



Banard, Coffee farmer, Uganda

ANNUAL REPORT 2022

DISCOVER FAIRTRADE ORIGINAL



GUATEMALA

2 Cooperatives, 84 Farmers, 1 Project/intervention

Fedecocagua: Esperanza del Futuro & La Felicidad

Coffee

NICARAGUA

1 Cooperative, 46 Farmers, 1 Project/intervention

Prodecoop

Coffee

COLOMBIA

1 Cooperative, 205 Farmers, 3 Projects/interventions

Red Ecolsierra

Coffee

PERU

1 Cooperative, 96 Farmers, 3 Projects/interventions

Cooparm

Coffee

CHILI

1 Cooperative, 110 Farmers

Apicoop

Honey

UGANDA

2 Cooperatives, 1283 Farmers, 3 Projects/interventions

ACPCU: Nyeibingo & Kyangundu

Coffee

THAILAND

12 Cooperatives, 961 Farmers, 37 Projects/interventions

Sisaket Fairtrade Farmer Group, Non Luang Muang Khai Community Enterprise (Phrae), Nakornphet Fairtrade Sugar Cane Group, Nam Om Agricultural Community Enterprise, MSF (Masoom Support Foundation), Fairtrade Khun Han Community Enterprise, Fairtrade Pineapple Growers' Group, Trat Fairtrade Pineapple Growers Group, Cataratas do Iguacu Alimentos Organicos, Phak Mai, OASIS, Pratihai

Spice Pastes, Wok Sauces, Noodles, Canned Fruit, Jackfruit, Rice

SRI LANKA

6 Cooperatives, 820 Farmers, 8 Projects/interventions

SAFE Net, MOPA, SKPKPWSS, LFCFA, SSKSS, DMPEADS

Coconut Milk, Coconut Oil, Spice Pastes

INDONESIA

1 Cooperative, 11 Farmers, 5 Projects/interventions

Koperasi Agro Bumbu Qtha

Krupuk

LEGENDA

- Cooperatives
- Farmers
- Projects/interventions
- Product groups

TOTAL

27 Cooperatives, 3616 Farmers, 61 Projects/interventions

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I. INTRODUCTION

Team Fairtrade Original proudly presents its annual report on 2022. Despite challenging market conditions, it was a year in which we have taken a significant step forward in our mission to enable farmers in developing areas to earn a sustainable income.

MARKET DEVELOPMENTS

In 2022, we left the COVID-19 measures behind us. We were confronted with the war in Ukraine and the global economic consequences thereof. The higher cost of raw materials and energy led to considerable inflation, as producers and suppliers increased product prices where necessary. As a result, consumers had to adjust their buying behaviour and purchasing patterns.

In 2022, Fairtrade Original's revenue has decreased for the first time in years. However, Fairtrade Original does not express growth only in terms of revenue but also in the impact we have been able to make, as described in this report.

Our purchasing policy follows the Fairtrade International recommendations: to pay the Living Income Reference Price (LIRP) where possible, rather than the Fairtrade Minimum Price. Generally, the LIRP—based on the income needed for a family to provide for basic needs such as food, housing, education, and healthcare—is higher than the Fairtrade Minimum Price.

KEY AREAS OF IMPACT

We develop fair supply chains and invest in projects that further strengthen the position of farmers in the supply chain. As of 2022, we were involved in 61 different projects and programmes with farmer cooperatives in Africa, South America and Asia. For some of these projects, we have established constructive partnerships with, for instance, sustainable business network organisation MVO Nederland, and Fairtrade Nederland. These projects evolve around our three key-impact areas: trade, sustainable production, and (on the way to) a living income.

TRADE

In the development of Fairtrade our priorities are: positive returns, sustainable business relationships, and the independence and dignity of our farmers. We do this with the firm conviction that 'fair trade' enables our trading partners to grow, develop competences they need and gain an independent position in the market.

SUSTAINABLE PRODUCTION

The impact of climate change is of crucial importance when it comes to sustainable production. Farmers are facing increasing periods of heat, drought and extreme rainfall. Our support to them focuses on soil and water management, biodiversity, the (re)use of byproducts and waste, and on combating deforestation. It goes without saying that we also try to avoid or reduce the CO2 emissions in our own operations, where possible. In 2023, we will determine the Corporate Carbon Footprint (CCF) of Fairtrade Original. The findings will form the basis for the emission reduction plan for the coming years.

ON THE WAY TO A LIVING INCOME

In 2021, Fairtrade Original became the first food brand available in supermarkets to commit to paying the LIRP (Living Income Reference Price) for coffee. In 2022, our new coffee concept ('On the way to a living income') had been available in stores for a full year.

Over the past year, we calculated the LIRP for coconuts supplied by Sri Lankan coconut growers. This research was partially funded by our partner MVO Nederland and Fairtrade Netherlands. Our canned Coconut Milk, a very popular item, is the best-selling product in its supermarket category. Paying a LIRP for a large product group like coconut milk would significantly increase our impact. In 2023, we will determine how to best take the step of paying the 'new' price to farmers cooperatives.

TEAM

Our international team consists of 35 professionals and is characterized by tireless dedication, close collaboration, and direct involvement in our mission. Together, we work towards fair compensation for farmers, but also on projects and interventions related to a living income, as well as social, economic and ecological development. Last but not least, we are always looking for and working on original, authentic flavours and products.

In 2023, we will further position our brand in Germany. In close collaboration with growers, suppliers and retailers, we will also introduce new and flavourful products. Despite the challenging market conditions, we see ample opportunity to not only increase our impact but also grow our revenue.

On behalf of the Fairtrade Original board of directors,

Steven van Wijk



2. BRAND IMPACT

OP WEG NAAR EEN LEEFBAAR INKOMEN



We work with 3,616 Fairtrade farmers

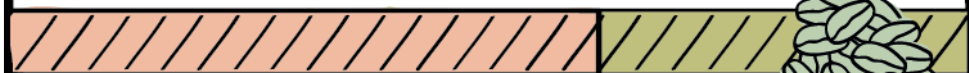


1,714 coffee farmers receive a LIRP or Fairtrade Minimum Price + FTO Impact Premium

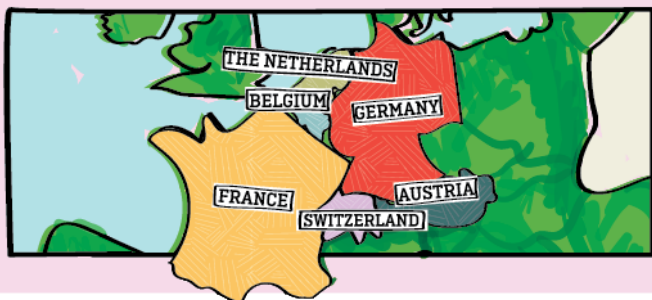


we also partner with 27 cooperatives

In total, we paid €432,534 in Fairtrade Premiums to our farmers in 2022



of which €285,971 to coffee farmers alone



Our products are available in 6 countries



This year, Fairtrade Original has invested in 61 interventions. For example:



Certification: training and assessments in Fairtrade and organic farming



Promoting sustainable production and/or use of organic fertiliser, pesticides and compost



Boosting productivity



Income improvement programmes



We sold 12,471,302 products



of which 1,120,732 were 400ml cans of coconut milk



1,7 million coconuts were transformed into coconut milk



The coconuts were supplied by 587 coconut farmers from 4 cooperatives

3. MISSION AND STRATEGY

WHAT WE SEE

We see a world where distance decreases and culinary proximity increases. Authentic and original ingredients, recipes and flavours from different cultures around the globe are within reach, enriching our dining, drinking, and cooking experiences. We also see a world where many farmers who supply the ingredients for these products are not being fairly compensated. As a result, they cannot build a decent livelihood for themselves or future generations. That is not a world we want to live in.

WHAT WE BELIEVE

We believe in a world where the farmers who grow the ingredients for our products are rewarded in such a way that they can comfortably provide for their families. A living income is not only the foundation of a dignified existence; it is also a human right (Article 23 of the UN Declaration of Human Rights). Therefore, we believe that impact should not be made through charity, but through trade. Farmers in the countries of origin need the resources and knowledge to develop their skills and output. With those tools, they can unite in independent cooperatives and strengthen their position in supply chains, as well as the international market. This way, farmers can earn a decent living and build a sustainable future for themselves, providing us with original, authentic flavours and products from all corners of the world.

AND THAT IS WHY WE WANT (mission) enabling farmers to achieve a living income.

WHO WE ARE

We are Fairtrade Original and we travel all over the world to find the source of (authentic) flavour. Since 1959, we have been working with small-scale farmers and other partners to promote fairtrade while creating original, fair and authentic food products. We are active in Latin America, Africa, and Asia.

WHAT WE OFFER

We offer Fairtrade products that taste truly authentic. To keep the original flavour, our products are cultivated and processed in the country of origin. We focus on plant-based products and carefully consider our impact on the environment during all phases of production, packaging, and transportation.

ORIGINAL SINCE 1959

Over 60 years ago, Fairtrade Original was the first organisation to trade fairly with farmers in developing countries. The motto of founder Paul Meijs was: 'Better to trade fairly than to gift money'. In 1973, he audaciously decided to put this vision into practice by purchasing 50 tons of fair coffee, without having a buyer lined up. In true entrepreneurial spirit, he personally sold the coffee to schools, churches and other organisations. It proved to be the starting point of a global movement.



ORGANISATIONAL COST STRUCTURE FOR KYAGYANDU GRAIN CO-OP		KYAGYANDU GRAIN CO-OP ORGANISATION STRUCTURE	
OUR TARGET IS 300000 KES PER YEAR	COST PER KG	ORGANISATION STRUCTURE:	MEMBERS GENERAL MEETING
SICRE TWINKLES	350000 / 300000 = 1.1667	EXECUTIVE CO	PREMIUM COMMITTEE
GRAIN BAGS	400000 / 300000 = 1.3333	SECRETARY MANAGER	SUPPORT STAFF
COMMITTEE EXPENSES	100000 / 300000 = 0.3333		
TRAVELLING	100000 / 300000 = 0.3333		
ADMINISTRATION	100000 / 300000 = 0.3333		
FF WELFARE	100000 / 300000 = 0.3333		
FF EXPENSES	100000 / 300000 = 0.3333		
FF TRANSPORT	100000 / 300000 = 0.3333		
CELLAROUS	100000 / 300000 = 0.3333		
L COST	100000 / 300000 = 0.3333		
MARK PRICE - FARM PRICE x OUTPUT - FIC			

Lena in gesprek met Felix, Secretary Manager van coop Kyagyandú, Oeganda

4. FAIRTRADE STANDARDS – SUSTAINABLE BUSINESS

Climate change and loss of biodiversity are part of daily life for millions of farming families and communities worldwide. We believe that a sustainable environment should be the norm. The planet is experiencing a rise in the severity, frequency and intensity of climate-related events that impact the lives and livelihoods of people all over the world. Higher temperatures, drought, floods, cyclones and hurricanes, crop diseases, soil depletion and deforestation are examples of how our food security and existence are threatened these days.

A sustainable environment is crucial for over 500 million small-scale farming families who depend on agriculture for their livelihoods. Often, the most vulnerable are hit the hardest, and no one knows this better than Fairtrade farmers and producers, some of whom struggle to maintain productivity.

We are a 100% social enterprise and a 100% Fairtrade enterprise. Fairtrade Standards—the guidelines of Fairtrade International—form the backbone of our strategy. They detail the economic, ecological and social criteria that producers and traders must meet to obtain and maintain Fairtrade certification.

The ecological criteria emphasize environmentally responsible practices, including responsible water and waste management, biodiversity conservation and soil fertility preservation, as well as responsible use of permitted agricultural chemicals. Fairtrade International prohibits the use of various hazardous substances and all genetically modified organisms. Certified organic production is not a strict requirement, but we stimulate viable organic production where possible. We also pay a higher Fairtrade Minimum Price for organically grown products.

The Fairtrade Climate Standard gives farmers the opportunity to generate Fairtrade Carbon Credits. In turn, these credits open up access to carbon financing which helps farmers address the impacts of climate change.

We invest in training growers in organic crop cultivation and prepare them for inspection related to organic certification. Furthermore, we contribute to projects and interventions that contribute to sustainable production and climate adaptation.

While we support sustainable production and help increase farmers’ resilience to climate change, we must also take responsibility for our own carbon footprint. Our cars are 100% electric or hybrid, and we actively encourage staff to travel to work by public transport and/or bicycle. The CO2 emissions generated by our daily commutes, air travel for business trips and electricity for Netherlands-based offices amounted to 81 tons in 2022. We have offset these emissions with CO2 Golden Standards

Credits. The Climate Neutral Group uses these credit to invest in the local manufacturing, distribution and sales of cleaner, cost-efficient cookstoves in a number of countries on the African continent. Our offices are located in an environmentally friendly office building that uses geothermal heating, LED lighting and is constructed with sustainable materials.

In 2023, we will calculate our Corporate Carbon Footprint to get a clear overview of our total greenhouse gas emissions. Based on the results, we will create an emission reduction plan.

FAIRTRADE ORIGINAL IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT GOALS

Our three key impact areas—fair trade, sustainable production and (on the way to) a living income—contribute directly to fulfilling the following Sustainable Development Goals (SDGs).

The goals that have our primary attention are:



5. OUR THREE KEY AREAS OF IMPACT

We want to make a difference in the lives of the small-scale farmers we work with. Our focus is on the following areas of impact:

- Fair trade
- Sustainable production
- Living income

TRADE: FAIR TRADE

From the very beginning, Fairtrade Original has been committed to the development of fair supply chains. Important pillars in this regard are positive impact, sustainable relationships and the empowerment of our trading partners. This is based on the firm belief that fair trade enables our trading partners to develop the necessary competences to grow and gain an independent foothold in the market.

Our work is not about aid, but about trade: fair trade. We only launch new projects after we have identified an opportunity for a product in the Coffee and World Kitchen categories. This is where the research into and building of the local supply chain begin. Whilst local farmers form the heart of the supply chain, our first priority is finding a local manufacturer who understands and adheres to Fairtrade principles. We need manufacturers who can process the ingredients locally and are willing to work with the growers to build the supply chain. We aim to keep as much added value as possible in the country of origin, with the additional bonus that the authentic flavour of the local products is better preserved. Where flavour begins is an important USP for Fairtrade Original products.

Together with the manufacturer and local consultants, we approach local farmers who can provide the right quality ingredients. Sometimes the growers have already set up a cooperative. If that is not the case, we help them to establish one. A new cooperative starts with a group of entrepreneurial farmers who are willing to take the lead. They use their local network to motivate others to join the cooperative. Next, the collaboration format as well as the governance model of the cooperative must be determined. A formal registration process must also be completed. After the start-up period, the cooperative must be able to operate independently and in a professional manner. Fairtrade Original supports the process with training focused on agricultural activities and, of course, on Fairtrade certification.

Collaboration within a cooperative is essential for strengthening the position of farmers in the supply chain. By sharing knowledge, jointly undertaking training and making collective investments in production resources, the cooperative grows stronger.

'Fairtrade' stands for fair prices, decent working conditions, local sustainability and fairtrade conditions for farmers in Fairtrade countries. We pay a Fairtrade Minimum Price for certified Fairtrade products, plus a Fairtrade Premium. Certified Fairtrade farmers can invest this premium in sustainable production methods and in the development of their own community—such as access to education and healthcare. The farmers themselves determine how they want to invest the funds.

For the local supply chain to survive, it is crucial to have a viable market for its products. Therefore, the emphasis of Fairtrade Original sales and marketing activities is directed at supporting this goal. Our products are Fairtrade, plant-based, and sometimes certified organic. Retailers as well as consumers are becoming

increasingly aware of the importance of fair and sustainable products, which greatly stimulates the sale of our range and promotes our mission. Together we can make the world a little fairer.

The positive impact we make on farmers' lives is directly related to our revenue. By expanding our range, entering new markets and promoting our partners and products, we are stimulating greater impact.

FAIRTRADE FARMERS FOR SUSTAINABLE SOY SAUCE

– Organic Fairtrade Sisaket Community Enterprise, Thailand

In 2022, in the northeast of Thailand, a new group of small-scale farmers united in the Organic Fairtrade Sisaket Community Enterprise. These growers cultivate soybeans for Fairtrade Original's organic soy sauce. This group—that was set up in 2022—is limited in size, but it has definite growth potential. This is important, because the market for Fairtrade Original soy sauce is expanding, and having a strong base in Thailand for the required raw material is crucial. Under the guidance of local Fairtrade advisor Khun Manasnan, the farmers have been organized, trained, and registered as a community enterprise (visahakit).

They already knew a fair amount about organic farming according to Thai Organic standards, but Fairtrade Original requires EU Organic certification. Khun Parichat, another local advisor, trained the group for EU certification and now the community has obtained both organic and Fairtrade certification.

The soybeans are grown by farmers after the rice, which is their primary crop, has been harvested. Proper irrigation is of great importance for this second crop to achieve a good yield. One of the female growers experimented with a solar irrigation system, consisting of a water pump and a solar panel. The experiment was a success and the yield of her crop increased. Other farmers can benefit from good examples and therefore Fairtrade Original gives financial support to other farmers from the Sisaket Community to do the same.



SUSTAINABLE PRODUCTION

This component consists of:

- Training growers and manufacturers in Fairtrade and EU Organic certification
- Providing training locally and investing in sustainable production

Training farmers and manufacturers in Fairtrade and EU Organic certification

All products in the Fairtrade Original range carry the Fairtrade International label: the Fairtrade Mark. This means that every player in the supply chain must be Fairtrade certified: from agricultural cooperative to processing plant. Furthermore, the certification must be maintained year after year. We support cooperatives to make sure they still comply with Fairtrade Standards. Cooperatives receive guidance, education, and training from local consultants. Our efforts are appreciated by many of the groups, especially as the Fairtrade Standard for Small-scale Producers Organisations (SPO) has recently been revised and amended with a number of new requirements. In training sessions, farmers learn how to grow better quality crops, thus improving the quality of Fairtrade products.

New supply chains

The process described above is also applicable when establishing new supply chains. Our local consultants provide close support to the groups throughout the Fairtrade certification process.

Existing farmers cooperatives

We like to see existing Fairtrade cooperatives well prepared and help them by conducting trial runs before the official Fairtrade inspection takes place. These pre-assessments bring to light the issues that require attention.

Record keeping, for instance, is vital, as the actual inspection requires objective evidence. If training on improving soil fertility has been conducted, the correct documents must be presented to prove this.

Providing local training and investing in sustainable production

Rising global temperatures, drought, floods, biodegradation and declining biodiversity: these issues affect the smallholders we work with especially hard. We support ecologically responsible development, which means that to address the consequences of climate change, we invest together and take action together. Regenerative agriculture, energy-saving production methods, respect for natural resources and biodiversity, and support for organic farming are examples of these actions.

By improving sustainable cultivation practices, farmers become more resilient. Cooperatives are the perfect setting to learn from each other, as knowledge and practical examples are exchanged. As a result, many Fairtrade farmers consider this an important advantage of the Fairtrade system.

(ON THE WAY TO) A LIVING INCOME

A Fairtrade Minimum Price is in place for Fairtrade certified products, plus a Fairtrade Premium. These minimum price conditions are a first step towards a better income for farmers. However, it is merely a step in the right direction, as this price is not enough to earn a living income. Together with Fairtrade International, we have worked on the implementation of a new standard for coffee: the Living Income Reference Price (LIRP). This initiative aims to close the gap between global coffee prices and a living income for coffee farmers.

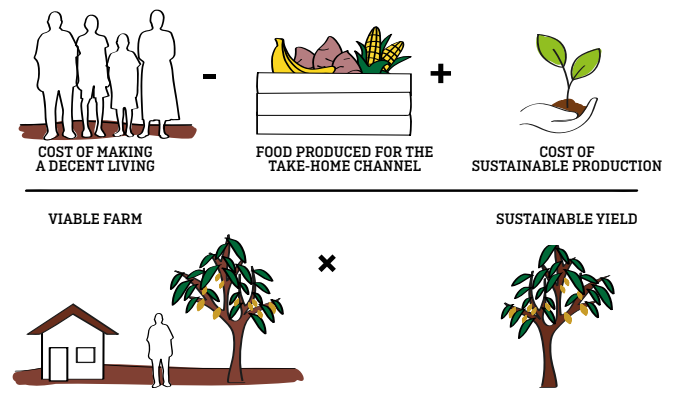
The LIRP is based on calculations that take into account factors such as productivity, farm size, as well as different sources of income and expenses. These factors vary per region and are related to the local economic, social and ecological situation. Hence the Fairtrade International decision to set a LIRP per product per region. For coffee and cacao, this price has now been established for a number of regions. The LIRP for other product groups and countries is being calculated and implemented on a step-by-step approach.

Unfortunately, farmers in Africa, Asia, and Latin America still do not receive a fair price for their products, causing many families to live in poverty. This really needs to change! That is the reason we work so hard to help farmers earn a living income.

WHAT DOES LIVING INCOME ACTUALLY MEAN?

A living income enables farming families to reach a decent standard of living, including food, housing, education, healthcare and clothing. In addition to these basic needs, this income should also allow for savings and investments in sustainable production. To get to that point, farmers must achieve sufficient crop yields and be paid a price that reflects the true costs of sustainable agriculture. Securing a living income for all requires structural changes.

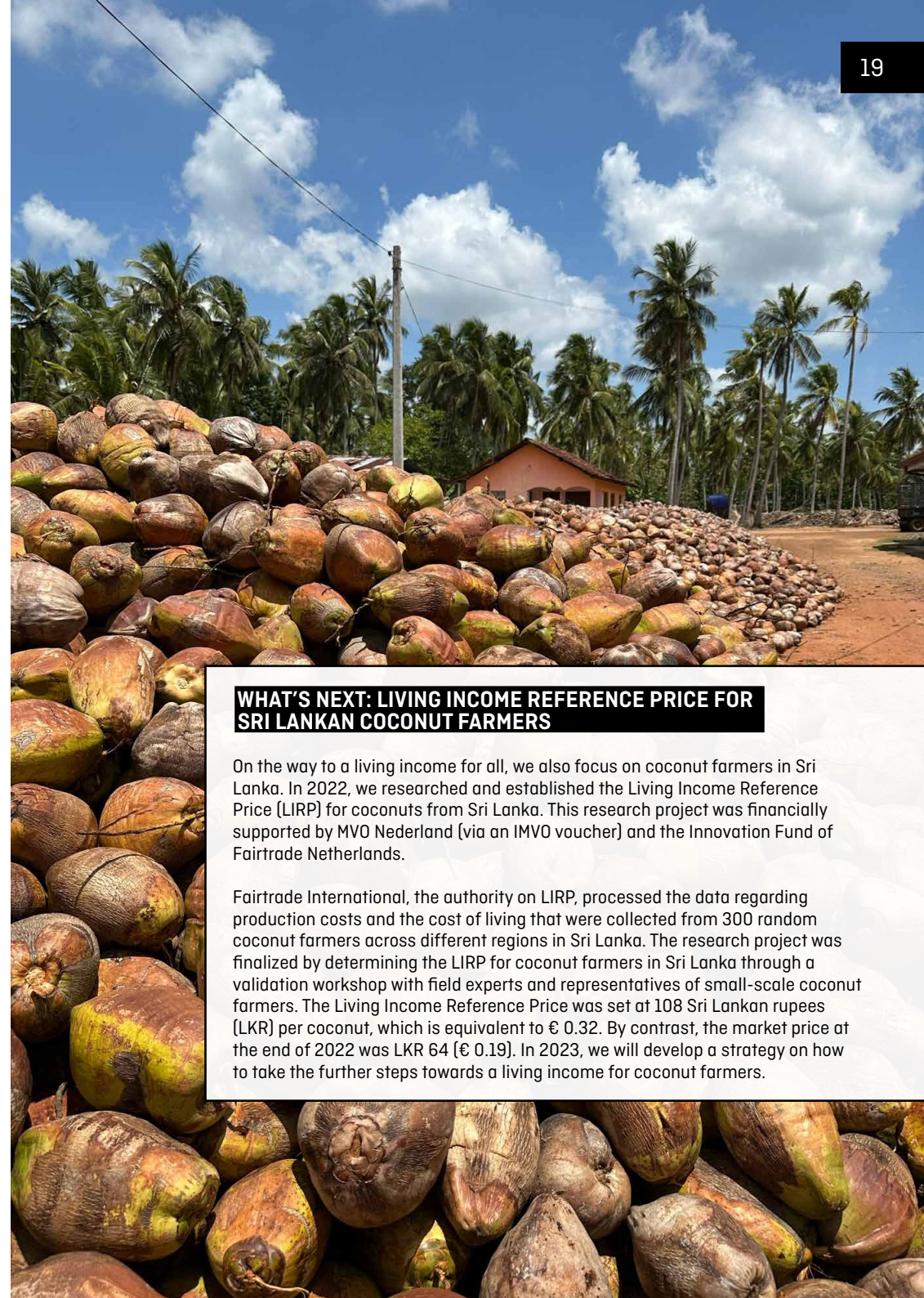
LIVING INCOME REFERENCE PRICE



WHAT'S NEXT: LIVING INCOME REFERENCE PRICE FOR SRI LANKAN COCONUT FARMERS

On the way to a living income for all, we also focus on coconut farmers in Sri Lanka. In 2022, we researched and established the Living Income Reference Price (LIRP) for coconuts from Sri Lanka. This research project was financially supported by MVO Nederland (via an IMVO voucher) and the Innovation Fund of Fairtrade Netherlands.

Fairtrade International, the authority on LIRP, processed the data regarding production costs and the cost of living that were collected from 300 random coconut farmers across different regions in Sri Lanka. The research project was finalized by determining the LIRP for coconut farmers in Sri Lanka through a validation workshop with field experts and representatives of small-scale coconut farmers. The Living Income Reference Price was set at 108 Sri Lankan rupees (LKR) per coconut, which is equivalent to € 0.32. By contrast, the market price at the end of 2022 was LKR 64 (€ 0.19). In 2023, we will develop a strategy on how to take the further steps towards a living income for coconut farmers.



6.1 2022 IMPACT STORY'S

COFFEE COOPERATIVES ON THE WAY TO A LIVING INCOME

Vanaf Our supply chains are 100% traceable and transparent, and, as of October 2021, we pay a LIRP (Living Income Reference Price) for all the coffee we purchase. We partner with five coffee cooperatives in South America and Africa:

- La Red Ecolsierra, Colombia
- Cooparm, Peru
- Fedecocagua, Guatemala
- Prodecoop, Nicaragua
- ACPCU, Uganda

On the way to a living income

Colombia, Indonesia, Honduras, and Uganda are the first countries where the Living Income Reference Price for coffee has been determined by Fairtrade International. Peru does not have a LIRP in place yet, and for the moment we are working with an indicative reference price that has been established and paid out in consultation with the coffee cooperatives.

Focus on impact

In addition to the LIRP for coffee, we are working with the cooperatives on projects that increase coffee farmers' incomes. We focus on issues such as productivity improvement, cost reduction and income diversification, and we contribute to research projects. These are all important steps towards a sustainable income for the farming families we work with.

Two projects, at coffee cooperatives La Red Ecolsierra in Colombia and ACPCU in Uganda, are discussed in greater detail on page 24.

SIZE DIFFERENCE, FLAVOUR VARIETY

LA RED ECOSIERRA, COLOMBIA

Location: Sierra Nevada de Sante Marta

Suppliers: 485 small-scale farms, of which 205 supply Fairtrade Original coffee.

Mission: Sustainable restoration of communities and the ecosystem of Sierra Nevada de Santa Marta National Park.

Impact 2022: During the civil war, this national park suffered significant ecological and economic damage. Progress has been made in recent times, albeit in small steps. Farmers are striving for income diversification and a second crop can provide income after the coffee season. In 2022, a cocoa project was initiated (see page 24).

COOPARM, PERU

Location: San Nicolás district, highlands of Peru

Suppliers: 487 small-scale farms, of which 96 supply Fairtrade Original coffee

Mission: Sustainable cultivation of high-quality coffee, in harmony with nature.

Impact 2022: Higher productivity, cost reduction, and improved soil quality thanks to organic fertilizer. We also support a project for reforestation with native and exotic tree and shrub species. The vegetation promotes soil restoration and water conservation while generating income from fruits and other sources.

FEDECOCAGUA, GUATEMALA

Location: : High mountains near Huehuetenango, El Quiché and San Marcos.

Suppliers: 84 farmers, divided into 2 cooperatives. These groups are part of the Fedecocagua federation, which has 148 affiliated coffee cooperatives and 20,000 members.

Mission: To enable farmers to form strong communities, with attention to biodiversity and crop diversification.

Impact 2022: Investments in organic fertilizer and in a nursery for organic seeds. The LIRP has been established for Guatemala for 2023. As a side note: Fedecocagua is the coffee cooperative from which we bought our first container of coffee in 1973.

PRODECOOP, NICARAGUA

Location: Estelí

Suppliers: 46 farmers. Prodecoop is a collaboration of 38 cooperatives with a total of 10,000 members.

Mission: To establish long-term business relationships and provide equal opportunities for men and women.

Impact 2022: In anticipation of the LIRP 2023, a household-budget survey was conducted to determine the cost of living. Additionally, investments were made in the construction of a biocompost facility.

ACPCU, UGANDA

Location: Kabwohe, southwest Uganda.

Suppliers: 2 sub-cooperatives of 1,283 farmers. ACPCU represents around 16,000 farmers.

Mission: Income diversification and high-quality coffee.

Impact 2022: : A LIRP household-budget survey on the cost of living (2021/2022) was conducted. Additionally, attention is given to the production of organic fertilizers (cost reduction and quality). Other current topics include underpayment, gender equality, and ecological decline.



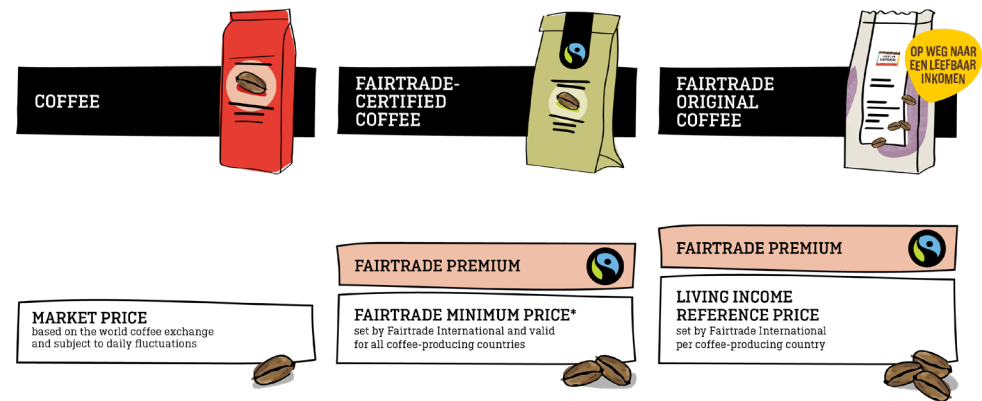


IT IS HIGH TIME FOR FAIR COFFEE PRICES

In 2022, Fairtrade Original contributed € 74,870 to living income projects, supplemented with external funding.

THE DIFFERENCE BETWEEN 'REGULAR' AND FAIRTRADE COFFEE

The below infographic illustrates the price breakdown for coffee without any certification; coffee with Fairtrade certification and LIRP-coffee.



*If the market price surpasses the Fairtrade Minimum Price or the Living Income Reference Price, we pay the higher market price



6.2 2022 IMPACT STORY'S

COFFEE COOPERATIVE LA RED ECOSIERRA (COLOMBIA) HAS EYES SET ON MORE THAN COFFEE



In 2022, together with Colombian coffee cooperative La Red Ecolsierra, we started a cocoa project with the goal of increasing the income of local coffee farmers. Our approach is a long-term collaboration, which provides more stability and room for investment. We put funding towards professional agricultural education and training.

The organic and Fairtrade cooperative Red Ecolsierra, located in UNESCO National Park Sierra Nevada de Santa Marta, consists of 450 families based on fincas (coffee farms). The jungle-like park is the highest coastal mountain range in the world with exceptional biodiversity. In 2022, approximately 300 families produced coffee beans for our Fairtrade and organic coffee line Community Coffee, exclusively selected for Albert Heijn supermarkets. We have sourced the beans for our Community Coffee directly from La Red Ecolsierra since 2019.

CACAO TREES ARE THRIVING

The rising temperatures due to global warming are far from beneficial for the productivity of coffee farms. In cooperation with the coffee farmers, we have identified the issues they want work on and invest in. The resulting answer was a new crop: cocoa. It started off as a small-scale project with 30 participating farmers, but the group has grown to 100 farmers. A cocoa buying station has been set up, where the farmers deliver their harvested cocoa beans. The beans are ranked by quality and purchased by the cooperative. In addition, the farmers are working hard on obtaining an export license, to facilitate the exportation of their high-quality cocoa to Europe. For now, the majority of their cocoa goes to the local Colombian market.

HONEY BEES ARE BUZZING

The farmers themselves recognize the importance of diversifying their crops as well as their sources of income. Therefore, they aim to leave 30% of the land uncultivated, in order to preserve the forest and protect the natural environment. When bees can roam freely, their pollination activities contribute to a higher yield of coffee beans. Honey sales provides additional income, but it is still not enough to secure a decent standard of living.

FUTURE PROSPECTS

In addition to crop and income diversification, we put substantial efforts into social projects and programmes focused on youth. The younger generations are moving away, leaving the coffee industry to an increasingly ageing population. If young people are not willing to work in the coffee sector, specialist knowledge cannot be transferred and coffee farms may be lost. If that happens, those regions will also lose employment opportunities and vital energy. The coffee industry is facing an uncertain future and we are looking to reverse that trend. To accomplish that, we are working with La Red Ecolsierra to create opportunities for young people, such as jobs in quality control, bio-fertilizer depot management, or coffee farming. We help to secure the future of coffee plantations, farmers, younger generations, and ultimately, your cup of coffee.

In the next Impact Story, we will take you to the ACPCU coffee cooperative in Uganda and provide an insight into the youth project YIRA, Youth in Regenerative Agriculture.



6.3 2022 IMPACT STORY'S "WIN-WIN-WIN" ACPCU, UGANDA

The beans for Fairtrade Original Coffee come directly from two smaller cooperatives in Uganda which are part of the large coffee cooperative ACPCU: Nyeibingo and Kyagundu. These two smaller cooperatives consist of 1,283 participating families. Demographic ageing is a major challenge in rural Uganda and therefore Fairtrade Original supports ACPCU through the Youth in Regenerative Agriculture (YIRA) project. YIRA trains young coffee farmers in the production and sale of organic fertilizers.

What started as a small-scale initiative in 2006, has grown into today's ACPCU: a large, professional cooperative for coffee of export quality, representing 16,000 farming families. Fairtrade Original has been partnering with ACPCU since 2009, while the direct collaboration with sub-cooperatives Nyeibingo and Kyagundu began in 2021. ACPCU-membership offers farmers the stronger negotiating position that comes with being part of a larger group. It also provides the safety net of a Fairtrade Minimum Price, as well as training and materials. Additionally, ACPCU assists farmers in obtaining Fairtrade and organic certification, and provides loans for investments in farms and organic fertilizers. This type of support is of vital importance, as the coffee farmers are faced with low coffee prices, crop diseases and pests, the high of fertilizer, as well as changing weather patterns due to climate change. The previously mentioned demographic ageing pattern is yet another trial for this sector.

ON THE WAY TO A BETTER FUTURE

The average age of Ugandan farmers is 66. With programmes and projects like YIRA, ACPCU is actively trying to attract a younger generation of coffee growers. The fertilizer project is in the hands of 50 young farmers. They produce and sell organic fertilizer on a small scale at a competitive price—and even distribute the product on the fields for an added fee. This project brings them additional income while rejuvenating the coffee sector. Furthermore, the organic fertilizer improves local soil quality, as well as the condition of the coffee plants. The latter is a big issue in the region, as climate change and decreasing biodiversity have significantly impacted soil quality in a negative way.

ACPCU is using the 2021 Fairtrade Original Premium for the YIRA project, to increase productivity to the required level, as indicated by research. To this end, ACPCU has set up a small-scale fertilizer production plant, and a fund to support young farmers.

SUSTAINABLE COFFEE

Women often receive less money for their labour—largely due to the patriarchal system of landownership—and therefore have fewer resources to invest in their farms. Hence, the organic fertilizer manufactured in the project is primarily sold to female coffee farmers, who also receive intensive training on proper use of the product. As a result, soil quality and coffee plant productivity are on the rise.

MEANWHILE, IN ASIA

In Asia, we are also developing fair supply chains in close collaboration with local communities and cooperatives in Asia. In 2022, a new group of rice farmers in the northeast of Thailand became Fairtrade certified. Read all about it in the next Impact Story.

ACPCU, Uganda



6.4 2022 IMPACT STORY'S

THE POWER OF PARTNERSHIPS – FAIRTRADE CERTIFICATION FOR THAI RICE FARMERS

The market for rice noodles is growing, with rice vermicelli as the absolute favourite. For us, this is an opportunity to cooperate with even more rice farmers than we already do. In 2022, a new community enterprise was set up in northeastern Thailand. Group Khun Han cultivates long grain rice and—after receiving training from a local consultant—has successfully obtained Fairtrade certification.

AUDITS

In addition to training the members of new cooperatives like Group Khun Han, local consultants continually supervise and support existing cooperatives. Once a group is Fairtrade certified, they must also maintain that certification. Fairtrade's independent audit organisation FLOCERT checks compliance with the requirements and conditions on an annual basis. The audit is not always announced ahead of time, meaning that groups must be prepared at any time. The local Fairtrade Original consultant provides support and professional guidance.

FROM GOOD TO STRONGER

Farmers do not generally participate in long training courses. Therefore, the programme is divided into shorter sessions, detailing what Fairtrade entails and what working under Fairtrade conditions means. The farmers must also participate in group projects, such as establish a cooperative policy, or draw up plans to prevent soil erosion or preserve biodiversity. Together, they gradually work towards implementing these steps. Policy, planning and implementation are matters that require time and attention, but at the same time, they are essential tools for achieving results. For farmers, Fairtrade certification means a better price for their rice and more negotiation power in the supply chain. Fairtrade Original means trade that helps development on different levels: it supports farmers in their efforts to improve their living and working conditions while protecting the environment.



< Local Fairtrade Original consultant in Thailand, Manasnan Pongjayavanij, shows the Fairtrade label on the product packaging during a training with Group Khun Han.



^ The members of Group Khun Han during one of the training sessions in 2022, when facemasks were mandatory everywhere in Thailand.



< Martin Boon in Chainat with rice farmers and board members of Group Khun Han. After the harvest, the rice is dried and subsequently milled to produce brown or white rice. At a local facility, the rice is ground into rice flour, which is then used to make noodle dough.

7. FOOD FOR IMPACT PRODUCT LAUNCHES AND PRICING

NO HOT AIR FROM INDONESIA

It's possible! Krupuk that tastes and crunches like traditional crispy prawn crackers, but without shrimp paste or artificial additives. We are incredibly proud of our vegan Fairtrade Original krupuk. The cassava used to make this krupuk is sourced from Fairtrade cassava farmers connected to the Indonesian cooperative Koperasi Agro Bumbu Qtha. They supply the basic material for the Fairtrade Original krupuk.

We prefer to process and package products locally, so as to keep as much added value as possible in the country of origin. However, in the case of krupuk, this would not be a very sustainable option. To make krupuk, sun-dried cassava flour is mixed with spices and shaped into small pellets that are then fried. If we were to fry and package the krupuk in Indonesia, we would have to transport a lot of (packaged) air to the Netherlands afterwards. We think that does not make sense and we don't like the resulting high CO2 emissions either.



Therefore, we choose to transport the unbaked pellets in bulk to the Netherlands, where they are then transformed into crispy krupuk. Since this final step takes place in the Netherlands, there is another added benefit: stock management is more efficient, which in turn is an important factor in food waste reduction.



^ Cassava farmers in Indonesia
The cassava farmers of Koperasi Agro Bumbu Qtha, located near Semarang in the Pati district north of Central Java, have successfully completed the Fairtrade certification process. Under the guidance of a local Fairtrade Original consultant, Indonesian farmers. The collaboration with Fairtrade Original brought them higher prices for their cassava, more certainty in terms of market demand, and a more professional cultivation process of their crop.

NEW: PLANT-BASED SPICE PASTE FROM SRI LANKA

In May 2022, we introduced spice pastes for Butter Chicken from India and Colombo Curry from Sri Lanka. The Colombo Curry is the first Sri Lankan spice paste, made with herbs and spices from the SAFENet farmers cooperative from the Matale area. The development of new spice pastes created additional sales opportunities for the herb farmers. The spice paste is locally produced at MA's Tropical Foods spice factory in Dambulla, which has extensive knowledge about the various flavours of Asian cuisine.

SUPERMARKET INITIATIVE FOR PERUVIAN COFFEE GROWERS

For the fourth consecutive year, Coop supermarkets and Fairtrade Original joined forces during the Fairtrade Week. For each Fairtrade product sold, the supermarket chain donated € 0.10 to the reforestation program of the COOPARM cooperative in Peru. The action was a great success, with a total of €14,857 raised for the cooperative's 96 coffee farmers. The trees that will be planted are going to contribute to soil recovery and water conservation, while also generating income from the sale of fruits and carbon credits.

AND THE AWARD GOES TO... FAIRTRADE ORIGINAL!

2022 was a good year in terms of awards, prizes and honourable mentions. We do what we do out of conviction, not for glory—but praise is a very nice thing to receive.

VEGAN FOOD AWARD GERMANY

In Germany, our vegan krupuk received the Vegan Food Award from PETA Deutschland. More importantly, Indonesian farmers now receive a fair price for their cassava, in sharp contrast to the low local selling price. Fairtrade Original krupuk is available in over 500 REWE supermarkets.

BEST FOR THE WORLD B CORP CATEGORIE COMMUNITY

Another great commendation came our way: we were listed as one of the 2022 Best For The World B Corps in the Community area. Every year, the nonprofit network B Lab recognizes the top-performing B Corps with their Best for the World™ list. Our positive impact on communities worldwide puts us in the top 5 percent best B Corp organisations of similar size in this category in the Benelux.

INSPIRING 40

Consumer votes placed us 5th on the 2022 Inspiring 40 list, making Fairtrade Original the most inspiring food brand in the Netherlands. We score well on four pillars that Dutch consumers find inspiring; a vision for the world of tomorrow, innovation, strong connection with consumers, and relevant high-quality solutions.

SUSTAINABLE FOOD AWARDS 2022

We didn't come in first, but our 'On the way to a living income for coffee' is runner-up in the Sustainability Pioneer category of the international Sustainable Food Awards 2022. The Sustainable Food Awards are organized by Ecovia Intelligence and aim to recognize companies that contribute to a sustainable food industry. Are we proud? You bet!

8. TEAM FAIRTRADE ORIGINAL

GET TO KNOW US BETTER

Team Fairtrade Original consists of over thirty enthusiastic professionals in the fields of sourcing & development, logistics, purchasing, quality control, sales, product development, communication, business management, administration, and ICT. Fairtrade Original has no profit motive; any profit we make is reinvested, here in the Netherlands or in our partnerships in the supply chain. Stichting Fair Trade Original (the Fair Trade Original foundation) is the sole shareholder of the limited company Fairtrade Original B.V.



GET TO KNOW BETTER:
TEAM FAIRTRADE ORIGINAL
MEET OUR FARMERS
SUPERVISORY BOARD

9. 2023 OUTLOOK

Over the coming year, we will map out even better what the actual impact of our work is. We will determine the priority projects and topics in close consultation with our farmers, so that they can improve their standard of living. We will create an action plan, determine the goals we want to achieve, and implement the actions. Subsequently, we will monitor the progress together with our farmers and make adjustments where necessary. With support from MVO Nederland, we are setting up a pilot project at coffee farms in Uganda and coconut farms in Sri Lanka to measure the impact of our efforts.

TRADE

In anticipation of growing market opportunities, we are in the process of adding six new cooperatives in Asia and we are initiating collaboration with four new manufacturers.

Additionally, we are implementing fifteen programmes related to Fairtrade certification, involving 3 new agricultural cooperatives and twelve existing ones.

SUSTAINABLE PRODUCTION

We will organise 15 sustainability training sessions, focusing on regulations concerning EU Organic certification, and on the cultivation of coffee, coconuts, herbs and spices in Sri Lanka.

In 2023, we will also determine our Corporate Carbon Footprint (CCF). Based on the results, we will set our goals in 2024 to reduce these emissions. The next annual report will provide more details on these matters.

LIVING INCOME

With all the cooperatives that we partner with, we will continue to work on closing the gap between the price that is currently paid for coffee and the price that farmers need for a living income. We will continue with projects that benefit farmers, such as reforestation, income diversification and soil fertility improvement. Now that the Living Income Reference Price for coconuts has been established, we can chart the way towards a living income for coconut farmers.

FAIRTRADE ORIGINAL RANGE

Our products are available in a growing number of stores in the Netherlands and Germany. Despite the expectation that market conditions will remain challenging, we are convinced that there are sufficient opportunities to realize growth and help even more farmers earn a sustainable income.

COLLABORATION WITH THE RABOBANK FOUNDATION

In Sri Lanka, we are starting a three-year programme for five supply chains. With the support of the social Rabobank fund Rabo Foundation, we seek to put the cooperatives that supply coconuts and spices for Fairtrade Original products in a stronger position. The training provided in this programme will be tailored to the needs of the farmers, and deal with Fairtrade and EU Organic certification, cooperative management, basic record keeping, sustainable production, and the way to a living income. We will measure the impact of this programme on an annual basis.

INDONESIAN SPICE PASTES

In 2023, we will launch four plant-based and palm oil-free Indonesian spice pastes in Dutch supermarkets: Nasi Goreng, Bami Goreng, Rendang and Sajoer.



RICE VERMICELLI

The success of our white and brown rice noodles calls for a third alternative: rice vermicelli (mihoen). These thin noodles are often used as a filling for spring rolls, but they are also wonderful in soups, salads or one-bowl meals. Initially, only white mihoen will be available in the Netherlands and Germany.

PADTHAI

Our Teriyaki and Sweet & Sour stir-fry sauces have been available on the Dutch and German markets for years. It's high time for a new addition: Pad Thai sauce. Pad means 'to stir' in Thai, so it's a real stir-fry sauce!

10. FINANCIAL OVERVIEW 2022

After years of impressive growth, Fairtrade Original faced a decrease in turnover for the very first time. This is largely due to changing market conditions. The rising cost of raw materials and energy forced us to increase our sales prices when consumer purchasing power was at a historic low.

We operate in a highly price-oriented market and the high inflation that caused consumers to adjust their buying behaviour, negatively affected sales of our excellent range of products. Apart from delicious flavour, our products range distinguishes itself from the competition by the fair price that is paid throughout the supply chain. This means our products may sometimes cost a little more than similar products in their category.

This means that we need to broadcast the story of the people behind our products even better, so that consumers continue to prioritize our products and our mission with full conviction. Despite a decline in revenue, we are pleased that we continue to experience significant growth in Germany—our most important export country. Our products are available to German customers in a steadily increasing number of stores.

In 2023, we will once again focus on the growth of our product range and revenue. We do this by developing new products and by making our products available in an increasing number of stores in the Netherlands and Germany. Despite the expectation that market conditions will remain challenging, we are convinced that there are sufficient opportunities to realize growth and help even more farmers earn a sustainable income.

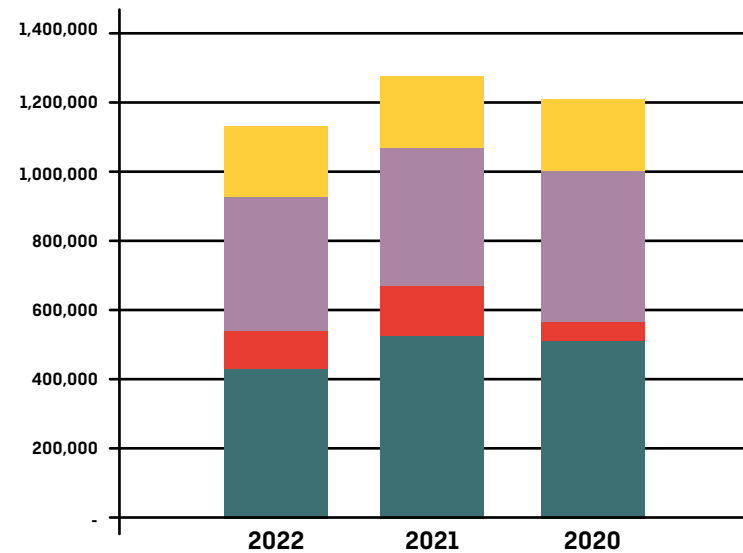
door nieuw assortimenten te ontwikkelen en door ervoor te zorgen dat onze producten in steeds meer winkels in Nederland en Duitsland te vinden zullen zijn. Ondanks de verwachting dat de marktomstandigheden lastig zullen blijven, zijn wij ervan overtuigd dat er voldoende kansen zijn weer te gaan groeien om zo nog meer boeren te helpen een leefbaar inkomen te bereiken.

FAIRTRADE ORIGINAL B.V. BALANCE SHEET AS AT 31 DECEMBER 2022 (AFTER APPROPRIATION OF RESULT)

EUR	2022	2021
VASTE ACTIVA		
Immateriele vaste activa	2.465	12.324
Materiële vaste activa	58.057	84.889
Financiële vaste activa	169.839	117.873
	230.361	215.086
VLOTTENDE ACTIVA		
Voorraden	3.488.204	3.995.302
Vorderingen op handelsdebiteuren	2.960.549	3.570.094
Voorfinanciering handelspartners	49.141	156.736
Overige vorderingen en overlopende activa	251.661	222.678
Liquide middelen	51.938	78.716
	6.801.493	8.023.526
TOTAAL	7.031.854	8.238.612
EIGEN VERMOGEN		
Reserves	2.531.927	2.754.624
VOORZIENINGEN	15.900	13.680
LANGLOPENDE SCHULDEN		
Lanlopende leningen	953.187	1.489.300
KORTLOPENDE SCHULDEN		
Handelscrediteuren	770.721	933.570
Rekening courant Stichting Fair Trade Original	-	1.837.309
Bank	1.424.480	-
Lening	65.500	100.000
Belastingen en sociale lasten	228.768	273.590
Overige schulden en overlopende passiva	1.041.371	836.539
	3.530.840	3.981.008
TOTAAL	7.031.854	8.238.612

INCOME STATEMENT FAIRTRADE ORIGINAL B.V. FOR 2022

	2022	2021
BEDRIJSOPBRENGSTEN		
Netto-omzet	19.033.515	20.762.980
Overige bedrijfsopbrengsten	67.710	88.899
	19.101.225	20.851.879
BEDRIJFSLASTEN		
Kosten van grond- en hulpstoffen	13.089.674	14.447.581
Personeelskosten	2.793.193	2.686.467
Afschrijvingen	56.723	89.566
Verkoopkosten	2.419.744	2.662.617
Huisvestingskosten	157.390	147.196
Fairtrade Licentie premie	198.357	210.414
Algemene kosten	584.581	577.039
	19.299.662	20.820.880
RESULTAAT UIT GEWONE BEDRIJFSVOERING	(198.437)	30.999
Financiële baten en lasten	(86.050)	45.815
BEDRIJFSRESULTAAT VOOR BELASTING	(284.487)	76.814
Belastingen	61.790	(12.499)
RESULTAAT NA BELASTING	(222.697)	64.315



Fairtrade Nederland License

License fee paid to Fairtrade Nederland on the sales of all Fairtrade Original products carrying the Fairtrade mark.

Fairtrade Original BV Investments

Investments made by Fairtrade Original BV in partnership with cooperatives.

Fairtrade Original Impact Premium

Additional premium paid on the purchase of coffee to lift the purchase price [of coffee] to the level of the indicative Living Income Reference Price (see page 20).

Fairtrade Premium

The Fairtrade Premium is paid to cooperatives as a contribution to development projects. The premium is added to the price that manufacturers pay the farmers for their raw materials. The manufacturers pass on these additional expenses to Fairtrade Original in the price of the end product. As we, in turn, incorporate the extra costs into the consumer sales price, it is the consumer who ultimately bears the cost of the Fairtrade Premium.

COLOPHON

This is a publication of Fairtrade Original.

Concept & realisation:
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