



Social Accounts
YEAR ENDED September 2017

**WE SEE
THE WORLD**
as it could be.

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ACKNOWLEDGEMENTS

Drafting of this report was undertaken by the Social Reporting Team at Shared Interest: Kerrey Baker, Laura Carrick, Kodzo Korkortsi, Stina Porter, Sally Seddon, Denise Sumner, Jo Tong, Mark Vassallo and France Villeneuve.

We are grateful to

Dr Mark Dawson, Sue Osborne (Chair), Stuart Raistrick and Rebecca Rowland for providing our independent verification this year.

Front cover image: Nyame Akwan, orange producers in Ghana

Welcome to our 2017 Social Accounts

In 2014, we completed a Strategic Review¹ which outlined our direction for the next five years. As we near the end of that strategy, I am pleased to report in this set of Social Accounts that we have made considerable progress in achieving our goals.

Our lending continues to increase and this year we supported over 160 producer groups, helping almost 375,000 individuals in 60 countries, 30% of whom were women. Our Lending Team is now embedded overseas and this has led to improved customer service, increased our market intelligence, and has created greater opportunities for partnership working.

We strive to work in areas where other lenders are less keen to operate in order to deepen our impact and support those farmers in greatest need. We know that we are one of the few social lenders operating with smaller lending facilities and in many cases work with more vulnerable groups. To widen our reach, we have also started to work with a small number of producers who are not registered or certified but who follow the principles of fair trade. One of them is a sesame seed producer based in Nicaragua. The co-operative was facing the typical challenges of a growing organisation and we provided an export facility to help them reach new markets in order to survive.

You may also notice that as we report on our progress this year we have linked our activities to the 17 Sustainable Development Goals (SDG's)², adopted by the UN General

Assembly to combat poverty and achieve sustainable development. The SDG's are seen as important factors in the lives of 1.5 million farmers and workers within the Fairtrade system and, in particular, the 500 million small-scale farmers and one billion agricultural workers who between them supply 70% of the world's food. While all of the goals are relevant to producers, we believe that fair trade plays a particular role in eight of the seventeen goals; those which are most closely related to trade.

In our strategy we pledged to reach £40 million in Share Capital by 2020 and with the total already standing at £39.4 million we are likely to hit our target next year. The number of investors has also been increasing and I can report that we have seen high growth in new Share Accounts this year bringing the total to 9,689. Members continue to be at our heart and we travelled to five UK cities to meet with our supporters. It was a delight to hear their views.

Financially and politically, it has been a turbulent year, with fluctuating exchange rates and market uncertainty following Britain's decision to leave the EU, all of which have affected our ability to lend. In order to support the size of our lending facilities, we changed our banking partner to Santander Bank during the year, giving us greater flexibility and capacity to reach our producer customers.

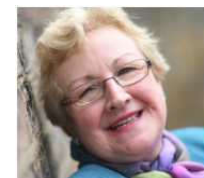
Shared Interest Foundation also completed its strategic review which identified a key focus on training to support producers by strengthening their governance and financial

knowledge. This year, 517 organisations benefited from our training. We also continued to improve the lives of Swazi producers thanks to our four-year project that began in 2015, in partnership with Swaziland International Fair Trade (SWIFT). The support we have been providing to these businesses through tailored training and access to market has translated into business expansion, growth in income and better living conditions for workers. This has resulted in businesses now being measured as 'resilient' in our livelihood impact survey.

It is a pleasure to introduce a set of Social Accounts that detail the real impact behind our activities. We hope you enjoy reading this report, and welcome any feedback.

Please email any comments to membership@shared-interest.com.

Mary Coyle MBE
CHAIR OF SHARED INTEREST



¹ Appendix 1: 2014 Strategic Review Summary document

² www.un.org/sustainabledevelopment/sustainable-development-goals

SOCIAL AUDIT STATEMENT

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Patricia Alexander (MD), Kerrey Baker and Tim Morgan at the Social Audit Panel meeting held on 23rd November 2017. I have examined the revised Social Accounts which were prepared following the Social Audit Panel meeting and which have taken into account various points identified in the notes* of the Social Audit Panel Meeting. We also examined a sample of the data and the sources of information on which the Social Accounts have been based.

We believe that the process outlined above has given us sufficient information on which to base our opinion. We are satisfied that, given the scope of the social accounting explained in the revised draft and given the limitations of time available to us, the Social Accounts are free from material mis-statement and present a fair and balanced view of the performance and impact of Shared Interest as measured against its stated values and aims and the views of the stakeholders who were consulted.

In the notes of the Social Audit Panel was unanimous in affirming that the accounts were clear, comprehensive and thorough, and that much progress had been made in responding to the Panel's recommendations from previous years.

We identified three key issues to be taken into consideration during the next social audit cycle. In particular, we would refer to the following:

- There has been good progress this year to include in the Social Accounts more information regarding outcomes, particularly in Aim 1. We would encourage Shared Interest to further develop the Theory of Change detailed in the current set of accounts to ensure a focus on delivering the intended outcomes and impact of the organisation
- To extend this outcome focus further we would encourage Shared Interest to focus more on reporting outcomes than outputs in Aim 3, thus ensuring the changes that take place from activities undertaken under Aim 3 are fully captured and understood.
- We value the new focus on SDG's in this year's social accounts and encourage Shared Interest to develop this further and share in future Social Accounts how aligning to the SDG's has supported the development of their work.

The members of the Social Audit Panel were:

Sue Osborne (Chair),
Director of the School for Social Entrepreneurs,
Yorkshire, Humber and North East

Dr Mark Dawson,
University of Leeds

Becca Rowland,
Strategy and Marketing Consultant and
Fairtrade campaigner

Stuart Raistrick,
Hexham, Northumberland



* the notes of the Social Audit Panel meeting form part of the social accounting and auditing process and may by arrangement, be inspected along with the full social accounts at the offices of Shared Interest, Pearl Assurance House, 7 New Bridge Street West, Newcastle Upon Tyne, NE1 8AQ. Members of the Social Audit Panel have acted in an individual capacity.

Introduction

THESE SOCIAL ACCOUNTS COVER SHARED INTEREST'S FINANCIAL YEAR FROM 1 OCTOBER 2016 TO 30 SEPTEMBER 2017. REFERENCES TO 'THIS YEAR' AND '2017' SHOULD THEREFORE BE READ AS THE ABOVE 12-MONTH PERIOD

The operations of both Shared Interest Society and Shared Interest Foundation are summarised in three key aims and associated activities.

These aims cover the substantive activities of both organisations.

A full picture of our work can be gained by reading these accounts in conjunction with the Directors' Report and Financial Statements which are available for both Shared Interest Society³ and Shared Interest Foundation⁴.

These Social Accounts were produced in accordance with the process recommended by the Social Audit Network UK (SAN). This includes an audit by an independent panel, chaired by a SAN qualified social auditor, members of which are listed on page 5. In accordance with this approach, we compile these accounts using a combination of internally generated data and consultations with key stakeholders. Full details of our stakeholders and our methods of consultation can be found on pages 38-39.

Where we have quoted comments in the Social Accounts, we have selected these to be an illustrative sample of the balance of opinions from the consultations conducted.

AIM 1:	Aim 2:	Aim 3:
<i>Provide financial services and business support which make livelihoods and living standards better for people as they trade their way out of poverty</i>	<i>Develop our community of investors, the support of donors and volunteers, and partnerships with those who share our commitment to fair and just trade</i>	<i>Manage our resources in line with our principles of love, justice and stewardship</i>
Activity 1: Provide lending directly to producer businesses	Activity 1: Attract and retain investors, donors and volunteers	Activity 1: Ensure good financial stewardship of our investments and donations
Activity 2: Enable more producer businesses to access finance by providing financial services to their buyers and delivering training.	Activity 2: Act co-operatively, valuing the views of our membership and wider supporters	Activity 2: Encourage staff talent and commitment in an environment of mutual respect
Activity 3: Building sustainable support for Fair Trade businesses	Activity 3: Collaborate and innovate with partners	Activity 3: Practice good environmental stewardship

³ Appendix 2: Shared Interest Society Directors' Report and Financial Statements

⁴ Appendix 3: Shared Interest Foundation Financial Statements

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.

Shared Interest Society plays an important role in the fair trade movement.

With 9,689 accounts, each investing between £100 and £100,000, we are able to lend money directly to businesses across the world. You can read more about our different types of lending in Appendix 4.

These businesses range from sole traders to large organisations and encompass individual producers to large scale coffee co-operatives and buyers. We offer a variety of lending options that enable our customers to finance orders; purchase essential machinery and infrastructure; make advance payments to farmers and artisans; and finance inventory for new shops selling fair trade goods.

In addition to finance provided by Shared Interest Society, Shared Interest Foundation provides financial training and business support to fair trade producers.

Shared Interest Foundation is supported by donations and grants from 513 donors.

You can read more about Shared Interest and our achievements over the last 27 years on our website⁵.

We report on our performance during the year under the three aims detailed on page 6. These organisational aims contribute to the achievement of our mission.

The Society and Foundation have a shared mission and set of values which is to conduct our business in a manner which reflects the principles of love, justice and stewardship.

We will:

Work co-operatively with our members as we take and share risk

Value and engage our donors and supporters

Encourage the commitment, talents and energy of our staff in an environment of mutual respect

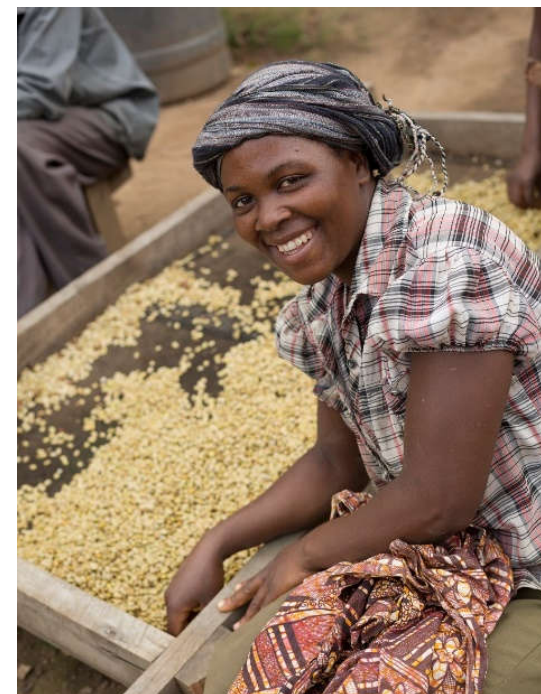
Work to recognised fair trade standards

Respect the diversity of different cultures

Place partnership at the heart of what we do

All aims and accompanying activities are reviewed annually by the Social Reporting Team and approved by the Board of Directors.

The key stakeholder groups within each aim are listed but a full stakeholder list is available on page 38. Read in conjunction with our Directors' Report and Financial Statements in Appendix 2 & 3, these aims cover all areas of our organisation.



⁵ www.shared-interest.com/about-us/our-history

Our Impact

We bring together over 11,500 individuals to achieve a common goal, pooling their £39.4 million of investments. We then use these funds to provide loans and credit facilities. Fairtrade International believes that fair trade plays a particular role in SDG's 1, 2, 5, 8, 12, 13, 16 and 17 which are those goals most closely related to trade. Our lending is generally unsecured and we share this risk among our members.

The people we are trying to help with our lending are producer groups, and we lend in two ways: directly to fair trade producer groups (producer lending), and to fair trade wholesale or retail businesses (buyer lending). An explanation of the different types of financial products can be found in Appendix 4.

Most funds lent to buyers are used to pre-finance orders. Fair trade buyers often want, or are required to provide producers, with a part payment on placing the order. This can place financial pressure on the buyer, particularly when the time between order and delivery can be several months. This is compounded if the products require processing or packing before selling on to the end customer. We send this money to producers on behalf of the buyer. These are referred to as 'recipient producer payments'.

We offer term loans for the purchase of assets such as a truck, or infrastructure such as a cableway to help move bananas, however the majority of our lending can be classed as short term rolling facilities. This is usually in the form of export credit, providing working capital to help a producer group fulfil their orders or a stock facility for building up raw materials.

Both types of lending are designed to be repaid as contracts are fulfilled.

The funds are then available to lend again. As a result, the value of payments made is greater than the value of lending facilities provided. This year, we lent every £1 invested 1.6 times and supported 374,946 individuals.

In some instances, the payments we make include funds which are not borrowed from us. These funds are sent from commercial buyers for specific orders against which we have lent.

For example, when an order is placed by a commercial coffee buyer, we lend the producer up to 80% of the order value. On delivery of the product, the commercial buyer pays us the full value of the order. We then deduct the funds lent, plus any interest generated (the buyer pays the interest not the recipient producer), and then pay the remaining amount of money directly to the producer.

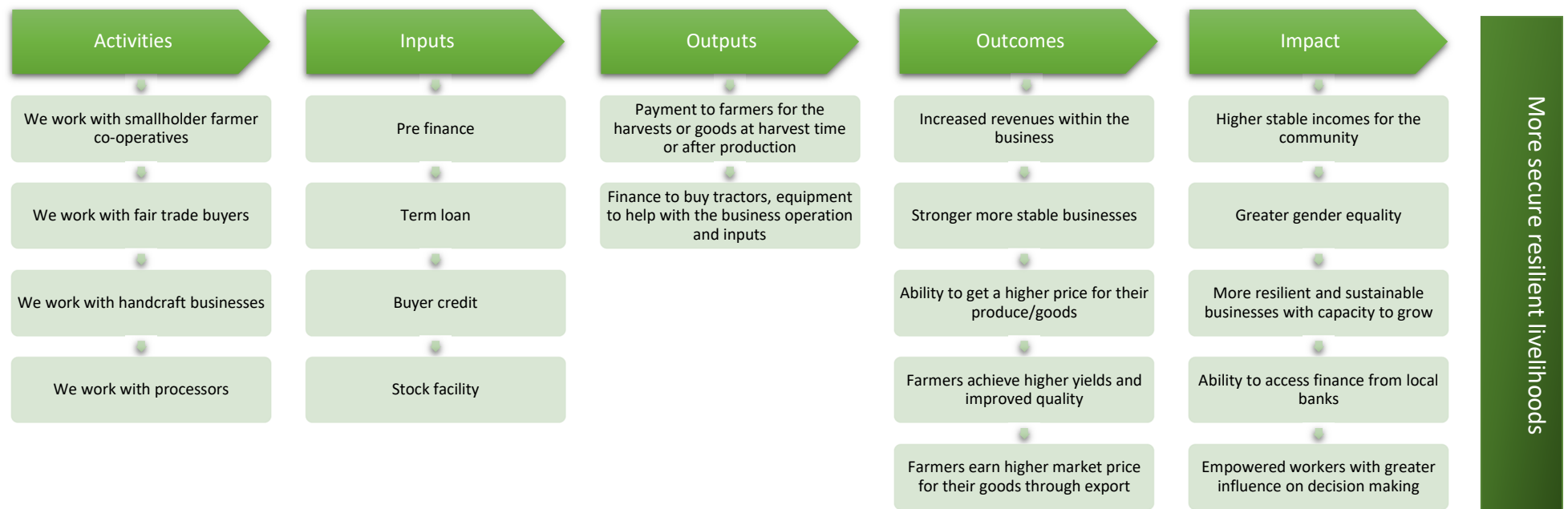


The supply chains behind certain products can be difficult to trace. They are characteristically diverse, as they can contain many producers, processors and buyers. They can include a wide range of farm sizes or handcraft groups and include individuals from varying economic and social statuses. Producers often have limited recorded information and although our monitoring and evaluation processes are capturing the main outcomes, we are not able to say that they resulted directly from Shared Interest intervention.

We have been embedding more monitoring and evaluation metrics into our activities and our Monitoring and Evaluation (M&E) Committee has been working to create an impact measurement scorecard which will be embedded in our new lending database.

This means we will be able to track progress but, as we have not entered previously collected data, analysing historical trends is limited at present.

To measure the impact of our financial support, we must make many educated assumptions. The fundamental assumption is that the outputs we are measuring (e.g. the payments to producers) are causing the outcomes we desire (e.g. higher more stable incomes for the producer groups or individuals).



Aim 1

*PROVIDE FINANCIAL SERVICES AND
BUSINESS SUPPORT WHICH MAKE
LIVELIHOODS AND LIVING STANDARDS
BETTER FOR PEOPLE AS THEY TRADE
THEIR WAY OUT OF POVERTY*

Activity 1: Provide lending directly to producer businesses

Sustainable development can be defined as meeting universal basic needs and extending to everyone the opportunity to fulfil their aspiration to live in dignity. In the 2030 Agenda⁶, meeting those basic needs is linked to access to natural resources. For example, in SDG 2, access to food is linked to access to land, which in turn is linked to poverty reduction (SDG 1) and gender equality (SDG 5).

By connecting smallholder farmers and artisans to commercial markets, our lending has the opportunity to help provide employment to rural populations. By supporting these businesses, we have the potential to generate sustainable economic growth for households and communities (SDG 8).

An estimated two billion of the world's poorest people live in households in developing countries, and depend on agriculture in some form for their livelihoods⁷. These businesses struggle to access the credit they need to sustain and grow their operations and in a recent report

by Dalberg⁸ they identified an estimated gap of USD 210 billion in available finance.

Shared Interest is one of a number of social lenders working to fill this gap and we continue to follow the strategy set in 2014, which is to remain a trusted and respected provider of ethical finance, with a particular emphasis on working with some of the more vulnerable groups with whom other lenders are less keen to support. A large proportion of our lending is also unsecured.

Map 1 & 2 on pages 20 & 21 show the location of our customers and the reach of our payments.

The adjacent chart gives a more detailed summary of the total payments made to both producer customers and to producers on behalf of buyers.

As mentioned earlier, the majority of our lending can be classed as short-term rolling facilities, providing working capital to help producer groups fulfil their orders or help purchase stock. This lending is designed to be repaid as contracts are fulfilled. The funds are then available to be lent again.

We continue to strengthen our direct relationship with producers and the value of funds lent directly to them has increased slightly from 60% to 63% since last year.

We have represented the data in £sterling, 95% of the payments were made in other currencies and predominantly USD and EUR. Fluctuations in exchange rates therefore have a significant impact. The decision to leave the European Union resulted in a weakened pound and reduced our capacity to lend. Our reported growth is

however comparable to that reported by The Council on Smallholder Agricultural Finance (CSAF) in their recent sector report⁹ representing 11 leading social lenders, including Shared Interest.



As you can see from the next chart, South America received the highest total of payments. It is also important to note that a large proportion of payments made on behalf of buyers went to Asia and the Middle East. Due to political and economic constraints, we are unable to work

⁶ www.un.org/sustainabledevelopment/development-agenda

⁷ Segmentation of smallholder households 2013. Christen, Peck & Anderson

⁸ Appendix 5: Dalberg Global Development Advisors report, INFLECTION POINT: Unlocking growth in the era of farmer finance

⁹ Appendix 6: The Council on Smallholder Agricultural Finance (CSAF) State of the Sector Report 2017

directly in these areas but by working through buyers we can still reach the producers.

A proportion of payments are also made to fair trade suppliers and artisans within Europe and North America.

Total payments per region made to producers and on behalf of buyers

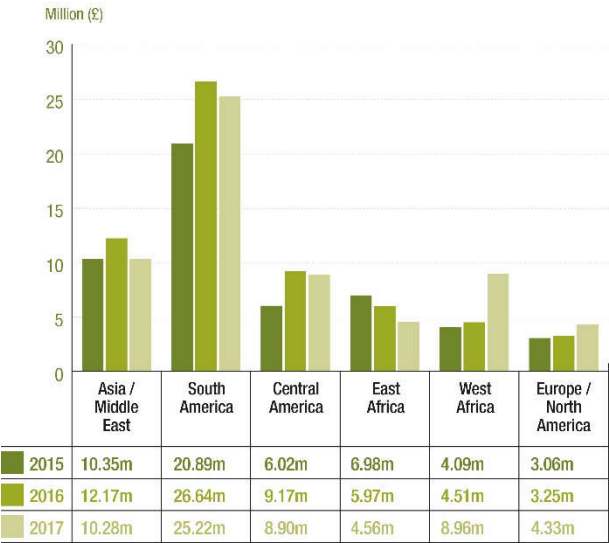


Fig 2

When managing our lending, we split the portfolio into three regions; Africa, Latin America and Northern Hemisphere and Pacific Rim (NHPR). In 2017, we achieved the forecasted income in each region except NHPR, although higher borrowing in Latin America balanced the overall total income. A more detailed analysis of each region is shown on the following pages.

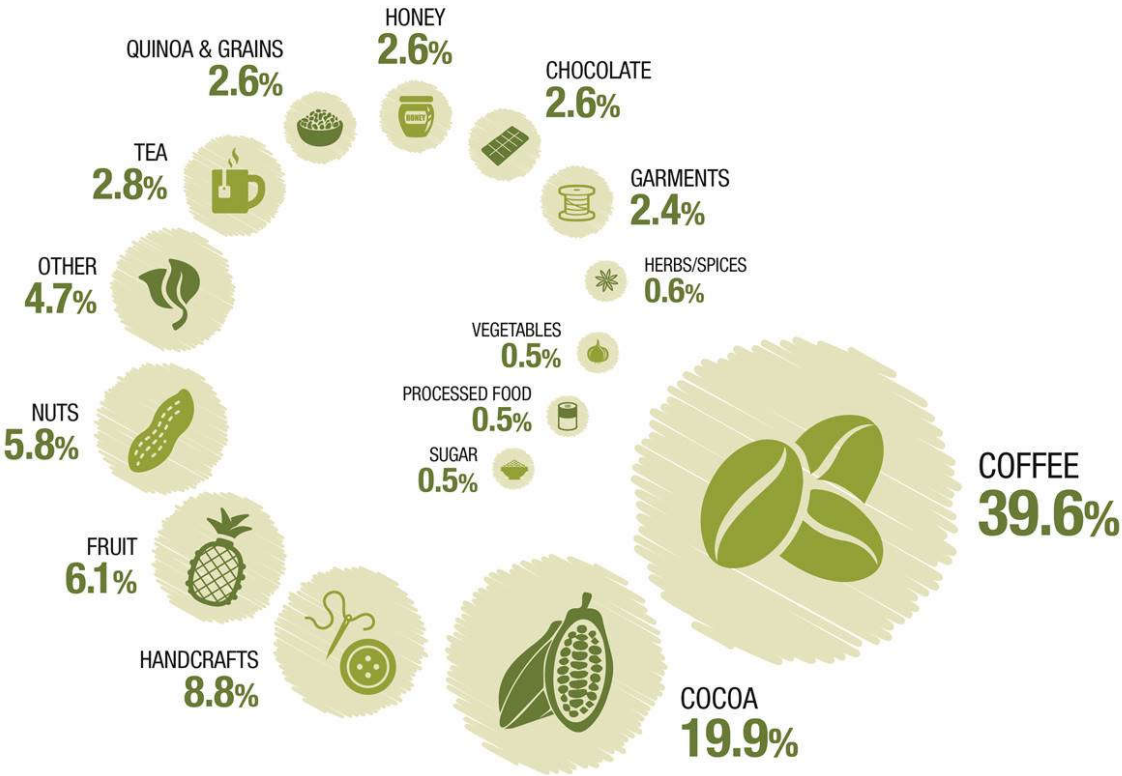
The types of products our lending supports has continued to diversify and this has helped us reach more producers. Our lending against coffee has reduced from 47% in 2015 to 40% in 2017 but remains our largest exposure. This is largely due to the scale of Fairtrade coffee production with more than half of all Fairtrade producers growing this commodity.

We manage our risk in this area by having sight of the contracts held by buyers.

The percentage of approved cocoa lending increased from 11% in 2015 to 16% in 2016 and nearly 20% in 2017.

Handcrafts and home décor products continue to have an important place in our lending, with 11% of payments going to these producers. It is important to note that we believe that our lending has a greater social impact to these groups because the majority of other social lenders do not offer financing to this sector.

The chart below shows the split of lending for different types of products as a percentage of our approved lending.



To ensure we use our Share Capital effectively, we take advantage of the different harvest seasons across product types and regions. For example, when the coffee harvest in South America finishes, the Central American harvest begins, meaning that their borrowing peaks rarely coincide. This allows us to commit a higher value of lending than the total value of our Share Capital. We control the risk attached by setting a prudential limit on all approved facilities to 135% of our Share Capital and reserves.

Since our 2014 Strategic Review we have strengthened our overseas presence through our regional offices in Costa Rica, Ghana, Kenya and Peru. This has helped us grow the proportion of direct producer lending and increased our understanding of the communities we are working within. This has also resulted in a greater proportion of our members' Share Capital being used to directly support producers in Latin America and Africa.

The adjacent graphic shows a summary of the key indicators we compile to measure impact. Together they show an increase in the amount of producer groups we work with, and consequently the individuals we are impacting within those groups.

Of the 374,946 farmers and artisans (2016: 361,576) supported by the producer groups, 30% are women (2016: 29%) and 7,254 permanent employees (2016: 6,645). Although we are unable to quantify what proportion of the revenues generated by the 160 producer organisations was related to Shared Interest support, we estimate that collectively, they earned £494 million, a 97 % increase from last year.

Committed lending and payments to all customers in relation to Share Capital

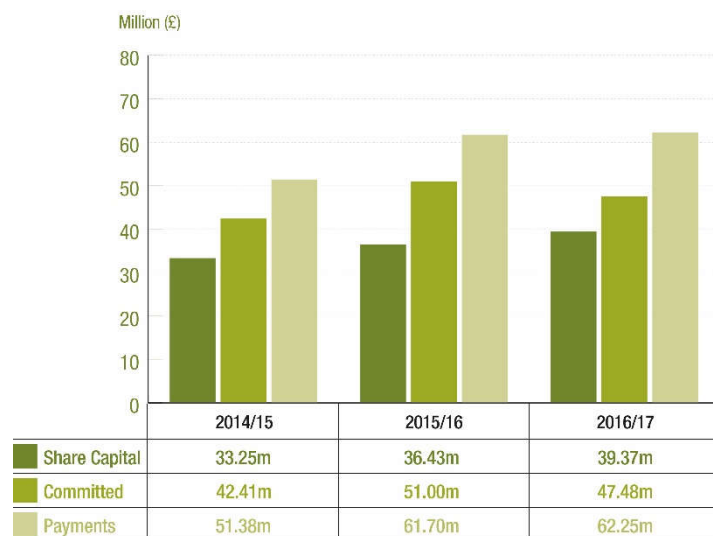


Fig 3



Latin America Region

Latin America has experienced significant transformation over the past 15 years but, despite this, the World Bank estimates that 11% of the population still lives in extreme poverty (USD 2.50 a day) and 12% on less than USD 4 per day. A further 39% of Latin Americans live on between USD 4 – USD 10 per day and remain vulnerable to falling back into poverty. Over half (82) of the producer groups are based in Latin America (51% of portfolio). This percentage represents 56,383 individuals out of the total 374,946 we impacted last year, 25% are female and most fall into the 'extremely poor' or 'vulnerable' categories.

Payments made to producers in this region totalled £28.34 million, (see fig 4). 73% of the total payments sent by Shared Interest. This was significantly greater than other regions due to the larger number of facilities provided to coffee producers. It should be noted that half of the world's Fairtrade coffee and cocoa is produced in Latin America and coffee is a much higher valued commodity in monetary terms, compared to other products such as fruit or handcrafts. The portfolio reflects this with 87% of total payments in this region going to cocoa and coffee. Of all the countries in this region, Peru is the largest in terms of total value of payments (£20.18 million) and number of payments (284) made.

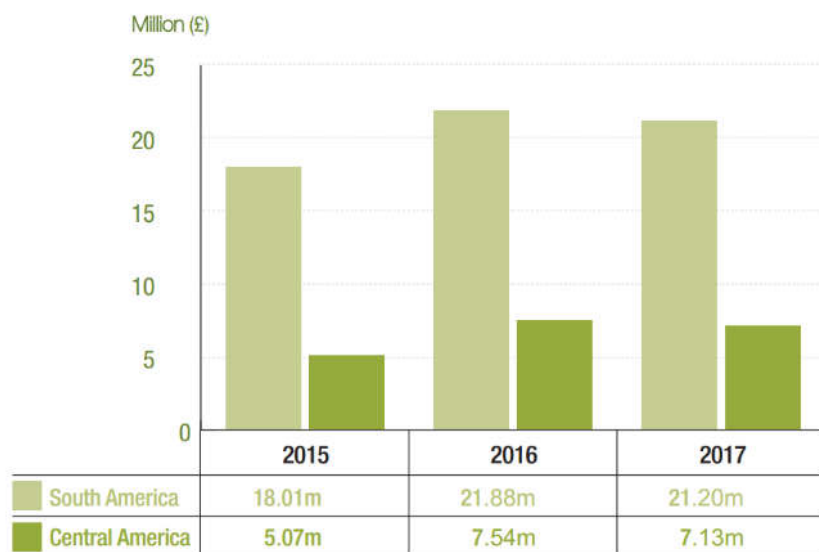
It is reassuring that most of the coffee organisations that suffered from the Roya outbreak (a fungus that causes the leaves of the coffee tree to drop, which prevents the normal growth of the coffee cherries), mentioned in previous reports, have renovated their farms and introduced better agricultural practices, which are now having a positive impact on productivity, and an increase in the income generated for their families.

In this region, 19 new lending proposals were approved this year. There was some diversification of the portfolio with the introduction of avocado in Mexico, sphagnum moss, cañihua and chia in Peru. To widen our reach, we have also started to work with a small number of producers who are not registered or certified but who follow the principles of fair trade. One of these was a sesame seed producer, based in Nicaragua. The co-operative was facing the typical challenges of an

organisation needing to increase their exports in order to survive and we assisted with an export credit facility this year.

Although new customers have been attracted in the region, overall there was a net decrease in the customer base by two. The Council on Smallholder Agricultural Finance (CSAF) report that across all social lenders, total payments to South America and Central America reduced in 2016/2017, largely due to environmental challenges facing coffee and cocoa growers (Appendix 6). Droughts experienced in Central America over the last two years have been followed by the “La Niña” weather phenomenon which has brought more rains to the area. “El Niño” has severely affected the Northern Coast of Peru, with rain bringing landslides and floods, damaging crops and transport infrastructure. As the majority of the crops we finance are shipped through ports, difficulties in access affected the usual level of export sales, and as a result, our lending.

Payments made to producer customers in LATIN AMERICA



Producer consultations in Latin America

Our Lending Team consults with customers throughout the year but in addition to this, we undertake surveys and hold producer committees.

We surveyed¹⁰ 80 producer groups in Latin America and received 29 responses from five different countries, a 36% response rate. Results show that over 70% of respondents produced coffee and over 75% have less than 25 employees. When asked if Shared Interest’s financial services can overcome their challenges, 89% of respondents said that working with Shared Interest had helped them.

In addition, 78% of respondents agreed or strongly agreed that working with Shared Interest had improved their production efficiency. Of the responding organisations, 89% said our customer service was of very high or high quality.

“We increased our volume of exports, which has allowed us to lower costs and give more of the coffee price to our producers” UCA San Juan de Rio Coco

Seven producers attended this year’s Latin American Producer Committee, representing cocoa, banana, handcrafts and coffee growers. When asked how Shared Interest differed from other social lenders, they said that we did not request security and credit is provided before the harvest begins. (Other lenders and local banks typically provide the credit once the harvest has begun). They appreciated the fact that we had a key local contact and applied a flexible and speedy approach to communications. They also highlighted that although there was some training available from other social lenders and local NGO’s they expressed a need for technical assistance in good agricultural practices, financial management, and coffee hedging tools.

“Being such a small producer, typically out of the scope for local banks and social lenders, it is remarkable that Shared Interest has been able to support us with a loan aimed to strengthen our plantation renewal program. Otherwise, we would have advanced very slowly in our efforts fighting Roya.” Wilson Colindres, GM, Coaprocl.

IN 2017...

WE APPROVED
19
PRODUCER LENDING PROPOSALS
THIS INCLUDED
6 NEW CUSTOMERS
AND
13 EXISTING
CUSTOMER INCREASES
FOR 10 DIFFERENT PRODUCTS

¹⁰ Appendix 7: Producer Survey

Fig 4

Impact Case study

Coffee is one of the world's most popular beverages. 80% of this product is grown by 25 million smallholders; many of whom still live in poverty.

Fairtrade certified coffee producers are guaranteed to receive at least the Fairtrade Minimum Price for their coffee. The aim is to cover their production costs and create a safety net when market prices fall below a sustainable level. The co-operative also receives the additional Fairtrade Premium and decides how this is spent, usually by investing in the business or making community improvements.

Cecafé is one of those small co-operatives. It works with 500 individual coffee producers, including 112 women, in Lonya Grande, Utcubamba, Peru. The organisation was founded a decade ago with the support of the Missionaries of the Sacred Heart, a Mexican Catholic congregation helping disadvantaged groups in the area.

Fairtrade certified since 2006, Cecafé focuses exclusively on organic coffee cultivated at an altitude of 1150-1750 metres above sea level. The farmers ensure there is minimal impact on water and soil quality, as they carefully manage wastewater and use the coffee pulp for compost. The co-operative also promotes and sells organic fertilisers to their farmers. Once harvested, the Arabica beans are generally sold for export, with a small proportion roasted and sold locally.

Since 2013, Shared Interest has provided an export credit facility to pay farmers promptly at harvest time and increase Cecafé's overall production capacity. The co-operative is now able to meet the growing demand for coffee and they claim to be more cost-effective which is vital when competing in international coffee markets.

Just two years after Cecafé received finance, they were able to deliver a series of workshops with over 1,300 participants. Farmers learnt about certification standards, occupational health and safety, and soil management. They also used the events to launch a 40-year reforestation project, and a new USD 13k fund for members to use for illness support or educational purposes. Since the training, the co-operative has more than doubled its production. Coffee quality has improved and this has led to buyers increasing their orders. Cecafé has also invested in a nursery, providing 750,000 young coffee plants to members at a fair price.

"The finance from Shared Interest has been beneficial as it allowed us to gather more coffee from members, allowing more producers to cope with increasing export sales, and improve the flow of operations of the co-operative. This also generates an additional Fairtrade Premium that has a positive impact on the members. In addition, the finance will be helpful to accelerate the payments to the farmers." Elmer Sanchez, General Manager



Africa Region

There has been marked progress on reducing poverty over the past decades. The world attained the first Millennium Development Goal target - to cut the 1990 poverty rate in half by 2015. Half of the world's poorest people, living on less than USD 2.50 a day live in Sub-Saharan Africa¹¹. We feel that our work in Africa is vital and we know that we work in many areas where other social lenders are reluctant to operate. We also work with some of the smaller and more vulnerable groups who do not meet the lending criteria of other lenders.

Of the total 160 producer groups we work with, 47% are based in Africa and this represent 318,095 individuals (31% were women) out of the total of 374,946 people impacted by Shared Interest.

Payments made to producer customers in AFRICA



Fig 5

This is because there are more small scale farmers in Africa compared to other regions.

We made £10.24 million worth of payments to these producers, representing 26% of the total payment sent to our entire producer portfolio. Côte d'Ivoire is of particular importance within our lending portfolio due to the large proportion of the world's Fairtrade cocoa being produced in West Africa which is reflected in our portfolio (Payments totalling £6.5 million to 10 customers in Côte d'Ivoire).

CSAF reported a 50% growth in business in the African region for all social lenders and this is reflected in our performance with total payments sent in West Africa

increasing from £4.5 million in 2016 to £8.9m in 2017 (Fig 2 on Page 11).

In this region, 16 new lending proposals were approved. As expected, the product that needed more finance was coffee in East Africa. This was due to more coffee co-operatives in Rwanda becoming Fairtrade Labelling Organisation (FLO) certified following increased government support. Lending to cocoa producers in West Africa also increased following an extended harvest in 2017 and a higher number of contracts requiring finance.

The drought in East Africa did, however, affect both production volumes and the quality of the coffee/tea harvested. This, together with the lower tea auction prices, reduced the producers revenue earned. Overall payments to producers in East Africa have fallen by over 50% in the past two years due to account closures and customers reducing their borrowing.

In West Africa, we share an office with Fairtrade Africa (FTA) and work closely with them, Fairtrade network of Ivory Coast (RICE) and World Fair Trade Organisation Africa (WFTO Africa), collaborating wherever possible.

One key challenge in this area is poor governance within many of the co-operatives, making them more vulnerable and in need of closer observation. Information gathering can be difficult and there is less transparency within the organisations.

Our Lending Team consult with our customers throughout the year but in addition to this, we undertake surveys and hold producer committees. This year, a survey was sent to 79 customers in Africa and received 28 responses from 10 different countries, a 35% response rate. Results show that 43% of respondents produced cocoa, and 50% had less than 25 employees. When asked about their relationship with Shared Interest, 88% of respondents said that working with us had a direct impact on the long-term sustainability of their business. In addition, 88%



¹¹ www.worldbank.org/en/region/afr/overview

of respondents agreed or strongly agreed that if they needed further funds, Shared Interest would be their first choice. Meanwhile, 91% of organisations said our customer service was of very high or high quality.

“Shared Interest in addition to lending money, provides follow-up counselling and takes into account the social dimension” Association Ton

“It has positively affected our organisation in terms of growth in asset base, increased employment and liquidity. There is also an increase in women and youth participating in farming.” Kabuboni

We also held two producer committee meetings in Africa; one in Burkina Faso and the other in Nairobi, Kenya. Both meetings were well attended with 14 different organisations represented. They all agreed that they had seen a great impact on their organisations from our lending. They commented that their income, production, and membership had grown since we started working with them. Most felt that Shared Interest should provide technical assistance, as there was a significant need to build the capacity of the producers. Some of the attendees felt that, although we provide a good service, our interest rate is seen to be more expensive compared to other social lenders.

Impact Case Study

Founded in 1996 by a group of four graduates, Tarazo is a handcraft producer specialising in soapstone sculpted gifts, based in Kenya. Employing 400 people directly, Tarazo¹² also works with around 250 producers and suppliers. The Managing Director, Muriuki Njeru, estimates that at least 5,000 people from

Tabaka and surrounding communities benefit either directly or indirectly from the business.

One of these producers is Thomas Okemua Onderi. Now aged 46, Thomas was the youngest of a family of five. When his parents died, he began working in mines, selling the artefacts he carved. His goal was to earn enough to fund his education but he never achieved the income required. Then, with three children of his own and a full-time carver, Thomas was looking for a regular income so he could provide more than one meal a day for his family. Since he started selling his goods to Tarazo in 2013, he's been able to build himself a three-bedroom house with the proceeds, and pay his children's school fees on time and in full.

“Thanks to Tarazo and their partner Shared Interest, I live in a new house with my family and my children are well fed.” Thomas

Veronica Nyabiaga is 30 years old and a mother of two. She's been supervisor of Tarazo's sanding and washing section for eight years. Before this, she used to sand and wash handcrafts for shop owners for very little financial return. More often than not, she went home without any cash. With her husband being unemployed and the house her mother built decades earlier reaching collapse, the family's living conditions deteriorated. Now she's built a new house and relocated the family. Her children no longer go to bed without food, or return home from school early because the fees are unpaid.

Shared Interest provides Tarazo with an export credit facility so that they can sell their goods in Australia, America, Canada, and Europe. As they export 100% of their goods, this financial facility is a lifeline to an organisation focused on the wellbeing of their community. Helping far more residents than those they employ, Tarazo also raises money for out of work

families to pay for healthcare and school fees.

“There is adequate food stuff in the house and my children eat well. I am now able to pay their school fees and I provide them with the necessary learning materials for them to excel. I was afraid my children would end up dropping out of school but thanks to Tarazo, I am prepared to see them through to university.” Veronica Nyabiaga

“Shared Interest's credit facilities have enabled Tarazo to employ many men, women and young people whose daily existence depends on the business of the organisation.” William Lawrence Omwere Arungo, a former Chief of South Mugirango Chache (the surrounding area where Tabaka is situated)



¹² Appendix 8: Full longitudinal study on Tarazo

Northern Hemisphere and Pacific Rim (NHPR) Region

This region consists mainly of buyer organisations in North America and Europe (33) with a small proportion of producers in Asia (3).

Of the funds lent to buyers, 89% are used to pre-finance orders and Shared Interest is one of the few social lenders to provide credit facilities to buyer organisations in the Northern Hemisphere. Without these buyer organisations, many producer groups would have limited market access. There are also four term loans to customers in this region with the majority being for debt consolidation.

Fair trade buyers often want, or are required to, provide producers with a 50% payment on placing the order as per the WFTO fair trade principles¹³. This can place financial pressure on the buyer cash flow, particularly when the time between order and delivery is several months. This situation is compounded when products require processing or packaging, before selling on to the end customer. As mentioned earlier in the report, Shared Interest plays a vital role in filling this gap by sending money to producers on behalf of the buyer; we call this a 'recipient producer payment'. This year we made 1,718 recipient producer payments to 270 organisations in 58 countries.

In the adjacent graph, you can see a breakdown of payments made to producer organisations who do not hold an account with Shared Interest but who do receive payments from us on behalf of their buyer partners. Although this region has less customers, the total payments equal £23.28 million (see the adjacent graph).

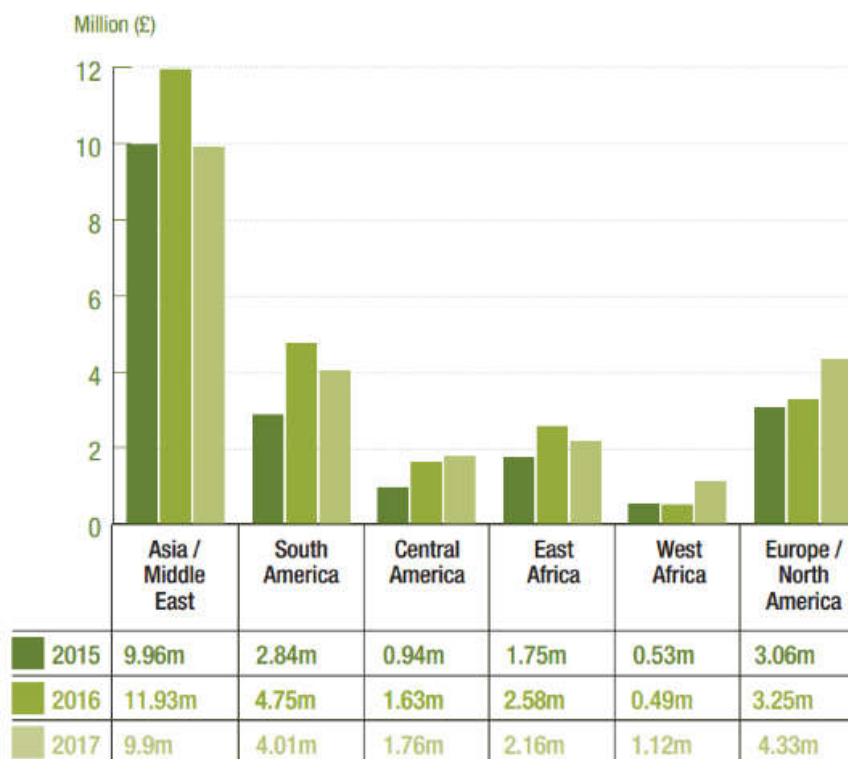
The majority of recipient payments are sent to Asia, primarily to Nepal, Bangladesh, India and Pakistan where there is a large concentration of fair trade producer organisations. We are unable to lend directly to producer organisations in these countries due to their financial regulations but by providing a facility to buyer

organisations, we can indirectly assist these producers to access working capital.

As the portfolio in this region is diverse, there is no predominant crop or product. Most of the customers within this region are importers who sell a variety of products ranging from: processed foods such as cookies, cereal bars, to jewellery, clothes and home décor. During the year, we were able to secure a new customer making board games, which was a first for Shared Interest.

Unlike producer customers in Africa and Latin America, the NHPR portfolio does not face the same challenges, as most of the customers communicate regularly and provide up-to-date information which generally highlights any issues before the customer is at risk of going into arrears. That said, we do also work with small buying organisations who are not required to have audited accounts due to the size of their business.

Total payments made on behalf of buyer customers by region



IN 2017...



WE APPROVED

8

BUYER LENDING PROPOSALS

THIS INCLUDED

2 NEW CUSTOMERS

AND

6 EXISTING CUSTOMER INCREASES

FOR A TOTAL OF

£675,955

¹³ www.wfto.com/fair-trade/10-principles-fair-trade

Fig 6

Many buyers have experienced a turbulent year, with substantial pressure on their business operations. Those working with Fairtrade ingredients have experienced changes within the licensing system, allowing food composite products to carry the mark provided that 20% of the ingredients are Fairtrade. In the UK, many of our buyer customers have said that, this has led to consumer confusion and manufacturers have found it harder to differentiate their product from others on the shelf. Those organisations selling handcraft items have seen a general decline in consumer demand, higher levels of competition and greater pressure to provide premium quality items. As a result some have been forced to restructure their businesses; focusing on fewer handcraft producers, reducing stock levels and ultimately requiring less financial support.

Customer consultations

This year, we sent a survey to 37 customers and received 15 responses from six different countries; a 40% response rate.

The survey was sent to mostly buyer organisations (34/37), results show that 47% of respondents have less than 25 employees.

When asked, 90% of respondents said that the individual producers they worked with had seen an improvement in their living standards as a result of working with Shared Interest. In addition, 90% of respondents agreed or strongly agreed that working with Shared Interest has made a direct impact on the long term sustainability of their business. One of the biggest challenges faced by the respondents was their ability to get the goods delivered on time. All the respondents said our customer service was of very high or high quality.

“We felt comfortable and respected by our dealings in whatever way as compared to other local lending institutions or lending programs. It's like a family, Shared Interest is like our big brother. He's got us covered, when it comes to financing.” Salay Handmade Products Industries Inc.

“Shared Interest has allowed us to increase our purchases from smallholder farmers, to pay them more promptly, and to grow as an organization in a market that is otherwise not suited for smallholder farmer inclusion (the industrial food ingredient market).” Andean Naturals

Impact Case Study

Following a life-changing trip, to Uttar Pradesh, Simon Hawthorne and his wife Julia started Life Association Ltd, a registered charity that has been building and managing schools and children's homes in some of the most disadvantaged communities in India. In 2010, they started selling clay candles, using all profits to support their work overseas.

Due to the popularity and success of the product range, a company was formed in 2013, known as Dalit Candles Ltd., this time with suppliers exclusively based in India. Their candle clay pot range is hand crafted by skilled potters from the Dharavi slum, which is said to be the most densely populated place on earth.

The orders are very seasonal and they have to order a large batch as there is at least four months that it is more difficult to receive the orders; i.e. during the monsoon (July to September) and during the Diwali festival (October). Due to these seasonal peaks it is difficult for the company to make the required pre-payments for their orders.

Shared Interest provides a buyer credit facility which is available to Dalit. When they place an order for goods they send an instruction to us and we then send funds, as a part payment (pre-finance) for the order, to the producer.

The sale of Dalit products makes a real difference to the lives of many Dalit children who would otherwise receive no education and can grow up in a safe and loving environment. In Mumbai, where their Dalit candles business is also based, they have a children's programme through their charity Life Association which provides a home for children who come from some of the most difficult backgrounds after living on the streets of Mumbai or are rescued from child prostitution. They are then adopted for life into a Christian home. The work of Life Association brings hope to children who would otherwise be hopeless, exploited and in many cases abused. All funds raised for their child sponsorship programme go directly to the children, without additional administration costs. In 2015 their charity Life Association opened their first hospice and health centre.

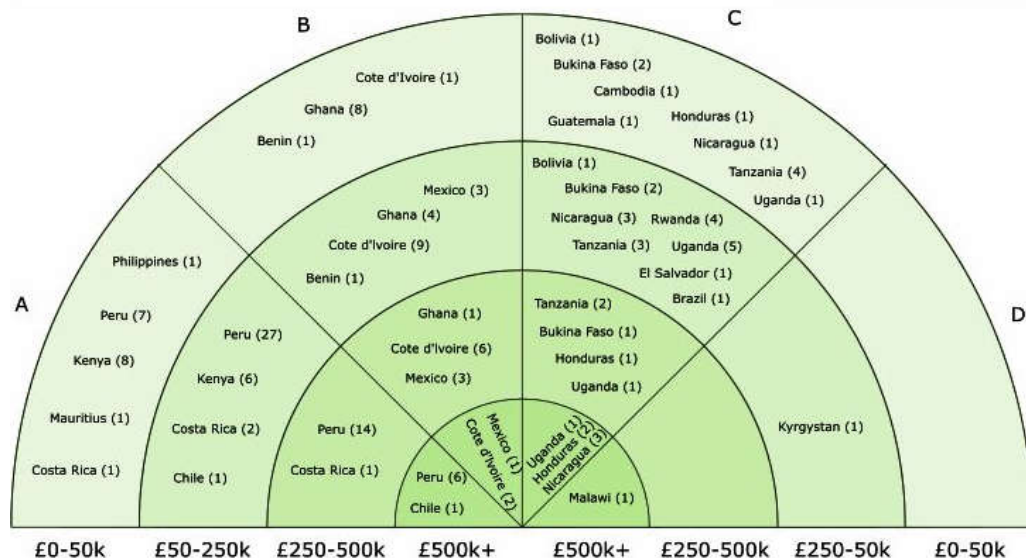


Country risk

We balance the desire for our lending to reach those who need it most, with the need to avoid placing our members' capital at excessive risk. To control our country-related risk we use an independent evaluator organisation, which provides a country categorisation of A to D, with D being the riskiest. Prudential limits are then set to control our exposure to countries in C and D categories. A more detailed explanation of country risk can be found in Appendix 9.

The following chart shows where we lend, and the number of producers we lend to in relation to their country risk category. Although we have a large number of producer organisations based in Category A countries such as Peru; the producers we reach here are typically living in disadvantaged rural communities, with limited access to the country's infrastructure.

Fig 7. Chart showing the country risk category across our portfolio



We have a large facility in excess of £500k in Malawi, positioned in the highest risk category, D. This is a large coffee co-operative where we have established links with their commercial buyers, many of whom are also buyer customers of ours, which we feel mitigates our risk.

Interest Rate

Over the year, Shared Interest USD prime interest rate has increased by 0.75% in response to the increase of the US Federal Reserve by the same amount. Although this increase has affected some of our customers, Shared Interest is usually competitive compared to other social lenders and sources of finance including banks. These comparisons show that, despite increasing interest rates Shared Interest continues to offer a competitive rate to producers, considering that most of our lending is unsecured.

This is notable in the case of East Africa, as 75% of overall borrowing in that region is secured, making Shared Interest an attractive choice.

As per last year, our only secured lending was in West Africa where there was a personal guarantee secured against handcraft producers. Customer feedback shows that in many cases, the overall cost of our lending to producers is lower than other lenders because of the way our facilities are structured. However, our interest rates tend to be higher for term loans due to the risk related to lending for an extended period of time.

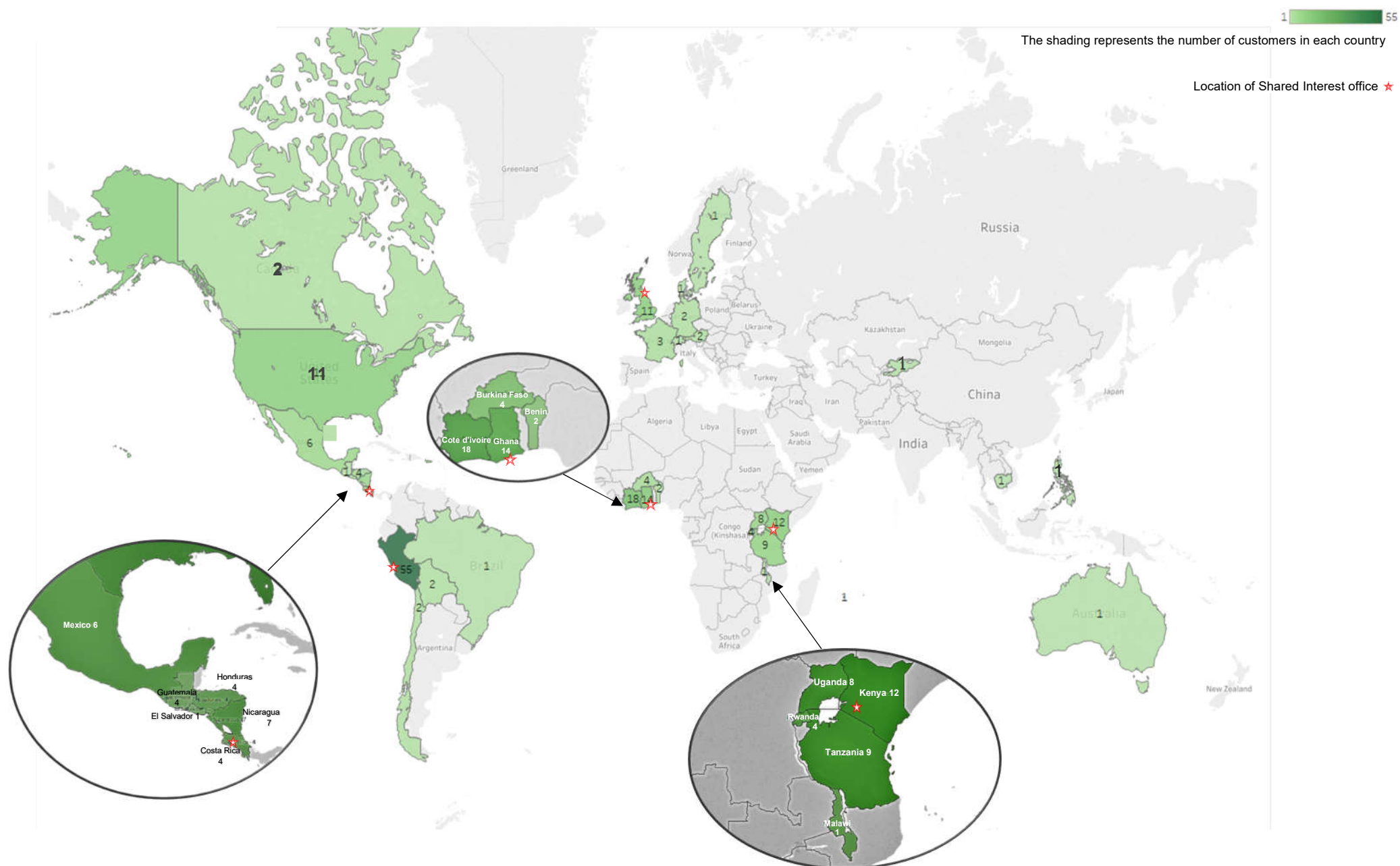
The region where we are facing most competition is South America, due to the number of other social lenders working there. In both Peru and Nicaragua there are 10 social lenders operating but there is also a far higher number of producers requiring finance.

Fig 8. Interest Rate comparison table

		Alternative Lender		Shared Interest	
Region		Line of Credit %	Term Loan %	Line of Credit %	Term Loan %
Central America	Secured	12.41	10.84		
	Unsecured	11.83	10.07	10.53	10.90
East Africa	Secured	14.82	12.31		
	Unsecured	10.23	12.50	10.08	10.98
South America	Secured	10.17	10.37		
	Unsecured	10.00	10.27	10.64	10.40
West Africa	Secured	11.13	9.23	10.75	11.75
	Unsecured	12.33	7.93	11.14	11.40

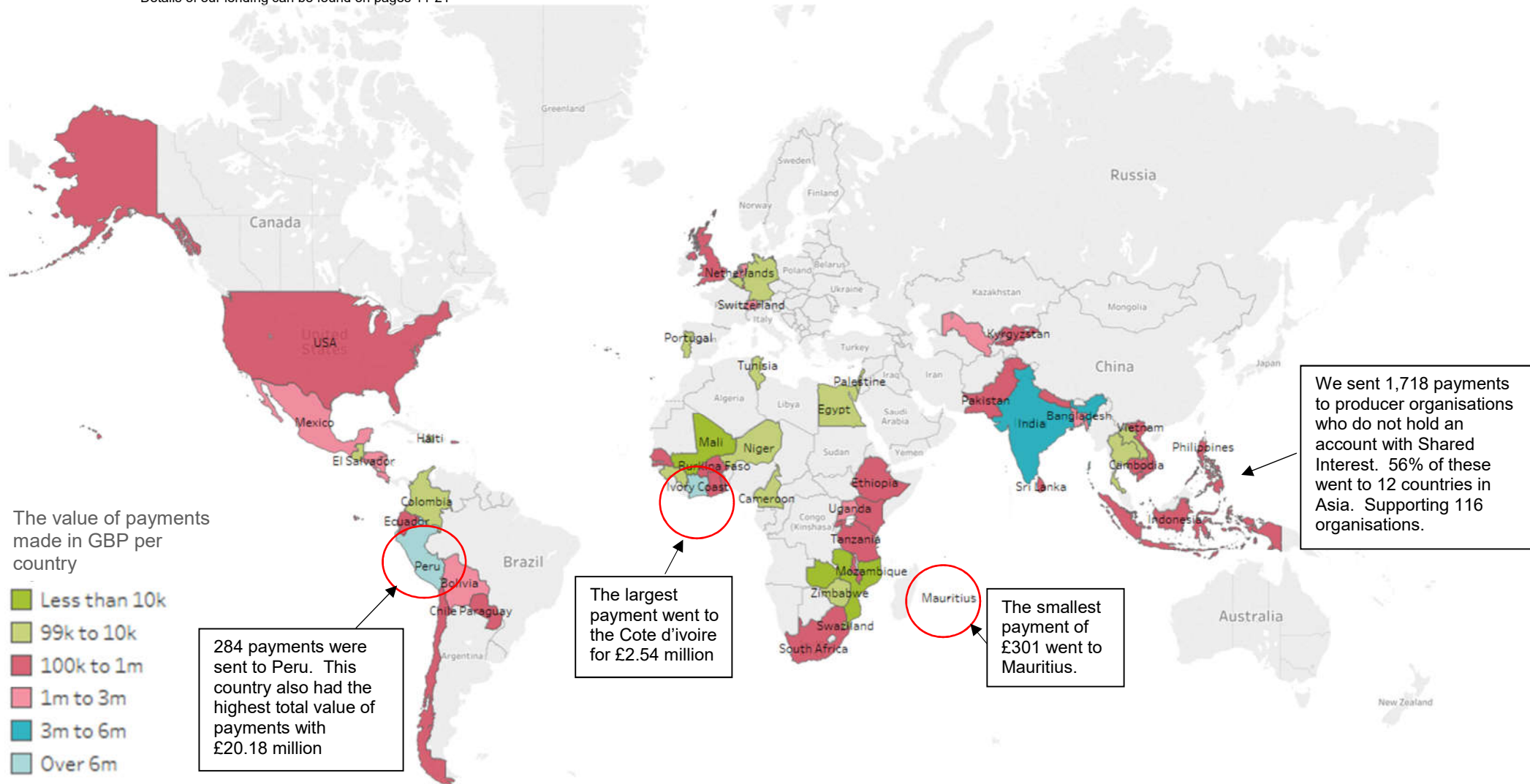
WHERE OUR CUSTOMERS ARE BASED

Details of our lending can be found on pages 11-21



WHERE WE MAKE PAYMENTS

Details of our lending can be found on pages 11-21



This year we made payments totalling £62.2m to 397 organisations in 60 countries

Aim 1, Activity 2: Enable more producer businesses to access finance by providing financial services to their buyers and delivering training.

Last year, our charitable arm, Shared Interest Foundation undertook a Strategic Review to give a clear direction for the next five years. Although we did not deliver any access to finance training during this year it was agreed that, in the future, the Foundation would concentrate on governance and finance training to support producers as they grow. We also recognised the importance of partnerships, and links with other NGO's, to deliver current and future projects.

Aim1, Activity 3: Building sustainable support for fair trade businesses

Improving producer livelihoods in Swaziland

Improving producer livelihood in Swaziland is a four year project which began in 2015, in partnership with Swaziland International Fair Trade (SWIFT). The main objective is to contribute to the alleviation of poverty and social deprivation in Swaziland through supporting enterprise development to create economic opportunities. The project is currently in its third year. Information included in this report is based on the data compiled as at the end of year two.

The project has four main outcomes. The first outcome is specific to the lower level businesses (Levels 0 & 1), looking at their growth, sustainability and employment provision. Outcome two, which is designed for medium and higher level businesses (Levels 2 & 3) has indicators that measure increases in sales, producer income and market access. Outcome three deals with the viability and sustainability of SWIFT as a fair trade support network and the fourth outcome assesses the support system for HIV/AIDS and general well-being issues in the work place.



Outcome 1: Swazi micro-enterprises have grown and are operating as sustainable businesses providing local employment

Through our local partner SWIFT, we have trained a total of 45 micro-enterprises including 30 Level 0 and 15 Level 1 businesses. They received training in a wide range of business management subject areas such as: product development, basic finance, production and operations, sales analysis, forecasting and reporting and social media as a marketing tool. As a result of this training, three businesses won the National Annual Entrepreneurship Award in Swaziland and were given ZAR 15,000 (£833) each to grow their businesses. The training has equipped the beneficiary businesses with the required skills to improve the quality of their products and to better manage their businesses. For the first time, these businesses had their products exhibited during two international trade shows, leading to an increase in their sales and income.

The sales by micro-enterprises increased by 50% by the end of year two. During the year they created a total of 135 new jobs including 82 employees and 53 producers. This number comprises 29 males and 106 females. We have supported 21 of these micro-enterprises with a seed funding totalling ZAR 100,000 (£5,671) to set up and grow their businesses. This was a major catalyst for the growth in sales during the year.

Julie Nixon, SWIFT Country Manager said: "I am very happy to see the entrepreneurs receive seed funding for their businesses. We value our collaboration with Shared Interest and the unique opportunity this gives us to support small businesses at a very early stage when funding is so critical for them and so hard to come by."

We carried out a survey to gauge the resilience of the micro-enterprises and the confidence of the business owners in the future of their business. The result of the survey showed a great improvement in these indicators in comparison to the baseline data. At baseline, the level of business resilience of the micro-enterprises was 2.21 (Rarely resilient) and at the end of year two they recorded 3.01 (Resilient).

We have also recorded an improvement in the level of confidence of business owners in the future of their business from 1.98 (Low confidence) to 4.17 (High confidence).

Outcome 2: Medium and higher level enterprises have expanded their businesses and contribute to the improvement in the livelihood of their producers and employees

We trained the medium and higher level businesses in management strategies so that they can expand their businesses and achieve higher returns, positioning them to increase employee and producer income, and thereby contributing to improvement in livelihoods. Key topics explored include investment decisions, business sustainability, team leadership, effective business communication, financial accounting and Microsoft excel.

Furthermore, we supported the medium and higher level businesses to attend two major international trade shows, 100% Design in Johannesburg and Trade & Impact in Morocco. Through the attendance at these shows, Level 2 and 3 businesses recorded total sales of ZAR 351,470 (£19,500) and ZAR 288,525 (£16,000) respectively. This led to a sustained increase in their sales during the year. Level 3 businesses created 354 new jobs, 97 permanent employees and 257 new producers at the end of year two.

In order to evaluate the contributions of these businesses in line with the improvement in the livelihood of producers and employees, we carried out a Livelihood Impact survey where the respondents were asked to rate

their quality of life. At baseline in 2014, the mean score obtained was 2.21 (Low) and at the end of Year two in 2016, the mean score was 2.94 (Moderately high). On business resilience, the score has increased from 2.09 (Rarely resilient) to 4.02 (Resilient). The support we have been providing to these businesses through tailored training and access to market has translated into business expansion, growth in income and better living conditions for workers.

Another important activity we completed under this outcome is the "Living Wage" research, which sought to determine a realistic and fair living wage to guide member businesses in fixing the remuneration of their workers. The study recommended a monthly rate of ZAR 3,076 (£170) and ZAR 5,148 (£285) for workers in rural areas and urban settings respectively. This will be a benchmark for fair trade handcraft businesses in Swaziland

Pius & Sons is a wood carving company created in the 1980s by Pius Mthupha. The key goal was to help orphaned & vulnerable children in the Nkomazi, Piggs Peak area of Swaziland to have access to education.

Pius said, "I have grown to appreciate the modules we have been taught and the market access initiatives which enable me to participate, meet with customers and exhibit at special events and trade shows. My sales have grown and the proof is that I have graduated from Level 1 to Level 2. We got our biggest order ever amounting to £2,600 through an exhibition. This order has brought a change in my life. It has enabled me to continue to support children in school."

Outcome 3: SWIFT operate as a viable and sustainable membership network providing quality services to members and advocating for fair trade in Swaziland.

We implemented a number of interventions during the year to build the capacity of SWIFT as a support network to make them more viable and sustainable. Their Board was trained for two days in organisational governance and leadership.

Following the training, the Board were able to finalise their constitution. In addition, SWIFT's staff were trained on customer service and mentored on trade facilitation. This has resulted in improved staff performance and better quality services to member businesses. SWIFT actually secured seven contracts valued at ZAR 171,000 (£10,211) on behalf of their members and supported them to access new markets, boosting trade volume and increasing income.

At baseline in 2014, SWIFT scored average on the staff operational efficiency and effectiveness scorecard but this increased to above average in 2016. Similar level of improvement was also recorded on the member satisfaction.

Outcome 4: Employees and producers of SWIFT member businesses have improved support for HIV/AIDS and wellbeing issues in the workplace.

Our support has enabled SWIFT to introduce a peer education programme for fair trade producer businesses in Swaziland.

Under this programme they have trained 112 peer educators on HIV/AIDS and gender based violence. The peer educators were taken through topics such as HIV/AIDS misconceptions, HIV/AIDS prevention, and prevention of mother to child transmissions, HIV/AIDS treatment and positive living, HIV, gender and human rights, malaria and tuberculosis. The participants were issued certificates of completion qualifying them to lead

education sessions at the community level and in their respective work places.

The peer educators referred a total of 497 individuals for services in 2016. The peer education programme was not limited only to HIV/AIDS issues but covered the full spectrum of employee health issues including keeping workers healthy, happy and productive. All member businesses of SWIFT have a focal person responsible not only for HIV/AIDS issues but also the general wellbeing of workers. The peer education programme forms an important part of the Swaziland National HIV /AIDS programme; the data collected by the peer educators feeds into the national database and this is used for programming and decision making at the national level.

Building sustainable futures for the handcraft sector in Rwanda

This is a two-year project initiated by Shared Interest Foundation in partnership with the Rwanda Forum for Alternative Trade (RWAFFAT) with the main objective of laying a strong foundation for a sustainable future for the handcraft sector in Rwanda. In the second and final year of the project, our focus has been on consolidating the achievements of year one, by assisting the co-operatives to increase their sales and operate as sustainable businesses.

Our support made it possible for RWAFFAT to facilitate the attendance of member co-operatives at three different trade shows during the year. The first one resulted in total sales of RWF 139,000 (£123) across the three participating co-operatives.

The second trade show was the Rwanda Expo organised by the Rwanda Private Sector Federation. We supported four member co-operatives of RWAFFAT to attend the show; with sales totalling RWF 262,000 (£231).

The biggest trade show that we facilitated was the Kigali International Trade Show. In all six member businesses of RWAFFAT attended the show and made a total sales of

RWF 1,496,850 (£1,322).

Diana Uwingeneye from Komera Cooperative said; “By participating in this year’s exhibition, I have increased my sales and made more income, which I used to procure raw materials and to renovate my house”.

RWAFFAT also trained the businesses in product development, quality improvement, pricing and business planning.

A total of 21 producers from 10 co-operatives participated in the training and mentoring which focused on developing their business plan and improving their product.

Agnes a basket weaver for Covamu cooperative, a member business of RWAFFAT lives in the Hindiro sector of Ngororero district. Prior to joining the cooperative, Agnes was a smallholder farmer and her income was woefully inadequate to meet the basic needs of her family. However, with the support of Shared Interest Foundation, RWAFFAT have trained her to improve the quality of her products and to better manage her business. She now earns more income from basket weaving and she is able to provide the basic needs of her household.

Providing sustainable solutions to poverty in Malawi

We have started a three year project in Malawi in partnership with Malawi Fairtrade Network (MFTN). The main aim of the project is to contribute to reduced poverty

levels among Malawi Fairtrade producers. In recent years, the organisation has seen a decline in their income due to the inability of their members to pay membership fees, due to a decrease in members’ sales. This has impacted on their ability to provide the level of support that their members require.

This project therefore seeks to increase member sales with the ultimate aim of increasing MFTN’s income while also developing staff skills. This will result in the strengthening of MFTN as a support organisation, making them become more sustainable, and ensuring there is an adequate level of local support available, beyond the life of this project.

During a needs assessment, MFTN identified the five worst performing co-operatives and the reasons for their poor performance:

- One macadamia co-operative has lost their Fairtrade certification due to improper record keeping.
- One groundnut co-operative is losing sales due to quality issues with their produce.
- Three tea co-operatives are losing sales as they are currently utilising bad husbandry practices.

58% of the farmers represented by these co-operatives are female, who run their businesses alongside their husbands. For these households, the drop in sales has a double impact on their income.

We have carried out the baseline study for this project and are currently starting our first round of skills training, focusing on good agricultural practices.

It is expected that this training will lead to increase in yield and income for 16,174 tea farmers, enable 20,417 groundnut farmers and 439 macadamia farmers to access Fairtrade markets, receive Fairtrade premiums and increase their income.

Aim 2

DEVELOP OUR COMMUNITY OF INVESTORS, THE SUPPORT OF DONORS AND VOLUNTEERS, AND PARTNERSHIPS WITH THOSE WHO SHARE OUR COMMITMENT TO FAIR AND JUST TRADE

Activity 1 – Attract and retain investors, donors and volunteers

Shared Interest Society is a society registered under The Co-operative and Community Benefit Societies Act 2014, and is also a member of Co-operatives UK. It is owned and controlled by its members. By opening a Share Account our members receive non-transferable shares to the value of the investment (£1 = 1 share). We are the only accredited open share offer to have received the Community Shares Standard. Sitting alongside the Society is sister organisation Shared Interest Foundation, a registered charity funded by donations and grants. Between the two organisations, we have a network of volunteers and supporters, not all of whom are members or donors. In this section we explain how we develop our community of investors, donors, volunteers and partners.

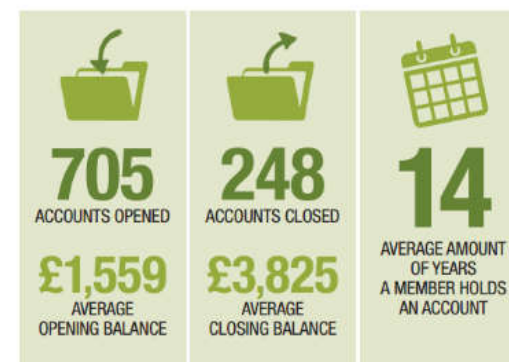
Our investors

Our membership continues to diversify and includes faith groups, fair trade partnerships, small businesses, schools and community organisations as well as individuals. Of the 9,689 Share Accounts, 7,920 are held by individuals and 1,769 are held jointly or by groups, under 16's or organisations. In total there are 11,509 individuals named on Share Accounts.

We saw a net increase of 457 Share Account compared to the previous year of 187 accounts. Closures totalled 248 (2015: 246), and we significantly increased investment during the year with a closing Share Capital total of £39.37 million, a net increase of £2.93 million and almost exactly as budgeted.

The average investment from a new member is £1,559; 25% lower than the previous year which is largely due to a greater number of members opening their Share Account online with a small initial investment. The average balance when a Share Account is closed equals £3,825, highlighting the ongoing need to recruit new investors. The average age of a member is 63, a reduction from the 68 years in 2014. Our members remain loyal, with the average length of time a member holds a Share Account being 14 years.

MEMBERSHIP



SHARE CAPITAL

NET INCREASE IN SHARE CAPITAL: **£2,934,559**



Our donors and support from trusts

Total income for Shared Interest Foundation increased in the year. Although restricted income was down there was an increase in unrestricted income following a legacy campaign, increased promotional activity and a large one off business donation.

There was also an overall increase in the number of donors from 453 to 513.

	Number of Donors	Total Unrestricted Income	Total Restricted Income	Total Income
2013	244	£131k	£177k	£308k
2014	381	£181k	£89k	£270k
2015	390	£130k	£258k	£388k
2016	453	£101k	£137k	£238k
2017	513	£150k	£106k	£256k

Fig 9

Project funders are listed below in alphabetical order:

MFTN PROJECT: Charles Hayward Foundation

RWAFAT PROJECT: Ashworth Charitable Trust, CB and HH Taylor 1984 Trust, Crowd Funding Campaign (Shared Interest Foundation), Shared Interest Society, Souter Charitable Trust, St Mary's Charity

SWIFT: Comic Relief and SWIFT contributions

In addition, Shared Interest Foundation received donated time in kind and raised funds through individual donations, which have contributed towards the running of these projects.

Our volunteers

Our 70 volunteers continue to demonstrate their commitment to contributing to our mission as they undertake a variety of roles across the UK. This year we have received support and input from them across various activities, including:

- Support at our member events helping us engage with more members and raise more Share Capital.
- Representing Shared Interest at events across the country, promoting our work to new audiences and bringing in new investment.
- Carrying out research and preparing mailings for Shared Interest Foundation leading to new donations.
- Testing and providing feedback to facilitate the development of a more user friendly and informative new website

'There was a great buzz in the room and feedback was extremely positive. I am sure that the warm welcome they received from the volunteers contributed to the members' experience.' Member event attendee.

'Thank you so much for coming to give us a talk today. We all really enjoyed it and found it very informative. (You are a great ambassador for Shared Interest).' Organiser of a women's group talk.

Not all of the activities our volunteers carry out involve bringing in investment to Shared Interest Society and donations to the Foundation. We recognise that this is the impact that many of our volunteers wish to see as a result of their activities. With this in mind, and while being aware it is not the only motivator for our volunteers, we are working on ways to provide meaningful feedback on this direct contribution their activity has on our mission. We have produced a map showing new investment as a result of volunteer activity.

Last year our volunteers made a positive contribution, bringing in 12% of all new Share Capital invested in the year.

We have continued to support our volunteers with various communications and activities. This year we welcomed four new volunteers and held three induction training sessions, offering the opportunity for them to meet existing volunteers for a coffee afterwards, where possible. We held two meet up events for volunteers in Bristol and London which gave the opportunity to network and share ideas on activities. Our Skype forums and newsletters continued to be well received and we introduced our first 'Did you know?' feature newsletter. We celebrated the contributions of our volunteers during Volunteers' Week in June and sent cards and packs of wildflower seeds as a thank you.

We are always looking at good practice and peer learning for better ways to develop our volunteer team and report on their contributions. To this end, we participated in a national benchmarking study called Volunteers Count for the first time this year. While there are some limitations to this benchmarking which must be considered, including the sample size, the differences between participant organisations and the need for context to clarify some responses, the results are proving useful in developing our volunteer involvement and considering areas of focus for the future.

Shared Interest had the smallest headcount of volunteers among all participants in the 2017 study at 70, the median across the whole sample was 2,150 volunteers with the highest being more than 35,000.

Our average age was classified as significantly different from others at 65, the median being 55.5 years. While we are starting to see this average age drop a little it is an area we might be addressing through different recruitment - for example increasing our use of social media and online activity to recruit new volunteers and role developments to attract younger volunteers.

The current age profile of our volunteers is also reflective of the fact that the majority come from our existing supporter base and therefore closely reflect our membership demographics.

Our volunteer turnover rate was one of the lowest among the participants at just 9%, the median being 29%. We feel this demonstrates the commitment and engagement of our volunteers. Reasons for leaving volunteering further reflect our age demographic with the top reasons for leaving being related to caring responsibilities, changes in home circumstances or poor health and age of the volunteer. However, these reasons were in the top three reasons for volunteers leaving across the study.

Ruth Holmes and husband, Mike have been volunteers for four years. They were drawn to Shared Interest because of their involvement with Traidcraft, and fair trade generally.

Ruth said: "We support many charities and particularly like how Shared Interest provides practical support to small businesses in developing countries. As we have retired from running our own business, being able to volunteer together is a great opportunity for us to spend time as a couple doing something worthwhile.

Mike continues: "We have had great support as volunteers and particularly enjoyed using Skype to talk to staff in the Africa office. Looking at finance with a global view is a powerful thing, and we are proud to be able to lend a hand."

Our communication

We use a range of communication channels to engage with volunteers, current and potential investors and other key stakeholders. Our aim is to first build awareness of our activities, and then establish credibility and trust. Recognition through awards helps in this process. This year we were shortlisted in two categories at the Social Enterprise Awards. As a result of being recognised, the Society gained substantial free publicity in the national press.

We build a human connection with supporters using photography and case studies. Four photography shoots were commissioned this year; two in Africa and two in Latin America. The resulting images were used in online and printed publications. We use overseas photographers for photoshoots outside the UK in order to support local talent and reduce our carbon footprint. The final aim of our communications strategy is to build loyalty in Shared Interest and we are very proud of the retention level of members.

We have a suite of materials to introduce Shared Interest to a new audience and also explain to members how their investment is making a difference.

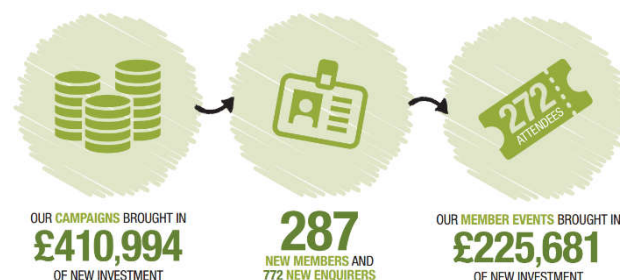
This year we introduced a number of new publications for different audiences including a Legacy Booklet, and a Culture Card for internal stakeholders to promote a positive working environment and culture. We also extended our selection of resources available to volunteers.

We ran 21 insert campaigns this year; these were placed in a variety of publications including the Big Issue, the Guardian, Ethical Consumer, Amnesty International, Greenbelt magazine, Waitrose and various other faith and general interest publications. For the first time this year, we ran a billboard and bus shelter advertising campaign in central Newcastle, alongside advertising on the Tyne and Wear Metro. The aim of the campaign was to improve visibility and brand awareness during Fairtrade Fortnight, an important annual event for Shared Interest. We are also increasingly using online advertising. This year we took over the Big Issue homepage for a month, advertised on the Guardian Money pages, Church Times and New Internationalist.

In July this year we launched a new website, optimised for mobile use. The site is built with multiple languages and the landing pages vary depending on geographic location. We saw 19,852 individual web visitors this year, a 20% reduction on the previous year, largely due to some initial implementation problems with the new website. Of this number, 72% of these had not visited the website before. 30% of visitors used either tablets or mobile phones, a higher number than last year and a trend that we expect to continue.

Further improvements have also been made to the online members' portal "Our Shared Interest". While we are aware that many of our members prefer paper communication, we are conscious of the environmental and financial cost of such activity and encourage greater online use within our membership. As a result, 32% of our members are now signed up to use the portal.

IN 2017...



340 investments were made online, totalling £477k (2016: £228k); still a very small proportion at 5% of overall investments made but over double the previous year. In the case of this year's AGM, 11% of votes received were placed using the online system. All subscribers to the portal receive a quarterly e-newsletter and this achieves an average open rate of 59%.

We have continued to develop our social media activity, increasing the number of Twitter followers on our main account @SharedInterest by 4% to 8,151 and likes on Facebook by 12% to 1,419. In addition to this, the Shared Interest Foundation Twitter account @SharedIntFdn has 909 followers. February was the busiest period for activity as it coincides with Fairtrade Fortnight and volunteer events. The top tweet was however in September when we promoted our impact over the year.

Activity 2 – Act co-operatively, valuing the views of our membership and wider supporters

Member engagement

Last year, we took the decision to streamline our AGM to a morning only session with no overseas staff or producers present and the cost savings reallocated toward a series of five member events to enable us to reach a greater proportion of our membership. This year, we followed the same format, holding five events once again, which brought in £227k of new investment.

Our AGM was held at the Northern Design Centre, Gateshead. 66 members attended and 13% of our total membership returned a postal ballot or voted online.

In contrast to the AGM, the member events were far less formal and started with a presentation from a customer, followed by an overview of the year's activity. Attendees were then given time to ask questions and give

comments before participating in a networking lunch. At least three members of the Senior Management Team, two members of the Board and a member of Council attended each meeting. The events were held on different days of the week and we varied the timings to accommodate a live Skype discussion with either Rachel Ngondo, Regional Manager, Africa or Paul Sablich, Regional Manager, Latin America. These events were open to the public and, although mainly attended by existing members, enquirers were also invited. Promotion of the events took place through QR, our website, social media channels and online booking system-Eventbrite. Partners, such as the Fairtrade Town networks, were also encouraged to raise awareness of these events to attract potential audiences.

Slightly fewer people attended the regional member events than expected (272), as we were impacted by the unexpected General Election and the terrorist attacks in Manchester and London. Numbers were, however, similar to last year. Feedback from attendees shows that the majority (65%), had not previously been to a Shared Interest event, with 26% attending one or two events previously. (Last year 45% had not attended a prior event). Interestingly, attendees fell into two distinct groups; 27% had held Share Accounts for less than five years and 45% were longstanding members of 20+ years.

Volunteer engagement

We carried out a volunteer survey¹⁴ which received a 50% response rate and this year focused on three key areas, which had been identified previously in discussion with volunteers as areas for improvement in our volunteer involvement. These areas were:

- Encouraging a sense of belonging, learning and sharing among volunteers
- Communicating the difference volunteers make to Shared Interest
- Equipping and supporting our volunteers to generate opportunities to carry out their roles

We received encouraging feedback on what we are doing well in these areas:

'The recent meeting in London was the best so far-we had more time to talk and introduce ourselves.'

'I always feel supported well for materials and updating my understanding of issues.'

As well as feedback that will help us improve:

'It would be great to get examples of other people's successes in gaining speaking opportunities - how did they generate the opening and with whom?'

¹⁴ Appendix 10: Volunteer survey

Activity 3. Collaborate and innovate with partners

We recognise that we cannot, and do not work in isolation from others and we place partnerships at the heart of how we aim to achieve our mission. Across Shared Interest we build and maintain partnerships with various organisations and networks to support our shared goals.

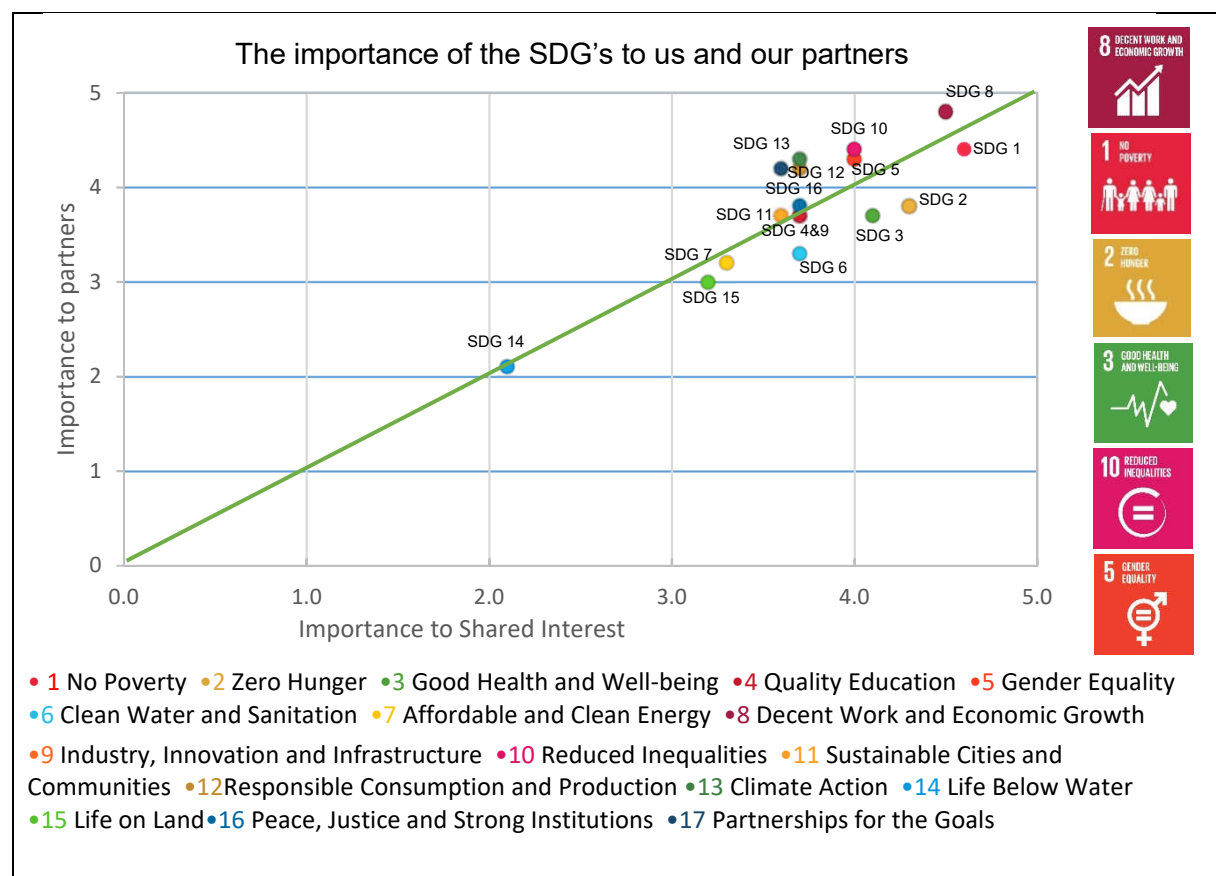
At Shared Interest, we believe that a partnership is a distinct relationship consciously entered into by both partners with clear shared objectives for working together towards a specific goal, event or activity. This year, we identified 44 partners¹⁵.

This year we took the decision to survey¹⁶ all of our partners to discover more about the relevance of the SDG's¹ play in their organisations impact, or strives to have. Benchmarking our partnerships using these internationally recognised goals, is a useful indicator to show the strength of partnerships. The closer the agreement between ourselves and our partners as to the relevance of the goals the greater confidence we can have that our partners have shared objectives with us. Shared objectives is one of the factors we identify as a key characteristic of a partnership.

The adjacent graph shows the relevance of each SDG to the organisation's impact as reported by each partner and the stakeholders of Shared Interest (each score is an average of all partners or all internal stakeholders of Shared Interest). The closer the dots to the green line, the more relevant that goal is to Shared Interest and our partners. This shows that the areas of greatest compatibility of impact (highest correlation and highest importance), between ourselves and our partners, are No Poverty, Decent Work and Economic Growth and Zero Hunger. Each partnership is different but is fundamentally based on joint commitment and reciprocal obligation.

The four partners with whom we have the closest match across all SDG's, are; Challenges Capital Limited, Christian Aid, Swaziland International Fair Trade and Traidcraft Plc. This strength of shared impact, and areas of relevance to our work, can be considered an indicator of strong partnerships.

Our partnerships are mutually beneficial as we work towards similar missions, with aligned priorities and aims, in terms of the impact we seek from our organisations activities.



¹⁵ Appendix 11: A full list of our partners

¹⁶ Appendix 12: SDG Survey of partners and Shared interest people

Aim 3

MANAGE OUR RESOURCES IN LINE WITH OUR PRINCIPLES OF LOVE, JUSTICE AND STEWARDSHIP

Activity 1. Ensure good financial stewardship of our investments and donations

Stewardship is defined by Shared Interest as doing the best we can with the resources entrusted to us. We consider stewardship in all aspects of our financial work.

Shared Interest Society and Shared Interest Foundation have prepared their accounts this year under UK Generally Accepted Accounting Principles (UK GAAP), reporting under FRS102. More details on the operational finances of Shared Interest Society and Shared Interest Foundation can be found in our 2017 Financial Accounts (Appendix 2 & 3).

Financial controls: Significant emphasis is placed on robust financial controls. Our procedures for budgeting, financial reporting and secure payment authorisation can be found in Appendix13. Our internal controls are regularly reviewed, updated and audited. This year's audits again raised no concerns.

Procurement: We also follow an approach to procurement in Appendix 14. This ensures that, as far as possible and practical, we source products and services that are fair trade, environmentally friendly, and/or locally produced. Appendix 15 includes our Green Policy and

checklist for purchasing.

Lending: Our lending decisions are made within credit policies, which help in managing our exposure to risk. Prudential lending limits specify the proportion of our Share Capital, which can be lent by commodity, country risk category, region and product. Revisions are made on the basis of evidence gained from lending and careful consideration of relevant risks. These limits are approved by the Board of Directors. The annual statutory financial accounts, as well as the presentation given at the AGM, provide further details of the management of risk by Shared Interest and in particular, the management of credit risk (defaults) arising from customers who have borrowed from the Society and are unable to repay Shared Interest when due.

Liquidity and investment: The majority of our £39.4m in Share Capital is deposited in GBP with our main banker, Santander UK plc. The funds lent to our customers in foreign currency (we offer facilities in GBP, USD and EUR and we also have a small loan in Kenyan Shillings) are from foreign currency overdrafts secured against the deposited Share Capital. Although we do not convert members' investments in our Share Capital into foreign currencies, we do use these funds as security to borrow the USD and EUR that we lend. The weakened pound since the UK Referendum vote to leave the European Union,

reduces the borrowing power of our GBP Sterling Capital but does mean that we translate the foreign currency that we earn, at a more favourable rate.

During the year the Society and Foundation moved the main banking relationship to Santander UK plc (more detail is provided in the Society's statutory financial accounts). Under this arrangement the Society earns a very low rate of credit interest overall, from its deposits with the Bank but also pays a lower interest margin to borrow the currency that it needs for its lending, than it did under the former banking relationship with the Co-operative Bank. The figures shown in the table below include Share Capital, reserves, and a residual loan from Comic Relief.

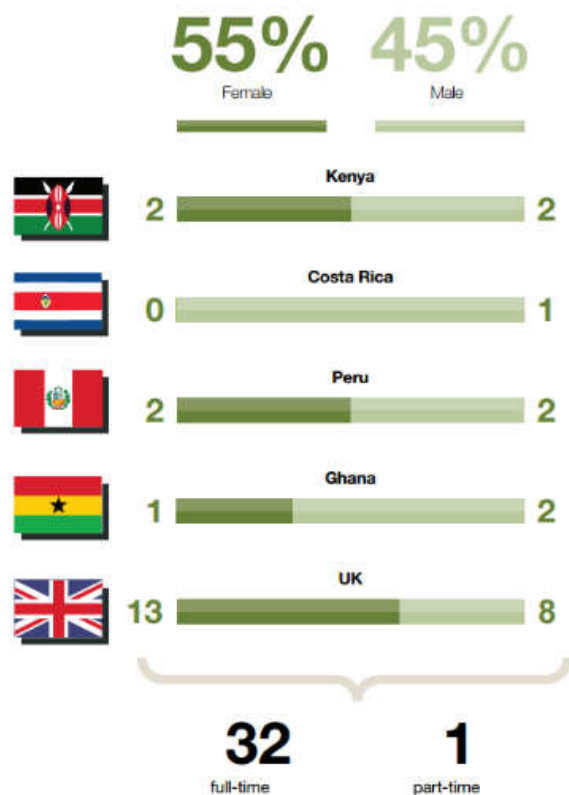
Fundraising ratios: In addition to the Share Capital of Shared Interest Society members, we manage donations made to Shared Interest Foundation. In order to do this efficiently and effectively, we monitor two key ratios. Management costs as a percentage of charitable expenditure were this year 34% (2016: 22%) and fundraising costs as a percentage of income were 5% (2016: 12%). We also monitor the running costs and reserves of Shared Interest Foundation, operating a policy of aiming to keep three to six months of total projected annual expenditure in reserves, with a year-end figure of 6.6 months (2016: 3.7 months).

	Cash Investments				
	2013	2014	2015	2016	2017
Co-operative Bank	£30.5m	£28.9m	£31.3m	£40.7m	£0.4m
Santander Bank	-	-	-	-	£40.2m
Others	£2.3m	£6.5m	£5.1m	£0.05m	£0.05m
Others (No.)	4	4	6	2	3

Fig 10

Activity 2. Encourage staff talent and commitment in an environment of mutual respect

On the 30 September 2017, the Shared Interest team consisted of 33 people, a net decrease of four from the previous year. An organisational chart can be found in Appendix 19.



Although we have had several absences of more than a week, the number of sickness days has decreased.

Training: Training per employee remains high but there has been a reduction in overall training costs this year as there have been fewer professional training courses completed and more online training, which is less costly. In addition, there is a reduction in the number of staff employed compared to last year. This year we have carried out training focusing on wellbeing including stress awareness.

Description	2015	2016	2017
Training cost (course/trainer fees)	£31k	£23k	£14k
Staff time cost (while on courses)	£28k	£30k	£14k
Inductions (staff time cost for carrying out & attending inductions)	£4.5k	£1k	£2k
Number of hours spent training	1,835	1,728	893
Total	£63.5k	£54k	£30k
No of training days	256	244	121

Fig 11

Benefits and salary: Shared Interest aims to provide the team with job satisfaction by offering interesting and varied work combined with a range of flexible benefits. Some of these are illustrated in the adjacent diagram.

Salaries are reviewed annually with the cost of living, individual performance and a benchmarking exercise all considered as part of the process. A comparison of the highest salary against the lowest salary in the organisation provides a ratio of 3.7 to 1.



Communication: The Member Engagement Team created an internal communications survey. The intention of the survey was to research the communication flows within and between the UK and overseas offices.

We received an 83% completion rate by the overseas team and a 70% completion rate by the UK team. The overall response rate was 74%. The main difficulties highlighted in relation with office communications were time differences and the IT infrastructure within countries. It was also noted that the regional teams communicate with their colleagues in the UK as well as those in regions closest to them, most often. (See Appendix 16).

As a result of the survey we changed the times of our monthly update sessions to enable all, including those overseas, to participate bimonthly. We also encouraged everyone to use Skype video wherever possible.

In addition to this, individual teams continue to meet formally, and one-to-one meetings are held weekly.



LANGUAGES

10
NUMBER OF LANGUAGES SPOKEN

19
NUMBER OF STAFF WHO SPEAK
MORE THAN ONE LANGUAGE

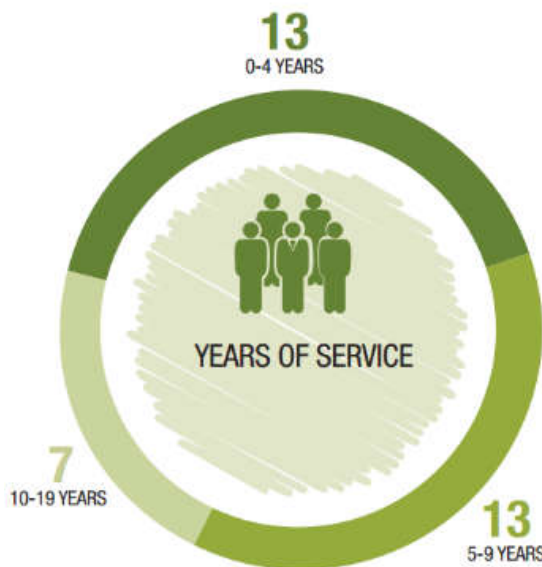
LANGUAGES
FRENCH, SPANISH, TWI, SWAHILI,
PORTUGUESE, TRIBAL MOTHER
TONGUE, CATALAN, ENGLISH,
TURKISH, EWE

Culture: Last year the Middle Managers created positive statements to promote a responsible and respectful working culture and these are now displayed in all the offices. This year this concept has evolved and the Member Engagement Team worked on a Culture Card

which incorporates the positive statements, our mission and impact statements. The cards were circulated to staff, Board, Council, volunteers and new recruits as a reminder of the ethos we want to achieve and to help to re-enforce the positive statements.



Length of service: Retaining positive and motivated staff is important to Shared Interest's growth and success. The diagram below shows that 61% of the team have been with the organisation for more than four years and 21% for more than 10 years.



Volunteering: Earlier this year we asked our team to tell us about any volunteering they did to help us learn more about their interests outside of work.



The survey was sent to the whole team and received a 27% response rate. Of those responding, 10 volunteer and some of those carry out more than one volunteering role.

Engagement survey: Annually we carry out an engagement survey. Having used the same People Gauge online survey as last year, it was helpful in comparing results. This year showed that 24% are actively engaged (34% last year), 73% engaged (64% last year) and the remaining 3% as actively disengaged (2% last year).

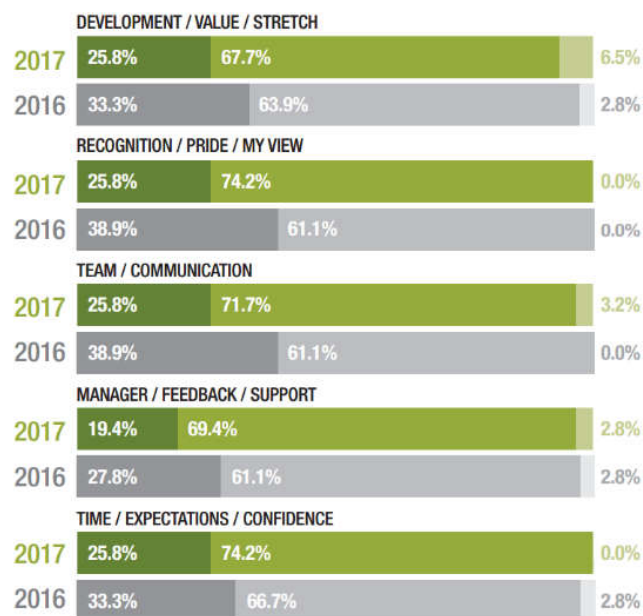
Overall, there has been a move from actively engaged to engaged and a small move to actively disengaged. 97% of the whole team still remain actively engaged or engaged.

The results can be seen below, broken down into five key areas.

Two specific questions enabled us to ascertain that:

- 71% of respondents felt that Shared Interest fulfils its mission and values (2016: 86%)
- 93.5% felt that they are encouraged to understand other cultures (2016: 83%)

The survey also asked how Shared Interest could help improve individual and team effectiveness and the suggestions will be considered by the Senior Management Team. Respondents were asked to provide three words to describe what it's like to work at Shared Interest and the top most commonly suggested were used to produce a word cloud (see adjacent). The size of the words correspond to how frequently each word was used.



Activity 3. Practice good environmental stewardship

Human rights and the environment are inextricably linked through the right of every citizen to a clean, healthy and productive environment.

In the 2030 Agenda, meeting those basic needs is linked to access to natural resources. SDG 6 addresses the natural resource 'water' in terms of the environment (water quality, restoration of ecosystems), social (access to safe drinking water) and economic aspects (water-use efficiency across all sectors).

We are very conscious of these principles and do the best we possibly can with the resources entrusted to us. We consider stewardship in all aspects of our work and embed a culture of good environmental practice throughout Shared Interest.

This year, we invited a member of the Kenya office to join the Environmental Team meetings using Skype to ensure involvement of our overseas staff.

Recycling: Our Environment Team continue to raise awareness of our environmental footprint and staff recycle paper, plastics, and glass. We used a similar amount of paper to last year which equated to 84,575 sheets of paper across all offices. We have also continued to encourage our members to use the online portal rather than requesting paper statements.

Procurement: We continue to procure goods and services from local suppliers to minimise our environmental impact and support the sustainability of businesses in our region. During the year, purchases from suppliers in North East England totalled £248,000. This represents 44% of our purchases (2016: 50%). You can read more about our procurement policy in Appendix 16.

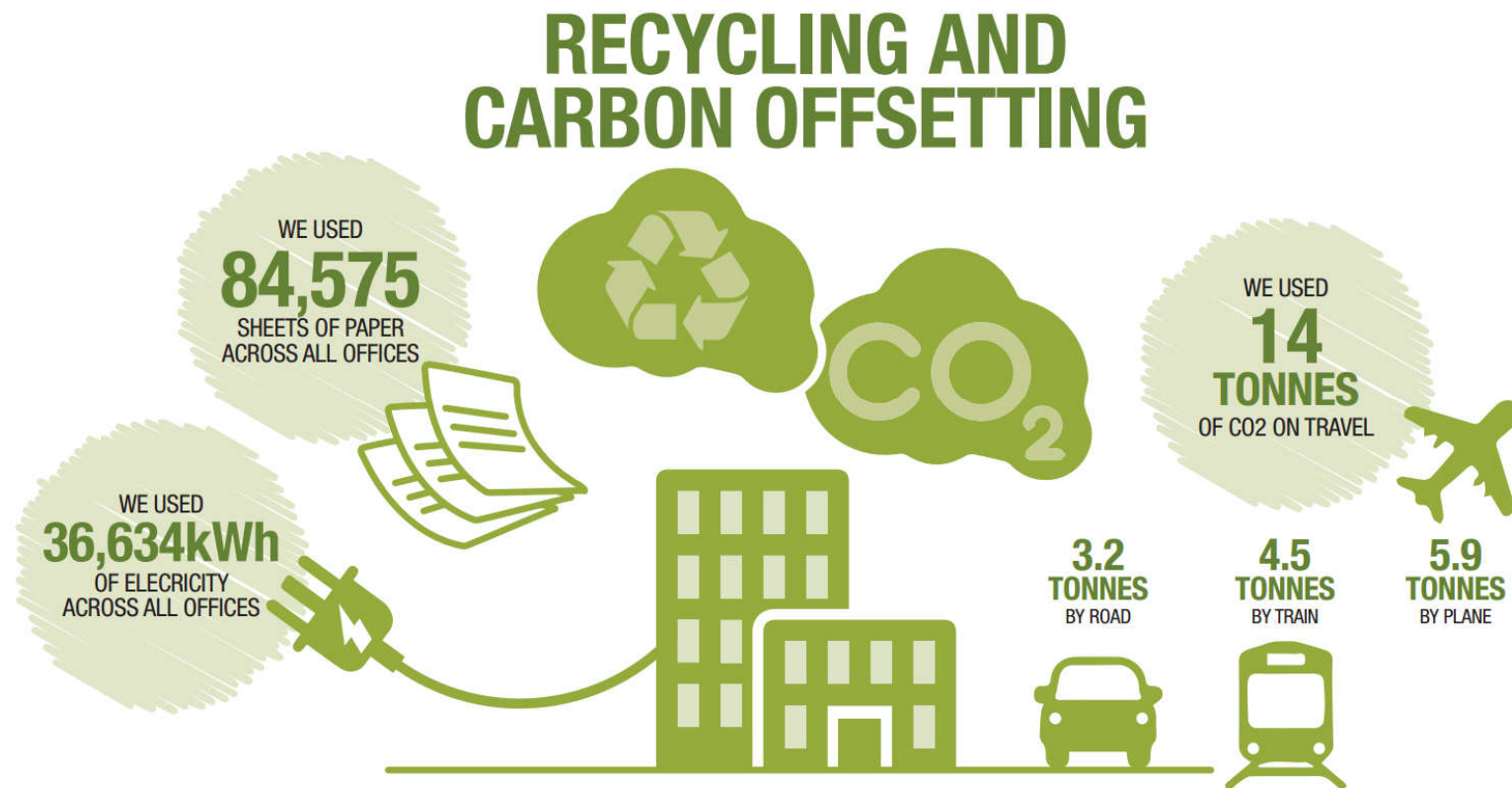
Carbon offsetting: The main contributors to our carbon emissions are in our UK office operations and business travel. Our electricity usage this year for the UK office was 30,240kWh, which is a reduction of 14% from 2016 and the organisation as a whole used 36,634kWh producing 16.5 tonnes of CO₂.

This is largely due to the more efficient systems in the new UK office, the introduction of new lower power computers and the increased use of Skype for meetings rather than staff travelling to alternative locations.

Travel for the organisation is split into three categories, road, train and plane. As a whole Shared Interest produced almost 14 tonnes of CO₂ on travel. 3.2 tonnes by road, 4.5 tonnes by train and 5.9 tonnes by plane. A 71% reduction from last year as staff made more use of Skype and there was less travel between offices.

The Environmental Team is also responsible for awarding our Carbon Offset fund, usually to environmental projects linked to our work. We use the Climate Care website and carbon calculator www.co2balance.com to determine an appropriate offset.

This year, the offset figure is £226 compared to £696 last year. As our Carbon Offset fund is reducing according to our carbon footprint, we have rolled over the amounts from previous years to fund a bigger project. This means that our grand total going forward is £2,533 and we are currently investigating how best to use this. We are discussing the possibility to join forces with other likeminded businesses to combine funds to tackle bigger projects for greater impact.



Summary

This set of Social Accounts represents a successful year. Below we detail the outcomes of the Social Accounts aims, which are designed to show how well we are meeting our mission and values.

AIM 1: PROVIDE FINANCIAL SERVICES AND BUSINESS SUPPORT, WHICH MAKE LIVELIHOODS AND LIVING STANDARDS BETTER FOR PEOPLE AS THEY TRADE THEIR WAY OUT OF POVERTY.

We continue to follow our strategy set out in 2014, to remain a trusted and respected provider of ethical finance, with an emphasis on working in parts of the world where other lenders are less keen to operate. Our Lending Team through our regional offices has helped our understanding of community needs and challenges.

The majority of our lending continues to be short-term by providing working capital to producer groups and buyers so they can fulfil their orders or purchase stock. Every £1 invested by members this year was lent 1.6 times.

Overall payments increased by 9% in 2017. Payments for coffee and cocoa represent 63% of total payments. We continue to focus our lending on the small and disadvantaged with the proportion of payments lent directly to producer groups standing at 63% of total lending and handcrafts continue to take an important place, with 11% of payments going to this sector.

Shared Interest continues to offer a competitive rate to producers, considering that most of our lending is unsecured. When managing our lending, we split the portfolio into three regions: Africa, Latin America and Northern Hemisphere and Pacific Rim (NHPR).

Latin America

Over half (82) of the producer groups we work with (160) are based in Latin America (51% of portfolio). Half of the world's Fairtrade coffee and cocoa is produced in Latin America and coffee is a much higher valued commodity compared to other products such as fruit or handcrafts. Our portfolio reflects this with 87% of total payments in this region going to cocoa and coffee.

In this region, 19 new lending proposals were approved this year including sesame seeds in Nicaragua, which are not certified Fairtrade and signifies our pledge from the 2014 review to widen our impact.

Africa

Of the total 160 producer groups we work with, 47% are based in Africa. We made £10.2 million worth of payments to these producers, representing 26% of the total payments sent to our entire producer portfolio.

A large proportion of the world's Fairtrade cocoa is produced in West Africa, and our portfolio reflects this with payments totalling £6.5 million to 10 customers in Côte d'Ivoire.

In this region, 16 new lending proposals were approved. As expected, the product that needed more finance was coffee in East Africa.

Northern Hemisphere and Pacific Rim (NHPR)

This region consist mainly of buyer organisations in North America and Europe (33) with a small proportion of producers in Asia (3).

Most of the customers within this region are importers of products ranging from; processed foods to school uniforms.

Of the funds lent to buyers, 89% are used to pre-finance orders. Without these buyer organisations, many producer groups would have limited market access.

Our Foundation continues to support vulnerable businesses and provided training to 517 producer organisations through the year. One of the projects works in partnership with Swaziland International Fair Trade (SWIFT) and focused on aspects like growth, sustainability and employment provision, as well as a support system for HIV/AIDS and general well-being in the work place. When we carried out a survey to gauge the resilience of the micro-enterprises and the confidence of the owners in the future of their business it showed a great improvement in these indicators in comparison to the baseline data.

Another project focused on the handcraft sector in Rwanda in partnership with the Rwanda Forum for Alternative Trade (RWAFAT). In this second and final year of the project, our focus has been on consolidating the achievements of year one, by assisting the cooperatives to increase their sales and operate as sustainable businesses.

We have also started a three-year project in Malawi in partnership with our local partner Malawi Fairtrade Network (MFTN). The main aim of the project is to contribute to reduced poverty levels of Malawi Fairtrade producers. We have carried out the baseline study for this project and will be starting the first round of skills training focusing on good agricultural practices soon.

AIM 2: DEVELOP OUR COMMUNITY OF INVESTORS, THE SUPPORT OF DONORS AND VOLUNTEERS, AND PARTNERSHIPS WITH THOSE WHO SHARE OUR COMMITMENT TO FAIR AND JUST TRADE.

Our membership continues to diversify and includes faith groups, fair trade partnerships, small businesses, schools and community organisations as well as individuals. In total, there are 11,509 individuals named on Shared Interest Share Accounts. The average age of a member is 63, a drop from the 68 years seen at the beginning of the 2014 Strategic Review. Our members remain very loyal with the average length of time a member holds a Share Account being 14 years.

Our 70 volunteers continue to demonstrate their commitment to contributing to our mission as they undertake a variety of roles across the UK.

This year we welcomed four new volunteers and held three induction-training sessions. We continue to look at good practice and peer learning to develop our volunteer team and report on their contributions. To this end, we participated in a national benchmarking study called Volunteers Count for the first time this year.

We continue to use a range of communication channels to engage with volunteers, current and potential investors and other key stakeholders. Recognition through awards helps in this process and this year we were shortlisted in two categories at the Social Enterprise Awards. As our 2014 Strategic Review sets out, we hope that achieving accolades such as this will show Shared Interest as a leader in its field, and help us shine a light on fair finance and innovative lending.

We build a human connection with supporters using photography and case studies. Four photography shoots were commissioned this year; two in Africa and two in Latin America. The resulting images were used online and in printed publications. This year, we introduced a number of new publications for different audiences including a Legacy Booklet, and a Culture Card to promote a positive working

environment and culture. We also extended our selection of resources available to volunteers.

Last year, we took the decision to streamline our AGM to a morning only session with no overseas staff or producers present and the cost savings reallocated toward a series of five member events. As a result of our strategic path to keep members at our heart, we felt this would enable us to reach a greater proportion of our membership. This year, we followed the same format, holding five events once again, which brought in £225,681 of new investment. Feedback from attendees shows that the majority had not previously been to a Shared Interest event, with 26% attending one or two events previously. Attendees also fell into two distinct groups; 27% had held Share Accounts for less than five years and 45% were longstanding members of 20+ years.

We recognise that we cannot, and do not, work in isolation from others and we place partnerships at the heart of how we aim to achieve our mission. Across Shared Interest, we build and maintain partnerships with various organisations and networks to support our shared goals. This year we surveyed our partners to learn more about the relevance the UN Sustainable Development Goals (SDGs). Benchmarking our partnerships using these internationally recognised goals, is a useful indicator to show the strength of partnerships

AIM 3: MANAGE OUR RESOURCES IN LINE WITH OUR PRINCIPLES OF LOVE, JUSTICE AND STEWARDSHIP.

At the end of the year we had a strong team of 33 people and our annual engagement survey showed that 97% of these are actively engaged or engaged. We have continued to invest in our team over the year with a particular focus on wellbeing including stress awareness.

We have embedded a culture of good environmental practice throughout Shared Interest and we continue to ensure we recycle and minimise waste wherever possible. The Environmental Team is also responsible for awarding our Carbon Offset fund, usually to environmental projects

linked to our work. This year, the offset figure is £226, and as our Carbon Offset fund is reducing according to our carbon footprint, we have rolled over the amounts from previous years to fund a bigger project. This means that our grand total going forward is £2,533 and we are currently investigating how best to use this.

The fluctuating pound continues to affect us as it reduces our borrowing power as we use members' Sterling investments as security to borrow the funds we need to support our customers. The majority of our £39.4m in Share Capital is deposited in GBP and 95% of the payments we made were in other currencies, and predominantly in USD and EUR.

During the year we also moved our main banking relationship to Santander UK plc to provide greater flexibility and scope to service our customers.

About Shared Interest

HISTORY

Our journey started in 1986 when development agency Traidcraft Exchange sponsored research into the role of banking and investment within the fair trade movement. It was discovered that the main challenge faced by those producing fair trade goods was access to working capital and buyers struggled to make pre-payments for goods. It was out of this that Shared Interest was created; a unique financial organisation aiming to do business for mutual service rather than for investor profit. The Society was publicly launched in October 1990 with the financial backing of the Joseph Rowntree Charitable Trust and Oikocredit, formerly, the Ecumenical Development Co-operative Society (EDCS). Within a year, we had attracted £750,000 of Share Capital and 600 members.

Today, we have 9,689 members in the UK, each investing between £100 and £100,000. With an average investment of £4,066, this provides Share Capital of £39.4 million. In 2004, Shared Interest established a subsidiary, Shared Interest Foundation. The charity delivers practical business support in the developing world, helping fair trade businesses to improve their financial management and other business skills. The story of our past 27 years is detailed at shared-interest.com.

OWNERSHIP AND GOVERNANCE

Shared Interest is an independent organisation with its headquarters in the UK and further team members based in Costa Rica, Ghana, Kenya and Peru. Shared Interest consists of Shared Interest Society and a charitable subsidiary, Shared Interest Foundation. Shared Interest Society is owned and controlled by its membership of 9,689 investors. It is the sole member of Shared Interest Foundation. Shared Interest Society is governed by a Board of Directors which is currently made up of eight members; two executives and six non-executives.

Seven of these eight Directors also form the Trustee Board which governs Shared Interest Foundation. A Council of nine Society members monitors the work of the Society's Board of Directors. The Council has the power to question the Directors and Management Team and, if it sees fit, to address the membership independently.

To ensure the Council is a representative body, six members have been randomly selected for nomination, while the other three members applied for their roles; all were subject to a ballot of members.

LEGAL STRUCTURE AND REPORTING

Shared Interest Society is incorporated with limited liability under the Co-operative and Community Benefit Societies Act 2014, Number 27093R. The Society has submitted timely annual returns to the Financial Conduct Authority as its registrar. Shared Interest Foundation is registered as a company limited by guarantee in England, Number 4833073, and is a registered charity, Number 1102375. It has submitted timely annual returns to the Charity Commission and to the Registrar of Companies. Shared Interest has an annual compliance action plan (Appendix 17), ensuring a regular routine of internal reviews and external audits against the relevant statutory and voluntary codes. This covers areas such as money laundering and bribery checks; health and safety compliance; risk reviews and data protection.

These topics are also included in induction schedules for all new staff. In addition, a key aspects checklist (Appendix 18) is produced by the Social Audit Network to enable standardised reporting on areas such as HR, governance, finance, and environmental / economic aspects.

Stakeholders

In pursuit of our mission, the following stakeholders are key to Shared Interest (the list is reviewed and updated annually by the social reporting team)

Stakeholders	Definition	Description	No 2016	No 2017
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Producers trained Producer groups receiving grants	472 1	517 1
Board of Directors	Collectively responsible for the direction and management of the Society, 7 of these 8 are also Trustees of Shared Interest Foundation	Elected Shared Interest Society Members	8	8
Council	Body which serves to keep the Board “on mission” and be representative of the views of members	Elected Shared Interest Society members	9	9
Customers	Borrower organisations which enter into a business contract with Shared Interest Society	Producer group customers Buyer customers	163 37	160 33
	Other organisations that receive or make payments via Shared Interest Society	Recipient producers Non customer buyers	283 87	267 86
Donors	Shared Interest Foundation donors	Individual donors	424	484
		Corporate donors	10	8
		Churches and other groups	7	9
		Grant-making bodies	12	12
Our people	The Shared Interest team	Our people	37	33
Members	Shared Interest Society investors	Members	9232	9689
Partners	Those we collaborate with for mutual benefit	People, groups and organisations we work with and umbrella groups of which we are members	61	44
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Ambassadors and volunteers	71	70

Consultations

We are keen to understand our stakeholders' view of our performance against the Mission and Values which we espouse. We therefore consulted with them in a number of ways this year.

POTENTIAL CUSTOMERS

No formal research or consultations were carried out with this group this year, beyond our normal business development activities to find, and interact with, potential new customers.

CUSTOMERS

In addition to our daily contact with customers and annual reviews undertaken by the Lending Team, we carried out two specific consultation exercises, which gathered views from all of our customers. This involved:

An electronic survey was sent to our 160 producer customers and 58 responses were received and to 33 buyer customers and 14 responses were received. The response rate was similar to last year.

Producer committee meetings take place annually and allow the Lending Team to gain a greater understanding of the producers' challenges and experiences. This year 25 producers participated: Peru (7), Honduras (4), Burkina Faso (5) and Kenya (9).

BENEFICIARIES

Information from organisations benefiting from the work of Shared Interest Foundation were consulted on a project basis:

1. Improving producer livelihood in Swaziland - The project carried out a mid-term review by gathering data from the representatives of the 77 member businesses of the Swaziland International Fair Trade Network (SWIFT)
2. The Rwanda Sustainable Futures project - The project undertook an end line evaluation by surveying a total of 100 producers from the 10 cooperatives that have benefited from the business management capacity building and mentoring programme.
3. The Malawi Sustainable Solutions to Poverty - The Malawi Sustainable Solutions to Poverty project carried out a baseline survey on the five cooperatives receiving skills training in good agricultural practices and business management.

MEMBERS

A full members' survey was conducted in 2015. Our AGM took place in Newcastle in March 2017 and this was supported by a series of five member events around the UK. A total of 338 members attended the events. Correspondence with members is also shared with the Board on a regular basis. The next full members' survey will be undertaken in 2018 to link with key themes in the next Strategic Review.

VOLUNTEERS AND AMBASSADORS

All new volunteers receive induction training and all volunteers receive an e-newsletter every two months. Some of our volunteers are invited to participate in Skype discussions every two months. We also held meet up events with volunteers to encourage networking and sharing of ideas among volunteers. A full survey of volunteers was undertaken this year and received a 50% response rate. All volunteers who had been active for over a year were offered the opportunity to have an individual call to discuss their involvement, something which will be offered on a biannual basis.

BOARD OF DIRECTORS / TRUSTEES

The Shared Interest Board meets five times a year and considers aspects of Social Accounts at three of those meetings. The Board responds to members at the AGM and at least two Directors attended each member event to answer member questions.

COUNCIL

Council is not consulted separately from members as part of the Social Accounts process. It meets three times during the year and provides input to Board meetings and the AGM. There is a joint Board and Council meeting annually. A representative of Council attended each member event.

DONORS

We met with Comic Relief in Swaziland during the year and have on-going communication on a project by project basis with our other grant funders. As the majority of our individual donors are also members we intend to incorporate a section in the 2018 members' survey specifically for donor motivations.

OUR PEOPLE

We carry out an annual engagement survey. As with the previous year, we worked with People Gauge, an online survey and analysis provider. The survey was completed by 31 of the 34 staff who were employed at the time of the survey in July 2017 (91%). Presentations of the results were fed back to staff with discussions taking place on the results and how they compared with the previous year. This year we also undertook an internal communications survey to identify flows of information and potential improvements; and a survey to understand which our people currently volunteered.

PARTNERS

We sent a partner survey this year to establish our alignment against the Sustainable Development Goals. It went to 44 partners and received a 48% response rate.

	2015	2016	2017
Potential customers	No formal research or consultations took place with this group, beyond our normal business development activities	No formal research or consultations took place with this group, beyond our normal business development activities	No formal research or consultations took place with this group, beyond our normal business development activities
Customers	Online survey to recipient producers (32/267) Online survey sent to buyer customers. (20/37) Direct consultations with producer customers in East Africa. (16/35) Producer committees	Online survey to producer customers. (62/163) Online survey sent to recipient producers (73/283) Producer committees (25)	Online survey to producer customers. (58/160) Online survey sent to buyer customers (14/33) Producer committees (25)
Beneficiaries	Final evaluation of the Improving access to finance project involved 42 of 122 businesses. A full baseline survey of 605 people took place for the Improving producer livelihoods in Swaziland project. A needs analysis of 38 businesses in Rwanda was undertaken by our partner RWAFAT. An external evaluation of best practice networks in fair trade networks took place and seven people participated	The CLAC project involved needs assessment surveys from 30 organisations to select the final 25 businesses. These participating businesses went on to complete baseline and end of training evaluations. In Rwanda, we interviewed 135 individuals representing 10 co-operatives as part of the end of Year One evaluation. The Malawi project consulted with a representative of each of the eight participating businesses to discuss the impact of the project. External evaluation of the Swaziland project involved surveying representatives from the 40 participating businesses	In Swaziland we carried out a mid-term review by gathering data from the representatives of the 77 member businesses of the Swaziland International Fair Trade Network (SWIFT) In Rwanda we undertook an end line evaluation by surveying a total of 100 producers from the 10 cooperatives that have benefited from the business management capacity building and mentoring programme. In Malawi we carried out a baseline survey on the five cooperatives receiving skills training in good agricultural practices and business management.
Members	Questionnaire sent to all members who are happy to receive mailings. (1,993/7,446) Feedback forms at AGM and members meetings.	Feedback forms at AGM and members' meetings	Feedback forms at AGM and members' meetings
Volunteers	Regular Skype discussions took place as well as regional meet-up events	Volunteer Motivation Survey - March 2016 (26/70) Volunteer Survey - May 2016 (34/70)	Volunteers – Individual call – Oct 2016 (37/48), Volunteer Survey – July 2017 (33/67 (3 volunteers were inactive and did not receive the survey))
Board	Consulted as members	Consulted as members	Consulted as members, SDG alignment survey (6/8)
Council	Consulted as members	Consulted as members	Consulted as members, SDG alignment survey (5/9)
Our People	5 point survey carried out twice (32/36) (35/37), Engagement Survey (35/38)	Engagement Survey (36/38)	Engagement Survey (31/34), Internal Communications Survey (28/35), SDG alignment survey (26/34) and volunteering survey(10/34)
Donors	A full postal survey of 372 individual donors and 174 enquirers (130/546)	No formal consultations took place with this group	No formal consultations took place with this group
Partners	Two key partners were asked to complete a survey	Partner survey (6/9)	Partner survey(21/44)

How we have progressed over the year?

Reporting on the key targets as agreed by the Senior Management Team and Board

What we said we would achieve	Progress to date
Aim 1: Provide financial services and business support which make livelihoods and living standards better for people as they trade their way out of poverty	
<ul style="list-style-type: none"> • Increase lending, and continue increasing the proportion of lending going directly to our producer customers. • Improve monitoring and reporting systems within and from our regional offices to facilitate the effective flow of information with customers and ultimately improve customer service and arrears management. • Build on lessons learnt from capacity building work with SWIFT to apply in other projects and programmes. • Review monitoring & evaluation frameworks across our training projects to ensure a consistent approach evaluating successful outcomes. • Continue to develop new training projects which focus on supporting producers to access finance. 	<p>We continue to strengthen our direct relationship with producers and the value of funds lent directly to them has increased slightly from 60% to 63% since last year. Since October 2016, 43 proposals have been approved (eight buyer organisations and 35 producer organisations) ~ 40% were new customers. The split per region was; eight for NHPR, 16 for Africa and 19 for Latin America with a total value of £6.8 million. See detail on page 11.</p> <p>The lending pipeline at the end of September recorded 38 lending opportunities, four of which were for buyer organisations. This consisted of 12 existing customers and 26 new customers.</p> <p>We have continued to attend trade fairs and conferences focussed around producers, including; Biofach, Ambiente and SCAA.</p> <p>We have improved the lending section of the website supported by additional marketing materials.</p> <p>The new lending system project started in January and, when complete, will give the overseas team access to more customer data through a web based portal that will be quicker and more reliable. The system will also include a function to allow the Lending Team to send customers transaction information by text, in the future. The initial phase of the project focused on information gathering, drawing out views and suggestions from staff. A member of the Lending Team has been seconded onto the project and is working with IT. The new system is starting to take shape and is on target.</p> <p>M&E data recording is taking place in all regions and will allow for benchmarking levels to be established for risk and impact assessment.</p> <p>We have seen an increase in the number of visits to overseas customers which has helped with arrears management and developed existing customer relationships.</p> <p>More detailed arrears reporting is being provided by the Risk Manager. Discussions at the recent Regional Managers' meeting, which took place in Newcastle included improving internal reporting within the customer Annual Review documentation.</p> <p>We have continued to learn lessons from our support for SWIFT and are using these to inform our work with RWAFAT in Rwanda. In particular we are looking at the issue of financial sustainability and what the networks are able to offer their membership.</p> <p>The work on reviewing our Monitoring and Evaluation framework has not yet been addressed this year, due to other priorities and staff changes.</p> <p>We have developed two new Access to Finance training project ideas this year but have not yet gained funding to implement them. One proposal focuses on the vanilla industry in Madagascar and the other on cashew nuts and mangos in Burkina Faso.</p>

Aim 2: Develop our community of investors, the support of donors and volunteers, and partnerships with those who share our commitment to fair and just trade	
<ul style="list-style-type: none"> • Increase Share Capital and investor numbers to increase the funds available to lend. 	<p>At the end of the year Share Capital had grown by a net £2,934,559. 705 new Share Accounts opened in the year and there was an overall net growth of 457. This growth is largely due to sustained promotional activity through the year building upon the extra boost in activity at the end of 2016.</p>
<ul style="list-style-type: none"> • Continue to create regional opportunities for members to meet other investors, ask questions of staff and Board, participate in debate and offer other views. 	<p>The AGM took place at the Design Centre, Gateshead and feedback from members was very positive. Regional events took place in Cardiff, Leeds, Birmingham, London and Manchester. Representatives of the Board and Council were in attendance to answer member questions.</p>
<ul style="list-style-type: none"> • Develop our approach to identifying and valuing key partnerships. 	<p>For greater clarity we have reviewed our definition of partner to - an organisation or network with which we have had a mutually advantageous relationship within this financial year and that will benefit our mission and goes beyond any other relationship(s) we may have with them (i.e. that they are a member, customer, donor). We also consulted with our partners to learn which of the SDGs are important to their organisation and mapped these against our own.</p>
<ul style="list-style-type: none"> • Undertake a strategic review for Shared Interest Foundation. 	<p>Completed</p>
<ul style="list-style-type: none"> • Continue to seek to develop new funding sources for Shared Interest Foundation 	<p>We have written to previous Society enquirers who did not open a Share Account after a two year waiting period and provided them with details of the Foundation. A legacy campaign took place in July and the new website has more options for people to donate to the Foundation.</p>

Aim 3: Manage our resources in line with our principles of love, justice and stewardship	
<ul style="list-style-type: none"> • Continue to monitor staff engagement and develop a better understanding of communication flows between all Shared Interest's offices. 	<p>We repeated the People Gauge Survey in July and compared results against previous years. This year we had a response rate of 91% compared to 95% of staff who completed the survey in 2016. Of those, 97.4% of staff were engaged or actively engaged compared to 98.3% in 2016. We are planning to repeat the survey again next year, which will enable us to further compare results.</p> <p>The Member Engagement Team created an internal communications survey to be completed by all staff. The intention of the survey was to research methods and flows of communication in particular between the UK and overseas offices and see if any improvements could be identified. We received an 83% completion rate by the overseas team (10 out of 12 staff) and a 70% completion rate by UK staff (16 out of 23 staff). The overall response rate was 74%.</p>
<ul style="list-style-type: none"> • Allocate the carbon offset fund in partnership with other fair trade organisations, supporting a project that directly creates a positive environmental impact in the developing world. 	<p>We have agreed, in principle, to add our current carbon offset fund to Traidcraft's although details of this arrangement have yet to be finalised.</p>
<ul style="list-style-type: none"> • Continue to manage our resources to ensure we minimise the environmental impact of our operations. 	<p>Our Kenyan Regional Office Administrator, Josephine Mwasaru has joined the Environment Team to ensure we have input from the overseas team. This should also help with the collation of data. We have also updated the way we capture travel data from all staff, Board and Council members and volunteers to measure our carbon footprint more accurately. Alongside this we continue to develop our use of technology to reduce travel where appropriate.</p>
<ul style="list-style-type: none"> • Continue to maintain robust financial controls managing our exposure to risk. 	<p>We undertook an audit tender to make sure that we continue to receive a high standard of independent external audit. Internal controls continue to be operated as normal and there have been no known breaches. Work is ongoing to strengthen our risk management around credit risk with this work being led by the Risk Manager and increased scrutiny from the Board following the loss last year.</p>

What we want to achieve next year?

As agreed by the Senior Management Team and Board

AIM 1:

Provide financial services and business support which make livelihoods and living standards better for people as they trade their way out of poverty.

A full strategic review for Shared Interest and actions put in place to implement the recommendations.

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An increase in lending and a more diverse portfolio through exploration of new products and markets.

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Implement a new lending system to improve monitoring and reporting systems, facilitate the effective flow of information with customers and ultimately improve customer service and arrears management.

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Develop existing and new partnerships to ensure that we are included within wider technical assistance programmes in order to provide capacity building support for our producers.

AIM 2:

Develop our community of investors, the support of donors and volunteers, and partnerships with those who share our commitment to fair and just trade.

A full strategic review for Shared Interest Society is undertaken and actions are put in place to implement the recommendations.

~

An increase in Share Capital and investor numbers to increase the funds available to lend.

~

Create regional opportunities for members to meet other investors, ask questions of staff and Board, participate in debate and offer other views.

~

Identify and value key partnerships.

~

Develop new funding sources for Shared Interest Foundation

AIM 3:

Manage our resources in line with our principles of love, justice and stewardship.

A full strategic review for Shared Interest Society is undertaken and actions are put in place to implement the recommendations.

~

Develop a better understanding of communication flows between all Shared Interest's offices and monitor staff engagement

~

Allocate the carbon offset fund in partnership with other fair trade organisations, supporting a project that directly creates a positive environmental impact in the developing world.

~

Manage our resources to ensure we minimise the environmental impact of our operations.

~

Maintain robust financial controls managing our exposure to risk.

NEXT STEPS

Following review of these accounts by an audit panel with SAN qualified Chair, they are approved by the Board of Shared Interest Society and Foundation. They will then be available for download from the Shared Interest website www.shared-interest.com/social-accounts and will be presented along with Financial Accounts to the Shared Interest AGM for adoption in March 2018. Information from the accounts will be disseminated to our different stakeholder groups throughout 2018, and any feedback will feed in to our next annual process.

GLOSSARY AND ABBREVIATIONS

AGM

Annual General Meeting - Meeting of Shared Interest Society members which reports on progress of the Society and Foundation.

Beneficiaries

Those benefiting from Shared Interest Foundation projects.

Board

Those elected members who are collectively responsible for the direction and management of Shared Interest Society.

Buyer customers

Wholesale or retail businesses which borrow money from Shared Interest to finance the purchase of fair trade products.

CLAC

Coordinadora latinoamericana (de comercio justo) y del Caribe - a fair trade network of small producers in Latin America.

Comic Relief

A UK based charity that funds UK and international projects to alleviate poverty.

Commonwealth

A development organisation linked to the Commonwealth institutions which provides Foundation grants to encourage collaboration between Commonwealth countries.

Co-operatives UK

A body that seeks to promote and develop co-operative enterprises in the UK.

Committed lending

Upon approval of a new line of credit or term loan there are certain conditions which must be met before we are in a position to release any funds. Once all of the conditions have been met we consider a facility or loan to be committed and funds can be released. There is typically a difference between the approved lending facilities and those committed as we are waiting for documents to be received.

Community Shares Standard

Awarded by the Community Shares Unit (CSU) and indicates that the share offer Shares Standard document complies with their good practice guidelines.

Council

A body consisting of 9 members of Shared Interest Society which serves to represent and reflect the views of the membership.

CSAF

The Council on Smallholder Agricultural Finance - a global alliance of social lenders of which Shared Interest is a member, focused on serving the financing needs of small and growing agricultural businesses in low and middle-income countries worldwide.

Donors

Individuals, groups or organisations (including corporates and charitable trusts) who donate money to Shared Interest Foundation.

EDCS

Ecumenical Development Co-operative Society now Oikocredit.

Ethical Finance

Providing finance in a fair and equitable manner.

Export Credit

Financial product designed for producer organisations to provide them with sufficient working capital to complete and deliver new orders or contracts.

Facility

A type of loan (short or long term) made to a business customer.

Fairtrade

Fairtrade is used to denote the product certification system operated by Fairtrade International. When a product carries the FAIRTRADE Mark it means the producers and traders have met Fairtrade Standards.

fair trade

fair trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers.

Fairtrade Africa

The organisation representing all Fairtrade certified producers in Africa. It shares premises with Shared Interest in Ghana.

Fairtrade Buyer

Wholesale or retail businesses who buy fair trade products from producers.

Fairtrade Foundation

The organisation that licenses the use of the Fairtrade Mark in the UK. It also plays a key part in promoting Fairtrade in the UK.

Fairtrade International

The organisation that co-ordinates Fairtrade labelling at an international level (formerly known as FLO).

FCA

Financial Conduct Authority - a regulatory body of firms which provide financial services to consumers in the UK.

FLO

See Fairtrade International.

GBP, USD, EUR

The main currencies in which Shared Interest lends - GBP: Pounds Sterling; USD: US Dollars; EUR: Euros.

Line of Credit

An arrangement between Shared Interest Society and a customer that establishes a maximum loan balance. The borrower can draw down on the line of credit at any time, as they do not exceed the maximum balance. For Shared Interest this refers to revolving and short term lending such as Export Credit and Buyer Credit.

M&E

Monitoring and Evaluation - the ongoing process of measuring changes and analysing the extent to which these have derived from our work and achieved the intended aims.

Market access

Ability of those producing products or services to find buyers.

Members

Shared Interest Society is owned by its members, and each has one vote irrespective of the size of their investment. Individuals, groups or organisations can invest between £100 and £100,000 in a Share Account.

MFTN

Malawi Fairtrade Network - umbrella body of Fairtrade producer organisations in Malawi. Providing advocacy, research and market development.

NGO

Non-Governmental Organisation - voluntary group of individuals or organisations, not affiliated with government, formed to provide services or to advocate public policy.

People Gauge

An online survey tool designed to measure levels of employee engagement.

Pre-finance

Pre-finance takes place when a financial institution advances funds to a borrower based on proven orders from buyers. The borrower usually requires the funding in order to produce and supply the goods. One of the key reasons for pre-finance is so that the borrower has sufficient working capital to enable them to complete and deliver new orders or contracts.

Producer customers

Businesses which supply fair trade products and have a contract with Shared Interest to borrow money in order to finance that trade.

QR

Quarterly Return, the quarterly magazine produced for Shared Interest members.

Recipient producers

Producer businesses which do not have a credit facility with Shared Interest, but who receive payments from Shared Interest on behalf of their buyers.

RWAFAT

The Rwanda Forum for Alternative Trade - Partner organisation to Shared Interest Foundation, providing business support to fair trade handcraft businesses in Rwanda.

SCAA

Annual specialty coffee exhibition.

SDG

The Sustainable Development Goals (SDG's), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Share Account

Members of Shared Interest Society invest between £100 and £100,000 in a Share Account, which can be opened by UK residents aged over 16. Accounts can be held individually, jointly, or by groups.

Share Capital

The pooled investments of Shared Interest Society members in Share Accounts which provides the capital required for Shared Interest to be able to lend money to fair trade businesses around the world.

SAN

The Social Audit Network is a not-for-profit organisation which facilitates the exchange of information and experience between practitioners of social accounting and audit. Maintains a register of accredited social auditors.

Stakeholder

Groups of people that can affect or are affected by the actions of a business.

SWABCHA

Swaziland Business Coalition on Health and AID's.

SWIFT

Swaziland International Fair Trade - Partner organisation to Shared Interest Foundation, providing business support to fair trade businesses (mainly handcraft) in Swaziland.

Term Loan

A loan from Shared Interest for a specific amount that has a specified repayment schedule.

Trustees

Those elected representatives who are collectively responsible for the direction and management of Shared Interest Foundation.

UK Fairtrade Leaders Forum

An informal framework for co-operation between the Chief Executives of the UK's principal fair trade organisations.

UK GAAP

UK Generally Accepted Accounting Practice.

Volunteers

Shared Interest volunteers assist us in a variety of ways, from administrative support at our Head Office, to raising the profile of the organisation.

WFTO

World Fair Trade Organization - a global network of fair trade organizations (formerly known as IFAT - the International Federation for Alternative Trade) with regional branches such as WFTO Europe.

LIST OF APPENDICES

All of these Appendices can be accessed online at shared-interest.com/SA17/App#
(replacing the # with the Appendix number).

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| 2 Directors' Report and Accounts for the Society | 10 Volunteer Survey report | 19 Organisational chart |
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| 5 Dalberg Global Development Advisors report, INFLECTION POINT: Unlocking growth in the era of farmer finance | 13 Budgetary control, financial reporting and authorisation | |
| 6 The Council on Smallholder Agricultural Finance (CSAF) State of the Sector Report 2017 | 14 Our approach to procurement | |
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| | 17 Compliance with statutory and voluntary codes | |

In addition to internal data systems, and the Appendices above, a list of consultations, reports and further information contributing to the Social Accounts which was made available for inspection by the Social Audit Panel can be found at shared-interest.com/SA17/supplementary.

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