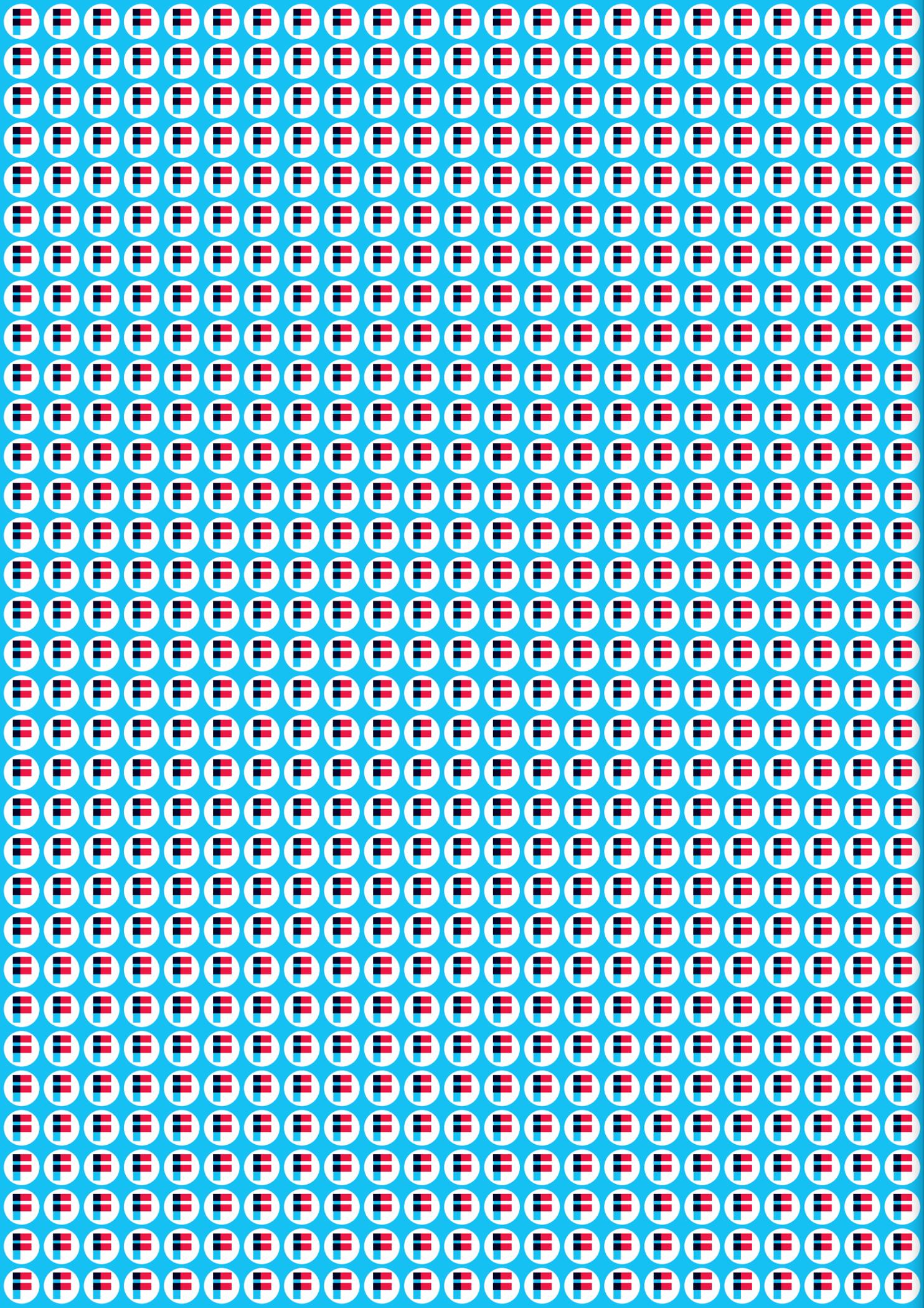




FAIR FOOD

ANNUAL REPORT 2017





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We popped up in the Dutch media over **22 TIMES**, including in the Volkskrant, Trouw (twice!), Leeuwarder Courant, Het Parool and De Morgen

We sold **615** of our **FAIR COCONUTS** at the Parade festival in Utrecht (80.000 visitors!)

We put an entire **COFFEE CHAIN ON THE BLOCKCHAIN**

6 NEW FAIRFOODIES joined our team

our highlights of 2017

We sat down with some of the main coconut players, including **UNILEVER, NESTLÉ, CARGILL, MARS, WILMAR, AHOLD DELHAIZE**

We conducted **LIVING WAGE RESEARCH** on the Indonesian islands of Java and Sulawesi

We put **1,000 COCONUTS ON THE BLOCKCHAIN**, with a fair reward for the **55 Indonesian coconut FARMERS** involved

We were invited to share our coconut story at Dutch television shows **GROEN LICHT** and **RTL LIVE**

In July, we sent a **#kokosnoodsignaal (#COCONUTALARM)** to **75 major players** in the industry and media

We celebrated the second anniversary of the **LIVING WAGE LAB** with more than **fifty agrifood companies**

This made us the **FIRST DUTCH PARTY** ever to put a food product on a blockchain (and one of the first worldwide)!

WEL COME

WELCOME

And before you know it, we've made our way through 2017. We at Fairfood just can't stop talking about it: what an amazing year it was! A very special year in many ways, not in the least because our corporate style got a drastic make-over, as did our Fairfood Team. Looking back, we can honestly say that 2017 is the year **that the rock-solid foundation** of the new Fairfood was laid.

In April we kicked off Fairfood new style with all of our friends at the Royal Tropical Institute. That awesome event was also the official kick-off of our coconut campaign, which we look back on with some well-earned pride. We were just short of a global first, but definitely broke ground nationally when we put coconuts on the blockchain. The campaign worked, with wonderful publicity as a result. We sent a #kokosnoodsignaal (#coconutalarm) to the world's largest coconut processors, such as Unilever and Nestlé. They still have some work to do and are ultimately the ones who can make a difference for farmers who are currently getting the short end of the stick. Behind the scenes, we're still working hard, but we're happy to report that our campaign is having a real effect.

We do what we do because we love food. We want to help you, as a consumer, make the very best choices. With our food, we want to contribute to the solution, not the problem. That's why we are committed to fair food. In a fair food chain, everybody counts. We work for the people who make our food. They deserve a fair income, but don't receive one. That's what we're going to change!

Our work is made possible through the generous contributions of our donors, such as the much-appreciated support from the Dutch Postcode Lottery. Our power comes from our knowledge and network. Our new team and way of work, which are continuing to evolve in 2018, is set to put these strong points to optimum use. We're approaching our future with a great deal of confidence and enthusiasm.

So, without further ado, we proudly present our annual report; offering an overview of our main developments and achievements of 2017. This annual report was approved by the Supervisory Board on April 16, 2018.



Sander de Jong
Managing Director



Jolande Sap
Chairman Supervisory Board

1 • THE FOOD SYSTEM IS BROKEN

We've got news for you: the food system is broken. As a consumer, you unknowingly contribute to exploitation, hunger and child labour, simply by doing your daily shopping. The people behind our food don't receive fair payment for their work, which weakens their position in the production chain. We think that's unfair – both for the people behind our food and for you, the consumer. You deserve the chance to make a conscious choice.

We could tell you about all the things that are going wrong, but we'd rather just show you. Although much of the suffering behind our food is safely tucked away in ambiguous food chains, every now and then something gets picked up by the media. In 2017, some of the defects in the food system made the news as well. **The most remarkable stories:**

December 1: Ghanaian cocoa farmers

Cocoa Initiative calls cocoa "the backbone of the Ghanaian economy" – the 800,000 small scale cocoa farmers make up 60 percent of the country's agricultural base. Although us Westerners can't get enough of that cocoa, these farmers are barely earning anything: an average per capita income of 32 to 36 euro cents per day, according to a December report by Cocoa Initiative. That comes down to about 800 to 2,100 euro per year per family, which is about two-thirds of the total income. Such low incomes create a so-called 'poverty trap', because farmers don't have the ability to invest or save. It's also one of the main causes of another big issue in the cocoa industry: child labour. The farmers can't pay for their children's education and often put them to work on the plantations.

August 22: Brazilian oranges

Three-quarters of all the orange juice in Dutch supermarkets comes from Brazil. There are many issues within that country's orange industry: pickers and farmers are paid far too little and are exposed to toxic pesticides. The organisation SOMO also reported on known cases of modern slavery and child labour in 2017.

January 9: vanilla from Madagascar

A Dutch vanilla farmer went on Dutch radio station BNR Nieuwsradio last year and disclosed some serious abuses in the Madagascar vanilla industry. Dutch newspaper NRC investigated these claims using a Fairfood rapport as one of its sources and concluded that they were, in fact, true. "The poor working conditions in the area have since been recognised by the country's authorities, aid organisations and the United Nations. A much-cited source is the International Labour Organization (ILO), part of the UN. They surveyed 8,316 households in Madagascar in 2007, inquiring about living conditions of children specifically, and found that 28 percent of children ages 5-17 are economically active. A more recent evaluation by ILO shows that by now, the percentage of young workers in the vanilla industry is almost certainly even higher than that."

October 24: The Italian tomato industry

Two of Italy's largest food companies were connected to migrant exploitation in 2017. This concerns people who also pick the tomatoes we find in our Dutch supermarkets. Corporate giants Mutti and Conserve Italia were accused of profiting from extreme exploitation. The Italian tomato industry was put under a microscope after Abdullah Muhammed, a 47-year old Sudanese migrant, died of a heart attack while at work. The allegation in this particular case was that Muhammed could have been saved, had he been allowed to go to the hospital. Like thousands of other workers, Muhammed would often work as many as 12 hours a day, without breaks, with minimal pay and no access to medical staff.

April 3: The Indian sugarcane industry

In April 2017, Al Jazeera wrote about issues in the Indian sugarcane industry. Growing debts and irregular rainfall caused many farmers to lose faith and take their own lives. "Millions of Indian farmers barely make a living, and many are choosing to end their lives: hundreds of thousands have committed suicide in the past three decades."

January 4: palm oil from Myanmar

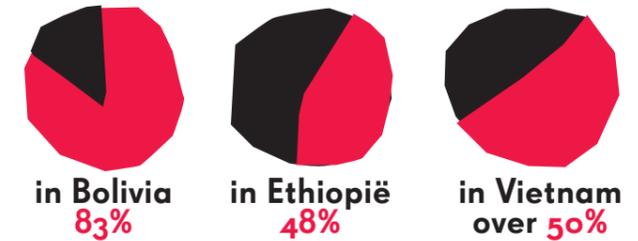
There's a lot going wrong on the palm oil plantations in Myanmar. Many of the plantation workers came to these plantations from poorer areas of the country, looking for work. According to Al Jazeera, they deal with bad health services, poor housing and often don't get paid. Making matters worse, wages are so low that these people are left without the means to return home or travel elsewhere.

THE FACTS*

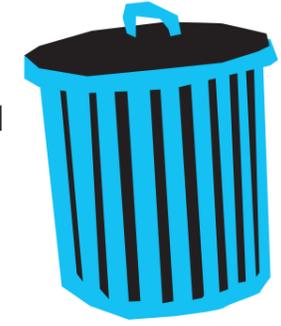
Did you know that in the next 40 years we'll consume as much food as we did in the last 8,000 years? Our food supply chains are quickly becoming more complex in order to continue feeding a rapidly growing world population. The result: less transparency, leaving more room for abuse and fraud.

70% of all the food produced globally is produced by **small-scale farmers**

Despite their fundamental role, many of these farmers live below the poverty line:



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



Each year, 3,46 billion acres of land are used to produce food that is wasted

*Meanwhile, 13% of adults worldwide are **obeese**



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



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



800 million suffer from **hunger** & more than half a billion are **under-weight***

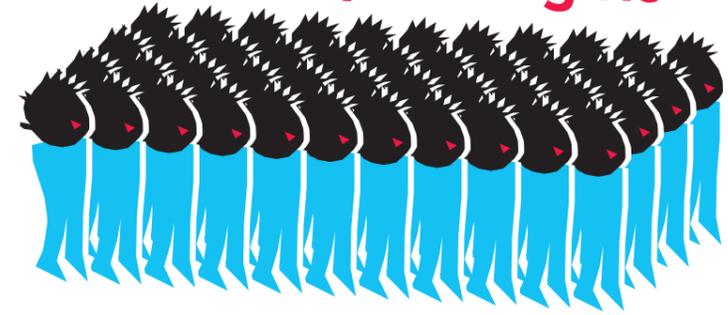
- 520 million in Asia
- 243 million in Africa
- 42 million in Latin America and the Caribbean



Of the 152 million children involved in **child labour** worldwide, 70,9% work in the **agrifood sector**

60 million children involved in child labour are **under 12 years old**

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



More than **half of all working people in the world** work in the **agrifood sector**



When it comes to fatalities, injuries and work-related illnesses, the agrifood sector is one of the **top 3 most dangerous sectors to work in**, together with construction and mining

POVERTY TRAP
We call something a poverty trap when an economic system is arranged in such a way that escaping poverty without any external help becomes impossible. It's a daily reality for many of the people behind our food. For example, farmers usually don't have any access to capital markets for investments, face the depletion of agricultural land, have inadequate or outdated knowledge and are forced to deal with poor infrastructure.

2 • OUR PURPOSE

Our work is guided by our core values: pragmatism, constructivism, innovation, optimism. What that means is that despite all the adversity, we're not throwing in the towel. We are going to make the food system fairer, one step at a time.

VISION AND MISSION

Fairfood sides with the people behind our food who can barely make a living. Our mission: to fill our plates only with food produced by people who are able to live in dignity, that is produced with respect to the environment, and that improves life, socially and economically, for everyone involved. Small-scale farmers and workers in the food sector deserve a living income, so they can contribute to changes that generate social and economic prosperity for everyone.

We realise there's no simple solution, but we do believe that everyone should do whatever they can to help fix the problem. Supermarkets, producers and food processors should protect the rights of everyone involved in their production chains – including the people at the beginning of those chains. That's what we're working towards. We believe that Fairfood plays an important and bridging role in the transition towards a sustainable and transparent food system.

That mission and vision motivates everything we do. We are an organisation that campaigns for awareness. In the process, we build partnerships and projects, with or without the industry itself. Everything we do is dedicated to creating a fairer and more sustainable food system.

LIVING INCOME

A living income is the compensation that a self-employed person or worker receives for a standard work week, and that's sufficient for that person and his or her family to be able to afford a decent standard of living. Meaning that person can provide his or her family with enough food and water, a roof over their heads, healthcare, transport and clothing. The compensation they receive should also allow room to save something for a rainy day. In this report, we use 'living income' as an umbrella term. Usually, a distinction is made between 'living wage', which refers to people who are employed, and 'living income', which refers to those who are self-employed, such as most of the farmers behind our food.



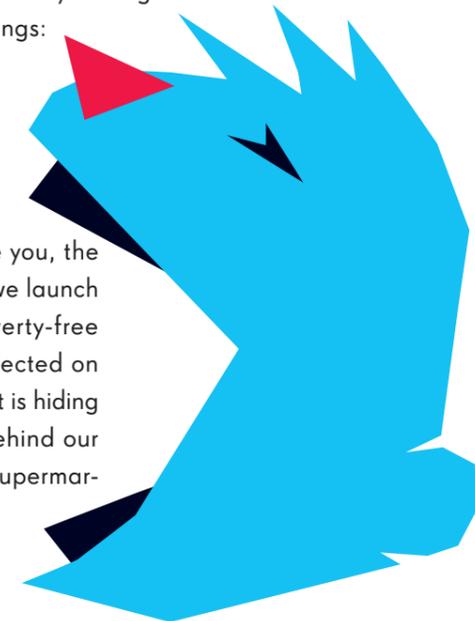
STRATEGY: HOW TO CHANGE THE FOOD SYSTEM

We believe that fair food is possible. That's why we are literally and figuratively sinking our teeth into the transition towards a fairer food chain. By and large, we focus on three things:



EDIBLE CAMPAIGNS

Fairfood is a consumer movement. We want to make you, the consumer, aware of what's on your plate. That's why we launch a series of product campaigns and bring fair, poverty-free products to the Netherlands ourselves. Products selected on impact, to make the consumer aware of the poverty that is hiding behind our food. We also investigate the abuses behind our food as part of our campaigns, and lobby towards supermarkets and food producers.



MOVEMENT OF FRONT RUNNERS

For every campaign, we seek to create a coalition of companies willing to take the lead and set the right example for the entire sector. Public-private partnerships are increasingly important to accelerate change. We share lessons from our edible campaigns and pioneer new technologies, such as the blockchain technology, which help increase sustainability and transparency.



SHARING

We actively share the knowledge we gain, for example in our Living Wage Lab and Open Food Blockchain alliance (also see chapter 3). Together we profit from the lessons we learn, and we put them into practice.

3 • PROJECTS

So we love a good chat here at Fairfood, but we get even more excited about doing. On a given work day, you might find one of us numbering coconuts in Indonesia, while someone else is sifting through farmers' household management books and another is hammering out deals at the negotiating table. Eh, what? Yeah, maybe it's time to let you in on what it is we actually do at Fairfood.

THE CAMPAIGNS

First and foremost, Fairfood is a campaign organisation. We take on product after product in what we call our public campaigns. Each public campaign is followed by a behind-the-scenes industry campaign, which boils down to speaking with the parties that we believe still have work to do. Those conversations should be followed up with concrete actions and projects that help realise living wages and incomes.

COCONUT

This past year was pretty much dominated by our coconut campaign. That's because there's a lot going wrong in that industry. Fairfood examined the coconut chain from farmer to the factory where the coconut oil is processed. We did that on Java and Sulawesi, Indonesia. The two oil refineries that the Netherlands gets most of its coconut from, both have a factory in Northern Sulawesi. After talking to farmers, farmer organisations, collectors, factories and the government, we figured out how long and how obscure the production chain really is. Most of the money paid by the coconut consumer never actually reaches the farmer, because of all the go-betweens.

Take the 'collectors' for example: coconuts are the main source of income for many farmers, but can only be harvested four times a year. That means that a large part of the year there's no money coming in. Because of that, the farmers often go into business with 'collectors'; people from the community with a little more money, entrepreneurial spirit and access to transport. They buy coconuts from different farmers and sell them on to other go-betweens or factories. These collectors also ensure that the farmers have some money in between harvests. Sounds great, but it really isn't. The money they offer the farmer is, of course, some type of loan, obligating the farmer to sell their next harvest to the same collector. As a result, he or she is not in the position to negotiate the price. And there's another problem: lack of attention from the government and knowledge amongst farmers, means that coconut farmers invest far too little in their trees. That means that the production of coconuts is much lower than it could be, partly because old trees aren't being replaced.

The life of a coconut farmer obviously isn't all sunshine and rainbows. That's why the next generation would rather look for a job in the city. To ensure that we can keep using coconut oil, it's important to provide coconut farmers with a dignified life and a fair wage. Basically, offer them a living income.

A LIVING INCOME FOR THE FARMER

A living income guarantees the farmer and his or her family the provision of their basic needs and an opportunity to save. Small-scale farmers usually scrape together an income from different resources – in addition to the sale of coconuts, they might also sell corn and eggs, for example. So then how do you decide which part of the living income should come from the sale of coconuts? Do you look at the time spent on it, the part of the income currently coming from coconut sales, or at how much of the land is taken up by coconut trees?

Our living wage & livelihoods expert Anna travelled to Indonesia in May last year, where she dug deep into all this and eventually established the fair price for a single coconut. On Java, she worked together with our partner Aliet Green, an exporter of coconut sugar produced by coconut farmers in the area. Anna and a team of Aliet Green's community workers visited and extensively interviewed different coconut farmers. They went through household management books together to figure out what the sources of income and the expenditures of farming families are.



Anna used this information to determine the cost of a 'dignified life' on Java. That dignified life includes, for example, a nutritious diet. The Indonesian government previously calculated the costs of a nutritious diet per capita per month in different provinces. When you add the costs of healthcare, education, housing and transport to that, plus 10% extra for savings, you get to a living wage. In this area on Java, the living wage came down to 1,589,897 Rupiah (or 104 euro) per month. By multiplying that wage with the average number of people per household and dividing that by the number of working people per household, you get to the living income. In this area on Java, that came down to 3,008,084 Rupiah (or 197 euro) per month. Now for the bad news: it turns out that the coconut farmers earned just one third of what they'd need to live a dignified life.

THE FAIREST COCONUTS THANKS TO BLOCKCHAIN TECHNOLOGY

Paying coconut farmers a fair wage sounds simple enough, but a coconut's journey from tree to plate is long and complicated. We believe that could change. To prove it, we brought 1,000 fair coconuts to the Netherlands ourselves. After Anna finished her living wage research, we knew how much a coconut farmer needs to earn per coconut to make a decent living. That allowed us to pin down a premium of 60 eurocents per coconut, which we paid on top of the price that the farmers usually get.

BLOCKCHAIN

A blockchain is a decentralised, distributed database, which consists of a growing list of records. Each record can be seen as a 'block' – hence the name blockchain. A block can be a transaction – John gave Marie X euro – but also a bit of computer code. This allows you to record information and processes as well.

The coconuts didn't get any certification. They didn't need it: all the steps from tree to plate were registered in full detail and documented using blockchain technology. Each coconut got a unique (QR-)code, allowing the consumer to view all the different steps and know exactly who picked his or her coconut. And what mattered most to us: what price that person got for it. Call it the coconut's digital passport. And might we just add, with a little bit of pride, that we are the first in the Netherlands and one of the first in the world to have sold blockchained food? Isn't that amazing?



ARJO WIYADI

This is Arjo Wiyadi (56), proud owner of 35 coconut trees. He grows his coconuts on the Indonesian island of Java, in the village of Hargotirto, where we were warmly received by him and his wife. During one of our conversations, he stressed how proud he is of the work he does – how he hopes that his children also become coconut farmers and that the coconut-centred culture in the village will continue to exist. Still, he had to admit that it was hard work – he doesn't make enough money from coconuts alone, so he also taps the trees to make coconut sugar. That sugar earns him four times as much as the coconuts. You'd think that's a good thing, but he also needs to climb trees as high as 100 feet about forty times a day for it. Without any protection. And that's just as dangerous as it sounds.

CARDS ON THE TABLE: TALKS WITH THE INDUSTRY

We took some of those fair coconuts and the individual stories behind them and sold them – online and at the Parade festival in Utrecht (that was a blast!). 75 of our coconuts were selected to shake up the industry. We called this the [#kokosnoodsignaal](#) (#coconutalarm): on July 20, the main players in the coconut industry and selected media received our coconuts in the mail, together with a fact pack, a pressing letter and an invitation to join the conversation and address the issues to help find possible solutions.

This resulted in some great discussions with Unilever, Nestlé, Ahold-Delhaize, Barry Callebaut, Mars and Cargill, among others. We also spoke with several industry organisations. The responses to our #kokosnoodsignaal were largely positive. And the conversations we had were encouraging. Cargill had already launched a pilot project for coconut farmers in the Philippines. And by now, we can report that Mars, Barry Callebaut and Nestlé have also kicked off improvement programmes for the coconut farmers. That makes us pretty proud!

You as a consumer can gain something from these blockchains too: the digital passports that supermarket products receive with this technology will tell you who worked on your product and what its journey has been, just by scanning the QR-code. So basically, you can instantly decide whether a product fits your needs. Is it organic? Vegan? Sustainable? Fair?

OPEN FOOD BLOCKCHAINS

'BLOCKCHAIN' was one of the most commonly used words in our Fairfood team in 2017. You see, according to us, blockchain technology can offer some much-needed transparency in currently very obscure food chains. Since there's no overarching authority in blockchains – all parties have access to the blockchain – small-scale farmers and food workers have more power over what happens with their products and how much is being paid for them. What gets us really excited about this is the efficiency that blockchains bring to the process. Blockchains can streamline administrative processes – invoicing, payment, inventory – saving a lot of costs. Actors that cost money but don't add any real value can easily be singled out. And we'd like to fantasise about this a little bit further: more cost efficiency means more money can go to the underpaid farmer, without you as a consumer having to pay anything extra.

We're working very hard to create open food blockchains. We want to show you, as a consumer, what the potential value of this technology could be, while also getting the industry on board so that the position of farmers and food workers can truly be improved. What we need in order to do this is well-functioning, scalable blockchain technology that's accessible to farmers and food workers in developing countries. No such technology exists at the moment, so every farmer cooperative, every producer and every brand that wishes to make their chain fairer by using blockchains, is facing a huge challenge. This creates a giant waste of time and money, even though apart from the differences, there are also a lot of similarities between different chains.

An affordable, open source blockchain toolkit for fair food chains could be a great resource for companies, allowing them to positively impact the beginning of many food chains. The development and implementation of these open food blockchains is what we at Fairfood are currently working on. We're pioneers in doing that, but we're certainly not doing it alone. Partnerships with relevant parties are in the making and our goal is to have solidified a strong core coalition for Open Food Blockchains by the summer of 2018. Members of that coalition are going to collaborate on blockchain projects and share their results, so that we can create a roadmap based on real and tested needs that will result in a functional set of applicable and affordable blockchain applications.

COFFEE ON THE BLOCKCHAIN

Our programme manager, Marten van Gils, worked some serious overtime last year. After the coconut, the final two months of 2017 were entirely dominated by coffee. Together with Fairchain Foundation and Moyee Coffee, we've been hard at work developing and implementing a blockchain application for their Ethiopian coffee chain. While the coffee harvest was well underway, we examined the possibilities within the set framework, decided the right direction to go in and directed blockchain builder Bext360 as they constructed an amazing application.

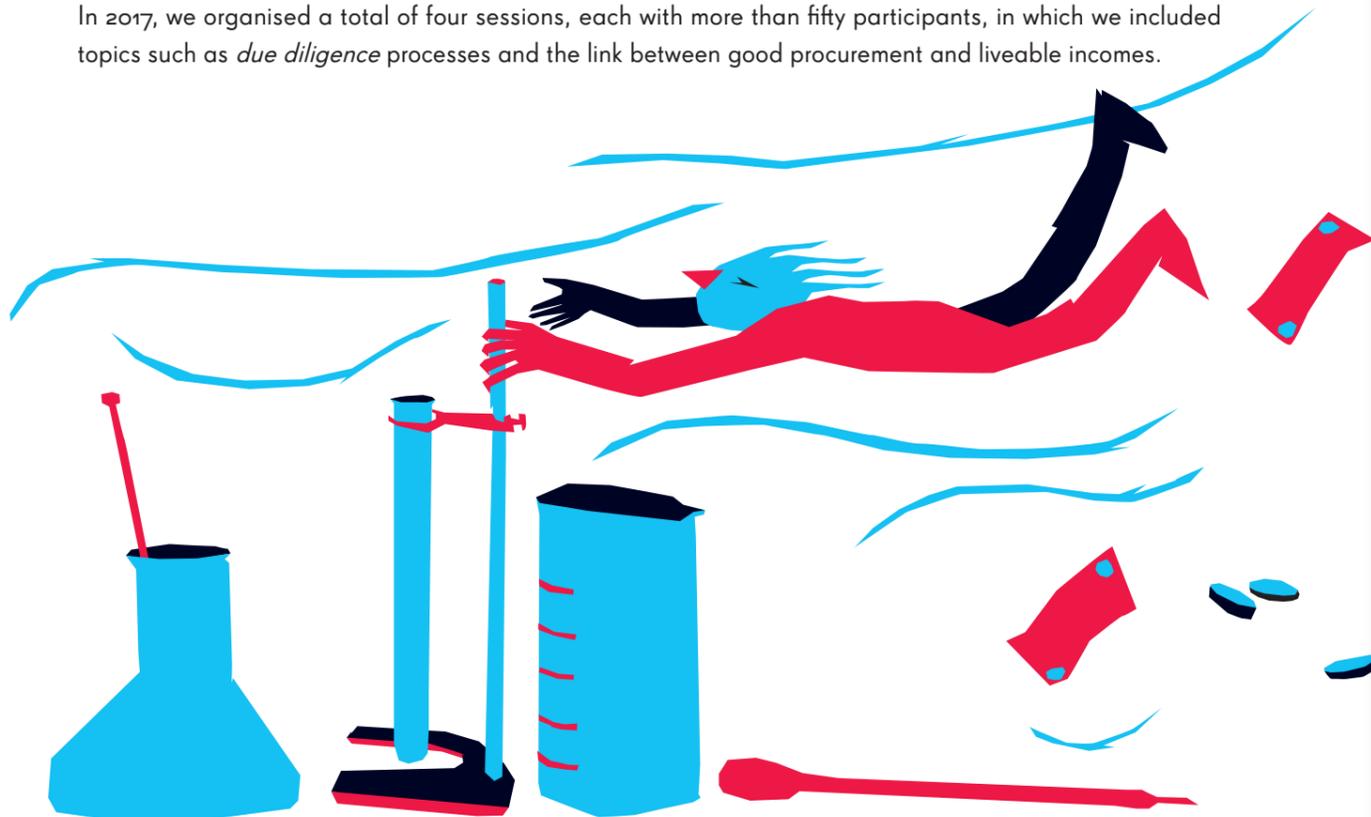
We travelled to Ethiopia in order to map the local coffee production process in minute detail. From there, we examined which steps in that process could be helped by a blockchain application. The core claims of Moyee – good, honest, Ethiopian – could each be logged and, therefore, guaranteed by using blockchain technologies. The blockchain powered coffee is set to go live in April 2018. So, less talk and more action. We at Fairfood have been able to expand on and deepen our knowledge and skills throughout this project. And we're putting that knowledge and skill set to use in our future projects.

LIVING WAGE LAB

In 2015, we kicked off what we believe to be a very fitting collaboration between Hivos and Fairfood. Out of that collaboration, the Living Wage Lab was born. Since the issue of low wages and incomes can't be solved by individual companies and organisations alone, we use our Lab to bring together different stakeholders from the agrifood sector. Together with those stakeholders – think of supermarkets, producers, quality marks, the government – we want to find practical solutions that we can instantly put to the test within our Lab environment.

The Lab is a platform for co-creation and experimentation. We call it a lab because we use it to test out new ideas and combinations in order to find new methods and prototypes that might help solve problems regarding living income. The Lab works according to the 'change lab' approach: a social innovation process that allows stakeholders to work on complex issues together. Solutions are found in new technologies, new policies, new business models and other types of collaboration.

In 2017, we organised a total of four sessions, each with more than fifty participants, in which we included topics such as *due diligence* processes and the link between good procurement and liveable incomes.



TWO YEARS OF LIVING WAGE LAB

In November 2017, we celebrated the two-year anniversary of our Living Wage Lab. We did so by organising a very well received breakfast session. We'll admit: it wasn't technically in 2017, but just past the new year's deadline. Do you remember the biggest storm in decades that raged in the Netherlands on January 18? Yeah, on that day. Willem Lageweg, Coordinator and Initiator of 'de Transitiecoalitie Voedsel' (the Food Transition coalition), and Kirsten van den Hul, PvdA member of the Dutch House of Representatives, were present to accept a specially designed composite publication. Van den Hul called the Living Wage Lab a "wonderful project with a diverse field of participants." "It's quite extraordinary to see the business community, policy makers and NGOs taking on an important subject like this, which needs an interdisciplinary approach, together", she said. "Generating a living income is not just a smart investment, it's the right investment."

The Living Wage Lab wants to attract an even bigger group of participants in 2018. We're also slightly tweaking our method: within the Lab, different themes will be taken on by smaller, specialised groups. At the end of 2018, the Lab hopes to have developed more tools that make it easier for parties to get started on guaranteeing living incomes. In the fall, we plan to organise a conference to share insights and lessons regarding living income with interested parties.



Look at her shine, our Anna! During the anniversary of the Living Wage Lab, she told us all about the future of the Lab.

DEVELOPMENT TOOL

Together with Rainforest Alliance/UTZ, the Living Wage Lab is currently developing a living-income-tool for agrifood companies who want to realise a living income within their supply chain. Glasses were raised to this collaboration in December 2017, and we set up a concrete plan, a timeline and a budget for the development of the tool. During the development process, we'll work together closely with the intended users, so that we can test the tool's relevance and usability as we go.

WHERE DO WE MEET

Important core values such as freedom, openness and happiness are under threat in the Netherlands too. Different communities seem to be increasingly opposed to each other, as differences are being stressed. Populism feeds polarisation by fuelling fear of 'the other'. That's why we decided to lock arms with Hivos, Oxfam Novib, Greenpeace, Partos and others in a week-long campaign in the onset of the Dutch vote for the House of Representatives: if we lose each other, where do we meet? The campaign was meant to contribute to breaking down the culture of fear and encourage people to talk to each other. A temporary website reached 9,5 thousand unique visitors and the campaign reached over 300,000 people on Facebook.

THE FOOD-COVENANT: WHY IT DIDN'T WORK

The Dutch government stimulates Dutch sectors to come to joint agreements on a collaborative approach to risks concerning (international) socially responsible entrepreneurship (ISRE) in sector specific covenants. In light of the covenant for the food industry, Fairfood spent about two years at the negotiating table. These negotiations came to an end in 2017. Together with UNICEF, Oxfam Novib, Hivos, Natuur & Milieu and Save The Children, we came to the conclusion that the drafted proposal offered no solid base for the covenant. We also noticed that the other organisations were no longer willing to negotiate any further.

We were especially disappointed by the fact that the covenant would only be signed by the sector's organisations and not by individual companies. That means that those companies are not taking the responsibility needed to bring about actual change. Also, concrete goals were missing and transparency in the implementation of the covenant was not sufficiently safeguarded.

That's a real shame, because an ambitious covenant could encourage Dutch companies to finally work on improvements in the areas of sustainability and social aspects in their production chains in a more structured way.

As impact-oriented organisations, we can only support a covenant if we believe in its potential to accelerate or achieve actual progress.

INITIATIVE RESPONSIBILITY LAW CHILD LABOUR

The Dutch House of Representatives voted for a Responsibility Law for Child Labour with a large majority in January 2017. That law is supposed to force companies to investigate whether or not child labour exists within their production chains. If it turns out that it does, they are asked to take action against it. Sounds reasonable right? Taking some effort to find out if injustices are taking place in *your* production chains?

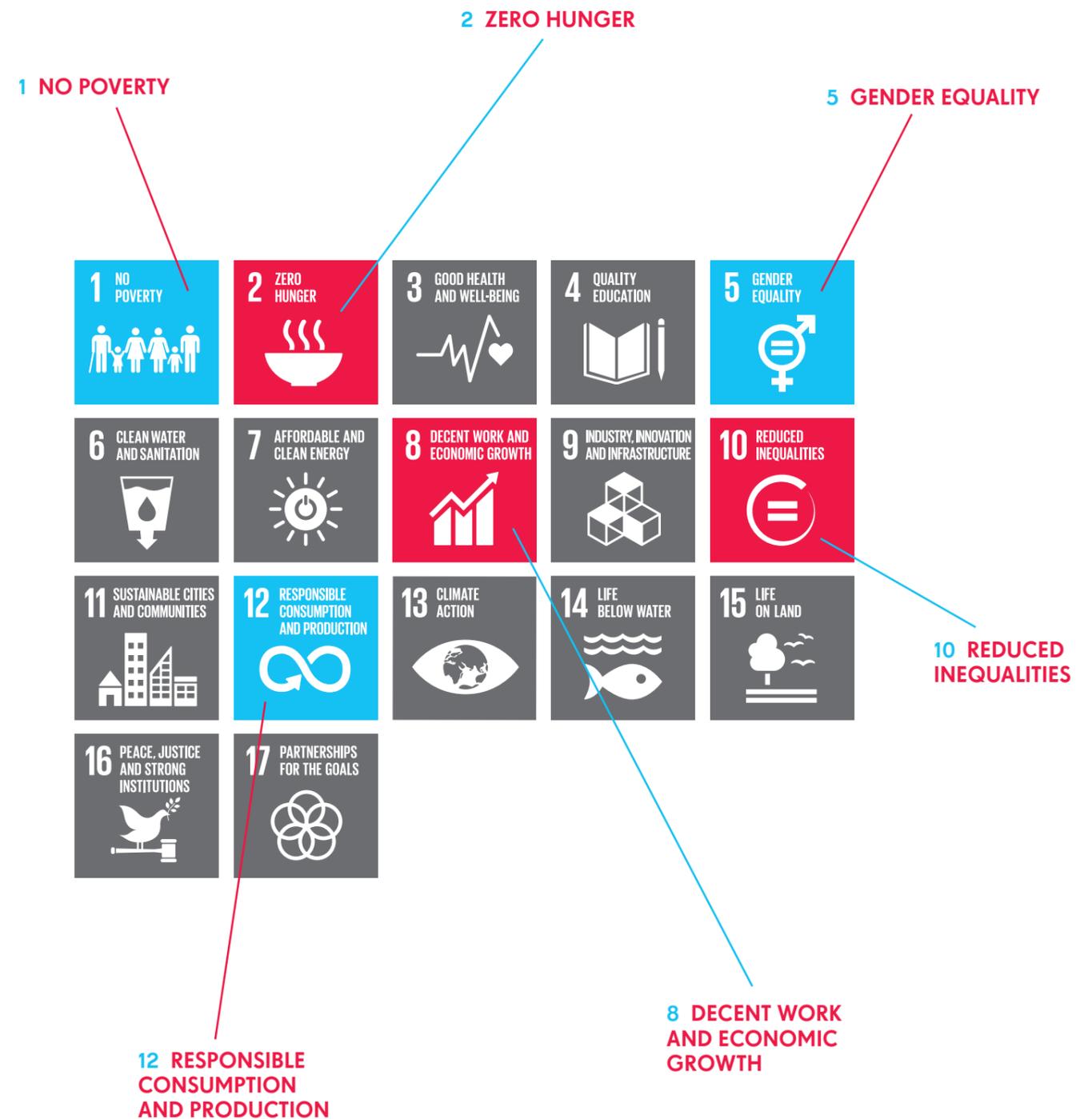
The Dutch Senate didn't necessarily think so. On December 19 last year, the Senate was set to vote on the law. The most commonly voiced objection was that the law would put too much pressure on the corporate world. We were all pretty shocked by that, so NGOs, the business community and engaged political players joined forces and sprang into action. Tony's Chocolonely initiated a petition that was signed over 13,000 times, and together with Max Havelaar, Oxfam Novib, SOMO, Stop Child Labour Coalition and UNICEF Netherlands, we wrote a pressing letter that appeared in Dutch newspaper NRC. Among others, Heineken and G-Start Raw urged the Senate to pass the law. Also striking: the initiated law already had the support of major companies such as Verkade, Auping, PLUS Supermarkets, Rabobank and ASN bank.

We would have loved to finish this story with **"and then they passed the law and we all lived happily ever after, yay!"** Unfortunately, we're going to have to keep you in suspense for a while longer: the final vote was delayed and as we write this, hasn't taken place yet.

'it's very simple: we want only fair food on our plates, so that the people behind that food can afford a decent meal as well'

SDG'S

After the Millennium Development Goals set by the United Nations, we now have the Sustainable Development Goals (SDGs). These seventeen Sustainable Development Goals are supposed to have effectively put an end to poverty, inequality and climate change by 2030. Fairfood is actively taking part in six of these seventeen goals: 1. End poverty, 2. End hunger, 5. Equality between men and women, 8. Decent jobs and economic growth, 10. Less inequality, 12. Sustainable consumption and production.



4 • THE WHOLE-LOTTA-AMBASSADORS- PLAN

Even if our team was 100 men strong, we still wouldn't be able to intrinsically change the food system by ourselves. In order to do that, we need wider support for our goals. We can only motivate the industry to truly take on the existing issues if we have a convincing constituency of supporters who join us in our request for change. That's why we're devoting the following chapter to those supporters. To you, that is. Congratulations, you!

FAIRFOODIES

Fairfood has always been a foundation with an active set of supporters and thousands of ambassadors. Thanks to some active 'community building', as hip marketers call it these days. We need to approach our goals together, shoulder to shoulder. That's why we involve all Fairfoodies in our endeavours through our campaigns, through petitions, and by sharing our story on social media, in a newsletter and by organising events. Ultimately, we want to provide you as a consumer with all the information you need to make well-informed choices. That's how we aim to create a consumer movement that stands for responsible and sustainable food consumption. If we as consumers stand together, we can bring about positive change in the lives of the millions of people behind our food. Ultimately, you are the change-maker.

OUTPUT VS. OUTCOME

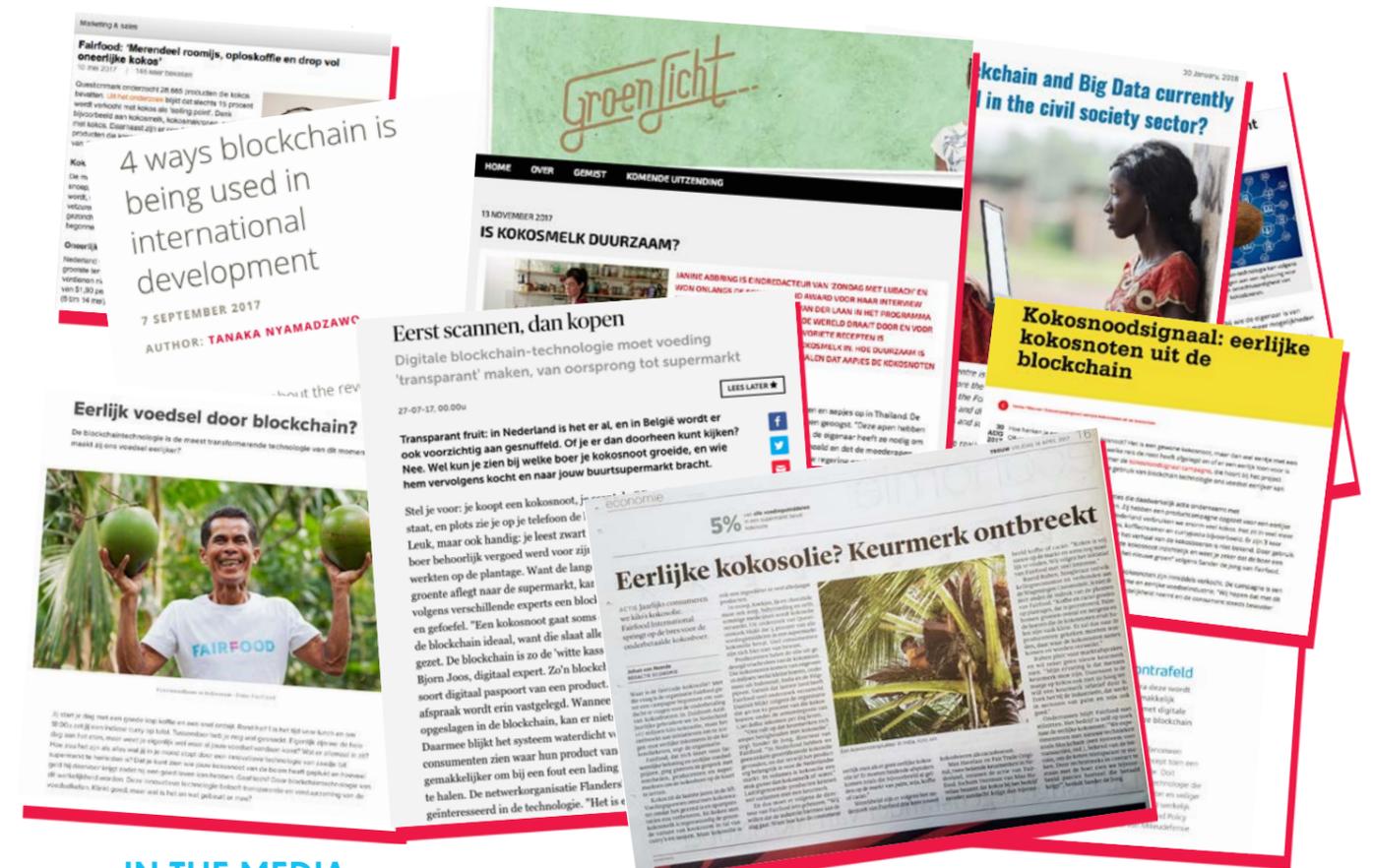
Did we mention our massive make-over of 2017? That make-over particularly did wonders for our website. That was very important to us, since that's our main channel of communication. On our site you can always find the most recent information about our campaigns and projects, success stories and the newest blogs. The love we feel for our supporters, goes both ways. The figures:

in 2017...

- ➔ we organised a kick-off event with **85** invitees
- ➔ we hosted **7** blockchain-events
- ➔ we sent out **8** newsletters
- ➔ we produced **16** videos
- ➔ we sent out **145** tweets
- ➔ we posted **150** Facebook-posts

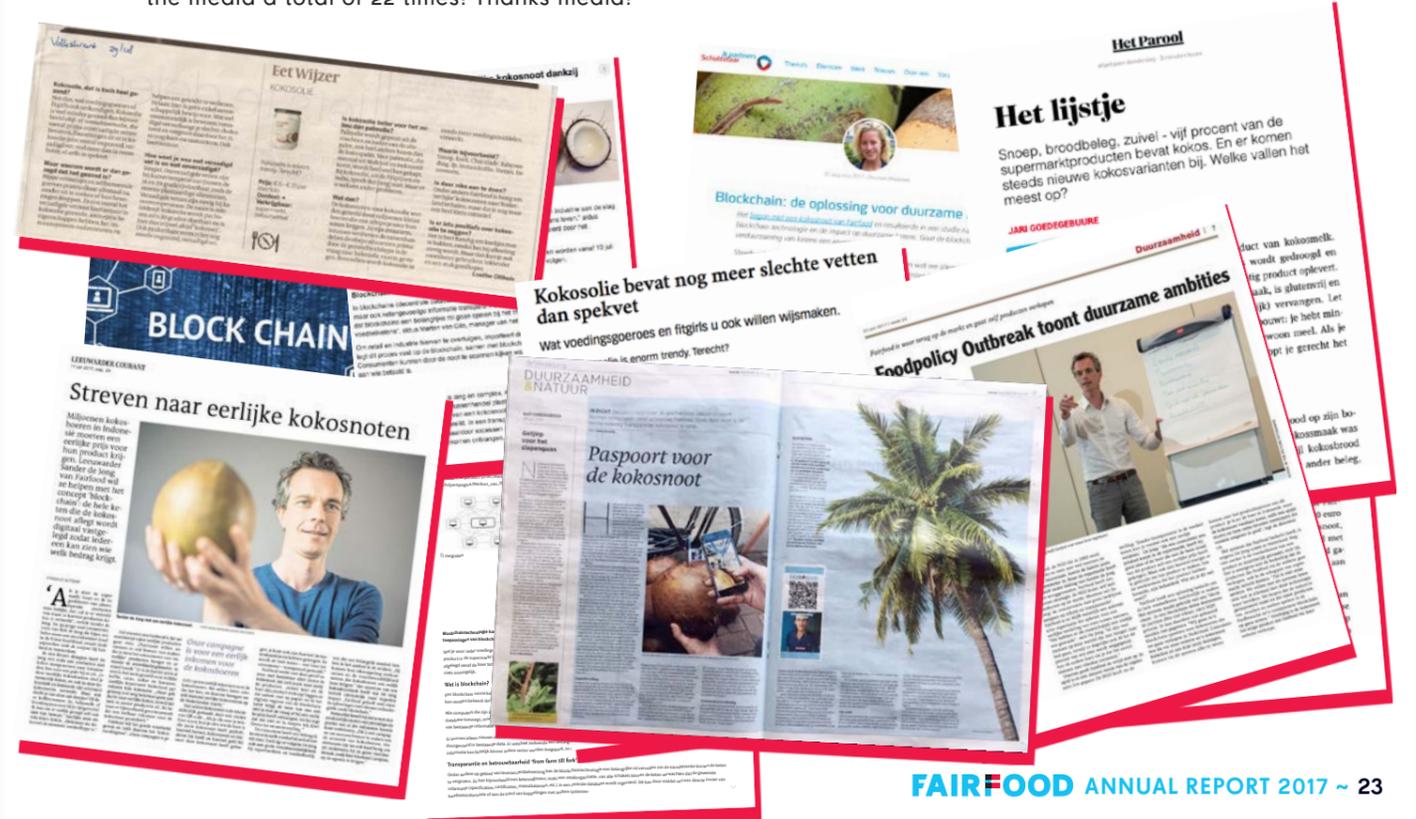
the results:

- ➔ **33,5 duizend** websiteses
- ➔ **33,5 thousand** website sessions (25k unique visitors)
- ➔ **3,7 thousand** subscribers to our newsletter
- ➔ **93,1 thousand** Facebook-followers
- ➔ **173 thousand** views on our best viewed video
- ➔ **13 thousand** Twitter-followers



IN THE MEDIA

Much of the attention that we and our campaign got was thanks to all the wonderful media attention we received. We especially loved the episode of Dutch television programme BNN/VARA's Groenlicht, where we talked about the problems in the coconut industry. Another highlight was our performance at Dutch talk show RTL Live. And they're still pinned to our wall: the two articles in Trouw and the piece that appeared in the Volkskrant. All this makes us more than a little proud, so we'll just keep going: we were featured in, among others, the Leeuwarder Courant, het Parool, on Duurzaambedrijfsleven.nl, De Morgen, Voor de Wereld van Morgen, OneWorld and we were interviewed by radio station NH Nieuws. We appeared in the media a total of 22 times! Thanks media!



5 • ORGANISATIE

If you want to know a bit more about the people behind Fairfood, keep reading!

FAIRFOODIES TEAM

We opted for a flat organisational structure with short lines and few layers, which allows us to effectively and efficiently work on our mission. Our organisation consists of a managing director and a small team of senior professionals. Apart from our many volunteers and partners, our core team is made up of the following people:

CHANNA BRUNT

No e-mail leaves the Fairfood premises without our **communications manager** Channa having checked and explicitly approved the tone-of-voice as being Fairfood-proof. This Dutch Studies graduate combines some serious language purism with an unparalleled sense of style. Sweaters, bags, even houseplants are selected on their flair and elan. Thanks to Channa, the new Fairfood-house style contains exactly that touch of optimism we were looking for. And, not everybody might know this, but Channa volunteers with the animal ambulance. Not only because she literally wouldn't hurt a fly out of principle, but because she likes the fact that she can combine her day job with the night-time volunteering.



LONNEKE VAN GENUGTEN

Lonneke wields a facile pen and is able to write anyone into the ground. Not that she would do such a thing, because 'positive' and 'optimistic' might as well be her middle names. And those two characteristics come together in an explosive third – ENTHUSIASTIC! – particularly useful in her position as **campaign manager**. Even when it's raining cats and dogs, this mother-of-three will hop on her bike and sprint to the office with an indelible smile. That smile makes us almost as cheerful as the prints she effortlessly combines in her outfits – polka dots and cats effortlessly go together with a gold/red gingham. Her social network is limitless and her arrival at Fairfood was accompanied by the sudden appearance of at least three visitors a day – "Hey Lonneke! I heard you were working at Fairfood these days!" Good times!



MARTEN VAN GILS

It is said that Marten was one of the few people who *did* invest in the Bitcoin in time. It's quite possible that he's personally responsible for spreading that particular rumour: as **program manager blockchain** you might very well lose face if you're not known for staying ahead of the pack. Nobody ever wrote a sentence about blockchains that this man didn't read, and we're certain that his brain alone will be worth its weight in gold one day. Apart from knowing his cryptocurrencies, he's also an extremely talented cook, and more often than not he'll tell us all about last night's masterpiece while effortlessly whipping up the sandwich-of-the-month during lunch.



SANDER DE JONG

Boss of the year, that was our nickname for **managing director** Sander in 2017. To be fair, we only had one boss. Still, we're convinced he would've won against your boss too. We know very few people who are *that* optimistic under every possible circumstance. We also know very few people who are that excitable when it comes to a rare racing bike, Sven Kramer and tempeh. His secret superpower is, without a doubt, bringing together people who effortlessly complement each other's personalities – he worked that same magic on our team and look at us! The saying might be that when the cat's away, the mice will play. But to be honest, Sander knows how to play and we all find it a bit of a downer when he's away.

ANNA LENTINK

We still can't agree on the moment when she's at her very, very best – meditating on a mountain, dancing on a table or simply whenever she's being incredibly passionate about what she's incredibly good at: carrying out living-wage-research and coordinating as **living wage & livelihood expert**. Anna saw, knows and did so much already that we can only assume she's as old as she claims to be. Every now and then she'll shout, 'DANCE MINUTE', and has the volume set to max before you know what hit you. Also has the most contagious laugh we ever heard. You should be very jealous that we have Anna Lentink and you don't...



ISA MIRALLES

She's as talented at soccer as she is at walking a tightrope and making us laugh (very talented). She might be even slightly more talented at answering all of our question. That's why we call her **research officer**. Every now and then, Isa will hop on her bike and leave for a spontaneous solo-trip to Texel or Groningen. We recently found out that she also runs a lap every day before taking her bike to work. She'd be the first to admit that she knows no boundaries, period, and she approaches everything with just a little more conviction than you. The source of all that energy is a mystery to us, because Isa doesn't like or eat fruit. We repeat: Isa *doesn't* eat fruit!



UMAIR SHAIKH

When Umair is laughing out loud, you know something was really funny. This silent force sometimes seems to work eight days a week. He does so as the one-man-department of **finance** at Fairfood and the rest of the time as his own boss. Apart from being a very hard worker, Umair is the proud 29-year-old father of not one, not two, but three children. And kids are hard work as well, right?

SUPERVISION AND MANAGEMENT

Fairfood is managed according to the Supervisory Board-model. The tasks and authorisations of the management and the Supervisory Board are recorded in the statutes. The Fairfood foundation is managed by a managing director (one natural person: our Sander), who is assigned by the Supervisory Board and is responsible for the foundation's policy and daily supervision.

The Supervisory Board is made up of at least five natural persons, who carry out their work unsalaried. When a position opens up in the Supervisory Board, a profile is drawn up that takes the current expertise of the Board into account. New members are appointed by sitting members.

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 approval of the annual plan and budget and assessment of the annual report and financial statements. Every year, two members of the Supervisory Board, including the chairman, sit down with the manager for an assessment interview.

The audit committee consists of two members of the Supervisory Board. This commission has the task of supporting the supervising role of the Supervisory Board when it comes to financial matters. The audit committee meets at least twice a year with the manager to discuss, among other things, the preliminary budget and the yearly interview with the accountant.

OUR SUPERVISORY BOARD OF 2017 WAS MADE UP OF:

JOLANDE SAP

independent sustainability adviser for corporate and social organisations, commissioner, and sought-after speaker and presenter. From 2010 to 2012, Jolande was chairman of political party Groenlinks in the Dutch House of Representatives. She was member of parliament from 2008 to 2012, until she left politics behind. She has filled 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 chairman of the Board since January 2014.

MAXINE TILLIJ

owner of CorporateSense, a boutique-consulting agency focused on strategy, governance and strategic stakeholder management in regulated markets. Maxine is also a member of the Supervisory Board of Farm Zero, a non-profit organisation offering sustainable and commercial agricultural solutions to poor societies and countries. She used to be Director Corporate Development on the Board of Directors at EBN B.V., an organisation that participates in the exploration, production, storage and sale of oil and natural gasses for the Dutch state. In this role, she bore responsibility for the strategy, business development, communication, public affairs and legal affairs of EBN. Maxine also filled the positions of senior legal counsel at N.V. Nuon and lawyer at De Brauw, Blackstone, Westbroek N.V. and Houthoff Buruma N.V.

HANS BRUNING

former chairman of the Netherlands Institute for Multiparty Democracy (NIMD). Hans has an impressive track record in developmental collaboration, civil society and politics, having worked as Director of Developmental Organisation at ICCO and Director International Programmes at CNV. Hans joined Fairfood's Supervisory Board in 2009 and has been the vice-chairman since 2013.

FRITS KREMER

Director of Mediaset Business Events, chairman of sustainability network Foodpolicy NL and member of the Advisory Board of the Good Fish Foundation. Additionally, Frits is a regular columnist for FoodPersonality

magazine. From 2003 to 2006, Frits was head of corporate communication of supermarket group Laurus. During that 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 (groups of) companies in making their international production chains 'future proof'. He does that with Generous Minds (which he co-founded) and the agrifood-team of MVO Netherlands, among others. He has worked in the fields of marketing, commerce, innovation and sustainability for Procter & Gamble, Unilever, Danone, People4Earth and Jumbo for many years.

ADVISORY BOARD

The Advisory Board advises our managing director on strategic issues. This Board consists of prominent experts with an international network and different professional backgrounds. We're very proud of the amazing club that's 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 Smelt chief marketing officer at TP Vision

PARTNERS

Actually, it's quite simple: without the Dutch Postcode Lottery (DPL), Fairfood wouldn't be where we are today. DPL is the largest charity lottery in the Netherlands and has been recruiting funds for organisations that strive for a greener, fairer world since 1989. 50 percent of their proceeds are divided among charity organisations in the fields of environmental protection, developmental collaboration and human rights. Fairfood has received a yearly stipend of 500 thousand euro from DPL since 2009. We use that money for projects, campaigns and partnerships that contribute to our goal of lifting all the people behind our food out of poverty.

The Dutch Postcode Lottery is very pleased with the important work that Fairfood does. That's why we are proud of the fixed annual contribution of €500,000 that we can offer them, thanks to our participants. We are always pleased to read about Fairfood's innovative campaigns and projects, and we believe that they put this money to use in the best possible ways, in order to achieve their ultimate goal: help get the people behind our food out of poverty.

Margriet Schreuders

Head Charities Dutch Postcode Lottery

RISK ANALYSIS

Fairfood is committed to a transparent and effective use of resources. We set great store by risk management, because we're aware that economic circumstances can change fast, politics can prove to be unstable and markets can be volatile. We're all too aware of the fact that sustainability is not always equally relevant to everyone. Our campaign activities and the dialogue we're constantly working to keep going, are meant to reduce that risk.

With the arrival of our new managing director in 2016, Fairfood has drawn up a new long-term strategic plan. Our fundraising strategy provides us with financing for the projects of 2017-2019, while we're building relationships that should provide us with more structural and long-term financing after 2019. Our financing plan focusses on our long-term partners, and new donors who work on technological applications, such as blockchain technology, artificial intelligence and Internet of Things. Fairfood will also enter into public-private partnerships (PPP) whenever possible, with organisations who wish to contribute to a sustainable food system.

Although it's a major change for Fairfood, this new strategic plan stays close to the 'roots' of Fairfood and the reasons why the Dutch Postcode Lottery chose Fairfood. We want to strengthen our collaboration with the Dutch Postcode Lottery, not just through financing, but also with marketing and communication.

Political decision-making – and available financing – are difficult to predict, as are the political forces that affect our partner organisations. Fairfood collaborates with other NGOs and lobby organisations Partos and MVO Platform, in order to influence political decision making.



6 • FULL STEAM AHEAD!

2017 was a truly wonderful year. A rock-solid foundation was laid, our vision and mission were brought into clearer focus, our team was meticulously composed. Looking back was a lot of fun and we wrote this annual report for you with a great deal of nostalgia. But we love to look forward too. A few highlights:

FOLLOW-UP COCONUT CAMPAIGN

Our campaign caused quite a stir in 2017 and we're going to stir things up a bit more. We're continuing the campaign and lobby in the coming years. Together with industry organisations, we're initiating a 'coalition of the willing' to realise an ambitious agenda for the coming years with various parties. We're also kicking off public-private projects with front runners who want to actively improve the sustainability of their coconut chain. We are currently in the advanced stages of talks with a number of parties. We'll keep you posted!

NEW CAMPAIGN: COFFEE

Whether you're downing a double espresso every morning, sip on a Latte Macchiato or simply throw back a good ol' cup of joe: behind every cup of coffee you drink, a personal story can be found. The story of the coffee farmer who grew the 50 to 80 beans that were ground down to make your cup of coffee. Do you know where that person is from? What their coffee rituals are? Probably not. Chances are you also don't know how much that farmer makes from that coffee you're drinking. Don't be alarmed, but: off of every cup sold at a café or coffee shop, that's generally less than 2 percent. So, your cup of joe is basically a cup of sorrow. Not a very energising idea, is it?

That's why Fairfood has set a major goal for 2018: unite with the coffee lovers of the Netherlands and make sure that coffee farmers get fair pay for the coffee we drink each day. We don't just want to wake up large coffee companies, we want to show which choices YOU can make at the supermarket or café. That means that coffee brands need to be brave enough to be transparent about who earns what in the production chain, from farmer to barista.

In the meantime, we're going to figure out what farmers need to earn in order to make a decent living, and why they're not making that right now. We want to learn from sustainable and fair-trade pioneers, from the small brands for the connoisseur, but also from the supermarkets who entice their customers with stunt coffee-deals. In the Netherlands, we drink about 1 percent of all the coffee grown globally each year. Imagine if we can make that 1 percent truly fair, that might be a great start to a worldwide movement for *truly* great coffee. No espresso shot can beat that.

5-YEAR PLAN

And there's more. We're not afraid of a little ambition. That's why we've set ourselves a few goals that we're going to deliver on in the next five years:

- ➔ We're going to lift 1 million farmers out of poverty
- ➔ We're going to put ourselves on the map as a campaign organisation with a broad and active following
- ➔ We're going to become the knowledge centre for human rights in the food sector
- ➔ We'll organise a coalition around open food blockchains to provide farmers with a fair income, and we will function as a blockchain-for-food-authority within it
- ➔ We'll realise a growing number of coalitions of front runners as part of our campaigns

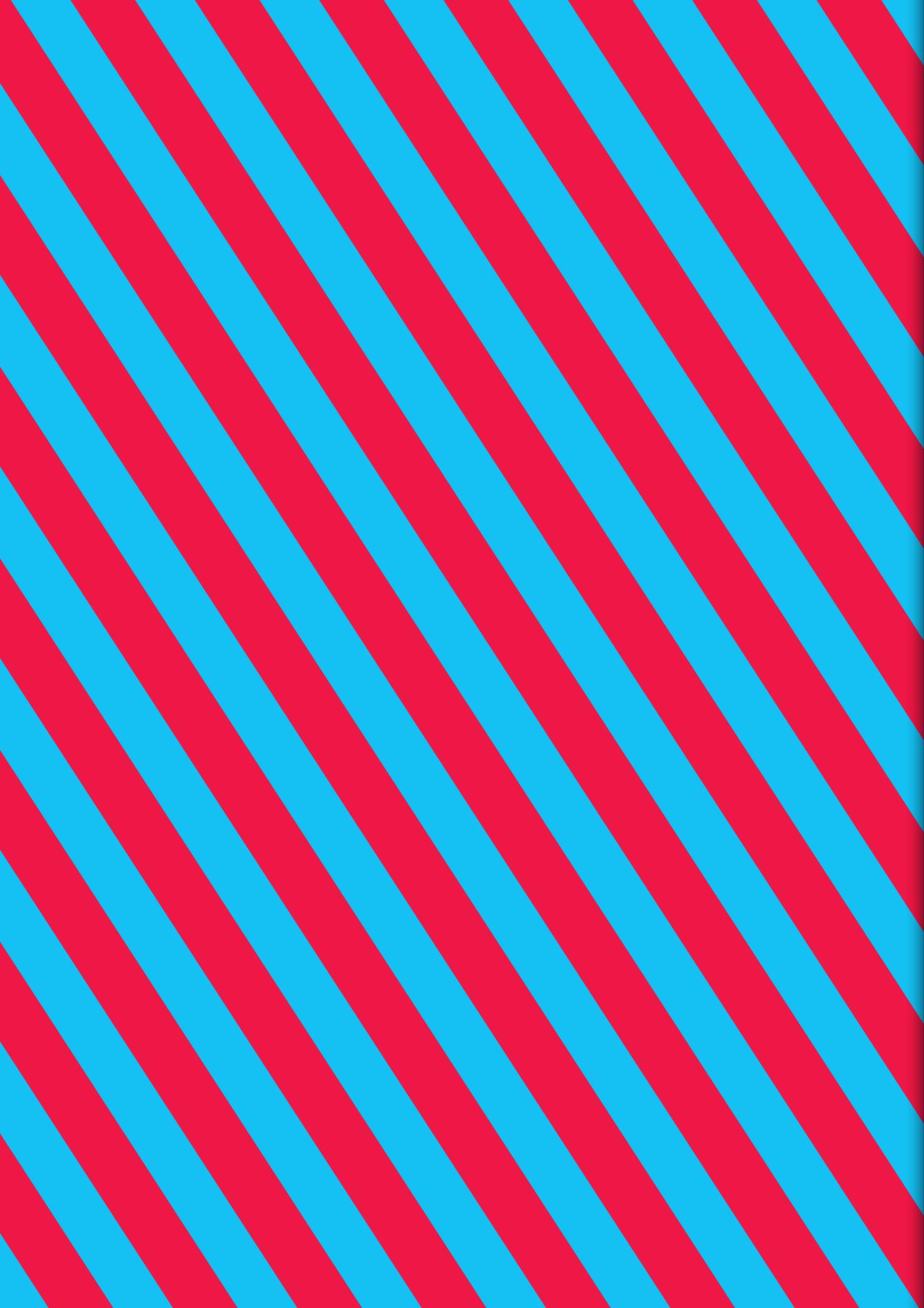
7 • FINANCIAL FORECAST 2018

The year 2017 was the year we debuted our new strategic plan. Quite successfully, we might add: we were able to recruit a new fund for the coconut blockchain project early in the year. We've noticed that our new direction is catching on and that there's a real interest in our approach. 2018 promises to be a year of perseverance, with the follow-up to our current campaigns and the kicking off of new projects and programmes. It is our goal to grow our operational budget to €1.5 million in 2019, with a small, flexible organisation of committed professionals. We're expanding our fundraising activities and are creating different scenarios for a financially sustainable future.

BUDGET 2018 IN FIGURES

IN €

	2017 ACTUAL	2018 BUDGET
INCOME		
INCOME FROM PRIVATE FUNDRAISING	131.537	449.700
INCOME FROM THIRD-PARTY ACTIONS	500.000	500.000
INTEREST INCOME	558	2.000
SUM OF INCOME	632.095	951.700
EXPENSES		
SPENT ON OBJECTIVES	209.796	486.675
SALARIES	333.745	367.258
HOUSING	23.057	19.200
MANAGEMENT & ADMINISTRATION COSTS	60.892	55.200
SUM OF EXPENSES	627.490	928.333
BALANCE OF INCOME AND EXPENSES	4.605	23.367
RESERVE ASSETS END OF YEAR	242.122	265.489



FINANCIAL REPORT 2017

BALANCE SHEET AS OF 31 DECEMBER 2017

(after appropriation of result)

	31-12-2017	31-12-2016
	€	€
ASSETS		
TANGIBLE FIXED ASSETS	-	-
FINANCIAL FIXED ASSETS	-	1.974
	-	1.974
RECEIVABLES AND PREPAYMENTS	14.297	16.010
CASH AND CASH EQUIVALENTS	297.905	257.121
TOTALS	312.202	275.105

	31-12-2017	31-12-2016
	€	€
LIABILITIES		
RESERVES		
CONTINUITY RESERVE	242.122	237.517
DESIGNATED RESERVE	-	-
	242.122	237.517
SHORT TERM LIABILITIES		
PAY-ROLL TAKS / SOCIAL SECURITIES	-	3.508
ACCRUED EXPENSES AND LIABILITIES	70.080	34.080
	70.080	37.588
TOTALS	312.202	275.105

STATEMENT OF REVENUES AND EXPENDITURES FOR 2017

	ACTUAL 2017	ACTUAL 2016
	€	€
REVENUES		
REVENUE OF OWN FUNDRAISING	131.537	101.987
REVENUE OF COMBINED ACTIONS	-	-
REVENUE OF ACTIONS THIRD PARTIES	500.000	500.000
GRANTS FORM GOVERNMENTS	-	26.797
INTEREST	558	2.625
OTHER REVENUES	-	-
TOTAL REVENUES	632.095	631.409
EXPENSES		
EMPLOYEE EXPENSES	333.745	486.226
ACCOMODATION EXPENSES	23.057	42.417
DEPRECIATION COSTS	-	-
CONTRIBUTIONS TO PARTNER ORGANISATIONS	6.524	3.716
PROMOTION COSTS	209.796	196.720
OTHER EXPENSES	54.368	123.129
TOTAL EXPENSES	627.490	852.208
OPERATING RESULT	4.605	-220.799
FINANCIAL EXPENSES	-	-
RESULT	4.605	-220.799
DESIGNATION OF RESULT		
CONTINUITY RESERVE	4.605	-220.799
DESIGNATED RESERVE	-	-
TOTALS	4.605	-220.799

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 Mauritskade 63 in Amsterdam.

Principles of pricing

The financial statements have been prepared in accordance with the Guideline for Annual Reporting 640 'Not-for-profit organizations' 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 realized. Expenses are also accounted.

Comparative figures

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

Foreign currencies

The accounts of the organization 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.

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 recognized from the date an asset comes into use. The assets are depreciated over a period of three or five years.

Receivables

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 of necessary. Provisions are recognized on the basis of individual assessment of recoverability of the receivables.

Current assets

Fairfood has no securities of deposits in which it keeps its current assets. All current assets that are not immediately needed are kept in a savings account as 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 organization'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 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 2017

	31-12-2017	31-12-2016
	€	€
FINANCIAL FIXED ASSETS		
OPERATIONAL COST (OFFICE GUARANTEES)	-	1.974
	-	1.974
RECEIVABLES AND PREPAYMENTS		
PREPAID EXPENSES	374	3.025
ACCRUED INCOME	13.923	9.625
DEBTORS	-	3.100
OTHER RECEIVABLES AND PREPAYMENTS	-	260
	14.297	16.010
CASH AND CASH EQUIVALENTS		
ASN BANK	228.059	236.434
RABOBANK	68.574	18.965
OTHER BANKACCOUNTS	1.272	1.722
	297.905	257.121

	31-12-2017	31-12-2016
CONTINUITY RESERVE		
BALANCE AS AT 1 JANUARY	237.517	458.316
EXTRACTION	-	-
APPROPRIATION OF THE RESULT	4.605	-220.799
BALANCE AS AT 31 DECEMBER	242.122	237.517
PAY-ROLL TAKS / SOCIAL SECURITIES		
PAY-ROLL TAKS / SOCIAL SECURITIES	-	3.508
	-	3.508
ACCRUED EXPENSES AND LIABILITIES		
CREDITORS	3.500	4.892
ACCRUED EXPENSES	2.420	29.188
ADVANCED GRANTS	64.160	-
	70.080	34.080

NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		
	2017	2016
	€	€
REVENU OF OWN FUNDRAISING		
DONATIONS	454	2.591
SPONSORING IN KIND (CONTRIBUTIONS)	35.432	60.582
NGO'S	68.000	38.815
CAMPAIGN-SALES	3.151	-
	107.037	101.988
REVENU OF ACTIONS THIRD PARTIES		
NATIONAL POSTCODE LOTERY		
- GENERAL FUNDING	500.000	500.000
	500.000	500.000
GRANTS FROM GOVERNMENTS		
MINISTRY OF FOREIGN AFFAIRS	10.500	19.797
MINISTRY OF ECONOMIC AFFAIRS	14.000	7.000
	24.500	26.797

EXPENDITURE		
	2017	2016
EMPLOYEE EXPENSES		
WAGES AND SALARIES	258.669	284.423
SOCIAL SECURITY CHARGES	37.373	56.528
TRAVEL EXPENSES	5.194	6.319
TRAINING	-	5.548
NON-PAYROLL STAFF	21.846	-
FOOD AND BEVERAGE OFFICE	2.842	1.197
INTERIM MANAGEMENT	-	92.960
OTHER STAFF EXPENSES	7.821	39.251
	333.745	486.226
The average number of FTW in 2017 was 3,96 (2016: 6,5)		
ACCOMODATION EXPENSES		
RENT & SERVICE	20.979	40.832
CLEANING, OFFICE SUPPLIES AND OFFICE MAINTENANCE, OTHER ACCOMODATION EXPENSES	2.078	1.586
	23.057	42.418
PROMOTION COSTS		
CAMPAIGNIG	187.161	83.554
STRATEGY	-	79.711
PUBLICITY	22.634	33.456
	209.795	196.721
OTHER EXPENSES		
OFFICE COSTS	42.222	43.225
AUDITS	17.457	19.844
ADVICE	400	3.908
ADMINISTRATIVE COSTS	812	277
CONFERENCES FEES	-	-
TRAVEL WORK AND INTER OFFICE	-	-
LODGING	-	-
RETRENCHMENT COSTS	-	59.590
	60.891	126.844

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 2017 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 2017, and of its result for 2017 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 2017;
2. the profit and loss account for 2017; 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:

- 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.

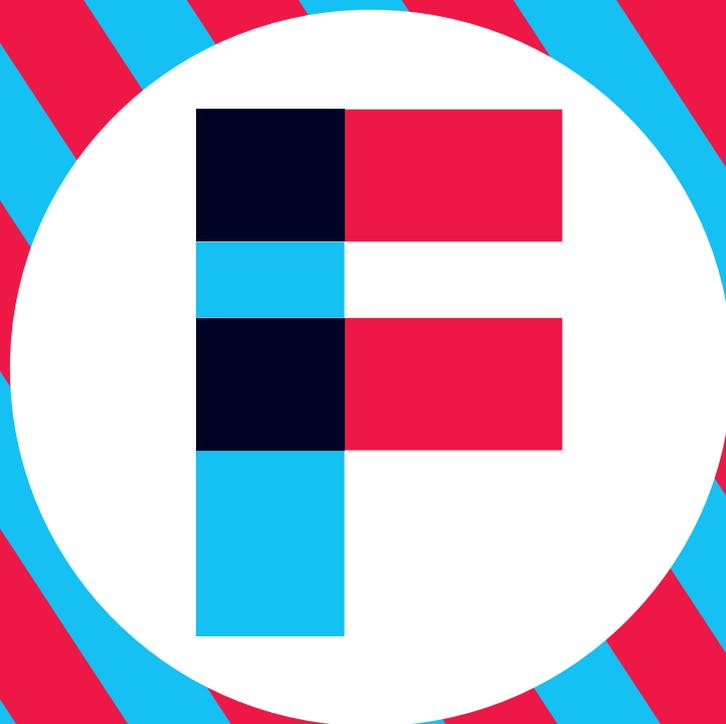
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam 11 April 2018

Ardent Adviseurs en Accountants

w.s.

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