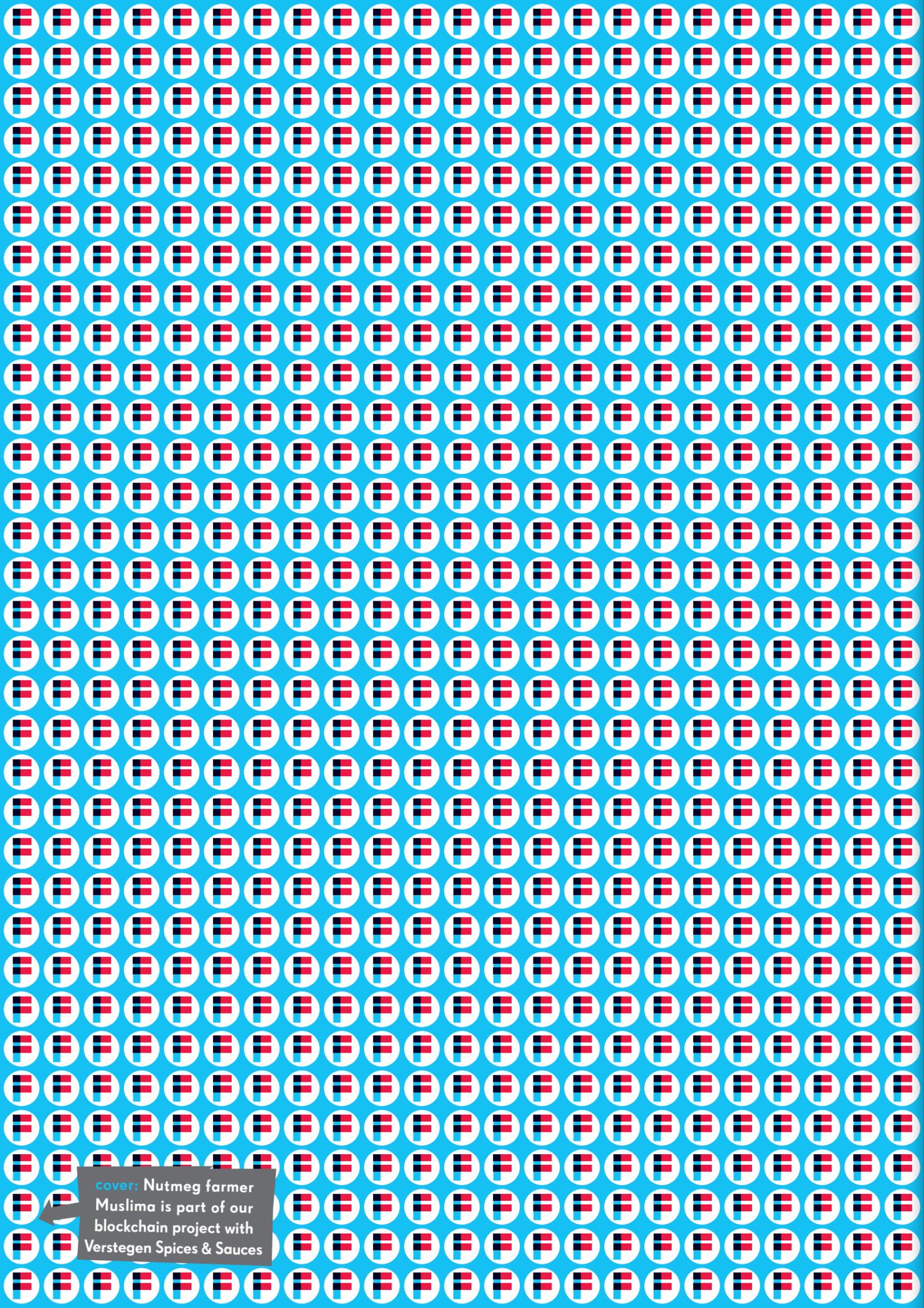




FAIRFOOD

ANNUAL REPORT 2018

**THE DIGITAL REVOLUTION: BETTER FOOD
WITH INNOVATIVE TECHNOLOGIES**



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cover: Nutmeg farmer
Muslima is part of our
blockchain project with
Verstegen Spices & Sauces



We welcomed
**5 NEW
FAIRFOODIES**

We appeared
**IN THE MEDIA
OVER 55 TIMES,**
including in Parool,
NRC, Volkskrant,
BNR News Radio and
tv show Koffietijd.

We published a
STUDY on
blockchain's
potential for the
agrifood sector

The Dutch Postcode
Lottery decided to
support us for another
3 YEARS, with a yearly
stipend of
500 THOUSAND EURO

The **UNITED NATIONS**
invited us to share our story
at the World Investment Forum

our highlights of 2018

We put three
FOOD CHAINS
on the
BLOCKCHAIN

Over 230
THOUSAND
visitors took
care of their
number ones
and twos at
our super-bad
bathrooms **AT
THE PARADE
FESTIVAL**
(the picture on this page
shows the build up)

We launched our
COFFEE CAMPAIGN
together with 33 frontrun-
ners: coffee labels that
lead by example

At the **WORLD FOOD DAY
EVENT** in Den Bosch, we
officially kicked off our new
partnership with **VERSTEGEN
Spices & Sauces**

with an **EXHIBITION** and an
interview on the **MAIN STAGE**



WEL COME



Sander de Jong
Managing Director Fairfood

PREFACE

Muslima (54) lives on the beautiful Sangihe islands in Indonesia, together with her husband, daughter, two nieces and her niece's son. Over the years, she has used her healthy entrepreneurial spirit to further expand the nutmeg and coconut plantation she inherited from her parents. Through a chain of go-betweens, Muslima's nutmeg eventually ends up in a Verstegen spice jar, and maybe even in your kitchen. Our colleague met Muslima when, together with Verstegen, we introduced a blockchain project to one of their nutmeg chains. With that project, a QR code will soon give you access to a lot more information about that nutmeg. Not only will you know exactly where your nutmeg comes from, but you will also know whether Muslima makes a good living from it.

This is all in line with the new course that Fairfood took a few years ago. We saw new opportunities arise, that could help us solve the issues behind our food. New technologies for example, such as blockchain, which eliminate trust issues within the chain and bring us one step closer to absolute transparency. We've also noticed a new wind blowing in food land. One that's all about getting down to business, thinking in solutions, and working together. Supermarket chains are introducing ambitious human rights policies and embracing themes like chain transparency and living wages and incomes. Food companies – including the big boys – are seriously starting to wonder what the 'true price' of their products is, and who exactly is supplying those products.

We were happy to play a part in their wake-up call in 2018. The year was mainly devoted to blockchain projects. Verstegen was the first commercial party to take the plunge. Other ambitious frontrunners have stepped forward since then, and there are some promising new projects in the pipeline. We'd also like to use this annual report to follow up on an announcement from our newsletter: in 2019, Fairfood will launch an accessible 'entry-level' blockchain tool, which middle and small food companies can apply to their supply chains as well. This is made possible with financial support from the SIDN Fund. Our tool will allow anyone to make their chains transparent – for themselves, for consumers and, of course, for the people at the very start of the chains.

This is how we restore the connection between you and the people behind your food. By the end of 2019, we hope that apart from Muslima, the farmer behind your nutmeg, you'll also know the people behind your chocolate, tomatoes, avocados and coffee. In the meantime, we want to encourage you to keep spending your euros consciously in the supermarket and, above all, to ask critical questions. For example, send your favourite brand an email and ask them if they can tell you exactly where your food comes from. Because you have the right to know if your money isn't contributing to exploitation.

Last, but not least: our work wouldn't be possible without the generous contributions of our donors, including the much-appreciated support from the Dutch Postcode Lottery. And now, we proudly present our annual report, in which we offer an overview of our developments and achievements in 2018. This annual report was approved by the Supervisory Board on April 18, 2019.

1 • FIRST THINGS FIRST: THE CURRENT STATE OF THE FOOD SYSTEM

A sustainable and healthy food system, free from exploitation, hunger and child labour – we're not there yet. A lack of transparency and openness allow abuses to continue to exist, without you as a consumer being aware of them – that's what you'll be spending your money on. Every once in a while, something comes to light, when a smart journalist uncovers something, or when things really get out of hand. The issues in the food system that made the news last year offer a cross section of the current state of affairs. That's why we present: **some of the most noteworthy news.**

August 8: tomatoes from Italy

The Italian tomato industry has been linked to organised crime and the mafia. During the summer, thousands of migrants (mainly from Africa) are put to work as pickers in the fields, working under appalling conditions. In August, sixteen of them were killed in two road accidents. In both cases, a truck collided with a van that drove the workers to their accommodation at the end of their working day. The workers on the tomato fields rarely receive statutory security and salaries, and live in very poor conditions, *The Local* wrote on August 8. They are frequently put to work by a so-called recruiter, who withholds part of their pay.

February 7: Sugar from Iran

In Iran, hundreds of workers from a sugar plantation took to the streets: they claimed they hadn't been paid for months. A prominent Iranian labour activist, Jafar Azimzadeh, called it modern slavery. On his website, he wrote: "Where in the world have you seen workers not being paid their wages that are four times below the poverty line, and then being forced to work by the special security forces." During the strike, over 30 protesters were arrested.

May 19: Australian tomatoes

On Australian tomato fields, migrants work for about 5 euro's an hour. Working conditions are demanding and dangerous. One of them told Australian newspaper *The Age* about chemicals they had come into contact with: "It was really hard to breath it in, especially when we start picking. I got chest pains and others got bleeding from their nose or ears." She said a supervisor instructed them to use Vaseline and cloths to stop the bleeding and then get back to work. Other employees said they were threatened for trying to join a union.

June 21: fruit and vegetables from Israel

You'll find many fruits and vegetables from Israel at the supermarket – potatoes for example, or dates, grapefruit and avocados. The Centre for Research on Multinational Corporations (SOMO) published a report stating that some of these products originate from illegal Israeli settlements in Palestinian territories that are occupied by Israel. "These settlements [...] have disastrous consequences for the local Palestinian population and economy. Human rights and humanitarian war law are violated."

September 17: Colombian coffee farmers are forced to switch to cocaine

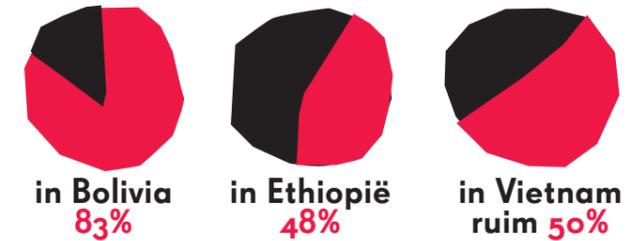
The purchase prices of coffee dropped dramatically in 2018 – to the lowest point in 12 years. In some countries, they even dropped below the cost price. In Colombia, some coffee farmers have begun planting coca on their plantations, which is processed into cocaine, in order to make some money to survive. In Guatemala, coffee farmers emigrated to find work elsewhere. Coffee farmer organisations from Africa, Latin America and Asia sounded the alarm by sending an open letter to the major world leaders in the coffee industry. As far as we know, they haven't received a letter back.

(HARD)FACTS*

These news stories are not about isolated events, as the hard facts and figures show. Here's one of those figures: according to the latest forecasts, there will be about 10 billion people on this earth by 2050. All those people will need food and water. In October 2018, leading scientific magazine Nature wrote that this might be possible with some necessary adjustments – think more plant-based food and reducing food waste by fifty percent. And, of course, making those adjustments without taxing the environment. Sounds good in theory, but there are still some hurdles to take. We're not even able to feed the 7.6 billion people living right now. Last year, the number of people living with hunger rose for the third year in a row, to 821 million. Think about that for a second: that's about one in nine people in the world. Some more facts and figures about our food system:

70%
of our food is grown by small-scale farmers worldwide

about **500 miljoen** small-scale farmers live below the **povertyline:**



1/3 of all food produced worldwide is **wasted**



Every year, **1.4 billion hectares** of land is used to produce food that is **wasted**

821 miljoen people suffer from **hunger** & over **half a billion** are **under-weight***

- 515 million in Asia
- 256 million in Africa
- 42 million in Latin America and the Caribbean



In Europe and North America, **210-255 pounds** of food are thrown away per capita every year,

while in Sub-Saharan Africa and South-West Asia, that's just **13-24 pounds**



*Meanwhile **13 percent** of adults worldwide are **obese**



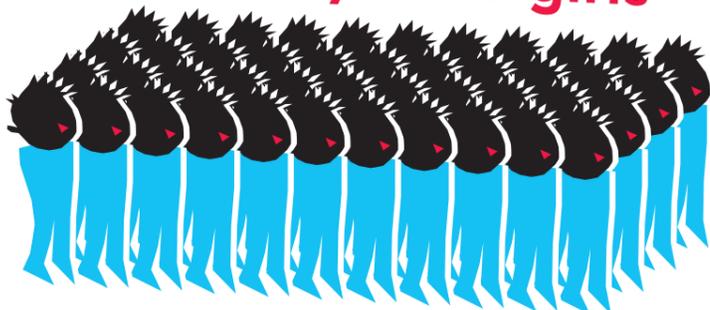
poverty is the main driving force behind child labour



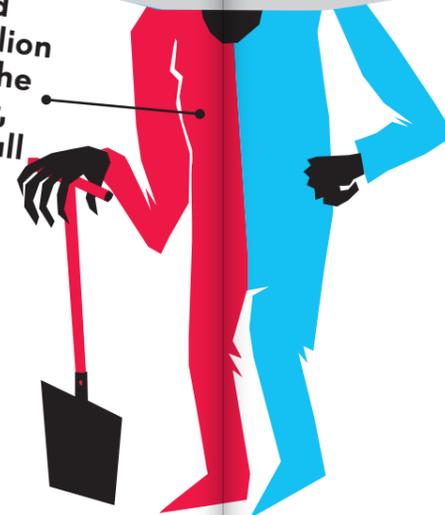
Of the **152 miljoen** children involved in **childlabour** worldwide, **70,9 %** work in de **agrifood sector**

60 million children in childlabour are **younger than 12**

That's **107,5 miljoen** boys and girls



It is estimated that about **1.3 billion** people work in the agrifood sector, nearly a **1/3** of all working people



In times of **climate change** and declining natural resources, the food sector faces a **serious challenge:**

between 2012 and 2050, global food production must increase by **50%** in order to feed nearly **10 billion people** by 2050.

Most population growth will take place in **developing countries.**

The agrifood sector, together with construction and mining, is in the top 3 of the most dangerous sectors to work in: at least **170.000** agrifood workers die every year

WE CAN WORK WITH THAT: INSPIRING TRENDS

Of course, we're not trying to bring you down here. We're always encouraged by good news. And we get truly inspired and energised when that good news appears to be part of a bigger trend that promises more good things to come. Therefore: some promising (food)trends.

CONSCIOUS CONSUMER GETTING MORE CONSCIOUS

In the supermarket, you can load up your basket with more and more products that are made with care for people, animals and the environment. Big gamechangers are, thanks to an increasingly aware consumer, Beter Leven (meat) and ASC (sustainable fish). At the moment, 1 in every 7 euros we spend at the supermarket is spent on products with a quality mark. At the same time, things are more confusing than ever: fair, eco, bio, organic, sustainable, circular... Do all these labels mean the same thing or not? And does the promise equal the expectation? When stressed about too many choices, people tend to choose what they know: that which is good and cheap. And it can be quite confusing, with the current excess of quality marks and even some logo's that pretend to be quality marks. Public information organisation Milieu Centraal (Environment Central) wants to offer a solution to that problem and, together with the help of Fairfood and other organisations, created a comparative list of all quality marks. This resulted in a top 10 of quality marks which are worth keeping an eye out for: ASC, Beter Leven 2 and 3 stars, Demeter, EKO, EU Organic logo, Fairtrade, MSC, On the way to Planetproof, Rainforest Alliance and UTZ.

TRANSPARENCY IS THE NEW GREEN

In Germany and France, companies are already obligated to have a good understanding of risks within their own chains and to inform the outside world about them. In the Netherlands, this happens on a voluntary basis, but members of Parliament and NGOs are working hard to enforce transparency measures – for example, by requiring transparency for companies to participate in trade missions. "In about ten years, transparency is the new normal," our own Marten predicted in an interview with Belgian research platform EOS Tracé. The first signs are already there: Albert Heijn made the chain of their orange juice transparent using blockchain technology, Walmart requires all of its suppliers of leafy green vegetables to hook onto its blockchain before September 2019, and Carrefour uses blockchain to trace chicken, eggs and tomatoes to their original source.

TAKING RESPONSIBILITY THROUGH INNOVATION

Tech giants – think Uber or Facebook – fell of their pedestal in 2018. We as consumers are concerned about their enormous power, its harmful side effects and how they handle our data. Even the blockchain-bubble was about to burst in 2018. The high energy consumption of Bitcoin, money-wasting trial balloons, data hacks; just a few of the arguments used to dismiss blockchain technology as an empty promise. But the major disappointment in blockchain technology is no more than a necessary phase in the 'Hype Cycle' that innovations go through, tech connoisseurs will say. Sky-high expectations are followed by a hard reality check. But it is precisely this drop-out moment that allows the technology to make a healthy restart – with more focus on sustainability and privacy, and a fair distribution of data ownership within the chain. Fairfood stands for responsible innovation – technology that takes all possible consequences for humans, animals and the environment into account on the drawing board. We can see great possibilities for blockchain technology when it comes to food chains, because it allows us to make digital connections between players in the chain that didn't know about each other before. This generates a mutual exchange of knowledge and information, which offers farmers opportunities to improve on their entrepreneurship and ultimately improve their income. Is this all going a little too fast for you? Then check out our road map further on in this annual report.

LIKE A BOX OF CHOCOLATES

At Fairfood we are even more excited about Tony's Chocolonely's Open Chain-platform, which aspires to serve as a practical solution for social abuses in cocoa, than we are about their 'dark milk pretzel toffee' bars. The platform allows chocolate companies access to knowledge and tools that help them tackle their own chocolate chains. Why did we decide to add this to our 'trends' list? Because it's working. Albert Heijn took the lead and joined the platform first with home brand Delicata. But much more is happening in chocolate land, which encourages us to speak of a trend towards better chains: Milka announced a complete switch to sustainably grown cocoa – by the end of 2019, their entire product range should meet the requirements of the sustainable cacao sourcing programme Cocoa Life. Full steam ahead!

"It would be nice to learn more about what happens with the nutmeg further on in the chain. I honestly have no idea how the nutmeg is being processed, or where it's exported to. I think I could make more money if I knew what you like to buy over there. All I want to do is grow old here in this village, but it would be nice if my children can build a better life elsewhere. As long as they come back once a year for Eid al-Fitr." ~ Hetty Heler, nutmeg farmer



2 • OUR RIGHT TO EXIST

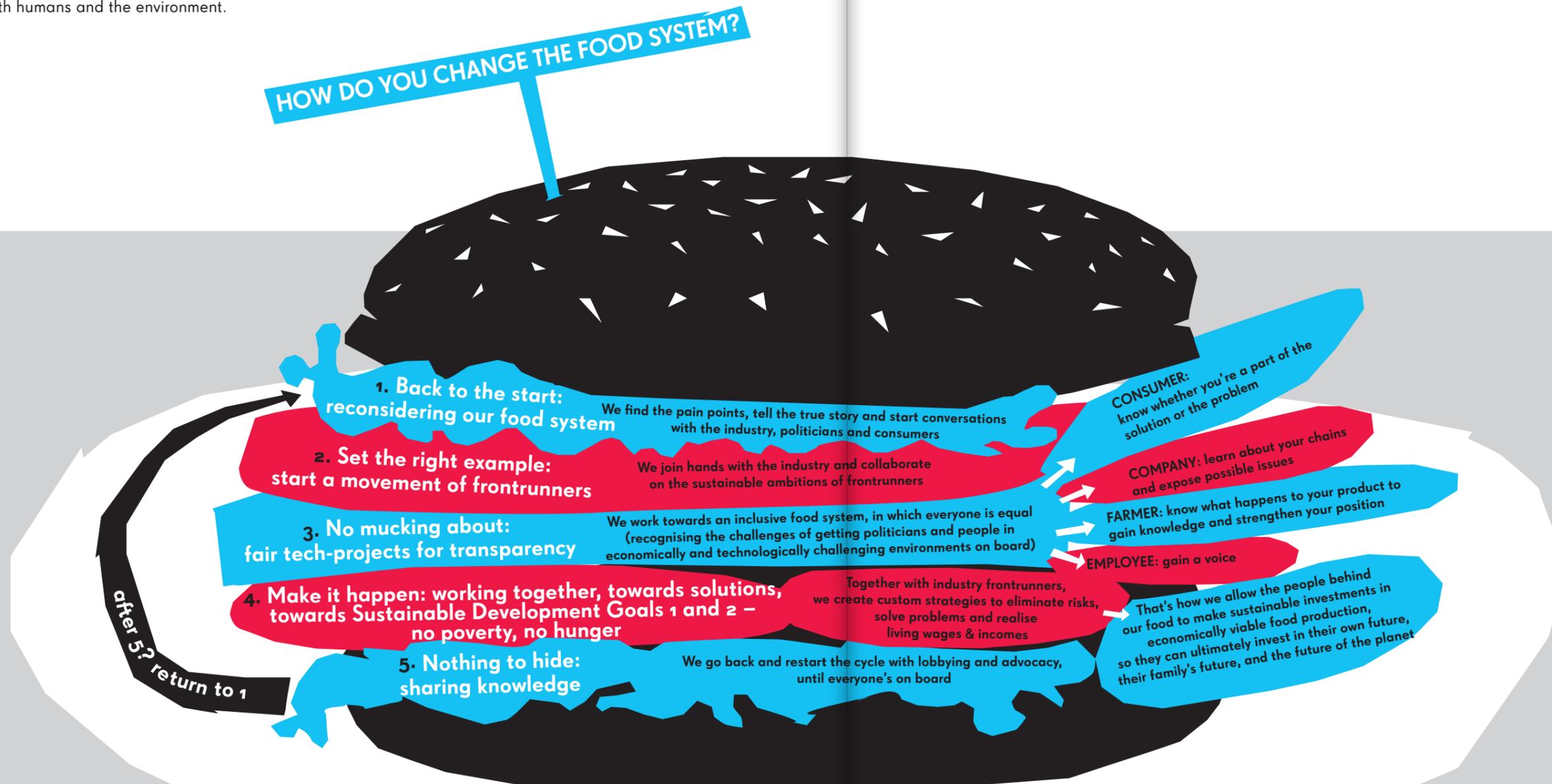
When you say Fairfood, you say optimistic, constructive, pragmatic, innovative, and a healthy dose of idealism. It's almost exhausting, the enthusiasm with which we start up projects, and head into the office each morning. Together with everyone and anyone who can and wants to help, we are going for it, all the way: making all food on our plate honest. We spot the issues in our food system, alert the right parties about them and look for fitting solutions together.

WHAT WE WANT AND WHY

With facts, figures and news reports, we have mapped out the problem before us. In a nutshell: the food system is broken. A weighty and technical word, 'food system'. And that's illustrative of what a food system is: an entanglement of complex production chains, in which much too often very little attention is paid to both humans and the environment.

Fairfood wants to put the focus back on those people. Our mission: to only have food on our plate that is produced by people who can live in dignity. We want them to be able to take care of themselves as well as the earth; to invest in sustainable production methods. Small-scale farmers and workers in the food sector deserve a living income. Ultimately, the money we spend in the supermarket should contribute to social and economic prosperity for everyone involved in the production of our food.

We understand that there's no simple solution, but we do believe that everyone should accept their responsibility. Supermarkets, producers and food processors should protect the rights of everyone involved in their production chains – including the people at the very beginning of those chains. That's what we're working towards. We want to play a connecting role in the transition towards a sustainable and transparent food system and make consumers aware of the impact their own choices have. Meanwhile, we are busy building partnerships and projects that allow us to reach the people behind our food directly. Long story short: everything we do, we do for a fairer and more sustainable food system.



3 • THE CAMPAIGNS

What do you, as a consumer, really know about the people behind your food? With our campaigns, we want to reduce the distance between you and them. We tell the true story, and we collaborate with the industry and politicians to improve that story.

COCONUT-UPDATE

Our coconut campaign dates back to 2017, but steadily continues behind the scenes. Quick reminder: it was all about honest coconuts. Did you know that about 1 in 20 supermarket products contains coconut? Lucrative business, you might say. But not for the coconut farmers. Since we like facts and figures: 84% of all coconut imported by the Netherlands comes from the Philippines. Of all the small-scale coconut farmers in that country, 56% live below the poverty line. So basically, that's poverty on your plate.



Our coconut alarm was heard, and several coconut processors joined us for an honest discussion. In 2017 and 2018, we spoke to Nestlé, Mars, Ahold, Delhaize, Unilever, and more, and were able to advise several of them on the sustainability programmes they had already implemented or were planning to introduce to their coconut chain. Cargill, for example, had just launched a pilot project for Filipino coconut farmers. Mars, Barry Callebaut and Nestlé told us that they were launching programmes as well.

COFFEE: SHAKING COFFEE CUPS AND LOTS OF AMBASSADORS



You're sitting in a nice little café, about to take a sip of your cappuccino. Suddenly your cup starts ringing and shaking. This is your WAKEcUPCALL! That's what happened to the unsuspecting extras in our campaign video, which surely popped up on your timeline. Sorry folks, it was for a good cause.

May 17, our WAKEcUPCALL initiative finally kicked off. At seven o'clock in the morning, comedian Guido Weijers was the first to put his cup of coffee on

Instagram. Then the hashtag #WAKEcUPCALL got rolling, and our special campaign website got filled to the brim with ambassadors; people like you and I, who drink coffee at work, in a coffee shop with friends, or late at night to stay awake for a deadline. They all helped to wake up the coffee world, together with online influencers such as GrowThinkers, Lush and as many as 33 coffee bars, baristas and coffee roasters who are committed to truly good coffee. Because it's pretty bizarre: in the Netherlands alone, we drink about 30 million cups of coffee every day, yet the average coffee farmer barely manages to keep their head above water. And on coffee plantations, there are still many issues regarding underpayment, overtime and forced labour. Researcher Isa collected all the facts and figures for our report Time for some Truly Good Coffee.



WAKEcUPS

In true Fairfood-fashion, we sent out 50 WAKEcUPS to major coffee players – supermarkets, roasters, coffee bar chains – to invite ourselves over for a cup of coffee. We wanted to hear from them where they think the problem lies. Over 20 companies were so polite to invite us over. A few things stood out to us from the conversations we had with them. The employees of these companies, here in the Netherlands, often don't even know where their coffee comes from and have to

rely on information they get from quality marks or international headquarters. Both supermarkets and large coffee roasters are stuck in an opaque web of global market prices, intermediaries and intense competition with each other, in which price is still a deciding factor.

"We always sold our coffee to a trader and then it all went onto one big pile with the coffee of other farmers. What happened to it after that – I don't know. At the time, the costs were higher than the proceeds, so everyone always had a second job as well. Many farmers in the region still work as pickers on other plantations or in construction. The reason we keep growing coffee anyway? It's tradition. We're proud of our product." ~ Juan Pablo, coffee farmer





THE SUPER-BAD SUPERMARKET AT THE PARADE FESTIVAL

Remember the summer of 2018? Hot as hell, dry as a bone, long, sweaty evenings, way too hot to sleep? That was the summer that Fairfood managed the toilets at your favourite theatre festival – the Parade. Say what? You heard that right, we were in charge of the bathrooms. Sounds dirtier than it was, really. Together with our amazing designer Buro RuSt – who definitely deserves a little shout-out in this annual report as the designer of its lay-out – we decorated the toilets in Utrecht, Rotterdam, Den Haag and Amsterdam from top to bottom. We christened the final product our ‘super-bad supermarket’: a price-stunting supermarket in the front, and in the back – in the bathroom stalls – hard facts about the dark sides of shrimp, tomatoes, pineapples, and other products that we all like to drop into our shopping carts. This way, we gave the more than 230 thousand visitors some numbers and figures to think about while taking care of their number ones and twos.

To give an extra boost to our coffee campaign, we offered the donations that visitors left at these toilets to a project of ambassador The Coffee Quest. These coffee buyers work closely with La Victoria, a cooperative in Colombia. Their mission: producing top quality sustainable coffee. With the donated money, a local trainer can be hired who will train the younger generation of farmers in particular, to upgrade the quality of their coffee berries, and measure that quality themselves. For those who were away on holiday during the Parade festival, we set up a crowdfunding project with Give the Change, a donation platform of the Triodos Foundation. And there’s more: the Triodos Foundation was so impressed by the project and all the efforts we made, that they doubled the amount that was donated. In total, we were able to give 9,310 euro’s to The Coffee Quest. Keep an eye out for our newsletter for updates from Colombia.

“For The Coffee Quest, I often travel to countries where coffee is grown, where I tend to find like-minded partners to create a chain with, despite cultural differences. Among them are many enterprising small-scale farmers. As a connecting party between two worlds, we work hard to join producers and coffee roasters together for the long run, which helps support the sustainable production of quality coffee. This is what it’s all about – personal collaboration, connected by a shared passion for coffee.”

~ Friso Miguel Spoor, co-founder of The Coffee Quest Europe

TRANSPARENT COFFEE

We regret that. We believe that transparency from farmer to barista is the first step towards making the coffee chain fairer and more sustainable. Because only when you know who’s part of your chain, can you enter into a real conversation with each other. To show that this is possible, we’ve been working on our own blockchained WAKEUP coffee from Colombia. We presented it at World of Coffee, the largest international coffee fair in the world. We were especially pleased with the reactions we got from Indonesian, Tanzanian and other coffee farmers: “You can put one of those QR code on my coffee too, so I’ll at least know who drinks my coffee.”

ROUND TABLE

In October 2018, following the WAKEUPCALL campaign, Fairfood was invited to the Round Table for Sustainable Coffee, an initiative by Nestlé and trade association Koffie Thee Nederland (Coffee Tea the Netherlands). We sat at the table with more than ten coffee parties, the Ministry of Foreign Affairs and a number of quality marks. The outcome: the main issues cannot be tackled from within the Netherlands alone. The initiators are now scaling up internationally, with Fairfood obviously joining the process.

With the help of all our Fairfood ambassadors, we were able to wake up the coffee world in 2018. Reading our coffee grounds for the coming year, we see a future in which Fairfood is even more committed to making the coffee chain transparent; a crucial step towards getting truly good coffee.

THE FACTS*

- ➔ **Black coffee is the Dutch favourite (28%)** closely followed by **cappuccino (21%)**
- ➔ **Millennials like to drink latte macchiato** and are less committed to brands
- ➔ **The classic cloud of milk is especially popular** outside the three major Dutch cities
- ➔ **Almost half (44%) of Dutch consumers are willing to pay more** for coffee that **earns farmers a fair price**
- ➔ **8 out of 10 Dutch people say that the ball is in the court of the coffee brands,** who need to guarantee that fair price.
- ➔ **41% of them are willing to switch to a fairer brand**





Marten giving blockchain lessons to Indonesian nutmeg farmers



Rafael being the best version of himself he could possibly be: talking about that wonderful blockchain technology



We launched our partnership with Verstegen with a nutmeg exhibition on World Food Day. And nutmeg ice cream. (Yes, that's a thing)



Our cashier at the Parade teaching kids about how to spend their allowance wisely

4 • THE PROJECTS

Working together, tackling issues, solving problems. That's how Sander described the fresh air blowing through food land. Fairfood doesn't want to impose solutions from an ivory tower, but wants to get down to the root of issues together. Food, that's everyone's business. Together for us means together with supermarkets, with food brands, with other NGOs, with governments, with farmers and with factory workers.

FAIR FOOD THANKS TO INNOVATIVE TECHNOLOGIES

Step three on our road map: fair tech-projects. Fair tech, that's a generic name we use for all the technologies we utilise to make our food chains transparent and subsequently fair. In 2018, an important technology for us was blockchain, which we used in three different projects. In chronological order:

MOYEE

Moyee Coffee roasts and packages its coffee in the country of origin – Ethiopia – to send more of the profits back into the local economy. The brand also claims to pay coffee farmers 20 percent on top of the market price. Blockchain seemed a very logical next step: transparency to actually prove the claims they make. Moyee invited Fairfood to map their supply chain. Together with Bext360, we built a platform that allows each player in the chain – farmers, roasters, but also consumers – access to the data that is recorded about the coffee along the way. Take that 20 percent claim: we designed a system that allows the farmer to confirm that a certain price is paid when he or she sells their coffee beans to a trader. That's done through a verification text or a digital fingerprint. That means that the consumer can check the price that Moyee claims to pay. Thanks to blockchain technology, Moyee can also sift through their supply chain and identify any inefficiencies. The farmers are ultimately given more insight into the further course of the chain.



WAKEcUPCALL

Following our blockchained coconuts (2017), we traced and shared the entire journey of a shipment of coffee in 2018, as part of our WAKEcUPCALL campaign (see previous chapter). Two claims are verified for the coffee's drinker using blockchain technology: good quality and good price. Together with our partners ID Coffees, Bext360, and others, we mapped the journey of Colombian coffee and made that journey transparent. As a consumer, you can [see precisely](#) where your cup of coffee comes from, whether that coffee is indeed of excellent quality, and whether or not the coffee farmer received the agreed premium in return.

We presented it at the grand World of Coffee fest, in front of a room packed with coffee enthusiasts: the coffee bag and its supplementary interface, which guides you through the coffee chain. The sounds coming from the room, as well as the conversations we had with other attendees during the day, indicate that the coffee industry is crying out for more transparency. We hope that this project will serve as a source of inspiration for the entire coffee industry.

"The purchase price of coffee should triple. That is a fair price to be able to live and save for a pension or a holiday. We would like to take a vacation to discover new destinations and see the sea."

~ Mercedes and Paulino, coffee farmers



VERSTEGEN SPICES & SAUCES

You probably know Verstegen Spices & Sauces from the salt and pepper in your kitchen. And from your collection of turmeric, paprika, laos and nutmeg, just to name a few. Behind this broad range of products hides a small and hard-working army of farmers from every corner of the world. Verstegen wants to gain a better understanding of their working and living conditions. The Dutch family business wants to invest in a sustainable and future-proof food system, with supply chains that are short and transparent. Verstegen is actively building sustainable relationships with all actors in their supply chains and wants to share their knowledge to work towards the best quality, together. This is one of the ways in which the company wants to achieve living incomes. According to CEO Michel Driessen, a living income ultimately allows farmers to take better care of the earth as well.

To start, we made the supply chain of Indonesian nutmeg traceable all the way to the farmer. This made two claims verifiable for the consumer: good price and good quality. In the beta-version of the interface, the journey of the nutmeg could be followed live from December 2018, and it will be available at Coop supermarkets from June 2019.



Better position for the farmer

By actively involving farmers in the production chains and giving them access to new information through blockchain technology, Verstegen wants to boost their entrepreneurship. At the same time, the position of the farmer is strengthened, because he or she can confirm whether the agreed price was actually paid. In the end, this should also make the profession more attractive for future generations, to be practised in a sustainable way, of course.

Identification farmer

Verstegen's nutmeg is grown by a large number of small-scale farmers. Between them and Verstegen stand, among others, a so-called collector and supplier. Thanks to the blockchain-project, Verstegen learns more about the farmers behind their nutmeg, and about their living conditions. Ultimately, Verstegen wants to collaborate with them to establish the best quality nutmeg and sustainable trade relations.

Claim verification

An important outcome of this project is that consumers can personally verify Verstegen's claims of good price, best quality. Verstegen chooses to make the confirmation of the farmer's payment visible to the consumer. In addition, the verification of quality claims, which takes place in laboratories, is added to the blockchain. Another element of their quality claims that is added to the blockchain is the result of the aflatoxin test, a toxic substance that can nest in nutmeg.

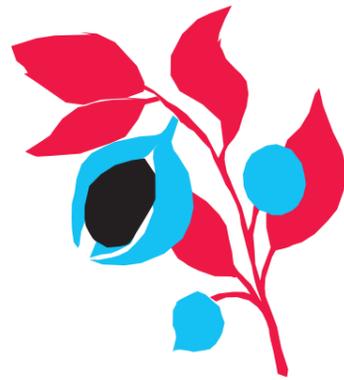


RESEARCH ON LIVEABLE INCOME

This is quite possibly the most amazing part of the project: Fairfood carried out a study on the height of a living income for nutmeg farmers on the Indonesian Sangihe Islands. At the moment, Verstegen pays a premium on top of the usual market price for nutmeg, but the family business wants to know if this is enough for the farmers to make ends meet. Based on the results of our study, we will examine how to make adjustments, if necessary, to end up with a living income. We think that's a rather revolutionary ambition for a food company of this size.

World Food Day

We will remember the 2018 World Food Day event in Den Bosch for a long time to come. Not only because we were able to walk around without a jacket in mid-October (23 degrees Celsius!), but mostly because we were able to publicly announce our collaboration with Verstegen. During an on-stage interview with Marijn Frank (Keuringsdienst van Waarde, a Dutch TV-programme about the quality of consumer products) and with an actual nutmeg exhibition.



LIVING WAVE LAB: STRONGER TOGETHER

We also got a lot of energy from our Living Wage Lab this year. That's the Lab we set up together with Hivos, in which agrifood companies help each other find solutions to paying living wages in their supply chains. Let's be clear: the problem of low wages often cannot be solved by these companies alone. The Living Wage Lab brings everyone together: the government, trade unions, the production branch, supermarkets, NGOs, certifiers and researchers. Think of supermarket format Jumbo, the Dutch Office for Enterprise and UTZ/Rainforest Alliance. The confidential and private character of the Lab allows questions and issues to be discussed openly. Together we work towards finding solutions.

TWO YEARS OF LWL

In February 2018, we celebrated our Lab's two-year anniversary. We were very proud of the special anniversary publication, Towards a Living Wage in the agrifood sector, and of the turnout: over 50 agrifood companies. Willem Lageweg (Transition Coalition Food) and Kirsten van den Hul (political party PvdA) received the publication first, with the latter saying, to our great joy: "It is very special that businesses, policy-makers and NGOs sit down together to tackle an important issue like this, which needs to be addressed interdisciplinary."

FIRST STEP TOWARDS A TOOL

No mucking about, it could be our motto. That's why, in 2018, the need arose to do more at the Living Wage Lab than the sessions alone. At the same time, during talks with Rainforest Alliance, the idea of a 'living income tool' was raised, which should actively help companies realise living wages within their chains. First of all, we tasked True Price with carrying out a needs assessment. True Price spoke to 23 companies in the agrifood sector and evaluated 26 existing tools. A gap analysis was done to compare supply and demand. The preliminary result is the Living Wage Tool Needs Assessment report, which addresses the challenges companies face on their way to living wages, and the ways in which a tool can help them overcome those challenges. Next step: develop tool! More about this over the course of 2019.

SCOPING THE POTENTIAL OF BLOCKCHAIN FOR AGRIFOOD

We've been talking a lot about blockchain technology. We consider ourselves pioneers in applying technology in the agrifood sector, but we also want to learn from others and from relevant developments. That's why, in 2018, we began studying the lay of the land, together with Wageningen Centre for Development Innovation and with financial support from Food & Business Knowledge Platform. The study is specifically focussed on the potential of blockchain technology for the agrifood sector in low and middle-income countries. Where does the technology stand, what problems does it solve, and what are the existing (international) applications? In the first half of 2019, we'll publish the corresponding report.



"I want everyone in our production chains to have the same opportunities as we have in the West. Verstegen wants to actively work with the different partners involved in our chains so that we can take care of each other and the world together."
~ Michel Driessen, CEO Verstegen Spices & Sauces



5 • THIS IS US

Fairfood is a small organisation with a dedicated team, which complements each other in many different ways. Together we have created a work culture that we're quite proud of, actually. More about that below.

(RESPONSIBLE) WAY OF WORKING

Although there's obviously someone around that we call our director, we don't believe in hierarchy here at Fairfood. That means that everyone sets the lunch table at some point or another, but what's more, we all have space to share and use our personal expertise. At times, we like to speak of a flat organisational structure, with short lines of communication, which allow us to carry out our mission effectively and efficiently. We think of our work as both important and fun, and try to make it even more fun by actively working on a positive work culture. By organising a monthly inspiration-and-knowledge-sharing session, for example, and an annual multi-day vision session.

Personal development is important to us. We want to make Fairfood a place where people can thrive and grow – if you want, even in competences that don't fall under your official responsibilities. That's why, for example, we all had a one-to-one mini-performance interview with each of our colleagues last year. You suddenly get to see yourself through someone else's eyes. With a list of all our strong points and points for improvement in hand, we then wrote a personal development plan, after which we were matched to another colleague – your buddy – with whom that plan is regularly reviewed. So next year, we'll all be even better at what we do.

We also occasionally connect in areas besides fair food. You'll suddenly find yourself taking part in the Week Without Meat with the entire team (we do vegetarian lunches anyway), or you might run into each other during a Climate March, or watch a documentary about the soy industry together. Isa, Rafael and Channa even like to hang out together on a climbing wall from time to time. We also want to create opportunities for relaxation during working hours, in order to avoid excessive stress. That's why we introduced our office dog and vegetable garden in 2018. You get stressed out, you get sent to the park to take the dog for a walk. Or: "Hey, why don't you go check on the peas?" Next year we'll examine how we can get the balance between our work and private life even better and healthier. Rule number 1 currently stands: during holidays you leave the Whatsapp-group (which is not allowed to be used outside of work hours anyway) – we introduced this rule when one of us was answering our much too boring questions with their skis still strapped under their feet. But enough about us, this is who we are:



MARTHE VAN ANDEL

"What a gift, that Marthe", is what Marthe's family must have said on the day she was born, but which we've definitely said the first day she walked into our office. Since Marthe's arrival, no one else has ever been the first one in the office. Or the one with the highest heels. Marthe strides from her home to the office on the highest of heels, where she continues to amaze us all day, every day, with the vast amount of knowledge she has acquired in her very short life. We're just glad to be able to call this former programme developer (Heifer) and programme manager development and quality assurance (PharmAccess) our very own programme manager living wage and income. Not in the least because, ever since Marthe joined our team, Monday after-work drinks, Tuesday after-work drinks, Wednesday after-work drinks and Thursday after-work drinks are no longer the exception.

CHANNA BRUNT

There is always a good reason to bring a lemon meringue tart to the office. And if there isn't, Channa will find one. As our communication manager, she's not only the voice, but also the conscience of Fairfood. Whatever we do – whether we're in the middle of a big project or philosophising about our next BHAG (Big Hairy Audacious Goal) – Channa's famous mental eye-roll and determined voice will unavoidably make an appearance: "But what does this mean for the people at the beginning of the chain?" If we can't satisfyingly answer that question, we're sent back to the drawing board. She also single-handedly maintains a deep divide between the office millennials and the pre-1980 generation by constantly reminding us of the things we do 'because we are old'. She did manage to get all her colleagues to use Lush's packaging-free soap and shampoo.



LONNEKE CRAEMERS

Lonneke C. is an interesting mix of dry wit, entrepreneurship, clear vision and a generous pinch of stubbornness. At her arrival in 2018, she impregnated our team with a healthy dose of structure, Excel sheets and project-based working. If our business developer does anything, she does it well. She was previously crowned windsurfing queen and conquered the Nepalese Annapurna on her mountain bike as if it were nothing. Her mind never seems to stop running either: during lunches and drinks, she'll often casually present new business plans for, for example, a recycled cigarette purse (at the moment, that's all we can say about that). Recently took a Monday off work because she was going to Carnival that weekend, and subsequently became the ultimate embodiment of the "work hard, play hard" principle.



LONNEKE VAN GENUGTEN

At a team workshop, Lonneke learned that her personality-type is the colour yellow. Slightly dismayed, she glanced at the corresponding board, on which a drawing of partying puppets was accompanied by statements such as, 'please like me!' and 'there are no strangers, only friends I haven't met yet'. We are not very enthusiastic about that description of perhaps the finest personality within our team either. Lonneke knows what's up. In the theatre, at a film festival, but also in the world of coffee, at work and in your love life. More than the what, she's interested in the how. As programme manager responsible innovation, she keeps her finger on the pulse of all ongoing processes and can suddenly hit you out of nowhere with terms like data sovereignty and privacy by design. And that's how she makes everything we do a little better. On top of that, Lonneke is our zero waste policy – at the end of a working day, half a bell pepper, three crunchy bread slices and an avocado-as-soft-as-butter will quietly disappear into her bag. Let's just assume it's for her worm hotel.

MARTEN VAN GILS

Sometimes we have no idea what's going on in Marten's head. For hours on end, he'll be completely immersed in his computer screen, and all we can say is that the world always becomes a little bit brighter when he re-emerges. That moment always comes unexpectedly, usually accompanied by a generous smile, a highly interested personal question and a complementary intense gaze, or even a dinner-tip. With the same ease with which he puts entire food chains on the blockchain, our programme manager fair tech regularly pulls fairly surprising yet impressive taste combinations out of his hat. During our multi-day team outings, he commands the kitchen with a stern look and efficiently short commands, nearly terrifying all of us. But this is all immediately forgiven when we take our first bite. Deals in Bitcoins as eagerly and effortlessly as in white truffles from Italy.



RAFAEL DA COSTA GUIMARAES

Newest and youngest member of our family. Once upon a time he started out as an intern, but we were so impressed by all that Rafael is able to teach us about blockchains – and by the way that he does – that we were quick to make things official. Junior business developer blockchain, is what his business cards now say. By the way, don't let his name fool you. Rafael only barely speaks Spanish. "Spanish-speaking women always say I speak very cute Spanish," he once said, just a little too proud. Mondays have become a lot more bearable ever since Rafael spruces up our lunches with scintillating, extremely detailed stories about his weekends. Listening to those with a healthy dose of empathic power, it's almost as if you're 23 again.



SANDER DE JONG

Three years ago, Sander was as fearless when rebranding Fairfood as he was when he founded the Dutch Weed Burger. We currently do not know exactly how many bikes our managing director owns. Depending on the weather conditions and his work schedule, he cycles to the office on either some rusted up outdated model, or a modest racing bike, or the least modest racing bike ever. In the latter case, he strides into the office with an – if humanly possible – even bigger smile. Once he's in, a Friesland-related joke is usually followed by some honest hard work, but his supreme concentration can always be disrupted to spice up a project, question or problem with optimism, enthusiasm and a fresh perspective. He leaves the office with unabated energy, to then put on his skates for a lesson in 'advanced ice skating' just a few hundred meters down the street – he's not named Sander Bob de Jong for nothing.

ISA MIRALLES

Isa found 'the one' last year: 'fluffy cloud', as she calls our office dog Dorus. When they run towards the horizon together, they may look even more athletic than when Isa does it alone. She must get more exercise than anyone else in the Netherlands: football, cycling, running, padel and climbing. This stands in stark contrast to the hours she spends as a researcher, completely still and in absolute concentration behind her laptop: cross-legged, headphones on, slightly pinched eyes, dead serious look on her face. If we get a little too crazy and the headphones no longer suffice, we'll be subtly admonished to silence with a strict "guys...". Fortunately, the very next moment, she'll grace us with one of her very best jokes. Or a rant against disposable plastics. And she's gathered so many facts about that, you never know when she'll stop talking again.



HANS MOLENAAR

Silent force Hans came to Fairfood along with our fair tech-projects. As our new finance and business management colleague, he streamlines our projects as they flow in. He used to do the same for Mileudedefensie (Environmental Defense) and Friends of the Earth, which entitles him to call himself 'financial expert non-profit'. He can call himself a lot more than that by the way. In the spirit of 'you're never too old to learn', Hans used his weekends over the past few years to train as a psychodynamic therapist. And you may view that as some covert marketing for his newly-launched practice.

JOLINE, JESSAMINE, MASJA, DYLAN

Without some of the nicest interns in the world, 2018 would have looked very different. Joline, thank you for always being ready to get down to business – even in the scorching heat – and for making sure everything went smoothly at the Parade festival this summer. Your jokes and buffoonery are still cracking us up. Jessa, thank you so much for completely throwing yourself into the project with the Coffee Quest and Triodos Foundation. And for painting sidewalk signs, which you also did with amazing skill. Masja, thank you for getting on the train at 6:30 every morning while the whole of the Netherlands was suffering from winter depression. Dylan, we're so glad that your man found you and brought you over to the Netherlands. We wonder if New York knows what it's missing.

SUPERVISION AND MANAGEMENT

Fairfood is managed according to the Supervisory Board model. This Board is responsible for the appointment of the managing director – in our case, Sander – who in turn is responsible for the foundation's policy and daily supervision. Each year, two members of the Supervisory Board, including the chairman, sit down with the managing director for an assessment interview. The Supervisory Board not only monitors the management, but also keeps an eye on the general course of affairs at Fairfood. The Board's tasks include approving the annual plan and budget and assessing the annual report and financial statements.

"If I could see the further course of the nutmeg chain on my smartphone, that would be very helpful. Ultimately, I want to do everything I can to grow my business. Although I can't complain, I want to invest in my daughter's future, who is studying health care – I want her to have an even better life than I do."

~ Muslima Abast, nutmeg farmer



Our Board consists of six people, who carry out their work unsalaried. When a position opens up, a profile is drawn up by Sander and the Board, taking the current expertise of the Board into account. New members are appointed by sitting members. The audit committee is made up of two members of the Supervisory Board. This committee supports the supervising role of the Supervisory Board in the case of financial matters. The audit committee meets with the director at least twice a year to discuss, among other things, the preliminary budget and the yearly interview with the accountant.

We are extremely proud of our Supervisory Board – they all own impressive CV's and a combined know-how that will blow your socks of. We like making use of that know-how. Our lines of communication with the Board are short, and informal consultations and rounds of feedback are not uncommon. Sometimes the entire Board joins us for after-work drinks or an interactive Christmas dinner, so everyone on the team knows everyone on the board. Our Supervisory Board of 2018 was made up of:

JOLANDE SAP

Independent sustainability adviser, supervisor and commissioner for corporate and social organisations, and sought-after speaker and day chairman. From 2010 to 2012, Jolande was chairman of political party GroenLinks in the Dutch House of Representatives. She was member of parliament from 2008 until October 2012, when she bid goodbye to politics. She's held several research and management positions at governmental and private organisations and has a broad knowledge of socio-economic and development issues. Jolande has been the Board's chairman since January 2014.

MAXINE TILLIJ

Advises companies and governments on projects, investments and strategic partnerships needed to promote energy transition and a circular economy. Maxine is greatly experienced with strategy development, business development, alliance management and legal affairs. Maxine moves within an ecosystem of professionals who share a belief in sustainability, equality and transparency. As a project director, she recently developed the joint venture between the Port of Rotterdam and energy network operator Gasunie, for the construction of a large-scale heat infrastructure in South Holland. She was also one of the driving forces behind the development of the Heat Alliance South Holland. She started her career as a lawyer at De Brauw, Blackstone, Westbroek N.V. In 2015 and 2016 she was Fairfood's managing director on behalf of the Supervisory Board.

HEDWIG BRUGGEMAN

Hedwig Bruggeman grew up in Dutch Flanders and trained as an animal husbandry specialist at Wageningen University. She gained extensive international experience through several long-term missions in Africa, after which she managed network organisation AgriProFocus for 10 years. She's been back at Wageningen University since November 2015, where she heads the Centre for Development Innovation of Wageningen University & Research.

FRITS KREMER

Director of Mediaset Business Events, chairman of sustainability network Foodpolicy NL and member of the Advisory Board of the Good Fish Foundation. Frits is also a regular columnist for FoodPersonality magazine. From 2003 to 2006, he was head of corporate communications at supermarket group Laurus. At the same time, he worked together with Natuur & Milieu and Oxfam Novib to lay the foundation for a sustainability policy for supermarket format Super de Boer, which later merged with Jumbo.

PIETER GOUDSWAARD

Independent marketing specialist Pieter Goudswaard helps innovative and sustainable entrepreneurs increase their social impact and business success. He also supervises companies in making their international production chains future proof. He does that with his own company Abre and the agrifood-team of MVO Netherlands, among others. Pieter has many years of experience in the field of marketing, commerce, innovation and sustainability within Procter & Gamble, Unilever, Danone, People4Earth, Jumbo and Generous Minds.

In addition to the Supervisory Board we have an Advisory Board, which advises our managing director on strategic issues. This board is made up of prominent experts with an extensive international network and diverse professional backgrounds. We are very proud of the wonderful club that is taking on this task:

Guus Loomans charity manager at Rabobank Netherlands

Pierre-Louis van Hedel managing director at Rabobank Foundation

Gerrit Bruggeman managing partner RTB

Niels Penninx managing partner at Green April

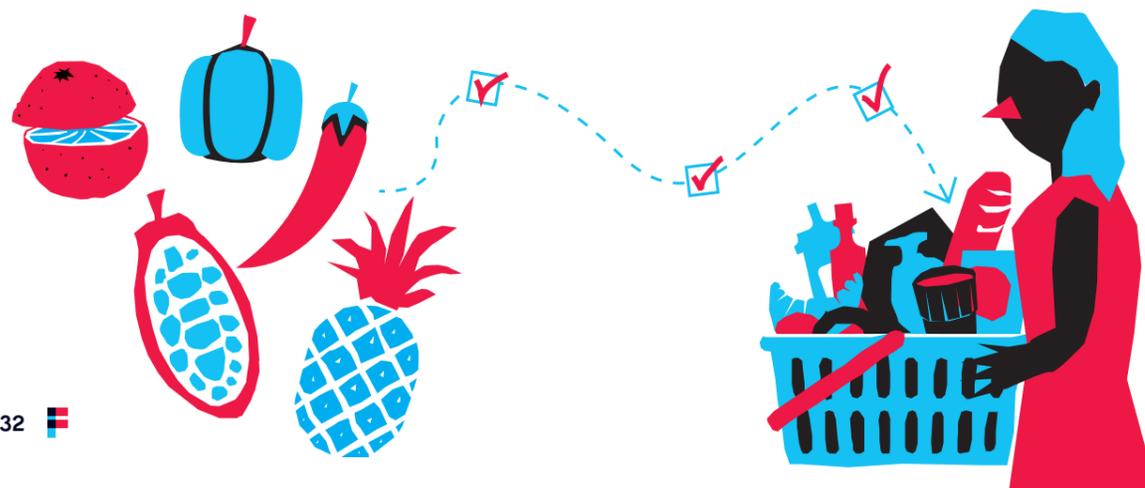
Martijn melts chief marketing officer at TP Vision

RISK ANALYSIS

Practice what you preach: at all times, Fairfood aims to be transparent about its business operations and commits to the effective use of resources – each euro spent, every hour worked is accounted for. Risk management is very important to us, because we know all too well that economic conditions can change, politics can be unstable and markets volatile. Political decisions – and the availability of funding – are difficult to predict, as are the political forces that influence partner organisations. Fairfood works with other NGOs and lobby organisations Partos and MVO Platform to influence political decision-making through smart lobbying and advocacy. An example of this is the place we've held at the food covenant negotiating table in recent years.

With the arrival of our managing director Sander, in 2016, a new multi-year strategy was introduced. This fundraising strategy secured funding for projects running from 2017 to 2019. At the same time, we began, and still are, actively building relationships that will keep Fairfood financially healthy far beyond 2019. Our financing plan is focussed on long-term partnerships and funds that concern themselves with technological applications such as blockchain, artificial intelligence and Internet of Things. The partnerships we enter into with companies and organisations that want to contribute to a sustainable food system – think of the blockchain projects, which we discussed in Chapter 4 – are paramount.

Even though that means that, unlike the 'old' Fairfood, we put less focus on campaigning, this strategy remains close to our roots – to our vision and mission to make the food system fair.



6 • FRIENDS OF FAIRFOOD

When Dionne Warwick sang 'that's what friends are for', she probably wasn't talking about 'making the food system fair'. Still, our friends come in handy during that mission. Our work is supported by partners, ambassadors, volunteers, consumers, the media and other interested parties. They deserve a special place in this annual report, as they'll hopefully make you as happy as they make us.

PARTNERS

This is a perfect place to give special thanks to the Dutch Postcode Lottery and all its participants. Again in 2018, there was that beautiful check of 500 thousand euro. It's quite simple: without the Dutch Postcode Lottery (DPL), Fairfood wouldn't be where it is today. Since 1989, DPL has been recruiting funds for organisations that are fighting for a greener, fairer world. Half of their proceeds is divided among organisations that fight for a better world, through environmental protection, developmental collaboration and human rights – which includes us. Fairfood has received a yearly stipend of 500 thousand euro from DPL since 2009, which we put towards campaigns and project that will fix our food system. Thanks DPL!

AMBASSADORS

"I saw your toilets at the Parade festival and I've been following your work ever since!" – we like it. "I saw Lonneke's presentation at the Bio-drinks event, and I've been seeing your name all over the place since" – we like it. "I'd love to volunteer for you guys" – we like it. We could debate the true meaning of the word 'ambassador', but at Fairfood, we consider everyone who follows our work, thinks it's important and talks about it our ambassador. Last year, there were the 33 coffee bars, labels and baristas who officially joined our coffee campaign as ambassadors – with social media posts, window stickers, posters and flyers – who deserve a special shout-out. We also get more and more e-mails from people who want to volunteer for our cause. Speaking of: special thanks to Karina and Swati, who regularly assist the communication department unremunerated. That's what you call ambassadors. They keep us energised. Everyone is welcome at Fairfood and we like to keep things as personal as possible. Don't hesitate to email us to find out how you can contribute.

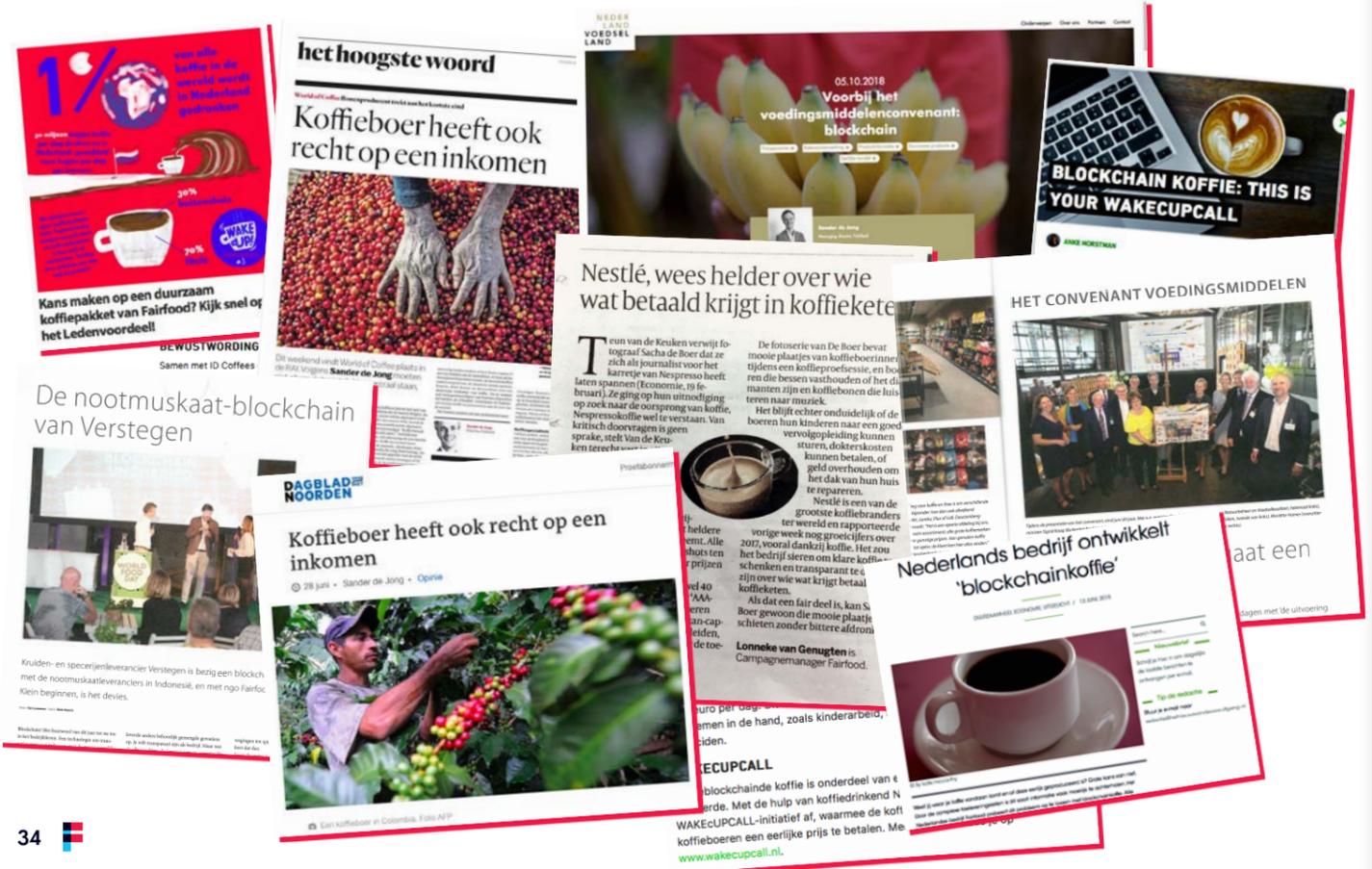
"As a charity lottery, it is our mission to contribute to a green and fair world. Ever since 2009, Fairfood has been one of our beneficiaries, whom we support in their fight for a fair and transparent food chain. Fairfood makes sure that the most vulnerable people in the food industry can lead a fair and decent life. Thanks to the 3 million participants of the Postcode Lottery, Fairfood has received a total contribution of €6.1 million for their work." ~ Margriet Schreuders, Head Charities Dutch Postcode Lottery





IN THE MEDIA

For Fairfood, the media are an important channel to share our story with the outside world and find support for our mission. That story could be our coffee campaign, a blockchain project, or maybe the reason why we do not support the food covenant. We're very pleased about all the attention our story got last year – Volkskrant, Trouw, NRC, Parool, BNR News Radio, RTL's talk show Koffietijd and others gave us a stage. We appeared in the media more than 55 times this year. On average, that's practically once a week!



OUR REACH

- in 2018...
- We turned the toilets of theatre festival the Parade into a super-bad supermarket
- We ran 1 campaign, for which we produced 1 video
- We published 3 opinion pieces in the newspapers, namely Trouw, Parool and Volkskrant
- we hosted 12 blockchain-events
- we sent out 12 newsletters
- we gave 19 interviews
- we wrote 28 blogs
- we gave 34 presentations

The results:

- 270 thousand people (potentially) reached online through our coffee ambassadors
- 230 thousand visitors at theatre festival the Parade, who took care of their number ones and twos at our super-bad supermarket
- 90 thousand Facebook followers
- 40 thousand website sessions
- 27 thousand unique website visitors
- 21 thousand views of our WAKEUPCALL campaign video
- 13 thousand Twitter followers
- 4 thousand LinkedIn followers
- 3 thousand subscribers to our newsletter
- A thousand Instagram followers
- 55+ times in the media
- 33 frontrunners associated with our coffee campaign



7 • FULL STEAM AHEAD

That's it. It's been good. We officially close the book on 2018 with this annual report. Take a bow and off we go. The show must go on. Because our work is far from over, and we won't stop until it is. We will try even harder to provide the world of food with solutions in 2019. With technological innovations that help make chains transparent and could improve the lives of so many people. A little sneak peek: this is what we'll be up to in 2019.

BLOCKCHAIN TOOL

We're impatiently awaiting the launch of our blockchain tool (name and branding are being worked on), at the end of 2019: a tool that can make everyone's chains transparent. In 2018 we presented the idea to SIDN fund and funding was granted to us at the beginning of 2019. We are going for it together: we'll build a financially accessible platform that allows companies to trace their own chains from tree to plate, and verify their quality and sustainability claims – using blockchain technology. While working on our projects over the past few years, we've noticed that available systems and technologies have been too limited, closed off or expensive. Saying no is never fun, but especially not when you, as an NGO, see ambitious, well-meaning but smaller companies not being able to benefit from incredible innovations. For us, this development goes hand in hand with an investigation into data privacy. Responsible innovation: how do we guarantee the privacy of everyone involved in the food chain, even at the drawing board stage? Who owns the data?

MORE TRANSPARENT CHAINS

In addition to the blockchain tool, we'll continue working on projects and programmes in collaboration with ambitious frontrunners in the agrifood sector this year. We aim for more products, more chains and more countries. Yes, we're not afraid to be a little ambitious. We'll collaborate with supermarket chains, NGOs, governments and businesses to achieve fair, sustainable food chains, which we believe begin with transparency. There are already lots of promising projects in the pipeline, but we would like to share this one with you already: after successfully tracing their nutmeg, we will trace Verstegen's top 25 herbs and spices from farm to factory. Verstegen wants more insight into the source of its products and the working and living conditions of the people behind them. The company has set itself broader sustainability ambitions: realising living incomes for the farmers behind their product range is a first step towards a collective, improved care for the world.

INTERNATIONAL CONFERENCE LIVING INCOME & WAGE

With the increased focus on due diligence in the field of human rights as part of responsible entrepreneurship, there is also growing attention towards living wages and income. Governments, companies, social organisations and many others are working on it, or want to work on it. That's very good news to us. However, there is still a lack of large-scale implementation. In November this year, we'll explore challenges and opportunities during a conference that we organise together with Hivos, Rainforest Alliance, Ministry of Foreign Affairs, Fairtrade Max Havelaar, IDH and GIZ. With this conference we want to raise awareness, offer action perspectives and facilitate commitments from governments, companies and civil society. Be sure to put November 5 and 6 down in your calendar!

"Fairfood and the Ministry of Foreign Affairs are working together closely on the preparations of the international conference on living wage and income in agri-food, that will be held in 2019. Fairfood is playing an important part in getting this urgent theme higher on the agenda, with the Living Wage Lab amongst others."

~ Jos Huber, senior policy advisor Ministry of Foreign Affairs

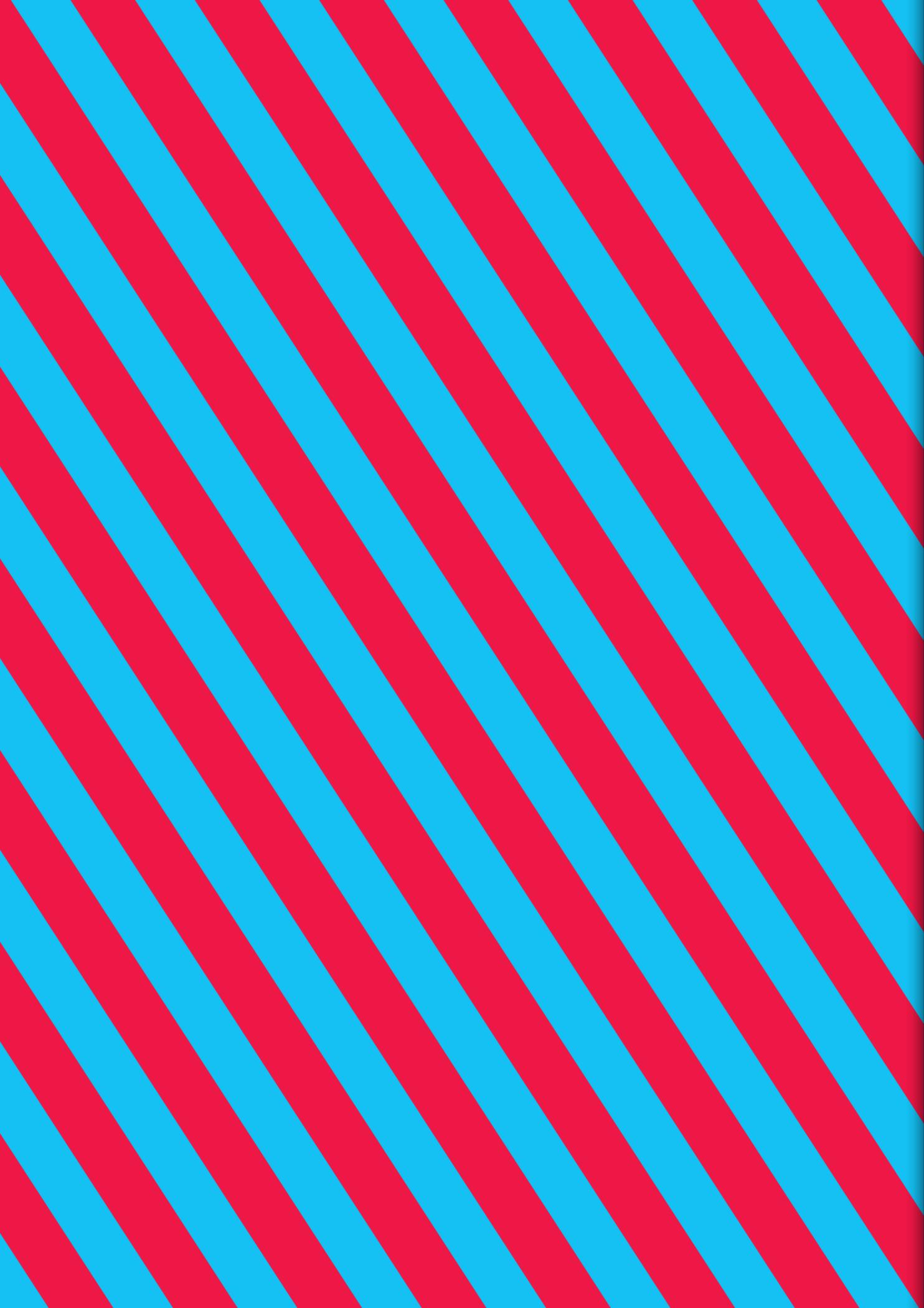
8 • FINANCIAL FORECAST 2019

Our goal is to grow our operational budget to €1.1 million in 2019, adding €100,000 to our reserves. The benefits come from collaborative projects with companies, funds and grants. We'll realise this with a small, flexible team of dedicated professionals. We'll further expand our fundraising activities and prepare the strategy for the period 2020-2023.

BUDGET 2019 IN FIGURES NUMBERS IN €

INCOME	
INCOME FROM PRIVATE FUNDRAISING	413.100
INCOME THIRD-PARTY ACTIONS	500.000
GOVERNMENTAL CONTRIBUTIONS	187.600
	1.100.700
LASTEN	
PERSONNEL	545.800
HOUSING	22.000
OFFICE	3.400
ORGANISATION	64.200
COMMUNICATION	30.000
RESEARCH	20.000
UNFORESEEN	15.000
PROJECT COSTS (NON PERSONNEL)	300.300
	1.000.700
RESULT	100.000
YEAR-END RESERVES	290.569





FINANCIAL REPORT

BALANCE SHEET AS OF DECEMBER 31 2018

(after allocation of results)

	31-12-2018	31-12-2017
	€	€
ASSETS		
ACCRUALS AND DEFERRED INCOME	59.622	14.297
CASH AND CASH EQUIVALENTS	202.013	297.905
TOTAL	261.635	312.202

	31-12-2018	31-12-2017
	€	€
LIABILITIES		
STATUTORY RESERVES		
CONTINUITY RESERVE	190.569	242.122
	190.569	242.122
CURRENT LIABILITIES		
ACCRUALS AND DEFERRED INCOME	71.066	70.080
	71.066	70.080
TOTAL	261.635	312.202

PROFIT AND LOSS CALCULATION FOR 2018

	2018	2017
	€	€
INCOME		
INCOME FROM PRIVATE FUNDRAISING	187.965	107.037
BENEFITS FROM THIRD-PARTY ACTIONS	500.000	500.000
GOVERNMENTAL CONTRIBUTIONS	-	24.500
TOTAL INCOME	687.965	631.537
COSTS		
PERSONNEL COSTS	465.298	333.745
HOUSING COSTS	18.480	23.057
CONTRIBUTIONS PARTNERS AND UMBRELLA ORGANISATIONS	6.309	6.524
COSTS OBJECTIVE	190.748	209.796
ADDITIONAL OPERATING COSTS	58.323	53.871
TOTAL COSTS	739.158	626.993
OPERATIONAL RESULT	-51.193	4.544
FINANCIAL INCOME/COSTS	-360	62
RESULT	-51.553	4.606
DESTINATION RESULTS		
CONTINUITY RESERVE	-51.553	4.606
TOTAL	-51.553	4.606

NOTES TO FINANCIAL STATEMENTS

General

The registered address of Stichting Fairfood International is Mauritskade 63 in Amsterdam (registered at the Chamber of Commerce with file number 34141098).

Principles of value and determination of results

The financial statements have been prepared in accordance with the Guideline for Annual Reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards. Annual accounts are based on historical cost conventions. The valuation of assets and liabilities is done at nominal value, unless stated otherwise. Profits are assigned to the period in which they were realised. Expenses are also accounted for.

Comparative figures

The figures from the preceding year have been reclassified for comparison purposes. The budget figures are not presented in this annual report because in 2018 the budget was not used as a direct steering mechanism. However, regular internal reporting on the finances took place and close contact with the Supervisory Board as to whether or not commitments were enforced was maintained.

Foreign currencies

The accounts of the organisation are presented in euros, which is Fairfood's functional currency. Transactions in foreign currencies are converted to euros at the beginning of the month in which the transaction occurs. At the end of the financial year, all accounts receivable and liabilities in foreign currencies are converted to euros on the basis of the exchange rate as per balance date. Exchange rate results have been added to the statement of revenues and expenditures.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, where applicable, minus impairments. Depreciation is based on the estimated useful life and calculated as a fixed percentage of costs, taking into account any residual value. Depreciation is recognised from the date an asset comes into use.

Receivables

The receivables are stated at nominal value. Provisions deemed necessary regarding the risk of bad debts are deducted. These provisions are determined on the basis of individual assessment of the receivables.

Current assets

All cash and cash equivalents are at free disposal.

Reserves

Fairfood aims to reach a discretionary net worth of 45 per cent minimum and 60 per cent maximum of the annual ongoing costs of the work organisation. This is done in order to avoid immediate issues that may arise in case of financial setbacks.

Liabilities

The current liabilities are those with a term of less than one year. These are initially valued at their fair value and subsequently valued at amortised cost, which is similar to the face value. Accruals are valued at their nominal value. Accruals and deferred income are stated at their nominal value.

PRINCIPLES OF THE DETERMINATION OF RESULTS

Gifts in kind

Gifts in kind are valued against fair value in the country in which they are received. The fair value is estimated as the regular selling price of the supplier minus the reduction indicated by the supplier. Contributions from volunteers are not accounted for financially. Processing gifts in kind does not affect the result and the equity, but only the volume of income and expenses. The income is accounted for 'sponsoring in kind' revenues. The expenses are accounted for where they are usually accounted for.

NOTES ON BALANCE SHEET AS OF 31 DECEMBER 2018

	31-12-2018	31-12-2017
	€	€
ACCRUALS AND DEFERRED INCOME		
PREPAID COSTS	5.459	374
RECEIVABLES	35.942	13.923
DEBTORS	18.221	-
	59.622	14.297
CASH AND CASH EQUIVALENTS		
PAYMENT ACCOUNTS	80.397	69.846
SAVINGS ACCOUNT	121.616	228.059
	202.013	297.905

	31-12-2018	31-12-2017
CONTINUITY RESERVE		
BALANCE SHEET AS OF JANUARY 1	242.122	237.517
ALLOCATION OF RESULT	-51.553	4.605
BALANCE SHEET AS OF DECEMBER 31	190.569	242.122
CURRENT LIABILITIES		
CREDITORS	14.089	3.500
ACCRUALS AND DEFERRED INCOME	12.478	2.420
SALES TAX PAYABLE	4.110	-
SUBSIDIES RECEIVED IN ADVANCE	40.389	64.160
	71.066	70.080

NOTES TO THE PROFIT AND LOSS ACCOUNT 2018

INCOME		
	2018	2017
	€	€
INCOME FROM PRIVATE FUND RAISING		
DONATIONS AND GIFTS	6.982	454
SPONSORSHIP IN KIND	24.681	35.432
NGO CONTRIBUTIONS	43.112	68.000
BUSINESS ASSIGNMENTS	112.791	-
PROCEEDS CAMPAIGN-SALE	399	3.151
	187.965	107.037
BENEFITS FROM THIRD-PARTY ACTIONS		
DUTCH POSTCODE LOTTERY		
- GENERAL FINANCING	500.000	500.000
	500.000	500.000
GOVERNMENTAL CONTRIBUTIONS		
MINISTRY OF FOREIGN AFFAIRS	-	10.500
MINISTRY OF ECONOMIC AFFAIRS	-	14.000
	-	24.500

COSTS		
	2018	2017
PERSONNEL COSTS		
WAGES AND SALARIES	342.587	258.669
SOCIAL EXPENSES	53.446	37.373
TRAVELLING EXPENSES	9.364	5.194
EDUCATION	1.673	-
NON-SALARIED STAFF	47.820	21.846
CANTEEN EXPENSES	5.178	2.842
ADDITIONAL PERSONNEL COSTS	5.230	7.821
	465.298	333.745
The average FTE in 2018 was 5,74 (2017: 3,96)		
HOUSING COSTS		
RENT	17.710	20.979
ADDITIONAL HOUSING COSTS	770	2.078
	18.480	23.057
COSTS OBJECTIVE		
CAMPAIGN	165.421	187.162
PUBLICITY	25.327	22.634
	190.748	209.796
ADDITIONAL COSTS		
OFFICE COSTS	30.245	35.698
AUDITING COSTS	9.942	17.457
ADVISORY COSTS	18.136	400
ADMINISTRATION FEE	-	316
	58.323	53.871
FINANCIAL INCOME AND EXPENSES		
INTEREST INCOME	€ 161	€ 558
BANK CHARGES	€ -521	€ -496
	€ -360	€ 62

INDEPENDENT AUDITOR'S REPORT

To: The Supervisory Board and Management Board of Stichting Fairfood International

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2018 of Stichting Fairfood International, based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Fairfood International as at 31 December 2018, and of its result for 2018 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2018;
2. the profit and loss account for 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. We are independent of Stichting Fairfood International in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, the Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics). We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by the Dutch Accounting Standards Board.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report and other information as required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

C. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cause significant doubt on the company's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. 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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

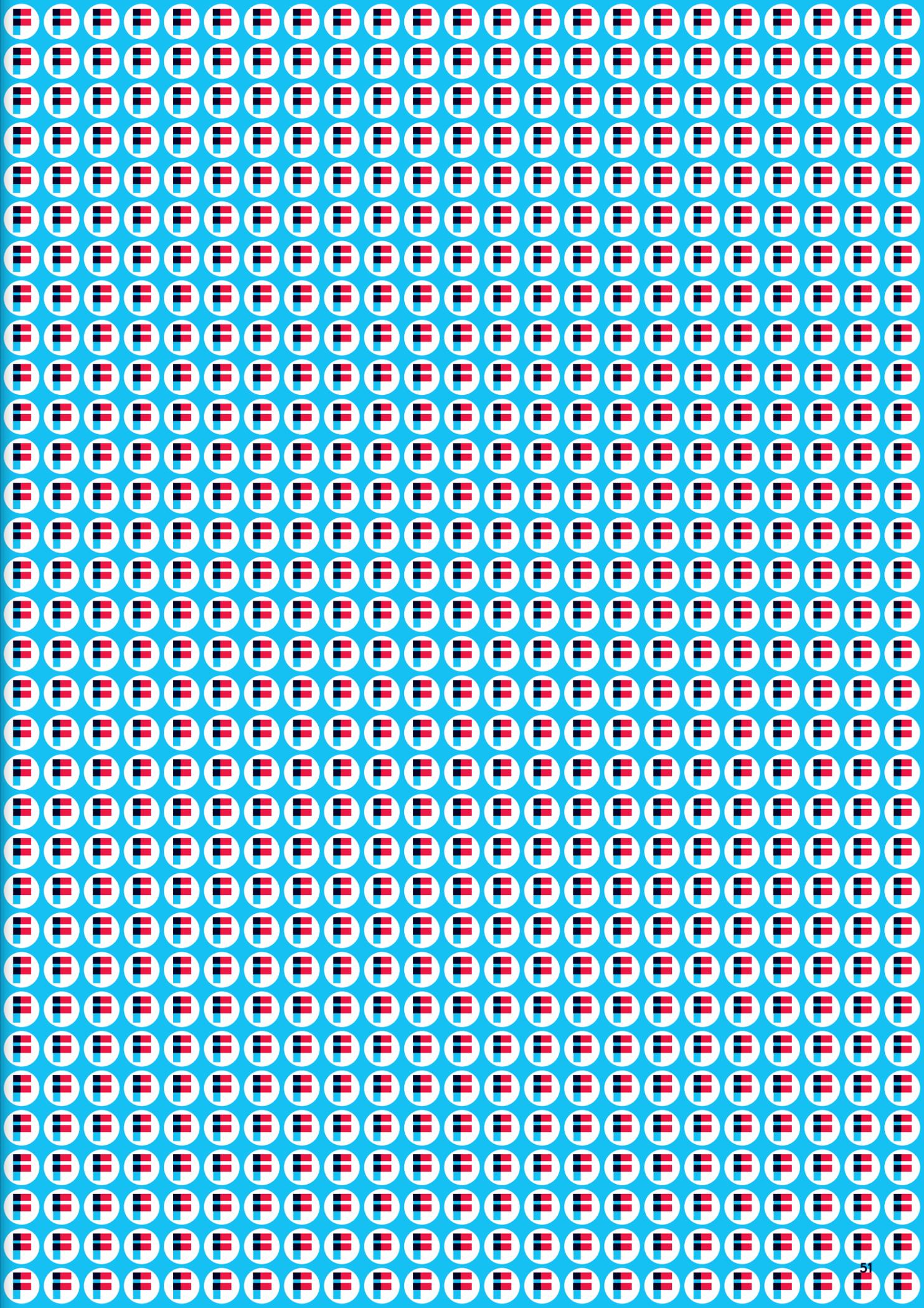
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

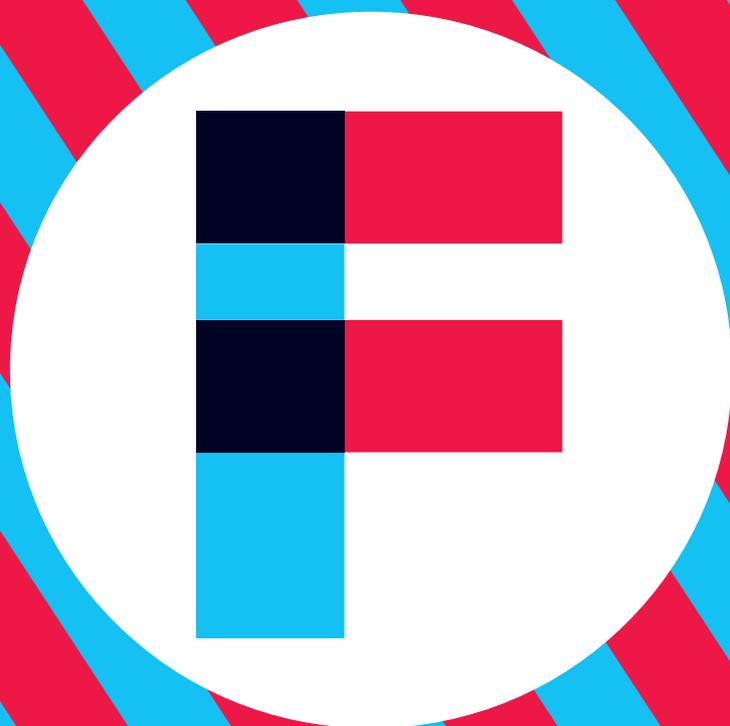
Amsterdam, 23 may 2019

Ardent Adviseurs en Accountants

w.g.

T. Dijkstra AA





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1092 AD AMSTERDAM

