



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

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YOU WANT**



FAIRTRADE

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FOREWORD BY MICHAEL GIDNEY, CHIEF EXECUTIVE, FAIRTRADE FOUNDATION

If 2020 was a year like no other, as we all faced the enormous challenges of the pandemic, last year continued in a similar vein. As people continued to deal with the pandemic, 2021 also brought global supply chain shortages, cost of living increases and the climate crisis which caused havoc around the world.

For the Fairtrade Foundation, 2021 was also the first year of our new five-year global strategy 'The Future is Fair'. ([Our strategy - \(fairtrade.net\)](https://www.fairtrade.net)). Together, as an international movement, and in partnership with 1.9 million farmers and workers around the world, we aim to address the root causes of poverty and tackle those systemic challenges that undermine climate and social justice in trade – a mission which has never been more necessary. This report outlines the steps we're putting in place to put communities in the driving seat as they take tentative steps to recover from the pandemic and respond to the climate crisis. There are huge challenges to overcome, certainly, but there are really positive signs of progress, of producers, companies and consumers working together in ever-deeper partnership, which fill me with hope.

However, as we publish this in the middle of 2022, I cannot ignore the conflicts that are destroying lives around the world. The horrors in Ukraine are already having global consequences and the UN is predicting a food crisis that could put tens of millions of people at risk of hunger. Grain, oil and fertiliser shortages for those who rely on Ukrainian exports are expected to expose people in low-income countries to food poverty and hardship. Whilst the UK is facing a cost of living crisis, with high inflation rates and rising prices not seen for a generation, the generosity of the public astounds me: through record-breaking donations and remarkable acts of solidarity, people are demonstrating what humanity means at a chilling moment in history. Similarly, it is inspiring to see that public trust in, and preference for, Fairtrade is at its highest ever – there is an understanding that we are all in this together which became apparent during the first lockdown but which is, happily, still evident today.

Change happens through millions of everyday unseen or unheralded actions. British people increasingly want the businesses they buy from to improve society; and Fairtrade remains the most well-known ethical label because consumers trust it makes a difference.

Choosing Fairtrade is a simple, yet powerful way to take action on climate change and inequality. Fairtrade is co-owned by producers and its purpose is to get a better deal for farmers and workers around the world. In 2021 sales of Fairtrade products in the UK generated £25.2 million (€30million) for producers to invest in essentials such as healthcare, education, housing, water, as well as developing their businesses and caring for the natural environment.

I know that the past few years have been hard for all of us, and for many companies on our UK high streets the various pandemic restrictions through much of 2021 meant that many cafes, restaurants and hospitality venues were still closed, or saw their trade fall away. Of course any reduction in trade in the UK has a direct impact on those farmers and workers who grow the products – Fairtrade's focus has always been on helping producers become more resilient and we continue to work tirelessly to support them through these challenges.

The lives of those on whom we depend for our daily cuppa or our favourite snacks are increasingly precarious, and in 2021 we continued to see outbreaks of COVID-19 variants, volatility in commodity markets, downward pressure on prices, floods and diseases that can wipe out entire farms, threatening to devastate the livelihoods of thousands of people in low-income countries. People need

support to rebuild after disasters and to adapt for the future, and that is why thousands of supporters signed our petition ahead of the COP26 UN climate summit calling for more finance to be delivered directly to communities on the climate frontline. As Benjamin-Francklin Kouamé, a cocoa farmer from Côte D'Ivoire, said during the conference: "Being a farmer shouldn't be a route to poverty. My feeling is that poverty is a reason for the destruction of nature. It drives deforestation. When I am hungry I can't think."

Joining Benjamin-Francklin were other Fairtrade producers who travelled to Glasgow for COP26 to make the case for faster, more decisive action. Andres Gonzales, a sugar farmer from Paraguay, Muniraju Shivanna, a sugar farmer from India and Rachel Banda, a sugar farmer from Malawi, all spoke movingly and compellingly of the problems they face - the hot sun scorching their plants and unpredictable droughts or floods that destroy their crops are all becoming more common. And they also spoke of hope. Hope that there is still time to change the path humanity is on.

I would also like to thank Trustees Elizabeth Sideris and Paul Thompson who both retired from the Board of Trustees in December, having both joined in 2014. Both gave Fairtrade the benefit of their expertise and insights, and leave an organisation stronger for their support.

Those who choose Fairtrade certification and partner with us on programmes are showing they want to be leaders in ethical sustainability and environmental protection. All businesses have a responsibility to identify and tackle potentially harmful practices and risks within supply chains. There is no place in today's society for those who do not. That's why our new strategy includes objectives to grow Fairtrade's partnerships.

The FAIRTRADE Mark gives consumers the reassurance that farmers and workers in low-income countries are not being exploited. Through the [unique combination of the](#) Fairtrade Minimum Price and Premium producers have the means to invest in their land and the knowledge to farm both sustainably and profitably. We believe paying someone a decent return for a day's work is more than just fairness, it should be a human right. So if you agree, join us in showing your support to producers around the globe with Fairtrade.



Michael Gidney

OUR VISION, MISSION, OBJECTIVES AND ACTIVITIES

Our vision

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

Our mission

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

Our objectives and activities

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

To achieve our objectives, our activities include:

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

ACHIEVEMENTS AND PERFORMANCE

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

With our 2021-2025 strategy, our shared Fairtrade International vision of sustainable livelihoods for all remains the same, but how we get there will change. Fairtrade is best known for our distinctive blue and green label that appears on products that have been certified to industry-leading Fairtrade Standards. But Fairtrade is more than a label; it is a beacon for social and environmental justice.

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

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

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

Here, we report on the first year of our strategy as this annual report outlines how the Fairtrade Foundation has expanded our partnerships with companies and donors, which are increasingly becoming Fairtrade producer-led, and scaled services to complement sourcing and enable businesses to create the most impact and a fairer future for more people around the world.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 1: Empowerment of farmers & workers

Build resilience to climate change, secure decent and sustainable livelihoods through expanded market access and fair prices, support women and young people.

- 1.1.1 Living Income and Living Wage
- 1.1.2 Gender
- 1.1.3 Youth
- 1.1.4 Human Rights & Environmental Due Diligence (HREDD)
- 1.2.1 Living Income Reference Price
- 1.2.2 Empower farmers and workers with information
- 1.2.3 Terms of trade
- 1.3.1 Climate mitigation
- 1.3.2 Climate resilience

Global extreme poverty, the rate of people living on less than \$1.90 per day, rose in 2020 for the [first time in over 20 years](#) as the disruption of the COVID-19 pandemic compounded the forces of conflict and climate change, which were already slowing poverty reduction progress. [About 100 million additional people are living in poverty as a result of the pandemic](#). Source: [World Bank 2021](#)

It is vital that funds continue to reach communities, and in early 2021 we were entirely focused on ensuring Fairtrade farmers and workers had access to finance and programmes to minimise the harmful impacts of the pandemic and prevent extreme poverty.

Throughout 2021 COVID-19 relief and resilience funds raised by Fairtrade as part of global advocacy efforts and existing programmes with partners continued to support producers. From variant outbreaks in different countries, unequal access to vaccines and the long-lasting economic side-effects, 2021 meant continued struggle for everyone. For those whose income relies on being able to work in fields and factories, for whom harvesting and planting seasons are bound to the laws of nature, and not lockdowns, they needed support to implement safe working conditions.

In November 2020, in response to the significant threat communities were facing to their livelihoods, collaboration with partners across several sectors including the UK government led to Fairtrade securing €15million to support producers in both immediate relief and long-term recovery measures. This has been invested in activities in 57 countries to support more than half a million farmers and workers impacted by COVID-19 in more than 900 producer organisations.

Our Fairtrade relief fund continued to support those in need of immediate assistance: keeping workers safe and operations running, covering increased production costs and providing food or essentials to families in quarantine. A secondary Fairtrade resilience fund was created for long-term measures (such as adjusting business models or diversifying economic activities) to achieve a more solid recovery. As well as the Covid Relief and Resilience Funds, the Fairtrade Premium provided a lifeline to farmers during the pandemic and continues to play a vital role in working towards long-term recovery.

Our key programmes in 2021 are outlined below:

Building Resilience in Flower Supply Chains

In August 2020, working with partners including Co-op, Coventry University, Food Network for Ethical Trade (FNET), M&S, MM Flowers, Mott Macdonald, Tesco, Women Working Worldwide, Fairtrade Foundation was awarded a grant from the FCDO – under the Vulnerable Supply Chains Facility – to deliver the Building Resilience in Flower Supply Chains project.

When the pandemic first broke out it had a devastating effect on Kenyan flower farms and thousands of workers were laid off without pay. *'We were not prepared for the pandemic and its effects... I was forced to cut on costs and prioritise spending on house rent and food: at some point it became a struggle to survive,'* says flower worker Caroline Shikuku, from Tulaga Flowers, a flower farm in Kenya, as she reflects on the disruption to her life, work and well-being.

Through this project during 2021, approximately 6,000 flower farm workers received health packages, while kitchen gardens growing nutritional crops were introduced, so workers could access food for themselves and their families. To tackle inequality and discrimination in the industry, the project also offered gender awareness training. At the same time funding and support was offered to workers to enable them to acquire new skills and diversify income-generating activities.

As the UK is the third largest importer of flowers in the world, Fairtrade has been part of setting up an industry-wide British initiative to address the long-term challenges in the sector and make fair and sustainable flowers the norm. Between January and May 2021 four retailer roundtable events were held and in July we published a report based on research by Coventry University and recommendations from the project.

The Building Resilience in Flower Supply Chains project was one of two projects that Fairtrade led under the Vulnerable Supply Chains Facility, which was a key component of the FCDO's Business Partnerships for Global Goals (BP4GG) programme. The final programme completion review of BP4GG by FCDO resulted in the programme being awarded A++ scores, meaning it was classed as 'Substantially Exceeding Expectations'. This is the highest score in the FCDO system and only 2% of FCDO projects are ranked so highly.

Fairtrade Foundation's Partnerships and Programmes

- **Uganda Renewable Energy**

For many people globally, electricity remains unaffordable and across sub-Saharan Africa over half the population have no access to light and power, with rural communities far more likely to go without. With funding from GIZ, German Agency for International Cooperation and in partnership with the Fairtrade Foundation, Fairtrade Africa and Practical Action, this project aimed to bring access to clean, solar energy to coffee farmers in rural Uganda after 65 percent reported they did not have electricity.

The project identified three coffee co-operatives in Western and Central Uganda to establish partnerships with carefully vetted local solar energy suppliers. In addition, loans are available for

coffee farmers who are unable to afford quality solar power home systems and reduce their reliance on kerosene, candles and batteries. There are savings in the long term, but many farmers cannot afford the initial cost of the equipment.

Because there also needs to be local technical support, as part of this project co-operative members were trained to become support technicians and ensure the equipment's long-term use and maintenance.

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

The Fairtrade Alliance for Climate-Smart Supply Chains in Africa (FACSCA) was launched in September 2021 to support farmers and workers in East Africa with scalable strategies to adapt to climate change in the coffee, flowers, and tea supply chains. The project, delivered by Fairtrade Africa with support from the Fairtrade Foundation, is funded by Co-op and will work with 12 Producer Organisations (POs) to support producers in Kenya, Ethiopia and Rwanda to farm as sustainably as possible, improve crop yields, become more resilient to the climate crisis and protect their local environment.

The FACSCA will deliver Fairtrade Africa's Climate Change Strategy and to address the retailer's 10-point action plan which can be found on their website. By placing decision making with Fairtrade Africa, who work closely with producers, this programme demonstrates how private-NGO partnerships can be collaborative, driven by shared values that address power imbalances and ensure farmers' and workers' voices are central in programme design and delivery.

Over two years, FACSCA aims to target 16,000 farmers and workers and benefit an additional 65,000 people indirectly. Communities will also get practical support, for example reducing household fuel use by changing to lower carbon-emitting energy sources, such as bio-gas cookers.

- **OSF Co-operatives Ghana**

Ghana is one of the world's biggest exporters of cocoa. Supported by a grant from the Open Society Foundations (OSF), Fairtrade Foundation worked with the Fairtrade Africa West African Network on research to help the Ghanaian cocoa sector gain a deeper understanding of how to unlock and scale the value of co-operatives. Fairtrade Foundation believes this understanding is critical to improve incomes, human rights, and resilience for Ghana's cocoa farmers.

The research, carried out in 2021, analyses the co-operative sector in Ghana and includes farmer feedback on their experiences with co-operatives as well as insights from co-operative leaders and staff, public institutions and commercial partners buying cocoa. A report based on this research with key recommendations and next steps for the sector was published at the end of 2021, entitled *What Makes Co-operatives Work: Exploring value creation and distribution in cocoa co-operatives in Ghana*.

- **Waterloo Foundation Shea**

Shea is a key ingredient in many beauty and skincare products. At a time when the cosmetics industry is becoming increasingly concerned about sustainability and responsible sourcing, this project aims to provide better access to markets for Ghanaian producers. With funding from the Waterloo Foundation, Fairtrade Foundation is partnering with Fairtrade Africa and CAMFED, an organisation which supports girls' education and women's entrepreneurship in Africa, to scale up

women-led shea businesses in Ghana between 2021-2023. The programme will support six women-owned shea organisations to become Fairtrade certified, which will create new business opportunities and the potential to earn higher incomes for approximately 700 producers.

Climate Change and Organisational Strengthening Programme

Our programme with Mondelēz International on climate change, income diversification and organisational strengthening, working with cocoa farmers in Ghana, completed its second year of implementation in 2021, with 12 months remaining before the programme finishes at the end of 2022. In July 2020, Fairtrade and Mondelēz were awarded a £500,000 FCDO grant under the Vulnerable Supply Chains Facility (as mentioned above).

During 2021, this grant enabled us to expand the project on climate-smart income diversification and add a COVID-19 support component from one to nine unions. This included training for leaders and members of the nine cocoa unions on business planning, entrepreneurship, climate-smart income diversification and product development, and skills building within the co-operative in the areas of grant management, financial management, environmental management, governance and leadership. The nine unions also received investment to start income diversification activities which are already supporting more than 14,500 farmers.

Cadbury Farmer Resilience Fund

This project, also funded by the FCDO fund, builds on the existing Climate Change and Organisational Strengthening Programme funded by Mondelēz and allowed us to reach an extra 20,000 farmers in in both Fairtrade and non-Fairtrade supply chains. In addition, farmers were trained on both business skills to complement the union project, improving the packaging of products and climate friendly agronomic, agricultural practices to grow crops like maize, cassava, rice and vegetables. Projects like this support farmers to produce enough food for themselves as well as to sell in local markets, and 96 percent of farmers surveyed at the end of the project reported that they had improved access to food as a result of project activities.

Focusing on supporting women and young people impacted by the pandemic, this project also made grants so people could start up businesses including fish farming, beekeeping, bread and pastry making. Among those surveyed at the end of the project, 71 percent felt their livelihoods were secure.

In addition, a COVID-19 awareness raising campaign was rolled out between February and May 2021 to support farmers to continue their operations safely and included a radio notice broadcast across the regions of Ashanti, Eastern, Central, Volta, Accra, Western and Western North in Ghana.

Sustainable Livelihoods Landscape Study

Our research partnership with Mondelēz International continued in 2021, with the second phase of the Sustainable Livelihoods Landscape Study. The goal of this research is to inform and influence strategies for more co-ordinated implementation and design of sustainable livelihoods initiatives (across industry and non-industry stakeholders) for cocoa-farming communities in Ghana and Côte d'Ivoire. We aim to amplify the perspectives of a more diverse range of cocoa farmers and workers. In 2021, 18 focus group discussions took place in Ghana and 11 in Côte d'Ivoire, with segmented groups of farmers and labourers exploring how they defined sustainable livelihoods and the key constraints and needs for achieving them. Key interviews were also carried out with the industry, including representatives from NGOs, government bodies, commercial partners and traders. The final report will be published in 2022.

Fairtrade commodities

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

- Bananas

Fairtrade sources from both small-scale farms, and plantations with hired workers. Fairtrade supports 22,000 banana farmers and workers to receive a fair wage and decent working conditions.

Ensuring a living wage for workers remains one of the most pressing and unresolved challenges for the banana sector. These workers already benefit through better working conditions and Fairtrade Premium projects, but we want to go further to ensure living wages for all workers on Fairtrade certified plantations. The COVID-19 pandemic has increased the insecurity and vulnerability of millions of agricultural workers worldwide, including those working on Fairtrade certified banana plantations.

That's why we introduced a new Fairtrade Base Wage for Fairtrade certified banana plantations, paid from 1 July 2021 onwards, to ensure they get higher wages. It applies to all countries and is unique amongst certification schemes in making a concrete step towards a living wage – that is, a wage that provides workers enough for food, healthcare, schooling and other essentials for themselves and their families, plus a little extra to put aside. In countries where banana workers currently earn less than the Fairtrade Base Wage, such as the Dominican Republic, earnings are estimated to rise by up to 15 percent, benefiting 15,000 workers, including María Jorge, who said: *'This base wage proposed by Fairtrade means for us more access to health, education, self-improvement, happiness and motivation to continue working. With perseverance, hard work and a living wage, anything can be achieved.'*

- Cocoa

In addition to the above-mentioned programmes, 2021 was an important year for Fairtrade cocoa in which we were part of a global campaign, named Bitter Sweet, that highlighted the unethical cocoa sourcing practices by some major chocolate manufacturers. As part of this we commissioned *Unwrap a Fairer Future*, a film to show consumers how their simple everyday shopping choices – such as choosing Fairtrade chocolate – can change the lives and futures of cocoa farmers and their communities.

Independent research into the living standards of cocoa farming families shows that on average, Fairtrade boosts farmers' spending on household essentials beyond the need for food by nine percent according to a 2021 study, *Effects of Fairtrade on farm household food security and living standards: Insights from Côte d'Ivoire* by Isabel Knöbelsdorfer et al. from the University of Goettingen and collaborators, analysed data from 500 randomly selected Ivorian cocoa farming households. They were evenly split between Fairtrade and non-Fairtrade certified co-operative members. Côte d'Ivoire is the largest global producer and trader of cocoa, and despite the world's love of chocolate, cocoa farming remains a very precarious way to make a living. The results showed that cocoa is clearly the most important source of income for most of the households surveyed, accounting for 76 percent of total household income on average.

In October confectionery company Tony's Chocolonely, international discount retailer Lidl and Fairtrade Africa were part of a cocoa webinar co-hosted by Fairtrade and Sustainable Brands, which aims to encourage businesses to engage with sustainability while creating positive impact for their brand.

- Coffee

The coffee supply chain is fragile, as was most recently exposed by the COVID-19 pandemic. However, there have been previous shocks – from the global economic crash to the plant disease La Roya, which wreaked havoc across Latin America. Over the past two decades there has also been a significant interest in sustainability solutions, yet farmers still see little value from coffee and face most of the risk. Almost all coffee is exported as green unprocessed coffee beans and the value lies in roasting, which largely happens in importing countries. Fairtrade Producer Networks ensure farmers have the latest information about pricing and provide opportunities to improve the quality of their coffee, for instance, through projects like the Coffee Golden Cup. This is a global competition set up by Fairtrade's producer networks, which saw remarkable success in 2021 with many entrants scoring high results on ratings set by the Specialty Coffee Association (SCA). Having quality coffee with high SCA ratings can mean that farmers can negotiate higher prices. The Fairtrade Foundation is helping to generate new market opportunities for coffee producers that have taken part in these competitions and has shared samples with business partners interested in quality origins.

In the last two years, Fairtrade Africa has led training in Good Agricultural Practices, sustainable agricultural land management, and climate change awareness and sensitisation, reaching over 9,000 coffee households. Through this work, Fairtrade producer organisations have set up 15 wetlands, 73 demo-plots, 58 coffee and shade tree nursery sites. They have installed 424 solar panels and 17 solar coffee driers have been installed, and over 700,000 coffee and shade trees. In early 2021, the revised Fairtrade Standard for Coffee introduced new environmental requirements. These further encourage co-operatives to evaluate their environmental risk and develop climate adaptation plans.

In the summer of 2021, Fairtrade International have published Fairtrade's first Living Income Reference Prices for coffee – setting them for Colombia. This is an exciting milestone in the Fairtrade coffee sector and mirrors Fairtrade's work on living income in other commodities such as cocoa. A living income allows a farming household to afford decent housing, nutritious food, education, health care and other essentials and the Fairtrade Living Income Reference Price provides industry with the price needed to close the gap for farmers in their supply chains.

Fairtrade recognises the importance of sustainable and stable prices as one of the key factors in making living incomes a reality for farmers. Fairtrade coffee farmers have been able to stay in business during the price crises in recent years thanks to the Fairtrade Minimum Price and Premium, but we know that many are still not earning a living income. During the 2018-2019 harvest season, around 60 percent of coffee farmers did not earn enough to cover their costs of production. Our own baseline data showed that only a quarter of Fairtrade coffee producers in Colombia were making a living income in 2019/20. The new voluntary prices are a first step for those companies aiming to achieve living incomes for growers in Colombia.

In Colombia the average age of a coffee farmer is 52 and rising. It is critical for the future of coffee that the next generation see coffee as a sustainable livelihood. We need to see more young people employed in coffee farming to ensure coffee communities have stable and secure access to food, and the means to build financial stability for coffee communities into the future. That is why Fairtrade Producer Networks are all working with young people to build their skills in farming, entrepreneurship, climate adaptation, leadership, and more. In November 2021, Fairtrade held a Fairtrade Global Youth Convention, a virtual global forum that brought together young representatives of the three regional Fairtrade Producer Networks in Africa, Asia, and Latin America. The goal of the three-day online event was to create lasting networks and to provide a space for young people to connect, learn and

collaborate. The convention provided learning opportunities and workshops for building skills in areas such as leadership, agri-preneurship and climate change. The online platform provided a space for youth to network with each other and with climate professionals.

- Cotton

Cotton farmers in lower income countries often live in hardship. As many as a 100 million rural households – 90 percent of them in lower income countries – are directly engaged in cotton production, relying on it for their income. An estimated 350 million people work in the cotton sector. For farmers, the challenges range from the impact of climate change, poor prices for seed cotton, through to competition from highly subsidised producers in rich countries and poor terms of trade. Through tools like the Fairtrade Minimum Price and an additional Fairtrade Premium and stronger, more democratic organisations, Fairtrade has sought to provide these farmers with an alternative route to trade and higher, more stable incomes.

In 2021 all the cotton in Red Nose Day chari-tees was Fairtrade certified, traded, audited and sourced from Fairtrade producers from the Rwenzori Farmers Marketing Co-operative Society Ltd, located in Western Uganda near the foothills of the Rwenzori mountains (meaning 'Mountains of the moon.') The co-operative is supported by TK Maxx's Sustainable Trade Programme and works with over 600 farmers to increase their capacity to grow top quality cotton, raise their income and send their children to school. The co-operative was certified in 2014 and is the first Fairtrade certified cotton producer organisation in East Africa.

In addition, in October 2021, Fairtrade is piloting paying an extra sum of money on top of the market price for Fairtrade organic cotton in India. This 'organic differential' price pilot will see an extra €0.03 per kg of seed cotton go into the farmer's pocket with the aim of increasing their incomes.

- Flowers

In addition to the previously mentioned VSC programme, other interventions have been taking place over recent years in Fairtrade's flowers supply chain. Fairtrade Africa's Women's School of Leadership programme (WSOL), the *Dignity for All* initiative, financed by Aldi UK, the Finnish Ministry of Foreign Affairs and the Swedish Postcode Lottery was in its final year in 2021. The programme has supported 1,200 employees at Herburg Roses (75 percent of which are women) to increase their gender equality awareness, as well as practical skills and knowledge. More than half of the 73,000 workers on Fairtrade certified flower farms are women, so it is important that we go further in ensuring women have a say at work and in the development of their communities, as well as having opportunities to learn, progress in their careers and become entrepreneurs.

Bringing producers' stories and experiences to life at in-person events was an important part of our inaugural stand at the iconic, world-renowned RHS Chelsea Flower show in 2021 and demonstrated to businesses both the impact of Fairtrade sourcing, the strength of Fairtrade marketing and our programmes with businesses.

In March 2021 we published a new report, *Blooming Back Better: Towards living wages and resilience in the flower industry*, in which we called on businesses, farms and governments to do more to tackle the challenges facing workers in the flower and plant industry, and to join Fairtrade in working towards living wages. Among other things, the Fairtrade Foundation report asked governments to introduce an 'appropriately benchmarked national minimum wage' for the horticultural sector, where none already

exists, and recommended that governments and non-certified flower farms recognise and work with trade unions to strengthen workers' rights.

- Gold

The Fairtrade Gold Standard is one of the world's most recognised ethical standards for artisanal and small-scale mines, tackling unfair pay and dangerous working conditions, and promoting environmental protection and health and safety. We care about the workers who mine this most precious metal, and have continued to support mines producing Fairtrade gold as they dealt with the impacts of the pandemic. For instance, when operations were disrupted in Peru, Fairtrade certified mines continued to pay miners with their usual salary, even though they had to reduce their working hours in the face of site closures and government pre-conditions for operating. We have also worked with the mines to develop COVID-19 prevention measures and share information on how best to keep miners safe. Fairtrade also secured emergency funding to help miners access the right safety equipment and supplies to safeguard them from COVID-19 while working.

Fairtrade, Valcambi, FairCapital and Fairphone announced a partnership in 2021 on a new programme funded by the European Partnership for Responsible Minerals. The Responsible Peruvian Gold programme is working with four artisanal and small-scale mining organisations (ASMOs) in the Puno region of Peru. This programme is supporting a total of 10 mine operators within the ASMOs to provide miners with the technical and financial skills needed to meet the mining standards and due diligence required to sell their gold to international markets on Fairtrade terms. The three-year ERPM-funded programme – worth £490,000 – also aims to ensure decent and safe working conditions for miners.

- Tea

Due to low tea prices and poor wages, small-scale tea producers are often the most vulnerable in supply chains. Despite being vital to a lucrative global industry, many tea-growing communities are living in extreme poverty.

We at Fairtrade want to see a future where tea farmers and workers can earn a decent livelihood, human rights are respected, and the environment is protected. Fairtrade is working to establish better conditions and incomes for tea farmers through the Fairtrade Minimum Price, Fairtrade Premium, the Fairtrade Standards, and direct support to producers from Fairtrade Producer Network – local offices of Fairtrade experts – in Africa, the Middle East, Asia and the Pacific.

Around a third of Fairtrade tea farmers and workers are women. They are often the ones plucking the tea leaves which are then sold to plantations or tea factories for processing. While women provide significant labour in tea production, their access to and control over resources are greatly restricted. Gender inequality and discrimination is unfortunately endemic in the tea sector. Often women don't own the land and see little of the profit made from it. Fairtrade works to address this gender gap and supports women to participate equally in agriculture, earn better wages and diversify their income and opportunities.

Following an extensive consultation with producers, tea workers, traders, companies, and researchers, in 2021 Fairtrade updated the Standard for tea to address pressing priorities for workers. The current updated Fairtrade Standard for tea requires organisations to have a gender policy and prohibitions against forced labour and gender-based violence and must implement relevant monitoring and remediation systems. It also includes stronger specifications on housing standards and sanitation and washing facilities, as well as giving workers a greater voice in the

certification process and in dialogue with management regarding compliance with the Fairtrade Standards.

The Tea Standard was strengthened further from April 2022 to include more detailed requirements to stop all forms of gender-based violence in producer organisations through a rights-based approach. Producer Networks provide regular training on gender equality and gender-based violence and run programmes specifically designed to encourage female leadership and improve the lives of marginalised women. For example, the Gender Action Learning in Tea Farming Communities project in Kenya is working with 250 women and young people to build their business skills and increase access to finance. Their goal is to involve more women and young people in the running of producer organisations.

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

- Sugar

The COVID-19 pandemic continues to affect farming communities' incomes. The impact is especially hard in those countries where Fairtrade sugar is grown which are also experiencing climate-related challenges. As the [Fairtrade International Annual Report](#) notes, climate-related weather events hit sugar producers hard in Central America, and Fiji was devastated by Tropical Cyclone Yasa in 2020.

Rachel Banda, a sugar farmer from Malawi raised the voices of many of her fellow farmers, as she represented them at Glasgow for COP26. *'It's a big deal for us because our livelihoods depend on agricultural activities. We are 1,056 farmers and our lives really depend on this co-operative. Whenever we are hit by the effects of climate change our lives go down, poverty keeps on increasing. Whenever our yields are low, earning a living becomes really hard.'*

To address the challenges for sugar farmers and aiming to diversify income and markets. With a global market worth US\$15 billion in 2021, expected to rise to US\$21.5 billion by 2026, rum produced with Fairtrade ingredients could be a source of additional revenue for Fairtrade sugar producers – including those in Belize, El Salvador, Fiji, Mauritius and Paraguay where molasses or alcohol are used to make rum.

In India, discussions are underway to produce Fairtrade paper using bagasse, or sugar cane pulp, while several NFOs report interest in biomaterials and bioplastics made from sugar cane by-products. Fairtrade will also explore selling ethanol as a Fairtrade ingredient if there is interest from producer countries with a government biofuels mandate. Fairtrade ethanol has already been sold to companies as a cosmetics ingredient.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 2: Growth & Innovation

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

Fairtrade sales figures

There was a great deal of uncertainty in 2021, as the year continued to bring challenges to businesses and supply chain disruptions due to the pandemic. The Out of Home (OOH) market, which includes pubs, cafés, restaurants, hotels and hospitality venues suffered significantly in 2020. Globally the UK was one of the worst hit markets, continuing to cause uncertainty into 2021. This has had a particularly big impact on the coffee sector, as many Fairtrade commercial partners operate within the Out of Home sector. With continuing restrictions at the start of 2021 and increasing costs we recognise the financial pressures faced by the sector and are focused on showing our business partners the enduring importance of Fairtrade.

This wider market instability is reflected in the figures Fairtrade gathers, although there have also been signs of continued hope, including the growth in sales volumes across relatively newer commodities in 2021 and other partners have chosen to grow their Fairtrade commitments.

Fairtrade flowers have offered cause for celebration, having seen significant growth in retail volumes in 2021 (+11 percent) particularly at Asda which saw a +70 percent YoY increase. The growth among key partners enabled us to grow the category volumes and demonstrates the strength of Fairtrade's brand and partnerships, particularly when viewed in the context of the disastrous effects of COVID-19 on the East Africa flower sector in 2020.

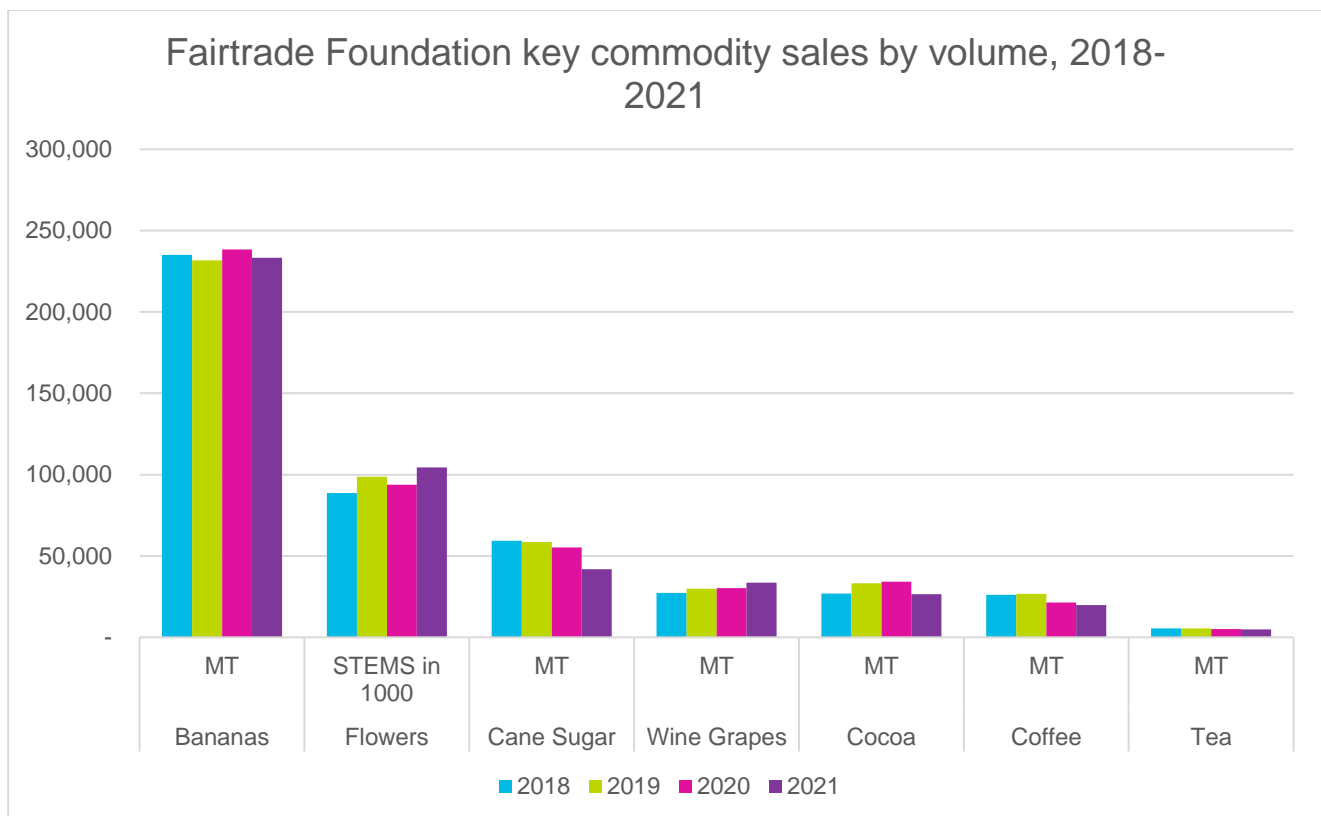
Fairtrade gold sale volumes also grew (+15 percent), as 2021 saw licensees and goldsmiths increase their purchasing volumes. This positive trend indicates that the sector is slowly recovering from the impact of the pandemic, which hit it hard in 2020. We also saw continued interest in our key Fairtrade Gold Sourcing Programme (GSP) with new commitments in 2021. This included Fairphone, in partnership with its supplier Hirose Electric Co. Ltd, showing how the electronics sector can integrate more Fairtrade gold into supply chains while Maria Black became the first independent luxury jeweller to sign up to the model.

As the UK moved further out of lockdown the sales of some Fairtrade commodities showed improvement as availability increased and sales reverted to pre-pandemic levels. However for commodities such as cocoa, 2021 was the first year of sales without the commitment of Nestlé through their iconic KitKat. At the same time 2020 saw people buying more groceries and taking up hobbies such as baking, triggering a rise in sales of produce such as sugar and bananas, whereas in 2021 fewer lockdowns were in place and people tentatively began to embrace a 'new normal'.

2021 has brought a drop in coffee sales volumes (-7 percent) and tea volumes sold (-6 percent) as black tea continued to mirror the national decline, and the third national lockdown in the UK made its impact felt – for example people were advised to stay at home and schools, colleges, workplaces and hospitality venues where a lot of Fairtrade beverages are sold were closed. Cafés open for takeaways experienced significantly reduced footfall during COVID-19 restrictions. Elsewhere, a decline in cocoa (-22 percent) is for the most part associated with Nestlé's departure in 2020. Nestlé's move also drove a reduction in sugar volumes (-24 percent), with healthier lifestyles also

likely playing a part and the ongoing move by the EU to remove the quotas on UK grown beet sugar which has reduced demand for imported cane sugar, plus the shift back to pre-pandemic lifestyles. Bananas stayed fairly constant though there was a slight decline in sales (-2 percent) following the 2020 spike of banana bread and other home baking favourites.

We have seen growth in fruits such as oranges and apples (+26 percent and +28 percent), and wine grapes (+11 percent). The latter increase was largely driven by Co-op’s transition towards stocking 100% South African wine in 2022, as well as significant growth of wine in other retailers. Fairtrade’s wine category has been complemented by partnerships in origin to create further value for farmers and workers.



High demand for Fairtrade products

In further positive trends, 2021 saw high consumer demand for Fairtrade, reflecting an increased shopper awareness of sustainability. Our consumer research consistently shows support for Fairtrade, and other reports show a growing and wider social shift towards more ethical, sustainable purchases in 2021.

Fairtrade is the most recognised and trusted ethical certification in the market (Globescan, 2021). Active choice of Fairtrade – those who say they ‘always’ or ‘often’ purchase Fairtrade products – has grown from 24 percent when we started tracking this metric in 2017 and peaked at 32 percent in 2021. According to the latest GlobeScan 2021 data, 65 percent of people in the UK say they choose Fairtrade, demonstrating continued consumer commitment to products that are ethically and sustainably produced. Over two-thirds are more likely to buy a product with the FAIRTRADE Mark knowing that it is ethically produced, being aware of its origin, and that farmers are paid a fair price. 61 percent of customers feel proud to shop at supermarkets and stores that support Fairtrade

(Globescan, 2021). This demonstrates continued consumer commitment to products that are ethically and sustainably produced.

The FAIRTRADE Mark also maintains by far the highest level of awareness of any certification model in the UK. Consumer research conducted in Q4 of 2021 by Kantar shows that 89 percent of people say they have seen the FAIRTRADE Mark. The Mark also has the highest levels of trust, with around eight in ten customers (78 percent) trusting the Mark and a similar number (77 percent) saying they care about Fairtrade. (Kantar TNS Consumer Research, Q4, 2021).

As people were unable to visit their high streets due to COVID-19 restrictions, there was an accelerated shift to online shopping in 2020 and early 2021. Ocado was the fastest growing retailer: an engaged partner of Fairtrade which stocks a wide range of Fairtrade branded items and who has appeared on one of our Fair Focus panels. Meanwhile shopping for everyday goods online will remain the new norm amid the pandemic. Digitalisation makes it easier for shoppers to compare products and learn whether a company's sourcing and manufacturing practices align with their values.

In 2020, Amazon launched the Climate Pledge Friendly badge – a new programme to make it easy for customers to discover and shop for more sustainable products, and Fairtrade was one of the launch partners. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products to signify that the products have one or more of 30 different sustainability certifications, including Fairtrade. Fairtrade badging now also appears on Asda's online shop and dedicated Fairtrade aisles on Co-op and Ocado's online stores. This approach helps the public to make an informed choice, to identify and choose Fairtrade products with ease when shopping, ensuring they're choosing a better future for people and planet.

The Fairtrade Foundation has good relationships with many of the UK retailers, and there is a significant range of Fairtrade certified products available across the 'Big Four' and discounters, including both own-brand and branded items.

The Impact of Fairtrade sourcing

As well as our price structure, Fairtrade is the only sustainability standard that guarantees a fixed Premium. This is an extra sum of money on top of sales (for example in bananas it is generated per banana sold). The Premium goes directly to producer organisations and enables farmers and workers to invest in projects of their choice. Businesses have invested over €1 billion in Fairtrade Premium globally over the last 25 years. Premium investments have included low-interest loans, subsidised medical care, scholarships, cash payments, environmental projects, quality and productivity measures. Fairtrade certified organisations make a plan for how to invest the Premium, which is approved by a democratic system and this is checked during audits. This investment, supplemented by training and support carried out by the three Producer Networks, strengthens the resilience of producer organisations in businesses' supply chains.

To demonstrate the impact of Fairtrade and deliver greater transparency for all our Fairtrade licensees, a joint project from the Commercial, Monitoring Evaluation and Learning (MEL) and Supply Chain teams has produced reports for business partners sourcing Fairtrade. These show a breakdown of customers' Fairtrade volumes and products, and information on their supply chains to demonstrate how their purchases build resilience for producer organisations. These reports include Fairtrade Premium spend broken down by category and how it links to the UN Sustainable

Development Goals, as well as case studies highlighting why it is important to source Fairtrade. Over the year 159 Licensee Impact Reports were produced which was especially useful for smaller licensees in tea, coffee, flowers, wine, sugar, cocoa, gold and cotton who had not received such detailed information previously. Recipients say these reports are: 'excellent and very useful' and that this approach 'quantifies our contribution toward your specific development goals and projects'.

The Marketing team also provided information and communications materials for particular licensees to use in their own communications, including a mixture of supply chain data, social media assets and case studies. This was used throughout 2021 to show the impact of their Fairtrade sourcing commitments for producers. We also gathered content for four retailer reports, which show enhanced insights into the impact of Fairtrade sourcing. In addition, two special reports to give customers greater understanding of the lives of tea and coffee producers in their supply chains, focused on Kenya and Colombia. Fyffes, who are a significant customer of Fairtrade bananas, received impact materials from Fairtrade Foundation, showcasing the human stories from producers and farmers in the Dominican Republic in early 2021.

We also continued our Fair Focus webinars in 2021 to create greater understanding of ethical sourcing and deliver interesting, topical discussions, with many of our partners speaking on panels. These events were open to the public in 2021 and hundreds of attendees signed up including activists, academics and representatives of a wide range of businesses.

To improve our customer experience further, the Business Engagement team mapped a customer journey to explore how businesses interact with Fairtrade and improve operational excellence, efficiency and enhance satisfaction across the system. As a result solutions were identified to simplify and improve interactions with licensees, which has led to better relationships with customers, and improved ways of working. For example, there is now a single application process to Fairtrade and the auditor through a partnership with FLOCERT, which minimises duplication for a business wanting to source from Fairtrade-certified organisations.

Key successes: new business and strategic partnerships

In 2021 Fairtrade Foundation welcomed new sourcing commitments and promoted our 'scaled offer to business' which generated more interest in our programmes and expertise services. Confirmed new business for 2021 included commitments from retailers and brand conversions, in particular a number of cocoa commitments.

Lidl are the biggest buyer of Fairtrade cocoa and rolled out their Way 2 Go chocolate across 400 stores. Aldi launched the Choco Changer, a new chocolate bar that commits to Fairtrade's Living Income Reference Price for cocoa. Aldi is also a longstanding partner in a programme in Ethiopia, investing in providing opportunities for flower farm workers to meet their organisational objectives on gender equity. Other Fairtrade cocoa conversions were made by SPAR, introducing three new products on trial. Proper, building on their brand commitment as the 'only Fairtrade sweet popcorn' introduced two new Proper Chocolate Popcorn bars, while Asda launched a new FSI cocoa chocolate bar. 100 percent Fairtrade brand Tony's Chocolonely also launched in major retailers in 2021.

Despite the challenges the Out of Home sector has experienced throughout the pandemic, we saw increased collaboration with one of our key strategic partners, Greggs. Since 2005, Greggs has sourced Fairtrade coffee beans (for all its coffee products), and since then adding on bananas, apple juice, orange juice, sugar sticks, sugar syrup, hot chocolate, black tea, mint tea and green tea as part

of its Fairtrade commitments. Their Greggs Pledge, announced early in 2021, sets out ten commitments aligned to the Sustainable Development Goals (SDGs), to make the world a better place by 2025. In August 2021, Greggs announced a switch to using only Fairtrade chocolate in its own products, which include Milk Chocolate Cookies, Caramel Shortbread and Chocolate Brownies, to name a few. We amplified their cocoa conversion through our marketing channels, including featuring Fairtrade-produced communications in stores, online, on our social media Fairtrade Friday moment, and in earned media.

In tea, Clipper Teas launched new decaf products and they remain a supportive Fairtrade business partner, proudly talking about their commitments as 'the world's largest Fairtrade tea brand' and going further in other aspects of sustainability, such as using plant-based, biodegradable tea bags. In coffee, OOH partner LEON launched their Fairtrade coffee cross-channel into retail and CRU Kafe has expanded their range, with new whole beans and ground coffees. The first roast and ground coffee brand to feature the FAIRTRADE Mark on pack and pioneer of the movement, Cafédirect also celebrated its 30th birthday in 2021 and over time it has generated £21.1million for Fairtrade producers and their communities. Building on the success of the launch of the Machu Picchu TV campaign in 2020, this was continued in 2021 with two bursts of activity in February/March and the second in May/June which boosted awareness and preference for the bestselling Fairtrade coffee.

The Co-op successfully converted new lines, with a big focus on fresh produce, including Fairtrade baby plum tomatoes. In 2021 they launched Fairtrade oranges, grapes, tomatoes, and green beans, with a vision to expand their Fairtrade fresh produce range further throughout 2022. They are also supporting programmes, including contributing funding to a three-year climate change adaption programme being led by Fairtrade Africa (detailed in the Programmes section).

Waitrose has increased its volumes of cocoa through the Fairtrade Sourced Ingredient (FSI) model and are planning more products in 2022, as well as remaining committed to stocking Fairtrade brands. M&S converted all their jams and spreads to Fairtrade with FSI sugar as well as launching new products, including Fairtrade iced coffee drinks, while the classic M&S Gold Label tea is award-winning. They were also a key partner, along with Tesco and Co-op on the successfully delivered FCDO flowers project.

Amazon offers Fairtrade coffee in their UK Amazon Fresh stores so customers can enjoy coffee to go. In addition, it has committed to source other Fairtrade commodities, and is sourcing FSI olive oil initially, a key ingredient in their new personal care range. There are other businesses interested in sustainability in this sector and therefore new market opportunities for producers of shea butter, cocoa butter, coconut oil and olive oil – natural ingredients for skincare products.

Fairtrade aims to expand the FSI model to other commodities, such as tea, as this would allow brands to produce Fairtrade kombucha for example, a product category which has seen rapid growth in recent years.

In 2021, Essina Wholefoods also signed up, offering customers Fairtrade cashews nuts and dried fruits.

The market for gold was challenging in 2021 due to lockdowns and shop closures. However well-known brands are signing up to Fairtrade gold, including the first independent jeweller to join the Gold Sourcing Programme, Maria Black.

Fairtrade lends itself to product innovation, and Ben & Jerry's often launch new products, such as Peace Pops, in the UK. The launch coincided with Fairtrade Fortnight and there was fantastic Point of Sale activity with fellow Fairtrade partner Co-op. In addition to sourcing, we work with partners on advocacy and the Fairtrade COP26 campaign was an important way for the Foundation to engage business licensees, which in turn creates greater market access opportunities for producers.

For example, Ben & Jerry's was one of 27 organisations to sign and support the Fairtrade Business Pledge during the campaign, and by working with them Fairtrade's campaign messages were further amplified.

As part of Ben & Jerry's own plans to celebrate September's Big Green Week, the brand independently hosted three live events in the run-up to COP26 and they shared our petition via an e-programme circulated to all of those who had signed up. The petition was shared with more than 50,000 Ben & Jerry's fans when it featured in their October newsletter under the title 'Take Action For Climate Justice', and a blog on [Climate Justice Now!](#) linking to our advocacy campaign was also shared across their social channels. On the eve of COP26, Ben & Jerry's sponsored the Pathway to Paris event in Glasgow Royal Theatre, a concert that featured rock singer Patti Smith and Ugandan activist Vanessa Nakate. They invited us to participate in this event and as a result Fairtrade Africa's Mary Kinyua gave an inspiring speech, sharing the key asks of our campaign. Mary also hosted a Green Zone panel discussion which heard from Ben & Jerry's Global Head of Values Led Sourcing.

Also part of Fairtrade's ongoing climate justice campaign, launched during COP26, was an opportunity for key partners to sign up and commit to taking climate action in their supply chains. We are continuing to invite more companies to add their names to our climate pledge this year.

Fairtrade held a series of webinars throughout 2021, and joined other industry events to share expertise and knowledge. The Fair Focus events covered a variety of topics and highlighted the increasing demand for sustainability. Hearing from Globescan in May 2021 for example, the research organisation which has been tracking consumer attitudes on this for more than 20 years shared that 47 percent of people are willing to pay more for products that work to improve society and the environment.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 3: Advocacy & Citizen Engagement

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

Our key successes

During 2021, an active programme of advocacy work has raised the position of Fairtrade farmers in critical areas of government policy, including climate change, trade policy, human rights and environmental legislation, and market regulation.

Despite pandemic restrictions, Fairtrade supported work by the Fairtrade All Party Parliamentary Group (APPG). In Fairtrade Fortnight 2021 we were delighted to welcome the Secretary of State for International Trade, Liz Truss MP, to an online Q&A session with questions from Fairtrade producers and children from Fairtrade schools. MPs also took part in a virtual visit to a Fairtrade tea farm in Kenya, where they heard first-hand from farmers impacted by the climate crisis.

We held two briefings for FCDO staff on child labour in West Africa and living incomes. In addition, the FCDO's Minister for Africa visited Fairtrade's flower programme in January, a programme partly funded through the FCDO Vulnerable Supply Chains Facility.

2021 saw the UK leave EU trade agreements and begin to set new trade agreements in place. We have continued to represent issues arising for Fairtrade with the Department of International Trade including through Michael Gidney's membership of the Strategic Trade Advisory Group (STAG). In early 2021 we highlighted the risk of a loss of market access for Fairtrade bananas from Ghana caused by a delay to Ghana's new trade arrangement with the UK and were pleased to see an agreement concluded in March 2021.

We responded to a number of government consultations of importance for Fairtrade farmers, including the Environment Bill (2021) provisions for anti-deforestation measures. We also responded to a call for evidence from the Competition and Markets Authority to highlight the challenges posed by competition policy for sustainability initiatives.

2021 also sadly saw cuts to the UK's international aid budget. We joined other NGOs in challenging the decision, and to call for the UK's commitment on aid to be restored.

As active members of the Climate Coalition, alongside other NGOs we mobilised Fairtrade campaigners to engage their communities with the successful Great Big Green Week moment in September. Dozens of community events were organised by Fairtrade groups as part of Great Big Green Week, and over 3,200 supporters contacted their constituency MPs to demonstrate public support for climate finance promises to reach smallholder farmers in advance of the COP26 summit in Glasgow.

COP26: Be fair with your climate promise campaign

Today, millions of farming families and their communities stand on the front line of a climate crisis that they have done the least to cause. Cocoa, coffee, sugar, tea, banana and cotton and flower production are highly vulnerable to climate change. Research from VU Amsterdam and Bern

University of Applied Sciences, commissioned by Fairtrade, found that dramatic weather patterns spurred by climate change will put millions of farmers at risk of financial collapse as their livelihoods come under increasing climate pressure. Source: [Fairtrade and climate change: Systematic review, hotspot analysis and survey, BU and BFH 2021](#)

The vast majority cannot afford to adapt to the changes they are experiencing, from floods, droughts and storms to hotter temperatures and crop diseases. To press for proper support for Fairtrade farmers faced with the climate crisis, in November 2021, an international Fairtrade delegation, including farmers, travelled to Glasgow, Scotland for the COP26 climate change summit. We worked with Producer Networks on a campaign to ensure their voices were front and centre of the campaign. In an open letter reflecting the concerns of 1.8 million farmers and workers worldwide, Fairtrade Producer Networks called on rich nations to deliver on their climate promise and invest \$100bn a year on climate change finance. Farmer representatives met government delegates and spoke at a number of official side events.

Building on our key message during Fairtrade Fortnight, and amplifying the demands of Fairtrade producers set out in the open letter, we called on world leaders to be fair with their climate promise, and ensure that climate finance commitments are met and delivered in a way that supports smallholder farmers to both adapt to, and mitigate the effects of climate change. This was a campaign that involved a vast range of stakeholders, over 30,000 citizens signed our petition backing Fairtrade's advocacy demands to COP president Alok Sharma MP, and 27 businesses signed up to the Climate Business Pledge, committing them to take action within their supply chains, including ensuring fair prices for producers, partnering with farming communities and measuring their own climate impact.

Climate change has a significant and increasing impact on Fairtrade producers. Farmers and workers report they are most concerned about changes in rainfall, floods as well as environmental challenges including deforestation, water contamination and increasing temperatures. According to a Globescan survey of 300 producers carried out in 2021, 36 percent of Fairtrade farmers surveyed say climate change is the biggest issue they are facing (*NB: This is not representative of all farmers due to response rate and location of farmers*).

Farmers and workers are best positioned to address the challenges like this that are caused by climate change, expand opportunity to all, and make agriculture an attractive option for the next generation. By shifting the balance of power closer to farmers and workers, we strengthen the ability of producer organisations to effect change in their communities. One of those to speak at a panel event during the conference Benjamin-Francklin Kouamé, a cocoa farmer from Côte D'Ivoire, was also interviewed at the COP26 summit for a video we shared via Fairtrade's communication channels. He said: *'I am here in Glasgow to bring the voice of farmers to world leaders. I want to explain the negative impacts of climate change on our lives and livelihoods. When we get a price for our products that isn't a fair price then our work is threatened further. We have come to ask for justice: climate justice and trade justice...Being a farmer shouldn't be a route to poverty. My feeling is that poverty is a reason for the destruction of nature. It drives deforestation. When I am hungry I can't think. I will do what I have to do to eat, to support my family.'*

A key part of this approach is also enabling producers to speak about their experiences and advocate for themselves. That is why our COP campaign took a producer-centric approach, and we provided many opportunities for producers to be thought leaders, speaking at panel events, giving interviews to the media and writing comment pieces, as well as staff across the Fairtrade Foundation and international system. The Fairtrade Media team supports producers with training ahead of interviews

with journalists and invested in a Broadcast Day, working with a specialist agency to amplify our message, and this saw Fairtrade Africa's Commercial Director deliver high profile interviews to national media including Sky News and the BBC.

Kate Nkatha Ochieng, Commercial Director Fairtrade Africa, speaking from COP26, said: *'At Fairtrade, farmers and agricultural workers have told us that climate change is the single biggest threat to their livelihoods. They and their communities stand on the frontline of a crisis they have done the least to cause. It is a grave injustice. As the granddaughter of a tea farmer myself, I have seen first-hand the devastating impacts of climate change in my home country of Kenya.'*

Work has taken place through 2021 by Fairtrade International to establish new global centres of excellence for Advocacy, Climate, and Human Rights Environmental Due Diligence. This new way of working is expected to strengthen global co-ordination and delivery of work in these vital priority areas, including strengthening the leadership of Fairtrade producers in advocacy. The success of joint work with Fairtrade producer networks during COP26 shows the importance of prioritising producer-led advocacy and we will seek to support this goal in coming years.

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

WHAT WE SAID WE WOULD DO IN 2021

Pillar 4: Digitisation for fairer supply chains

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

- 4.1.1 Supply chain traceability solution
- 4.1.2 Supply chain traceability offer
- 4.2.1 Supply chain transparency solution
- 4.2.2 Supply chain transparency offer
- 4.3.1 Insight capability

Our key successes

As we are in the first year of this strategy there have not been significant plans made under this pillar. However we are part of a global task-force across the Fairtrade system to provide greater transparency and traceability for businesses, without affecting producers' ownership of data. Fairtrade International's Impact team aims to ensure data is more accessible and public. For example, it has introduced product dashboards with public, real-time, transparent information about Fairtrade supply chains: <https://www.fairtrade.net/impact/top-7-products-dashboard>

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

Once the systems are implemented, co-operatives will be able to map their members' farms and track what they buy from each farm, giving cocoa producers greater oversight of their own businesses and the ability to assure buyers of how and where their cocoa is grown. In our digital future, information is power. And fair data puts farmers and co-operatives right at the centre, so they have a system that meets their own needs, and they acquire the capacity to control and benefit from that information.

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

Digitalisation has endless opportunities for connecting people around the world. Our annual Fairtrade Fortnight campaign, which for the first time in 2021 was virtual, sought to do this. Fairtrade is increasingly running mini digital communications campaigns, for example in August for Banana Lover's Day, we worked on a new video with Caught Creating, the people behind the successful Caught Snackin' TikTok account in a first for Fairtrade on the platform. We shared stories about producers, fun facts and celebrated five UK retailers that are committed to selling 100 percent Fairtrade bananas.

In addition, Fairtrade's virtual flower farm tours launched in 2021, provide invaluable insights into Fairtrade-certified flower farm operations and important metrics on their sustainability achievements

regarding everything from waste management and water and energy usage to gender equality initiatives.

Internal data projects

As mentioned in Pillar 3, we offered more insight reporting to partners. To continue to deliver bespoke information and solutions for commercial partners we carried out a series of projects aimed at streamlining and developing our systems and processes. We continued to roll out our data project, Project Hubble, designed to better demonstrate the impact of working with Fairtrade to our priority partners, by delivering reports that help our customers gain better insight into their supply chains and demonstrate the value of choosing Fairtrade.

To implement this strategy the Fairtrade Foundation has carried out a series of projects, from data cleansing historical data to introducing a Salesforce CRM solution, to providing insights to different teams. In 2020, we put in place a new operating system to capture the different types of Fairtrade sales, to have better transparency of UK sales values and volumes. This is a more accurate system to keep track of the Fairtrade Premium that is generated by sales of Fairtrade products. In addition, the Project Hubble team created various mechanisms to share data, working closely with the Monitoring Evaluation and Learning team, investing in data visualisation tools to share views and insights with customers, partners and supporters. The UK also uses resources and tools from Fairtrade International and the auditors, FLOCERT, to further visualise and understand its supply chains, investments of the Fairtrade Premium and also volumes of key commodities from the global system. One of these tools, FairLens, was designed and funded with support from Fairtrade Foundation.

Fairlens is a business intelligence service for the Fairtrade system, set up to provide National Fairtrade Organisations (NFOs), Producer Networks and Fairtrade International with information on how Fairtrade Premium is being spent and how that spend contributes to the UN's SDGs, as well as how it links to national markets.

In addition to building on this work, in September 2021 our new Data Protection Project involves a review of data protection, plans to streamline processes and ensure best practice.

WHAT WE SAID WE WOULD DO IN 2021

Pillar 5: A launchpad for the future

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

Our key successes

Fairtrade Fortnight is the highlight of the year for the UK movement. In 2021, for the first time, we held a virtual festival: Choose the World You Want. This gave us an opportunity to show how truly global we are, celebrating the 'One Fairtrade' culture and modelling a way to bring diverse stories across the system together for the future. As well as involving producers themselves and experts in fascinating talks on supply chains, we worked with artists campaigning creatively for change, we hosted engaging events with well-known chefs like Zoe Adjonyoh, who did a cook-a-long, and ran competitions with influencer and Fairtrade ambassador Melissa Helmsley.

In each of our new partnerships in 2021 we sought to ensure we followed the principles of equality, diversity and inclusion, which led to us commissioning Climate in Colour, a collaboration that reached 129,000 people, engaging 30,000 in a creative expression of 'the reality of the climate crisis for the farmers behind our food'.

As part of our virtual approach, we held more than 100 events online, with 96,000 unique visitors to our festival website, while partnerships with businesses reached an estimated audience of over 9 million. Our Fair Focus webinar with Co-op, Ben & Jerry's, Cafedirect and Fairtrade Africa saw the highest level of engagement we'd ever had on the platform. Elsewhere, Waitrose & Partners held a bake-a-long with pastry chef Will Torrent and presenter Olivia Wayne, while Divine Chocolate gave chocoholics an opportunity to virtually meet Ghanaian cocoa farmers Alice and Agyin. All these activities saw the Fairtrade Fortnight hashtag trend on Twitter.

We are especially proud of the passionate youth engagement we saw at Fortnight. This developed the enthusiasm and interest of a new generation of socially conscious citizens, with 76,000 people viewing our schools films and 800 young people entering our youth exhibition, displaying poems, artworks and creative expressions of the world they wish to see. Teachers continue to find our lesson plans, films and other content useful in teaching their classes about the lives of producers around the world, as 104,000 education resources were downloaded between January and March.

We must acknowledge and thank our Patrons Adjoa Andoh, Nick Hewer and Allegra McEvedy, for their continued support for Fairtrade throughout the year, helping drive awareness and reach amongst consumers, speaking to the media and amplifying our campaigns on social media. Our Celebrity Ambassadors including Harry Hill, Melissa Hemsley, Rosie Birkett and Tom Hunt also tirelessly worked to help drive to build awareness of Fairtrade.

In June 2021 we played an active role in the Wave of Hope campaign, which took place ahead of the G7 summit in Cornwall. The UK-side campaign was run by the Crack the Crises coalition, which is made up of 75 of Britain's leading charities and organisations, including the Fairtrade Foundation. The campaign invited the British public to back its call for the G7 to take decisive action to secure a fair future for everyone on the planet. It also demanded that leaders of the world's richest nations

attending the G7 seize the opportunity to discuss three inseparable global crises: COVID-19, the climate emergency and extreme global injustice.

Fairtrade supporters up and down the country participated, using the Wave of Hope campaign to tell G7 members that the farmers and workers who produce the UK's foods and goods must not be ignored. Renowned illustrator Sakina Saïdi was commissioned to create a special animation for the Fairtrade Foundation's Wave of Hope, for people to share on their social media channels. The illustration highlighted the need for climate justice for farmers and workers hardest hit by the climate crisis. Hundreds of Fairtrade campaigners also shared their own individually crafted Waves of Hope online, in windows and in their communities.

The campaigns in 2021, from Fortnight in the beginning of the year to the COP campaign at the end, have increased public awareness of how Fairtrade supports environmental sustainability and communities to adapt to the climate crisis.

Thanks to the hard work and enthusiasm of staff, volunteers, campaigners, businesses sourcing Fairtrade, partners and supporters of the Fairtrade Foundation, together in 2021 we made a huge impact on the public. Consumers' awareness is growing every day and this saw their shopping habits shift last year, with increasing numbers of people making ethical choices.

Fundraising

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

The Fairtrade Foundation has been successful in securing funding from institutional donors (including GIZ and Finland's Ministry for Foreign Affairs), foundations, and corporate partners. The total raised in the year was around £2.2 million, which was a huge success in a highly competitive funding environment marked by reduced donor budgets and increasing number of applicants.

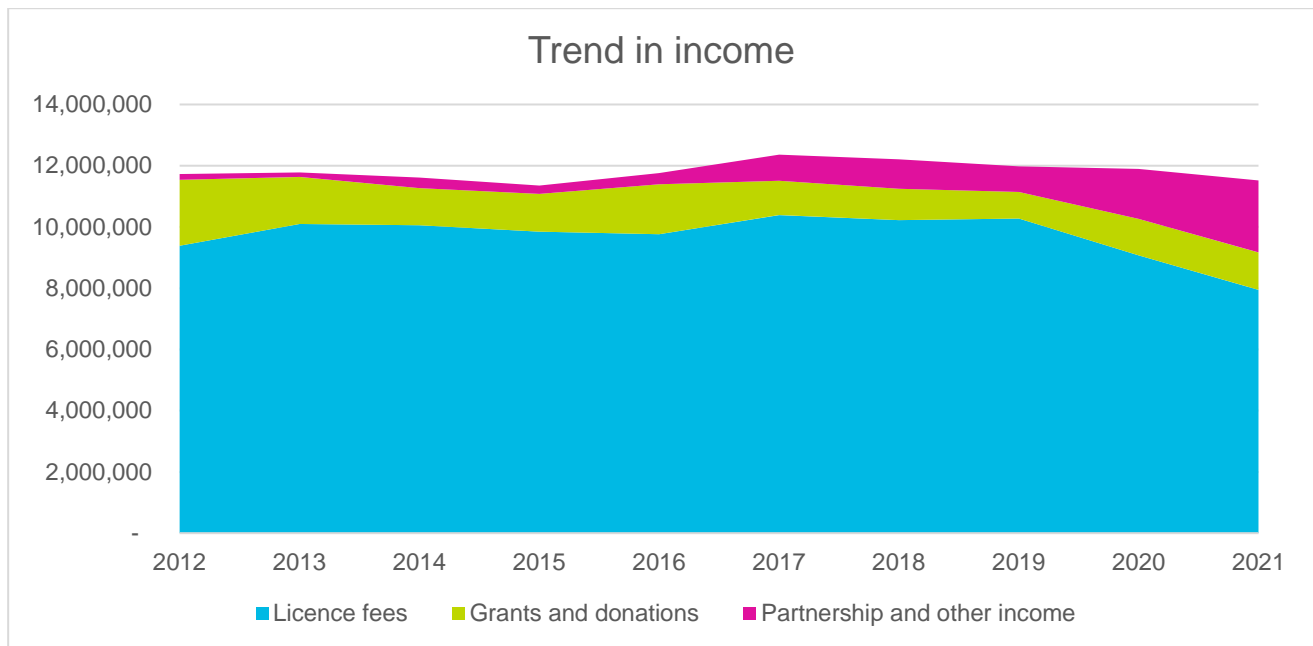
Fairtrade's fundraising successes in 2021 lay the groundwork for programmes over the next few years, enabling Fairtrade to scale progress for farmers and workers on a range of challenges including climate change, living income, living wages, decent work and women's empowerment. To meet these significant challenges and deepen its impact, Fairtrade continues to nurture its relationships with its current donors and explore funding relationships with new organisations.

Fairtrade's regular giving programme Live Fair launched in September 2019. While it had successfully retained just under 900 active donors in 2021, a change in terms and conditions caused cancellations of around 20 percent and the costs of managing and producing the boxes was not sufficient to continue resourcing, so the programme will be reviewed in 2022.

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

FINANCIAL REVIEW

Financial performance



Total incoming resources in 2021 decreased by three percent to £11.5 million from £11.9 million, with an increase in donations (£230,000) and Partnership and other income (£715,000) offset by decreases in licence fee revenue (£1.1 million) and in restricted grants (£198,000).

Licence fees continue to represent the majority of total income (2021: 69 percent; 2020: 76 percent). Licence fee income decreased significantly by twelve percent to £7.9 million (2020: £9.1 million) following the departure of Nestle as well as the ongoing impact of covid hitting demand for some of our licensees, slight reduction in sales of commodities that were boosted by the 2020 lockdown which eased as the economy opened up in 2021 which was partly offset by improvements our Out of Homes licensees sales following a challenging year in 2020. Partnership and other income increased by forty-four percent to £2.3 million (2020: £1.7 million) following the easing of lockdown restrictions across the globe we planned for a significant increase in activities in the second year of the Mondelez Cocoa Life programme as well as receiving further COVID related funding. Fundraised income from grants and donations increased by 3 percent to £1.2 million (2020: £1.2 million) largely due to the receipt of a legacy and increase in donations from our Livefair regular giving offer which was partially offset by the ending of the EC Development, Education and Awareness Raising grant.

Total expenditure decreased by 1% to £11.6 million (2020: £11.7 million) and comprised:

- A decrease of £0.2 million on “Growth and innovation” due to a decrease in expertise service as a result of more focus on delivery and increase in programmatic activity under Empowerment of farmers and workers.

- A decrease of £0.5 million on “Advocacy and citizen engagement” largely due to the ending of the EC Development, Education and Awareness Raising grant and increased focus on growth for producers and increase in programmatic activities.
- A reduction of £44,000 in the amount spent on “Raising funds” largely due to a decision to reduce our efforts on public fundraising and increasing our focus on the effective COVID response support for producers. This was offset by;
- An increase of £0.6 million in the amount spent on “Empowerment of farmers & workers”, reflecting the increased programmatic work as a result of the easing of restrictions and delivery of COVID resilience funding.

Of the total expenditure, charitable expenditure represented 97 percent and the cost of raising funds was 3 percent (2020: 97 percent, 3 percent). It should be noted that the impact of Fairtrade is not just the direct charitable expenditure. Lives of producers are significantly improved by access to guaranteed Fairtrade minimum prices and premium.

Total funds decreased by 1 percent to £6.5 million from £6.6 million. Restricted funds increased to £624,000 (2020: £603,000). Unrestricted funds decreased 2% to £5.9 million (2020: £6.0 million). Included within unrestricted funds is £701,000 which the trustees have designated to a Fairtrade Future Fund to support strategic projects in developing and implementing our 2021 - 2025 strategy.

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. They consider the charity remains a going concern, taking into consideration the impact of current economic uncertainty, and the potential financial impact of the principle risks and uncertainties noted below.

Investment policy

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

Reserves policy

The Trustees review the reserves policy each year as part of the overall risk management of the Foundation. The target level of reserves is reviewed as part of the planning and statutory reporting cycles. Reserves are needed for working capital and to cover temporary shortfalls in income and unforeseen increases in expenditure so that the charity can continue to operate at all times. The Trustees have reviewed the reserves policy as at 31 December 2021.

Under the policy, the target reserves level is based on a risk-based calculation of £3.3 million (2020: £3.8 million), based on the financial implications and likelihood of significant risks.

Free reserves, excluding fixed assets (£0.1 million) and designated funds (£0.7 million), as at 31 December 2021 were £5.1 million (2020: £5.0 million) and were therefore above the minimum level set by the reserves policy. Trustees consider that given the significant uncertainty facing the economy, our licensees and Fairtrade consumers from high inflation and increase in interest rates, war in Ukraine, and forecast recession together with the financial impact of other principal risks and uncertainties noted in the next section below, that it is prudent to hold a level of reserves which is higher than the policy to ensure stability over the coming year. The level of reserves is monitored quarterly by the Trustees.

Cash is also a limiting factor. The majority of income is from licence fees which are invoiced in arrears. Therefore cash balances are not always correlated with reserves. Cash balances increased in the year to £5.1 million (2020: £4.8 million), of which £624,000 (2020: £604,000) was restricted funds. Cash flow forecasts are prepared regularly and future cash needs are taken into account when setting reserves targets and budgets. Note 17 of the Notes to the Financial Statements provides a description of the constituents of the Foundation's restricted and designated funds.

Principal risks and uncertainties

Risk management

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

Principal risks

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

Data and information – a co-ordinated global data and digital information strategy for the future is key, and is an integral part of the 2021 – 2025 strategy. The global Fairtrade system is in the middle of a multi-year project to create a data warehouse and business information tool, which is the first strand of a data and digital information strategy. The next strand is to build fair and equitable access to data, to 'digitalise fairness' by leveraging the three Ts: **traceability**, **transparency**, and **trade**.

Through the planned FairMarket strategy the Fairtrade system is working to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. Delays in this area could put us at a significant disadvantage and it is a global priority to address any such delays as and when they arise. Significant resources are being put into ensuring that our data and information tools are appropriate and fit for purpose to ensure we can provide all relevant stakeholders with information and insight to support and drive Fairtrade commitments.

The impact of economic uncertainty – the continuing effects of COVID-19, Brexit issues, the war in Ukraine, inflation, interest rates and recession are all combining to produce uncertainty for consumers, licensees and indeed our own staff. In an operational sense, the Foundation is well set up with business continuity plans in place identifying critical functions, people and skills and how to manage during a crisis. In a financial sense, our income is reliant on the performance of our licensees, which are being affected both by consumer choice (forced by economic realities) and their own cost and supply chain pressures. There may be longer term effects on the ongoing viability of some licensees, as well as the supply of Fairtrade goods into the UK depending on specific circumstances in different countries and different supply chains. The situation continues to be monitored, with forecasts being revised as matters change. We have strong levels of reserves which, together with sensible cost control, have helped take us through the disruption of the last two years and have ensured that the Foundation continues as a going concern.

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

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

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

Structure, governance and management

The organisation of the charity

The Fairtrade Foundation is a company limited by guarantee and a charity registered in England and Wales. It is governed by its Memorandum and Articles of Association as adopted on 2 July 1992 and subsequently amended in January 1994, May 2003, July 2006, June 2007, October 2012, January 2017 and December 2019. The organisation was founded in 1992 by CAFOD, Christian Aid, Oxfam, Traidcraft Exchange and the World Development Movement. The National Federation of Women's Institutes joined shortly afterwards. These organisations are known collectively as the Founder Members. In 2003, membership was opened up to enable other organisations to participate in the governance of the Foundation and to share their expertise and experience. Organisations applying for membership are expected to have either a strong development or consumer focus, and to contribute to the promotion of Fairtrade. A full list of member organisations is given on page 72.

Trustee appointment and induction

The Board can comprise up to 12 Trustees (and no less than nine) who are appointed by the process determined by the Articles of Association. Up to six positions are available to be elected by the full membership. Two further places are available to be nominated by the Producer Networks (and if not filled, a candidate for one of those places can be nominated by a Fairtrade entity outside the UK) and

a further four places may be co-opted by the Board. Formal elections take place at the annual general meeting where one third of the elected Board stand down by rotation. Trustees are elected or co-opted for a three-year term. Trustees can serve for up to nine years before they are required to stand down. After a period of one year, Trustees become eligible for reappointment again.

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

Trustee meetings and board sub-committees

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

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

During 2021 the Board had four sub-committees: the Finance and Audit Committee; the Nominations Committee; the Partnerships Committee; and the People, Safeguarding and Remuneration Committee.

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

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

- Monitoring and advising on internal financial controls. These functions and activities do not absolve the full Board of Trustees of its legal responsibilities.

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

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

The Partnerships Committee is an ad hoc committee, which consists of three Board members plus two external advisory members and advises the management on any partnership opportunities the Foundation has under consideration. Minutes of all committee meetings are reported to the subsequent full Board meeting so that all Trustees are informed of significant issues discussed at a sub-committee level. This Committee was dissolved by the Board in April 2022.

Operational management

A scheme of delegation is in place, which devolves day-to-day operational management of the Foundation to the Chief Executive, who is supported by a senior management team consisting of a Chief Financial Officer, Commercial Director, Director of Public Engagement and (for part of 2021) a Director of Impact.

Remuneration

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

Statement of Trustees' responsibilities

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

incoming/outgoing resources for that period. In preparing these financial statements, the Trustees are required to:

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

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

Fundraising

We comply with all relevant statutory regulations and we strive for best practice in fundraising, by complying with a range of codes of practice and standards. This includes being a member of the Institute of Fundraising and registering with the Fundraising Regulator, adhering to its Code of Fundraising Practice. We do not engage with any professional fundraisers nor any other commercial participator to fundraise on our behalf. We closely monitor the quality of our fundraising work and received no complaints during 2021. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. This includes safeguards to preclude us requesting donations from vulnerable people.

Our fundraising approaches have historically been limited – mainly focused on donations from existing supporters, schools and volunteer groups. In 2019, we launched a committed giving scheme (the Live Fair box) to offer supporters another way to be part of the Fairtrade movement. In 2021 the scheme altered its terms and conditions in order to gain a higher return on investment and in 2022 we have taken the decision to close the scheme.

Public benefit

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

Charity governance code

The Fairtrade Foundation takes its governance responsibilities seriously and aims to have a governance framework that is fit for purpose, compliant and efficient. In 2019, the Foundation commissioned the NCVO to conduct an assessment of the Foundation's compliance against the Charity Code of Governance and in 2022, we will update our progress since that review. Since the

review we have implemented a Trustee code of conduct and refreshed the visibility of trustees on the Foundation's website.

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

- Considering diversity more significantly at the point of Trustee recruitment.
- Carrying out a diversity audit.

Safeguarding

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

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

The Foundation has safeguarding focal points who monitor safeguarding concerns throughout the organisation and ensure that we have taken appropriate action to keep people safe. We have a Protection and Safeguarding Policy and Code of Conduct in the UK, which states the Foundation will not tolerate abuse and exploitation by staff or associated personnel. A member of the Board acts as safeguarding lead and safeguarding is a standing item at Board meetings. All staff and Trustees receive safeguarding training, safeguarding is part of staff induction and safeguarding is embedded into our organisational strategy and culture. We continue to conduct DBS (criminal records checks) through an external provider, and have embedded a process for undertaking checks on new and existing roles that require it.

In 2021, there were **0** whistleblowing complaints, and 13 safeguarding cases raised, with **1** report to the Charity Commission.

Statement as to disclosure to auditors

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

Diversity

As part of our work within Equality, Diversity and Inclusion (EDI), during 2021 we continued working towards our organisational action plan to tackle racism and address inequalities with regards to race. Our Anti-Racism Steering Group continue to drive change across five key areas :

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

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

Acknowledgements

The success of Fairtrade is due to the commitment and dedication of all the stakeholders in the Foundation's work – the producers, consumers, licensees and retail partners, the grassroots campaigners and supporters, staff and volunteers. We particularly thank our volunteers and celebrities for the time they freely give to promote Fairtrade. Campaigners provide invaluable support to the Foundation. They run events to promote knowledge of the FAIRTRADE Mark. Fairtrade Fortnight and other events also depend heavily on the input of many volunteers. A total of 37 volunteers helped in the Fairtrade office or remotely at some time during the year, and gave 2,400 hours to the organisation.

Trustee changes

We have had 2 trustees stand down, and have appointed 3 new trustees, Keri Elborn, Kerry Smith and Anita Chandraker, since the last report.

This report, including the strategic report, was approved by the Trustees of the Fairtrade Foundation on 16 June 2022, in their capacity as company directors, and signed on its behalf by



Lord Mark Price, Chair of Trustees

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

Opinion

We have audited the financial statements of the Fairtrade Foundation ("the charitable company") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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



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

5 August 2022

THE FAIRTRADE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

	Notes	2021 Unrestrict ed £ 000	2021 Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Income from:					
Donations and legacies	2	374	-	374	144
Grants	4	-	848	848	1,046
Investment income		-	-	-	2
Licence fees		7,947	-	7,947	9,076
Partnership and other income	5	1,115	1,231	2,346	1,630
Total income		9,436	2,079	11,515	11,898
Expenditure on:					
Raising funds	6	290	-	290	334
Charitable activities					
Empowerment of farmers & workers		4,387	1,988	6,375	5,819
Growth & Innovation		2,741	-	2,741	2,931
Advocacy & Citizen Engagement		2,115	70	2,185	2,663
Total charitable activities		9,243	2,058	11,301	11,413
Total expenditure		9,533	2,058	11,591	11,747
Net income/(expenditure), being net movement in funds	9	(97)	21	(76)	151
Reconciliation of funds:					
Fund balances brought forward	17	5,967	603	6,570	6,419
Fund balances carried forward		5,870	624	6,494	6,570

The breakdown of 2020 figures between restricted and unrestricted funds is shown in Note 19. There were no gains or losses for other than those included in the Statement of Financial Activities. All activities are continuing. The Notes on pages 45 to 65 form part of these financial statements.

THE FAIRTRADE FOUNDATION

BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	11	12	24
Tangible assets	12	84	155
Current assets			
Stock		16	15
Debtors	13	3,472	4,131
Cash at bank and in hand		5,089	4,819
Total current assets		8,577	8,965
Liabilities			
Creditors: amounts falling due within one year	14	(1,650)	(1,982)
Net current assets		6,927	6,983
Total assets less current liabilities			
		7,023	7,162
Creditors: amounts falling due after one year	14	(180)	(243)
Provision for liabilities and charges	15	(349)	(349)
Net assets		6,494	6,570
The funds of the charity:			
	17		
General funds		5,073	5,038
Designated funds – Fairtrade Future		701	750
Designated funds – Fixed Assets		96	179
Unrestricted funds		5,870	5,967
Restricted funds		624	603
Total funds		6,494	6,570

The financial statements, including the balance sheet, were approved and authorised for issue by the Board of Trustees on 16 June 2022, and were signed below on its behalf by



Mark Price
Chair of the Board
Company number: 02733136

THE FAIRTRADE FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2021

	Notes	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	20	280	(40)
Cash flows from investing activities			
Purchase of property, plant and equipment	11&12	(10)	(53)
Change in cash and cash equivalents in the year		270	(93)
Cash and cash equivalents at 1 January		4,819	4,912
Cash and cash equivalents at 31 December		5,089	4,819

THE FAIRTRADE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Accounting policies

a. Company information

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

b. Basis of preparation of accounts

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

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

After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of the cost of living crisis, the ongoing war in Ukraine and the potential financial impact of the principle risks set out in the Trustees' report, the Trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its consolidated financial statements. There are no material uncertainties about the charity's ability to continue.

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

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

2. the level of provision for dilapidations (see detail in note 15)
3. Licence fee is invoiced quarterly in arrears and is based on a percentage of the products' wholesale value or the volume of the Fairtrade commodity sold. Accurate billing is reliant on receiving timely reports of wholesale value or volume from licensees. Since the year end £2.0m was billed relating to 2021 following submissions by licensees (and is included as an accrual within debtors – see note 13). Due to most data having been collected and reflected in the financial statements at the time the financial statements are signed the level of actual estimation is very low.

4. the level of bad debt provision is estimated at £163k (2020: £166k). We review aged debt on an account basis and provide in full for debt that is over 60 days old and 50% for those between 30-60 days as at the year end that is still outstanding as at the date the account is produced. Other factors such as the licensing status of the customer, their going concern status etc may also impact the level of provision made.

c. Fund accounting

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

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

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

1.4 Income

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

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

Donations and grants will be recognised on a receivable basis, where there are no performance-related conditions, where the receipt is probable and the amount can be reliably measured. Legacies are recognised at the earlier of cash received or notification of an interim distribution or when estate accounts have been settled.

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

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

1.5 Expenditure

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

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

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

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

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

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

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

1.6 Intangible fixed assets

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

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

1.7 Fixed assets and depreciation

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

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

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

1.8 Stock

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

1.9 Pensions

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

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

1.10 Redundancy/termination payments

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

1.11 Operating leases

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

1.12 Value Added Tax

The charity is registered for VAT. In common with many other registered charities, the Fairtrade Foundation is unable to fully recover input VAT. During the accounting period, the total irrecoverable VAT suffered by the charity was £115,000 (2020: £51,000).

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

1.13 Taxation

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

1.14 Foreign currency

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

1.15 Provisions

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

1.16 Financial Instruments

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

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

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

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

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

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

1.17 Grants payable

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

2. Donations and legacies

	Unrestricted £ 000	Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Triodos Bank Fairtrade Saver Account	4	-	4	5
Legacies	165	-	165	-
Other donations	205	-	205	139
Total donations	374	-	374	144

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

- **Use of volunteers**

Additional resources were provided by general unpaid volunteers who contributed a total of 2,400 hours of work in the year. Volunteers provided administrative, research, project management, media, supply chain, and campaigning support. These contributions are highly valued by the charity but, in line with the Charities SORP, are not recognised in the accounts due to difficulties in measuring their value.

3. Grants

	2021 Total £ 000	2020 Total £ 000
Foreign, Commonwealth and Development Office		
Cadbury Farmer Resilience Fund	191	309
Resilience in Flower Supply Chains	178	22
GIZ		
Building and Supporting Resilience for Cotton Farmers	133	-
Coffee work Uganda	71	34
COVID Response	-	34
Waterloo Foundation		
Developing Fairtrade Market Solutions to Financing Education	94	
Aldi		
Aldi Flowers Programme Ethiopia	50	50
Traid		
Cotton Seed Phase II	42	83
Fairtrade Switzerland		
SECO - Farmers Resilience Platform in response to Covid 19	57	-
RVO		
Gold Uganda	1	9
Iseal		
DELTA Framework Pilot Project	13	-
Open Society Foundation		
Food project	12	52
HMRC Furlough	6	-
Comic Relief		
Gold IMPACT programme	-	8
EPRM		
Improved ASMO Access to finance	-	218
European Commission		
EC DEAR project	-	208
Jersey Overseas Aid Commission (JOAC)		
Bolivia Coffee	-	19
Total Grants	848	1,046

All grants in 2021 are restricted.

• **Partnerships and other income**

	Unrestricted £ 000	Restricted £ 000	2021 Total £ 000	2020 Total £ 000
Cross-border sales administration fees	330	-	330	357
Consultancy fees	158	-	158	59
Expertise and commercial partner-funded programmes	562	1,231	1,793	1,191
Other fees and royalties	63	-	63	12
Sale of awareness-raising items	2	-	2	11
Total partnership and other income from charitable activities	1,115	1,231	2,346	1,630

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

6. Expenditure

	Direct staff costs £ 000	Other direct costs £ 000	Support costs £ 000	2021 Total £ 000	2020 Total £ 000
Raising funds	178	58	54	290	334
Charitable activities:					
Empowerment of farmers & workers	1,180	4,841	354	6,375	5,819
Growth & Innovation	1,746	471	524	2,741	2,931
Advocacy & Citizen Engagement	1,440	313	432	2,185	2,663
Total charitable activities	4,366	5,625	1,310	11,301	11,413
Total expenditure in 2021	4,544	5,683	1,364	11,591	
Total expenditure in 2020	4,341	5,695	1,711	11,747	11,747

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.3 million (2020: £1.4 million) support Fairtrade International's functions in setting the international framework and co-ordination of Fairtrade, including the setting and development of Fairtrade Standards, supporting producers and traders to match supply and demand, and supporting smallholders and workers participating in Fairtrade.

Certification fees of £70,000 (2020: £330,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

Producer Network contributions of £1.5 million (2020: £1.7 million) are distributed to Producer Networks by Fairtrade International. Contributions to the system-wide project fund £0 (2020:

£319,000) to support projects with a global benefit was discontinued in 2021 as part of the new strategy with a more effective process.

Other National Fairtrade Organisations invoice their non-UK licensees for licence fees due on UK and non-UK sales, and the Foundation invoices the National Fairtrade Organisations for the licence fees on UK sales less administration fees of £28,000 (2020: £32,000).

Support costs of £1.4 million (2020: £1.7 million) have been allocated across activities. Support costs have been apportioned based on the staffing costs of each activity in order to reflect the demands each activity makes on central support resources.

The breakdown of support costs by activity is shown below:

	2021	2020
	£ 000	£ 000
Human resources	280	285
Finance	221	513
Information Technology	344	407
Management and administration	3	5
Governance	112	74
Facilities	404	427
Total support costs	1,364	1,711

7. Grants payable to institutions

	Statement of Financial Activities heading	2021	2020
		£ 000	£ 000
Fairtrade Africa and other African partners	Empowerment of farmers & workers	461	652
Fairtrade Finland	Empowerment of farmers & workers	37	70
Fairtrade America	Advocacy & Citizen Engagement	4	-
Network of Asia and Pacific Producers and other Asian partners	Empowerment of farmers & workers	14	62
Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC)	Empowerment of farmers & workers	308	18
Total grants payable		824	801

We have a programmes guideline we follow when making grants to other organisations. We undergo a due diligence assessment of the organisations to ensure we have a reasonable level of assurance that they are suitable to engage with. A due diligence assessment form – covering ethical standards, labour practices and human rights, general risk factors (i.e. operational, financial and reputational risks), alignment to our values and our relationship with the organisation – is completed to ensure the

organisation is right for us to engage with following a broad assessment. A Memorandum of Understanding or a grant agreement is put in place, which sets out the purpose of the grant and the responsibilities of all relevant parties before the grant is paid.

The grants to Fairtrade Africa and other African partners are in relation to Cocoa Farmer Resilience Fund, Resilience in Flower Supply Chains, Green People's Energy Uganda, Covid response, Climate Resilient Supply Chains, Lake Victoria Gold programme, Women's School of Leadership and Strengthening Sugar Farmers in Southern Africa.

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

The grant to Fairtrade America is in relation to the Cocoa Living Income Communication project.

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

The grant to the CLAC and Latin American partners is in relations to the COVID response, Productivity improvement programme, responsible Peruvian gold programme and the Colombia coffee project.

See Note 17 for further details.

Support costs of £49k (2020: £63k) have been allocated to grant-making activities.

8. Governance costs

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

	2021	2020
	£ 000	£ 000
Trustee expenses	-	-
Fees payable to the charity's auditors for the audit of the charity's annual accounts	19	19
Other governance costs	42	10
Staff costs	51	45
Total costs	112	74

No remuneration was paid to Trustees in the year (2020: nil).

Trustee expenses relate to travel expenses reimbursed for attendance at Board and sub-committee meetings, other meetings at the Foundation and external events to represent the Foundation. No payment (2020: £0) was reimbursed this year to any of the Trustees (2020: 0 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2021, all Trustee and committee meetings were virtual or hybrid and no international based trustees attended the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

	2021 £ 000	2020 £ 000
Depreciation of fixed assets	93	119
Fees payable to charity's auditors for the audit of the annual accounts for the current year	19	19
Fees payable to charity's auditors for other accountancy services	8	1
Operating lease rentals and service charge: land and buildings	296	292

10. Staff costs

	2021 £ 000	2020 £ 000
Wages and salaries	4,273	4,243
Employer's National Insurance costs	447	442
Employer's contribution to defined contribution pension schemes	381	360
Agency staff	244	178
Staff costs	5,345	5,223
Staff recruitment costs	40	26
Number of employees whose emoluments, excluding National Insurance contributions and employer pension costs, fell within the band:	2021	2020
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£80,000 - £89,999	-	2
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1

The Foundation's highest salary was 4.4 times the lowest salary during 2021, in line with our policy to ensure the highest salary is no more than five times the lowest salary.

Contributions in the year for the provision of defined contribution pension schemes to higher paid staff were £43k (2020: £47k).

The senior management team comprised the Chief Executive, the Chief Financial Officer, the Director of Public Engagement, the Commercial Director and the Director of Impact. The total employee benefits of key management personnel of the charity were £474k (2020: £545k).

Average headcount in 2021 was 105 (2020: 102).

Redundancy/termination payments agreed and paid in the year came to £0 (2020: £58,000).

11. Intangible Fixed Assets

	Software and website £ 000
Cost at 1 January 2021	428
Additions	-
Disposals	-
At 31 December 2021	428
Amortisation at 1 January 2021	404
Charge for period	12
Disposals	-
At 31 December 2021	416
Net book value at 1 January 2021	24
Net book value at 31 December 2021	12

12. Tangible Fixed Assets

	Office equipment £ 000	Fixtures and fittings £ 000	Total £ 000
Cost at 1 January 2021	73	302	375
Additions	10	-	10
Disposals	(4)	-	(4)
At 31 December 2021	79	302	381
Depreciation at 1 January 2021	46	174	220
Charge for period	21	60	81
Disposals	(4)	-	(4)
At 31 December 2021	63	234	297
Net book value at 1 January 2021	27	128	155
Net book value at 31 December 2021	16	68	84

13. Debtors

	2021	2020
	£ 000	£ 000
Licence fee debtors	2,075	1,265
Accrued licence fee	647	1,891
Amounts due from Fairtrade International and other Fairtrade organisations	96	291
Prepayments, accrued income and other debtors	654	684
Total debtors due within one year	3,472	4,131

14. Creditors

Creditors: amounts falling due within one year	2021	2020
	£ 000	£ 000
Trade creditors	227	300
Amounts due to Fairtrade International and other Fairtrade organisations	353	482
Social security and other taxes	571	395
Other accruals	499	805
Total creditors due within one year	1,650	1,982

15. Provision for liabilities and charges

	Provision at 1 Jan 2021	Charged to SOFA	Provision released	Provision at 31 Dec 2021
	£ 000	£ 000	£ 000	£ 000
Dilapidations	349	-	-	349
Total provision	349	-	-	349

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

16. Share Capital

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

17. Fund Movements

	Funds at 1 January 2021 £000	Income £000	Expenditure £000	Transfer between funds £000	Funds at 31 December 2021 £000
Restricted Funds					
Empowerment of farmers & workers					
Gold I.M.P.A.C.T Programme	-	-	-	-	-
Improved ASMO Access to finance	26	-	(10)	-	16
Responsible Peruvian Gold	96	-	(100)	-	(4)
Climate-Change and Organisational Strengthening Programme	-	694	(694)	-	-
Cocoa Farmer Resilience Fund	(33)	191	(158)	-	-
Resilience in Flower Supply Chains	15	183	(198)	-	-
The Responsible Tanzanian Gold Project	19	-	(19)	-	-
COVID Response	-	133	(30)	-	102
Green People's Energy Uganda	28	71	(90)	-	9
Textile Training Programme	-	-	8	-	8
Developing optimum cocoa cooperative governance models in Ghana	41	12	(53)	-	-
Gold project Uganda	-	1	(1)	-	-
Developing Fairtrade Market Solutions to Financing Education	-	94	-	-	94
Cotton Breeding Programme	65	42	(7)	-	100
North East India Tea Research Programme	29	-	(19)	-	10
Dignity for All: Ethiopia Flowers Programme	3	50	(53)	-	-
Strengthening Sugar Farmers in Southern Africa	16	-	(16)	-	-
DELTA Framework Pilot	-	13	(7)	-	6
Farmer Resilience Platform in response to Covid Migrant Roadmap towards equal rights, benefits and decent working conditions	-	57	(17)	-	40
Colombia Coffee Project	25	25	(26)	-	24
Co-op sponsored Programmes	185	394	(462)	-	117
Living income payment verification	-	10	(10)	-	-
Fairtrade cotton collaboration	10	-	(10)	-	-
Commercial Partners Sponsored Programmes	8	89	(15)	-	82
Total	533	2,079	(1,988)	-	624
Advocacy & Citizen Engagement					
Cocoa Living Income Communication	70	-	(70)	-	-
Total	70	-	(70)	-	-
Total Restricted funds	603	2,079	(2,059)	-	624
Unrestricted funds					
General funds	5,038	9,436	(9,484)	83	5,073
Designated funds – Fairtrade Future Fund	750	-	(49)	-	701
Designated funds – Fixed Asset funds	179	-	-	(83)	96
Total Unrestricted Funds	5,967	9,436	(9,533)	-	5,870
Total funds	6,419	11,516	(11,592)	-	6,494

Description of Funds

Restricted Funds

Gold IMPACT Programme

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

Tackling the challenges in Artisanal and Small-Scale gold mines

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

Responsible Peruvian Gold

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

Climate-Change and Organisational Strengthening Programme

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

Cocoa Farmer Resilience Fund

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

Resilience in Flower Supply Chains

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

The Responsible Tanzanian Gold Project

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

COVID Response

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

Green People's Energy Uganda

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

Textile Training Programme

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

Developing optimum cocoa cooperative governance models in Ghana

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

Gold project Uganda

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

Cotton breeding programme

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

North East India Tea Research Programme

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

Dignity for All: Ethiopia Flowers Programme

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

Strengthening sugar farmers in Southern Africa

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

DELTA Framework Pilot

This project is funded by Iseal to run pilots which test improvement strategies or measure changes in sustainability performance and the effectiveness of improvement initiatives. These pilot activities are part of ISEAL's programmatic work on Credible Progress and are separate to the ISEAL Innovations Fund.

Farmer Resilience Platform in response to Covid

This project aims to create a Farmers Resilience Platform in response to Covid 19: Development of a web based platform to monitor and predict farmer's resilience to Covid-19 and similar shocks that may occur in the future

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

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

Colombia Coffee Project

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

The Co-op sponsored programmes

This includes contributions towards the Women School of Leadership programme, COVID relief funding, Productivity improvement programme and Fairtrade Africa's 'Climate Resilient Supply Chains' Strategy.

Living income verification

The Project looks at ways in which the cocoa farmers in Cote D'Ivoire can work towards achieving a living income

Other Commercial partner programmes

This includes funding to support tea workers in India.

Cocoa Living Income Communication

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

Designated Funds**Fairtrade Future Fund**

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

Fixed Asset Fund

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

Below is the prior year comparison of the fund movement in 2020

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

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

19. Breakdown of 2020 Statement of Financial Activities into restricted and unrestricted

	Notes	2020 Unrestricted £ 000	2020 Restricted £ 000	2020 Total £ 000	2019 Total £ 000
Income from:					
Donations and legacies	2	144	-	144	266
Grants	4	-	1,046	1,046	595
Investment income		2	-	2	3
Charitable activities					
Licence fees		9,076	-	9,076	10,279
Partnership and other income	5	941	689	1,630	835
Total income		10,163	1,735	11,898	11,978
Expenditure on:					
	6				
Raising funds		334	-	334	507
Charitable activities					
Empowerment of Farmers and workers		4,522	1,297	5,819	5,398
Growth and innovation		2,931	-	2,931	2,626
Advocacy and Citizen Engagement		2,408	255	2,663	2,653
Total charitable activities		9,861	1,552	11,413	10,677
Total expenditure		10,195	1,552	11,747	11,184
Net income/(expenditure), being net movement in funds	9	(32)	183	151	794
Reconciliation of funds:					
	1				
	7				
Fund balances brought forward		5,999	420	6,419	5,625
Fund balances carried forward		5,967	603	6,570	6,419

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to operating cash flow		
	2021	2020
	£ 000	£ 000
Net income	(76)	151
Depreciation charge	93	119
(Increase)/ Decrease in stock	(1)	(10)
(Increase)/ Decrease in debtors	659	189
Increase / (decrease) in creditors excluding short term borrowings	(395)	(489)
Increase in provisions	-	-
Net cash inflow from operating activities	280	(40)

Analysis of net funds			
	Balance at 1 January 2021	Cash flow movement	Balance at 31 December 2021
	£	£	£
Cash at bank and in hand	4,819	270	5,089
Net funds	4,819	270	5,089

21. Financial commitments under operating leases

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

	2021	2020
	£ 000	£ 000
Land and buildings		
Due within 1 year	317	317
Total due in years 2 to 5	264	581
Office equipment		
Due within 1 year	33	12
Total due in years 2 to 5	38	17
Total	652	927

Lease payments recognised as an expense were £337k (2020: £276k). They are included in support costs.

22. Pension funds – defined contribution scheme

The Foundation contributes towards a defined contribution scheme. The cost of this scheme is charged to the Statement of Financial Activities and amounted to £381,000 (2020: £360,000). It did not give rise to any provisions/reserves.

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

23. Related party declaration

The Foundation purchased an annual licence for a bespoke workplace happiness survey for £5,500 (2020: £6,500) from Engaging Works of which our Chair, Lord Mark Price, is a Founder and a Shareholder.

The Foundation received a donation of £5,000 (2020: £5,000) from Utmost Group Ltd of which our former Treasurer, Paul Thompson, is a Director and Shareholder.

Fairtrade Foundation Reference and Administrative Information

Legal status

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

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

Mark Price (Chair)



Appointed September 2018

After reading Archaeology and Ancient History, Mark started his career at the John Lewis Partnership as a graduate trainee in 1982, progressing to become branch manager. In 2005, he joined the John Lewis Partnership Board, taking on responsibility for strategy and IT as Development Director.

In April 2007 he was appointed Managing Director of Waitrose. At the time, Waitrose had 183 stores but had increased to 346 when he retired in 2016 after 10 fulfilling years in the role.

It was during his period as Deputy Chairman of the John Lewis Partnership that Mark first became familiar with Fairtrade, its aims and objectives. In February 2016 Lord Price was appointed the UK Minister of State for Trade and Investment and was made a life peer.

He left the government in September 2017 to pursue his writing and business interests and remains a member of the House of Lords. He has published five books – on business, food and for children.

Jane Frost (Vice Chair)



Appointed June 2014

Jane holds some 150 awards for marketing and advertising, including the iconic 'Perfect Day' charity single for the BBC. She is currently CEO of MRS (the research regulator), vice chair of Fairtrade, co-chair of the Tiffany Circle (Red Cross), and a trustee of the Lowry Centre and other charities.

Jane's senior positions at Shell, the BBC and in government prove that empathy for, and understanding the customer is core to success everywhere. She believes that great leaders focus on helping everyone achieve their potential and recognise that the greatest success comes from teams representing an ecosystem of people and skills.

For Jane, Fairtrade is a brilliant concept: 'It does what it says, providing a simple way everyone can be part of the fight for trade justice – simply by making an easy buying choice – and it gives producers control of the money they earn.'

Alison Marshall



Appointed September 2016

Alison brings over 25 years of experience with international development and non-governmental organisations. She is currently Director of Sense International, a disability and international development charity that supports people with deaf-blindness.

Alison is proud to serve on the Fairtrade Foundation's Finance and Audit and Nominations sub-committees. She brings governance experience from her nine years as a board member at Practical Action, plus her role on the board of the International Disability and Development Consortium, and her chairing of Children's Rights Alliance for England.

Alison is passionate about the difference Fairtrade makes and the crucial role of public campaigning, advocacy and innovative partnerships in the Foundation's work.

Anita Chandraker



Appointed September 2021

Anita is a senior leader with executive and non-executive board experience. She has worked for more than 30 years with PA Consulting, advising clients at board level on strategic technology and digital initiatives, and delivering complex transformation programmes.

Anita has non-executive board experience with not-for-profit organisation The Mentoring Foundation, which drives a leading cross-company mentoring programme for women.

Anita is passionate about reducing inequalities across high-income and low-income countries, having witnessed disparities first-hand through her strong family connection to India. Anita enjoys walking and yoga, and is a keen follower of football.

Anne Marie Yao



Appointed September 2020

Anne-Marie is the Regional Cocoa Manager at Fairtrade Africa. Previously the Fairtrade International Liaison Officer, Anne-Marie has a strong commitment to Fairtrade, with more than eight years working in the producer network.

Anne-Marie is keenly engaged in community development and women's empowerment. Well-travelled and with good knowledge of trader and small-scale producer organisation management, Anne-Marie brings a fresh producer network perspective to our board.

What is your favourite Fairtrade product? It is incontestably cocoa because of its importance in the regional economics and how big the needs are to ensure producers benefit from Fairtrade principles.

Bob Doherty



Appointed August 2017

Bob Doherty is Professor of Marketing and N8 Chair in Agrifood at the University of York Management School. Since joining York in 2012 he has been Principal Investigator of 'IKnowFood' and more recently 'FixOurFood' from the Transforming Food Systems SPF.

Bob has been seconded as a policy fellow into the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) on a new science research programme launched to inform DEFRA policymaking.

Prior to moving into academia, Bob spent nearly five years as Head of Sales and Marketing at Fairtrade social enterprise, Divine Chocolate.

Bob is passionate about social justice and has been involved in fair trade since 1998, either as a campaigner, researcher or in a commercial capacity. He is committed to making sure that

smallholder farmers have a strong voice in the global food system.

David Paterson



Appointed September 2018

David is a retired City solicitor, having been a partner at Herbert Smith Freehills from 1994, specialising in corporate finance, board and governance matters. Retiring from legal practice in 2018, David now divides his time between a number of non-executive roles.

David has supported Christian Aid, one of Fairtrade's UK founders, in a variety of roles over the last decade. He has been a trustee of Christian Aid Kenya since 2016. His experience in enterprise development work, such as is led by Christian Aid in East Africa, has been a valuable base for his input into the work of the Foundation.

David also works part time at the Financial Reporting Council in its enforcement division, overseeing investigations and enforcement proceedings in the audit and actuarial fields.

He also serves as a non-executive member of the Finance, Audit and Investment Committee at The R&A Group.

Didier Dallemagne



Appointed October 2014

Didier retired from Unilever after a 35-year career in the food sector, in marketing and general management. He decided to invest more time and energy in supporting not-for-profit organisations through coaching key staff members, and working with international NGOs to enhance their impact.

Didier is a marketer and brings varied experience to the Fairtrade Foundation. He continues to be impressed by the scale Fairtrade has already achieved and is excited to participate in the achievements ahead.

Didier lives in Brussels with his family. He enjoys reading and sports such as tennis, cycling and skiing.

Elizabeth Sideris

Appointed October 2014, retired December 2021

Keri Elborn (Treasurer)

Appointed September 2021



Keri has worked in the financial services industry for over 25 years. During this time, he has had roles in external audit, mergers and acquisitions (M&A), strategy, finance as a CFO, and is currently an advisor on both M&A and value creation.

Keri has covered Europe, the Middle East, Asia, Latin America and Africa through his career. He has travelled extensively and lived in both Mexico City (where he was born) and Zagreb.

Keri is also a Governor of Dulwich College and Chairman of the Finance Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Kerry Smith



Appointed September 2021

Kerry is the Executive Director of People and Organisational Development at the British Heart Foundation. She has three decades' worth of experience working for recognised organisations including the Royal Horticultural Society and the National Trust.

Kerry is known for leading award-winning people change programmes which bring about modern and successful workplaces. She is one of the UK's HR Most Influential since 2018, awarded by HR Excellence.

Kerry is delighted to be joining the Fairtrade Foundation Board of Trustees and has long been a buyer of Fairtrade products. She admires them for their quality and consistency but moreover, to drive and deliver sustainable livelihoods that people can be proud of.

Marike de Peña



Appointed June 2018

Marike is a sociologist in Agricultural Development, working as the managing director of Fairtrade certified banana co-operative Banelino in the Dominican Republic.

Over the last 25 years, Marike has been active in different positions representing farmers and workers, as board and committee member of the Latin American and Caribbean Network of Fairtrade Farmers and Workers (CLAC); the Dominican Platform of Fairtrade Farmers and Workers (COORDOM); Fairtrade International; and the Fairtrade Foundation.

Marike currently coordinates the Alliance of the Fairtrade Producer Networks of Latin America and the Caribbean, Africa, Asia and the Pacific, with the aim of sharing knowledge and influencing the future of sustainable agriculture and trade.

Paul Thompson (Treasurer) Appointed June 2014, retired December 2021

Simon Wright



Appointed December 2018

Simon's involvement with Fairtrade goes back to the very first UK product to carry the Fairtrade logo – Green & Black's Maya Gold. In 1994 Simon was part of the team that developed this bar and the initial development of the Divine range of Fairtrade chocolate bars.

Simon now works with a chocolate company in Italy that processes many of the world's Fairtrade cocoa beans. With a keen interest in sustainable food production, Simon also runs a consultancy business that helps food and drink companies to develop their products.

Simon sits on the Standards Board of the Soil Association, helping to maintain and develop organic standards. He also chairs the judging of the Quality Food Awards and runs the Gluten Free Industry Association.

Apart from sustainable food, Simon's other interests are rock 'n' roll – writing, releasing, collecting and DJing.

Senior Management

Michael Gidney	Chief Executive
Fiona Kindness	Chief Financial Officer
Louisa Cox	Director of Impact – resigned August 2021
Karin Linser	Interim Commercial Partnerships Director – February 2021 to December 2021
Nilufar Verjee	Director, Public Engagement

Company secretary

Michael Gidney

Member organisations

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

Founder members

Bankers

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

Solicitors

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

Auditor

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

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