	Funds at 1 January 2019	Income £000	Expenditure £000	Transfer between funds £000	Funds at 31 December 2019 £000
Restricted Funds					
Focus on Impact					
Gold I.M.P.A.C.T Programme	125	133	(156)		102
Improved ASMO Access to finance	14	121	(166)		(31)
Responsible Tanzanian Gold Project	50	-	(50)		-
Swaziland sugar project	17	-	(17)		-
Bolivia coffee project	(10)	-	-		(10)
Cotton Breeding Programme	14	37	(33)		18
Gold project Uganda	10	25	(36)		(1)
Textile Training Programme	-	30	(20)		10
North East India Tea Research Programme	-	65	(24)		41
Strengthening Sugar Farmers in Southern Africa	200	-	(165)		35
Dignity for All: Ethiopia Flowers Programme	-	50	(18)		32
Women's School of Leadership Programme	50	50	-		100
Commercial Partners Sponsored Programmes	1	16	(10)		7
Total	471	527	(695)	-	303
Improve and Innovate					
Fairsource for Fairtrade	32	-	(32)		-
Total	32	-	(32)	-	-
Make Fairtrade Personal					
EC Trade Fair, Live Fair	270	-	(264)		6
Cocoa Living Income Communication	-	128	(17)		111
Esmee Fairbairn Foundation	4	-	(4)		-
Total	274	128	(285)	-	117

Total Restricted funds	777	655	(1,012)	-	420
Unrestricted funds					
General funds	4,454	11,323	(10,012)	(761)	5,004
Designated funds – Fairtrade Future Fund	-	-	-	750	750
Designated funds – Fixed Asset funds	394	-	(160)	11	245
Total Unrestricted Funds	4,848	11,323	(10,172)	-	5,999
Total funds	5,625	11,978	(11,184)	-	6,419

18. Analysis of fund balances held as at 31 December 2020

	General £ 000	Designated £ 000	Restricted £ 000	Total £ 000
Intangible fixed assets		24	-	24
Tangible fixed assets	-	155	-	155
Current assets	7,612	750	603	8,965
Current liabilities	(1,982)	-	-	(1,982)
Long term liabilities	(243)	-	-	(243)
Provisions	(349)	-	-	(349)
Fund balance at 31 December 2020	5,038	929	603	6,570

A comparative of the analysis of fund balances held as at 31 December 2019 is as follows:

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

19. Breakdown of 2019 Statement of Financial Activities into restricted and unrestricted

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

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2020	2019
	£ 000	£ 000
Net income	151	794
Depreciation charge	119	160
(Increase)/ Decrease in stock	(10)	6
(Increase)/ Decrease in debtors	189	191
Increase / (decrease) in creditors excluding short term borrowings	(489)	697
Increase in provisions	-	(400)
Net cash inflow from operating activities	(40)	1,448

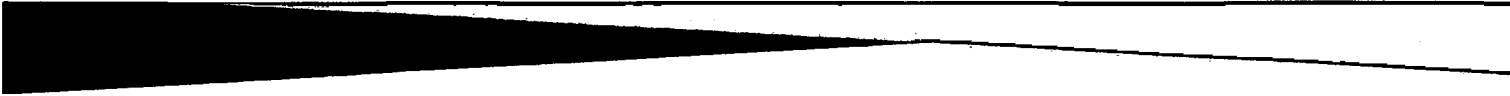
Analysis of net funds			
	Balance at 1 January 2020	Cash flow movement	Balance at 31 December 2020
	£	£	£
Cash at bank and in hand	4,912	(93)	4,819
Net funds	4,912	(93)	4,819

21. Financial commitments under operating leases

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

	2020	2019
	£ 000	£ 000
Land and buildings		
Due within 1 year	317	264
Total due in years 2 to 5	581	898
Office equipment		
Due within 1 year	12	12
Total due in years 2 to 5	17	28
Total	927	1,202

Lease payments recognised as an expense were £276k (2019: £117k). They are included in support costs.



22. Pension funds – defined contribution scheme

The Foundation contributes towards a defined contribution scheme. The cost of this scheme is charged to the Statement of Financial Activities and amounted to £360,000 (2019: £325,000). It did not give rise to any provisions/reserves.

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

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £7,000 (2019: nil) from Engaging Works of which our Chair, Lord Mark Price, is a Founder and a Shareholder.

The Foundation received a donation of £5,000 (2019: nil) from Utmost Group Ltd of which our Treasurer, Paul Thompson, is a Director and Shareholder.

Fairtrade Foundation Reference and Administrative Information

Legal status

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

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

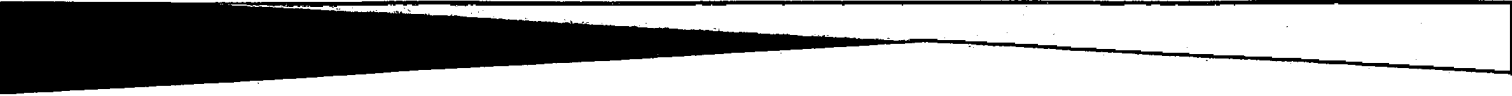
Anne Marie Yao	Appointed September 2020
Alison Marshall	Appointed September 2016
Bob Doherty	Appointed August 2017
David Paterson	Appointed September 2018
Didier Dallemagne	Appointed October 2014
Elizabeth Sideris	Appointed October 2014
Jane Frost (Vice Chair)	Appointed June 2014
Mark Price (Chair)	Appointed September 2018
Marike de Peña	Appointed June 2018
Paul Thompson (Treasurer)	Appointed June 2014
Simon Wright	Appointed December 2018

Senior Management

Michael Gidney	Chief Executive
Fiona Kindness	Chief Financial Officer
Louisa Cox	Director of Impact
Julia Nicoara	Interim Director of Public Engagement – left June 2020
Nilufar Verjee	Director, Public Engagement – joined June 2020
Euan Venters	Commercial Director – left December 2020

Company secretary

Michael Gidney



Member organisations

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

Bankers

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

Solicitors

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

Auditor

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

fairtrade.org.uk
Fairtrade Foundation, 5.7 The Loom, 14 Gower's Walk,
London E1 8PY
Tel: +44 (0) 20 7405 6942 Email: mail@fairtrade.org.uk
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