

SHAREDINTEREST

30 YEARS OF INVESTING IN A FAIRER WORLD

30



**HELPING PEOPLE
TRADE THEIR WAY
OUT OF POVERTY
FOR 30 YEARS**

QUARTERLY RETURN 115 • 30TH ANNIVERSARY EDITION

WELCOME TO OUR SPECIAL ANNIVERSARY EDITION OF QR, WHICH CELEBRATES 30 YEARS OF SHARED INTEREST.

Did you know that Shared Interest was officially registered on 25th April 1990? You may even be reading this close to the day the organisation was established three decades ago. We have grown considerably since then.

At the end of our first five months of existence, Shared Interest had £350,000 invested to support 13 new projects in the developing world. By 1996, we reached £10m in Share Capital, and doubled this ten years later. Now, a further 14 years on, we have added another £24m to the total, bringing us to the £44m we hold today.

Of course, none of this would be possible without your support. With over 100 volunteers, and more than 11,500 investors, we now have customers in over 35 countries with facilities of £54m. We are proud to say that your loyalty grows year on year, with each of you staying an average of 14 years with us. In fact, our records show that, of the initial 166 people who invested in 1990, 57 remain with us today.

Furthermore, the organisation's presence has not just grown here in the UK. Internationally, we have a team on the ground in Costa Rica, Kenya, Ghana, and Peru. We opened our first overseas office in 2006 and the latest in 2012. Our range of customers has also evolved from a small number of buyers in the UK and North America, to 70% of funds sent directly to farmers, clothing and homeware designers in the developing world. We have progressed from financing a handful of products to lending funds to support 48 different product categories.

We were delighted that the organisation's achievements were recognised, in both 2008 and 2013 with the honour of a Queen's Award in Sustainable Development. As we mark our 30th year, however, there is still a lot to achieve. We are looking forward to seeing how investment develops now that we are able to accept US Dollars and Euros, and also engaging more with our younger investors now that we can accept Shareholders under the age of 16. As you continue with us on this journey to a fairer world, we hope that you will be able to join us at one of our Supporter Events, or pass on your copy of QR to a friend. These small steps make a huge difference, and we appreciate everything you do to make Shared Interest a success.

Until next time,



Patricia Alexander
Managing Director



WE ARE HOLDING A SERIES OF REGIONAL EVENTS ACROSS THE UK & WOULD LOVE IT IF YOU COULD COME ALONG AND JOIN US.

At the back of this QR, you will find attached an invite for all of our supporter events in 2020. Please tear off this invite & return it to us detailing which event(s) you would like to attend or book online at: www.shared-interest.com/events

The events are your chance to hear more about the Society's recent lending, ask questions and meet fellow investors. We will also be inviting some of our customers to talk about their work.

If you have any questions email us at membership@shared-interest.com or call on 0191 233 9101.

GLASGOW

Wednesday 10 June,
The Lighthouse

LEEDS

Saturday 16 May,
St Georges Centre

LONDON

Tuesday 19 May,
Coin Street
Conference Centre

BRISTOL

Friday 19 June,
MShed

At the time of going to print our supporter events are going ahead. We are however, continuously monitoring the changing situation caused by COVID-19, and may be forced to cancel or reschedule the events. Please provide us with a contact telephone number and email address so we can keep you informed of any changes. Please be assured that we will only use these details to keep you up-to-date and will not use them for any marketing purposes.

WHAT DOES SHARED INTEREST MEAN TO YOU?



Shared Interest would not be here today without the support of a broad range of people.

As well as our investors in the UK and colleagues in Newcastle, Peru, Ghana, Costa Rica and Kenya, we rely on the dedication of our nationwide network of volunteers. Over the past 30 years, volunteers have directly contributed to raising an impressive £3.5m in investment. During this time, their roles have changed dramatically.

Volunteers were called Representatives or 'Reps' when we first established their network in 1990. Today we are proud to offer a variety of roles, including Ambassador, Translator, Community Supporter, and Event Assistant. Throughout their time with us, we aim to inspire, motivate and empower our volunteers, and encourage their self-development. This year, we asked the people who carry out these vital roles, what Shared Interest means to them.

ANNUAL GENERAL MEETING

Our 30th Annual General Meeting (AGM) was held at the Baltic Centre for Contemporary Art, on the banks of the River Tyne in Gateshead.

Due to developments with coronavirus (COVID-19), members did not have the opportunity to meet our overseas team, producers and special guests from the fair trade world in our planned 30th anniversary celebration. However, our AGM went ahead in the afternoon with 39 members present.

Members were welcomed by our Chair, Mary Coyle, before hearing an update on Shared Interest's activities over the past year from Managing Director, Patricia Alexander.

"LENDING INCREASED TO A RECORD FIGURE OF JUST UNDER £69M AND WE KNOW THAT 70% OF THE ORGANISATIONS WE ARE SUPPORTING HAVE NO OTHER SOURCE OF FINANCE."

Patricia Alexander, Managing Director

"The range of products supported by Shared Interest has also diversified in the year but coffee remains the largest exposure, mainly due to the scale of Fairtrade coffee production with more than half of all Fairtrade certified producers growing this commodity. Handcraft and textile products continue to have an important place in our lending as we maintain our focus on the small and disadvantaged. Fifteen percent of our lending went to these producers compared to 10% in 2018." She explained that our lending is particularly important to these groups as they cannot access finance from other social lenders, and local finance, if available is very expensive. We now lend to support 48 different product categories. To achieve this, we are very grateful to our members who collectively invested £43.1m by the end of our financial year. This year, 384 Share Accounts were opened, and the average age of members remains at 63 and we opened our 10,000th account bringing our current membership to 10,083. Of the initial 166 investors on 25th April 1990, 57 remain members."

Patricia explained that, the team at the end of September 2019, consisted of 37 colleagues across five offices and collectively 12 languages were spoken. "Our volunteers also play a vital role in supporting the organisation and raising the profile of our work. Over the past 30 years, volunteers have actually been responsible for attracting £3.5m of investment."

Finance Director and Company Secretary, Tim Morgan said: "Although it has been a very challenging year it has also been very positive. Rates charged to customers were retained at the same levels as last year other than one 0.25% US Dollar rate rise. Bad debt costs were at "normal levels" and still reasonable compared with similar lenders. It was therefore a good financial year for the Society with encouraging performance on lending especially in first half." He also confirmed that the Society still held substantial provisions and reserves.

Overall, payments increased by 9% in 2019 compared to the previous year. However, 97% of the payments were made in currencies other than Sterling - predominantly US Dollars and Euros.

Share Capital increased by £1.7m, lower than last year, largely, we believe, due to uncertainty surrounding Brexit. Member account numbers grew by 118, closing the year with 10,009 Share Accounts. Other financial points included:

- We managed our lending and capital to deal with very low exchange rates
- Interest earned on deposits was steady at £58k
- The cost of money borrowed was up slightly by £24k to £472k
- The interest offered to members increased from 0% to 0.25%

MODERATORS REPORT

Ashley Wyatt, joint moderator of the Council, went on to say, "My six years on Council finishes today. We are a group of eight investors that meet three times a year to discuss the work of the organisation. During that time, it has been so gratifying to see a dramatic growth in Shared Interest's level of investment, the milestone of reaching of 10,000 Investors and, through the Investor survey, seeing a heightened awareness of the importance of climate change amongst Investors. The last year of meetings of Council has enabled us to learn about some of the new areas of investment that Shared Interest are developing, as well as some of the challenges that Shared Interest faces in the light of broader changes in the fair trade environment." You can read the full Council Moderator's Report online at: shared-interest.com/agm2020

VOTING

Results of the postal ballot were also confirmed on the day. These included the re-election of Martin Kyndt and the election of Yvonne Gale and Cristina Talens to the Board, together with the re-election of Geoff Shearn and the election of Katherine Wyatt and Anjum Misbahuddin to Council.

The following resolutions were carried on the day with a significant majority (and this reflected proxy votes of members not attending in person):

- Financial Accounts
- Social Accounts
- Pay arrangements of the Executive Directors
- Non-Executive remuneration
- Re-appointment of Auditor

A Q&A session preceded the voting, with members posing a number of questions to the Board. Minutes of the meeting are available on our website at: shared-interest.com/agm2020

The meeting was closed by Mary Coyle, Chair who thanked all attendees for joining the meeting in such exceptional circumstances. She also thanked retiring Non Executive Directors, Keith Sadler and Pauline Radcliffe together with Ashley Wyatt who retired as Joint Moderator of Council.

The Annual Review summary in the centre pages, details what our investors have made possible in the past year alone - helping almost 400,000 farmers and handcraft makers to run their businesses and earn a living income. Our anniversary film, which is dedicated to our founder, Mark Hayes, who sadly passed away in December 2019 is also available on our website at: shared-interest.com/30years

Elias Uldaricio Vasquez Huenuqueo and Maria Yaneth Garcés Vera, who are married and members of Apicoop, work together on their bee farm in Chile.



“WE ARE GOING TO CREATE A CO-OPERATIVE”

A customer for over two decades, Chilean honey and blueberry co-operative Apicoop, has been through many changes in that time. The latest and largest evolution is underway as Apicoop Founder and General Manager, Chino Henriquez prepares to retire from the organisation, with Andres Garay taking the helm.

Andres has been with Apicoop from the very start, he explains: “We were working together in the Diocese of Valdivia... Things were not going well financially. One day, Chino told me: I am leaving at midday. Do you want to come with me? We are going to create a co-operative. So, we left at 12, as if jumping into a pool without knowing if there was any water in it, just like that.”

As the producers began to operate as an independent business, they started to look for help. Chino says: “We started knocking on doors, and Shared Interest was one of the doors that opened.” Subsequently, we were one of the first businesses to lend to Apicoop to upgrade its facilities for honey processing. Since then, they have gone on to become the world’s main supplier of Fairtrade honey.

Reflecting on the beginnings of the co-operative Chino said:

“OUR MAIN PROBLEM WAS WORKING CAPITAL. WE NEEDED MONEY TO START EVERYTHING. WE STARTED WITH WHAT I ESTIMATE TODAY WOULD BE LIKE 300 US DOLLARS AND WE HAD A DEBT OF 200,000 US DOLLARS. OUR DEBT WAS 600 TIMES BIGGER THAN WHAT WE HAD. TECHNICALLY, GETTING OVER THAT WAS VERY DIFFICULT.”

Chino Henriquez, Apicoop Founder

When Apicoop first started out, they gave ten beehives and bee colonies to farmers on a credit basis. They asked that the farmers pay this back within seven years, and if the beekeeper was successful, they could take on more hives.

At this time, there was a threat of something called CCD, or Colony Collapse Disorder. The risk of this hitting the co-operative, along with the fact that honey production is

seasonal, meant that Chino wanted to diversify its product range. In 2007, Apicoop applied for a further loan from Shared Interest to help fund its blueberry project, and the first export took place two years later. Although this saw Apicoop become the world’s first Fairtrade blueberry provider, Chino knew that it would not be fully profitable for a further three years. Amidst this development phase, the region suffered from an earthquake and tsunami in 2010, and so the following year saw the co-operative focus on reconstruction and local consumption. Apicoop then survived a further earthquake and subsequent volcano eruption in 2016, which we reported on in QR at that time.

“AS CUSTOMERS, WE SHOULD BE HONEST WITH INVESTORS. THIS JOURNEY WITH US WILL NOT BE PERFECT. OUR INDIVIDUAL LIVES ARE FULL OF UPS AND DOWNS. OUR BUSINESS HAS ITS UPS AND DOWNS TOO. BUT THE IMPORTANT THING IS THAT WE WILL FIX OUR PROBLEMS, AND WE DON'T REPEAT OUR MISTAKES, RATHER WE LEARN. SO THIS IS A LONG TERM INVESTMENT.”

Chino Henriquez, Apicoop Founder

Today, most of the blueberries are sold locally, with a small portion sold on the international market to supermarkets through a local exporter. Almost 90% of the blueberry workforce is female, with the co-operative employing around 200 workers during the harvest peak, and paying three times more than the basic salary.

Apicoop continues its commitment to maintaining environmental sustainability, and therefore measures and controls their carbon and water footprint, using solar energy and a wind turbine. The co-operative also provides best practice training to beekeepers.

“THERE HAS BEEN A COMPLETE TURNAROUND IN SEVERAL AREAS OF MY LIFE. MY WORK IS MORE VALUED HERE AT THE CO-OPERATIVE.”

Andrea Yainez, Co-operative Member

Lili Becerra, is in charge of the Beekeeping Technical Department, she said: “The most satisfying part of my job is seeing how we support the producers, to achieve their development. After 19 years of working with them, I have seen how they have been able to grow, how they have been able to consolidate their business, to diversify.”

And Apicoop’s development hasn’t stopped there. Along with honey and blueberries, a brand new purpose-built facility stretching over 4,000 square metres was completed in March 2017. Designed by the co-op’s workers themselves, Chino explains how it has been a labour of love. “Everybody in the co-op had a say in this project; every single department was consulted in the design of the building.”

“YOU SEE THAT THE PLANT IS GROWING, IT IS EXPANDING AND GIVING MORE WORK. THAT SIMPLY TRANSLATES INTO A BENEFIT FOR OUR FAMILIES, FOR OUR HOMES. IT IS HOW WE MAKE A LIVING, AND MANY BEEKEEPERS ARE SENDING THEIR CHILDREN TO UNIVERSITY THANKS TO THEIR WORK AS BEEKEEPERS. THAT HAS A LOT OF MERIT.”

David Veraz, Apicoop Member

However, for Chino, there is much more to what he does than just buildings, berries and bees: “Our business is not really about honey or blueberries. It is about people, he says. “Education is the real outcome. Our producers are now sending their children to university. Their parents never had this opportunity, but to see engineers, doctors and trained professionals emerging from their studies as a result of the income from honey and blueberries, is really the true meaning of success.”

There is no doubt that Chino’s successor will continue the people-first focus, which has made Apicoop a success. Andres says: “We try to make the co-operative more than just a place where they buy and sell honey. We want it to be a place where we can listen to people and that people feel part of the business. That is what is important, that people feel that the co-operative is theirs.”



THE SHARED INTEREST STORY



1992

OUR FIRST £1M

We achieved our first Share Capital of £1m in 1992. Quite an achievement in our first two years of trading.



1999

FOCUS ON REACHING PRODUCERS

Emphasis was placed on direct lending to producers. Within a year we supported nine producers who had drawn on their account and borrowed £57,000.



1990

SHARED INTEREST WAS FOUNDED!

Founded & registered as an Industrial and Provident Society. At the end of its first five months, £350,000 had been invested to support 13 new projects in the developing world.



1998

AN AWARD WINNING YEAR

Shared Interest receives a Worldaware Business Award, given to small businesses contributing to viable economic development.

We also opened our head office on Collingwood Street in Newcastle.



2001

CANDELA JOINS THE FAMILY

A facility was approved for Candela Peru who work with brazil nut gatherers and their families. And they are still part of the Shared Interest family to this day.



2004

SHARED INTEREST FOUNDATION FORMED

Our charitable arm, Shared Interest Foundation was set up to provide training and business skills to small vulnerable businesses.



2006

COSTA RICA AND KENYA

The first of our overseas colleagues were recruited in Costa Rica and Kenya.



2009

PERU COLLEAGUES

We appointed our first overseas colleagues in Peru.



2012

GHANA

Office opened in Ghana.

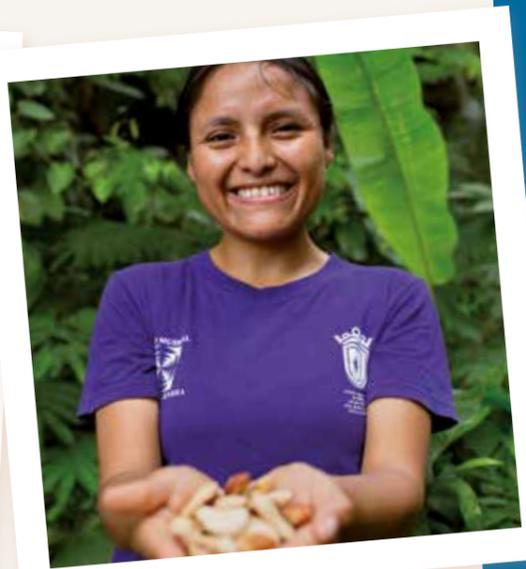


2020

30 YEARS OF SHARED INTEREST

There are many producer groups who still need our support, and we hope to continue going from strength to strength.

Find out more about our story at WWW.SHARED-INTEREST.COM



SUSTAINABILITY IN A NUTSHELL

“THE RAINFOREST IS UNDER ATTACK EVERY DAY AND WE BELIEVE THAT THE ONLY WAY TO SAVE IT IS TO MAKE EVERYONE AWARE OF ITS IMPORTANCE AND OF THE MANY RAW MATERIALS THAT ARE AVAILABLE AND CAN BE SOURCED SUSTAINABLY.”

Gaston Vizcarra, Candela President

For almost 20 years, Candela Peru has used Shared Interest finance to sustain a precious relationship in the Peruvian Amazon.

Founded in 1989, Candela’s vision is to strengthen the value chains of Amazonian and Andean production by empowering rural producers to make sustainable use of their native ecosystems.

Castañeros are Brazil nut gatherers, who live along the Madre de Dios River in the Peruvian rainforest. This area is known for having the greatest diversity of plant and animal species on earth.

In 2003, the government granted a 40-year concession to the Castañeros, allowing them to farm the Brazil nut trees in clearly defined locations; securing not only livelihoods but the vested interest of the farmers in managing and protecting the rainforest.

Gaston continued: “Of course, I want the business to do well but Candela exists to help communities, and this is our mission. We want everyone to know about the importance of sustainable use and the conservation of ecosystems.”

Since 2001 Shared Interest has provided Candela with various types of loans to enable them to grow and sustain their

business. All of these facilities have contributed to the growth and sustainability of the organisation and impacted positively on the livelihood of Brazil nut producers and harvesters, their families and communities.

Founder Guadalupe Lanao (Lupe) said: “Shared Interest has played a fundamental role in the growth and expansion of the organisation and this cannot be overlooked if one is to draw a realistic picture of the growth history of Candela.”

Since then they have gone from strength to strength. During 2018, Candela finished the implementation of their new processing plant in Madre de Dios, which has allowed them to process a major volume of Brazil nuts and, thus, increase their export sales, as well as the efficiency of their production processes. They have also continued to strengthen their range of other native Amazon products such as aguaje, unguirahui, goldenberries and copoazu - all types of fruit (read more about these products on our website) in order to ensure their sustainability.

Candela has ambitious plans for the future. Founder, Lupe said: “Living income is particularly important to Candela and we are starting a project that will investigate the “murumuru” value chain, which is a brand new raw material for us but very promising in the sustainable projects in the Peruvian rainforest.”

“I RECENTLY VISITED THE HUICUNGO DISTRICT IN THE PROVINCE OF MARISCAL CÁCERES IN PERU. I MET A NATIVE COMMUNITY WHO HAVE NO SOURCE OF INCOME. THE WOMEN CAME OUT TO MEET ME. I WAS DEEPLY MOVED. IT IS OUR AIM TO FIND SOURCES OF INCOME GENERATION FOR COMMUNITIES LIKE THIS. IN THIS AREA THERE ARE MANY HUICUNGO TREES GROWING IN THE RAINFOREST. THESE TREES GROW UP TO 15 METRES AND THEIR FRUITS ARE EDIBLE. THE TREE HAS SHARP SPINES ON ITS TRUNK TO PROTECT IT. WE ARE LOOKING TO MAKE A VERY NUTRITIOUS BUTTER FROM THE SEEDS AND SELL THIS IN EUROPE.”

Gaston Vizcarra, Candela President

CANDELA TIMELINE

1986

Business graduate Guadalupe Lanao (Lupe), and her brother, Mario Lanao, who was, exporting wooden handcraft products from Nicaragua to England, founded Alter SA.

This brand new company worked with up to 41 small handcraft organisations to provide Nicaragua with products such as rocking chairs, shoes, etc., from Peru

1989

Gaston Vizcarra Kennedy was inspired to join the organisation, and so Candela Perú was born. Initially, Candela’s work focussed on three product lines: handcrafts, Amazon nuts and pecans.

1995

Candela strengthened its supply of Amazon nuts. Support was received to purchase land in Madre de Dios.

2000

Candela suffered an economic crisis, due to a drop in the international price of nuts, which caused large losses. This situation left the organisation without any cash flow and the livelihoods of many producers and employees were under threat as Candela was on the verge of collapse.

2001

In dire need of working capital to salvage their business, Candela approached Shared Interest for a loan to enable them to pay Brazil nut farmers and meet their order demands.

2004

Candela became the first organisation of Amazon nut growers to be Fairtrade certified.

2007

Candela used a further Shared Interest loan to upgrade the machinery in their processing unit. They had also created a steaming unit and a drying room at their processing plant. These steps transformed the entire production process.

2008

Shared Interest helped Candela to increase the working capital of the business and enabled them to purchase higher volumes of raw materials, leading to an increase in sales.

2009

Shared Interest provided Candela with financial support to enable them to maintain stock levels, and therefore their sales.

2010

Candela used a Shared Interest loan to purchase and install machinery at their processing plant, including a packing machine, a metal detector and an oil extractor.

2014

Due to the rapid growth in demand, Candela had reached their production capacity limit and needed major infrastructure improvements to sustain their business operations.

They approached Shared Interest for a new loan to finance a number of Brazil nut contracts, making it possible for them to further increase their sales.

GRAIN OF HOPE FOR NEXT GENERATION

One of the smallest countries on the African mainland, Rwanda is the most densely populated, with a growing population of over 12 million. Children make up more than half of the population, and HIV, AIDS, malnutrition, poor maternal health and child health remain ongoing issues.

During the devastating genocide in 1994, as many as a million people lost their lives, and an estimated two million were displaced. According to a United Nations (UN) report on their Sustainable Development Goals Knowledge Platform: 'Rwandans embarked on a rebuilding process...based on three fundamental choices: unity, ambition, and accountability. The country undertook several reforms aimed at creating an inclusive and fair society with respect of human rights and rule of law. Since 2000, Rwanda has registered inclusive growth, averaging 8% annually leading to millions being lifted out of poverty and good progress in all development sectors.'

However, leading humanitarian organisation, the World Food Programme (WFP), reports that 'over 38% of the population continues to live below the poverty line and almost one fifth is food insecure. Agriculture is the backbone of the economy, with 89% of rural households practising small-scale farming. Poor rainfall, drought, floods and the limited amount of land that is suitable for agriculture, alongside pests and diseases, continue to pose risks to food security.'

'OVER 38% OF THE POPULATION CONTINUES TO LIVE BELOW THE POVERTY LINE AND ALMOST ONE FIFTH IS FOOD INSECURE.'

World Food Programme Report

The co-founders of grain suppliers, General Feeding Business Centre Ltd. (GFBC), are two former teachers, Mugorewiczeza Magina and Ngirabakunzi Bategeka, who are tackling food insecurity in their region by combining their passion for agriculture, and equality in the supply chain, with their desire to support thousands of rural schoolchildren.

It was while they were working as teachers at local schools, that the GFBC co-founders identified the challenge of securing enough food to last the full year when staff were relying on school fees from parents to meet these costs. As parents of pupils were allowed to stagger payments, it meant that farmers could not be paid at harvest time. Thanks to Shared Interest investors, GFBC is now able to offer flexible terms of payment to the schools they support.

Today, GFBC supplies 90% of their maize, beans and flour to two large secondary schools and the remainder is sold to local retailers. The schools provide lunch to almost 2,000 pupils, and GFBC buys and stores the maize ready for the beginning of each new term, meaning that they gather the produce from farmers in advance. The organisation has a Stock Facility with Shared Interest, to enable them to purchase the grain from farmers at harvest time. They also have a Term Loan to construct their own warehouse for storage purposes. The organisation had previously hired out a storage area but the space provided was extremely limiting, meaning that produce sometimes had to be kept in the car park, covered only by canvas material. If it rained, the effects were devastating.

Not only does GFBC support schools, but it also works with nine rural farmer groups, 45% of whom are women. The majority of the women are widows, and the regular income has enabled them to pay for school fees and health insurance for their children.

Due to their academic background, the co-founders have been able to provide training to farmers, especially for young people. They have also provided support on good practice, to improve the quality and quantity of their produce. The farmers are also able to share experiences and knowledge to overcome their challenges.

"SHARED INTEREST FINANCE HAS HELPED TO GROW THE BUDGET OF THE COMPANY, IT HAS ENABLED US TO EXTEND RELATIONSHIPS BETWEEN CUSTOMERS. WE HAVE BUILT A NEW WAREHOUSE WHICH HAS IMPROVED OUR STORAGE FACILITIES."

Ngirabakunzi Bategeka Andre,
GFBC Managing Director

"THE IMPACT ON THE WIDER COMMUNITY HAS BEEN HUGE, FAMILIES NOW HAVE JOBS, & THE WELFARE OF STUDENTS HAS DEVELOPED, WHICH HAS CONTRIBUTED TO IMPROVED PERFORMANCE IN EXAMINATIONS & ENHANCED EDUCATION FOR ALL.

WE HAVE ALSO ENCOURAGED SCHOOLS TO PLANT TREES TO PROTECT THE ENVIRONMENT AND IMPROVE OUR BUSINESS OPERATIONS.

WE WOULD LIKE TO THANK THE INVESTORS & ENCOURAGE THEM TO CONTINUE THEIR RELATIONSHIP WITH US."

Ngirabakunzi Bategeka Andre, GFBC Managing Director

LEFT TO RIGHT:
Josephine Mwasaru, Customer Representative, East Africa
Mugorewiczeza Magina, Operations Director, GBFC
Ngirabakunzi Bategeka, Managing Director, GBFC
Immaculate Ochieno, Lending Manager, East Africa



COUNCIL COMMENT

AS SHARED INTEREST REACHES ITS 30TH YEAR, IT MAKES ME CAST MY MIND BACK TO WHEN MY WIFE AND I BECAME MEMBERS.

It was 20 years ago when we started investing, and we think we heard about the organisation from a friend - either at church, or from a guitar-teaching colleague. I believe word of mouth remains the most effective way to grow our membership, today.

Of course, 20 years ago, we led very busy lives, working full time and looking after two young children. We liked the thought that the spare money we had was doing some good. However, aside from reading the newsletter every quarter, we did not have the capacity to get any further involved. It was reassuring to know that, through our investment, we were helping people to make their own way. The most important thing was that we were providing support and enabling rather than simply giving money.

The first time we attended an AGM was when my daughter was at University in Newcastle. Now both my daughters are adults, and I am semi-retired from teaching, we have more time on our hands. We also have two grandchildren, which as well

as being an absolute joy, also make us think even more about the future and how we can make the world a fairer place.

When I received a call from Shared Interest three years ago, inviting me to join Council, it came completely out of the blue. However, now that I have the time to get more involved, it is an interesting period to carry out this representative role on behalf of the Society's membership. During our 30th year, it seems more vital than ever that we continue to increase investment, & try to meet the ever-growing need for finance in the developing world.

We also have some challenges on our hands, such as how does Shared Interest respond to issues such as climate change. As we know, farmers in the most disadvantaged parts of the world are the most severely affected. I feel that the next 30 years will be even more crucial than the last, in helping people in the developing world to provide for themselves and their family.

Andy Normandale, Member of Council

WE NEED YOUR HELP

We are hoping to attend Greenbelt again this year from 28 - 31 August, but we need your help. To find out more and apply, please email our Volunteer Engagement team at: volunteers@shared-interest.com

Stephen Bwambale is a member of Bukonzo Organic Farmers Co-operative Union Ltd (BOCU), a Fairtrade coffee producer in Uganda.

SHAREDINTEREST

30 YEARS OF INVESTING IN A FAIRER WORLD

Candela Peru brazil nut producers gather nuts from the rainforest.



Quarterly Return is the newsletter of Shared Interest Society. Shared Interest Society Ltd is a fair trade lending organisation, which is a member of Co-operatives UK. It uses the pooled investments of its members in the UK to make real and lasting improvements to people's lives in the developing world.

HELP RAISE OUR PROFILE

Please follow us on social media and keep up to date with our activities and share our posts with friends.

 @SHAREDINTERESTSOCIETY

 SHARED_INTEREST

 @SHAREDINTEREST

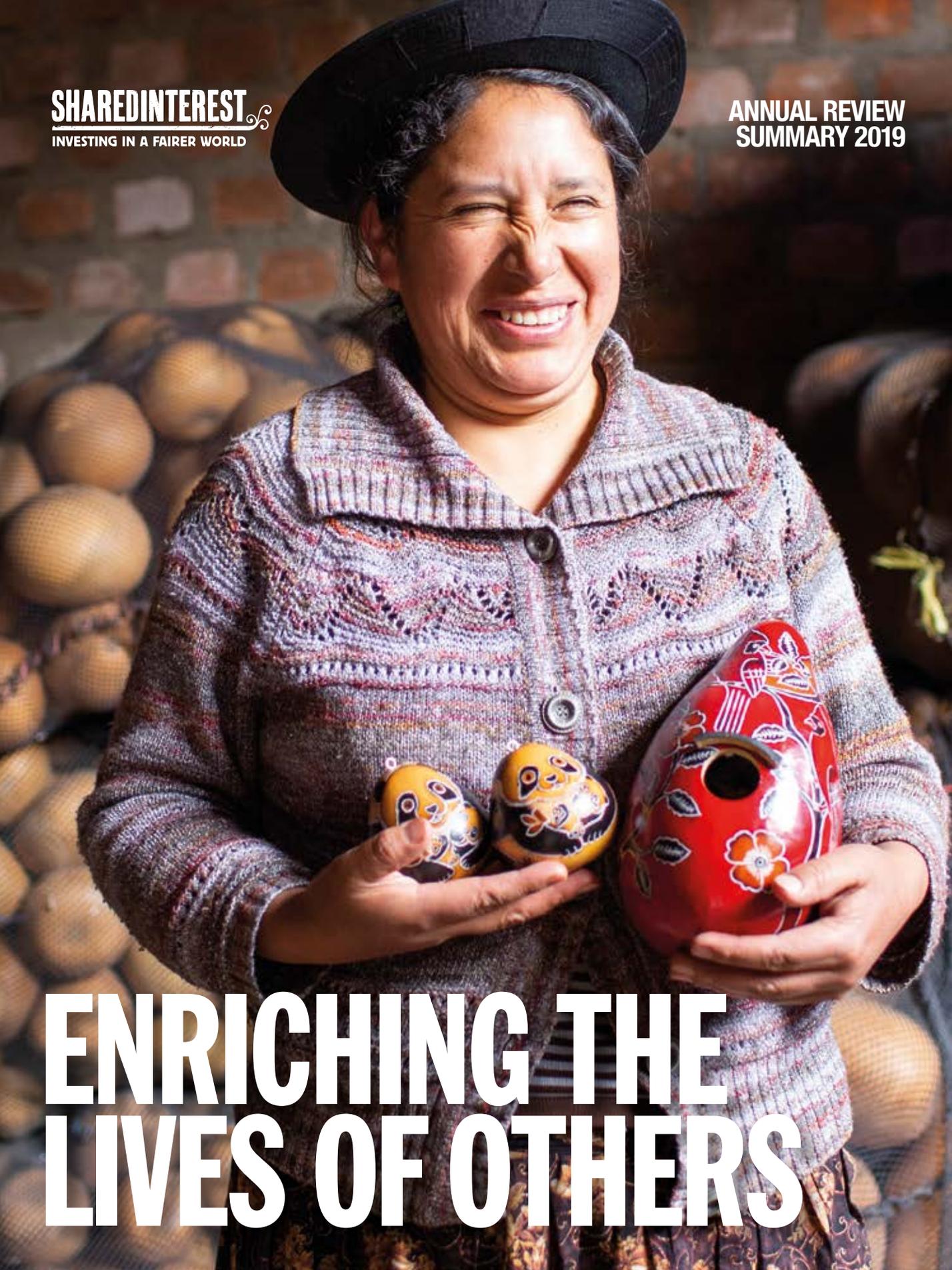
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Shared Interest Society Ltd is registered with the Registrar of Mutual Societies, number 27093R. The Directors decide on what the interest rate payable to members will be. The interest rate since 1 November 2018 has been 0.25%.

BECAUSE WE CARE:





**ENRICHING THE
LIVES OF OTHERS**



As Chair, I am pleased to have seen both Shared Interest Society and Shared Interest Foundation report on 12 months of positive progress in supporting producers in disadvantaged communities.

I am delighted to say that our financial services had an impact on 396,973 farmers and artisans, 36% of whom are women. Although over 65% of our lending is focussed on the production of coffee and cocoa, this year we lent money to 174 producer groups to support a wide range of fair trade products, including the hibiscus flower in Burkina Faso, as well as maize and kidney beans in Rwanda.

Meanwhile, Shared Interest Society hit the major milestone of 10,000 Share Accounts, and £43.1m in investment. Our members also voted unanimously in favour of changes to our Rules, which will allow us to accept investment in Euros and US Dollars.

Our charitable arm, Shared Interest Foundation continued to provide business support for small-scale producer groups in Africa, and we are pleased to say that, thanks to our donors and grant makers, we supported 139,694 farmers and artisans in five countries.

We are grateful to all of our investors, donors and volunteers for their support and generosity. I am especially appreciative of our volunteers who continue to give their precious time to Shared Interest to help fulfil our mission.

Mary Coyle, Chair

SHAREDINTEREST

INVESTING IN A FAIRER WORLD

OUR MISSION

Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty.

We work collaboratively and innovatively with those who share our commitment to fair and just trade. With a community of investors and the support of donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.

OUR INVESTORS

Our membership is diverse. Of the 10,009 Share Accounts, 8,169 are held by individuals and 1,840 are held jointly or by groups, under 16's or organisations. In total there are 11,879 individuals named on Share Accounts.

The average age of a member is 63, a reduction from 68 years in 2014. Our members remain loyal, with the average length of time a member holds a Share Account being 14 years.

This year, we increased investment by £1.7 million with a closing Share Capital total of £43.1m. Every £1 invested by members was lent 1.6 times in the year.

OUR VOLUNTEERS

Volunteers play an integral role in promoting Shared Interest, sharing their desire to see a fairer world; they enable us to raise awareness and support for our work to achieve this.

There is no such thing as a typical volunteer at Shared Interest. However, all of our volunteers share our vision of a fairer world. Shared Interest has involved 90 volunteers this year, across a variety of roles.

OUR LENDING

Despite the progress made in increasing access to financial services, the majority of people living in developing countries struggle to access finance. Over the year, we supported 296 organisations across the world, providing finance to grow their businesses, generate more employment, and improve the lives of producers and their communities.

This finance included term loans for the purchase of assets or building infrastructure, as well working capital to help producer groups fulfil their orders or purchase stock. We also provided pre-finance to fair trade buyers, to enable them to provide producers with a part payment on placing their orders.

Our lending increased over the year and totalled £68.7m in 2019; an increase of £5.8m from last year. As 97% of these payments were made in US Dollars and Euros, fluctuations in exchange rates had a significant impact.

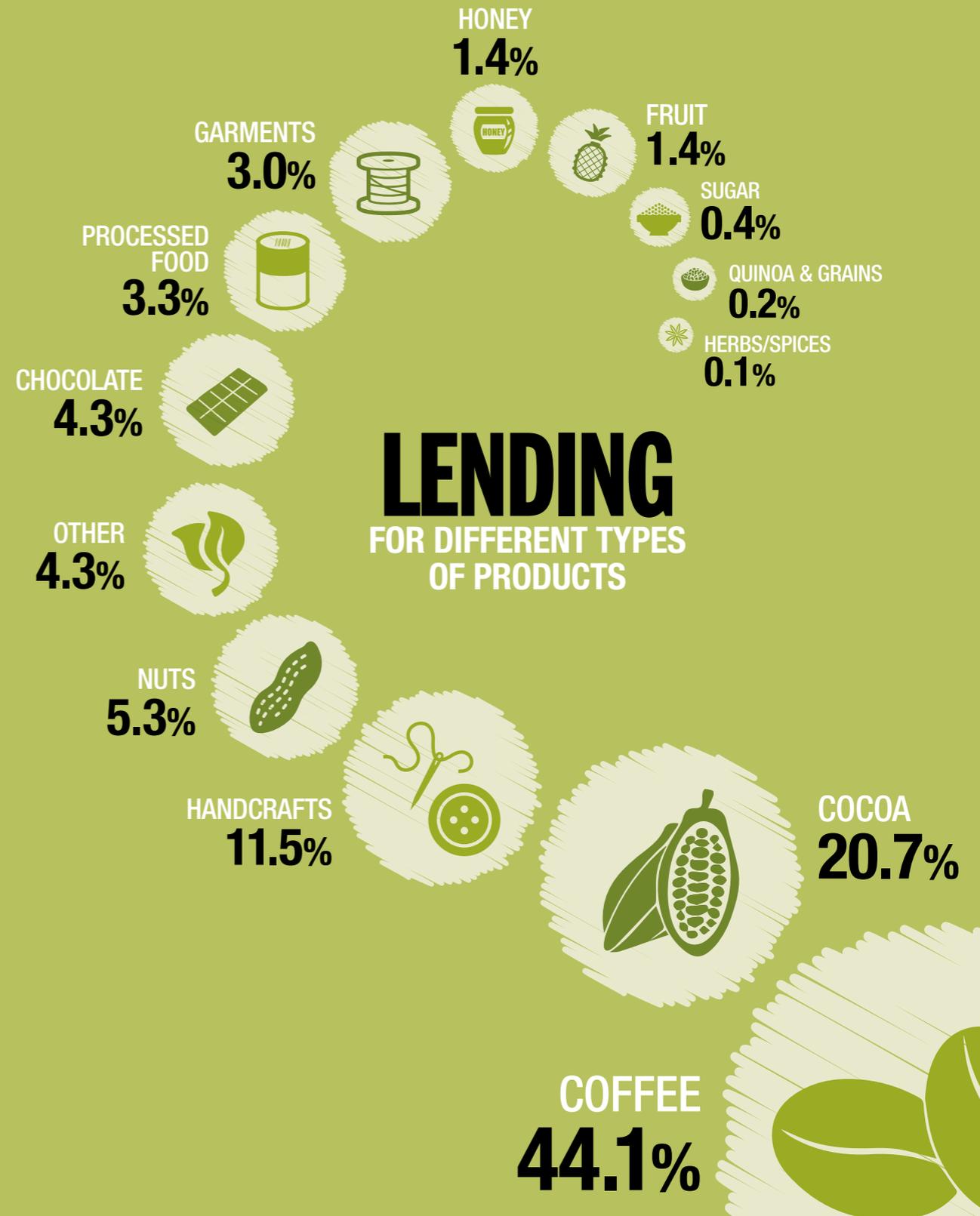
The types of products our lending supports has continued to diversify although coffee and cocoa still make up the largest portion at 44% and 21% respectively. Artisan products continue to hold a small but vital place, with 12% of our payments going to these producers. Although these tend to be smaller amounts of lending, we believe they achieve a significant social impact, as the majority of other social lenders do not offer finance to this sector.

“We could clearly see the positive and long term impact that our investment could make to the lives of farmers and producers”
Shared Interest Investor

^ Front Page Image: Raquel Zanabria, one of the owners of Artesania Rojas (working with buyer, Lucuma) in Cochach Chico, Peru. They specialise in carved gourds.

< Ayinpoka Ariko, a member of Amongtaaba Basket Weavers Group (working with TradeAID), in Sumbrungu Zobiko Village, Ghana.

IN 2019
WE MADE
PAYMENTS
OF ALMOST
£69
MILLION



LENDING

FOR DIFFERENT TYPES OF PRODUCTS

< CECANOR member Azucena Quispe Rodas in La Florida district in Cajamarca, Peru.



← PRODECOOP PRODUCER

PRODECOOP (Promotora de Desarrollo Co-operativo de las Segovias) is a union of co-operatives based in northern Nicaragua. Created in 1997 under the leadership of Merling Preza, who remains General Manager, its purpose is to help small organic and fair trade producer groups gain access to international markets.

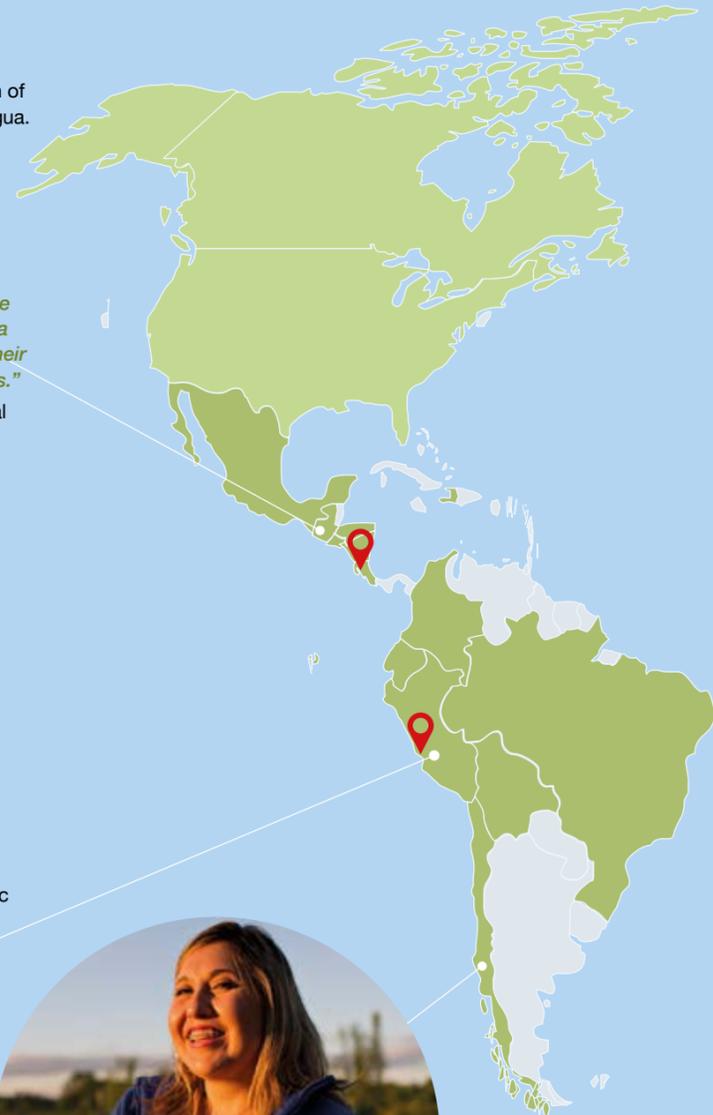
Merling said: *“Without Shared Interest finance, a large proportion of our coffee producers would have been denied of a decent income they would have sold their coffee on the local market at low prices.”*

PRODECOOP has contributed to several community projects in the areas of education, gender, and environment. This has included supporting 180 young people into higher or tertiary education.

APICOOP ↘ PRODUCER

Shared Interest was one of the first organisations to lend to Apicoop to upgrade facilities for their honey processing in 1997. Since then, General Manager Chino has steered Chilean co-operative Apicoop, through some life-changing challenges, including diversification from honey into blueberries, and more recently a volcanic eruption that wiped out a substantial amount of their crop and could have been fatal to some of the bees they so lovingly nurture.

“Thanks to Shared Interest’ ethical investors we can work together to create livelihoods and make dreams a reality all over the world.”



GEBANA ↘ PRODUCER

Gebana Burkina Faso is the market leader for mangos in Burkina Faso and the second leading cashew processor. They work with fruit drying co-operatives, predominantly in Burkina Faso, but also with a small group of producers in Togo. They became a Shared Interest customer in 2006.

Last year they constructed a health facility for producers and staff, as well as a kindergarten. Their plans going forward are to improve the quality of their products, diversify into Asia and North America as well as training for staff.



FULLWELL MILL → BUYER

Fullwell Mill works with fruit, vegetable and nut farmers, helping them improve their methods, so that they can produce the highest quality products, supply European customers, and be paid fair prices.

In the UK, they import, store, package and market branded dried fruit and nut products. Virtually all of their products are Fairtrade and Organic Certified and all are vegan, and sourced from smallholder farmers. Shared Interest has provided them with a loan for the past 20 years.

Founding Director, Adam Brett, said: *“Fullwell Mill could not exist without the loan we and our partners receive from Shared Interest, so my message is pretty simple: Thank you. Without you, we would not be here.”*



COCAGI ↘ PRODUCER

Coffee Co-operative of Gichoma (COCAGI) is a coffee growers’ co-operative located in the Gichoma District of Western Rwanda. Founded in 2003 with 22 members, they have now grown to over 1,400 members.

COCAGI have been a Shared Interest customer since 2009, receiving loans to purchase a pulping machine for their washing station, as well as a truck to transport coffee cherries from buying centres. Last year, COCAGI moved to their new offices, which they built using part of their loan and Fairtrade Premium. COCAGI farmer, John Basabose, said: *“Since working with COCAGI I have been able to build my own house and also pay for health insurance for my family.”*



**IN 2019 WE LENT
MONEY TO OVER
174 PRODUCER
GROUPS
REPRESENTING
396,973 INDIVIDUALS
INCLUDING
141,052 WOMEN**

The 2018-19 financial year produced healthy growth in total income, mainly due to higher lending levels and the effect of the weaker Pound Sterling, which averaged about 1.27 US Dollars to the Pound Sterling during the year. After other income our total income grew by £190k. The amount lent to customers at the year-end was again close to record levels at just over £36m.

We continued our main banking relationship with Santander UK plc providing us with the ability to borrow foreign currency, notably US Dollars and Euros, which we need to support producers and buyers. During the year we also successfully trialled an approach of converting a proportion of our Pound Sterling capital into these currencies for a fixed period of time and at an agreed exchange rate. This helped to manage volatility and reduce borrowing costs during the year. We also retained an active relationship with The Co-operative Bank, operating an account which is used by members to pay in their investments.

Operating costs for the Society were higher with greater investment in the Lending Team, both in the UK and abroad and including one new member. The increase also includes a charge of £83k which is a technical accounting adjustment ("mark-to-market") related to the hedging of currency requirements for the 19/20 financial year. It is a notional rather than real loss which will become a gain in the 2019/20 year.

The final result is a surplus of £39k, which leaves the Society within, but at the lower end, of its targeted range of reserves (more details are available in the published annual statutory financial statements). The overall financial position of the Society remains strong with another good year of growth in member capital of £1.7m. In addition to specific provisions against doubtful accounts which are cumulatively just under £7m, we have reserves from this and previous years' surpluses, totalling almost £1.7m.

FINANCIAL REVIEW

| | 2017 £'000 | 2018 £'000 | 2019 £'000 |
|---|---------------|---------------|---------------|
| STATEMENT OF 2019 COMPREHENSIVE INCOME | | | |
| Credit charges | 2,928 | 3,264 | 3,513 |
| Bank deposit interest | 147 | 55 | 58 |
| Other | 89 | 125 | 63 |
| Total | 3,164 | 3,444 | 3,634 |
| Finance Costs | (427) | (448) | (472) |
| Provision for doubtful debts | (664) | (793) | (857) |
| Operating costs | (2,025) | (1,985) | (2,193) |
| Corporation Tax | - | - | - |
| Profit before members' interest and donation | 48 | 218 | 112 |
| Members' interest | (72) | - | (73) |
| Donation | - | - | - |
| £/\$ Exchange rate at the year-end | 1.34 | 1.30 | 1.23 |
| BALANCE SHEET 2019 | | | |
| Tangible fixed assets | 153 | 161 | 158 |
| Investments | 115 | 121 | 128 |
| Lent to customers | 29,918 | 36,330 | 36,037 |
| Cash and deposits | 40,821 | 42,234 | 44,301 |
| Debtors | 90 | 128 | 107 |
| Loans owed to the bank/overdrafts | (29,501) | (35,241) | (35,155) |
| Other creditors < 1 year | (521) | (506) | (514) |
| Other creditors > 1 year | (214) | (214) | (238) |
| Total | 40,861 | 43,013 | 44,824 |
| Capital | 39,367 | 41,371 | 43,071 |
| Reserve for lending loss | - | - | - |
| Proposed share interest | 70 | - | 72 |
| Proposed donation to Shared Interest Foundation | - | - | - |
| Profit and Loss | 1,424 | 1,642 | 1,681 |
| Total | 39,367 | 43,013 | 44,824 |

The summary of the financial statements above is an extract of the full audited financial statements for the Society, which are available on request from the Company Secretary or can be downloaded from our website.

The figures are for the Society only and we have not shown here the combined result ("Consolidation") with Shared Interest Foundation. The majority of our lending and overseas payments are made in USD thus the exchange rate with sterling has a significant impact on the year end figures.

SHAREDINTEREST FOUNDATION

Shared Interest Foundation changes lives across the globe by helping people to cultivate resilient businesses and break the cycle of poverty.

Over the past 12 months, Shared Interest Foundation, continued to provide business support to support small-scale producer groups in Africa. The main aims were to support the development of new businesses, provide a vital income source to rural communities and enable existing businesses to become stronger, and more resilient, increasing income and improving the quality of life for farmers and artisans.

Where we work:

BURKINA FASO

Bees for Business

In September 2018, we launched Bees for Business, a beekeeping project in rural Burkina Faso, funded by an individual donor, Mr T. M. Dickety. It was implemented in partnership with Plateforme Nationale du Commerce Equitable (PNCEB), the Burkina Faso national fair trade network. The group of 25 women were already producing and selling their honey but each woman was only earning about £40 per year. By providing training and equipment, we have helped the group double in size, and supported them in improving the quality and the quantity of the honey produced.

ESWATINI

Improving producer livelihoods

This year, we concluded our four-year Comic Relief funded project delivered in partnership with Swaziland International Fair Trade (SWIFT). This project contributed towards poverty alleviation in Eswatini through

supporting the development of enterprises, strengthening businesses and the creation of sustainable employment opportunities.

Crafting fairer futures

We concluded a 12-month project in partnership with SWIFT and funded by the Evan Cornish Foundation. The project supported 100 women, who traded their products at the Manzini bus station. Poor product quality and high competition for sales meant that customers paid a low price, and the women were struggling to make profit. Following the project two major orders were secured with a total value of £2,535.

EAST AFRICA

Strengthening governance and financial capacity of producer groups

This two-year project, funded by Maxwell Stuart Charitable Trust, supported 20 tea, coffee, cocoa, and handcraft co-operatives across Uganda and Kenya. The aim of the project was to improve their governance and financial systems. This year, we concluded our governance training and mentoring and focussed on increasing the finance skills, knowledge and capacity of each co-operative.

MALAWI

Providing sustainable solutions to poverty in Malawi

We are working in partnership with Malawi Fair Trade Network (MFTN) to reduce poverty levels amongst their producers. Declining sales were affecting the farmers ability to support their families, as well as the overall resilience of MFTN. This project, funded by the Marr-Munning Trust, supports five member co-operatives, to increase their yield, improve quality and the value of their product while also becoming sustainable.

USING MONEY WISELY

Shared Interest Foundation receives grants from donor organisations, which enable us to deliver our projects. Over the last eight years these funds account for around half of our income, with the balance coming from the generous donations of individuals, groups, trusts and legacies. These donations are vital as they allow us to develop and grow new projects based on robust needs analysis.

Over the years, we have received support from the following trusts and organisations and we would like to thank them for their contribution to our achievements:

Comic Relief
Evan Cornish Foundation
The Marr-Munning Trust
Mr T Dickety
Mrs K M F Maxwell Stuart Charitable Trust
Souter Charitable Trust

“Without Shared Interest as our partner, SWIFT would never have been able to take such large strides to eradicating poverty. Our members have been able to achieve a 49% average sales increase, create 517 sustainable new jobs and increase wages for producers and employees.”

Abibata, Dakoro beekeeper

INCOME AND EXPENDITURE

| | Year ended 30 September 2019 | | | Year ended 30 September 2018 | | |
|--------------------------|------------------------------|---------------------------|----------------------|------------------------------|---------------------------|----------------------|
| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | Total Funds £'000 |
| Donations & grants | 134 | 9 | 143 | 129 | 137 | 266 |
| Interest income | 1 | - | 1 | 1 | - | 1 |
| Total income | 135 | 9 | 144 | 130 | 137 | 267 |
| Cost of fundraising | 13 | - | 13 | 17 | - | 17 |
| Charitable activities | 110 | 130 | 240 | 86 | 85 | 171 |
| Governance costs | 3 | - | 3 | 3 | - | 3 |
| Total expenditure | 126 | 130 | 256 | 106 | 85 | 191 |
| Transfers between funds | - | - | - | (6) | 6 | 0 |
| Net (deficit)/surplus | 9 | (121) | 112 | 18 | 58 | 76 |
| Funds brought forward | 157 | 128 | 285 | 139 | 70 | 209 |
| Funds carried forward | 166 | 7 | 173 | 157 | 128 | 285 |

LOOKING FORWARD



As the Society enters its 30th year, we are conscious that the need for finance has never been greater. Globally, 2.5 billion individuals consider smallholder farming an integral part of their livelihood. However, access to finance remains a significant challenge with an estimated finance gap of 170 billion US Dollars*.

Despite lending increasing by 9% over the year, reports from our overseas team confirm that producer groups continue to struggle to obtain the essential credit facilities they need. The stringent requirements of local banks, including requests for security, deprive many producers of access to credit. As our focus remains on reaching more producers in remote communities, we will continue to strive to reach those groups that other social lenders are reluctant to support. Next year, we will also build on our current portfolio and extend our reach into more territories and support more producers.

Our members remain at the core and we are committed to provide as many opportunities as possible for their contribution. In addition to our supporter events, we will also be looking to celebrate our 30th anniversary at a special event in March 2020.

In January 2020, Shared Interest Foundation will embark on a strategic review involving full stakeholder consultation and will set the direction for the next five years. Work is also underway on a pilot project focussing on young people aged between 18 and 35 in Eastern Ghana. The “Growing Fairer Futures” project has been made possible with the support of Allan and Nesta Ferguson Charitable Trust and will contribute towards the long-term sustainability of cocoa growing communities surrounding Fanteakwa, a local fair trade cocoa co-operative. Agriculture is the primary economic activity in the region and therefore support in this area is key to developing strong and resilient communities.

We look forward to reporting on our progress on all of this in our Annual Review 2020.

Please visit our website for further details

www.shared-interest.com/annualreview

*Rural and Agricultural Finance State of the Sector Report 2019 by the Mastercard Foundation Rural, Agricultural Finance Learning Lab & ISF Advisors.