



Annual Report 2008

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Strategic partner:



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Preface

Despite the financial crisis the world has been facing since 2008, sustainability does not seem to have lost ground. Even better: it seems to have gained more attention. And Fairfood International is one of the contributors. Fairfood is happy to announce that 2008 was a very successful year for the organisation and that sustainability increased. Contact has been made with over 800 food and beverage companies, 60% of which had never been in contact with other NGOs before.

Fairfood aims to increase the level of sustainability of food and beverage products and therefore lobbies brand owners. Several food and beverage companies decided to increase the level of sustainability of their food and beverage products. In the egg industry in particular, Fairfood saw some good results. Natuurfarm De Boed followed Kwetters and Guliker & Roodbol, who in 2007 became the first egg producers to buy sustainable soy. Another big success is Koninklijke Verkade/United Biscuits Netherlands, who became the first mainstream chocolate producer to use Fairtrade certified cocoa and sugar. Fairfood had several discussions with Verkade regarding the issue of more sustainable cocoa and conducted a publicity stunt in 2007 which contributed to the result that Verkade chocolate bars are now more sustainable. We are convinced that our focus on mainstream products is crucial to make trade more sustainable.

Having more sustainable products on the market that consumers can choose from in the supermarket is one achievement. The next step is to get consumers to actually alter their shopping behaviour. Last year, Fairfood convinced 2.9% of the Dutch population within Fairfood's target group to consume more relatively sustainable products. I am very proud that our team has made this happen!

In 2008 we involved an increasing number of stakeholders from developed and developing countries in making our strategic decisions. In the future, especially those who are most severely harmed by unsustainable trade practises will be involved more within Fairfood. They will form the basis of our constituency.

Although sustainability didn't lose ground during the crises, the different crises are at the same time my biggest concern. The FAO in 2008 has raised its statistics on the number of hungry people in the world from 854 million to 963 million. This number of people living in poverty is *unacceptable*; it is even more appalling that this situation gets even worse. The crises might be in one way a turning point for the better. But even now that recent surveys show that sustainability gains more attention, I am still concerned about the slow speed that the food and beverage industry is becoming more sustainable and the negative effect it has on marginalized people. At the pace it is going, it will take at least the coming decades to reach an acceptable level of sustainability. So it is now and for that reason that the commitment of Fairfood is even more needed.

I ask everybody, which means brand owners, employees of Fairfood, supporters, financiers and governments to join our fight in making products more sustainable.

We can only succeed in our mission with your help!

Frank van der Linde
Director, Amsterdam
29 April 2009

Introduction

This annual report describes the activities, developments and results of Fairfood in 2008. In 2008, Fairfood grew further and became more well-known as a campaign and lobby organisation. Fairfood made the first steps towards internationalisation by deciding to set up front offices in Brussels and Berlin and changed its name to Fairfood International. We sent out the product fairness questionnaire for the third time (2.853 copies!) to 811 food and beverage brand owners. After this, we called them, we e-mailed them, we visited them.... And again with results... You can read all about this and much more in this report.

Fairfood is divided into 5 departments (General Management, Campaign & Lobby, Communication, Research and Funds & Donors) and each department consists of several projects. All employees, paid and unpaid, have a clear area of responsibility and this helps to make Fairfood a very efficient and effective organisation.

In the first chapters of the report, you will find our mission statement, vision, assumptions and a description of our general strategy. In the following chapters, the activities and results are described per department/project. At the end of this report, you will find the balance sheet, statement of revenue and expenditure and so on.

This annual reports follows the guideline *Verlaggeving Fondsenwervende Instellingen* (accounting standard for fundraising entities) published by the Dutch Accounting Standards Board. This guideline is drawn up together with the CBF organisation; a Dutch quality certification for charities. Since 1 January 2006, Fairfood is certified by the CBF. For cost-saving reasons, Fairfood decided to draw up a basic annual report. All basic necessary information is included, but no pictures or other extras have been added.

Fairfood is more than willing to provide additional information about its activities and results in 2008. More information about future plans can be found in our Long-range plan, which can be found on our website. For more information, please contact Anique Bakker, manager HR & Backoffice of Fairfood. (anique.bakker@fairfood.org / +31 20 618 8062).

Past

Fairfood was founded before a Notary Public on 22 September 2000 and registered at the Amsterdam Chamber of Commerce under number 34141098.

In 2001 and 2002, Fairfood conducted research and made preparations for its official launch. Fairfood initiated a structural collaboration with ICCO, now our most important partner. The launch took place in the week before Christmas 2002, just before the national elections in the Netherlands. The seven most prominent candidates of all political parties were asked to commit to the battle against hunger. After this, Fairfood was launched by current affairs programme Twee Vandaag and the NOS daily news.

At the start of 2003 and in light of the elections, a comparison of political party programmes was made, focusing on their impact on world hunger. Visitors to our website were able to test different parties for their policies on hunger. This would make their choice of vote easier. By June 2003, the so-called 'Hongervrij' (hunger free) campaign was launched. This was the time when the first film crews were recruited. Young people shared their views on the hunger issue through their films. One of the conclusions drawn from the 'Hungerfree' campaign was that most consumers were simply unable to answer the question 'How hunger free do you eat?' This was caused by a lack of information from companies. However, governments are unwilling to create legislation to help consumers to 'eat hunger free'. Governments hold the standpoint that consumers and producers should sort out the issue together. You can find more information on Fairfood's activities and results in the 2003 annual report.

In 2004 it was figured out how best to involve the public in the battle against hunger and what messages are the most important to get across in order to reach the widest audience. This year, Fairfood has conquered a solid position amongst social organisations that have been around for years. Fairfood has especially acquired great fame amongst the hard-to-reach target group of adolescents and students, where it has managed to put food awareness higher on the agenda. Amongst politicians both Fairfood and its message are well-known. In 2004 Fairfood reorganised and professionalised. This has led to an enormous increase of output as far as visible results are concerned. You can find more information on Fairfood's activities and results in 2004 in the 2004 annual report.

In 2005 Fairfood narrowed its focus. While in 2004 it focused on hunger and its link to the West, in 2005 it started concentrating on getting fair food products into supermarkets. Many fair trade products were still too much of a niche. Fairfood wanted to bring the issue closer to the mainstream consumer's home, that is, to the consumer's plate. In 2005, the same projects were carried out as in 2004, although the focus within the projects shifted. A few projects were terminated by the end of 2005, because they no longer fitted Fairfood's new focus. You can find more information on Fairfood's projects and results from 2005 in the 2005 annual report.

The focus shift towards consumers and product fairness in supermarkets from 2005 paid off in 2006. In 2006 Fairfood started sending questionnaires to companies. Fairfood used the answers to compare the fairness of over 1,200 products within their product group. Products scoring above average in fairness and in advancement were qualified as fair by Fairfood, even if there is no

certification label on them. It is thanks to Fairfood that many companies are putting fairness on their agenda –often for the first time. By sending out the questionnaire, Fairfood has made it possible for consumers to compare the fairness of products and to participate in the battle against poverty and hunger in an active manner and on a daily basis. In addition, Fairfood organised the World Food Day in 2006 for the third time. At this event solutions for poverty and hunger were presented on a plate. Many other NGOs did their share at this event. In 2006, Fairfood tightened its links with ICCO. A long-term financing plan was agreed, valid through 2010, strengthening Fairfood's financial foundations. You can find more information on Fairfood in 2006 in the 2006 annual report, also available on the website.

In 2007 Fairfood followed up the focus on consumers and product fairness in supermarkets and sent out Product Fairness Questionnaire's to 407 food and beverage brand owners. This resulted in a list of 1,561 brand products. In 2007, the assurance protocol was set-up. For Fairfood, it is very important to check whether answers given via the Product Fairness Questionnaire by food and beverage companies are correct. Lobbying brand owners resulted in the fact that more than four brand products increased their fairness (partly) due to Fairfood. Two sectors were chosen as a focus: soy in animal feed and cocoa. The biggest success was the introduction of Basel soy by Kwetters, a huge egg producer in the Netherlands. A major success was also achieved by engaging politicians to encourage companies to be transparent about their supply chain. Twenty two Members of Parliament supported Fairfood in 2007. A publicity stunt was organised to support the cocoa campaign, which also resulted in the two companies targeted by the stunt, United Biscuits Netherlands (Verkade) and Ferrero (kinder Bueno), becoming willing to speak to Fairfood about improving their products. Financially for 2007, most of the target was already met in 2006 through the establishment of multi-year contracts. Furthermore, financial support came from the ministry of VROM, NCDO and Stichting Doen. Sponsoring, Private Donors and Merchandise contributed to income as well.

Founder Eelco Fortuijn left Fairfood as director as of the 1 January 2008. Fairfood is continuing its operations with one director: Frank van der Linde, former managing director at Fairfood.

Future

By the start of 2009 Fairfood had grown into a professional organisation with 31 paid employees, 40 unpaid employees and 310 supporters.

In 2009, Fairfood will implement a new system to stimulate food and beverage companies to increase the level of sustainability. The product fairness questionnaire, which was sent 3 years in a row, was successful, particularly because it raised a lot of awareness among food and beverage companies concerning our broad sustainability agenda. The new system will keep doing this, but makes it easier for food and beverage companies to claim sustainability for its brand products.

In 2009, Fairfood International will implement ISO certification to ensure the quality of its organisation. ISO certification fits in Fairfood's objective to be an effective and efficient organisation. Besides ISO certification, Fairfood will improve its system for impact measurement.

In 2009, Fairfood will set up front offices in Brussels, Berlin and London and most likely in Paris as well. Fairfood will stay a centralised organisation with an international head office Amsterdam. Activities that could be better carried out at front offices will be carried out at front offices. Especially for our core business (stimulating food and beverage companies to increase the level of their brand products), front offices are crucial. In cities where people can find many of food and beverage companies (head offices), front offices are likely to be set up.

Involving the voices of the poor, those most severely affected by unsustainable trade practices, will become an important part of Fairfood's strategy. Before the end of 2009, the supervisory board will have two members from developing countries. At our head offices and front office, more and more employees from developing countries will be employed. Besides this, our constituency base will be broadened towards developing countries. Fairfood wants not only to mitigate the effects of unsustainable trade for poor people, but to work on behalf of them as well.

More information about our future plans can be found in our Long Range Plan, which you can find on our website.

Mission, vision and objectives

Introduction

This chapter describes Fairfood's mission and vision. The mission indicates its very reason for existence: food security for everybody. Though this mission can never be successfully completed by Fairfood alone, Fairfood can certainly contribute to resolving the problem of food insecurity by drawing attention to unsustainable trade practices in the food and beverage sector. In order to be successful, Fairfood will have to reach a certain size. For this reason, Fairfood intends to develop into the leading international campaign and lobby organisation on food and beverage sustainability. This will be further elaborated upon in the paragraph "Vision".

Furthermore, this chapter covers the basic principles and positioning of Fairfood and its objectives. Concrete objectives, both for the organisation in general and for specific projects, are vitally important to Fairfood. Creating clear and concrete objectives will greatly contribute to the success of Fairfood's mission.

Motive

Hunger is one of the world's primary causes of death: each day 25,000 people die from hunger or hunger-related diseases¹. Yet, there is enough food on the planet to go around². Hunger is not caused by war and disaster alone (only 8 percent)³, but is greatly influenced by poverty and lack of access to food⁴, partly resulting from unsustainable trade⁵. And this in turn is often the result of failure of (inter)national governments.

International society should make trade sustainable, which especially includes creating a level playing field. This means fair changes and bargaining power for all involved parties. Dominant positions should never be misused within negotiations. The WTO has the task of creating a level playing field but the WTO and its 153 member states have failed to create a level playing field so far. This mainly happens because of the dominant power of the EU and the USA within the WTO. Upcoming powers like Brazil, China and India have brought some balance among the members of the WTO in recent years, but unfortunately, this has not yet resulted in a new treaty: a treaty that should be particularly more favourable to developing countries. Whatever the outcome of new negotiations, many

¹ Source: WFP, 2008, *Hunger Facts*, http://www.wfp.org/aboutwfp/facts/hunger_facts.asp

² Sources:

- Food First, 2008, *From Food Rebellions to Food Sovereignty*, http://www.foodfirst.org/files/shared_staff/audio/From_Food_Rebellions_to_Food_Sovereignty.pdf
- FAO, 2002, *Reducing Poverty and Hunger: The Critical Role of Financing for Food, Agriculture and Rural Development*, p. 9, <http://www.fao.org/DOCREP/003/Y6265E/Y6265E00.HTM>

³ Source: UN Millennium Project, 2006, *Fast Facts: the Faces of Poverty*, http://www.unmillenniumproject.org/resources/fastfacts_e.htm

⁴ Source: World Bank, 2004, *Poverty and Hunger*, p. 38, www.worldbank.org/depweb/english/beyond/beyondco/beg_06.pdf

⁵ Sources:

- UNDP, 2005, *Human Development Report 2005: International cooperation at a crossroads - Aid, trade and security in an unequal world*, p. 31
- Stiglitz and Charlton, 2005, *Fair Trade for All*

unsustainable trade practices will stay in place and there will be no real level playing field in the short term.

Besides creating a level playing field, another problem should be solved: all costs should be internalised. Many costs are not calculated in a product, such as the cost of polluting the environment. These costs are left for local populations, governments or for future generations to deal with. International society should set up rules for internalising costs and offenders should be prosecuted.

While international society is failing to create a sustainable trading system, developed countries and powerful companies should take responsibility. Powerful companies especially should not be relieved of their responsibility, since a lot of powerful companies have more turnover than the GDPs of many developing countries. The biggest companies in the world even exceed the GDP of smaller developed countries like Norway, Switzerland and the Netherlands. Rich, developed countries and powerful companies should not abuse their power.

Unfortunately, powerful companies do not refrain from using 'loopholes in the system' and keep negotiating extremely low prices, fleeing to tax-havens and continuing to use other unsustainable trading and production practices.

As long as there is no level playing field and there are no rules set up for internalising all costs, companies will continue to abuse 'loopholes in the system'. Fairfood has to play its role as a watchdog and should confront food and beverage companies that misuse these loopholes.

Mission

Fairfood is an organisation whose mission is food security for everybody. This includes no (threat of) hunger or malnutrition.

Fairfood contributes to the alleviation of hunger and poverty by stimulating sustainable production and trading of food and beverage products. For more information about the relation between food security and trade, see the next chapter.

The Fairfood mission is based on the following documents:

- The Universal Declaration of Human Rights
- The UN "Millennium Development Goals" (MDGs)

Article 25 of the Universal Declaration of Human Rights revolves around the right to food. Within this framework Fairfood emphasises the concepts of "entitlement" and "enable to enable". This means that governments are responsible for providing their citizens with the opportunity to provide themselves with sufficient nutrition, or the means to sufficient nutrition. Third parties, such as rich and powerful countries and companies, may not take advantage of government failure on this point. Unfortunately, however, rich and powerful countries and powerful food and beverage companies often do take advantage of this failure.

The UN Millennium Development Goals (MDGs) serve as equally important basic principles for Fairfood. All are deemed important, though Fairfood emphasises the MDGs 1, 7 and 8, and their mutual relationships. Fairfood strives towards the eradication of hunger (MDG 1B) through the eradication of poverty (MDG 1A), ecological sustainability and environmentally friendly agriculture and fishing (MDG 7), and its impact on fair and sustainable trade (MDG 8), which ultimately leads to the fair production and trade of food and beverage products.

Mandate

Fairfood's mandate is limited by its meta-criteria. Fairfood works only on issues that are based on international conventions, agreements and norms and that have a relation with poverty and hunger. Fairfood only focuses on issues substantiated by international conventions, agreements and norms to prevent any discussion on the legitimacy of its work. Based on the meta-criteria, Fairfood has created the Fairfood Sustainability Agenda. Fairfood realises that this agenda is not complete and encourages other NGOs to lobby and campaign for more international conventions, agreements or norms. When new conventions, agreements or norms are established, Fairfood will add relevant issues to its sustainability agenda. Of course, only if this issue also meets the other meta-criterion (the relation with hunger and poverty).

Fairfood focuses not only on social issues and/or environmental issues, but Fairfood tackles a wide range of issues. Fairfood also focuses on the so-called 'forgotten' issues, such as tax avoidance, corruption/bribery and market distorting subsidies. This wide range of issues is very important because only working on child labour and living wage for instance, will not create a level playing field. Trade can only be made more sustainable if all issues are sorted out and when all actors can trade within a level playing field.

Positioning

Fairfood was not the first and is not the only NGO working on making trade more sustainable. The current fair trade movement was shaped in Europe in the 1960s. Fair trade during this period was often seen as a political gesture against neo-imperialism: radical student movements began targeting multinational corporations and concerns that traditional business models were fundamentally flawed started to emerge. The slogan at the time, "Trade not Aid", gained international recognition in 1968 when it was adopted by the UNCTAD to put the emphasis on the establishment of fair trade relations with the developing world⁶. Nowadays, many NGOs are working on making trade sustainable. Unfortunately, however, trade is still far from sustainable. At the current rate of improvement, it will take decades to make all trade sustainable. Fairfood wants to speed up the process, and focuses specifically on making the fair trade movement less of a 'niche' market. Fairfood works constructively together with other NGOs to make it happen.

NGOs working on making trade more sustainable play different roles. Some see this as their core business (like Fairfood) while others carry our programmes (like ICCO). Fairfood distinguishes between three main groups of NGOs working on making trade sustainable: labelling organisations

⁶ Source: International Fair Trade Association. (2005). Where did it all begin?
http://www.ifat.org/index.php?option=com_content&task=view&id=10&Itemid=17&limit=1&limitstart=1

(like FLO/Fairtrade, Utz Certified and Rainforest Alliance), NGOs that help food and beverage brand owners in implementing more sustainable trading and production practices (like ICCO, ActionAid, Oxfam, Solidaridad etc) and other campaign and lobby organisations (like Greenpeace, Both Ends, Stop The Traffik etc.).

Labelling organisations enable companies to show consumers and other stakeholders how sustainable their food and beverage products are. Although there are differences between the labels, Fairfood encourages food and beverage companies to certify their products with one of these sustainability labels or show consumers in another way what the level of sustainability of their brand products is.

Other NGOs help food and beverage brand owners make the production and trading of food and beverages more sustainable, by running many projects together. These 'partnerships' are of great importance because companies often lack the knowledge and know-how to make production and trading more sustainable. In relation to these NGOs, Fairfood acts as a broker. Fairfood does not have the knowledge and know-how to advise on how to make production and trading more sustainable, but Fairfood does know which NGOs (and companies⁷) do have this knowledge and know-how.

Other campaign and lobby organisations are of great importance here as well. Although Fairfood has reached a certain size, a lot of pressure on large food and beverage brand owners is needed to encourage them to change their trading and production practices. This has to be done in cooperation with other NGOs. Besides this cooperation, it is important that while one campaign organisation encourages, another organisation confronts at the same time. Different campaign and lobby organisations should be compatible. Fairfood builds up more and more alliances with other campaign and lobby organisations in order to work together effectively and efficiently.

It is important to state that Fairfood is a campaign and lobby organisation and is neither certifying products nor implementing solutions. However, Fairfood clearly sees the importance of labelling organisations and implementation partners, and aims to work constructively together with these organisations. For more information about the strategy and actual activities that Fairfood carries out, see next chapters.

⁷ Companies like KPMG Sustainability have often helped food and beverage brand owners to implement more sustainable trading and producing practices as well.

Vision

Fairfood is an independent, international organisation that stimulates and confronts almost 1,000 food and beverage companies all over the world. By 2020, Fairfood will be the leading international campaign and lobby organisation working to ensure the sustainability of food and beverage products, globally. Fairfood will realise this by increasingly influencing its central target group, brand owners, as well as several other target groups as leverages such as consumers, citizens and politicians.

Indicators proving Fairfood's success towards this vision include:

1. Fairfood is well known in every boardroom of at least every international food and beverage brand owner and in many boardrooms of national brand owners as well.
2. Fairfood is genuinely respected by brand owners as well as other NGOs and strongly supported by citizens from various countries around the world.
3. Fairfood is acknowledged by many governments around the world and will have influenced their policies.
4. Consumers buying behaviour in several EU countries is influenced to a great extent by Fairfood.

Fairfood believes that it can achieve what it sets out to do with its focused attitude and ambitious, professional, researching, challenging and innovative character. Fairfood will continue to improve itself where possible and will remain a source of playful encouragement for food and beverage companies, the public and politicians.

Fairfood's head office in Amsterdam will remain the base of most employees (paid and unpaid). Many different nationalities will be working there, and the 'corporate' language is English. In other countries, front offices will be set up. Only those activities that are most efficiently carried out at local front offices will be carried out there.

Objectives

In order for its mission to be successful, Fairfood has set itself a clear, central objective in order to contribute to its mission.

- Increasing the level of sustainability of food and beverage products.

In addition to this central objective, realistic and measurable targets have been drawn up for each Fairfood project. Separate departments are responsible for producing their respective results. Furthermore, individual departments are responsible for contributing to achieving the above mentioned general objective. Additional information about these projects can be found in the last chapters.

In addition to the central objective as mentioned above, Fairfood has three sub-objectives:

- Raise the awareness among citizens that there is a link between the products they buy and hunger and poverty.
- Change the shopping behaviour of consumers
- Increase Fairfood’s brand recognition in order to increase its influence on companies, politicians and the public.

Fairfood’s results for 2008 are summarised in the table below including the targets as they have been set for 2008.

Objectives/results in percentages	Targets	Results ⁸
Percentage of citizens who, partly thanks to Fairfood, are aware of the link between local consumer behaviour and hunger and poverty in developing countries.	3.75%	8.6%
Percentage of consumers who, partly thanks to Fairfood, have replaced the consumption of at least one unfair product with its fair counterpart.	0.96%	2.9%
Aided brand recognition ⁹	20%	45.2%
Spontaneous brand recognition ¹⁰	5%	15.4%

⁸ Results based on survey carried out in the beginning of 2009. Results calculated within target group of Fairfood. Number of respondents was 467. Significance level is 5%.

⁹ “Aided” refers to knowledge of the organisation’s name, when the respondent has selected the correct name out of a provided list.

¹⁰ “Spontaneous” knowledge refers to recall of the organisation’s name without help.

Strategy

Introduction

The main objective of Fairfood is to increase the level of sustainability of food and beverage products. To achieve this, Fairfood has devised an integral strategy in which brand owners are the primary target group. Brand owners are influenced directly, but influencing brand owners without leverages is almost impossible. Therefore, consumers, citizens, employees, shareholders, politicians, the media and other NGOs are of great importance in the process of influencing brand owners. As such, they are directly or indirectly helping Fairfood in influencing brand owners.

This paragraph explains how Fairfood influences brand owners and how the leverages help increase this influence. For more information about Fairfood's concrete activities, please see chapter "Activities" below.

Food and beverage brand owners

Food and beverage brand owners are Fairfood's primary and central target group. Fairfood focuses on brand products of brand owners and not the brand owner itself because the product is, in the end, what should be sustainable. By focusing on brand products, discussion on what the impact of improvements will be is avoided. Activities of brand owners should eventually lead to an increased level of sustainability of brand products. Besides this, consumers should be able to know how brand products are produced so they are empowered to choose (more) sustainable products. Fairfood approaches brand owners of brand products and not the retailer. Unilever, for instance, is the brand owner of Magnum ice creams and can be the producer of house brand ice creams as well. However, Fairfood will only approach Unilever for its Magnum ice cream and approach the brand owner (for instance the supermarket) for its house brand ice creams. Fairfood chooses to do so because the brand owner not only decides how a brand product tastes, but also whether this brand product is healthy and sustainable. Fairfood influences brand owners, which sell their brand products on the Dutch, British, German, Belgian and/or French markets. These brand owners are based in head offices all over the world, from Norway to South Africa and from the USA to China. Fairfood focuses both on larger and smaller companies. Whereas large companies are often well aware of the process that could lead to improvement, medium or small-scale companies often lack that information but can change more rapidly.

Transparency

A prerequisite in working with brand owners to increase the level of sustainability of their brand products is transparency. As stated earlier in paragraph "Motive", governments have unfortunately shown little willingness to develop legislation to enforce the sustainability of brand products. Besides this, governments have also shown little willingness to make legislation to force brand owners to be transparent (although some politicians are working on this). For years though, governments and international bodies have stated that consumers should ask for information and that brand owners should provide suitable information, so consumers know how the brand product they buy is produced and traded and therefore can choose for sustainable products. Currently, the problem is that consumers often cannot discern from the information given how they can shop sustainably.

Fairfood encourages brand owners to be transparent on a brand product level and in a way that Fairfood (and consumers) can easily judge the sustainability of these brand products. By referring to many political statements and a steadily growing common understanding that brand owners should at least be transparent, Fairfood is able to do its work better and better.

Impact versus policy

Fairfood focuses on impact or expected impact. First of all, Fairfood does this to avoid many years of talking with brand owners without any impact. Many brand owners implement policies that will have an impact in a few years, but others only do so to avoid trouble from NGOs and the media. By implementing policy, they can say that they are doing something, although results fail to occur (window-dressing).

A second advantage of focusing on impact is that Fairfood gives brand owners the opportunity to choose their preferred way of working to improve the level of sustainability of their brand products. Many brand owners do not want to be pushed in one way or another. Brand owners are used to being encouraged by impact and results, rather than by policy. Therefore, Fairfood does not want to dictate a determined system or label. Sustainability labels are good, reliable and externally controllable systems (and therefore strongly promoted towards brand owners by Fairfood as well), but are rather expensive for brand owners and can therefore increase prices for consumers¹¹. Fairfood gives brand owners the opportunity to choose for themselves how they want to increase the sustainability of their brand products. If a brand owner can assure the level of sustainability of a brand product, Fairfood promotes this brand product and the brand owner can use Fairfood's name in its marketing.

Assurance

Brand owners are increasingly putting visible labels on their brand products (such as the Fairtrade label, Rainforest Alliance and UTZ Certified). This is indeed considered by Fairfood as a valuable indicator of sustainability performance, if the label duly covers the sector specific priority issues established by Fairfood.

If a brand owner claims that a certain brand product is sufficiently sustainable and there is not a visible sustainability label on the outside of a brand product, Fairfood verifies whether this brand product is really sufficiently sustainable by starting an assurance procedure. In this process, the brand owner needs to provide documentation to prove compliance with the sector specific priority issues. It allows Fairfood to evaluate whether sustainability performance is sufficient.

In these cases, Fairfood places the burden of proof on the brand owner. Providing assurance is to be considered as a necessary and ex-ante condition for the brand products to be excluded from further lobby or campaign activities by Fairfood. Fairfood is committed to transparency and unbiased judgements of brand products only concerning issues based on international conventions, agreements and norms. In return, Fairfood demands brand owners to be responsive and accountable with regards to the declared information.

If compliant and verified assurance is provided, Fairfood will cease its lobby activities and promote these brand products and the brand owner can use Fairfood's name in its marketing of its brand

¹¹ Not to be confused with increased prices of brand products due to a rise in farmers' salaries for instance.

products. If later on, Fairfood finds out that information given was incorrect or inadequate, Fairfood may make this public, thus functioning as a strong incentive to refrain from doing so. Many risk-management departments of brand owners strongly advise internally to provide only reliable information, showing that selling unsustainable brand products is less of a crime than being accused of providing incorrect information.

Progression

Focussing on impact has one big disadvantage. Brand owners may feel mistreated, as they may take genuinely important steps towards increasing the level of sustainability of their brand products, but these steps may not yet be enough to claim that a brand product is sufficiently sustainable and this is therefore unrewarded. Fairfood recognises genuine steps taken if these steps eventually have a real impact. The brand owner should take responsibility for the objectives regarding the expected impact on sustainability and convince Fairfood that its policy will eventually lead to a sufficient sustainability level. If Fairfood is convinced, Fairfood is willing to promote these brand products alongside products that already reach a certain sustainability level.

Solutions

Many brand owners do know how to increase the level of sustainability of brand products in certain areas. For many however, there are other problems for which no solutions are known or available. Fairfood wants to be pro-active in this respect. That means not only pushing brand owners to increase the level of sustainability of certain brand products, but also providing brand owners with suitable solutions. Therefore, Fairfood analyses solutions and informs brand owners about these solutions. Fairfood is also willing to find tailor-made solutions, but will not implement solutions. This is not a suitable role for a campaign and lobby organisation. Nevertheless, Fairfood can help a brand owner to find an implementation partner. Costs for implementing solutions will never be paid by Fairfood.

By providing solutions, Fairfood prevents brand owners from using the argument that it is difficult to take steps to increase the level of sustainability of brand products.

Sustainability labels form an important group of solutions, so Fairfood analyses labels to see if they cover certain issues. Many labels however, focus on policy, which is not rewarded by Fairfood (only the final impact is rewarded or progress towards impact).

Reasonable and reliable

Fairfood uses a wide range of instruments to encourage brand owners to increase the level of sustainability of their brand products. Fairfood will approach a brand owner in a positive and constructive way and will never judge a brand owner up front. If a brand owner is reluctant to increase the level of sustainability of its brand products, Fairfood will slowly increase pressure to encourage progress. Consumers, citizens, employees, shareholders, politicians and other NGOs will be engaged to apply more pressure. If a brand owner is ultimately not willing to increase the level of sustainability of its brand products, Fairfood might seek media attention.

It is important to state that tough action will only be carried out after strenuous attempts to achieve a dialogue, encouraging the brand owner to take serious, sufficient steps and informing them that action will be taken. In that sense, Fairfood wants to be a reasonable and reliable 'partner'.

Building files of brand owners is crucial. The file building process is monitored by a group of lawyers, to ensure that action can never harm seriously Fairfood.

Leverages

To encourage a brand owner to increase the level of sustainability of its brand products, many leverages are initiated. In this paragraph, the various leverages are described.

Consumers

Fairfood focuses on highly educated consumers aged 18 to 40, living in the Netherlands, United Kingdom, Germany, Belgium and France. Consumers can put pressure on brand owners in different ways. First of all, consumers can change their shopping habits, which might result in a decrease in turnover for unsustainable brand products¹². A small drop in turnover has a big influence on the net profit of a brand owner and therefore consumers are of great importance to Fairfood. Unfortunately, not every consumer is willing to travel further for his or her groceries. Many consumers would prefer to purchase their groceries around the corner. Therefore, to use this leverage in an efficient way, Fairfood should make it easy for consumers to buy sustainable products. Fairfood focuses on brand products sold in mainstream (regular and larger) supermarkets. Communication surrounding relatively sustainable brand products is done by printed material, on the website and on a one-to-one basis.

Another important issue in convincing large groups of consumers to buy sustainable products is the price. Sustainable brand products must not be significantly more expensive. Therefore, Fairfood focuses on mainstream products with a certain size and turnover. Fairfood offers consumers what they want: affordable, easily accessible, sufficiently sustainable products. Nevertheless, it remains difficult and rather expensive to reach a critical mass of consumers; therefore, this leverage's impact is limited.

Another consumer-related leverage, which is at least as powerful, is 'consumer habits'. This means that brand owners are sensitive about the reputation of their brand product (even if no drop in turnover is measured). Therefore, Fairfood advises consumers not to buy products for which there is no information available regarding the sustainability level and/or where the sustainability level is too low.

Citizens

Fairfood focuses on highly educated citizens aged 18 to 40, and from all over the world. Citizens are much easier and cost-efficient to mobilise than consumers because demonstrating against unsustainable trade practices by signing a petition or letter is much easier than changing shopping behaviour. However, some brand owners are less influenced by citizens than consumers. Fairfood

¹² 2,90% of the Dutch population (within target group) mentioned that partly thanks to Fairfood they started consuming relatively sustainable products (source: Fairfood Public Survey March 2009)

will collect petitions and declarations from citizens all over the world directly and via its partners. Petitions and declarations from citizens in developing countries are crucial for Fairfood as the majority of poor and undernourished people are living in developing countries, and are worst affected by unsustainable trade practices. Fairfood wants to talk to brand owners (and politicians) on behalf of those who are harmed most.

Employees

Many companies change their way of working due to internal pressure; pressure from employees. There is clear evidence¹³ that employees are more committed to an organisation if a company acts socially responsible, thus putting pressure on the management of companies to invest in sustainability. Motivated employees are very important for companies and if a company is in the news regularly because of its unsustainable trade practices, this might result in less motivated employees or even employees leaving the company. The image of a company is not only very important for consumers, but also for employees. Therefore, influencing employees is important. Informed employees will ask questions internally and raise awareness within the company, thus putting pressure on the management of brand owners to change their production and trade practices.

Shareholders

Sustainable companies are more profitable¹⁴. Besides this, sustainable companies have easier access to money. Banks are including sustainability issues more and more in their list of requirements. Risk analysts report negatively about companies if they produce and trade unsustainably. Shareholders know this and are therefore raising questions about sustainability. Fairfood can put pressure indirectly on brand owners by encouraging shareholders to raise more questions.

Politicians

Fairfood focuses on politicians from both developed and developing countries. Politicians from developed countries are under increasing pressure to implement legislation to make trade more sustainable. Unfortunately, as previously stated, politicians have shown little willingness to enforce laws to this end (probably due to an effective lobby by companies). However, politicians are aware that companies often take advantage of inadequate legislation and are therefore willing to support Fairfood in its fight for more sustainable products. Brand owners seem to be sensitive to requests from politicians to increase the level of sustainability of their brand products. Fairfood therefore asks politicians to help making them an important leverage for Fairfood.

Politicians and governments are not used solely as levers. Eventually, unsustainable trade practices should be sorted out by implementing (inter)national legislation; therefore, Fairfood asks politicians to work on that. This part of Fairfood's strategy is not intended for short-term progress, but rather to be able to make all products sufficiently sustainable in the longer term, even the most reluctant food and beverage companies that are not influenced by any action of Fairfood.

¹³ Source: The contribution of Corporate Social Responsibility to organisation commitment (Steven Brammer, Andrew Millington and Bruce Rayton).

¹⁴ Source: Corporate social responsibility and financial markets, Lammertjan Dam. 7 February 2008.

Media

The media are crucial in Fairfood's strategy. Without media attention, Fairfood wouldn't exist. However, Fairfood believes it is important to focus on best practices and positive actions by food and beverage brand owners, which is not always interesting to the media. To be able to influence the media regardless, Fairfood has created a new and unique communication strategy which appeals to the media.

NGOs

Fairfood works together with many other NGOs to influence food and beverage brand owners in a more effective way. Pressure from different directions is important to make brand owners realise that they have to change their way of working.

General Management Department

This annual report conforms with the new Guideline for Annual Reporting 650 for “Fund-raising institutions” of the Dutch Accounting Standards Board. This part of the annual report is based on the Good Governance Code for NGOs (also known as: Code Wijffels), which the Supervisory Board and the Board of Directors of Fairfood International subscribe to and follow.

Supervisory Board & Board of Directors

Tasks and responsibilities Supervisory Board & Board of Directors

The Supervisory Board supervises the performance of the Board of Directors and the general procedures of the organisation. The Board of Directors is charged with managing Fairfood International. The Supervisory Board was established on 1 July 2005 and is based on the guidelines of the CBF. In 2008, the board consisted of the following members:

- Jan Schaart (1961), member of board of directors Centrum '45
- Sander Bins (1962), tax advisor and owner of Kantoor Boone
- Margriet den Boer, pharmacist at Artsen Zonder Grenzen
- Esther van der Wolf–Rhodius, HR Advisor, WPG Uitgevers
- Lonneke Jagersma (1972), Marketing Manager Food at Sanoma Uitgevers

Since 1 January 2008, Frank van der Linde has been the General Director of Fairfood International. He manages the organisation together with the line managers of the five departments; the managers and the Board of Directors together form the Management Team. The Board of Directors is responsible for the preparation of the financial statements and the annual report, both in accordance with the Guideline for Annual Reporting 650 “Fund-raising institutions” of the Dutch Accounting Standards Board.

Selection and payments of Supervisory Board and Board of Directors

The Supervisory Board of Fairfood international consists of five people, whose selection was based on their knowledge, experience and background. For the recruitment and selection of new members of the Supervisory Board, job profiles have been drawn up. These job profiles are also used for the annual evaluation of the Supervisory Board's total performance as well as for the appraisal of individual board members. All members of the Supervisory Board work unpaid for Fairfood International and do not receive a salary and/or other compensation. A long-term schedule for termination of office is defined in our internal rules.

On 1 January 2008, Frank van der Linde was appointed as statutory Director for a period of two years, after which he can be re-elected immediately. The Supervisory Board determines the remuneration of the Board of Directors. The remuneration of the Board of Directors is in proportion to the scope of the organisation and the nature of its activities.

Responsibility

Every quarter the Board of Directors reports to the Supervisory Board about the progress and achievement of defined project targets and expenditure with respect to the budget. The annual report is drawn up by the Board of Directors and approved by the Supervisory Board.

Evaluation of the Supervisory Board & Board of Directors

In addition to regular meetings, the Supervisory Board convenes a meeting – at least once per year – without the presence of the Board of Directors, in which the performance of the Supervisory Board and the Board of Directors is evaluated. This evaluation also includes the performance of the Supervisory Board with regard to the Board of Directors. This self-assessment takes place by means of a fixed evaluation guideline. Furthermore, an annual appraisal meeting is held by the Supervisory Board to monitor the performance of the Board of Directors within the scope of performance management.

Salaries

Fairfood uses a simple and transparent salary policy, which is based on requirements for the job and the necessary competences, not on the experience and competence of the individual employee. The result of this is a fixed salary per function. Fairfood has four different job categories with different salary levels (as a percentage of the Netherlands' statutory minimum wage):

- Director: 240%
- Managers: 200%
- Project leaders: 145%
- Project assistants: unpaid position

Fairfood does not have a collective labour agreement and has limited additional terms of employment.

Policy and strategy

Fairfood International has translated its statutory objectives into a clear vision and mission. Every year, the Board of Directors updates the long-range plan (which consists at least 3 years) concerning the intended strategy for the realisation of the organisation's objectives. Additionally, with due observance of the long-range plan, the Board of Directors determines the organisation's financial framework, as well as the budget for the coming financial year, budget-related activities and targets, and determines the resources available for the implementation of the plan on a yearly base. The organisation's long-range plan consists of several projects. Each project has its own policy that describes the objectives and strategies. Project Leaders are responsible for the implementation and realisation of the project targets and activities.

Monitoring and evaluation

Every month the Project Leaders monitor the activities performed and evaluate the progress of their projects. These evaluations are recorded in the organisation's general database. In addition to these monthly evaluations, there are twice-yearly evaluations with the manager of the relevant department. These appraisals include both the progress of the project as well as the personal performance of the Project Leader. Lessons learned are implemented in future policies to improve the quality of our work and to meet targets more efficiently.

The results of the monitoring and evaluation cycle are recorded in the annual report and used as input for future strategies formulated in the long-range plan. In terms of internal processes, the Board of Directors aims at incorporating these findings. Improvements are discussed at Management Team meetings and carried out by project leaders.

In its statutory, Fairfood International established a financial audit committee as a permanent committee of the Supervisory Board. This audit committee is charged with supervising the financial procedures within the legal entity as well as testing the internal administration in general and the administration of payments in particular. The minority of the committee members can be anyone other than members of the Supervisory Board. The composition and working methods of the audit committee are determined by regulations, which the Supervisory Board manages, modifies and enforces. In addition, external supervision is carried out by:

- Grant Thornton (accountant control)
- Central Bureau for Fundraising (inspecting fundraising activities)

Optimum spending of resources

Fairfood International aims for a balanced division between the cost of fundraising activities and the expenses of the organisation's primary objectives. Moreover, all investments are examined in terms of the long-range plan and the budget. In line with the requirements of the CBF, Fairfood does not spend more than 25% of its earnings on fundraising. Since 2004, Fairfood has been certified by the CBF, which inspects our data and financial statements on an annual base.

Relationships with stakeholders

Fairfood International strives for an open dialogue with all its stakeholders, whom we divide into the following categories: paid and unpaid employees, members of the Supervisory Board, donors, brand owners, consumers, petition signers, social organisations, research institutes and governments. Using a six-weekly newsletter, quarterly and annual reports, specific target groups are kept informed about operational matters, management and policy, fundraising activities and financial issues.

The annual report (including the annual accounts) are available on demand and are fully accessible on the Fairfood International website. Employee and stakeholder satisfaction is periodically analysed using internal studies. Complaints addressed to Fairfood are recorded in a complaint register and settled within two weeks. In 2008, Fairfood International received 10 complaints, all of which were settled within the set two-week period.

Campaign & Lobby Department

The projects of the Campaign and Lobby Department focus on encouraging and persuading food and beverage brand owners, consumers and citizens, food and beverage resellers and politicians to act. All have different responsibilities, but they are linked. Food and beverage brand owners should produce and trade more sustainably and become more transparent in doing so. Citizens should be more aware and, in their role as consumers, should choose to consume more fair products. Resellers should include more sustainable products in their ranges. Politicians should devise laws or other means to encourage all those involved to act more sustainably. In 2008, the department consisted of one manager (0.9 fte) and five project leaders (4.4 fte). Besides this, several unpaid project assistants worked for the Campaign and Lobby Department (3.2 fte in total). Many supporters assisted in projects which enabled us to be present at events, collect signatures for petitions, put up posters, etc.

Brand owners

The aim of the project Lobby Brand owners is to increase the fairness of brand products. The target set for 2008 was to make at least six brand products become fair, (partly) as a result of Fairfood's influence. One of these six brand products had to be through the ProTerra (Basel) soy solution. One of the ways Fairfood achieved this was by promoting the implementation of 'solutions' as developed in the Fairfood project Solutions in production chains, which will increase the sustainability of that chain.

The target group of the project Lobby Companies is: food & beverage companies. One of the groups that was specifically targeted in 2008 was chicken and egg producers, who use soy in their production chain. In 2008, two sectors were chosen as a special focus: brand owners using soy in animal feed (especially in the poultry sector within the product groups eggs) and brand owners using cocoa (especially the product groups chocolate and candy bars). These were approached more intensively by Fairfood in order to convince them to make their product chains more sustainable and be transparent about them.

The project succeeded in reaching its target for the year. Nine brand products became fair (partly) due to Fairfood. These successes were achieved through the introduction of Basel soy by a brand owner of eggs in the Netherlands, Natuurfarm de Boed, for approximately two to five of its brand products. This brought the total amount of Basel soy bought by brand owners due to Fairfood's influence to 750 tons for 2008 (this number also includes products from Kwetters and Guliker & Roodbol who switched their chains to Basel soy in 2007). Verkade became Fair Trade certified for its full range of chocolate bars. Fairfood contributed to the switch by lobbying for this change in the first half of 2008 as a continuation of the Publicity Stunt and the cocoa campaign activities of late 2007. Additionally, Fairfood was able to secure concrete commitments from several other companies for enhancement of their chains in 2008 and 2009.

Description	Target	Result
Brand products that became fair [partly] due to Fairfood	6	9

Through this project, Fairfood also strengthened its ties with other collaborating organisations and managed to position itself as a serious player in the field of sustainability.

Resellers

The Resellers project motivates culinary organisations (resellers of food & beverages) to choose fair products for their ranges. The project focuses mainly on those organisations that serve a large group of people, such as caterers, company cafeteria's, restaurants, and the catering of (semi-)government organisations. Fairfood encourages these organisations to select their products from its annual shopping list of fair products. This project can help create an extra market for fair products that would serve as an extra incentive for further sustainability of the food chain.

The target of the Resellers project 2008 was to inspire 30 different resellers to enhance the fairness of their food & beverage range.

Fairfood met resellers at several levels. Fairfood not only spoke to contract caterers, but also to their clients and their suppliers. In addition, the project secured some leverage with brand owners: By showing them that there is a large demand for sustainable/fair products. This demand is not only recognised by smaller, less significant resellers, but also by large and influential resellers. In 2008 there were meetings with 73 resellers. Of these, 23 have been activated, 12 are pending and all others are in a pre-active status, as the relationships and dialogues are still going strong. Several one-off activities took place at festivals like the UVRM -Right Now Festival and Afrikadag 2008 where sustainable lunches/appetisers were given to all participants.

The project did not meet its target. The number of activated resellers in 2008 was 23. This number is lower than the target figure. Although the target was not reached in a quantitative sense, the quality of activated resellers should be taken into account. In particular large and influential resellers need time for preparation and compliance since these resellers take longer to decide whether or not to purchase more sustainably in accordance with the Fairfood methodology. This is partly due to existing long term contracts with either caterers or suppliers. Large resellers also take into account the connection between their company policy and Fairfood as an organisation.

Description	Target	Result
Activated resellers	30	23

The 23 (out of 73) activated resellers can be divided as follows:

Wholesaler DeliXL. Contract-caterers: Grascatering; Prorest and Team Spirit. Company-restaurants: Randstad; FMO; Amsterdam University Press. Caterers: RAI Amsterdam; Peter Pan Catering in Amsterdam. Restaurants: Aangenaam in Haarlem; Keek in Utrecht; Letting in Amsterdam; De Waaghals in Amsterdam.

Citizens

Since its foundation, Fairfood has been gathering support for its mission and activities, partly by collecting signatures from citizens. Since 2006 Fairfood has collected more than 10,000 expressions of support each year. By signing petitions, people state that Fairfood is doing good and important

work in its fight for more sustainable supply chains within the food & beverage industry. The project focused on product' ingredients such as soy and fruit in line with the campaign. Part of 2008 was spent broadening the perspective of the Citizens project and developing a strategy to expand it.

In 2008, Fairfood was present at more than 25 (dance) festivals, fairs and events, in cooperation with the projects Consumers and Public Relations. As a result the Citizens project reached a target group that traditionally is unfamiliar with the development cooperation related issues. In cooperation with the Public Relations project, a Fairfood debate - entitled "Werk maken van Duurzaamheid-Make sustainability (your) work"- was organised at the Dutch Career Event to create awareness amongst students about their own role in sustainability. A total of 9,983 signatures supporting Fairfood's core and lobby messages were gathered at such events.

Other important tools used to gather signatures were the Fairfood website, the Fairfood game, community websites and partner websites. Partners were asked to put the sign for Fairfood button on their website and organisations like Alembo and Strawberry Earth agreed to this. In total 1,612 signatures supporting our core message and 1,158 signatures supporting the lobby message were gathered online. The collection of signatures was accompanied by the acquisition of email addresses, which were added to Fairfood's mailing list. A large part of the Citizens project consisted of entering all petitions into Filelinx, in cooperation with external, international data-entry companies.

The project succeeded in reaching its target for the year. At the end of 2008, the total number of people who had endorsed the main message was 35,938 and the lobby message (within the scope of the campaign soy and fruit) was 35,484. Thanks to attractive events and online activities many people signed the petition and the target was finally exceeded.

Description	Target	Result
Signatories core lobby message (cumulative)	32,000	35,484
Signatories core message (cumulative)	32,000	35,938

Politicians

The project Lobby Politicians 2008 aims to increase the involvement of politicians with the objectives and goals of Fairfood. The project encourages politicians to work together with Fairfood to enhance the fairness of as many products as possible. The project targets politicians from all over the world.

The ongoing aim of the Politicians project is twofold: to provide leverage in lobbying brand owners and the establishment of fair legislation. The recent consolidation of the issue of sustainability on the political agenda, both in The Hague and in Brussels, offers an increasingly beneficial political climate for Fairfood International. Considering the project's European scope, it is in a unique position to strengthen Fairfood's brand recognition in Brussels and abroad. A precondition for the project's success is the consolidation of sustainability on the political agenda. A Fairfood front office in Brussels is therefore essential and is stated as a target for 2009.

The Politicians project contributes to the organisation's central objective as described in Fairfood's long range plan: Increasing the level of sustainability of food and beverage products. It does so by

providing leverage in lobbying brand owners, and by maintaining pressure on European politicians to enact fair legislation with a focus on transparency legislation.

In 2008, the project's target was to successfully encourage 10 politicians to publicly support Fairfood as a professional organisation. This target was greatly exceeded (see table below). This number consists of 18 Dutch national politicians from every party, seven members of the European Parliament and six German parliamentarians. The difference between target and result can be explained by greater than expected willingness among politicians to participate. It was also decided to include MEPs and members of the German Bundestag.

Description	Target	Result
Number of politicians that publicly support Fairfood	10	31

Consumers

The aim of the project Consumers is to activate a large group of consumers to actively take the fairness of their consumer behaviour into account. In this sense, Fairfood wants consumers to think about their behaviour when buying supermarket products. Fairfood addresses consumers at several levels with different concepts, in a direct and playful manner. 2008 was used as a pilot year to see what successes could be used to help develop a strategy for the following years. Opportunities to expand the project were outlined and discussed. Developments within the project were focussed on the future and successes will be integrated from 2009 onwards.

The Fairfood Grocery List, a credit card-sized list of available fair products, was updated in 2008. The project was also expanded in 2008. As well as recruiting consumers through the Grocery list, Fairfood also attended (dance) festivals and was highly visible online, through games and other interactive tools, like the FairTest and new media strategies. Fairfood also secured coverage in magazines and newspapers; rolled out a promotion team in city centres near supermarkets and organised a Fairfood-theme week at a high school.

The project succeeded in reaching its target for the year, as shown in the table below.

Description	Target	Result
People who actively take the fairness of their consumer behaviour into account	78,000	78,028

Communications Department

The Communications Department is responsible for communication projects and, in a broader sense, the communication strategy of Fairfood. The Communications Department establishes a coherent and clear picture for the outside world. The Communications Department's main responsibility is to create awareness among the public about the relationship between daily grocery shopping and global hunger and poverty. Communication activities focus on adults with a higher education, aged 18 to 40 and on the public as consumers of food and beverage products. In addition to these target groups, the Communications Department is also responsible for informing the media, companies, politicians, citizens, resellers and NGOs about Fairfood and its activities and objectives. The department is led by the communications manager (0.8 fte). The department is responsible for four projects: Public Relations, Advertising, Publicity Stunt and Website. The projects are led by four paid project leaders (3.6 fte), each with the help of two to four unpaid project assistants (3.7 fte). In November the online campaign Play it Fair was launched. This campaign was developed to increase the awareness of their consumer behaviour by the public. With this successful campaign the Communications Department focused heavily on an online strategy, which resulted in a positive growth of traffic to the Fairfood website, a substantial increase of the Newsletter subscribers, and to an increase of the brand recognition of Fairfood.

Advertising

Advertising is a means to raise awareness and inform the public. The goal of Project Advertising is to generate a basis for Fairfood's message to the Dutch public by means of various advertising media (print, radio, television, internet).

Among the project's most important activities was the Fairfood grocery list, which was updated at the beginning of the year. Parts of the Fairfood Advertising campaign were shown throughout the year. A new advertising campaign Play it Fair was developed and launched in 2008. Its concept combined awareness and activation of the audience. Furthermore, the Advertising project continued to distribute the Fairfood folder and Pocket Guide and create other communication material such as flyers. Other ongoing tasks include updating the Advertising overview, looking for "insert" opportunities, and maintaining and expanding the network of account managers and creative partners.

The project reached its target, as shown in the table below.

Description	Target	Result
Reach	6,000,000	16,604,586

In 2008, Natuurfarm De Boed switched to sustainable soy in its egg production. In cooperation with Fairfood, De Boed decided to use Fairfood to promote their new sustainability policy. They mentioned Fairfood on their egg cartons, and named Fairfood in a commercial broadcast in the Albert Heijn and an advertisement in AllerHande (Albert Heijn's magazine). The circulation of AllerHande (Christmas edition) was 2,300,000 and the advertisement was worth € 32,340. These results are not counted since Natuurfarm De Boed was the initiator.

Public relations

The goal of project PR is to generate support for Fairfood's message amongst the Dutch public. It does so by informing and convincing the public about the consequences of its food and beverage consumer behaviour for hunger and poverty in developing countries.

The aim of the project is to achieve the highest possible visibility via free publicity; for example, editorial coverage in the press and on the radio, TV and internet. Moreover, Fairfood uses other means such as a presence at festivals, the Mail us feature on the website and third-party newsletters. Among many other tools, like a FairTest developed together with the project Consumers, presence of Fairfood at large, national festivals such as Rock Werchter, Festival Mundial and Dunya Festival contributed to the organisation's brand awareness.

The PR project's target for 2008 was to reach a total of 3,300,000 people among the Dutch public. This was exceeded considerably. Due to a lot of media attention and the difference in measuring estimated coverage, accurate numbers are difficult to obtain. In close cooperation between the Communications Department and Funds and Donors Department it was agreed that as of 2008 not only the print circulation will be included in the target for PR, but also the numbers of radio listeners, television viewers and online visitors. This is different to the previous year, where only print circulation was counted. As a result of this change the figure for total media exposure is much higher and therefore exceeds the initial estimate.

Description	Target	Result
Reach	3,300,000	12,353,364

In 2008, the PR project collaborated with a number of partners. The most intensive partnership was with JuniorSenior, who handled the development of the online campaign Play it Fair. Furthermore, the project PR actively collaborated with media, including the most prominent national media such as broadcasters LLiNK and VPRO and print media like De Volkskrant, Internationale Samenwerking and Margriet. Several media gave coverage to Fairfood and its goals, these included NRC Next, De Telegraaf, het Agrarisch Dagblad, Trouw Metro, Sp!ts, het Financieel Dagblad and De Pers as well as radio broadcasters Radio 1 and Radio 5 and TV broadcasters the EO and Teleac.

In 2008, the project PR also played a vital role in Fairfood's general strategy. The large amount of media coverage of Fairfood's activities, especially the publication of the results of the Product Fairness Questionnaire, contributed to the main goal of encouraging brand owners to increase the sustainability of their products by informing consumers about supermarket products. Spreading Fairfood's message will contribute to consumers being more aware of their buying behaviour and changing that behaviour. Furthermore, media attention allows Fairfood to adopt a more authoritative role when dealing with brand owners.

Publicity Stunt

A Publicity Stunt is organised to bring Fairfood's message across to consumers, citizens, brand owners and/or politicians through the media. The project's main objective is to strengthen support for Fairfood amongst its target groups and to improve Fairfood's leverage by generating free publicity.

Stunts can be performed at certain locations like a city square, a park, in front of the headquarters of a brand owner or online, as long as they are sufficiently eye catching for the media and other target group(s). The project's core activity consists of contacting the media, and organising and carrying out the stunts themselves..

In 2008, Fairfood organised three publicity stunts. The Fruit Stunt was organised to support the Fruit campaign and was carried out in close cooperation with the Politicians project: On 'Het Plein' in The Hague two well known DJs and five politicians played records for fair fruit. Passers-by got fruit sticks, lemonade and a flyer. The second stunt Soy, was organised together with ICCO to support the Soy campaign. A Fairfood phone team rang brand owners from Museumplein in Amsterdam to thank them for using sustainable soy for their products. The event was presented by Dutch celebrity Edo Brunner. People in chicken costumes handed out boiled eggs to passers-by and other people provided information about soy. The last stunt Ikvreetmevol.nl (Stuff Your Face) was organised in close cooperation with the Website and Consumers projects. A website was created for this stunt and people were directed to it by means of Boomerang cards and posters in restaurants and bars. On the website, people could plan and win a sustainable holiday eating fest. To attract the media 'oliebollen' were sent to editorial offices and a t-shirt was presented on a popular TV-show. This resulted in coverage in several publications, mainly online.

This project reached its target, as shown in the table below.

Description	Target	Result
Reach	3,800,000	13,830,188

These results were divided across different media as follows: TV&radio: 1,165,000; print: 2,192,948 and online: 10,444,424.

Website

The aim of the Website project is to create support for Fairfood's message amongst the general public and specifically amongst young adults in the age category 18 to 40. The main target of the project is to generate as many website visits as possible. At the same time, the aim is to keep visitors on the site as long as possible by offering information, activities and the opportunity to participate in Fairfood activities, etc.

The primary target group of the Website project as a way to leverage brand owners is the public, both in its role as consumer and as citizen. The main message is: "Eat fair, beat hunger" because it contributes to the battle against hunger in the world. The information on Fairfood's website enables consumers to make a conscious choice at the supermarket. The website is Fairfood's main communication tool. It is the only place where the consumer can find the complete and up-to-date product list. The secondary target group is brand owners that are active in the food and beverage sector. Information has to be available to companies who receive Fairfood's annual Product Fairness Questionnaire. Project Website also has other target groups such as politicians and resellers.

This project did not reach its target, as shown in the table below.

Description	Target	Result
Unique website visits	500,000	398,679

Despite not reaching its target, the Website project has seen a high increase in unique website visits in the last three years - 2006: 122,448; 100% • 2007: 275,760; 225% • 2008: 398,679; 325%-. In 2006 and 2007 there was a steady monthly rise in unique website visits. The same was expected in 2008, but it became clear in March that this was not the case. The monthly growth in unique website visits came to halt somewhat. It stayed at a steady level of 25,000 unique visits on average. The process of developing a new corporate communication campaign was started. The new campaign had a primarily online focus so more people could be informed and recruited online. The new campaign was a success. In November and December Fairfood attracted a total of 160,332 unique visits. Fairfood planned to launch the campaign in September. This was delayed to November because it took more time than expected to launch the campaign. Fairfood had to switch from working with offline media to online media. This was a new way of thinking and working which delayed the process. If the new campaign had been launched two months earlier the target would have been met. With this new campaign Fairfood developed a strong basis on which we can build in 2009.

The project developed an English version of the website in 2008. It did not directly generate traffic in 2008 but it is a good basis for Fairfood in 2009 since the organisation will carry out more and more activities abroad. Fairfood expects this to generate extra traffic in 2009.

Research Department

The Research Department is responsible for the research activities of Fairfood International. The Research Department does not carry out its own research, but mainly collects reports and other information from recommended research institutes and external experts. Besides this, the Research Department is responsible for collecting information about food and beverage companies. An internal reorganisation resulted in a changed focus from being the leading department in discussions to adapting to the needs of the Campaign & Lobby and Communications Departments. The Research Department will therefore function as a centre of knowledge for the Fairfood organisation. In 2008, the Research Department was staffed with one manager (0.9 fte) and six project leaders (5,4 fte). Besides this, several unpaid project assistants were working for the Research Department (in total 6.8 fte) and many supporters helped out with shopping (so that Fairfood could know what is in supermarkets).

Product Analysis

The project Product Analysis aims provide an overview of the fairness of brand products sold on the Dutch market. By offering a Buy and Don't Buy list, and by placing the product's production chains in the context of hunger and poverty, the project tried to raise consumer awareness. By doing so, Fairfood aimed to change consumer behaviour when buying products. In order to enable consumers to make a fair choice in other product groups, Fairfood collected information regarding product fairness from companies in the food and beverage sector by sending out the Fairfood Product Fairness Questionnaire (PFQ) 2008. This questionnaire consisted of questions that were compiled from the PFQ 2007. All questions were based on international norms, and focused on issues like labour conditions, economical and ecological sustainability, animal welfare and legal protection.

The project almost reached all its targets as shown in the table below.

Description	Target	Result
Researched brand products	3,000	2,853
Companies approached	800	811

Solution Analysis

As the demand and market for sustainable products increases, companies and producers are seeking ways to guarantee the sustainability of their products. Fairfood therefore aims to be recognised as a well-informed and constructive partner for companies and their producers as well as for consumers and politicians. Through its Solution Analysis project, Fairfood is able to identify and analyse several active sustainability initiatives in the agro-food sector. These initiatives from the field can serve as examples or advice for food and beverage companies. After studying the different sustainability initiatives and consulting experts and organisations on this, Fairfood selects which of these initiatives can be presented as 'Sustainability Solutions'. These solutions can be certification labels, corporate programmes, sector/multistakeholder initiatives, subject-specific initiatives, good practices or tailor-made initiatives developed specifically for companies with assistance from implementation partners.

Most of the solutions established, are used during Fairfood's lobbying activities amongst brand owner companies. Furthermore, the findings of the project are used as input for Fairfood's Assurance procedures in order to determine which sustainability claims are to be accepted from a brand owner.

In 2008, over 40 sustainability initiatives were assessed of which 20 solutions were established, exceeding the year's target by 25%.

Description	Target	Result
Number of available Solutions for Sustainability issues	16	20

By the end of 2008, solution reports and briefs were available on the following initiatives: the EKO label, GlobalGAP, RTRS, Fairtrade (FLO), Rainforest Alliance, Nature & More, SA 8000 and Cert ID ProTerra (Basel). Furthermore, an overview report was prepared for Fairfood's Fruit campaign with an assessment of nine sustainability initiatives and five good practices applicable to the fruit sector.

Fairness Criteria

What is fairness? What are the latest developments and insights with regard to child labour? Should Fairfood include matters of animal welfare in its questionnaire? These questions are being studied by the project Fairness Criteria.

Fairfood aims to be a well-informed partner for consumers, companies, and politicians. The project Fairness Criteria assures the availability of the latest knowledge on developments in trade and production of food and beverage products, and in hunger and poverty throughout the world. Fairfood investigates which developments can count on a broad normative consensus, as laid out in international declarations or studies of authoritative bodies, like the UN or OECD. These studies will contribute to a continuous development of the Fairfood framework that is the basis of its strategy, and in particular of the Product Fairness Questionnaires. The results of these studies are reported in fairness criteria reports and fairness criteria fact sheets. Various reports were updated in 2008. Twelve issue reports were written, on issues such as animal health and welfare, climate change, child labour and social issues in China.

Furthermore, the project provided the Communications Department with information on topics such as the food crisis, GMOs and organic food. These issues are related to actual debates in society. Fairfood is of the opinion that it should have a point of view concerning these topics. In addition, representatives of Fairfood attended three major conferences, including the conference on Business and Human Rights in Paris on 4-5 December 2008.

This project reached its target, as shown in the table below.

Description	Target	Result
Fairness Criteria Reports (updates or new)	12	12

Sector Analysis

The project Sector Analysis aims to find reliable answers to questions regarding many sectors such as under what labour conditions is cocoa produced, processed and exported? What import tariffs does the EU impose on bananas from outside its borders? The project studies the production conditions in agricultural and fishery sectors and the brand products which are sold in the Netherlands. Sector analysis focuses on the production, trade, and processing conditions of food and beverages; from its origin in developing and developed countries to consumers' plates and glasses, based on Fairfood's fairness criteria. Fairfood only studies brand products from sectors that are known to have problems.

This project reached its target, as shown in the table below.

Description	Target	Result
Sector reports	30	30

Through internet and literature desk studies, 30 sectors and sector reports were written. These 30 sectors included 10 new sectors (Rooibos, Wheat, Nutmeg and mace, Cinnamon, Avocado, Garlic, Cassave, Red pepper, Ginger and Coconut) and updates of the 20 sectors that Fairfood already had studied in previous years, including different fish, nut, fruit and vegetable sectors. These updates were needed to improve the quality of the reports and/or to put new or up-to-date information in the reports.

The project results were distributed throughout the organisation in different ways. For example, the results of the sector studies on fruit and soy were discussed during fruit and soy campaign meetings. The results of the 10 new sector reports were discussed with the project leader Product Analysis to find out in which sectors it was necessary to buy and research products. Other sector studies were used as background information when writing articles for newspapers and magazines or as information for the Fairfood website. Furthermore, the Sector Analysis project leader took part in the Tropical Commodity Coalition on tea, coffee and cocoa on behalf of Fairfood. This meant attending the meetings and passing information gathered in this coalition to other Fairfood projects. An organisation with which Sector Analysis exchanged information in 2008 was Hogeschool InHolland Delft.

Assurance

The aim of the Assurance project was to check whether answers to the Product Fairness Questionnaire (PFQ) supplied by food and beverage companies were correct. Fairfood asked brand owners to what extent they comply with the Fairfood fairness criteria in the PFQ. Fairfood assumed that brand owners answered these questions truthfully.

After the products had been placed in a fairness score group based on the results in the PFQ, Fairfood selected a number of products for assurance research. The aim of this research was to increase the reliability of the fairness score of brand products and enable consumers to base their buying behaviour on reliable information. Brand owners were asked to give assurance for one or two answers supplied in the PFQ.

This project reached its target, as shown in the table below.

Description	Target	Result
Started assurance procedures	20	32

The target of 20 assurance procedures to be started by the end of the year was already reached by May-June 2008. Assurance checks were not started earlier because companies needed time to respond to the PFQs. Once most of them were returned, a number of assurance checks were started. After a first round of about 15 checks, a second and a third round were initiated mainly to check the questionnaires received after the publication of the results of Fairfood's website (2008 Shopping List). This is the reason why the number of assurance checks were considerably above the target.

The project leader believed that there were enough resources (time, project assistants) to surpass the target and reach a higher number of checks, thus substantially increasing the reliability of the results published. From September onwards, the number of assurance checks stayed stable and the work mainly focused on developing a pilot project for deep scans. The pilot project aimed to involve a group of six labour unions operating in developing countries (Sri Lanka, Indonesia, Ghana, South Africa, Chile and Costa Rica) in a programme of social compliance assessments. This programme, developed in cooperation between Fairfood International and CNV International, allowed Fairfood to establish fruitful relations with civil society organisations in developing countries and to add crucial information to the assurance trajectories thanks to the field research undertaken by the labour unions. Before the end of 2008 the project received the results of a social compliance audit for one deep scan of a company that had been pending and during the autumn Fairfood finally had the chance to do it. The deep scan had been pending since the harvesting season prevented Fairfood from doing it earlier.

Funds & Donors Department

The Funds & Donors Department is responsible for obtaining sufficient money to finance all of Fairfood International's activities. Fairfood only raises money for itself; Fairfood does not fund other projects. The Funds & Donors Department makes proposals for funding and reports back to donors about the results. As of 2008 the Subsidies project was split in two: Subsidies Netherlands and Subsidies International. The project Subsidies International is one of the first steps Fairfood has taken to expand its operations outside of the Netherlands. Fairfood has always relied on domestic funds available, but in order to facilitate the expansion of operations beyond the borders of the Netherlands, international funds have to be secured. In 2008, the Funds & Donors Department was staffed by a manager (0.9 fte) and three project leaders (2.3 fte). In addition, two trainees and several unpaid project assistants worked for the Funds & Donors Department (2.0 fte in total) and many supporters helped out with small tasks.

Subsidies Netherlands

The project Subsidies Netherlands mainly aimed to maintain contact with existing funders and to secure funds from existing and new funders. The target was to raise at least € 1,050,000 to ensure coverage of Fairfood's budget. This project raised these funds from grant-making trusts, NGOs and governments. This project has reached its target, as shown in the table below.

Description	Target	Result
Amount of money from funders	€ 1,050,000	€ 1,310,362

For 2008, a large portion of the target had already been reached in 2006 thanks to the establishment of multi-year contracts. It consisted of € 850,000 from ICCO (a portion of the total amount of € 3,850,000 for the period 2007–2010). The rest of the money was collected in 2007 and 2008. A two-year contract was signed with Cordaid (for € 50,000 in 2008). Furthermore, the Ministry of VROM allocated € 70,000 for Fairfood, NCDO committed to pay € 150,000. CNV International allocated € 75,000 and Stichting Doen € 60,000. Besides this, the VSB Fonds financed Fairfood to the tune of € 45,000 and the Triodos Foundation contributed € 10,000.

Subsidies International

The Subsidies International project played an important role in 2008 within Funds & Donors and contributed to Fairfood's internationalisation. Until the year 2007, international fundraising was carried out by the projects Subsidies and Trust Funds, along with fundraising in the Netherlands. Subsidies International was established as a separate project within the Funds and Donors Department in 2008.

The project Subsidies International focused on three different components, namely funds from government- and non-government organisations and grant-making trusts, all outside of the Netherlands. The project Subsidies International looked at the different possibilities of funding opportunities for Fairfood outside of the Netherlands.

The goals for the project in 2008 were to raise at least €60,000, to write a minimum of 10 applications to different organisations outside of the Netherlands and to identify at least 40 prospective organisations that could be approached in the future. Applications for funds from the European Commission, proposals and the lobbying of foundations in the UK and French-speaking countries were carried out. The project researched funding opportunities in Germany, the UK, France, Belgium, Switzerland, Sweden, Denmark and Austria. Opportunities with several multilateral organisations (e.g. OFID, Worldbank, IMF) and foundations in the USA (e.g. Rockefeller, Bill and Melinda Gates, etc) were also researched.

Description	Target	Result
Funds acquired from international organisations	€60,000	€0

The target of raising €60,000 from international organisations was not reached. No funding was secured from international organisations for 2008. However, several processes were started, and are likely to be capitalised on in the coming years.

The fact that Fairfood's activities in 2008 were carried out mostly in the Netherlands made it less interesting for organisations located outside the Netherlands to fund Fairfood. A number of pilot activities were carried out in the UK and Germany and Fairfood's international focus increased towards the end of the year. This was already too late for funders. However, and as mentioned above, this is likely to be capitalised on in the coming years. Moreover, most of the first fundraising efforts outside of the Netherlands have started only recently (second half of 2007), and many of these are long processes, especially those concerning the most interesting (largest) funding targets.

Sponsoring

The project Sponsoring aimed to contribute to Fairfood's budget for 2008. The project's concrete objective was therefore to generate and increase financial support for Fairfood from various private companies.

Throughout 2008 various companies were contacted. The following companies were approached; companies encountered at networking events, companies with a clear CSR policy, primarily larger companies and companies that the Resellers project leader was in contact with. In September 2008 an overview of 50 potential companies was created and potential companies were researched, principally regarding their sponsorship and CSR policy. Cooperation proposals for companies were made, but none of these proposals have (yet) resulted in sponsorship deals.

This project's targets were partly reached, as shown in the table below.

Description	Target	Result
Amount of money from Revenues in currency (companies)	€60,000	€0
Amount of money from Revenues in kind (companies)	€321,585	€806,789

Regrettably the strategy of the Project Sponsoring did not result in the acquisition of funds in 2008. Promising contacts with companies did not result in actual sponsorship deals. The poor economic climate as of September 2008 can not be given as a reason for this failure. The strategy of the Project

Sponsoring has been evaluated and a different approach for 2009 has been chosen; merging the project with the Reseller project and offering procurement of company catering as a service in return for sponsorship. In 2008, a solid foundation for the project was made for future activities through contacts made with companies.

Although it seems hard to generate cash funds from companies, it is relatively easy to generate sponsorship in kind. Each project leader at Fairfood is responsible for generating sponsorship in kind. With an end result of € 806,789 in 2008, the sponsorship in kind vastly exceeded the target of € 321,585 was. Sponsorship in kind was therefore successful and as in previous years, MTV Networks was a major sponsor.

Balance sheet as at 31 December 2008 (in euros)

After processing surplus:

Assets

	<u>31 December 2008</u>	<u>31 December 2007</u>
Receivables		
Grants receivable	194,751	106,364
Accounts receivable	3,579	1,701
Prepaid expenses	-	11,250
Accrued Income	8,364	-
	<u>206,694</u>	<u>119,315</u>
Cash at bank		
Bankers	837,493	390,482
Cash	555	1,598
Funds in transit	-	100
	<u>838,048</u>	<u>392,180</u>
Totals	<u>1,044,742</u>	<u>511,495</u>

Liabilities

	<u>31 December 2008</u>	<u>31 December 2007</u>
Discretionary net worth		
Balance as at 1 January	306,472	161,809
Surplus for the year	78,534	144,663
Balance as at 31 December	<u>385,006</u>	<u>306,472</u>
Short-term liabilities		
Pay-roll tax / social securities	24,538	48,752
Holiday allowance	28,022	17,330
Net salary	-	552
Advanced grants	500,000	10,000
Accrued expenses	20,500	4,950
Accounts payable	86,676	123,439
	<u>659,736</u>	<u>205,023</u>
Totals	<u>1,044,742</u>	<u>511,495</u>

Clarification of balance sheet (in euros)

Principles of pricing

Annual accounts are based on historical cost convention. The valuation of assets and liabilities is done at face value, unless stated otherwise. Profits are assigned to the period they were realised. Expenses are accounted for in the year they have been foreseen. From here on, the principles of pricing are explained separately at each balance header.

Fixed assets

The foundation does not possess any fixed assets, because all goods were purchased second-hand and therefore justify a write-off period of one year. This is why the purchase value has been entered directly as costs.

Discretionary net worth

Fairfood aims to reach a discretionary net worth of 25% minimum and 50% maximum of total costs by the end of the year, minus sponsorship in kind received within the corresponding financial year. This is needed to avoid immediate trouble in case of financial setbacks. This is how the organisation's continuity is guaranteed. In addition, the reserve is used for initial project financing. Most grant providers do not pay (part) before the end of a project/year.

The percentage for 2008 has been calculated as follows:

Total costs	2,062,538
Sponsorship in kind	<u>806,789</u>
Total costs without sponsorship in kind	<u>1,255,749</u>
Discretionary net worth at year-end	385,006
Percentage of total costs without sponsorship in kind	30.7%

Contingent liabilities

The foundation has a long-term rental commitment, which relates to the office/building. The commitment amounts to €45,609 for the year 2008.

Expenses 2008 (In euros)

	Real 2008	Estimated 2008	Real 2007
Staff expenses			
Gross wages	592,074	522,621	387,634
Social security charges	98,900	84,665	58,650
Holiday allowance	47,316	41,810	30,528
Sick pay received	7,741-	-	7,774-
Expense allowance	8,310	12,518	6,202
Travelling allowance	60,542	34,100	37,150
Education allowance and training costs	16,581	10,000	310
Expense freelancers / volunteers	-	-	365
Lunch & canteen costs	12,219	9,000	14,128
Other staff expenses	553	3,000	632
	<u>828,754</u>	<u>717,714</u>	<u>527,825</u>
Accommodation expenses			
Rent	45,609	45,000	36,915
Service costs	94	2,000	1,969
Energy and water costs	8,669	5,000	3,294
Taxes	1,396	1,000	490
Cleaning costs	2,298	2,000	1,314
Other accommodation expenses	19,630	1,000	9,574
	<u>77,696</u>	<u>56,000</u>	<u>53,557</u>
Communication expenses			
Concept costs Print	8,338	8,500	13,565
Concept costs TV	-	3,000	9,722
Concept costs Radio	-	1,000	-
Concept costs Outdoor	-	5,300	678
Concept costs Internet	34,115	5,500	15,078
Production costs Print	760	2,000	10,326
Production costs TV	35,357	10,000	11,039
Production costs Radio	-	2,000	-
Production costs Outdoor	16,095	16,000	13,460
Production costs Internet	35,131	6,000	21,645
Media costs Print	47,797	112,000	301,869
Media costs TV	440,260	100,000	694,138
Media costs Radio	-	5,000	-
Media costs Outdoor	-	25,000	4,631
Media costs Internet	73,835	15,500	46,336
Prints & Flyers	88,766	49,725	42,669
Other communication expenses	22,936	24,795	2,095
	<u>803,390</u>	<u>391,320</u>	<u>1,187,252</u>
Activation expenses			
Stands & Festivals	24,039	12,630	3,899
Technique	5,072	5,000	8,503
Catering	5,739	7,000	25,395
Locations	4,148	10,000	5,150
Materials/Construction	5,700	5,500	12,769
Other activation expenses	9,389	26,960	25,002
	<u>54,087</u>	<u>67,090</u>	<u>80,718</u>
General expenses			
Audit fee	30,749	14,130	5,469
Consultancy fee	73,351	65,850	11,190
Office supplies	8,330	5,250	6,438
Telephone costs	4,003	5,000	5,812
System management hosting & internet	10,931	15,000	4,490
Software licences	17,133	40,000	29,731
Hardware purchases	1,116	10,000	4,153
Subscriptions & contributions	35,947	18,580	26,551
Postal costs	5,203	7,600	4,598
Representation costs & drinks	17,804	7,300	8,707
Lodging expenses	4,560	-	689
Minor purchases	99	3,000	4,840
Banking costs	611	250	318
Insurances	151	1,000	367
Other general expenses	2,832	10,785	70
	<u>212,820</u>	<u>203,745</u>	<u>113,423</u>
	<u>1,976,747</u>	<u>1,435,869</u>	<u>1,962,775</u>

Statement of revenues and expenditures for 2008 (in euros)

	Estimated 2009		Real 2008		Estimated 2008		Real 2007	
Revenues								
<i>Revenues from internal fund-raising</i>								
-Donations and gifts	15,000		8,225		15,000		10,323	
-Trust funds	35,000		55,000		100,000		-	
-Sponsorship in currency	50,000		-		60,000		1,000	
-Sponsorship in kind	<u>552,856</u>		<u>806,789</u>		<u>321,585</u>		<u>1,043,217</u>	
Total		652,856		870,014		496,585		1,054,540
<i>Revenues from other fund-raising</i>								
-NGOs (share of third party activities)	1,310,000		1,185,362		900,000		825,000	
-Governments	140,000		70,000		50,000		215,000	
-Margin sold goods	-		447		-		944	
Total		1,450,000		1,255,809		950,000		1,040,944
Sum of revenues		2,102,856		2,125,823		1,446,585		2,095,484
Expenditures								
<i>Spent on objectives</i>								
-Campaign & Lobby	334,087		268,752		291,633		284,733	
-Communications	778,915		1,110,004		586,212		1,259,649	
-Research	<u>390,512</u>		<u>268,447</u>		<u>261,273</u>		<u>171,118</u>	
Total		1,503,514		1,647,203		1,139,118		1,715,500
<i>Costs for acquiring benefits</i>								
-Internal fund-raising	73,106	11.2%	37,607	4.3%	82,978	16.7%	70,009	6.6%
-Other fund-raising	129,969	9.0%	106,360	8.5%	39,898	4.2%	21,857	2.1%
-Sold goods	-		2,141		-		13,275	
Total		203,075		146,107		122,876		105,141
<i>Management and administration</i>								
HR & Back Office & Board of Directors	<u>382,511</u>		<u>269,228</u>		<u>173,874</u>		<u>142,138</u>	
Total	18.3%	382,511	13.1%	269,228	12.1%	173,874	7.2%	142,138
Sum of expenditures		2,089,099		2,062,538		1,435,868		1,962,779
Other revenues and expenditures		-		15,248		-		11,958
Surplus		13,756		78,534		10,717		144,663
-Add/added to discretionary net worth		13,756		78,534		10,717		144,663

Specific revenues for particular projects (in euros)

<i>Financier / Projects</i>	<i>Bedrag</i>
Cordaid/ Product Analysis, Solutions, Lobby bedrijven	50,000
VSB/Consumers, Citizens, Media stunt, Publiciteit	45,000
NCDO / Publiciteit, Mediastunt, Website, Petities, Activering van consumenten	150,000
Doen / Convenanten/Petities, Publiciteit, Event	60,000
Triodos/ Product Analysis, Assurance, Sector Analysis	10,000
VROM / Product Analysis, Solutions, Lobby Politici, Lobby bedrijven, Petitions	70,000
Total revenues for specific projects	385,000

Specification and distribution of costs by destination (in euros)

Destination	Realisation 2008						Total	Estim. '08	Total	Real. '07	Total
	Campaign & Lobby	Communication	Research	Internal fund-raising	Other fund-raising	Management & Administration					
Staff costs (4000 group)	166,844	176,535	167,466	29,952	84,711	203,248	828,754	717,714	527,827		
Housing costs (4100 group)	17,870	15,539	18,647	2,435	6,888	16,316	77,697	56,000	53,557		
Communication costs (4500 group)	4,846	867,500	10,397	218	617	3,460	887,039	391,320	1,187,252		
Activation costs (4600 group)	34,394	6,488	695	156	442	11,910	54,086	67,090	80,718		
General costs (4800 group)	44,798	43,942	71,242	4,846	13,702	34,294	212,823	203,745	113,425		
Total	268,752	1,110,004	268,447	37,608	106,360	269,229	2,060,399	1,435,869	1,962,779		

Staff members

In 2008, the foundation had an average of 24.51 paid fte staff (16.32 in 2007 and 20,86 fte estimated for 2008). Neither in 2007 nor in 2008 was any pay provided to or reserved for board members. Nor have any board members received any loans, advances or warranties.

Sponsorship in kind

Fairfood depends in large part on sponsorship in kind: companies providing their products and services to Fairfood for free. Some of these companies do this without any compensation, while other companies come to an agreement (showing their name on our website, for instance).

In accordance with guidelines for fundraising institutions, which Fairfood is obliged to apply for holding CBF certification, any sponsorship must be activated in kind. This means that the value of the sponsorship in kind is included as expenses and as revenues. Expenses will depend on expenses type and will be included in the corresponding general ledger account. Revenues will be included in the account 'Revenues sponsorship in kind.' This sometimes makes it seem as if Fairfood spent money on certain goods/services, while this is actually not true.

Expenses types

Fairfood applies the following different (main) cost types: staff, housing, communication, activation and general costs. These costs are defined below:

- Staff costs: costs spent directly on employees
- Housing costs: costs spent on housing of employees
- Communication costs: costs spent on providing information to the target groups
- Activation costs: costs spent on activating target groups
- General costs: all costs of general nature, not falling under these definitions

Surplus

The 2008 surplus was added to the discretionary net worth. The estimated surplus for 2009 will also be added to the discretionary net worth.

Analysis of Differences

The large difference between the totals of both profits and losses is a result of the higher sponsorship in kind. This in turn is mainly a result of the Fairfood commercial that was broadcast for Fairfood free of charge (by MTV Networks).

Sponsorship in currency is lower than expected, because companies tend to prefer sponsorship in kind. Although we did not succeed in generating enough revenues from capital funds, both the NGO and Government figures show better results thanks to improved financing applications. All of this together has resulted in a considerable rise in income. Most of this higher income was spent on hiring extra staff and to build up a larger discretionary net worth. A larger discretionary net worth is essential because the financial climate for funding NGOs after 2010 is getting worse. Fairfood aims to have discretionary net worth of 50% of total costs.

Auditor's report

To: Supervisory board of Stichting Fairfood

Report on the financial statements

We have audited the accompanying financial statements 2008 of Stichting Fairfood, Amsterdam, which comprise the balance sheet as of 31 December 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with the Guideline for annual reporting 650 "Fund-raising institutions" of the Dutch Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Fairfood as at December 31, 2008, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 "Fundraising institutions" of the Dutch Accounting Standards Board.

Report on other legal and regulatory requirements

Pursuant to the requirement under the Guideline for annual reporting 650 “Fundraising institutions” of the Dutch Accounting Standards Board, we report, to the extent of our competence, that the management board report is consistent with the financial statements.

Leiden, 29 April 2009

Grant Thornton Accountants en Adviseurs B.V.

W.A. van Es
Registeraccountant