



Annual Review

2012/2013

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2012/2013 Highlights in numbers



Welcome



Welcome to the Fairtrade Foundation's 2012-13 Annual Review. As the sales figures once again show steady double digit growth, it reflects the public's trust in the integrity of the FAIRTRADE Mark and their willingness to do the right thing for the people who work to grow the food we love.

This continuing and increasing trust in the Mark comes at a time when overall, public trust in the way food is produced is uncertain. Recent scandals have prompted fresh interest in where and who our food comes from. Against this backdrop we called for governments and business to uphold the importance of small scale farming

and for those farmers to play a more active role in supply chains, by providing more support, from the highest level of government for the poorest.

And this is mirrored in our new strategy, Unlocking the Power of the Many, where we will seek to deepen the impact of Fairtrade for the farmers and workers who need it most, through unleashing the support of communities, business and policy makers.

As I step down from leading the Board of the Fairtrade Foundation and take up my new position on the Fairtrade International Board, I'm pleased to welcome Michael Jary, to take over as Chair. Michael brings an exciting level of strategic, charity governance and business expertise to the role, which I am sure will keep the Fairtrade Foundation at the forefront of changing the way trade works for the better.

A handwritten signature in black ink that reads "David Clayton-Smith".

DAVID CLAYTON-SMITH
Chair of the Fairtrade Foundation Board

The power in our hands

This year we've seen more people going further for Fairtrade than ever before, from businesses making their Olympic commitments count, to shoppers continuing to look for the FAIRTRADE Mark, to the thousands of supporters who took a stand for smallholders during Fairtrade Fortnight. Our visit to Number 10 Downing Street to hand over the 57,000 signatures to the Make Food Fair petition was a great demonstration of the power of the many: thousands of voices united in their commitment to trade justice and called on the government to act to support the smallholders on whom we depend for many of the foods we take for granted.



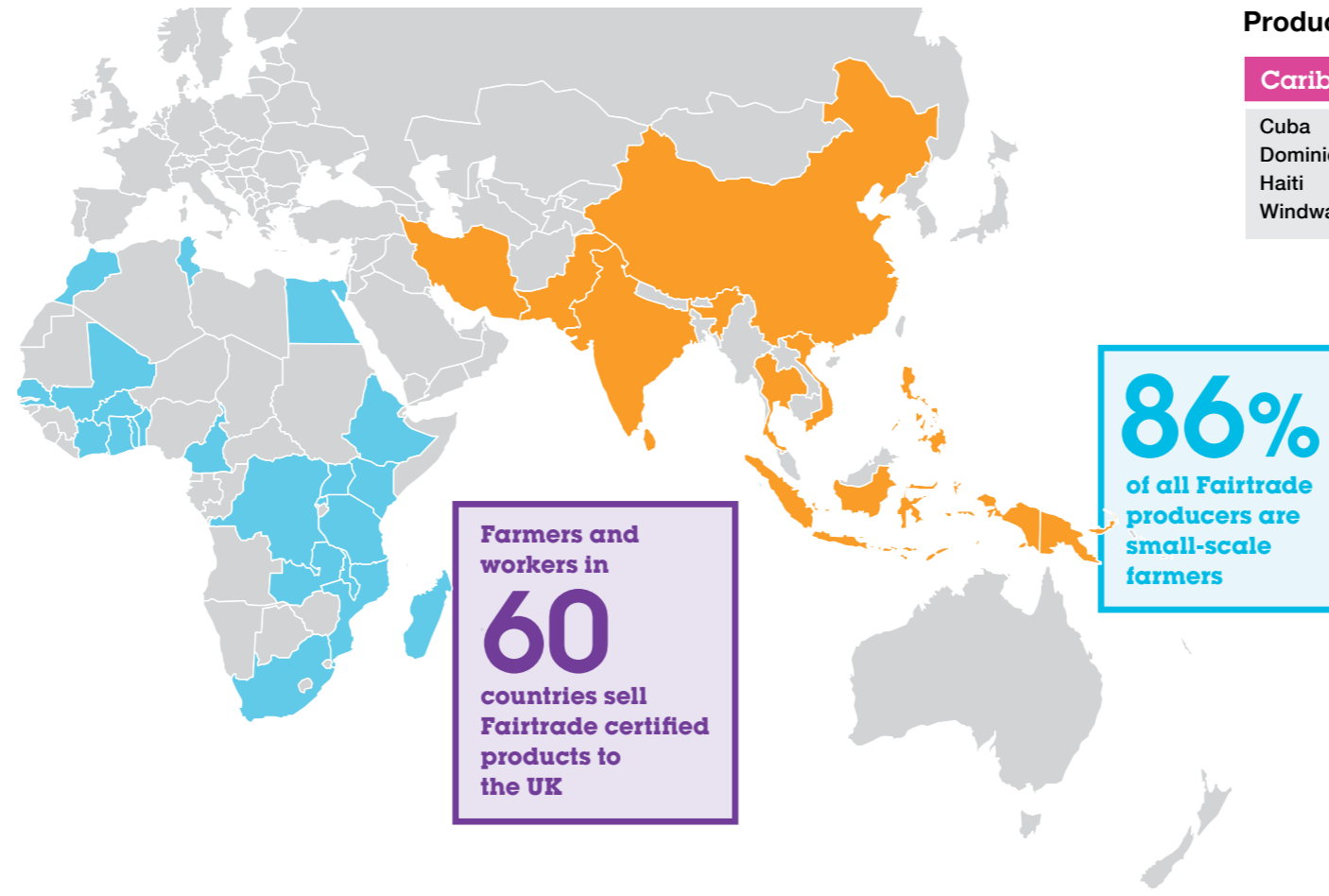
Michael Jary with a Fairtrade tea farmer, Kenya

Fairtrade is all about the power of the possible: the extraordinary things people can achieve when they work together. When I visited Kenya this year, I saw this in action at Fintea, a tea growers co-operative in Kericho. Here 15,000 smallholder tea farmers have joined forces, with support from DFID, Finlays Beverages and The Co-operative, to build a thriving business. They now supply half the tea in The Co-operative's 99 Gold blend and are diversifying into beans and cassava for the export and local markets.

So tea growers in Kericho are transforming their business and their communities. This is only possible because of the unique partnership – between farmers, business, government and the public – at the heart of Fairtrade.

A handwritten signature in black ink that reads "Michael Jary".

MICHAEL JARY
Executive Director, Fairtrade Foundation



Producer partners in these countries sell to the UK Fairtrade market:

Caribbean	Asia	Latin America	Africa
Cuba Dominican Republic Haiti Windward Islands	Afghanistan China East Timor India Indonesia Iran Laos Pakistan Palestine Papua New Guinea Philippines Sri Lanka Thailand Vietnam	Argentina Belize Bolivia Brazil Chile Colombia Costa Rica Ecuador El Salvador Guatemala Guyana Honduras Mexico Nicaragua Panama Paraguay Peru	Burkina Faso Cameroon Central African Republic Comoros Islands Côte d'Ivoire Dem. Rep. of Congo Egypt Ethiopia Ghana Kenya Madagascar Malawi Mali Mauritius Morocco Mozambique Rwanda São Tomé and Príncipe Senegal South Africa Swaziland Tanzania Togo Tunisia Uganda Zambia

A difference for farmers and workers



Certified sugar farmers and workers in Malawi can now provide a better future for their children

Fairtrade has gradually enabled farmers' standards of living to improve with a higher proportion of certified farmers now able to pay school fees for their children, ensure household food security, increase their assets and experience more stability in incomes.

Doreen Chanje, Chairperson, Malawi Fairtrade Network

The number of groups of farmers and workers benefiting from UK Fairtrade is now 697 in 60 different countries. But what are those benefits?

The next phase of our impact research in Malawi, *Branching out: Fairtrade in Malawi* studies this. It confirmed that farmers and their communities experience tangible and significant economic, social technical and organisational benefits from Fairtrade and not just from the investment of the Fairtrade Premium. There are challenges too, such as how to make sure hired labour and seasonal workers are represented when it comes to deciding how to spend the Fairtrade premium. We're taking action to address these.

As part of our strategy to build a stronger cocoa sector we trained 64 cocoa producers from 25 co-operatives in Cote d'Ivoire to be more skillful negotiators when it came to agreeing contracts for selling their cocoa. This has put them in a more powerful position to get a better deal from the people they sell to. They now have a clearer understanding of their rights, the confidence to challenge unclear disputes and the ability to handle disputes and conflict.

Across the whole Fairtrade system is a vision of non-dependency on the production of coffee. Instead we believe that our farms should help us on food security, give us what our families need and help us to find other products like cocoa and bananas which can feed our families but also be traded locally and therefore provide us with additional income to spend on other products that we can't grow, like sugar, oil or soap.

Fatima Ismael, General Manager Soppexcca, Nicaragua



Fatima Ismael, general manager at the Soppexcca co-operative in Nicaragua

WHAT WE SAID

We aim to double the number of producers selling Fairtrade goods to the UK, so that disadvantaged farmers and workers can win deeper benefits from Fairtrade. Our target for the end of 2012 is 900 producer groups.

WHAT WE DID

By the end of March 2013 the number of producer groups supplying the UK was 697 from 60 different countries.

Got a question? Ask Malawi

Fairtrade is about bringing to life the stories of the people behind the products. We've gone a step further and set up AskMalawi.tv for Malawian farmers to tell their own stories directly to the people who buy their products.

We trained 45 tea and sugar farmers to use hand held videos and journalism skills to answer questions from visitors to askmalawi.tv.

This project, funded by Comic Relief, allows farmers to communicate with wider audiences about their lives and consumers the chance to ask their own questions, not just about Fairtrade but about all aspects of life in Malawi. There's a special section for schools too.

AskMalawi.tv is an innovative project and one that fits the Fairtrade ethos of connecting farmers and consumers so well. Offering farmers the opportunity to tell their own stories and learn new skills is an effective way of engaging with the people who buy their tea or sugar in the UK.

Frank Olok, Malawi Fairtrade Network Co-ordinator



Building a strong public movement

Supporting and investing in smallholder farming is vital if we are to feed an ever increasing population. Our three-year campaign to Make Food Fair kicked off during Fairtrade Fortnight with a petition to David Cameron to take a stand for smallholders at the G8 summit in Northern Ireland. Alongside The Co-operative and Oxfam we handed in over 75,000 signatures supporting this to Number 10. And they listened:

¶ The UK Government agrees with you and the signatories of your petition that a focus on smallholder farmers is appropriate and correct and is already committing considerable future and present funding to this sector. ¶

Rt Hon Justine Greening MP, Secretary of State for International Development

.....



Campaigners hand over the Make Food Fair petition at Number 10 Downing Street

Backing up the public campaign was our report on how governments and business could support smallholder farmers and the role Fairtrade can play in bringing food security and stable livelihoods to those we rely on for our food. *The Powering up smallholder farmers to Make Food Fair* report, which got significant media coverage, makes five recommendations for fixing our broken food system to benefit more of the people at the start of supply chains.



St Thomas More Catholic School, in Blaydon-upon-Tyne, celebrates during its Banana Fayre

WHAT WE SAID

We aim to make the Fairtrade movement stronger by working closely with campaigners, NGOs and producer partners to make their voices heard and inspire our work.

WHAT WE DID

The numbers of Fairtrade Towns, Schools and Faith Groups continued to grow.

At the end of 2012 there were:

- 555 Fairtrade Towns
- 878 Fairtrade Schools (and hundreds more working on it)
- 168 Fairtrade Universities
- 7,068 Fairtrade Faith groups

Recipes for success

In autumn, we asked supporters to take a step for Fairtrade by baking, using Fairtrade ingredients. Building on the rising baking trend sweeping across the UK, cake stalls sprung up in churches, schools and workplaces all over the country as people got involved with the Big Fair Bake to tickle the taste buds of foodies, raise awareness of the wide range of Fairtrade ingredients and fundraise for Fairtrade. Online there were recipes to try and ways to show off your amazing kitchen creations. There were 84 Big Fair Bake events and donations during this period totalled £4,500 – raised for the Fairtrade Innovation Fund, which works to bring Fairtrade to more farmers and workers. One project the fund supported in 2012 was contract negotiation training for cocoa producers in Cote d'Ivoire.



Campaigners in Garstang, a Fairtrade town in Lancashire, UK, during the Big Fair Bake

Working with companies

Sales of Fairtrade in the UK grew by 19% in 2012 and look set for similar growth in 2013 as we open up new partnerships. Some of the biggest increases have been cocoa and sugar.

Following Nestle's launch of KITKAT 4 finger as Fairtrade in 2010, they announced in October 2012 that KITKAT 2 finger would become Fairtrade certified. This generates additional Fairtrade sales of 5,000 tons of cocoa in 2013, annually contributing \$1 million of Fairtrade Premium to an additional 4,500 Fairtrade cocoa farmers.

Three of the UK'S top five biggest selling chocolate products carry the FAIRTRADE Mark.

The Co-operative switch to 100% Fairtrade bananas in February 2012 has delivered an additional £1 million per year in premiums to banana growers with a commitment to source a significant

proportion of their bananas from smallholder co-operatives and investment in new co-operatives such as the 4,500 members of Coobana, in Panama, who are investing their premiums in water, sanitation and low cost fuel efficient stoves.



London 2012 was the only place to be last year. While Fairtrade supporters cheered on the Games as part of our Team Fair campaign, athletes and spectators enjoyed 100% Fairtrade tea, coffee, sugar, hot chocolate, bananas, oranges and wine.

Sales of bananas alone generated £52,000 premium for farmers, ensuring the legacy of the Games goes much further into the future. LOCOG's Food Vision, which ensured companies such as Compass, Sodexo and Baxter Storey supply Fairtrade as part of the sourcing plan, is being emulated at future events, including the Commonwealth Games and major golf tournaments.

Our work with Fairtrade deepens our business commitment to work with more smallholder farmers and farm workers and has seen us strengthen the range of Fairtrade products in our stores. It's part of Waitrose's wider approach to enable and support sustainable farming; strengthen supply chains for the long-term; provide consumers with the Fairtrade and sustainable products they are looking for and ensure farmers and their families can thrive wherever they are in the world.

David Croft, Director, Quality & Technical, Waitrose

WHAT WE SAID

We're working to encourage more companies, big and small, to sell more Fairtrade products and make a deeper commitment to Fairtrade.

WHAT WE DID

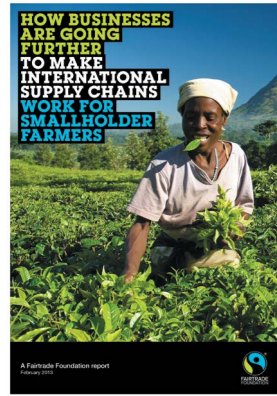
35 new companies were licensed to use the FAIRTRADE Mark on certified products between April 2012 and April 2013.



Transforming trading relationships

We want to see big, broad changes in trading relationships between UK businesses and smallholder farming communities. So we looked into how farmers and companies can set up sustainable and fair relationships across international supply chains. Building on research with six African smallholder producer organisations by TWIN, we asked KPMG to interview 11 companies on their experience of working with small scale producer organisations. Insights from both led to our report *How businesses are going further to make international supply chains work for smallholder farmers*.

A roundtable event was hosted by KPMG and the Foundation during Fairtrade Fortnight for businesses and NGOs (including Divine Chocolate, Marks and Spencer, Cafédirect, Tate & Lyle and Oxfam). This explored different barriers and opportunities for business to engage more effectively with smallholders and how businesses could go further to empower the producers they are trading with.



Banana farmer Deles Gussie, in Dominica, is diversifying into grapefruits, coffee and spices to help sustain his business during difficult times



Delegates discuss sustainable trade relationships at a roundtable event hosted by KPMG and the Foundation

“ I was very pleased to see Fairtrade commission KPMG and TWIN to produce a report that not only focussed on improving supply chains to the benefit of smallholder farmers – but actually involved consulting farmers themselves. I was also encouraged by the event which really did promote a much needed open and frank debate about the future of Fairtrade. ”

Sophi Tranchell MBE, Managing Director, Divine Chocolate Ltd

Building support for Fairtrade

Fairtrade Fortnight in 2013 saw campaigners take to Parliament Square in the form of mini marchers – little paper versions of themselves. They were there to launch our Make Food Fair campaign (see page 12) and won a great deal of press coverage, including places we don't often see Fairtrade coverage, such as Mail Online and OK! Magazine.

Campaigners made sculptures from Fairtrade product wrappers as part of a national competition, as well as staging debates, coffee mornings, fashion shows, wine tastings and concerts.

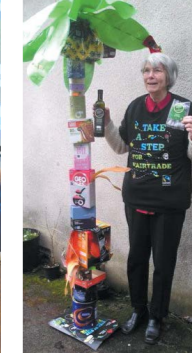
Our visiting farmers made hundreds of appearances at community and business events all over the country and Henry Matenda from Kasinthula sugar growers in Malawi was featured prominently in the finale of the BBC's Great British Menu does Comic Relief.

In Delia Smith's new book, *Delia's Cakes*, launched during Fairtrade Fortnight, she advocated using Fairtrade ingredients where possible.



There is something communal about making a cake and to know that buying ingredients from small suppliers around the world whose livelihoods depend on it is very satisfying. I am a huge supporter of the Fairtrade movement and, wherever possible, we have used their ingredients which also happen to be superb quality.

Delia Smith



Scaling up

Our partnership with Comic Relief in supporting Fairtrade Africa took another step forward with the establishment of Fairtrade Eastern Africa, based in Nairobi.

Fairtrade Foundation has been and continues to be a valuable partner of Fairtrade Africa through various bilateral projects. Their support enabled Fairtrade Africa launch the second Fairtrade marketing organisation in Africa in Kenya this year. Through secondment and other collaboration this successful launch will enable us to unlock the power of many producers through access to regional markets by creating local awareness into demand for Fairtrade products.

James Mwai, Acting Executive Director, Fairtrade Africa

We welcomed the move by Fairtrade International to make farmers and workers 50 per cent owners of Fairtrade, putting them firmly at the heart of decision making. Chief Adam Tampuri, chair of Fairtrade Africa and the Gbankuliso Cashew Farmers Association in Ghana, said:

'We are convinced that what we have just achieved in Fairtrade International is a very important breakthrough: people in the south are not just beneficiaries but, for the first time, co-owners. This is not the end of the story and we still have a long way to go, but this fundamental step is a source of great motivation for us to strengthen and improve Fairtrade in the years to come.'



Agnes Kapite picks tea on the Satemwa Tea Estate in Malawi

WHAT WE SAID

By 2012 we want the Fairtrade system to be seen as a beacon of good practice in trade and development, enabling the voice of the poorest to be heard at the highest level.

WHAT WE DID

We supported and worked with producer networks in Africa and Asia in particular to scale up the reach of Fairtrade to more farmers and workers.

Did we tip the balance?



At the end of 2012 we came to the end of our strategy, Tipping the Balance. How did we do?

Workers carrying rice seeds to be planted in Kerala, India

MAKING THE DIFFERENCE FOR FARMERS AND WORKERS

WHAT WE SAID WE'D ACHIEVE

By 2012 we want twice as many producers to be benefitting from selling Fairtrade goods in the UK.

WHAT WE ACHIEVED

The number of Fairtrade certified producer organisations supplying the UK rose by 56% from 428 in 2008 to 669 at the end of 2012, approaching our ambitious target of doubling the number of producer groups. We also set out to achieve significant market share for Fairtrade in at least three products in the UK and as of 2012, approximately 40% of the retail sugar market in sugar, 30% of banana market and 28% of coffee are Fairtrade.

BUILDING SUPPORT FROM THE PUBLIC

WHAT WE SAID WE'D ACHIEVE

By 2012 we want three-quarters of people in Britain to recognise the FAIRTRADE Mark and a vibrant people's movement for change.

WHAT WE ACHIEVED

Awareness of the Fairtrade Mark was 78% in 2012 which exceeds our target and reflects the overwhelming public appetite for Fairtrade. The Foundation has invested considerably in building the basis for a vibrant people's movement for change with high and growing numbers of Fairtrade campaigner groups, towns, schools and religious organisations. For the future, it would be important to study the impact of this growing campaigner base on increased public awareness of the issues Fairtrade works on (in addition to Fairtrade and the Mark itself) and the change that can drive in consumer and business behaviour.

INCREASING SALES

WHAT WE SAID WE'D ACHIEVE

By 2012 we want the UK market for Fairtrade products to have reached £2 billion a year (x4 the current level).

WHAT WE ACHIEVED

Estimated retail sales value of Fairtrade products in the UK rose from £712 million in 2008 to reach £1.53 billion in 2012 which represents growth of over 215% in a recessionary economic climate. This approaches our ambitious target of £2 billion.

What's next?

Unlocking the Power of the Many

Our new strategy, Unlocking the Power of the Many, is focussed on how we can deepen the impact Fairtrade is already having on farmers and workers.

You can read the strategy in full at fairtrade.org.uk



You'll also notice a new look to some of our communications. The big idea behind The Power of You is to communicate the empowerment of producers and consumers at the heart of Fairtrade. Informed by our market research, The Power of You aims to inspire everyone to act for fairer trade – from loyal Fairtrade supporters to new and younger audiences.

Our three goals for the next three years:

GOAL 1

Increase impact and sales for producers so that by 2015 UK Fairtrade sales will increase from about £1.5bn to over £2bn and annual Fairtrade Premium will increase from £23m to over £31m.

Lagina Clemence picks tea in Malawi



GOAL 2

Galvanise public support and action so that by 2015 half a million people will be actively engaged in pushing for faster and deeper change; and over 50 per cent of the population will be actively choosing Fairtrade

Jubilee Primary School, Fairtrade School, London



GOAL 3

Cultivate an inspiring and effective organisation

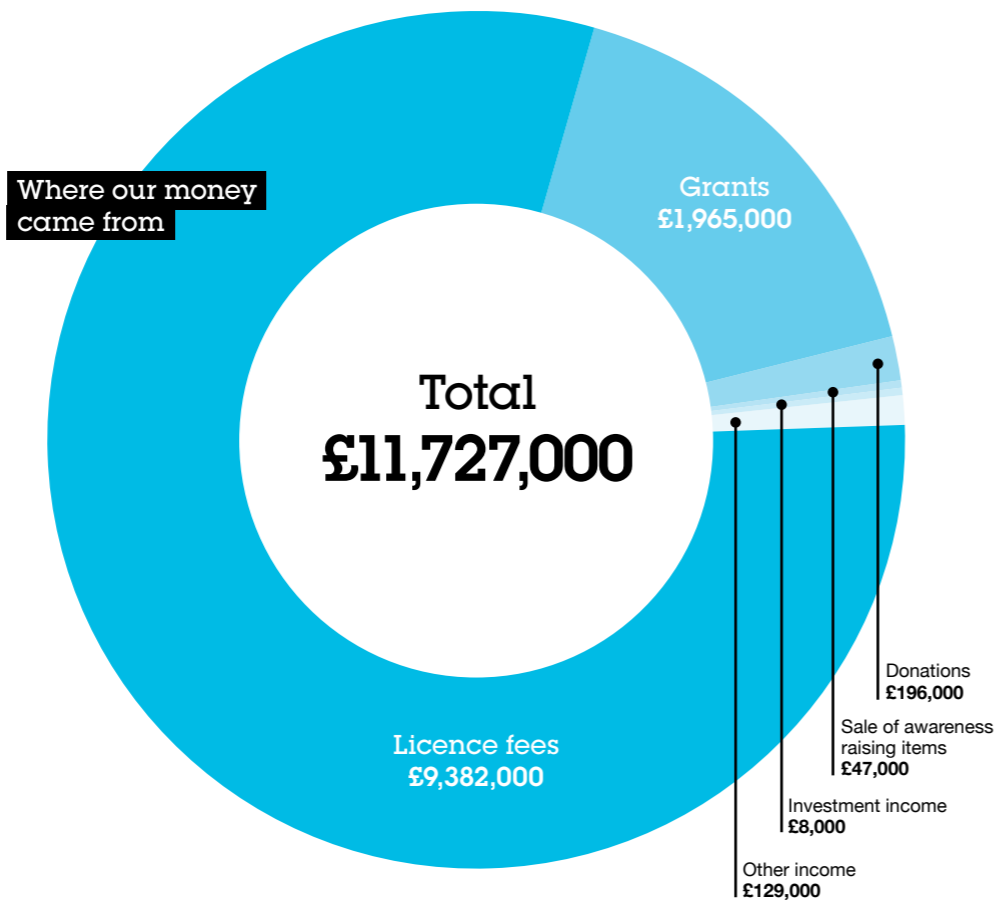
Claudinei Doniseti Silva, Coopfam co-operative board member, on his coffee farm in Brazil



Summary of financial information 2012

UK income for the year ending 31 December 2012

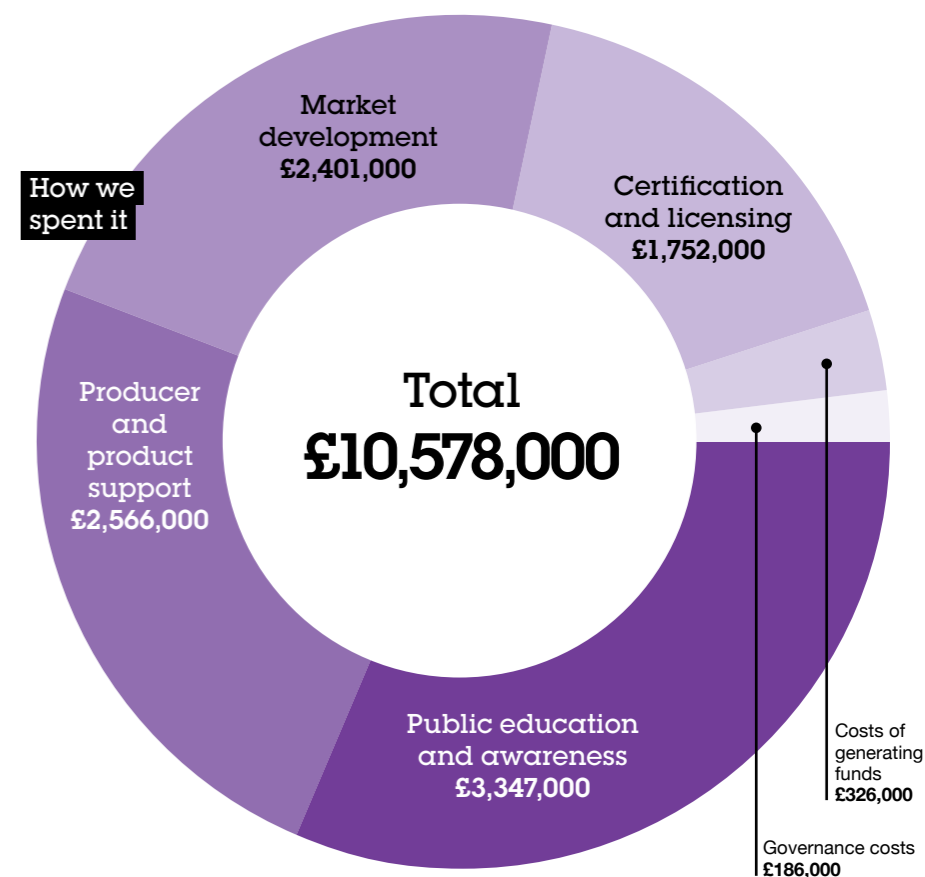
Total income was £11.7 million in 2012. Our main source of income was licence fees from companies marketing products that comply with the Fairtrade standards and carry the FAIRTRADE Mark. We're particularly grateful to DFID for their continuing investment in Fairtrade International and the Fairtrade Foundation's work to scale up Fairtrade globally and to Comic Relief for their grants for 'Fairtrade for Development in Africa' and 'Extending Fairtrade Gold to Africa'.



UK expenditure for the year ending 31 December 2012

Total expenditure was £10.6 million in 2012.

This financial information has been extracted from the full published financial statements, which have been audited by Crowe Clark Whitehill LLP. The full financial statements, which received an unqualified audit report, are available from www.fairtrade.org.uk/reports



Thank you

Fairtrade Foundation members and supporters

Banana Link
CAFOD*
Christian Aid*
Methodist Relief and Development Fund
National Campaigner Committee
National Federation of Women's Institutes*
Nicaragua Solidarity Campaign
Oxfam*
People & Planet
SCIAF
Shared Interest Foundation
Soroptimist International GBI
Tearfund
Traidcraft Exchange*
United Reformed Church
World Development Movement*

*Founder members

Board members (at October 2013)

Executive Director: Michael Gidney

Chair: Michael Jary

Vice Chair: Melissa Duncan

Treasurer: Patricia Alexander
(Managing Director of Shared Interest)

Rebecca Rowland
(Woking Fairtrade Town)

Barney Tallack
(Oxfam)

Arun Ambatipudi
(NAP, Chetna Organic Farmers Association, India)

Simon Maxwell
(Senior Research Associate, ODI)

Nabilai Suma
(Cocoa Market Specialist)

Chief Adam Tampuri
(Fairtrade Africa, Gbankuliso Cashew
Farmers Association, Ghana)

The Fairtrade Foundation also thanks the following for their service to the Board during 2012-13: David Clayton-Smith, Paul Brannen, Deborah Doane, Diana Holland, Joe Human, Merling Preza, Joy Thomson and Alex Yeboah-Afari.

Grants received
£10,000 and over

DFID Department for
International
Development



THE STAPLES TRUST



SOCIAL
ACTION
FUND



impetus
Turning around more lives

Thank you for all the other grants received from funders (under £1,000) and donations received from individuals, companies, schools, churches and other supporter groups. The grants above were received between June 2012 – May 2013.

Grants received
£1,000 – £9,999

Henry & Rebecca Tinsley Foundation
The Shared Interest Foundation
Souter Charitable Trust
SMB Charitable Trust
Paget Charitable Trust

A huge thank you to all our volunteers in the office and around the UK and to companies giving pro bono support, including KPMG.



Photography credits:
Simon Rawles, Aneïre Kay,
Eduardo Martino, Matt Crossick,
Jody Kingzett, Didier Gentilhomme

Children of workers at the
Satemwa Tea Estate in Malawi

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Registered Charity No. 1043886

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

