

FAIRTRADE ORIGINAL | ANUAL REPORT 2019

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PREFACE



This is our annual report for the year 2019. Last year seems a lifetime ago with all that has happened since the coronavirus invaded our lives!

2019 was not just the year of our 60th anniversary, but of many other wonderful achievements as well. I am extremely proud of the accomplishments of our small and diligent team.

There is too much to mention, but I have highlighted some of our successes below:

• Early 2019, Fairtrade Original was the first to introduce canned Young Jackfruit in Dutch supermarkets. Because of its meaty bite, this exotic fruit is a versatile addition to many tasty dishes.

• We are developing a supply chain in Morocco for our range of Middle-Eastern products. The first products from that range are already available in select supermarkets. In cooperation with Albert Heijn supermarkets, we have set up Community Coffee. The beans are sourced directly from the Colombian cooperative Red Ecolsierra in Colombia. As a result, we were able to pay an additional Fairtrade Original premium of almost €40,000 to this cooperative in 2019.

• We have crossed the border to Germany and our World Kitchen products are available in a growing number of supermarkets. Sales in the German market have grown to well over €1 million.

• Overall turnover from the Dutch market increased by 8 percent in comparison with 2018.

• This year, like last year, our World Kitchen products sales experienced a double-digit increase.

• The rising sales are part of the reason that we are developing new

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supply chains in Thailand. We are forming partnerships with a growing number of agricultural cooperatives to meet the growing demand.

• For the second year in a row, Fairtrade Original came in 6th in the Dutch Top 40 Inspiring Brands, making us the highest entry in the Food category.

• And last, but definitely not least: we have closed 2019 with a modest profit.

As I mentioned before, the coronavirus has a huge effect on the whole world. The effects of the pandemic confront our partners with unfortunate situations such as temporary closure of their production facilities and economic setbacks.

There is, however, a silver lining for our organization, as we are experiencing a slight rise in sales. We expect growth the coming year from continuing penetration into the German market as well as entry into the French market. These developments mean that we can buy larger volumes, carefully balancing the growing demand with the production capacity of the smallscale cooperatives in our direct supply chains. Even though the current situation prevents personal contact with our partners, modern communication techniques and our local consultants enable us to still work closely together. Collectively we will get through this! I hope you find this report both enjoyable and informative! On behalf the Management Board,

René Bakker



WHERE FLAVOUR BEGINS FAIRTRADE ORIGINAL ANNUAL REPORT 2019 6

THAI CURRIES yellow, red and green FACTS AND FIGURES 2019





A lot has happened since Fairtrade Original was founded in 1959. In those sixty years, the world and our organization have seen many changes. One thing remained the same: we are still a social enterprise with Fairtrade at the core of its mission. For several years now, we have focused entirely on food. Our products are fair and full of flavour. We are closely connected with our local suppliers and producers, to work towards a fair future for them.

FLAVOUR BEGINS AT THE ORIGIN

We strive to let the production process of our ingredients take place in the country of origin as much as possible. That determines the taste of our assortment. The recipes are developed in cooperation with local partners and our products are locally produced and packaged. That is where the flavour of, for instance, our curries and coconut milk begins. The coconuts are being processed into coconut milk and canned within two hours. That's what makes us unique compared to other brands on the shelf. In 2019, we positioned Fairtrade Original as a flavourful food brand with a new pay-off: where flavour begins. The optimised communication strategy emphasizes the importance we place on the origins of our products.



HURRAH, WE TURNED 60!

We have been at the origin since July 20, 1959. Our initial Fairtrade nonfood range was expanded with coffee from Guatemala in 1973. For the last ten years, we have been at the origin of exceptionally flavoursome products that are inspired by cuisines from all over the world

We turned 60 in July 2019 and treated our business partners in The Netherlands with a brownie with an Original twist. After much speculation about the secret ingredient, our Sambal Badjak was eventually unmasked as the spicy touch. Moreover a calendar has been created marking the birthdays of our colleagues and local consultants, as well as the founding dates of the producers we work with. This is now being displayed in the offices in Thailand, India. Mexico and the Netherlands, linking us on special moments.

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PRODUCT LAUNCH

If we had to choose one big (and green) success in 2019, it would be jackfruit. On 21 January, our Young Jackfruit was the first canned jackfruit to enter Dutch supermarket shelves. A year later, jackfruit has become familiar in many kitchens and has proved a welcome addition to many culinary experiments. Jackfruit is an Asian fruit which in its unripe state resembles white meat in many ways. It easily absorbs other flavours, making it an ideal basis for seasoning and marinades. When used in stews, jackfruit gets a genuinely meaty texture.



These features make jackfruit a favourite ingredient among vegan, vegetarian and flexitarians cooks. Young Jackfruit is simply ideal for all sorts of easy, tasty dishes.

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YOUNG JACKFRUIT 13

Thai origin

Jackfruit originally comes from India, but can be found all over Asia. East Africa and Latin America. We source our jackfruit from Thailand, from the Fairtrade-certified Fairtrade Pineapple Growers Group. This cooperative counts 49 members who have been growing Fairtrade pineapples and mangos for Fairtrade Original since 2007. Half of these farmers also grow jackfruit. One of them is Khun Nipalin, whom you may recognize as our 'pineapple queen'. Her jackfruit plantation consists of two plots with a total of 1000 trees, yielding an amazing 17 tons of young, green jackfruit annually. Khun Nipalin started growing this large green fruit seven years ago to complement her income from Fairtrade pineapples and mangos.

Jackfruit trees can grow up to 20 meter in height and their impressive fruits can weigh between 5-40 kilograms! Traditionally, smaller fruits are removed to enable the growth of larger ones. By canning these young and redundant fruits, Fairtrade Original ensures no fruits are wasted, be they big or small. The processing and canning facilities of our partner Samroiyod Corporation are located in Prachuap Khiri Khan.



JACKFRUIT TASTE TOUR

To introduce this amazing fruit to consumers, we decided to organize a Jackfruit Taste Tour. Together with 20 influencers, culinary business relations and journalists visited five restaurants in Amsterdam by tuktuk. At each restaurant, the group was served a signature dish with jackfruit. The versatility of the fruit was apparent from the selection of dishes that was prepared: from hamburgers and tacos to rendang and couscous. Our Taste Tour was a big success and jackfruit was mentioned in articles by large national dailies such as NRC, AD and De Volkskrant, as well as in food magazines such as Delicious. Young Jackfruit was even put in the spotlight on national TV-twice! We have sold over 200,000 cans of Young Jackfruit-and counting. Jackfruit is definitely our new eye catcher!





JACKFRUIT FACTS AND FIGURES 2019





THE ORIGINAL MIDDLE-EASTERN CUISINE

THE LAUNCH

Middle-Eastern cuisine has such a variety of flavours that it appeals to just about every personal taste. Several, often exotic ingredients for this cuisine, may be difficult to find in your local shop around the corner.To give cooks of all levels an accessible starting point for preparing Middle-Eastern dishes, we launched a new product line in March 2019. The range currently consists of six different spice pastes that offer countless options to both eager beginners as well as to experienced cooks. No need for 1001 different seasonings and trips to far-off specialty shops.



Moroccan origins

Launching a new product line also means that we have built a new supply chain. The six Fairtrade Original spice pastes are produced and packaged in Morocco. The aim is to have the Fairtrade ingredients such as herbs and lemons grown by small-scale farmers organized in the agricultural cooperative Fermes Bio Sehoul in the north-west of Morocco Our partnership started in 2018 and since then, the cooperative has grown from ten to fifteen members. They are working hard to obtain Fairtrade (and organic) certification. 2019 was already a successful year for the Sehoul-based cooperative and our partnership



MIDDLE-EASTERN CUISINE FACTS AND FIGURES 2019



SUPPLY CHAIN STRUCTURE WHAT DOES THE MOROCCAN SUPPLY CHAIN LOOK LIKE?









In 1973, we pioneered in the coffee market by importing Fairtrade coffee into the Netherlands for the very first time. We haven't stopped our actions in the coffee sector. We even took it a step further in 2019 with the launch of a new coffee line: Community Coffee. As we buy the beans directly from coffee cooperative Red Ecolsierra in Colombia, we can determine the fair price with the coffee farmers themselves.. Fairtrade Original buyer Mark and Red Ecolsierra representative Victor jointly determine the price we pay. This is how we keep moving forward to more sustainable and future-proof coffee. In the meantime, we are also taking steps to make our regular coffee range more sustainable

FUTURE-PROOF COFFEE

Participation of the



On top of the Fairtrade minimum price and the regular Fairtrade and organic premiums, we also pay Red Ecolsierra an extra Fairtrade Original premium. This premium is invested into projects the farmers choose themselves and thus benefits them directly. Our agreement with the cooperative offers the farmers financial security because it guarantees the sale of a significant part of their harvest, now and in the future.



FAIRTRADE ORIGINAL PREMIUM

The first Fairtrade Original premium, based on five containers of green coffee beans, was paid in 2019. Red Ecolsierra counts 380 members, but not all these families produce the beans for our Community Coffee. A total of €39,598 was paid out to the 131 families who grow coffee beans for our Community Coffee. The percentage of the premium that each family receives, depends on the volume of coffee they harvested

100 kg – 500 kg: the family receives a wet-milling kit. The kit contains measuring equipment for humidity control, called a gravimet; tools for washing and drying coffee beans and a fermaestro, used for managing the coffee berries' fermentation process.

500 kg – 999 kg: the family receives a wet-milling kit and a monetary bonus.

more than 1000 kg: the family receives a wet-milling kit, a monetary bonus, sturdy packing material for the transportation of their coffee beans and coffee picking baskets..



THE FUTUREPROOF COFFEE COLLECTIVE

Together with 20 other Dutch coffee companies, Fairtrade Original is part of the Futureproof Coffee Collective, an initiative of the Dutch organization Movement for Entrepreneurs in the New Economy (MVO). The group's aim is to establish realistic prices that reflect the socioeconomic and environmental cost of coffee production. A disproportionate amount of this cost is currently shouldered by coffee farmers. The costs are hidden in the effects of the coffee chain on soil auality, water resources, biodiversity and climate change. Then there is the gap between the effective income of farmers and what is necessary to meet their basic needs. These issues are all the more serious as the current historically low world market price for coffee which forces coffee farmers to sell their harvest below cost.

The Futureproof Coffee Collective is working on a true cost accounting tool that monetises the coffee production footprint. Version 1.0 saw the light in 2019 and was tested among a group of 15 farmers from the Colombian cooperative Red Ecolsierra. The results, combined with data from pilots by other organizations, will be incorporated in the final version, which is scheduled for release in 2020 One hundred of the 380 Red Ecolsierra members will test-drive the tool to assess the most pressing challenges regarding soil quality, water resources, biodiversity, climate change and living income. We will not stop at simply determining a fair and 'true' price; we intend to support developments at the cooperative which will lower the social and environmental costs of coffee production. We will set up a number of projects to improve socioeconomic and ecological indicators, which will help the farmers to increase their productivity, care for the local environment and increase their income.

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COMMUNITY COFFEE GALLERY

On World Coffee Day, 1 October 2019, we set up a Community Coffee Gallery to honour our Community Coffee. For two weeks, the pop-up exhibition at Amsterdam Central Station showcased the world behind Community Coffee through the lens of Amsterdam-based photographer Pieter Bas Bouwman. A phone line was set up for visitors to contact the coffee farmers of the Red Ecolsierra cooperative directly. Every day from 4-5 p.m. the hotline could be used to ask pressing coffee questions, engage in small talk and say thank you for the dark brew that was served.



COMMUNITY COFFEE RESULTS OF THE FIRST 6 MONTHS



IN STORE SINCE APRIL 2019

we shipped 5 containers 99.692 kg GREEN

fairtrade ORIGINAI



SPECIALTY COFFEEBEANS

131 FARMERS RECEIVED A TOTAL PREMIUM* OF €39.598.-

*this premium is an EXTRA Fairtrade Original premium

THE FIRST FAIRTRADE ORIGINAL PREMIUM WAS SPENT ON



WET-MILL KIT





NEW MATERIALS

JOINTLY BUILDING A

NEW SUPPLY CHAIN

IN

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Most of us have heard of (or tasted) original Mexican dishes like tacos, enchiladas and picadillo. In the Netherlands, an increasing number of authentic taquerias and Mexican restaurants are serving street food, but most Dutch home cooks have not tried to make these dishes yet themselves. It is high time we all start cooking Mexican.

THE START OF A NEW

ORIGINAL CHAIN

The starting point of this endeavour is Mexico, obviously. To best preserve the original flavours, we produce and pack our products locally. Therefore, developing a new supply chain begins with building a local network. That is exactly the quest that Development Manager Lotje started in 2018. Together with local consultant Vincent, she went on a two-week discovery tour in eight Mexican states. They saw factories in the city of Monterry and visited farmer groups in remote villages that were only accessible after travelling long hours by bus, boat and on foot. After a second trip in 2019, the choice was made to partner with an agricultural cooperative in Huasca de Ocampo and a processing partner in Monterrey.





HUASCA DE OCAMPO

The twelve small-scale herb and spice farmers currently sell their produce through social enterprise Yolcan, a local social initiative connecting small farming projects to restaurants and consumers. The farmers have the capacity to cover higher production volumes, but there was no demand. Until Fairtrade Original arrived! The twelve farmers from Huasca de Ocampo work in harmony with nature to deliver quality products at a fair price.

So as not to exhaust the soil, they adhere to organic farming practices, make their own compost and take local biodiversity into account when planting new crops. The group hopes to inspire other farmers to abandon conventional farming methods and join their organic agricultural network.

COÖPERATIVE

From the very beginning, our partnership with the Mexican farmers has operated in accordance with Fairtrade standards. The group is not yet Fairtrade certified, but they are working to obtain the qualification and we support them in this. With our help, they have received training from other strong local cooperatives. And with the paperwork done, the farmers now form the official cooperative Productores Naturales de Huasca de Ocampo, with Doña Vicky as their elected president. The group meets at a different farm each week, to share their experiences and discuss upcoming cooperative activities.

KNOWLEDGE SHARING

Now that they have formed an official cooperative, the group can apply for local grants and subsidies as well as enter the Fairtrade system. The farmers strive for Fairtrade certification and are working to fulfil the requirements.

On top of the regular support farmers receive through Yolcan, we have engaged local consultant Judith to assist the farmers during the course of the first year. She even moved to Huasca de Ocampo recently to be closer to their operations. Judith's background in agronomy is very useful in harvest and production planning, quality improvement, record keeping and setting up logistics for the farm-to-factory track. Once the farmers have assimilated Judith's knowledge, they will be able to handle these tasks themselves and become a stronger cooperative.

2020

We are confident that the high level of ambition of the farmers paired with the support offered by Fairtrade Original and the people from Yolcan will lead to a successful introduction of our Mexican spice pastes in 2020. We hope the partnership will last for many years and prove to be beneficial for all parties involved!

*Fairtrade Original paid €39,598 in impact premiums on Community Coffee from Colombia

*We pay a minimum price for a select number of products. For our largest product group, coffee, we paid an extra €244,000 on top of the world market price to reach the Fairtrade Minimum Price. This amount is not included in the overview below.

2019 2018 2017 2016 507.459 Fairtrade premiums 486.035 432.993 459.057 Impact premium* 39.598 **Development costs** 342.920 409.735 374.318 309.872 Licensing fee Max Havelaar 185.287 177.027 178.908 165.538 Fairtrade development expenditure 1.053.840 1.019.755 1.012.283 982.869

FAIRTRADE

DEVELOPMENT

EXPENDITURE



AWARDS

In 2019, as in 2018, we were voted 6th in the Most Inspiring Brand Top 40 list of the annual Business for Good election in the Netherlands, making us the highest entry in the Food category. This list of most inspiring organizations is compiled annually by Dutch strategic consultancy firm Synergie.



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Our Development Manager Lotje made the Dutch Sustainable Young 100 list (Duurzame Jonge 100) because of her significant contribution to the new Moroccan supply chain and her efforts to make our Colombian Community Coffee supply chain as direct as possible.

Jackfruit jackpot! After being in the shops for only six months, it already won a prize: our Young Jackfruit came in second in the Sustainable Food Awards 2019.



INTERNATIONAL UPDATE

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Fairtrade Original DACH looks back on a successful financial year 2019 in numerous facets. Through the interplay of food retailers, world shops and our own online shop, we managed to roll out the distribution across Germany, Austria & Switzerland. This allowed us to bring our Asian product range closer to customers and therewith create a higher impact for our partners in the origins. We see our organization as a movement, because only together with everyone involved we can achieve our goal of making fair products accessible to everyone. More added value also means more impact in the countries of origin. We are pleased that more consumers are getting to know our products and are becoming enthusiastic and loyal customers.

In the beginning of 2019 we started successfully with the organic products of our Asian kitchen at Alnatura supermarkets. Also Real listed our Asian products on their shelves. In May 2019 several stores of Rewe started selling our Asia range sucessfully and also more and more Edeka stores are convinced by our original products. After visiting the world shop fair "Weltladen-Fachtage" in Bad Hersfeld in June 2019, we got many Fairtrade shops as new customers.





In the first quarter of 2019 we started within Merkur stores in Austria. Merkur has listed our top products, e.g. Yellow Curry, Coconut Milk and our Rice Noodles.

In principle, Fairtrade is our top priority, but in the second step we are looking for possibilities to switch to organic agriculture. We are particularly happy to announce that this was achieved in 2019 with our white and brown rice noodles. We supported and advised our processor in Thailand during the long process of the organic certification. Due to the close cooperation between farmers, producers and Fairtrade Original, we can now also offer our organic rice noodles!

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Thanks to our many years of experience in the Netherlands and the wide range of products that we have been able to establish on the market, we can see the added value we create for the producers. We continue to see promoting north-south balance as one of our most important tasks. With our mission Where flavour begins in mind, we want to continue to develop dishes with our partners according to the original recipe, thus including countries that have not yet been the focus of Fairtrade.

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For Germany, Austria and Switzerland we are already working on the introduction of the Moroccan and Mexican pastes in 2020.

NEW ORIGINALS

In 2013, after graduating from the University of Amsterdam with a **BA in Communication Science**, I was ready to start my first job. I did not have my whole career mapped out, but I did know that I wanted to work for an organization with a true mission. I wanted to tell stories that were close to my heart. This was the ambition I followed when I started as PR and Communication specialist at Fairtrade Original in June 2019. My work is about introducing our wonderful products to the consumer at large by telling the story behind the product. In my opinion, Fairtrade Original merges two very important elements: good food and fair trade. An ideal combination, because life is better with good food!



LARISSA BERGSHOEFF



MILENA WIPPICH

I've been working in Business Development for Fairtrade Original in Germany for 1.5 years now. I appreciate having a daily working life that is so varied, full of challenges and chances every day. But what motivates me most is knowing that our achievements are serving a bigger cause. What we accomplish is promoting a better life for "our" producers in Asia, Africa & Latin America. Knowing this, is what makes me get up in the morning.

I studied Latinamerican Culture and Politics, as well as Communication. so ending up working in Fair Trade is the best way for me to combine both fields. Creating a sustainable impact in the world has been my mission ever since. Before starting in October 2019 as Communication Specialist DACH at Fairtrade Original I worked in the Communications Team of the German Fair Trade Brand GEPA. My biggest passion is Coffee and finding a more justice way of trading in the global coffee market. I am always keen on trying new coffees from all over the world in order to detect the huge amount of flavours. Besides coffee working for Fairtrade Original takes me also on a flavour journey to the origins of Thai Curry, Shakshuka and Enchiladas



VALERIE JACK

I started at Fairtrade Original as Quality Assurance Officer in April 2019. I have found the perfect organization to combine my passion for food with my Diet and Nutrition experience. I enjoy working here because I support the Fairtrade Original mission and have a keen interest in other cultures (and cuisines). In my spare time, you can find me in my organic vegetable garden, in the kitchen or on horseback. I also love playing sports and travelling.



Following my vocational training as an event manager, I worked in various event and promotion agencies and successfully attended a degree class in marketing communications. To round this off, I took a position as project manager at an online marketing agency. Since September 2019 I have been working at FTO as a part-time event and office manager, and spend the rest of my time trying to keep my three junior bosses happy. Sustainability, environmental awareness, a healthy and balanced diet and the equitable treatment of humans and animals alike have always been very important to me, and even more so since I have children. Ladore Thailand and Asian cuisine in general and always enjoy exploring new worlds of taste.



LISA STEMMER



FINANCIAL

BALANCE SHEET FAIRTRADE ORIGINAL B.V. FOR THE YEAR ENDING 31 DECEMBER 2019 (after profit appropriation)

EUR	Toelichting	2019
FIXED ASSETS		
Intangible fixed assets	1	222.733
Tangible fixed assets	2	62.990
Financial fixed assets	3	107.301
		393.024
		555.024
CURRENT ASSETS		
Inventories	4	2.725.582
Trade receivables	5	3.477.310
Pre-financing trade partners	6	_
Other accounts receivable and accruals	7	186.174
Liquid assets	8	91.608
		6.480.674
TOTAL		6.873.698
EQUITY		
Reserves	9	2.278.107
PROVISIONS	10	12.481
LONG-TERM LIABILITIES		
Interest-free loans	11	1.000.000
SHORT-TERM LIABILITIES		
Trade payables		977.258
Current account Stichting Fair Trade Original		1.680.993
Taxes and social charges	12	288.718
Other payables and accrued liabilities	13	636.141
• • • • • • • • • • • • • • • • • • • •	· _	3.583.110
TOTAL		6.873.698

STATEMENT 43 2009 PROFIT AND LOSS ACCOUNT FAIRTRADE ORIGINAL B.V. FOR THE

YEAR ENDING ON 31 DECEMBER 2019

EUR	Toelichting	2019
OPERATING REVENUES		
Net earnings	14	16.380.371
Other operating income	15	84.038
	-	16.464.409
OPERATING EXPENSES		
Raw materials and consumables	15	11.756.143
Staff costs	16	2.032.024
Depreciation	17	187.250
Selling expenses	18	1.852.350
Office space expenses	19	130.903
General expenses	20	466.953
	_	16.425.623
RESULT ON ORDINARY ACTIVITIES		38.786
Financial income and expenditure	21	(31.489)
GROSS PROFIT		7.297





A SNEAK PEEK IN THE KITCHEN OF 2020



CKFRUIT

Jackfruit goes into the books!



We will explore the original Mexican cuisine.

Cross-border news: we are going to France!



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