



FAIRTRADE
FOUNDATION



Annual Report and Financial Statements

For the year ended December 31, 2023

Contents

Foreword by Michael Gidney, Chief Executive, Fairtrade Foundation	3
Our vision, mission, objectives and activities	6
Achievements and Performance	7
Pillar 1: Empowerment of farmers & workers	10
Pillar 2: Growth & Innovation	15
Pillar 3: Advocacy & Citizen Engagement	17
Pillar 4: Digitisation for fairer supply chains	19
Pillar 5: A launchpad for the future	19
Finance review	22
Independent auditor's report to the members of the Fairtrade Foundation	33
Statement of financial activities	37
Balance sheet	38
Cash flow statement	39
Notes to the financial statements	40
Reference and administrative information	63

Foreword by Michael Gidney, Chief Executive, Fairtrade Foundation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Michael Gidney

Our vision, mission, objectives and activities

Our vision

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

Our mission

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

Our objectives and activities

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

To achieve our objectives, our activities include:

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

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

Achievements and Performance

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

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

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

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

2023: our impact in numbers



2 million

farmers and workers in Fairtrade certified producer organisations

1,910

producer organisations in 68 countries



UK sales of Fairtrade products generated

£28m

in Fairtrade Premium for farmers and workers



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

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



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



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

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



Workers on Fairtrade certified
plantations allocated:

75%
of their Fairtrade
Premium to social
investments



and

15%
to financial
benefits for
workers and
their families



Small scale producer organisations invested:

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



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



23,000

individual actions
were taken to back
our campaigns for
fairer trade



UK campaigners ran

600
events and
activities during
Fairtrade Fortnight



More than one
million children
learnt about
Fairtrade in school



More than one
quarter of UK
universities were
Fairtrade Universities



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

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

Livelihoods, income and living wage

Ben & Jerry's Living Income Accelerator

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

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

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

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

MARS – Livelihoods and Ecosystem Advancement Programme (LEAP)

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

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

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

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

Sustainable Banana Offer

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

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

Gender

Improved rights for female flower farm workers

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

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

implementation is ongoing and anticipated programme outcomes include:

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

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

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

Building market linkages for women's livelihoods and education

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

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

Living Income Reference Price (LIRP) in cocoa

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

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

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

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

Climate mitigation

CarbonCloud

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

Co-op Carbon Innovation Fund

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

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

GIZ Inclusive Energy Fund

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

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

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

Climate resilience

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

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

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

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

The Climate Change Organisational Strengthening Programme (CCOSP)

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

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

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

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

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

Superbrand status

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

Pre-competitive collaboration

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

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

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

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

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

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

Mass balance

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

New market developments

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

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

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

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

Product portfolio and new product innovations

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

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

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

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

Parliamentary relations

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

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

Advocacy on climate

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

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

Consumer insight & digital connection

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

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

Next generation of supporters

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

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

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

Evolved & differentiated public narrative

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

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

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

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

FairMarket: Traceability for supply chain partners

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

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

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

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

One Fairtrade culture

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

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

Anti-racism at Fairtrade

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

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

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

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

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

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

Our plans for 2024

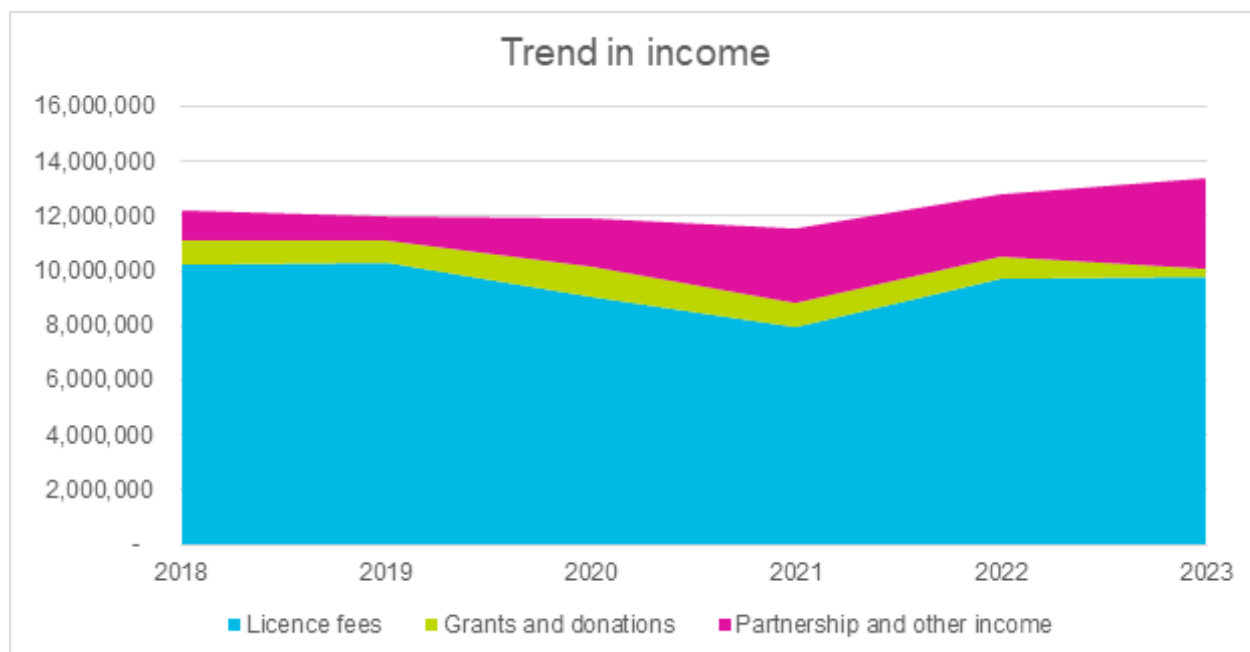
Moving into 2024, we are in the fourth year of our five-year strategy. Growing market access for Fairtrade farmers and workers continues to drive our plans and activities.

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

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

Financial Review

Financial performance



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

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

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

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

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

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

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

It should be noted that the impact of Fairtrade is not just the direct charitable expenditure. Lives of producers are significantly improved by access to guaranteed Fairtrade Minimum Prices and Fairtrade Premium.

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

Investment policy

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

Reserves policy

The Trustees review the reserves policy each year as part of the overall risk management of the Foundation. The target level of reserves is reviewed as part of the planning and statutory reporting cycles. Reserves are needed for working capital and to cover temporary shortfalls in income and unforeseen increases in expenditure so that the charity can continue to operate at all times. The Trustees have reviewed the reserves policy as at 31 December 2023.

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

Free reserves, excluding fixed assets (£47,000) and designated funds (£87,000), as at 31 December 2023 were £5.8 million (2022: £5.7 million) and were therefore 76 percent above the minimum level set by the reserves policy. Trustees consider that given the continuing uncertainty facing the economy, our licensees and Fairtrade consumers from inflation and continuing high prices and interest rates, together with the financial impact of other principal risks and uncertainties noted in the next section below, that it is prudent to hold a level of reserves which is higher than the policy to ensure stability over the coming year. The Trustees expect to invest a proportion of these reserves into activity spend in 2024 to further the organisational goals. The level of reserves is monitored quarterly by the Trustees.

Cash is also a limiting factor. The majority of income is from licence fees which are invoiced in arrears. Therefore, cash balances are not always correlated with reserves. Cash balances decreased in the year to £4.6 million (2022: £4.9 million), of which £356,000 (2022: £664,000) was restricted funds. Cash flow forecasts are prepared regularly, and future cash needs are taken into account when setting reserves targets and budgets. Note 17 of the Notes to the Financial Statements provides a description of the constituents of the Foundation's restricted and designated funds.

Going concern

Trustees and management conduct quarterly reviews of financial trends and the assumptions used in forecasting financial performance for at least the next 12 months. After reviewing the Foundation's forecasts and projections, including taking into consideration the impact of economic uncertainty as a result of prices, inflation and interest rates, the continuing political unrest around the world, and the potential financial impact of the principal risks set out below, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its consolidated financial statements. There are no material uncertainties about the charity's ability to continue.

Principal risks and uncertainties

Risk management

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

Principal risks

Income diversification

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

Data and information

A co-ordinated global data and digital information strategy for the future is key and is an integral part of the 2021-2025 strategy. The global Fairtrade system is in the middle of a multi-year project to design and implement a data and digital information strategy, including centralised data warehousing, business information tools and tools to help smallholder farmers digitalise operations, ensure traceability and transparency, and contribute to a more efficient and transparent supply chain with fewer intermediaries. Delays in this area could put us at a significant disadvantage and it is a global priority to address any such delays as and when they arise. Significant resources are being put into ensuring that our data and information tools are appropriate and fit for purpose to ensure we can provide all relevant stakeholders with information and insight to support and drive Fairtrade commitments.

The impact of economic uncertainty

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

The UK economy and grocery market

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

Attracting and retaining talent

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

Transformation projects fail to deliver the required outcomes

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

Governance and structure

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

Reputation

Although the FAIRTRADE Mark is 30 years old in 2024, Fairtrade is still a relatively new and bold approach to tackling poverty and therefore there are rightly regular investigations into its effectiveness. Fairtrade will continue to prioritise investment in evidence and insights work to ensure that we are able to make accurate claims of success, learn from experience, are open and constructive when challenges are brought to light, and continue improving to maximise impact for producers and workers. We have a supply chain risk management process which enables us to monitor risks in supply chains, working closely with our producer networks. We are working internationally across the Fairtrade global system to address how we position Fairtrade in the market, demonstrate our differentiation from other certification schemes and leverage the fact that Fairtrade is the most recognised ethical scheme in the UK.

Cyber security incidents

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

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

Structure, governance and management

The organisation of the charity

The Fairtrade Foundation is a company limited by guarantee and a charity registered in England and Wales. It is governed by its Memorandum and Articles of Association as adopted on 2 July 1992 and subsequently amended in January 1994, May 2003, July 2006, June 2007, October 2012, January 2017 and December 2019. The organisation was founded in 1992 by CAFOD, Christian Aid, Oxfam, Traidcraft Exchange and Global Justice Now (at the time known as the World Development Movement). The National Federation of Women's Institutes joined shortly afterwards. These organisations are known collectively as the Founder Members. In 2003, membership was opened up to enable other organisations to participate in the governance of the Foundation and to share their expertise and experience. Organisations applying for membership are expected to have either a strong development or consumer focus, and to contribute to the promotion of Fairtrade. A full list of member organisations is given on page 64.

Trustee appointment and induction

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

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

Trustee meetings and Board sub-committees

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

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

During 2023 the Board had three sub-committees: the Finance and Audit Committee; the Nominations Committee; and the People, Safeguarding and Remuneration Committee.

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

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

These functions and activities do not absolve the full Board of Trustees of its legal responsibilities.

The Nominations Committee consists of the Vice-Chair of the Board, and at least two further Trustees of the Board, who are approved by the Board. Its key responsibility is to manage the appointment of Trustees and members of the Board and its constituent committees respectively. The committee is responsible in particular for ensuring formal, rigorous and transparent appointment procedures, and for carrying out a review and forward planning to ensure the Foundation has a balanced, appropriately experienced and qualified Trustee base.

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

Operational management

A scheme of delegation is in place, which devolves day-to-day operational management of the Foundation to the Chief Executive, who is supported by a senior leadership team consisting of a Chief Financial Officer, Partnerships Director, and Director of Communications and Advocacy.

Remuneration

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

Statement of Trustees' responsibilities

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

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

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

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

Fundraising

We comply with all relevant statutory regulations and we strive for best practice in fundraising, by complying with a range of codes of practice and standards. This includes being a member of the Institute of Fundraising and registering with the Fundraising Regulator, adhering to its Code of Fundraising Practice. We do not engage with any professional fundraisers nor any other commercial participator to fundraise on our behalf. We closely monitor the quality of our fundraising work and received no complaints during 2023. We continue to observe the code of fundraising practice from the Fundraising regulator in the UK. This includes safeguards to preclude us requesting donations from vulnerable people.

Public benefit

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

Charity governance code

The Fairtrade Foundation takes its governance responsibilities seriously and aims to have a governance framework that is fit for purpose, compliant and efficient. In March 2023 Bates Wells Braithwaite completed an assessment of the Foundation's compliance against Principle 5 of the Charity Governance Code which looks at the whether the board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions. Overall the review concluded that the Board was operating effectively.

Safeguarding

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

We work with Fairtrade International to act to protect any person from abuse, exploitation and neglect occurring in Fairtrade operations system-wide. We are committed to the protection of people from abuse, exploitation and neglect, and we always take immediate action to follow up on a concern or an

allegation about a person's safety and wellbeing. We are committed to supporting children's rights to survival, development, protection, and participation. Similarly, we are also committed to protecting vulnerable adults from significant harm as defined in Fairtrade Standards relating to forced labour, gender-based violence and harassment. We believe that protection of children and vulnerable adults is both a corporate and an individual responsibility, and every person who undertakes and/or shares in the work of the Foundation also shares in the responsibility to take every precaution to protect the children and vulnerable adults we directly or indirectly serve.

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

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

Statement as to disclosure to auditors

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

Acknowledgements

The success of Fairtrade is due to the commitment and dedication of all the stakeholders in the Foundation's work – the producers, consumers, licensees and retail partners, the grassroots campaigners and supporters, staff and volunteers. We particularly thank our volunteers and celebrities for the time they freely give to promote Fairtrade. Campaigners provide invaluable support to the Foundation. They run events to promote knowledge of the FAIRTRADE Mark. Fairtrade Fortnight and other events also depend heavily on the input of many volunteers. A total of 16 volunteers helped in the Fairtrade office or remotely at some time during the year.

Trustee changes

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

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

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

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

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



Keri Elborn, Chair of Trustees

Independent auditor's report to the members of the Fairtrade Foundation

Opinion

We have audited the financial statements of the Fairtrade Foundation ('the charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for

such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

Use of our report

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



Dipesh Chhatralia

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

London

30 July 2024

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

(including the Income and Expenditure Account)

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

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

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

The Fairtrade Foundation

Balance Sheet as at 31 December 2023

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

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



Keri Elborn

Chair of the Board

Company number: 02733136

The Fairtrade Foundation

Statement of cash flows for the year to 31 December 2023

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

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

Accounting policies

1.1 Company information

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

1.2 Basis of preparation of accounts

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

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

Going concern

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

Judgements, estimates and assumptions

In the application of these accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

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

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

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

1.3 Fund accounting

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

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

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

1.4 Income

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

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

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

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

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

1.5 Expenditure

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

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

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

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

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

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

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

1.6 Intangible fixed assets

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

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

1.7 Fixed assets and depreciation

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

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

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

1.8 Stock

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

1.9 Pensions

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

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

1.10 Redundancy/termination payments

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

1.11 Operating leases

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

1.12 Value Added Tax

The charity is registered for VAT. In common with many other registered charities, the Fairtrade Foundation is unable to fully recover input VAT. During the accounting period, the total irrecoverable VAT suffered by the charity was £67,000 (2022: £93,000).

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

1.13 Taxation

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

1.14 Foreign currency

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

1.15 Provisions

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

1.16 Financial Instruments

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

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

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

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

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

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

1.17 Grants payable

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

2. Donations and legacies

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

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

3. Use of volunteers

Additional resources were provided by general unpaid volunteers who contributed approximately 500 hours of work in the year. Volunteers provided administrative, research, project management, media, supply chain, and campaigning support. These contributions are highly valued by the charity but, in line with the Charities SORP, are not recognised in the accounts due to difficulties in measuring their value.

4. Grants

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

All grants in 2023 are restricted.

5. Partnerships and other income

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

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

6. Expenditure

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

Other direct costs and support costs include payments made to Fairtrade International eV, FLOCERT GmbH and other National Fairtrade Organisations around the world. Membership contributions of £1.6 million (2022: £1.6 million) support Fairtrade International's functions in setting the international framework and co-ordination of Fairtrade, including the setting and development of Fairtrade Standards, supporting producers and traders to match supply and demand, and supporting smallholders and workers participating in Fairtrade.

Certification fees of £70,000 (2022: £48,000) are payable to FLOCERT, an independent certification company offering Fairtrade certification services.

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

Other National Fairtrade Organisations invoice their non-UK licensees for licence fees due on UK and non-UK sales, and the Foundation invoices the National Fairtrade Organisations for the licence fees on UK sales less administration fees of £32,000 (2022: £28,000).

Support costs of £1.8 million (2022: £1.4 million) have been allocated across activities. Support costs have been apportioned based on the staffing costs of each activity in order to reflect the demands each activity makes on central support resources.

The breakdown of support costs by activity is shown below:

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

7. Grants payable to institutions

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

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

The grants to Fairtrade Africa and other African partners are in relations to Accelerate Access to Green Energy Products and Technologies, Climate Resilient Supply Chains Strategy, Carbon Innovation Fund, Tackling the challenges in Artisanal and Small-Scale gold mines, Living Income verification, Co-operative strengthening, Women’s School of Leadership and Developing Fairtrade Market Solutions to Financing Education.

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

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

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

See Note 17 for further details.

Support costs of £108k (2022: £51k) have been allocated to grant-making activities.

8. Governance costs

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

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

No remuneration was paid to Trustees in the year (2022: nil).

Trustee expenses relate to travel expenses reimbursed for attendance at Board and sub- committee meetings, other meetings at the Foundation and external events to represent the Foundation. £17k (2022: £1k) was reimbursed this year to 6 of the Trustees (2022: 2 Trustees). The Foundation meets the airfare, hotel and subsistence costs of the producer representatives while they are in the UK attending Board meetings. In 2023, all Trustee and committee meetings were in person or hybrid and we had 3 internationally based trustees attending the meetings in person.

9. Net Income/ (expenditure)

Net income / (expenditure) is stated after charging:

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

10. Staff costs

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

The Foundation's highest salary was 4.4 times the lowest salary during 2023, in line with our policy to ensure the highest salary is no more than five times the lowest salary.

Contributions in the year for the provision of defined contribution pension schemes to higher paid staff were £90k (2022: £61k).

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

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

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

11. Intangible Fixed Assets

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

12. Tangible Fixed Assets

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

13. Debtors

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

14. Creditors

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

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

15. Provision for liabilities and charges

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

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

16. Share Capital

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

17. Fund Movements

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

Description of Funds

Restricted Funds

Tackling the challenges in Artisanal and Small-Scale gold mines

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

Responsible Peruvian Gold

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

Climate-Change and Organisational Strengthening Programme

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

Livelihood Ecosystem Advancement Programme (LEAP)

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

COVID Response

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

Green People's Energy Uganda

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

Accelerate Access to Green Energy Products and Technologies

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

Developing Fairtrade Market Solutions to Financing Education

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

Cotton breeding programme

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

Dignity for All: Ethiopia Flowers Programme

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

Farmer Resilience Platform in response to Covid

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

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

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

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

Colombia Coffee Project

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

The Co-op sponsored programmes

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

Climate Resilient Supply Chains Strategy

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

Carbon Innovation Fund

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

Living income verification

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

Fairtrade cotton collaboration

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

Exploring the economic benefit of the FT Premium

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

Ben & Jerry's sponsored programmes

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

Designated Funds

Fairtrade Future Fund

Funds set aside to invest in developing, implementing and unlocking the full potential of our 2021 – 2025 strategy to maximise the impact the Foundation can generate for producers.

Fixed Asset Fund

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

Below is the prior year comparison of the fund movement in 2022

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

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

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

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

20. Notes to the cash flow statement

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

Analysis of net funds

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

21. Financial commitments under operating leases

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

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

Lease payments recognised as an expense were £305k (2022: £350k). They are included in support costs.

22. Pension funds – defined contribution scheme

The Foundation contributes towards a defined contribution scheme. The cost of this scheme is charged to the Statement of Financial Activities and amounted to £410,000 (2022: £404,000). It did not give rise to any provisions/reserves.

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

23. Related party declaration

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

Fairtrade Foundation Reference and Administrative Information

Legal status

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

Registered address and principal office

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

Registered charity number

1043886

Directors/Trustees

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

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

Senior Management

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

Company secretary

Michael Gidney

Member organisations

All We Can

Banana Link

CAFOD#

Christian Aid#

Global Justice Now#

National Campaigner Committee

National Federation of Women's Institutes#

Nicaragua Solidarity Campaign

Oxfam#

People & Planet

SCIAF

Shared Interest Foundation

Soroptimist International Great Britain & Ireland

Tearfund

Traidcraft Exchange#

United Reformed Church

Founder members

Bankers

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

HSBC, 31 Holborn Circus, London EC1N 2HR

Solicitors

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

Auditor

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

fairtrade.org.uk



**FAIRTRADE
FOUNDATION**

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Registered charity no.1043886

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

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