

## **AGM Minutes**

Shared Interest Society's 30th Annual General Meeting (AGM) was held at the Baltic Centre for Contemporary Art, South Shore Road, Gateshead NE8 3BA commencing at 1.45 PM on the Friday 13<sup>th</sup> March 2020.

Due to the Coronavirus, attendance was lower and unfortunately members did not have the opportunity to meet our overseas team, producers and special guests from the fair trade world in our planned 30<sup>th</sup> anniversary celebration.

Mary Coyle, Chair of the Board, moderated this meeting and welcomed 39 members plus their guests and other staff (who are not members of the Society) to the meeting.

Patricia Alexander, Managing Director presented a report on the Society's activities during 2018/19. Tim Morgan, Finance Director, gave a presentation on the financial results for the year and then, Directors, responded to questions from members.

### **AGM Q&As**

**Q:** You mentioned that you have a project in Burkina Faso but this area is very unstable and is being invaded?

**Patricia Alexander:** We are aware of the uncertainty and we are watching the situation closely. We are very mindful of ensuring the safety of our staff and member' investments.

**Q:** Have you noticed any changes following the dilution of the FT mark as supermarkets introduce their own marks.

**A: Patricia Alexander:** Sainsbury's have put the Fairly Traded mark on their tea and following consumer feedback seem to have halted there. Cadbury (owned by Mondelēz now) has Cocoa for Life. We know from some of the producers we work with that these marks are not offering the same level of support as they would receive from the Fairtrade Premium. It is however very encouraging to see that Waitrose and the Co-op are extending their Fairtrade ranges and there is also a lot of support for Fairtrade products by consumers in the UK.

**A: Paul Chandler:** A few years ago, when Sainsbury's first made moves away from Fairtrade I was very concerned but the situation seems to be more moderated now. The Co-op and local firms like Greggs are much stronger in their support for Fairtrade. At the Co-op (where I am also a director) there is considerable work going on behind the scenes in this area. For instance, there is a fivefold increase in the use of Fairtrade cocoa and there are more plans for growth. Co-op customers do still feel Fairtrade is important but there many other concerns such as climate change. Ethical consumption is now becoming part of everyday life.

**Q:** What is your relationship with Comic Relief?

**A: Patricia Alexander:** They gave a grant to Shared Interest Foundation and that project has now ended. I can say that they were very easy to work with.

**Q:** Could you explain a little more about interest rates and why you borrow money? Also, I have heard mention that your interest rates are expensive. Is this the case?

**A: Patricia Alexander:** Most of our lending (90% or more) is in US Dollars and EUROS but all our investment has been in Sterling. To hedge the capital risk we have traditionally borrowed the currency to lend, using our Sterling capital as collateral. In the past two years we have tried a different model, which Tim will elaborate. In terms of interest rates we do a

risk assessment which determines the risk premium we charge our customers and we add this to a basic or prime rate designed to cover our running costs.

**A: Tim Morgan:** Over the past two years, we have swapped some of our Sterling capital into USD and EURO, on a time bound basis. This gives us certainty on exchange rates and fixes the cost of borrowing for a large proportion of our lending. As Patricia said, we have a prime rate and a risk rate. In terms of the risk premium a reasonable test is that the interest we earn from this element should be about the same as the cost of bad debt provisions. In relation to the point about being expensive, it is not always easy to compare because the headline rate is only one part of the equation. There can be annual charges, security requirements and conditions of the way the lending works, which counter-balance a lower interest rate charge. We try to look at what equivalent lenders are offering and we know that in *some* regions our rates look higher. However for the reasons given we are still attractive to certain customers.

**Q:** Can you explain the bad debt provision and why organisations do not pay the funds back?

**A: Tim Morgan:** This is the annual charge that have to make in the income and expenditure account for any debts which we think will no longer be recoverable. There are many reasons behind the inability to repay for any customer. Climate change, making a poor business decision about pricing or when to buy the crop, handling a project badly, governance issues, investing in something that does not deliver as intended or cash flow problems. There is a whole range of things and often a combination of a number of factors. What I can say is that Shared Interest tries to be very supportive whilst also seeking to protect our members' capital. This can, in some circumstances, mean that we lend more money and/or work with the organisation for longer in order to help it trade back to success.

### **Report from Council**

Ashley Wyatt, Joint Moderator of Council presented a report from the Council.

"My 6 years on Council finishes today. We are a group of eight investors that meet four 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 new challenges that Shared Interest faces in the light of broader changes in the Fairtrade environment.

To provide an example of what we discuss at Council meetings, in January we discussed the recently completed Social Accounts, with each Council member leading on a section of the report. The whole report brings alive the work of Shared Interest - for example two good 'deep dive' cases studies of customers, showing the impact of the Shared interest investment. We also participated in the Strategic Review of the Shared Interest Foundation, via a live link with Kodzo Korkortsi the Foundation's Programme manager who is based in Ghana.

Perhaps the highlight for me over the last year was the joint discussion with the Board about the ways in which Shared Interest's message to investors, and to potential investors, may need to change in the future in the light of other types of 'ethical investment' that are being developed. How can we highlight even more effectively, and clearly, Shared Interest's

unique role in lending to producer groups that may not be able to attract more mainstream sources of loans? We also discussed at this joint meeting the way in which climate change is now the highest priority for the Fairtrade world, and the implications of this for discussions within Shared Interest.

I have also been the Council representative on the Panel recruiting new Non-Executive Directors. I am pleased to say that we have recruited two new Non Executive Director's, one of them Cristina Talens with strong environmental credentials, which I am particularly pleased about.

Please indulge me now to say a final few words that aren't directly about the work of the Council. In my article in the last edition of QR, I mentioned two events I had attended in Leeds recently. The first was the Schools Climate Strike event. The second was a lecture at Leeds University highlighting increasing extreme weather events in Africa, the building of capacity to forecast such events, and the need for farmers to review what crops they grow to mitigate the local effects of climate change.

Since I wrote that article, a lot has happened. We have again experienced the effects of climate change in our own country, and we are of course now experiencing what a joined-up world we live in, and how something that begins in one country can quickly spread around the world.

Such experiences can lead, over the next decades, in two opposing directions. Individual countries or regions of the world can either become isolationist, pull up the drawbridge, and demonise 'the other'; or the dramatic changes that we are already experiencing, whether climate change or viruses, can lead us to realise anew that we are ONE world, and need to work together.

For me, investing in Shared Interest, and being involved in the Council, has been one very practical way of fulfilling my need to address in a small way the key issues of the current era, and the ways in which they are affecting the most vulnerable in the world. It is also a way of being made more aware that we are indeed ONE world, and that it is imperative that we understand the needs of other communities in other countries, and spread this awareness to other sections of our society.

It has been a privilege to play a small part in an organisation that has a big impact, and I look forward to remaining involved in Shared Interest in other ways in the future.

Thank You"

### **Voting and Resolutions**

Mary Coyle drew the question session to a close and asked Tim Morgan, as Secretary, to conduct the voting on resolutions and report the outcome of the postal ballots. Resolutions were approved as follows (where applicable the proxy votes were also reported and in each case were also strongly in favour of the resolutions):

1. to receive the Society's accounts for the year ended 30 September 2019 and the reports of the Directors and the Auditor: (For 39, Abstain 0, Against 0 ) [Proxy votes: For 653, Against 0]
2. to receive the Society's Social Accounts for the year ended 30 September 2019 and the report of the Social Audit Panel; (For 38, Abstain 1, Against 0 ) [Proxy votes: For 654, Against 1]

3. to increase the remuneration for the Non-Executive Directors from £3,204 to £3,420 and for the Chair of the Board from £5,046 to with effect from 1 October 2019; (For 34, Abstain 3, Against 2) [Proxy votes: For 637, Against 18]

4. to indicate satisfaction with the arrangements for determining the pay of Executive Directors that are the subject of the report by the Remuneration Committee in the Directors' Report; (For 33, Abstain 6, Against 0 ) [Proxy votes: For 635, Against 17]

5. to re-appoint the firm of PricewaterhouseCoopers LLP as the Auditor of the Society and to authorise the Directors to fix the remuneration of the Auditor for the year ending 30 September 2020; (For 33, Abstain 3, Against 3 ) [Proxy votes: For 620, Against 38]

### **Election of Candidates for Board and Council**

Public declarations of support for the Society's Object from all candidates for election were received. The results of the postal ballot for the election of the following members of the Society as Directors for the year were announced as below. Martin Kyndt was being re-elected to the Board following retirement by rotation and Yvonne Gale and Cristina Talens were being elected by members for the first time having been co-opted to the Board in December 2019, following a recruitment and recommendation from the Shared Interest Nomination Committee:

Name	For	Against
Yvonne Gale	767	19
Martin Kyndt	762	16
Cristina Talens	800	7

The results of the postal ballot for the contested elections for two members of the Society as members of Council were announced. Anjum Misbahuddin and Katherine Wyatt were appointed and the results were announced as follows:

Name	For
Shelagh Baird-Smith	490
Anjum Misbahuddin	504
Katherine Wyatt	569

The results of the postal ballot for the re-election of the following members of the Society as member of Council for the year were announced as follows:

Name	For	Against
Geoff Shearn	702	62

Closing remarks were made by Mary Coyle as Chair, who thanked all members for attending and also offered particular thanks to departing Council member Ashley Wyatt and Directors who were retiring at the end of their term of service on the Board: Keith Sadler (who was present) and Pauline Radcliffe (who was not able to be present). The meeting concluded at 3PM.