



FAIRFOOD
Annual Report 2016



Contents

Foreword	4
Introduction	7
Mission and vision	8
Strategy	10
Our projects	12
<i>Living Wage Lab</i>	12
<i>Shrimps – South East Asia</i>	15
<i>Vanilla – Madagascar</i>	15
<i>Tomatoes – Morocco</i>	16
<i>CSR Covenant for the food sector</i>	19
Fairfood organisation	20
<i>Supervision and management</i>	20
Supervisory Board	
Advisory Board	
Managing Director	
<i>Organisation</i>	23
<i>Risks</i>	23
Short-term risk management	
Long-term risk management	
Outlook 2017	24
<i>Outlook in figures</i>	24
Financial report	26
<i>Independent auditor's report</i>	33

Foreword

The year 2016 was a year of change for Fairfood. We needed to adapt our organisation to the changing circumstances, due to shrinking budgets and changing government policies on funding for development work. In early 2016, we started with a process that laid the foundation for our new strategy. Fairfood started reviewing its impact through stakeholder consultation and vision development. We made the organisation smaller with a more agile and pragmatic approach towards project execution. With our changing strategy, new leadership and a great team, we will do better what we do best: campaign for fair food and accelerate change.

Because we simply love food and with the food we eat, we want to contribute to the solution instead of the problem. That's why we work for the people who produce our food. It is our goal to ensure that everyone can profit and gain nourishment from the global food system. Many of the people who work in agriculture do not earn enough to support their families. Although the right to a living wage is a universal human right, wages for the workers in many global supply chains are too low to guarantee a decent standard of living.

We are optimistic about the future. A growing number of food consumers demand healthy and sustainable food. We see a new movement of food companies, sector associations, civil society organisations, trade unions and government to better cooperate. The Netherlands is the second largest exporter and sixth largest importer of agro-food in the world. Dutch importers, processors, producers and retailers are in the unique position to make a difference. The UN Sustainable Development Goals (SDG's) give the world an inspiring agenda with major impact on the food sector. The International CSR covenant for the food sector can ensure that the sector converges towards a more sustainable, transparent food system. Many new initiatives, businesses and social groups emerge. With new technologies, business models and partnerships. New forms of food supply arise where connection and transparency are the key words.

That is good news indeed, but given the current impact of the food sector on our ecosystem, matters are more urgent than ever. We need to accelerate change. Thus far only 10 - 30% of the food in the Dutch supermarkets is sustainable. The five purchasing organisations from supermarkets in the Netherlands compete mainly on price. Their purchasing criteria will have to be adjusted so that quality is rewarded as opposed to quantity at the lowest price. The effectiveness of voluntary standards will have to rise. And the industry will have to commit itself to tangible, binding sector-wide goals.

Transparency is the new green. The lack of transparency in the supply chains needs to be addressed so that people can verify that companies are complying with the agreements. And, finally, the Dutch consumer must change too. In addition, they should be helped with honest information about food, without green washing and without the jungle of quality marks.

We need a radical rethinking of our food system that restores the link between the people who produce our food and the consumers. All stakeholders in the food sector must work together and share experiences and lessons learned. We see many food leaders who are ready to move. They know that true growth can only be inclusive growth with a decent living for all involved. They are willing to combine forces to change the rules of the game.

In our new approach, we will focus on mobilizing consumers and create a coalition of willing with food companies, governments and private sector to start pilot projects and scale best practices. In 2017 and beyond, we will start innovative campaigns with demonstrative products that prove it is possible to pay a fair price and restore the link between producer and consumer. Beyond technology, these innovations can result in new business models, public policies and consumer behaviour.

If we can join forces in accelerating change, we can feed the world now and in the future. You are more than welcome to join.

This annual report describes the activities, developments and results of Fairfood in 2016. This annual report has been approved by the Supervisory Board on 26 June 2017.

Yours Sincerely,



Sander de Jong
Managing Director



Jolande Sap
Chair of the Supervisory Board



Introduction

In 2016, Fairfood evaluated its sustainable impact agenda and laid the ground work for moving forward with an evolved strategy for the next three years. A fair price for the farmers and living wage for food workers were themes that influenced Fairfood's work in the past. With a new strategy focused on the food that ends on our plates in The Netherlands, Fairfood is moving to meet the challenges ahead by building upon a history of achievement. We would like to thank everybody who supports our cause. Special thanks to the Dutch Postcode Lottery, who have continuously expressed their support to our organisation in these times of change.

Mission and vision

Fairfood is an innovative, fact-based non-profit organisation that advocates for fair food. Our mission is to ensure that the people who produce our food can live in dignity, without harming the environment. We want to make sure that the smallholder farmers and food workers can contribute to change that leads to social and economic prosperity for all.

The food on our plates is often not produced under fair conditions. Food workers and smallholder farmers working in global food supply chains are often deprived of their basic human and labour rights. We strongly believe that these people have the right to a living wage, a wage that is sufficient to provide for basic needs such as nourishing food, education and medical care. In our vision, Fairfood enables the transition towards a fair and sustainable food system in which retailers & processors ensure a living wage for workers and living income for farmers.

In everything we do, we are driven by our mission and vision. We campaign to create awareness, seek partnerships with others, cooperate with industries and aspire to be a financially sustainable organisation. We will always ensure that what we do contributes to a fair and sustainable food system that maximizes the benefit for all.

“Earning a living wage that enables workers to meet their basic needs is a human right”





Strategy

Fairfood positions itself as a consumer movement and a 21st century fact-based non-profit organisation. Driving consumer awareness of what's on their plate, ensuring maximum impact and delivering results. We are pleased to announce that with the start of the new strategy, the implementation phase has begun for more fair food on the plates of our Dutch consumers.

Over the years Fairfood has created a unique position in raising the social issues in the food system. With our focus on living wage and living income we follow up on the themes that influenced Fairfood's work in the past. The topic is now on the agenda of many food industry players. Also, internationally the topic of living wage has exploded into public consciousness,

from fast food workers in the US to global clothing companies in Bangladesh. A living wage allows a worker to cover the essential needs of their family, with a little extra "just in case." The legal minimum wage too often falls far short of this concept, leaving workers around the world mired in poverty. Living wage is a complex topic, but is increasingly seen as a fundamental human right.

We defined three result areas for the next three-year period. With the three result areas combined, we can make the impact we see is needed. With the demonstrative products, we raise awareness. With our industry campaign, we move retailers and processors. And with our Living Wage Lab, we share knowledge.

- **Launch demonstrative products as a campaign**

Launch a series of demonstrative 'living wage products' to create awareness among Dutch consumers of the fact that much of our food is produced by farmers & workers in poverty. Each product is a campaign.

- **Move retailers & processors to change**

Move retailers & processors to 'ban poverty goods' from their stores: ensure paying living wages & living incomes. By combining campaigning and lobbying practices with industry pilot projects.

- **Share knowledge in the Living Wage Lab**

And share Living wage & Income knowledge gained via the Living Wage Lab to show how it's possible.

These three result areas contribute to our overarching goal of a fair and sustainable food system for all.

With the renewed approach Fairfood will actively engage the food consumers. They represent an untapped force to pull a virtuous spiral of positive change in the lives of millions of people producing our food. Fairfood will focus on empowering consumers

to leverage this call to action. With our innovative campaigns and events, we will build upon the growing movement for responsible and sustainable food consumption using newest insights and technologies.

The Living Wage Lab helps companies in the agri-food sector in finding solutions to realise living wages in their supply chains. The lab brings together Netherlands-based stakeholders to develop and experiment with innovative solutions for realising decent wages in their supply chains.

We will experiment with new technologies such as blockchain to reach speed and scale in its projects. The information technology revolution will allow us to switch from compliance to continual improvement and transparency.

We want to build strong and sustainable partnerships. Public-private sector partnerships will be increasingly important for leveraging change and we would greatly appreciate your support for enhancing our vision on sustainable development. We are looking forward to continuing this discussion with companies, governments, consumers and workers alike.

Our projects

Living Wage Lab

The workers who provide the food on our plates are often unable to feed themselves and their families. They live in poverty and have little chance of improving their livelihoods. Moreover, poverty wages often lead to other human rights violations and poverty-related problems such as long working hours, child labour and health problems. Many workers are unable to stand up for their right to a living wage, as their right to freedom of association is often not respected. The right to a living wage is part of the Universal Declaration of Human Rights of the United Nations, which states: 'Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.' Through its projects, Fairfood strives to secure living wages for all.

Hivos and Fairfood launched the Living Wage Lab in 2015 because low wages are a persistent problem in many global value chains and cannot be solved by individual companies alone. It brings together Netherlands-based stakeholders from the agri-food sector to develop and experiment with innovative solutions for realising decent wages in their supply chains. A wide array of more than 50 stakeholders participates in the Lab; producers, retailers, government, trade unions, NGOs, certification bodies and research institutes.

The Living Wage Lab is a platform for co-creation and experimentation: as in a laboratory we test ideas and combinations to develop new ideas and prototypes to address the living wage issue. The Lab follows the approach of the 'change lab': a social innovation

“With the Living Wage Lab, we are exploring new forms of cooperation with companies, NGO’s, governments and many others to accelerate change”

process where stakeholders collaborate on a complex problem. Solutions are found in new technologies, new policies, new business models, and other forms of collaboration.

The Living Wage Lab provides a platform for all stakeholders to:

- Exchange insights on best practices and lessons learned
- Develop tools to get started with implementing living wage
- Support each other in the set-up of projects to implement living wage

In 2016, we organized four lab sessions resulting in new partnerships and projects, such as the Shrimp project with SuperUnie and ISEAL.

Living Wage Lab

Hivos FAIRFOOD

Home About Projects Get Started Latest Contact Us

Play movie

Living Wage Lab

The Living Wage Lab helps business and other stakeholders in the agri-food sector in finding solutions to realise living wages in their supply chains. Hivos and Fairfood launched the Lab because low wages are a persistent problem in many global value chains and cannot be solved by individual companies alone. It brings together Netherlands-based stakeholders to develop and experiment with innovative ways to realise decent wages.

[Read more](#)



Shrimps – South East Asia

Southeast Asia is one of the world's biggest producers and exporters of shrimp, with India, Vietnam, Thailand and Bangladesh as leading exporters to Western and Northern Europe. Although the shrimp sector in Asia provides hundreds of thousands of jobs, its shrimp workers do not earn a living wage. Asian shrimp workers earn poverty wages which are not enough to live on, forcing them to work long hours with little to no job security. The shrimp sector employs vulnerable groups such as women, children and undocumented migrants. Fairfood is focusing its efforts on ensuring

improved working conditions and protection of basic human rights in the shrimp processing industry.

Fairfood continued its pilot project with the Dutch wholesale purchasing cooperative SuperUnie focused on implementing living wages for shrimp workers in Vietnam. In cooperation with IDH, the research was conducted by ISEAL to assess the gaps between the current wages and living wages. SuperUnie aims to follow up on the research in the nearby future.

Vanilla – Madagascar

Although vanilla is one of the most expensive spices in the world, most of the 80,000 vanilla farmers in Madagascar face food insecurity at least three months a year and live on less than \$1 (€0.74) a day. Key issues these vanilla farmers are confronted with are the unstable and low prices they get paid for the vanilla they produce, the prevalence of vanilla theft, the lack of monitoring and control in the sector, the lack of associations and cooperatives among vanilla farmers, in addition to the lack of resources and market information.

In December 2016, Fairfood sent a letter to several international food and beverage companies urging them to do their part to end poverty for vanilla farmers in Madagascar, and sent a press release to national and international media. The story was picked up by every major Dutch newspaper.

Fairfood and CNV published the report Bittersweet vanilla – The unsavoury story of vanilla farmers in Madagascar's Sava Region, which outlines steps and interventions necessary to help these vanilla farmers. The measures include suggestions for tackling vanilla theft, such as checkpoints, the tattooing of vanilla pods and the establishment of defence groups, as well as capacity training to help vanilla farmers organise and gain vital knowledge on topics such as modern agricultural techniques, financial planning and entrepreneurship.

Fairfood has also held constructive dialogues with major multinationals that hold significant power in the value chain. Much of the power to effect change lies with these multinational companies.

Tomatoes – Morocco

Tomatoes are the main agricultural export product of Morocco and 80% are produced in the Souss-Massa region. The agricultural sector in this region employs 70,000 people, mostly women. Over 90% of exported Moroccan tomatoes are sent to Europe and the Netherlands and sold in our supermarkets from October to April. Morocco is the sixth largest exporter of tomatoes in the world. Moroccan tomato workers are generally paid below the Moroccan national poverty threshold for rural households of €155 per month. The wages these workers receive are, therefore, insufficient to cover their basic needs. In addition, agricultural workers in Morocco have the legal right to form or join

“Restored dignity has been the most significant change for us”

- Moroccan food worker

a trade union to stand up for their rights, but local reports indicate that freedom of association is often not respected by companies, and employees are still dismissed and harassed because of their trade union affiliations. Fairfood is working to bring attention to the clear discrepancy between the enormous profits of the large companies producing, exporting and selling tomatoes globally, and the struggles of the workers on the ground. Fairfood’s aim is to ensure that these Moroccan workers are ultimately paid living wages.

In March 2016, Fairfood in collaboration with local labour union Fédération Nationale du Secteur Agricole (FNSA) organised a multi-stakeholder knowledge exchange seminar in Morocco. The conference – funded by the Ford Foundation – was focused on improving working conditions in global food chains,

with a special focus on the Moroccan agricultural sector. The conference was attended by over 100 participants from a wide range of backgrounds. Representatives from the Ministries of Labour and Agriculture in Morocco were present, as well as the vice-president of the region, the Dutch Embassy, local agricultural producers, trade unions, academics, NGOs and agricultural workers.

In March 2016, Fairfood also published *‘Creating positive change for workers in global food chains – A case study of the partnership between an international NGO and a local trade union in the Moroccan tomato supply chain’*. This case study gives an overview of everything Fairfood has done and achieved in the past three years and it includes the practicalities of collaboration between an international NGO and a local trade union, the successes, the challenges, and the lessons Fairfood and the FNSA have learned.

The project brought about some significant and concrete improvements:

- The partners now have access to concrete facts from two field research studies that were conducted;
- Living wages are now on the agenda of major European retailers;
- Moroccan companies are considerably more willing to meet with the FNSA;
- And unionists in Morocco are much better equipped to negotiate with companies.

Furthermore, the project has indirectly contributed to more workers becoming registered for social security, an increase in union membership and improved transport conditions. Collaborating with a local partner opens the door to many new opportunities. In the Morocco project, we have learned that collaboration between different stakeholders opens the door to many new opportunities to create value for all





involved. Both Fairfood and the FNSA have gained a great deal from this partnership and have achieved far more than they could have done alone.

We are very proud to be nominated for best innovation in the **Spindle Innovation Awards 2016**, an initiative organised by Partos. Fairfood's innovation, 'The Value Chain Approach', was shortlisted out of 39 ideas, which included contributions from Action Aid, Hivos and Plan Nederland, and presented at the Partos Innovation Festival in October 2016.

“We used to go directly on strike. Now we have learned how to negotiate, so the enter into dialogue with the companies”

– Moroccan food worker

CSR Covenant for the food sector

The Dutch Ministries of Foreign Affairs and Economic Affairs started a process to engage leading Dutch business sectors in developing sector-based covenants to address “international CSR” (ICSR) risks. ICSR risks include risks to human rights (including labor rights), environmental impacts, impacts related to corruption and taxation practices and other negative impacts covered by the OECD Guidelines for Multinational Enterprises and the Guiding Principles.

The covenants are intended to be the product of multistakeholder dialogue between sector associations, member companies, government, trade unions and civil society organisations, through which sector associations identify leading ICSR risks facing their sector and develop collaborative approaches to address them.

Fairfood is one of the civil society organisations participating in the covenant for the food sector. The objective of Fairfood's participation is to develop an ambitious covenant in which the member companies take their responsibility towards the agricultural farmers and food workers. The participants will work together on achieving sustainability targets that would be difficult or impossible to achieve alone. The companies involved will draw up an annual action plan identifying specific goals. Their plan will be based on an investigation of problems and risks among their own suppliers and in their own production. Living wage and living income will be important themes for Fairfood.

Fairfood organisation

Supervision and management

Fairfood is a centralised organisation with its statutory seat in Amsterdam, The Netherlands. The office was moved in 2016 to De Groene Bocht, Keizersgracht 452, Amsterdam. The organisational structure includes the Supervisory Board, Advisory Board and Managing Director. The governance of Fairfood is explained on our website. In March 2015, Maxine Tillij was appointed as acting Supervisory Board Member to delegated Managing Director. She left this post in September 2016 and returned to the Supervisory Board when Fairfood appointed Sander de Jong as new Managing Director. Sander de Jong obtained a degree in Business Administration, before initially working in marketing and strategy consultancy. However, he later harnessed this commercial expertise to move into the world of entrepreneurial start-ups focusing on social and environmental issues. In 2012, for example, he co-founded the Dutch Weed Burger, a social enterprise selling a sustainable plant-based alternative to the hamburger.

Supervisory Board

Our Supervisory Board ensures that the Managing Director sets out a solid and sound general strategy, and that this strategy is implemented consistently. During 2016, the composition of Supervisory Board members was as follows:

- **Jolande Sap** – independent advisor for business and social enterprises on issues of sustainability. She is also the chair of NPHF federation on health. She was the former leader of the Green Left Party in the Dutch Parliament
- **Rhiannon Davies** – Vice President Supply Chain and Member of the Management at GrandVision
- **Hans Bruning** – Executive Director of the Netherlands Institute for Multiparty Democracy
- **Maxine Tillij** - owner of CorporateSense, a boutique advisory firm focusing on strategy, governance and strategic stakeholder management in regulated markets

Advisory Board

Our Advisory Board consists of an international network of prominent experts representing different nationalities and professional backgrounds. Their role is to provide relevant advice to the Managing director on strategic matters and to expand the professional network of the organisation. The Advisory Board members support the organisation voluntarily; they have no legal fiduciary responsibility and no authority to vote on corporate matters. During 2016, the members of the Advisory Board were as follows:

- **Guus Loomans** - Charity Manager at Rabobank Nederland
- **Pierre-Louis van Hedel** – Managing Director of the Rabobank Foundation
- **Gerrit Bruggeman** - Chairman of the European Advisory Board
- **Jordan Dey** – Vice President at GrainPro Inc. and Principal at HKS Global
- **Roeland Meijs** – Independent consultant in the field of Human Resources



Managing Director

The Managing Director is responsible for achieving Fairfood's overall objectives and the successful implementation of its strategy. The Managing Director reports to the Supervisory Board. In September 2016, **Sander de Jong** was appointed the Managing Director.

- **Shalini Nataraj** – Director of Advocacy at The Global Fund for Woman
- **Michael Nkonu** – Agriculture Specialist at GSMA; former Executive Director at Fairtrade Africa
- **Max van der Sleen** – founder of True Welfare Foundation
- **Amit Shiwani** - Associate Director at the International Consultancy firm E&Y



Organisation

In 2016, Fairfood further streamlined to a compact action-oriented team. With the new Director, Fairfood has put efforts into building a knowledge-intensive organisation with a highly-motivated, well-educated and talented staff. In addition to this, many long-term contractual obligations were dissolved to further reduce costs. On 31 December 2016, Fairfood employed a total of 6 individuals all based in the Amsterdam office. In 2017, the team will consist of product manager (1,5 fte), living wage expert (0,8 fte), communication manager (0,8 fte), project manager (0,6 fte) and fundraiser (1 fte).

Risks

Fairfood is committed to transparency and the effective deployment of resources. We have been working on continuous risk management. Fairfood is aware that economic conditions can change quickly, politics can be unstable, and markets volatile. We are also aware that food sustainability and living wages will not always be relevant. With our campaigning efforts and continuous dialogue, we aim to mitigate that risk. Primary risk for Fairfood is funding. We are mitigating this risk with both short-term and long-term risk management.

Short-term risk management

Further to the restructuring of September 2015, the Supervisory Board decided to keep Maxine Tillij as delegated managing director to initiate an additional restructuring in March 2016, followed by a last round in October 2016. The Boards decided to terminate five permanent employment contracts and not prolong most temporary employment contracts. New staff is appointed with temporary employment contracts.

Fairfood ended the long-term lease contract for the office at the Baarsjesweg, and cut into other operational costs such as IT and administration. Fairfood has moved its office two times to further reduce costs. To keep the organisation running and execute projects

in 2016, the Managing Director has used some of the continuity reserves.

Long-term risk management

Fairfood is addressing the funding risk on the longer term in the new three-year strategy. The fundraising strategy ensures funding for the projects in 2017, while in the meantime building relationships to secure more structural and long-term funding after 2017. The funding plan is focused on our traditional partners and common programs, but unusual suspects such as grants for new technologies will also be approached. While a major change, the strategy remains close to what Fairfood has done before and why the National Postcode Lottery funded Fairfood. We aim to strengthen our partnership with the National Postcode Lottery, not only through funding but also in marketing and communications.

Political decision-making – and available funding – is hard to predict, as are the political forces which affect partner companies. Fairfood is working together with other NGO's and lobby organisations Partos and MVO Platform to influence political decision-making and target policy makers with the highest chance of success to contribute to policies for sustainable economic development for the coming period.

Outlook 2017

The year 2016 was a transition year of preparing the organisation to implement the new strategy with a renewed organisation. In 2017, we will implement the new strategy and we will be able to work more effective and efficient. Fairfood is focussed on building a consumer movement through inspiring campaigns. In the first half of 2017, we are engaging with and consulting our main stakeholders on this new strategy: food and beverage companies, Dutch citizens, employees, volunteers, advisory board, donors, partners and governments.

Our long-term target is to grow towards an operational budget in 2019 of approximately €1.5 million again. We foresee good opportunities for funding our work in the coming years. Food and agriculture have become an increasingly prominent topic in the field of international CSR debates and development aid. We also see potential in unlocking new funding opportunities from, for example, innovation and tech funds. Fairfood will further develop its fundraising activities and prepare scenarios for future sustenance.

Outlook in figures

	2016 Actual	2017 Budget
	€	€
salaries	486.226	390.090
services	79.711	46.136
program	117.010	180.000
knowledge & tools	-	66.000
office	109.395	44.375
variable	59.866	22.600
Subtotal	852.208	749.201
unforeseen 5%	-	37.460
Total Cost	852.208	786.661
Total Income	631.409	825.000
Total Result	-220.799	38.339
End of year reserves	237.517	275.856



Financial Report

Balance sheet as of 31 December 2016

(after appropriation of result)

	31 December 2016	31 December 2015
	€	€
Assets		
Tangible fixed assets	-	-
Financial fixed assets	1.974	6.000
	1.974	6.000
Receivables and prepayments	16.010	7.757
Cash and cash equivalents	257.121	633.217
Totals	275.105	646.974

	31 December 2016	31 December 2015
	€	€
Liabilities		
Reserves		
Continuity reserve	237.517	458.316
Designated reserve	-	-
	237.517	458.316
Short term liabilities		
Pay-roll tax / social securities	3.508	33.919
Accrued expenses and liabilities	34.080	154.739
	37.588	188.658
Totals	275.105	646.974

Statement of revenues and expenditures for 2016

	Actual	Actual
	2016	2015
	€	€
Revenues		
Revenue of own fundraising	101.987	191.994
Revenue of combined actions	-	-
Revenue of actions third parties	500.000	500.000
Grants from governments	26.797	1.049.075
Interest	2.625	8.482
Other revenues	-	4.436
Total revenues	631.409	1.753.987
Expenses		
Employee expenses	486.226	1.358.576
Accommodation expenses	42.417	109.331
Depreciation costs	-	39.017
Contributions to partner organisations	3.716	17.288
Promotion costs	196.720	138.573
Other expenses	123.129	339.214
Total expenses	852.208	2.001.999
Operation result	-220.799	-248.012
Financial expenses	-	-
Result	-220.799	-248.012
Designation of result		
Continuity reserve	-220.799	-248.012
Designated reserve	-	-
Totals	-220.799	-248.012

Notes to the financial statements

General

The registered and actual address of Stichting Fairfood International (registered at the Chamber of Commerce with file number 34141098) is Keizergracht 452 in Amsterdam.

Principles of pricing

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.

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. The assets are depreciated over a period of three or five years.

Receivables

Current assets

The receivables are initially valued at their fair value and subsequently valued at a mortised cost, which is similar to the face value, after deduction of any provisions if necessary. Provisions are recognised on the basis of individual assessment of recoverability of the receivables.

Comparative figures

The figures from the preceding year have been reclassified for comparison purposes.

Foreign currencies

The accounts of the organisation are presented in euros, which is the 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 currency 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.

Fairfood has no securities or deposits in which it keeps its current assets. All current assets that are not immediately needed are kept in a savings account at ASN Bank.

Discretionary net worth and reserves

Fairfood aims to reach a discretionary net worth of 25 per cent minimum and 35 per cent maximum of total costs by the end of the year, minus sponsorship in kind received in the corresponding financial year. This is needed to avoid immediate problems that may arise in case of financial setbacks. This is how the organisation's continuity is guaranteed.

Liabilities

Current liabilities are initially valued at their fair value and subsequently valued at a mortised cost, which is similar to the face value. Accruals are valued at their face value.

Principles of the determination of the result

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 to the balancesheet as at 31 december 2016

(in € * 1)

Financial fixed assets	31-12-16	31-12-15
Operational cost (office guarantees)	1.974	6.000
	1.974	6.000
Receivables and prepayments	31-12-16	31-12-15
Prepaid expenses	3.025	-
Accrued income	9.625	8.482
Debtors	3.100	725-
Other receivables and prepayments	260	-
	16.010	7.757
Cash and cash equivalents	31-12-16	31-12-15
ASN Bank	236.434	538.452
Rabobank	18.965	76.750
Other bank accounts	1.722	18.014
	257.121	633.217
Continuity reserve	31-12-16	31-12-15
Balance as at 1 January	458.316	706.328
Extraction	-	-
Appropriation of the result	220.799-	248.012-
Balance as at 31 December	237.517	458.316
Pay-roll tax / social securities	31-12-16	31-12-15
Pay-roll tax / social securities	3.508	33.919
	3.508	33.919
Accrued expenses and liabilities	31-12-16	31-12-15
Creditors	4.892	28.436
Accrued expenses	29.188	74.751
Advanced grants	-	51.552
	34.080	154.739

Notes to the statement of Revenues and Expenditures

(in € * 1)

Revenues

	2016	2015
Revenue of own fundraising		
Donations	2.591	3.880
Sponsoring in kind (contributions)	60.582	48.664
NGOs		
- Ford Foundation	31.755	68.785
- CNV International	6.200	63.115
- Others	860	7.549
	101.987	191.994
Revenue of actions third parties		
National Postcode Lottery		
- General Funding	500.000	500.000
	500.000	500.000
Grants from governments		
Ministry of Foreign Affairs (MFS II, via Oxfam Novib)	19.797	1.049.075
Ministry of Economic Affairs (IMVO Covenant Voedingsmiddelen)	7.000	-
	26.797	1.049.075

In 2015 most of the costs accounted under Advice reflected activities related to Production, Strategy and Promotion. As of 2016 those cost will be presented accordingly.

In line with tax regulation Werkkostenregeling, all travel and lodging costs are accounted under either Employee costs or Promotion costs.

Notes to the statement of Revenues and Expenditures

(in € * 1)

Expenditure

	2016	2015
Employee expenses		
Wages and salaries	284.423	865.412
Social security charges	56.528	145.017
Travel expenses	6.319	21.346
Training	5.548	16.145
Non-payroll staff	-	4.925
Food and beverage office	1.197	11.524
Interim management	92.960	196.511
Other staff expenses	39.251	97.696
	486.226	1.358.576

The average number of FTE in 2016 was 6,5 (2015: 16,8)

	2016	2015
Accommodation expenses		
Rent & Service	40.832	98.614
Cleaning	-	7.296
Office supplies and office maintenance	-	3.421
Other accommodation expenses	1.586	-
	42.417	109.331

	2016	2015
Promotion costs		
Campaigning	83.554	44.212
Strategy	79.711	-
Publicity	33.456	94.362
	196.720	138.573

	2016	2015
Other expenses		
Office costs	43.225	70.894
Audits	19.844	13.244
Advice	3.908	163.622
Aministrative costs	277	-
Conferences fees	-	2.146
Travel work and interoffice	-	29.994
Lodging	-	11.068
Retrenchment costs	59.590	48.246
	126.844	339.214



Independent auditor's report

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

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 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 2016, and of its result for 2016 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

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,

The financial statements comprise:

- 1 the balance sheet as at 31 December 2016;
- 2 the profit and loss account for 2016; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

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:

- 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 June 26, 2017

Ardent Adviseurs en Accountants

w.g.

W.L. Schuitemaker RA



FAIRFOOD

De Groene Bocht 2
Keizersgracht 452
1016 GD Amsterdam
Tel: +31 (0) 6 1655 7605
www.fairfood.nl

