

**Social  
Accounts  
Year ended:  
September  
2019**



# INVESTING IN A Fairer World.

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## ACKNOWLEDGEMENTS

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

We are grateful to Tracy Mitchell (Chair), Bob Doherty, Liz Allen and Fiona Standfield for providing independent verification this year.

*Front and back cover images: UGF/CDN, Shea butter producers in Burkina Faso*

# Welcome to our 2019 Social Accounts

It is a privilege to introduce our Social Accounts for 2019, which describe the first full year of activities following our Strategic Review. As Chair, I am pleased to have seen both Shared Interest Society and Shared Interest Foundation report on 12 months of positive progress in supporting producers in disadvantaged communities. This document provides a transparent account of our work, carried out to meet these aims and objectives, and ultimately achieve our mission.

We have seen an impressive growth in the value of payments made, partly due to the weakened pound, with a total of £68.7m provided to lending customers, an increase of £5.8m from last year. Our in-country presence remains vital in growing the local knowledge required to supply a large proportion of this finance to producers in remote communities. Subsequently, 70% of our Share Capital this year has reached those smallholder farmers and artisans, who are in most need of finance.

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

we could broaden our reach further, this year, we worked with a small number of producers who are not Fairtrade or World Fair Trade Organisation (WFTO) certified but comply with the ten Fair Trade Principles.

Thanks to donors, grant-giving bodies, and trusts, our charity, Shared Interest Foundation, has continued to provide business support to small-scale producer groups in Africa. This year saw us conclude our four-year project in Eswatini, formerly Swaziland. The project has supported over 7,600 individuals during its lifespan, helping handcraft producers to develop or diversify their businesses. In Burkina Faso, we helped a group of beekeepers in a rural community, to buy equipment and improve their honey production bringing a better and more secure income.

Meanwhile, Shared Interest Society hit the major milestone of 10,000 Share Accounts, and £43.1m in investment. Our members also voted unanimously in favour of changes to our Rules, which will allow us to accept investment in Euros and US Dollars. As 97% of our lending is provided in currencies other than the pound, this will help protect us from fluctuations in exchange rates, meaning our costs are reduced and we have more money available to lend. This is crucial as our lending remains in high demand, and we know that over 70% of our

customers have no other source of financial support.

It was a pleasure to meet members across the UK during our supporter events and AGM where we heard from inspirational fair trade business leaders, and received up-dates from our overseas colleagues. These events are always a highlight, as we reflect on the significant impact made in so many communities. It is a poignant reminder of how much can be achieved when people come together with a shared goal.

I would like to take this opportunity to thank every single person who has been involved with Shared Interest, not just over this past year, but since the organisation began. Without our supporters, the work described in our Social Accounting process would not be possible. I hope you enjoy reading some of the highlights of the year.



**Mary Coyle MBE**  
CHAIR OF SHARED INTEREST

# Social Audit Statement

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Patricia Alexander, Kodzo Korkortsi, Tim Morgan and other members of the Shared Interest Team at the Social Audit Panel meeting held on 26th November 2019. 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.

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 key recommendation from the previous year.

We identified two key points to be taken into consideration during the next social audit cycle:

- We would encourage Shared Interest to review the aims and associated activities, as planned, to ensure alignment with the newly developed Theory of Change
- We would encourage Shared Interest to develop the evaluation against the SDGs within the report.

The members of the Social Audit Panel were:

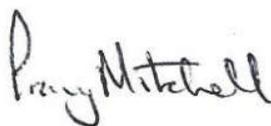
**Tracy Mitchell (Chair), SAN Auditor**

**Liz Allen, The Connectives**

**Dr Bob Doherty, University of York**

**Fiona Standfield, Chief Operating Officer at Roman Catholic Diocese Hexham and Newcastle**

Signed:



Chair of the Social Audit Panel

Dated: 6<sup>th</sup> December 2019



\* 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

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*THESE SOCIAL ACCOUNTS COVER SHARED INTEREST'S FINANCIAL YEAR FROM 1 OCTOBER 2018 TO 30 SEPTEMBER 2019.  
REFERENCES TO 'THIS YEAR' AND '2019' SHOULD THEREFORE BE READ AS THE ABOVE 12-MONTH PERIOD*

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The operations of both Shared Interest Society and Shared Interest Foundation are summarised in three key aims and associated activities. They also reflect the feedback and recommendations received from the Social Accounts Audit in 2018.

These aims cover the substantive activities of both organisations.

These Social Accounts were produced in accordance with the process recommended by the Social Audit Network UK (SAN). See Appendix 20. 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 53-56.

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.



*Ana Santiago, Anali Papuyco and Victoria Ricse, from right, of Artesania Urpi in Cochas Chico, Peru. They specialise in the production of carved gourds.*

# Our aims

## 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:

Increase producers' access to finance by:  
Offering a variety of lending products directly to producer businesses

Providing financial services to buyer businesses  
Implementing an efficient lending system to improve customer service

### Activity 2:

Build sustainable support for fair trade businesses by:  
Delivering training programmes to meet producers' needs  
Developing strategic partnerships

## 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

### Activity 2:

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

### Activity 3:

Collaborate and innovate with partners

## 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

### Activity 2:

Encourage talent and commitment in an environment of mutual respect

### Activity 3:

Practise good environmental stewardship



# 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 10,009 members in the UK, each investing between £100 and £100,000. With an average investment of £4,306, this provides Share Capital of £43.1 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 governance systems and financial management as well as other business skills. The story of our past 29 years is detailed at [shared-interest.com](http://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 10,009 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 eight 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, four members have been randomly selected for nomination, while the other four members applied for their roles; all were subject to a ballot of members.

Producer Committees held in the regions ensure that the producer voice is included within our governance and decision-making.

## 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<sup>1</sup>, 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<sup>2</sup> is produced by the Social Audit Network to enable standardised reporting on areas such as HR, governance, finance, and environmental / economic aspects.

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<sup>1</sup> Appendix 20: Compliance with Statutory & Voluntary Codes

<sup>2</sup> Appendix 21: Key Aspects Checklist

# Our mission

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*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.*

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The investment of our members enables us to lend money to businesses across the world. With the support of our stakeholders, we are able to contribute towards building stronger, more sustainable businesses and improving the livelihoods of people in some of the world's most disadvantaged communities.

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<sup>3</sup> Appendix 1: Directors Report and Accounts

<sup>4</sup> Appendix 2: Shared Interest Foundation Accounts

The businesses we support range from individual producers to large scale coffee and cocoa 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 stock for new shops selling fair trade goods.

In addition to finance provided by Shared Interest Society, Shared Interest Foundation provides technical assistance and business support to fair trade producers. They work with community-based groups to develop income-generating activities to support their livelihoods.

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 55. Read in conjunction with our Directors' Report and Accounts<sup>3</sup> and Foundation Accounts<sup>4</sup>, these aims cover all areas of our organisation.



*Allpa, handcraft co-operative in Peru*

# Our Impact

In line with our mission, we provide financial services and business support to producer groups to help them build resilient and sustainable businesses, increase their income, and improve their living conditions. We believe that, by providing increased access to finance to smallholder farmers and artisans, we empower them to work towards the reduction of poverty and the promotion of economic growth and social development in their communities.

Through investment from our members and the support of donors and partners, we continue to grow our lending portfolio to impact communities across the globe. We lend directly to fair trade producer groups (producer lending) and to fair trade wholesale or retail businesses (buyer lending). We offer term loans for the purchase of production equipment and the expansion of production facilities. We also provide short-term rolling facilities in the form of export credit to help producers fulfil their orders or a stock facility for building up raw materials.

An explanation of our different types of lending can be found in the Appendix<sup>5</sup>.

We believe our work contributes to the attainment of specific Sustainable Development Goals (SDGs) from the 17 SDGs agreed by the United Nations in 2015 as goals for building a better world by 2030. Last year, we asked our partners which SDGs they felt aligned with our work, and this year, we explore this further with two key partners in Aim 2.



<sup>5</sup> Appendix 5: Description of Lending Products

Overall, we believe that the five of the SDGs are embedded in Shared Interest's mission and values:

8. Decent work and Economic Growth, 17. Partnership for the Goals, 1. No Poverty, 5. Gender Equality and 12. Responsible Consumption and Production.

Our internal Monitoring and Evaluation Committee works to develop a methodology and appropriate tools to monitor and track the impact of our lending and the support we offer to businesses across the globe. We recognise that there are external factors, which also contribute to the outcomes of the businesses we work with. However, through various data collection methods we aim to demonstrate the effect of our financial support.

We use surveys, interviews, focus group discussions and case studies to collect our impact data. We speak to producers, workers, and community members where the co-operative is located to gain a holistic picture of the impact of our work.

This year, we carried out a Theory of Change process to strengthen the design and delivery of our projects, as well as our evaluation techniques. The results of this process were approved by our Board in October and are provided in the diagram on the following page. We will use this to provide focus when reviewing, demonstrating, and reporting impact in next year's Social Accounts. A Theory of Change is a specific methodology that describes the pathway for achieving a desired social change. It defines the long-term goals of an organisation and maps out the process for achieving these.

Our overall goal is to contribute towards an improvement in the livelihood of people as they trade their way out of poverty. Last year, we developed a social impact

measurement scorecard, and we will embed this functionality in our new lending database. This year, we sent a social impact survey by email to producers in Latin America and Africa. We also carried out two longitudinal case studies to explore the impact of our work, the first with Union des Groupements Feminins Ce Dwane Nyee (UGF/CDN) in Burkina Faso in West Africa and the second with Promotora de Desarrollo Cooperativo de las Segovias (PRODECOOP) in Nicaragua in Central America. We used surveys, interviews, and group discussions to gather data and reviewed all available documentation including financial reports, annual reviews, funding proposals and visit reports<sup>6&7</sup>. Using the learning from our Theory of Change, next year, we will focus on developing our methods of gathering this type of qualitative data producing a consistent method of collecting qualitative data

To carry out this process and produce the diagram on page 12, we made a number of assumptions on the comprehensive systems and procedures that form the foundations of our organisation. These include:

- Skilled staff and volunteers – Staff and volunteers have the skills, capacity and resources to effectively carry out their role and the activities of the organisation
- Internal systems and processes – We have robust and fair systems to monitor and manage treasury, risk, portfolio, environmental impact, legal compliance and people.
- Good governance – We have and adhere to good practice, regulations, policies and procedures in order to operate effectively and transparently

Through Shared Interest lending, we empower

smallholder farmers and artisans to grow their businesses sustainably, increase trade, and create employment opportunities. As their businesses grow, they are able to improve their income and to contribute to the alleviation of poverty in their respective communities. Over the past year, we have provided access to finance to farmers and artisans across Africa and Latin America, and fair trade buyers in the Northern Hemisphere, extending our support indirectly to producers in Asia. In 2019, we lent funds to 174 producer groups comprising 396,973 farmers and artisans. Of these, 36% are women (2018: 39%) and 8,825 are permanent employees (2018: 8,617). The overall payments increased by 9% in 2019 compared to the previous year.

This year, we supported a group of 50 women in rural Burkina Faso to develop a beekeeping enterprise. Through a programme of training, mentoring, and workshops on good agricultural practices, we helped five producer groups in Malawi to increase their farm yield and to grow their sales, increasing their sustainability. In Eswatini (formerly Swaziland), we worked with our partner Swaziland International Fair Trade (SWIFT) to support 100 women selling their handcrafts at a city bus station, to diversify their products and increase sales.

This year saw the conclusion of our five-year project in conjunction with SWIFT, which has supported 30 individual handcraft producers. Over 3,000 new jobs were created during the lifetime of the project (Full details of outcomes are on Pages 33-35). In East Africa, we trained 20 co-operatives in financial management and supported them through our mentoring programme to improve their financial management systems for effective running of their businesses.

<sup>6</sup> Appendix 10: Longitudinal Study – PRODECOOP

<sup>7</sup> Appendix 11: Longitudinal Study – UGF/CDN

# OUR THEORY OF CHANGE

**IMPROVEMENT IN THE LIVELIHOOD OF PEOPLE AS THEY TRADE THEIR WAY OUT OF POVERTY**

**LONG-TERM OUTCOMES**

- Increase in income for farmers, artisans and workers
- Stronger, more resilient and sustainable businesses
- Employment creation for farmers, artisans and workers

**INTERMEDIATE OUTCOMES**

- Increased access to fair and affordable finance
- Increase in trading opportunities
- Increase in entrepreneurial and business skills

**SHORT-TERM OUTCOMES**

- Increase in capital available to lend
- Growth in tailored lending products
- Capacity building training and mentoring provided

**OUTPUTS**

- Engaged members & volunteers
- Increased membership
- Higher member retention
- Strong customer relationships
- Customer recruitment & portfolio growth
- Well managed risk portfolio
- Engaged donors
- Restricted & unrestricted funds raised
- Engaged partners

**ACTIVITIES**

- Member communications and events
- Volunteer communications and events
- Promotional activities
- Promotional activities
- Customer communications and events
- Due diligence
- Donor & supporter communications and events
- Promotional activities
- Partnership communications

**GLOSSARY** Member: Shared Interest Society investors Customer: Borrower organisations which enter into a business contract with Shared Interest Society Other organisations that receive or make payments via Shared Interest Society Donor: Shared Interest Foundation donors Partner: An organisation we work in partnership with to achieve a specific goal, event or activity

# 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: Increase producers' access to finance

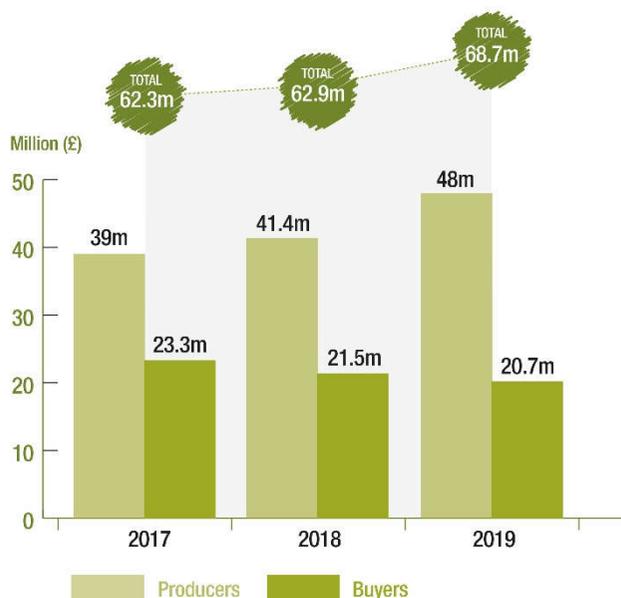
Globally, there are 500 million households or 2.5 billion individuals who consider smallholder farming as an integral part of their livelihood<sup>8</sup>. However, access to finance remains a significant challenge for smallholder farmers in developing countries and more especially in low-income countries with an estimated finance gap of 170 billion US Dollars.

Reports from our overseas team indicate that producer groups continue to struggle to obtain the credit facilities they need to grow their businesses sustainably. The stringent requirements of local banks, including requests for security, deprive many producers of access to credit facilities and this continues to deepen the gap in finance.

Through Shared Interest lending, we empower smallholder farmers and artisans to grow their businesses sustainably, increase trade, and create employment opportunities. As their businesses grow,

they are able to improve their income and to contribute to the alleviation of poverty in their respective communities. Over the past year, we have provided access to finance to farmers and artisans across Africa and Latin America, and fair trade buyers in the Northern Hemisphere, extending our support indirectly to producers in Asia. Our aim is to be a trusted and respected provider of ethical finance, with a particular emphasis on working with vulnerable groups that other lenders are less keen to support.

### Total payments made



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<sup>9</sup>.

Maps 1 & 2 on pages 28 & 29 show the location of our customers and the reach of our payments. The chart in column two gives a more detailed summary of the total payments made to both producer customers and to producers on behalf of buyers.

Although we offer term loans, the majority of our lending can be classed as short-term rolling facilities, providing working capital to help producer groups fulfil their orders or to help purchase stock. Ninety percent of funds lent to buyers are used to pre-finance orders. Fair trade buyers are required to provide producers with a part payment on placing the order. We send this money to producers on behalf of the buyer. These are referred to as 'recipient producer payments'. In both cases, the lending is designed to be repaid as contracts are fulfilled. Upon repayment, the funds are then available to lend again. As a result, the value of payments made is greater than the value of funds invested. Every £1 of investment made by members was lent 1.6 times in the year (last year 1.56).

Our portfolio is split into three regions; Africa, Latin America and Northern Hemisphere and Pacific Rim (NHPR). We have a total of 204 customers, consisting of 174 producer groups and 30 buyers. We have a strong overseas presence in Costa Rica, Ghana, Kenya and Peru. The local knowledge has helped us grow the proportion of direct producer lending and increased our understanding of communities in which producers are based.

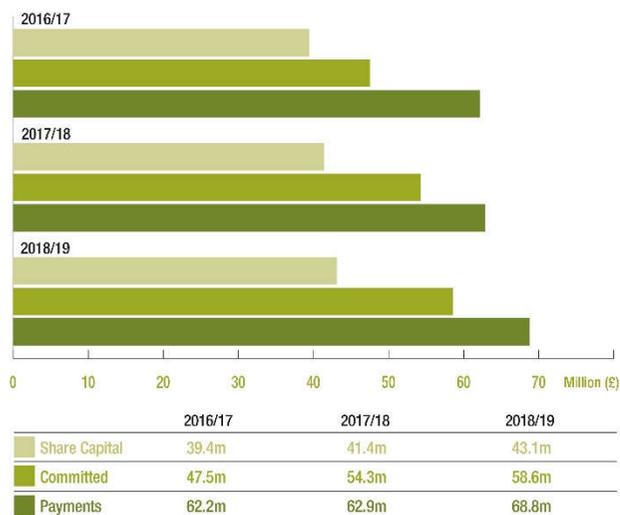
Overall payments increased by 9% in 2019 compared to the previous year. However, 97% (2018: 93%), of the payments were made in currencies other than Sterling -

<sup>8</sup> Appendix 3: Rural & Agricultural Finance State of the Sector Report, 2019

<sup>9</sup> Appendix 5: Description of Lending products

predominantly US Dollars and Euros. As the data is represented in Sterling in the graph on page 13, fluctuations in exchange rates have affected the total value of payments (60% of the growth in payments is due to the weaker Pound during the financial year).

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



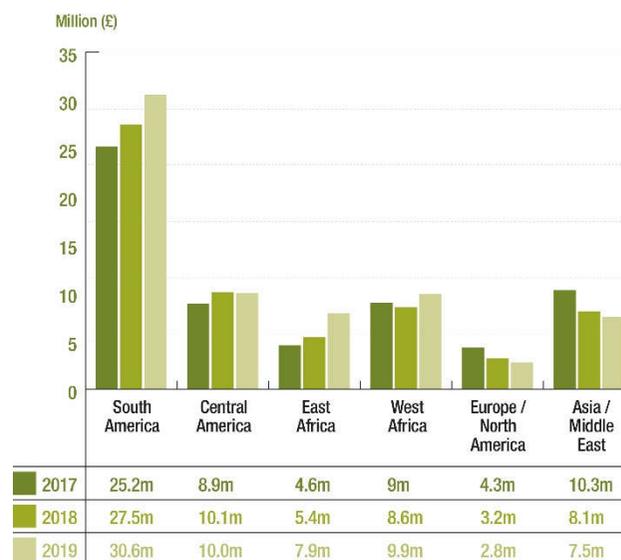
A large proportion of payments made on behalf of buyers went to Asia and the Middle East. Due to political and economic constraints, it is difficult to lend directly in these regions, therefore our relationships with buyers are essential to reach the most disadvantaged organisations. A proportion of payments were also made to fair trade suppliers within Europe and North America. The decrease in payments seen for both of these regions is largely linked to the challenges within the craft market. In recent years, many buyer organisations in the Northern Hemisphere have been

<sup>10</sup> Appendix 6: CSAF State of the Sector Report, 2019

forced to either cease trading or reduce their handcraft purchases due to declining sales. Unfortunately this has negatively impacted some producers in Asia, most particularly India and Bangladesh, where the majority of handcraft producers are located.

As seen in the graph (total payments per region), South America continued to receive the highest volume of payments, representing 45% of total payments made. This is due to a large number of coffee producers being based here, and as explained below, a significant proportion of our lending is attributed to this commodity.

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



Moreover, we have seen a £3 million increase in payments to this region.

This trend was also experienced by other social lenders as detailed in the Council on Smallholder Agricultural Finance (CSAF) State of Sector report 2019<sup>10</sup>. The report suggested that the concentration of coffee lending in South America was due to steady volume of coffee produced during 2017 and 2018, which is a result of a long-term recovery in the wake of the leaf rust outbreak in 2013-2014.

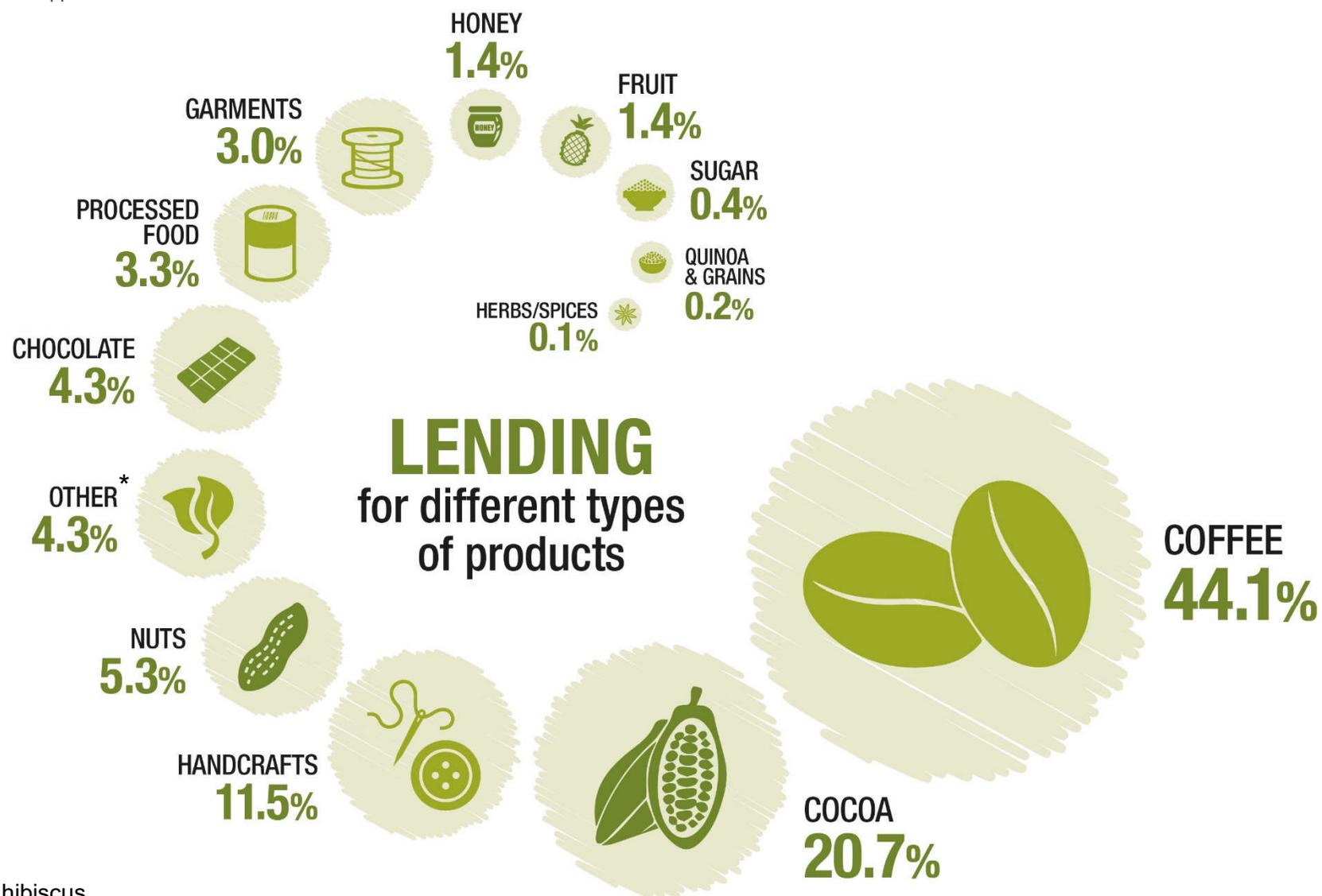
Coffee remains our largest exposure, mainly due to the scale of Fairtrade coffee production with more than half of all Fairtrade certified producers growing this commodity. The total lending for coffee has increased from 38% in 2018 to 44% in 2019.

Handcraft and textile products continue to have an important place in our lending as we maintain our focus on the small and disadvantaged. 15% of our lending went to these producers compared to 10% in 2018. We believe our lending is important to these groups because the majority of other social lenders do not offer financing to this sector as they only provide facilities over 500,000 US Dollars.



*Akabonge Azaba, a member of Amongtaaba Basket Weavers Group (working with TradeAID), weaves together with other women of her group in Sumbrungu Zobiko Village, Bolgatanga District, Ghana.*

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



\*Other includes, vanilla and hibiscus

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.

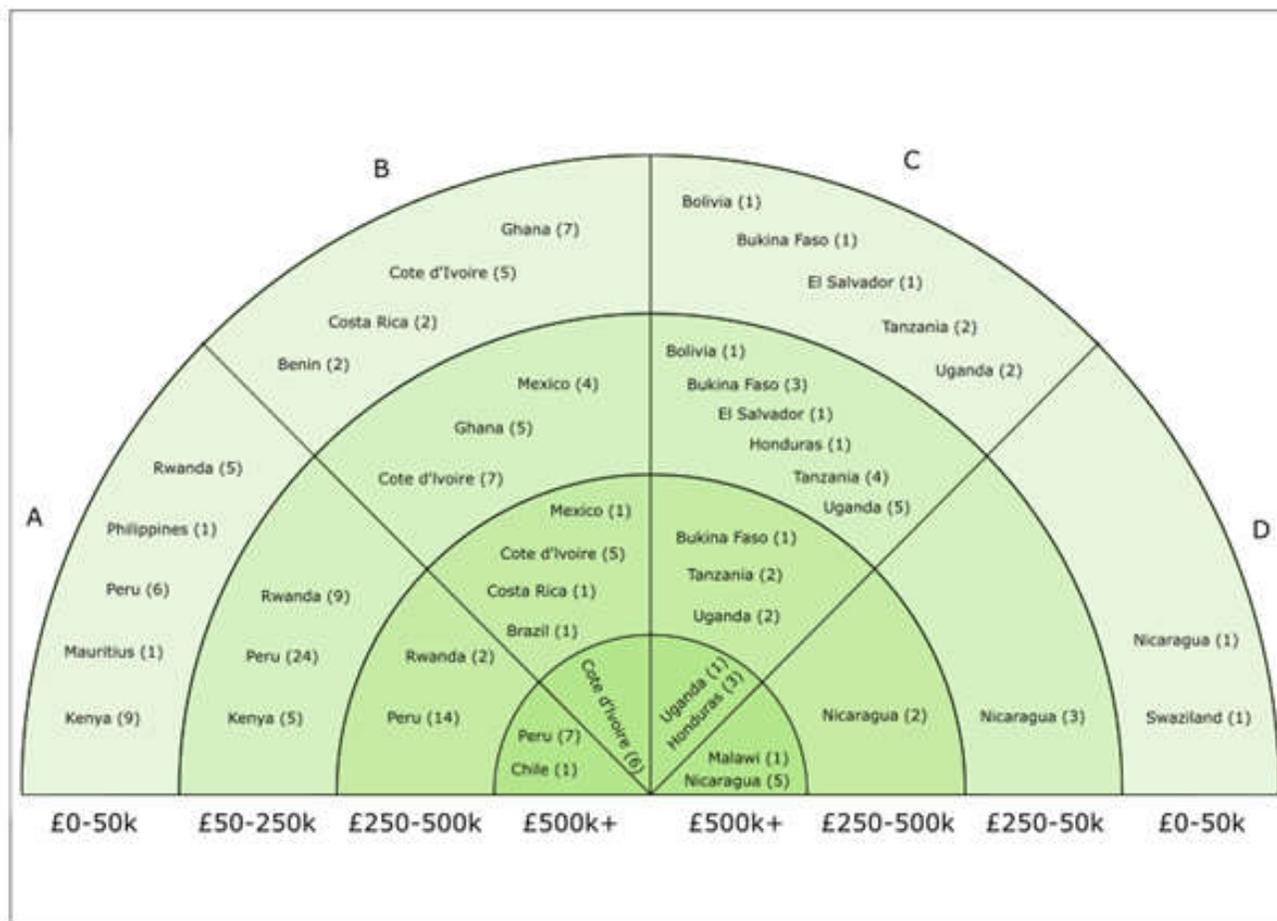
To control our country-related risk we use an independent evaluator organisation called Coface, which provides a country categorisation of A to D, with D being the riskiest. Prudential limits are then set to control our exposure to countries in C and D categories.

A more detailed explanation of country risk can be found in the Appendices<sup>11</sup>.

The adjacent chart shows where we lend, and the number of producers we lend to in relation to their country risk category. During the year, Rwanda has once more improved their risk assessment, changing category from B to A. Details can be found in the Coface report<sup>12</sup>. This was reflected in our portfolio as we have increased the lending in Rwanda from 13 to 16 producer groups during the year.

The producer groups we finance support a total of 396,973 farmers and artisans (2018: 470,421). We believe that this reduction is due to loss of handcraft buyers and portfolio rationalisation. Of these, 36% are women (2018: 39%) and 8,825 are permanent employees (2018: 8,617). We estimate, based on annual review data, that collectively, they earned £751.2 million, an increase from last year's total of £614.7 million. We are unable to quantify what proportion of this increase in income was related to Shared Interest support. However, please see case studies on pages 21, 25 & 26 for examples of how we have contributed to the growth of producer businesses.

The graphic on the following page shows a summary of the key indicators we compile in order to measure impact. They show the number of producer groups we work with, and the individuals we are affecting within those groups.



<sup>11</sup> Appendix 7: Explanation of Country Lending Risk

<sup>12</sup> Appendix 8: Coface Report 2019

**IN 2019**  
**WE LENT MONEY TO...**



## 1.1 Offering a variety of lending products directly to producer businesses

### Latin America

Despite the growing number of agricultural finance service providers, smallholder farming households in Asia, Africa and Latin America collectively require around 240 billion US Dollars in agricultural and non-agricultural finance to grow their business and reach their full potential (See Appendix 3).



*Raymisa Alpaca Farmer, Sebastiana Pacsi in Peru*

Payments made to producers in this region totalled £34.7 million (2018: £31.5 million) (see adjacent graph), representing 50% of the total payments sent by Shared Interest. The overall payment value increased by £3 million compared to last year. Peru had the largest value of total payments totalling £24.4 million as well as 290 payments (2018:344). The number of payments was lower as some producers had delayed harvests, which resulted in us combining three monthly payments, to coincide with the timing of their orders.

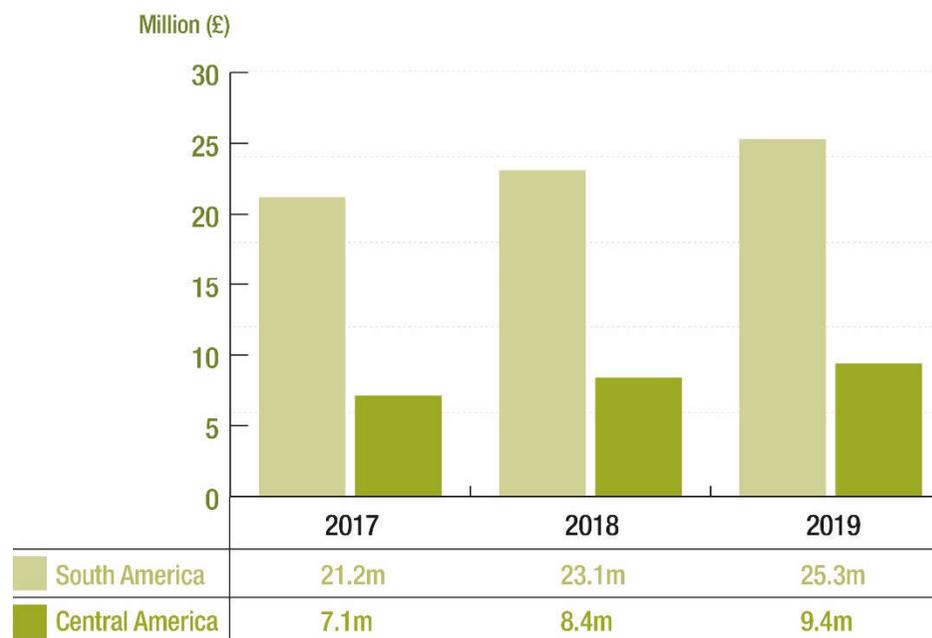
The region attracted six customers but eight accounts closed when facilities were fully repaid.

During this financial year, 16 new lending proposals were approved for Latin America, representing a facility value of £3.7 million (2018: £5.3 million). The majority of these are focussed on trade finance (14), and the remaining (2) were term loans. In line with the aim of diversifying products supported by our lending, we approved new facilities for soy, palm hearts, and quinoa producers, along with increasing an existing facility for a

honey producer. The majority of new lending was provided to coffee producers.

The FLO-CERT<sup>13</sup> website indicates that 72% of Fairtrade producers in Central America grow coffee. We believe that the continued dominance of Fairtrade coffee in Central America, will lead to a further increase in lending during the 2019/20 coffee season, particularly in Honduras and Mexico.

### Payments made to producer customers in LATIN AMERICA



IN 2019...



WE APPROVED

**16**  
PRODUCER LENDING  
PROPOSALS

THIS INCLUDED  
**6 NEW CUSTOMERS**

AND  
**10 EXISTING  
CUSTOMER INCREASES**

FOR 6 DIFFERENT PRODUCTS

<sup>13</sup> <https://www.flocert.net/>

During our Producer Committees held in Peru and Costa Rica, we received positive comments from our customers about the speed of our services, particularly with reference to short-term withdrawals. Positive feedback was also received regarding the revolving nature of our short-term lending facilities. The flexibility of this type of lending is crucial for some organisations in managing cash flow during their peak season to ensure that farmers are paid on time.

It is difficult to measure the impact of Shared Interest in isolation, as our financial support to customers sometimes sits alongside funds from other social lenders or local banks. Agriculture remains the leading (or sole) source of labour and income, and without a source of finance, farming co-operatives would struggle to survive, leading to a major loss to their livelihoods.

#### **Producer consultations in Latin America**

This year, we sent a social impact survey<sup>14</sup> to 62 producers and we received a 36% response rate.

We asked respondents if they believed that the financial services offered by Shared Interest assist them to overcome their challenges as a business - they unanimously responded that this was the case. Some respondents added that working with Shared Interest helping them to grow sales; others stated that financial, social and commercial growth was achieved.

When asked 'What are the main benefits of working with Shared Interest?' 50% of the respondents said that having working capital available, helped to deliver their goods.

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*“Knowing that a group of people from the United Kingdom, citizens, contribute and we the producers receive the money with enough responsibility gives us more energy to continue producing high quality coffee and cocoa, besides we are all in fair trade.”*

*“Trust allows you to have an economic benefit that translates into better sales and better benefits for members by having money available for the collection of coffee”*

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We asked producers, on a scale of 1 to 5, with 1 being strongly disagree and 5 being strongly agree, to rate a range of statements<sup>15</sup>.

These results show that over 90% of the respondents agree or strongly agree with five of the nine impact statements. These statements included themes such as improvement in the living standards of farmers, production efficiency, and improved financial record keeping. 19 out of the 20 producer groups said they agreed or strongly agreed with the statement: “Working with Shared Interest has made a direct impact on the long term sustainability of our business.” See all statements in Appendix 4.

During the producer committee held in Central America, the attendees said their biggest challenges were limited access to working capital to achieve export targets and the persistent decline in international coffee prices. Producers reported that they normally mitigate these

challenges by reaching out to social lenders such as Shared Interest to increase the limit of their credit lines.

Diversification into other crops has also proven to be an effective way of tackling the issue of coffee price fluctuation, and to help producers have a stable income.

Producers were also asked to state whether they were faced with any environmental issues. Most of them mentioned the impact of climate change and the invasion of different diseases and pests, some of which were new to them. In order to mitigate the effects of climate change, many co-operatives are offering training and technical support to farmers. Some producers have used our stock facility and pre-harvest finance to assist with unpredictable harvest times.

Participants were also asked to suggest ways Shared Interest could improve its services. Responses included: capacity building of management staff, social support, a more competitive interest rate, support for reforestation programmes, long-term lending for capital investment and innovation and other lending products such as invoice factoring. We intend to review these suggestions as there may be an opportunity to explore some of these areas in the future.

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<sup>14</sup> Appendix 9: Social Impact Survey

<sup>15</sup> Appendix 4: Producer Survey Statements

## Case Study in Latin America

Promotora de Desarrollo Cooperativo de las Segovias (PRODECOOP) is a second level coffee co-operative, which helps small organic co-operatives gain access to international markets. The organisation was created in 1997 under the leadership of Merling Preza, the current General Manager.



*Coffee berries in Peru*

PRODECOOP purchased a coffee dry mill in 2000, and in 2002, they renovated and expanded their office space with financial support from a local bank. In the same year, they purchased coffee classification equipment, financed by the Inter-American Development Bank.

With this infrastructure in place, PRODECOOP had the capacity to process higher volumes of coffee but their main challenge was inadequate working capital. They did not have sufficient cash available to purchase the full supply of coffee from their members. In fact, they could barely afford to buy half of the volume produced. As members' production continued to increase, additional

finances were required to buy their coffee. The organisation was financially constrained and paid producers only 40% of the cost of their coffee. The remaining 60% was paid after exporting the coffee.

Local banks were willing to provide credit facilities but their interest rates were too high, so PRODECOOP intensified the search for affordable finance.

In 2006, PRODECOOP approached Shared Interest, and we provided them with a line of credit to meet their financial needs. Merling said: "Without Shared Interest' finance, a large proportion of our coffee producers would have been denied of a decent income they would have sold their coffee on the local market at low prices."

As the business continued to expand, PRODECOOP needed further finance to fulfil orders. In 2009, we increased their credit line. According to Guillermo Boquin Ramirez, the Finance Manager: "If Shared Interest had not provided us with finance, we would have borrowed from local banks but at a higher interest rate and this would have eroded our profits and led to reduced payment to our producers." He described Shared Interest as 'an organisation that understands the needs of producers and responds swiftly to their financial needs.' Over the past 12 years, we have gradually increased PRODECOOP's credit facility; they have improved their cash flow, enabling them to build a new warehouse in 2015 and to upgrade their coffee processing machinery and equipment.

PRODECOOP has contributed to several community projects in the areas of education, gender, and environment. This has included supporting 180 young people into higher or tertiary education. At primary school level, PRODECOOP have also provided learning materials to over 6,000 children. Details of the full study are available<sup>16</sup>.



*Merling Preza, General Manager, Prodecoop*



*Coffee berries in Peru*

<sup>16</sup> Appendix 10: Longitudinal Study - PRODECOOP

## AFRICA Region

According to a joint report by Dalberg and KfW cited in the Rural and Agricultural Finance State of the Sector Report 2019<sup>8</sup>, there is an estimated annual lending gap of USD 100 billion to the agricultural sector in sub-Saharan Africa. Shared Interest lends to smallholder farmers and artisans in this region, providing them with the opportunity to grow their businesses and improve their income.



Farmers from Nyame Akwan co-operative in Ghana carrying harvested fruits to loading point

Of the 174 producer groups in our lending portfolio, 93 of these are based in Africa (53%). This represents 343,124 producer individuals, including 112,203 women. The co-operatives in this region, benefitting from our finance, are at the very base level and work with many smallholder farmers or artisans. This compares to Latin America which impacts fewer individuals because the co-operatives are larger, more established and have less farmers at the higher level. Next year, we will be looking to include all producers involved in each co-operative layer.

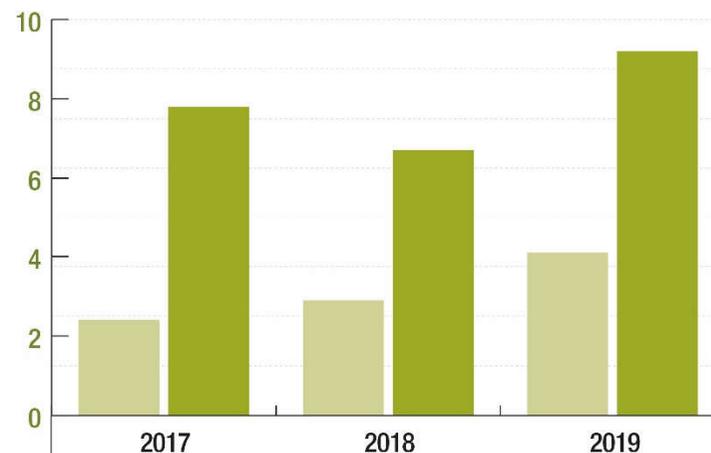
We made £13.3 million worth of payments to these producers, an increase of 38% compared to last year, representing 28% of the total payments sent to producers. A large proportion of the world's Fairtrade cocoa is produced in West Africa and consequently payments totalling £8.8 million were made to 12 customers in Côte d'Ivoire (last year £6.4 million).

In this region, 15 lending proposals were approved, combining both new and existing customers and representing £2.6 million in terms of facility values.

In East Africa, we continued to strengthen our lending in Rwanda as seven out of the 15 lending proposals were for new or existing producers in this country. Whilst most of the lending in Rwanda is for coffee producers, we have approved a new facility for maize and kidney beans.

### Payments made to producer customers in AFRICA

Million (£)



East Africa	2.4m	2.9m	4.1m
West Africa	7.8m	6.7m	9.2m

During consultations, producers reported that the increase in working capital from Shared Interest had resulted in increased production and expanded profit margins. This has also allowed them to employ additional staff and meet the co-operative's objectives of expanding the reach within their communities.

One of our most recent coffee producers (Banyakole) said:

*“The financing from Shared Interest has enabled the co-operative to pre-finance and to pay farmers competitively as opposed to other traders who may exploit the farmers.”*

### IN 2019...



WE APPROVED

**15**

**PRODUCER LENDING PROPOSALS**

THIS INCLUDED

**6 NEW CUSTOMERS**

AND

**9 EXISTING CUSTOMER INCREASES**

FOR 5 DIFFERENT PRODUCTS

Some of the co-operatives reported that access to working capital had allowed them to increase their orders with international buyers. Many producers also mentioned difficulties in managing cash flow and the high cost of certifications as major challenges, in their business.

In West Africa, we continue to lend mainly to cocoa producers, with the majority located in Côte d'Ivoire. This is partly because some of the small co-operatives have grown to enable them to export but this means they need more financial support. We have also increased lending to two producers located in Burkina Faso in order to assist with their dried fruits production. We are looking to diversify the portfolio in the future into more lending to support fruit, cashew, Shea butter and handcraft producers.

Cocoa producer (CADESA) became a Shared Interest customer in 2018. Since then, they have increased their production from 2,000 MT to 5,000 MT, and as a result, increased their borrowing facility. Other small cocoa co-operatives in Côte d'Ivoire include Cayat, SOCODD and Ecamon, all of which have been supported by our finance, which has increased their ability to export, at higher prices and better margins. They have also increased their international exposure, especially with chocolatiers. UGF/CDN, another producer group based in Burkina Faso highlighted that, since working with Shared Interest, they have increased their production of Shea butter from 40 MT in 2016 to 300 MT in 2018.

### **Producer consultations**

This year we sent a social impact survey to 79 producers and received a 52% response rate. It is important to note that 20 of the respondents were located in Côte d'Ivoire.

When asked how they would rate the quality of Shared Interest customer service, 85% of the respondents replied they considered our service to be high quality or very high quality.

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*“Good services and quick reply.”*

*“Very committed in assisting SMEs to success through soft loans compared to commercial lenders”*

*“Easy access to financing without too many collateral requirements”*

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*“Shared Interest's services are excellent compared to other international and domestic credit banks”*

We have asked producers, on a scale of 1 to 5 with 1 being strongly disagree and 5 being strongly agree, to rate a range of statements<sup>15</sup>.

The survey highlights themes such as the direct impact Shared Interest has on the long-term sustainability of producer businesses as well as improvements to their financial record keeping and financial management. Over 85% of respondents agreed or strongly agreed that their business has improved its production efficiency since working with Shared Interest.

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*“We increased our exports and turnover”*

*“The financing of Shared Interest has been a very significant contribution. Shared Interest has enabled our organization to overcome the financial difficulties related to our business and has also*

*allowed us to regain the confidence of several other financial and commercial partners.”*

*“Working with Shared Interest, we were able to: 1) Increase the quantity and quality, 2) Increase the infrastructure in the washing stations, 3) Pay the producers on time”.*

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*“Working with Shared Interest means being competitive in achieving your goals”*

In addition to the survey, we held two producer committee meetings in Africa - one in Kenya and the other in Côte d'Ivoire. In total, 17 producers were involved representing producers of cocoa, vanilla, cashew, coconut and handcrafts. Topics discussed include the business and environmental challenges faced and the mitigations implemented. Each producer group was also given a chance to talk about their organisation and exchange examples of best practice, as well as discussing the benefits of working with Shared Interest and any improvements that could be made. All delegates from the West Africa committee agreed that the biggest advantage is the flexibility of making repayments on a stock facility.

Both committees asked attendees about the main issues Shared Interest needed to consider. Responses included, the interest rate being high particularly with the drop in world market prices, putting pressure on margins and affecting their ability to repay the loan interest. Secondly, the producers felt that Shared Interest needed to help with training on quality management and skills enhancement. All comments will be considered during the forthcoming year.

## Case Study in Africa

UGF/CDN<sup>19</sup> is a second level co-operative founded in 2000 by 20 groups of women in the Reo Municipality, Sanguie Province, approximately 130 km outside Ouagadougou, capital of Burkina Faso. They now have 64 groups with 6,914 individual members. They were certified organic by ECOCERT in 2001 and Fairtrade certified in 2011.

In 2012, UGF/CDN wanted to increase production and improve the quality of their Shea butter to attract more buyers and expand their market. In order to achieve this, they needed efficient processing equipment, as well as a higher volume of Shea nuts. They approached local banks for a credit facility but were unsuccessful, as they required security and the interest rates were unaffordable. In their search for accessible and affordable finance, they met the Fairtrade Liaison Officer for Burkina Faso, who introduced them to Shared Interest. In 2014, they received their first credit facility to re-equip their processing facility and to purchase a truck for the collection and supply of Shea nuts to the factory.

UGF/CDN General Manager, Bationon Bahiome said:



*“The access to Shared Interest’s finance marked the beginning of the success story of the union. The loan facility has enabled us to lay a solid foundation for our Shea butter business to grow sustainably.”*

With the loan, the co-operative acquired Shea nut washing machines, dryers, roasters, mixers, filters and milling machines, transforming Shea butter production from manual to semi-mechanised production. This reduced the production time for each MT of Shea butter from 10 hours to two hours. The quality of Shea butter also improved, leading to an increase in orders from buyers. In fact, UGF/CDN earned a quality premium from their buyer, l’Occitane for the first time.

The truck has helped reduce UGF/CDN’s running costs and increased buyers’ confidence in the ability of the union to deliver high quality products in the right quantity and at the right time. According to the General Manager, they used to spend up to 50% of their revenue on truck hire, increasing their production costs and reducing profit margins. To make savings, Shea nut collectors carried bags of nuts on their head for several miles to get to the production centre. To avoid this, some women chose to sell the nuts at their nearest local market at low prices.

The General Manager said:

*“The truck has resolved our biggest challenge and increased our revenue, thanks to Shared Interest.”*

In addition to nut gathering, the truck is used to convey the butter produced to the port for shipment. During the off-peak season, the community hires the truck and this brings additional income to the union.

All the producers interviewed reported an increased income and improvement in their quality of life.

*Kansole Eli, a 51 year old Shea butter producer said: “I used to depend on relatives’ help to feed my family but with the improvement in my income I was able to provide food for my children throughout the period without any external help.”*

*Kando Epilbie, a female producer said: “I always incurred debts to provide for my family and pay my children’s school fees but for the past few years, I was able to meet all the basic needs of my family without incurring debts due to the increase in my income. I now enjoy a relative peace of mind.”*

Perpetue Kantiono is a 50 year-old Shea nut collector for UGF/CDN. She lives with her five children in the village of Po. Her husband died in 2004 and she has been farming to feed her children. However, the crops were not enough to provide food for the family all year round.

She said, *“I am happy my children are now in school. I provide them with adequate and well balanced diet and they no longer feed on boiled leaves from trees.”*



In 2016, the Global Shea Alliance (GSA) in partnership with the United States Agency for International Development (USAID) launched a USD 13 million sustainability initiative to promote and sustain the Shea value chain in seven West African countries, including Burkina Faso. USAID provided USD 6.5 million and GSA match funded this. UGF/CDN was one of the beneficiaries of this project and they were expected to contribute XOF150 million (241,266 US Dollars) to the project.

By 2017, the business had grown to a level where the union needed additional funds to meet their expansion needs and satisfy customers demand.



*Freshly harvested Shea nuts are dried on a concrete platform before being processed into butter at UGF / CDN's headquarters and processing centre.*

UGF/CDN saw this as an opportunity to further expand the production facility and transition to semi-industrial butter processing. They contacted Shared Interest for support, and in 2018 were granted a new credit facility, which enabled them to construct two warehouses and an open-air structure to house the Shea processing equipment. They also acquired a storage tank and an electric mill and

used the remaining funds as working capital to increase the supply of Shea nuts to the factory. Reporting that this was a demonstration of good faith and commitment to transform the Shea value chain and to empower rural women, GSA donated two Shea butter processing tanks, two butter storage tanks, a semi-industrial butter-kneading machine and a boiler.

The General Manager of UGF/CDN said:

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*“We wouldn't have been able to obtain all these machinery if Shared Interest had not provided us the funds to make our contribution to the project. We have transformed our processing plant to a semi-industrial one with a production capacity of 500 MT of Shea butter per year.”*

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Following our financial support, sales grew by 90% and resulted in an improvement in the cash flow for the business. The General Manager said this was the first time UGF/CDN had recorded such a high level of sales and with the improved revenue, they purchased additional equipment, including two roasters and one electric washer. This equipment improved the production process further.

The loan provided in 2018 made it possible for UGF/CDN to upgrade their processing plant, increasing Shea butter production and bringing their highest sales total of USD 82,000. With improved cash flow and a strengthened financial position, UGF/CDN implemented several social and environmental programmes to enhance the livelihoods of people in the provinces of Sanguie and Koudougou, and to protect the environment.



*Tiono Rosalie (21, left) and Sampoko Egno (45, right) forage for Shea nuts in Réo Department, Burkina Faso.*



*After a day's harvest of Shea nuts is complete, women return to their village to begin process of extracting Shea nut butter.*

## 1.2 Providing financial services to buyer businesses

### NORTHERN HEMISPHERE AND PACIFIC RIM

This region consists mainly of buyer organisations based in North America and Europe (31) with one producer in Asia. Shared Interest is one of the few social lenders to provide credit facilities to buyer organisations in the Northern Hemisphere.

It is important to note that fair trade buyers are required to provide producers with a 50% payment on placing the order as per the WFTO Fair Trade Principles. This can place financial pressure on the buyer's cash flow and 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'. The lines of credit provided to buyers allow them not only to improve their cash flow but also to pay the artisans and/or farmers upfront, securing the materials in order to deliver the goods on time.

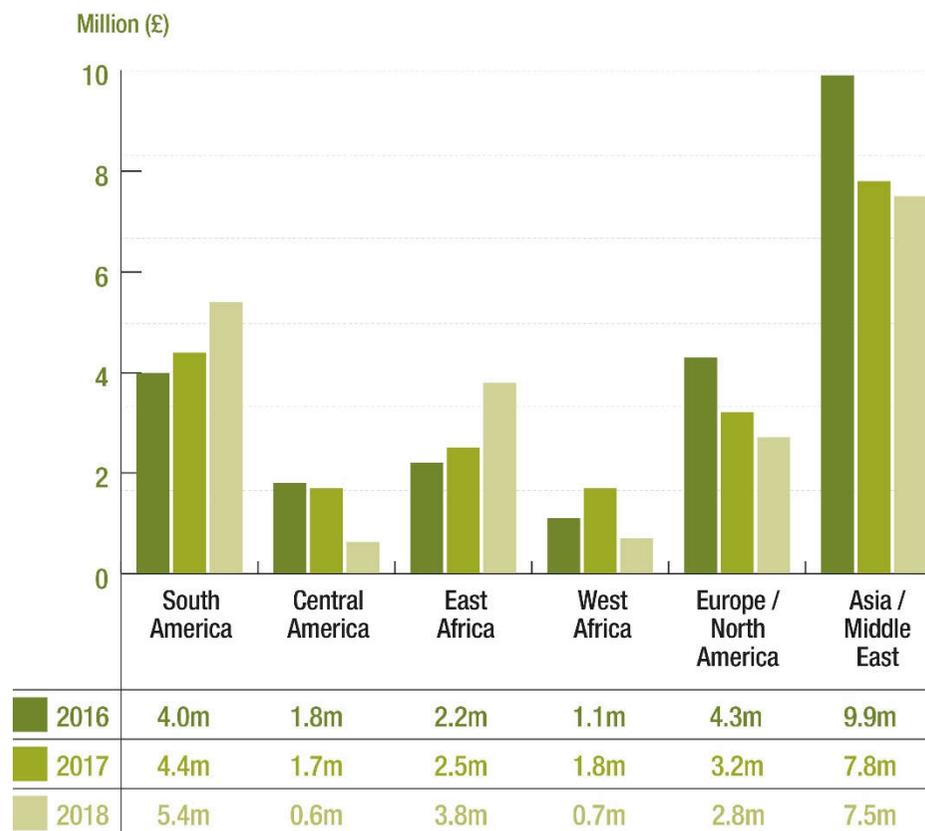
In addition, many buyer organisations send payments to producer groups that are too small or too risky for Shared Interest to support directly, or are located in countries where we cannot provide funds. The majority of recipient payments are sent to Asia, primarily to Nepal, Bangladesh, India and Pakistan, 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.

We made 1,412 payments on behalf of buyer organisations to 202 organisations in 52 countries, totalling £20.8 million.

The graph adjacent shows 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 fewer customers (32) than other regions. The total payments shown on the graph below equal £20.8 million a slight decrease from £21.4 million last year, reflecting changing market conditions.

### Total payments per region made on behalf of buyer customers



The portfolio in this region is diverse; there is no predominant crop or product. Most customers are importers who sell a variety of products ranging from processed foods such as cookies and cereal bars, to jewellery, clothes and home décor.

IN 2019...



WE APPROVED

3

BUYER LENDING PROPOSALS

FROM

3 NEW CUSTOMERS

Shared Interest works with many buyers, who need to balance stock levels to meet demand. Other buyers might only negotiate contracts with producer groups if their customers have asked specifically for their products. In both of these instances, our line of credit plays a crucial role, as without the availability of these funds, the buyer would not be able to make a payment to the producers.

The region has seen a decrease in customer numbers as some businesses ceased trading or closed their accounts, because they did not require funds; all loans were fully repaid. Three lending facilities were approved during the year for new customers, including a babywear clothing business. Overall, we have seen a rise in enquiries from textile and fashion businesses, which we believe may be due to increasing consumer demand for ethically sourced materials.



Berta Vivas of Artesania Rojas, right, in Cochas Chico, Peru, carves a gourd. Artesania Rojas specialises in the production of carved gourds for Lucuma.

Lucuma Designs collaborate closely with approximately 300 artisans (80% of whom are women) within 22 small groups and family workshops throughout Peru. Shared Interest provided a Buyer Credit Facility August 2016.

*With the approved credit, they were able to improve their production management, place advanced orders with their artists, and increase their range of goods. This reduced the number of lost orders due to out-of-stock items during the busiest season.*

Following our Strategic Review, we have begun to research opportunities and expand our network in Asia with the aim of increasing direct lending to producer groups in this region. We are aware of challenges such as language barriers, new markets, and competitive interest rates, so we have concentrated research on specific countries. An MBA student from Newcastle University undertook a research project on our behalf to investigate market opportunities in Thailand.

#### **Buyer consultations**

This year, we sent an impact survey to 29 organisations and received eight answers (28%), half of the respondents were based in the UK. All the participants agreed that Shared Interest finance helped them to overcome their challenges and brought a positive change in their organisations. The respondents rated the quality of our service as either very high or high. When asked about the main benefits of working with Shared Interest, the main responses were prefinancing fair trade, flexible repayments and personal contact.

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*“The transparency between buyer and seller it provides. Also the follow up when a problem occurs.”*

*“We have been able to extend credit to the marginalized communities we work with.”*

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### **1.3 Implementing an efficient lending system to improve customer service**

In July, we launched our new lending system. It offers regional lending teams live access to detailed customer information and enables more time-efficient management of lending portfolios. Future development includes an automated arrears management process, the management of our new business prospects and the integration of risk and impact scorecards. The aim of this functionality is to allow account managers more time for relationship building and customer monitoring.



Finished carved gourds from Artesania Urpi, in Cochas Chico, Peru. One of the main economic activities of the town is the production of carved gourds.

## Case Study in NHPR

French fair trade buyer, Solidar'Monde is creating opportunities for thousands of farmers and artisans to sell produce such as quinoa, coffee, chocolate, tea, and sugar, as well as around 500 variations of handcrafts, gifts and cosmetics. The organisation was founded in 1984, although the trading arm, Artisans du Monde has been helping producers since 1974.

Artisans du Monde was initially created to support producers in Bangladesh, whose crops were destroyed by flooding. Today they operate 130 shops across France, run by over 6,500 volunteers selling a range of fair trade products from disadvantaged communities in 48 countries. Solidar'Monde distributes the organic and fair trade products directly from the farmers and artisans to the shops.

Solidar'Monde first approached Shared Interest in 2004 for a loan to expand their business but faced challenges in the organisation. In 2015, with a new MD on board, new premises in Montreuil and increasing profits, we approved a buyer credit facility so that Solidar'Monde could pay farmers and artisans on supply of their products, rather than waiting for the goods to be sold.

Solidar'Monde's current facility is required to allow a build-up of stock between July and November in preparation for the festive season. Food products make up 80% of their stock and the remaining 20% is handcrafts. They have two collections of craft products per year (spring and Christmas). The food products include coffee, tea, spice, sugar, cereals (mostly quinoa), chocolate, fruit juice or other processed food items such as sauce or cereal bars.

Although Solidar'Monde has been a member of the World Fair Trade Organisation for over a decade, they gained the WFTO Guaranteed Fair Trade Organisations status in 2016. They are also certified with FLO-Cert as a trader for coffee, quinoa and sugar and are now focused on featuring these logos on their packaging.

Solidar'Monde now works directly and indirectly with over 100 producer groups in 45 countries. This represents over 300,000 individuals and their families. Solidar'Monde is increasing its purchase of organic commodities, and promotes a zero waste approach, making packaging recyclable wherever possible.

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*“Thanks to the support of Shared Interest since 2015, Solidar'Monde has been able to secure its cash flow needs to finance its product stocks. In addition, Solidar'Monde has been able to launch many products especially food products and in this case there is a strong need for cash.*

*“The support is also important because it allows Solidar'Monde to secure its payments to producers. A secure database containing all the bank details of our partners makes it possible to prepare quick and secure payments.*

*“Finally, we have consolidated our partnerships with numerous partners such as Anapqui (Bolivia) and San Fernando (Mexico). Solidar'Monde is very proud to build strong and lasting partnerships to promote the development of fair trade.”*

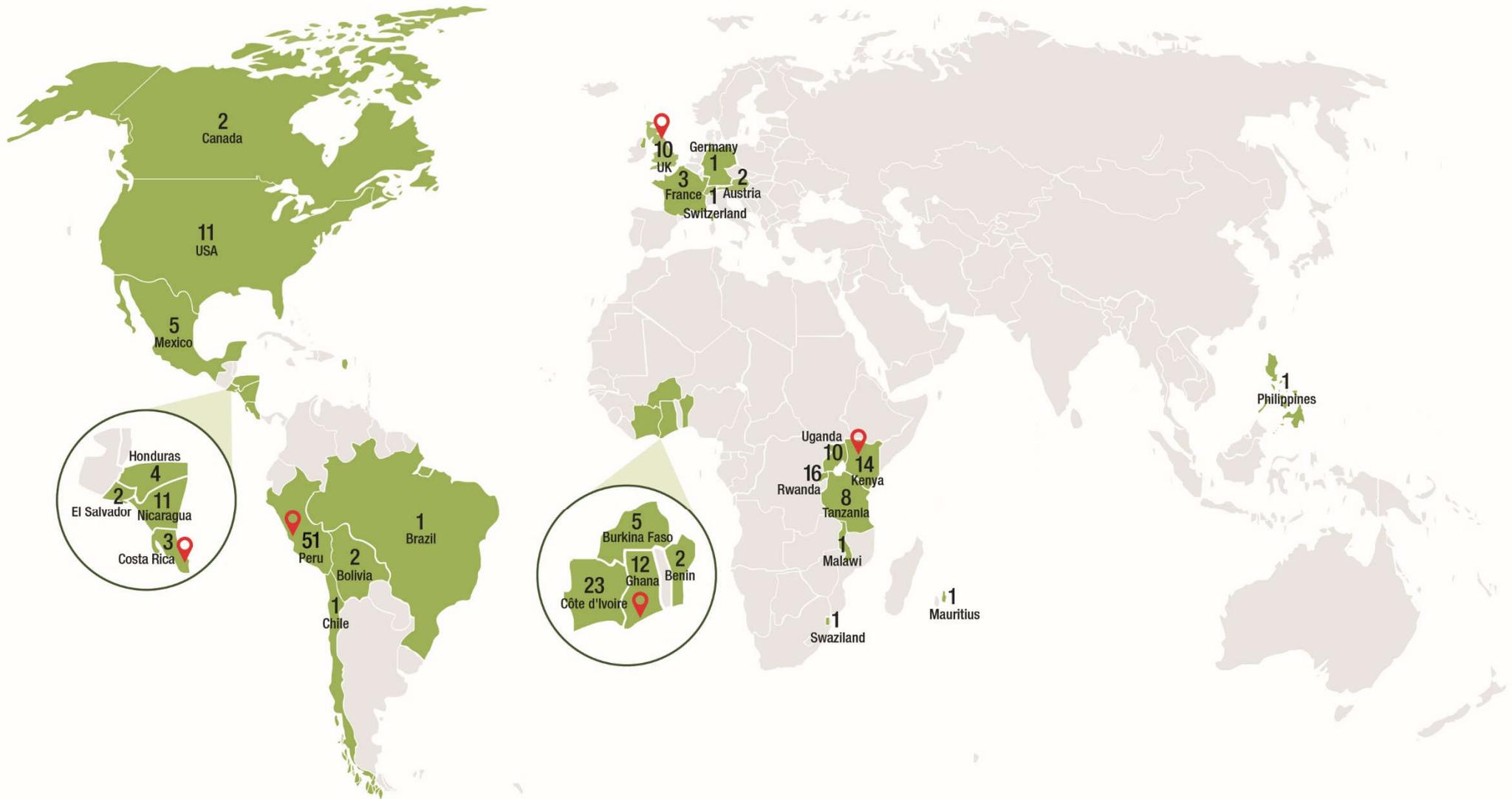
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Products from Solidar' Monde

# Number of customers per country in 2019

 Location of Shared Interest office



# Where we made payments in 2019



**PERU**

continues to be the country with the largest total value of payments (£27.4 million) and number of payments (386) made.

An example is Peruvian co-operative Cecanor, which supports Fairtrade coffee farmers. The women of Cecanor are proud to be the originators of the Café Femenino programme. While women have always been crucial to coffee production in Peru, men traditionally held the economic power. In 2004, 464 female Peruvian coffee producers united to change this, and take a step towards empowerment.

**COTE D'IVOIRE**

has the second largest value of payments totalling £9 million.

An example is Ecookim, who are an important player in Côte d'Ivoire's cocoa value chain. Ecookim's main activity consists of buying and processing raw cocoa from co-operatives, and exporting cocoa beans. They are currently Shared Interest's largest customer in West Africa, and one of the best-performing Fairtrade certified groups in the region. Their vision is to ensure that cocoa farmers receive a greater share of the cocoa supply chain by selling directly in the international cocoa market.

**THIS YEAR WE MADE  
PAYMENTS TOTALLING  
£68.7m  
TO 296 ORGANISATIONS  
IN 55 COUNTRIES**

## Activity 2 – Build sustainable support for fair trade businesses

Our charitable arm, Shared Interest Foundation, provides technical assistance and business support to small-scale producer groups in Africa. Our aim is to build sustainable businesses and increase their capacity to expand their income stream. We believe that, as businesses grow sustainably, they create employment opportunities and increase the income of their producers and workers, resulting in the improvement in their quality of life. Over the past year, we have delivered five projects, which supported the development of new businesses, provided a vital income source to rural communities and enabled existing businesses to become stronger, and more resilient, increasing income and improving the quality of life for farmers and artisans.

### 2.1 – Delivering training programmes to meet producers' needs

#### **Project 1: East Africa Governance and Finance Training**

This two-year project is supporting 20 tea, coffee, cocoa, and handcraft co-operatives across Uganda and Kenya. Of these, 12 businesses are existing customers of the Society (currently in receipt of a loan or finance facility). Through this project, we are supporting participants to improve their governance and financial systems and to put in place the necessary structures to promote and sustain effective and efficient management of their businesses and increase their access to finance.

This year, we concluded our governance training and mentoring and focussed on increasing the finance skills, knowledge and capacity of each co-operative.

Working with local consultants, we delivered a workshop in finance management to 68 co-operative representatives including Board members, management and finance

managers. Some of the areas we identified for improvement included maintaining accurate financial records, interpreting financial statements, risk and debt management.

Through the finance workshops, participants increased their financial management skills, received practical support and guidance to strengthen their financial controls and policies, and developed an action plan specific to their business. Our Lending Officer for East Africa also delivered a session on access to finance.

Following the workshops, participants reported an increase in their financial literacy level from an average score of 1.5 (very low) to a score of 3 (acceptable).

- All of the co-operatives now holding quarterly board and management meetings.
- The confidence level in the management team has increased from 70% to 90%.
- 80% of co-operatives have developed or reviewed new organisational policies.

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*“From this training we have learnt a lot about how to control the finance of our society and how to prepare a proper budget. This training has empowered us to make a winning project proposal.” Kevin Mwaura, Africa Y. etu Creative Centre*

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Mentoring is ongoing to support the development of strategic plans, business plans, finance manuals, and the preparations of annual accounts', all of which are essential requirements for accessing finance.



We will report on the outcomes of this project in Social Accounts 2019/2020.

## Project 2: Improving producer livelihoods in Eswatini (formally Swaziland)

This year, we concluded our four-year Comic Relief funded project delivered in partnership with Swaziland International Fair Trade (SWIFT). This project contributed towards poverty alleviation in Eswatini through supporting the development of enterprises, strengthening businesses and the creation of sustainable employment opportunities. In addition, the project increased the capacity of the SWIFT network to support their member businesses and increase their self-sustainability. The project had four main outcomes against which our impact can be measured. Key achievements are highlighted below and a full copy of the end of project report is available<sup>17</sup>.

### Project impact and key achievements

We enabled 45 businesses to increase their collective sales by an average of 2,186%, raising their levels of resilience and sustainability. Thirty of these businesses were brand new, and our business training, mentoring and market linkage helped them set up and grow. The remaining 15 were established but still in their infancy when they joined the programme. The training used a graduated approach where the producers were recruited and trained. Newly established businesses, were trained on customer service, social media marketing, practical product development and the process for creating mini catalogues to inspire new designs. The training has improved their business operations and increased their capacity to access new markets and attract more customers.

With the increase in production and sales, the businesses employed 72 new producers (38% women), providing them with a sustainable source of income to meet their livelihood needs and support their families. In the end-of-project

survey, we carried out; some business owners reported that their wellbeing had greatly improved because of their business growth. The owner of one of the newly established business said:

*“I live with disability but because of my business, I do not depend on my father for my basic needs. I pay fees for my son and buy a lot of things for myself.”*

*Another business owner said: “I was considering dropping out of the handcraft business. My shop had been vandalized. My children dropped out of school and I could not feed my family. I wanted to go and become a bricklayer. Then SWIFT approached me and helped me secure a new outlet for my products. My children are back to school since February 2018.”*



<sup>17</sup> Appendix 12: Improving Producer Livelihoods in Swaziland Project Evaluation Report

Modular training courses were organised for more established businesses with a view to equipping them with the skills to expand and increase profitability. They were trained on 'lean' production techniques to increase efficiency and reduce waste, as well as people management, fair trade awareness, sales analysis and market research. The training helped them to reposition themselves in the market and to increase their competitiveness as a business.

Through this project, we supported our partner SWIFT to organise strategic marketing events, which helped the businesses to increase sales and raised the profile of handmade products, nationally and internationally. For example, through the MTN Bushfire Festival, an annual festival of music and art in Eswatini, the businesses doubled their sales between 2014 and 2018.

Another important part of this project was the market linkage programme. As part of this, SWIFT organised 'buyer trips', with international buyers invited to visit the country and buy products. By participating, the businesses substantially reduced the cost of international product promotion. They also allowed more businesses to access this high value market, unlike in the past where only a few businesses would be supported to attend an international trade fair. In total, 26 businesses accessed new markets and increased their export sales through the market linkages programme and the buyer trips.

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*“By organizing buyer tours into the country, more businesses had opportunity for one-on-one contact with the buyers. Lower level business owners had opportunity to appreciate the product quality that the market needs right from the buyer.”*

*SWIFT employee*

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In addition, these businesses hired a total of 3,214 producers/employees and paid all of them above the minimum daily wage of E31.20 (£1.65). All the businesses adhered to the 10 Principles of Fair Trade, which requires employers to provide safe and healthy working conditions. This was reflected in the producers' rating of their quality of life, which increased from a score of 2 (low) to a score of 4.00 (high). The producers' rating of the resilience of their businesses also increased during the life of the project from a score of 2 (rarely resilient) to a score of 4 (resilient).

The project also supported SWIFT to improve their internal systems and processes, efficiency and sustainability. They were consulted by Government officials in the development of the National Plan for Small and Micro Enterprise. The Eswatini Investment Promotion Authority, who consulted them on export related issues in the handcraft sector, also recognised them. SWIFT has also secured a contract with the Ministry of Commerce, Trade and Investment to teach business skills to 100 young people.



During the project, 43 new members joined SWIFT. At the end of the project, the member satisfaction score increased from 2 to 4, indicating an improvement in the quality of the services provided by SWIFT.

Improving producer health and wellbeing was an integral part of this project. Eswatini has the highest rate of HIV/AIDS in the world with 27% of all 15-49 year olds affected (UNAIDS Data 2018). Stigma and discrimination remains high and prevents many from accessing vital support. Through working in close partnership with SWABCHA (Swaziland Business Coalition on HIV and AIDS), we supported SWIFT to train 119 peer educators so that they were able to provide health and well-being counselling to their peers and 890 producers accessed this support. SWIFT also partnered with the Swaziland Breast and Cervical Cancer Network to educate producers on the importance of screening for early detection. Furthermore, 15 larger businesses developed HIV/wellness policies of their own, which have since been integrated into their organisational framework. At the start of the project, business owners reported a very low knowledge of wellness issues (a score of 1.72). By the end of the project, this had increased to a score of 4. This improved understanding has created an environment where employees and producers are able to access HIV screenings and health talks during company time, and where producers are encouraged to increase self-awareness of health and well-being.

## Case Study

Mildred Makahamadzi, owner of clothing business, Middy Fashion, was supported through this project. Mildred joined SWIFT in 2014 as a small business and expanded in 2015. Mildred established her business working from home, making clothing for family and friends. Trained in fashion and design, she lacked the business skills to make her enterprise commercial.



*Mildred Makahamadzi owner of Middy Fashion*

Following training in business management, product development, and marketing, Mildred registered her business and improved her product design. She was supported by SWIFT to attend regional and international trade shows, which resulted in increased access to markets. In 2016, Mildred secured a contract with a value of Zar 13,000 (£700) from an Australian buyer. As a result of this training and exposure, she has expanded her customer base and recorded significant increases in sales from Zar 13,723 (£740) in 2014 to Zar 46,397 (£2,500) in 2017. With this increase in income, Mildred was able to

upgrade her production equipment and purchase industrial machines and modern tools to make her business more professional and improve product quality.

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*“This project has assisted me to grow my business and to access regional and international markets. I never knew I could get to this level and thanks to SWIFT and their partner Shared Interest Foundation, I have become a proud owner of this great business.”*

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### **Project 3: Providing sustainable solutions to poverty in Malawi**

In Malawi, we are working in partnership with Malawi Fair Trade Network (MFTN) to reduce poverty levels amongst their producers. Declining sales were affecting the farmers ability to support their families, as well as the overall resilience of MFTN. The network relies upon membership fees to be able to deliver the support and extension services their producers require.

Through this project, we are supporting five member co-operatives, (three tea producers in the south of the country, two nut producers in the north). The key objective was to increase their yield, improve quality and the value of their product while also becoming sustainable.

Over the past 12 months, we have delivered training in business planning to 52 participants, including Board members and management from the co-operatives. Participants were guided on how to develop a comprehensive business plan for their co-operative, forecast the sustainability of their business and develop business strategies. Topics covered included market strategy, climate change, financial data and action

planning. Each co-operative was supported to prepare a business plan to present to their Board.

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*“This training in business planning had a very big impact because it is like an opener tool to all of us. Initially we did not know that we could use the business plan to source funds from other sources like banks. We are now equipped that we can prepare and develop a good business plan that can assist us to access loans to improve our production” Princewell Pendame, tea farmer at Sukambizi Tea Association*

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This training has been followed by a series of one-to-one mentoring visits. We will report on the outcomes in Social Accounts 2019/20.

Sadly, in March 2019, Southern Malawi was affected by serious flooding, which developed into Cyclone Idai. The flooding affected the three tea co-operatives we are supporting through this project.

### **Project 4: Bees for Business**

In September 2018, we launched Bees for Business, a beekeeping project in rural Burkina Faso, funded by an individual donor, T. M. Dickey. It was implemented in partnership with Plateforme Nationale du Commerce Equitable (PNCEB), the Burkina Faso National Fair Trade Network.

The group of 25 women were already producing and selling their honey but each woman was only earning about £40 per year. By providing training and equipment, we have helped the group double in size to 50 beekeepers, and supported them in improving the quality and the

quantity of the honey produced. The women have two guaranteed markets for the honey: the local market, which has the dual purpose of increasing the nutritional intake of local households, and the export market, which the project assisted them to secure.

The first harvest happened in May 2019 with the resulting honey and bees wax being sold on the local market and to an export buyer in the nearby town generating total group sales of £1,300. Alongside saving a proportion to re-invest into the business, the women have used this income to purchase inputs to grow food crops for the local market and for personal consumption.

With support, the women have established a savings account and are receiving support from PNCEB to develop the skills to manage their finances independently. Community members supported this project by donating 10 hectares of land to house the beehives. The land will also be officially registered to ensure that it remains in the possession of the group for generations to come.

To conclude this project, they planted 1,050 Moringa trees in the forest area close to the hives, with the aim of reforesting sparse areas of land, increasing the stability of the soil, and naturally encouraging bees to the hives. The trees will provide the women with an additional source of income as the leaves and fruit produced can be sold on the local and export market.

Following this project:

- 82% believe they have the knowledge and skills to support and provide for their family
- 58% feel more positive about their future

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*“Through this project I have learnt how to become a professional beekeeper. I have improved my beekeeping skills; I know how to attract bees into the hive and the right location for the hive. I have learnt honey harvesting techniques and how to monitor the honey production process. I have also learnt the advantages of being in a group and working as a team. The other women in the community have recognised the need to be organised and work as a team and they now want to join this beekeeping group.” Abibtata, Dakoro beekeeper.*

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#### **Project 5: Crafting Fairer Futures: Eswatini**

In Eswatini, we concluded our 12-month project called Crafting Fairer Futures delivered in partnership with SWIFT and funded by the Evan Cornish Foundation.

This project supported 100 women, who traded their products at the Manzini bus station, a small marketplace in central Eswatini. Poor product quality and high competition for sales meant that customers paid a low price, and the women were struggling to make profit, to support their family and re-invest back into their businesses.

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*“I have no other markets to sell my products; I rely on this one market (Manzini Bus Station) yet we are too overcrowded. As a result I am forced to sell my products at a lower price just to have something to enable me to buy food for my children.” Sphiwe Nhlengetfwa, grass bag producer*

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Throughout this project, participants received training in product design and development and customer service. SWIFT co-ordinated market tours, visiting the shops and studios of their members. Many of the women reported that this was their first time visiting another market setting. Seeing how other producers develop and display their products was a valuable learning opportunity.

In May 2019, three women were selected to exhibit their products at Bushfire Festival (an internationally acclaimed music and arts festival held in Eswatini). The women made sales and had the opportunity to visit other stalls and practice their customer service skills.

As a result of linking the women with new markets, two major orders were secured with a total value of £2,535. One order for 100 wall mats was from a boutique hotel in Cape Town, South Africa and seven beneficiaries were involved in their production. As a further indicator of quality, these mats were featured in the South African design magazine, Visi.

An unforeseen outcome of this project was the close involvement of the Ministry of Commerce, who identified this group of women as needing support, but did not have the resources to help them. Instead, they provided in-kind donations such as the use of additional training facilities and refreshments.

When we surveyed beneficiaries at the end of the project, 97% of respondents reported an increase in business skills, knowledge and confidence, against a baseline score of 56.

At the start of the project, 62% of beneficiaries felt confident designing and selling new products and developing their business. After the training and other project activities, this score increased to 100%.

Sixty-seven percent said their business could become successful at the start and by the end of the project; this had increased to 98%.

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*“I produce wall mats. Before this training, I used to charge R50 (£2.70) and I could not benefit. The training was helpful because I was introduced to product development where I was equipped on the different dyes and how and when to apply them. Now I sell my mats for R150 (£8).*

*I can safely state that I am now seeing the light. Though there are challenges, my business knowledge has improved and the fact that I managed to supply an order for the first time since I started selling is so encouraging” Thuli, Swazi artisan*

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## **2.2 Developing strategic partnerships**

We have continued to work closely with in-country fair trade networks as their knowledge and support is vital to the development and delivery of our projects. In Eswatini, we have extended our working partnership with SWIFT through the delivery of our Crafting Fairer Futures Project.

In Burkina Faso, we developed a new partnership with PNCEB who have been central in the delivery of our Bees for Business project. We plan to extend our work with PNCEB to support other rural communities and have applied for further funding to support women’s groups in the region.

In West Africa, our Programme Manager has engaged with national fair trade networks in Côte d’Ivoire (RICE) and Ghana (FTGN) and with WFTO Africa to share knowledge and explore opportunities to support their member organisations.

We have continued to raise our presence within the International Development charity sector.

Our Fundraising Officer sits within a group of other North East international development charities to share learning and best practice. Staff have also attended sector-focussed conferences, which provided opportunities for networking and training from sector experts.

Next year, we are delivering a new project in partnership with UCA SJRC, a coffee co-operative in Nicaragua, which has been a customer of Shared Interest since 2008. This project will contribute to the reforestation of land through planting 3,000 trees and reduce the pollution from coffee production wastewater through the construction of 55 water treatment filters. This will support the development of the local ecosystem, as well as reducing soil erosion and local environment pollution. This project is being funded through our Carbon Offset Fund. For more details of how this fund is accrued, please visit page 52.

In West Africa, we have identified a need to support young cocoa farmers to develop sustainable and profitable cocoa businesses. This year, we will launch a one-year pilot project supporting 50 farmers under the age of 35 in Eastern Ghana. The main objective of the project is to ensure the sustainability of cocoa production by attracting and retaining young people into the sector. It is believed that this will contribute to a reduction in rural unemployment and poverty. We look forward to reporting fully on these projects in Social Accounts 2019/20.



# 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

In order to fulfil our mission, Shared Interest Society depends on the support of investors, donors, volunteers, and partners. In this section, we explain how we attract and retain these stakeholders, who play vital roles in improving the livelihoods of people in some of the world's most disadvantaged communities.

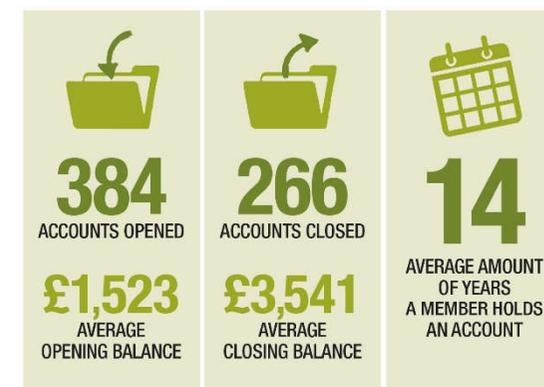
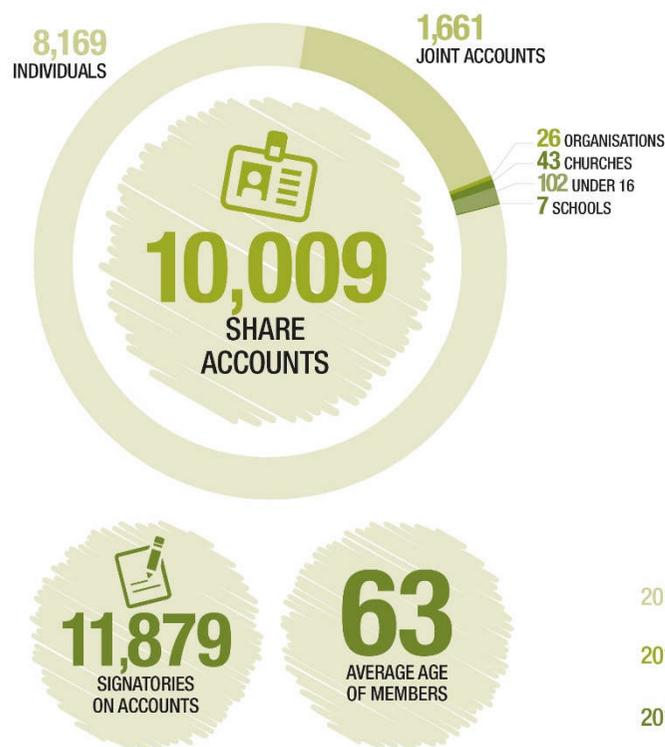
### Our investors

Our membership is diverse and includes faith groups, fair trade partnerships, small businesses, schools, and community organisations as well as individuals. This year, we reached 10,000 Share Accounts, with 82% held by individuals. We closed the year with 10,009 members. Investment increased significantly, with a closing Share Capital total of £43.1 million, a net increase of £1.7 million.

The average age of a member is 63, compared to 68 in 2014. The average age of a new member is 56 and the average age of a member, when they close their account is 69. However, the highest concentration of members stays within the 65-74 age category.

The average length of time a member holds a Share Account is 14 years and the average investment from a new member is £1,523. This opening investment is 24% higher than the previous year.

## MEMBERSHIP



### SHARE CAPITAL

NET INCREASE IN SHARE CAPITAL: **£1.7m**



## Case study: Alex and Louise Mabbs (Member)

Alex and Louise have held a joint account with Shared Interest for over 28 years. They are both strong supporters of fair trade and wanted to use their spare money to help the people behind the products.

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*Alex said: “We heard about Shared Interest back in the early 1990s at a talk in London. We were immediately captivated and wanted to be involved in such a good cause.”*

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Louise is a fair trade campaigner and member of Brighton and Hove Fair Trade Steering Group as well as running her own fair trade shop.

Alex and Louise also run Brighthelm Community Centre in the centre of Brighton, where Alex is the Minister at Brighthelm United Reformed Church based inside the Centre.



## Our Volunteers

We continue to adapt our volunteering strategy to harness evolving motivations and needs. This year brought a growing consensus that people are engaging differently as volunteers. The more traditional volunteer, typically involved in high levels of time and commitment to a cause and an organisation, is declining and a transient volunteer is emerging. This new ‘episodic’ volunteer is more likely to commit to a task on one specific occasion.

In response to this changing volunteer landscape, we have developed a variety of different roles to include more time-bound and skill-specific opportunities. This includes the recruitment of Event Assistants. While recruitment and training for these roles is comprehensive, we hope to inspire some of those involved in one-off roles to return as volunteers in other longer-term roles. In addition, we are successfully encouraging more informal microvolunteering from members and supporters. For example, this term is used to describe activities such as leaflet dispensing, social media engagement or promotion of our speaker network. We are also looking to recruit volunteers in activities beyond investment raising such as data entry and translation.

More information about the volunteer roles<sup>18</sup> we offered over the year can be found in the Appendices.

This year, 112 volunteers were involved in volunteer roles and activities supporting our work. This included 29 volunteers who joined us and we said thank you and farewell to 26 volunteers.

As we have increased the number of volunteer roles we offer, we have seen a growing number of volunteers carry out more than one role with us. The numbers above indicate the number of volunteers across all roles (i.e. an individual may volunteer, as a Translator and Event

Assistant and therefore this would show as two volunteers). In addition, as we have introduced more short-term roles, a volunteer may have begun and ended their volunteer role with us within the year.



*Ian Baird-Smith, Shared Interest member and volunteer*

We aim to inspire, motivate and empower our volunteers in their roles, and encourage their self-development. This year we reviewed our volunteer induction process to reflect this, helping us to identify any training needs at the start of their journey with us.

We update volunteers on operational activities and stories showing our impact throughout the year. We held our first Volunteer Workshop Day in Newcastle in May, and 10 volunteers joined us. The day involved various presentations from staff as well as opportunities for discussion and development of ideas for volunteer activity.

We recognise the achievements of our volunteers and continue to mark the national celebration of Volunteers’ Week when we send a gift to show our appreciation.

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<sup>18</sup> Appendix 13: Volunteer Roles



Rod Thick, Shared Interest member and volunteer, with his Volunteers' Week gift

### Contributions and impact of our volunteers

We believe that every volunteer contributes to the achievement of our mission. By giving talks translating, researching, entering data, running stalls at events, volunteers support us in reaching our organisational goals.

Our Translators used their skills to translate almost 57,000 words into French and Spanish across our website and other materials.

Supporting our lending team, volunteers undertook research into producers in Asia.

Our newly created Event Assistant role saw 19 new volunteers attend two key festivals this summer.

In aiming to build a successful volunteer team, it is important that we understand the impact volunteering has on Shared Interest. For this reason, we gather feedback from people or organisations. This year, we also asked staff for feedback if a volunteer has assisted with translation or data input. We share this feedback with volunteers so that they can see the impact they have.

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*“The website translation project has been an insightful and enjoyable experience. I am very grateful for all the support and resources provided. I have signed up to the newsletter, thank you for the advice. Fair trade is an issue I have a long-held enthusiasm for, hence my original wish to volunteer with Shared Interest. Many thanks again for this opportunity; it has meant a lot to me.”*

*Rachael - Translator (Spanish) volunteer*

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Janet Wells, Shared Interest member and volunteer

### Case study: Sorcha Ince (Volunteer)

Event Assistant, Sorcha, joined in 2019 after seeing the role advertised at her university. Her desire to learn more about Shared Interest and ethical finance motivated her to sign up. When asked what she enjoys most about volunteering for Shared Interest, she said:

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*“It is beneficial for my own personal development and most importantly in raising awareness and investment so that others, in many other countries, can reach their potential too.”*

*“On a personal level, volunteering for Shared Interest has motivated me to consider the choices I make regarding my spending and encouraged my family to do the same.”*

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## 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.

Our quarterly member newsletter, QR enables us to keep members informed of the impact of their investment, while also placing the emphasis on why we continue to need more Share Capital.



Autumn 2019 member newsletter

It was highlighted through our 2018 Members' Survey and discussions during supporter events that more technical reports on the sector and producers are required. Subsequently, we began increasing the number of in depth articles within QR, receiving a positive response. We would now like to mirror this approach online, with topical supplementary articles in our new blog, and a new resource section within the online member portal, which is currently under development.

We continue to produce our full Annual Review, and a condensed version, which is included within the winter edition of QR.



2018/19 Children's Annual Report

This year, communication to young people has become even more important as changes in our Rules allowed individuals under the age of 16 to hold a Share Account. We will create our fourth junior Annual Report called the 'Book of Fairness' this year but alongside this we will look

to improve the online user experience for young people on both our website and member portal.

Photography remains key in telling the stories of both supporters and beneficiaries. Three photography shoots were commissioned this year; two in Africa and one in South America. For photoshoots outside the UK, we continue to use either in-country photographers, or photographers who are already visiting the country in question.



Big Issue seller in Newcastle with our cover wrap issue

Print advertising campaigns continue to be an effective means of generating new enquirers, particularly when

editorial features and/or digital activity support them. As such, we use an integrated approach and plan our campaigns to dovetail both online and offline platforms. Insert campaigns form the backbone of our activity, and this year we maintained our relationship with titles such as Amnesty magazine, The Big Issue, and Guardian Weekend magazine, running 15 campaigns in total.

Fairtrade Fortnight provides an annual opportunity for Shared Interest to improve general brand awareness. This year we supported the Fairtrade Foundation’s campaign ‘She Deserves’, which focussed on the call for fair and equal pay for women cocoa farmers.

It is now two years since we launched our new website, and after evaluating its performance, we have been working with an external agency to improve Search Engine Optimisation (SEO) particularly for visitors from Africa and Latin America. This year we saw 18,064 individual web visitors, a 7% increase on the previous year. Eighty-five percent had not visited the website before. The percentage of visitors using either tablets or mobile phones, increased to 31%; a trend that we expect to continue.

Over the course of the year, 192 people opened a Share Account online. A total of £487k was invested online, 12% of overall investments made (2018: £229k). In the AGM, 27% of votes received were placed using the online system compared to 18% last year. All subscribers to the portal receive a quarterly e-newsletter and this achieves an average open rate of 57%.

We have continued to develop our social media activity, using a new scheduling platform, which allows us to take a strategic, campaign-led approach, freeing up time and resource to engage with users. Twitter, Facebook, and Instagram followers have increased by 501. Facebook likes have increased by 11% to 1,806. In addition to this, the Shared Interest Foundation Twitter account @SharedIntFdn has 959 followers (2018: 925), and their Facebook page has 470 likes (2018: 467).



Digital assets for 2019 Fairtrade Fortnight campaign

### Our donors and support from trusts

Our charitable arm, Shared Interest Foundation, receives donations from individuals and grants from trusts and foundations. This money is used to implement projects aimed at building sustainable businesses and improving the livelihood of people living in poverty. Our charity is supported by donations from 596 donors and grants from Trusts and Foundations. The majority of these donors are members of the Society.

	Number of Donors	Total Unrestricted Income	Total Restricted Income	Total Income
2016	453	£101k	£137k	£238k
2017	513	£150k	£106k	£256k
2018	641	£130k	£137k	£267k
2019	596	£135k	£9k	£134k

Total income for Shared Interest Foundation decreased in the year. Restricted income was down, due to one large project reaching its conclusion, another coming to a close, and recent funding bids proving unsuccessful. We placed a focus on faith press, using various digital advertising channels to bring in unrestricted income.

Project funders are listed below in alphabetical order:

- Improving Producer Livelihood in Swaziland: Comic Relief
- Bees for Business Project: Mr T.M. Dickey
- Crafting Fairer Futures In Swaziland: Evan Cornish Foundation
- Strengthening Governance and Financial Capacity of Producer Groups In East Africa: KMF Maxwell Stuart Trust
- Malawi Sustainable Solutions to Poverty: The Marr-Munning Trust

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. These programmes have enabled producer groups to grow their businesses sustainably, create employment and benefit many people in their respective communities.

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

### Member engagement

In addition to the AGM, we have been running an annual series of supporter events since 2016. The events are an important part of our governance process, providing the Board, Council and staff more opportunities to engage with members. As we have seen previously, the majority of attendees have not attended an event before. Although not a primary driver, the cost of undertaking these events is recouped in investment or recruitment of new members.

This year, six events brought in £215,000 of new investment (2017: £227,000). The events were held in Brighton, Cambridge, Sheffield and York. We also held two smaller, informal member events in Aberdeen and Portsmouth in October. Interestingly, the majority of attendees fell into two distinct groups; 30% had held Share Accounts for less than five years and 46% were longstanding members of 20+ years.



Digital invite to our York supporter day event

This year, we asked members to vote on changes to the Rules of the Society, and included information in the winter mailing. These Rule changes were discussed and agreed at our AGM in March 2019. We can now accept investment in EUR and USD as well as GBP, and accept under 16 year-old members (with a guardian the under 16 can be a member and vote).

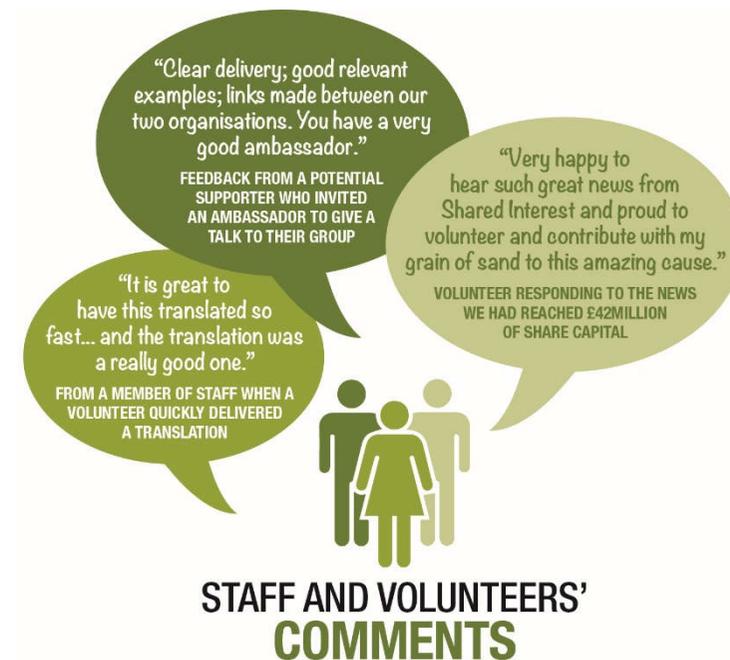
### Volunteer engagement

All volunteers are invited to provide feedback at the end of their time with us. This year, 18 volunteers did so, and all said they would recommend volunteering with Shared Interest. When asked about their experience of volunteering with us, responses included 'constant support', 'flexibility', 'fulfilling experience' and 'involvement in a really inspiring organisation'.

We held our first Volunteer Workshop Day in Newcastle this year. All volunteers were invited to a day of discussion, and to meet with various members of the Shared Interest team. Feedback from the day has encouraged us to:

- Increase awareness of our online Resource Library
- Encourage information sharing
- Be more aware of volunteers' changing requirements and interests so that we can support them in their roles

We also offer an annual individual overview meeting to volunteers who stay with us a year or more. Carried out over the telephone, the aim is to give our volunteers an opportunity to reflect on their activities, share feedback and discuss future plans.



### Activity 3 – Collaborate and innovate with partners

Shared Interest works in partnership on an international level with organisations that share our values. These partnerships help us make meaningful contributions towards the achievement of the United Nation's Sustainable Development Goals<sup>19</sup>.

#### Case study: Council on Smallholder Agricultural Finance (CSAF)

The Council on Smallholder Agricultural Finance (CSAF) describes itself as 'an alliance of social lending institutions', focusing on agricultural businesses in Africa, Asia, and Latin America

CEO, Brian Milder said:

*“Shared Interest was one of seven founding members to form CSAF in 2012 and hosted the first meeting in Newcastle upon Tyne.*

*“Since then, Shared Interest has played an active role in CSAF. Head of Lending, Malcolm Curtis, is our representative. Malcolm has also served on the committee selecting new members.*

*“There are now 12 members, who work to promote industry standards and best practices when lending to small and medium-sized enterprises in*

<sup>19</sup> <https://sustainabledevelopment.un.org/sdgs>

Working towards these goals gives purpose to our partnerships and helps demonstrate how we are part of the wider movement towards ending global poverty. Below are two examples of how partnerships help us contribute to specific SDGs.

*the agriculture. Working towards these goals gives purpose to our partnerships and helps demonstrate how we are part of the wider sector globally (including producer organisations).*

*“CSAF promotes market growth, responsible lending practices, and social and environmental impact. I think SDG 1 is most aligned with our work, although there is a link across six in total.*

*“Lending amongst CSAF members has doubled over the past five years. Some of this is unrelated to CSAF but I do believe our public profile, and the shared learning and collaboration within the group, has contributed to this growth.”*

The key SDGS addressed through our partnership with CSAF are:



Women from Amongtaaba Basket Weavers Group (working with TradeAID) walk together after a weaving session in Sumbungu Zobiko Village, Bolgatanga District, Ghana.



## Case study: World Fair Trade Organization (WFTO)

The World Fair Trade Organization (WFTO) focusses on both social enterprise and fair trade to put the interests of workers, farmers and artisans first. WFTO prescribes 10 Fair Trade Principles that organisations must follow in their day-to-day work and carries out monitoring to ensure these principles are upheld. Shared Interest is one of WFTO's 412 members, and one of the longest serving. This year, we delivered financial management training to other members at the WFTO 15th International Fair Trade Summit in Lima.

*Chief Executive, Erinch Sahan said: "The WFTO is a community of innovative entrepreneurs from over 70 countries. What I love most about this network of organisations is that, unlike other commercial businesses, they are truly mission-led and there is genuine collaboration between them. As fair trade organisations, they want each other to thrive. As Chief Executive, it is a fantastic experience to work with businesses who share their success stories as well as their failures and carry a true sense of authenticity, which I think is becoming more and more important to consumers these days.*

*"I believe that members of the WFTO embrace Fair trade in everything they do. It is not about one product line, or one ingredient; these are businesses that have shaped their identity around*

*benefitting farmers and workers. They are truly showing what business can look like when they put people and planet first.*

*"As a WFTO member itself and by financing fair trade enterprises (i.e. WFTO members), Shared Interest is pioneering a hopeful vision for a better world, full of businesses that put people and planet first. Thank you for being part of a global movement that is making the world a fairer place."*

The key SDGS addressed through our partnership with WFTO are:



Women from WFTO member Allpa handcraft co-operative in Peru



WFTO member, Gourmet Gardens farmer Clemens in Bundibugyo, western Uganda.

# 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 2019 Financial Accounts.

**Financial controls:** Significant emphasis is placed on robust financial controls. Our procedures for budgeting, financial reporting and secure payment authorisation can be found in the Appendix<sup>20</sup>. Our internal controls

<sup>20</sup> Appendix 14: Budgetary Control, Financial Reporting & Authorisation

are regularly reviewed, updated and audited. This year's audits again raised no concerns.

**Procurement:** We also follow a documented approach to procurement<sup>21</sup>. This ensures that, as far as possible and practical, we source products and services that are fair trade, environmentally friendly, and/or locally produced. See our Green Policy<sup>22</sup> and checklist for purchasing<sup>21</sup>.

**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 £43.1 million in Share Capital is deposited in Sterling with our main banker, Santander UK plc.

We lend funds to our customers in foreign currency offering facilities in Sterling, US Dollars and Euros and we provide a small loan in Kenyan Shillings. During the year, (for the first time) we converted part of our Share Capital into foreign currency (Euros and US Dollars) at a fixed rate using FX swaps reversing at the year-end. This allowed us to fix an element of our lending costs, providing a saving compared to using larger currency overdrafts. The rest of our lending was facilitated by foreign currency overdrafts secured against the remaining deposited Share Capital. 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.

In 2016, the Society and Foundation moved the main banking relationship to Santander UK plc. 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.

	Cash Investments					
	2014	2015	2016	2017	2018	2019
Co-operative Bank	£28.9m	£31.3m	£40.7m	£0.4m	£0.02m	£0.06
Santander Bank	-	-	-	£40.2m	£42.2m	£44.2m
Others	£6.5m	£5.1m	£0.05m	£0.05m	£0.05m	£0.01
Others (No.)	4	6	2	3	3	2

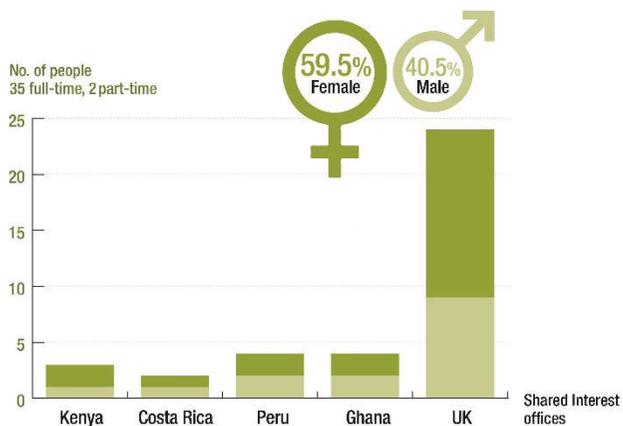
<sup>21</sup> Appendix 15: Our Approach to Procurement

<sup>22</sup> Appendix 16: Our Green Policy

**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 28.78% (2018: 35%) and fundraising costs as a percentage of income were 9.07% (2018: 6%). 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 6.7 months after designating £40k to a specific cocoa-in-youth project in Ghana (2018: 7.8 months).

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

At 30 September 2019, Shared Interest had a team of 37. During the year, there were eight new additions to the organisation, and six people left.



**Length of service:** Retaining positive and engaged people is important in Shared Interest's continued growth and success. The diagram below shows that 35% of the team have been with the organisation four years or less, 35% between five and nine years and 30% of the team for over 10 years. One team member celebrated their 20th year with the organisation this year.



The number of sickness absence days has increased this year and stands at 1.6%, which equates to 154 days compared to last year's figures of 1% and 94 days. This remains below the national average. The increase in absence was in part due to two people having long-term sickness absence, both of whom have now returned. All other absence periods were one week or less.

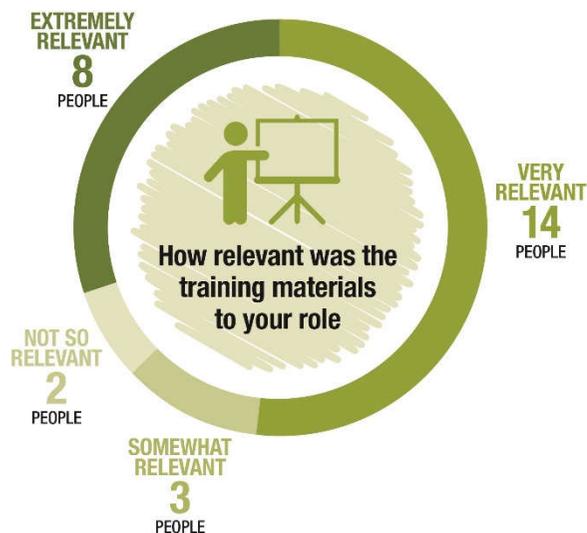
**Training:** There has been an increase in training costs this year. This is primarily due to the

training carried out in relation to the New Lending System, which the lending team, including all those from the overseas offices, attended in the UK. Two people also attended a technical 'Train the Trainer' course to enable them to provide technical training to others on all aspects of the system.

We have welcomed eight new colleagues and in addition to their inductions, they have received Insights training. Insights is a tool to help individuals engage with others, open up communication and improve working together. In addition, we were able to promote one of our middle managers to a senior manager role and he received additional training and an Insights refresher session. Each team, including those overseas, also enjoyed a variety of team building events. We have had several professional training courses for staff, which have included Common Purpose, Northern Women in Leadership training and a CIM Diploma in Professional Marketing. The Member Engagement Team has attended several courses on social media strategy and Google Analytics. Our training costs include both course costs and the salary costs of those attending.

Evaluation forms are completed following attendance at training events. The forms are used as the basis for discussion between attendee and line manager, over whether objectives were met, and how any outcomes may be applied in the working environment. These help us assess the quality of the training and its relevance for other team members. We trialled a new evaluation form this year, designed to assess how the person has applied any learning to their role. Results for the first six months are shown on the next page.

Most staff believed that the training covered the right amount of information apart from one colleague who said that there was too little information included. The length of courses varied from half a day to five days.



When staff were asked how they would apply their new knowledge, comments included:

*“Communication - I have been focusing on listening, being clear with expectations, showing genuine care when giving feedback, giving time, thanks and praise to my staff. I have been flagging/challenging inappropriate behaviour and encouraging others to do so also.*

*I have been remembering to project a*

*positive image re policies etc., even when I don't agree/support an issue.”*

*“I have used the new knowledge to enhance my project planning and management experience.”*

*“A really good programme that pushed me out of my comfort zone and challenged me to consider a number of issues and offered the structure to put actions points in place and follow them up accordingly.”*

Description	2017	2018	2019
Training cost (course/trainer fees)	£14k	£19k	£20k
Internal time cost (while on courses)	£14k	£18k	£24k
Inductions (cost for carrying out & attending inductions)	£2k	£2k	£8k
Number of hours spent training	893	1017	1872
<b>Total</b>	<b>£30k</b>	<b>£39k</b>	<b>£52k</b>
No of training days	121	142	250.5

**Communication:** Good communication is vital in any organisation large or small. We believe in listening to our colleagues and respecting their views and opinions.

Using our videoconference facilities, we continue

to hold monthly update sessions, which include our overseas colleagues. Each department organises their own schedule of team meetings. One-to-one meetings are also held weekly between each team member and their Line Manager.

**Culture:** We continue to send timely emails to staff, celebrating national and international public and cultural holidays, and their history.



**Benefits and salary:** Shared Interest aims to provide job satisfaction by offering interesting and varied work combined with generous and flexible benefits. These benefits are illustrated in the diagram below.



Salaries are reviewed annually with the cost of living, individual performance, and a benchmarking exercise 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.

Wellbeing and social events: A number of social events were organised during Fairtrade Fortnight, including a quiz, and a breakfast using Fairtrade products. Our UK team joined volunteers for

lunch during a workshop we hosted in Newcastle. At Christmas, we collected items for our local foodbank. We continue to promote health and wellbeing with regular newsletters and initiatives and look forward to reporting more on this next year.

**Engagement survey:** We carry out an engagement survey annually, using the same People Gauge online system, which enables us to compare results. This year showed that 49% of the team are 'actively engaged' (32% last year), 47.5% 'engaged' (65% last year) and the remaining 3.5% 'actively disengaged' (3% last year). This is the highest recorded level of 'actively engaged' achieved since we began the survey in 2014. Overall, there has been a move from 'engaged' to 'actively engaged', resulting in 96.5% of staff being 'actively engaged' or 'engaged'. The results can be seen on the following page, broken down into five key areas.

Two specific questions enabled us to ascertain that:

- 85% of respondents felt that Shared Interest fulfils its mission and values (2018: 84%)
- 91% felt they have increased their understanding of other cultures during the last 12 months (2018: 94%)

This year we were able to ask some additional questions about the organisation which are shown below:-

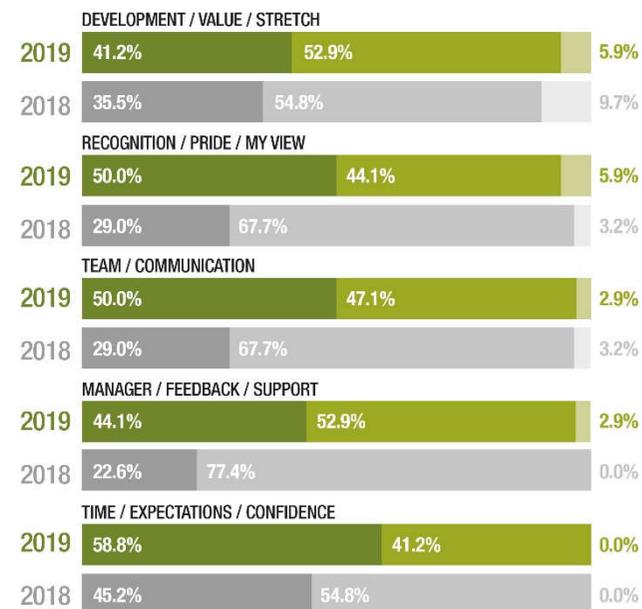
- Name one thing I feel we do well as an organisation
- Name one thing I feel we could do better

as an organisation

- Name one thing that would improve communication especially for me.

The results of the Engagement Survey were presented to colleagues with further discussions held in team meetings and feedback going to the senior team for consideration.

## ENGAGEMENT





**Volunteering:** We believe that developing new volunteer roles has helped us strengthen connections between employees and volunteers. This is because these roles, around translation and data input, have more involvement with a range of teams in the organisation. This year, we surveyed the Shared Interest team to find out more about their own motivations to volunteer.

We received 21 responses, with 14 people saying they volunteered for other organisations in some capacity. Results showed that respondents volunteer in a variety of sectors but the most popular are faith-based or cause-related, focussing on homelessness, poverty, health and well-being, and education and young people<sup>23</sup>.

We identified some correlation between the survey results and the motivations of Shared Interest volunteers as shown below. This information will help us in exploring similarities in motivations between our colleagues and volunteers, with the aim of reporting more on this next year.

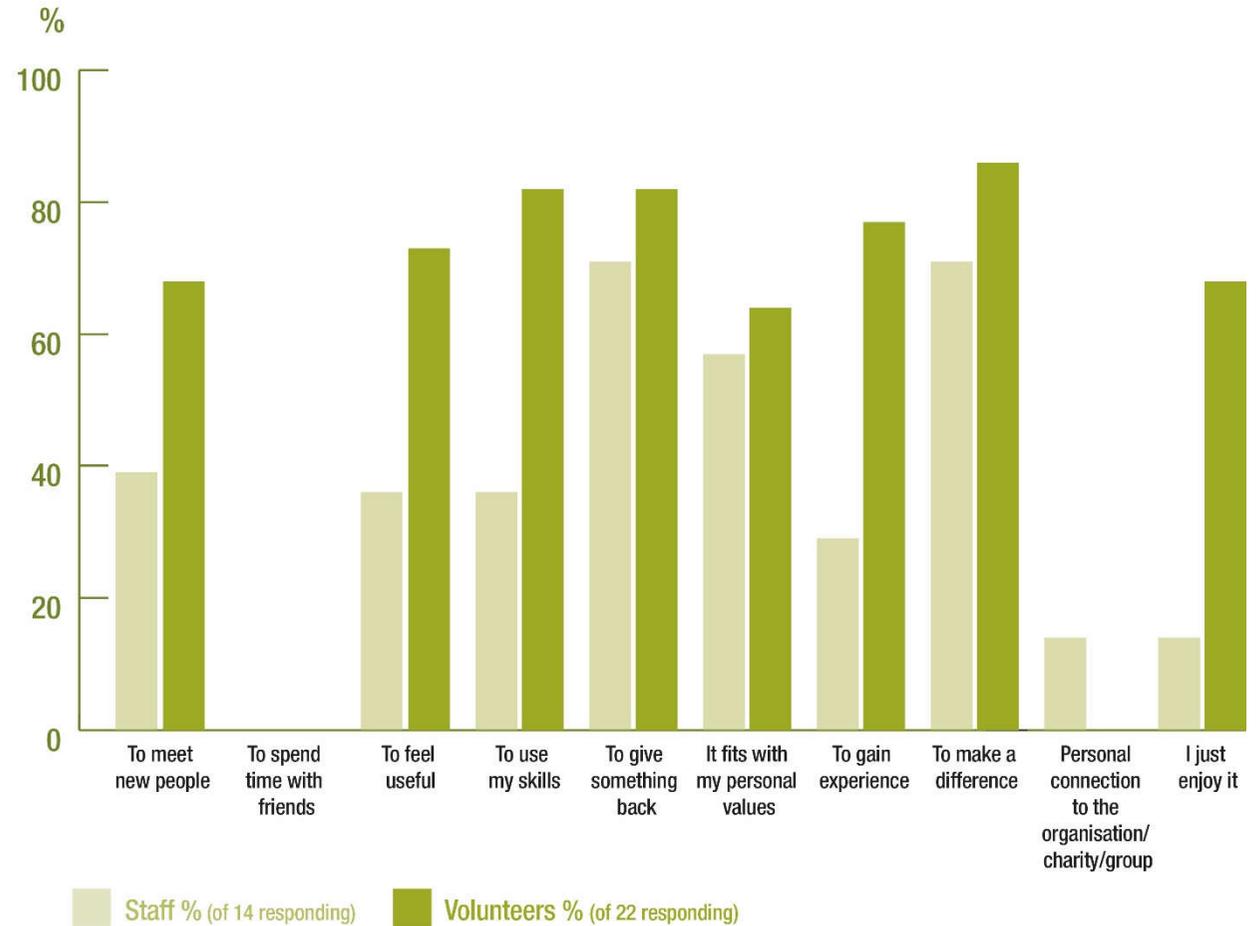
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*“You always get back more than you put in.”*

*“I feel fulfilled when I spend time making a difference in the lives of younger ones through teaching and I am always proud to be associated to their success stories.”*

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## Motivations for VOLUNTEERING



<sup>23</sup> Appendix 17: Staff Volunteering Survey

### 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 living space.

In the United Nation's 2030 Agenda for Sustainable Development, meeting those basic needs is linked to access to natural resources. SDG 6 addresses '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 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.

**Recycling:** Our Environmental Team raises awareness of our environmental footprint and staff recycle paper, plastics, and glass. We also track and report on paper used by our mailing distributors. This year, we used 74,709 sheets of paper across all offices (2018:149,813). We encourage our members to use the online portal rather than requesting paper statements.

**Procurement:** We 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 £233,177. This represents 46%

of our purchases (2018: £239,733; 46%). You can read more about our procurement policy<sup>24</sup>.

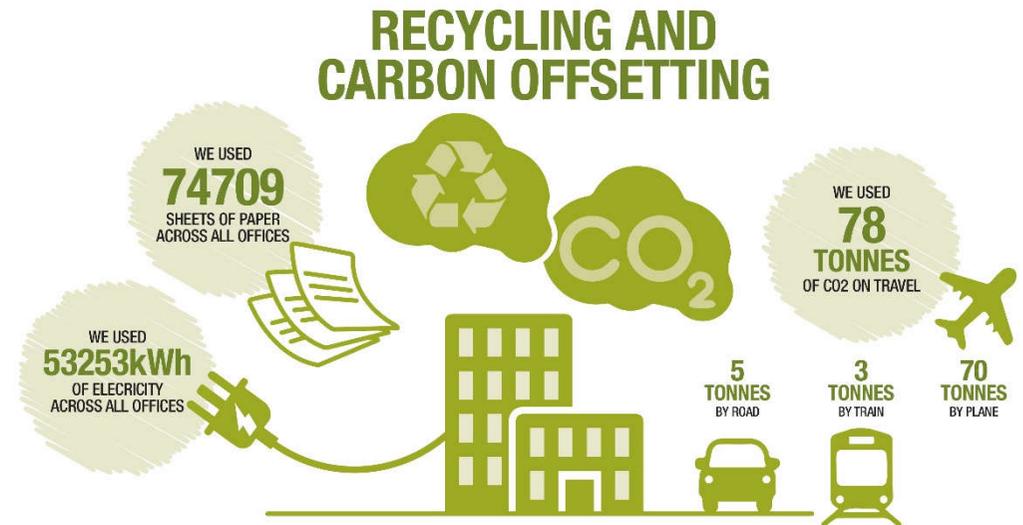
**Carbon offsetting:** The main contributors to our carbon emissions are in our UK office operations and business travel. Our UK electricity usage this year was 42,098kWh, which is an increase of 15% from 2018. The organisation used 53,253kWh, producing 12 tonnes of CO<sub>2</sub> (2018: 7). Travel for the organisation is split into four categories; road, train, plane and unknown (this is when a volunteer does not specify by which method they travelled). In total, this produced 78 tonnes of CO<sub>2</sub> (road: 5 train: 3; plane: 70, unknown: 0.1). This is a 106% increase from last year. The increase is due to our overseas colleagues travelling to Newcastle for training on our new lending system.

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](http://www.co2balance.com) to determine an appropriate offset.

This year, the offset figure is £675 compared to £340 last year. We have rolled over the amounts from previous years to fund a bigger project. This means that our grand total is £3,558. After consultations with Senior Management and representatives from our Environmental Committee, we have chosen to use £3,000 of this fund to deliver a project co-ordinated by the Foundation.

This project will be delivered in partnership with UCA SJRC, a coffee co-operative in northern Nicaragua, and a customer of Shared Interest since 2008. Over the next 12 months, this project will address issues of deforestation and soil pollution affecting coffee farmers at UCA SJRC. Project activities will include planting 3,000 trees, constructing water treatment filters and delivering environmental education workshops.

We will report fully on the impact of this project in Social Accounts 2019/20.



<sup>24</sup> Appendix 15: Our Approach to Procurement

# Summary

As documented, we use a combination of case studies, annual reviews, producer committees and surveys to measure our impact. The recently approved Theory of Change will form the backbone of next year's Social Accounts. Below, we detail the outcomes of this year's Social Accounts' aims, and measure how well we have met 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 lend in two ways: directly to fair trade producer groups (producer lending), and to fair trade wholesale or retail businesses (buyer lending). Every £1 of investment made by members was lent 1.6 times in the year (last year 1.56).

Our portfolio is split into three regions; Africa, Latin America and Northern Hemisphere and Pacific Rim (NHPR). We have 204 customers, consisting of 174 producer groups and 30 buyers.

Overall payments increased by 9% in 2019 compared to the previous year. South America continued to receive the highest volume of payments, representing 45% of total payments made. Coffee remains our largest exposure with total lending increasing from 38% in 2018 to 44% in 2019. Handcraft and textile products continue to have an important place in our lending, with 14.5% of lending going to these producers compared to 10% in 2018.

A total of 396,973 farmers and artisans (2018: 470,421) are supported by the producer groups we finance. Of these, 36% are women (2018: 39%) and 8,825 are permanent employees (2018: 8,617). The overall payment value increased by £3 million from last year and Peru has the largest value of total payments (£24.4million) and number of payments (290) made (344 last year).

### **Latin America**

Forty-six percent of our producer groups are located in Latin America and this represents 53,719 individuals (54% are women) out of the total of 396,973 people.

Payments made to producers in this region totalled £34.7 million (£31.5 million last year). During this financial year, 16 new lending proposals were approved for Latin America, which represent a facility value of £3.7 million (last year £5.3 million). The majority of these are focussed on trade finance (14), and the remaining (2) were term loans.

### **Africa**

Of the 174 producer groups in our lending portfolio, 93 of these are based in Africa (53%). This represents 343,124 producer individuals, including 112,203 women.

We made £13.3 million worth of payments to these producers, an increase of 38% compared to last year, representing 28% of the total payments sent to producers. A large proportion of the world's Fairtrade cocoa is produced in West Africa and consequently payments totalling £8.8 million were made to 12 customers in Côte d'Ivoire (last year £6.4 million), with customers applying for short term lending.

In this region, 15 lending proposals were approved, combining both new and existing customers and representing £2.6 million in terms of facility values.

### **Northern Hemisphere and Pacific Rim (NHPR)**

This region consists mainly of buyer organisations based in North America and Europe (31) with only one producer in Asia. 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. We made 1,412 payments on behalf of buyer organisations, to 202 organisations in 52 countries totalling £20.8 million, a slight decrease from £21.4 million last year.

The majority of recipient payments were sent to Asia, primarily to Nepal, Bangladesh, India and Pakistan, where there is a large concentration of fair trade producer organisations.

As the portfolio in this region is diverse, there is no predominant crop or product. Most customers are importers who sell a variety of products ranging from: processed foods such as cookies, cereal bars, to jewellery, clothes and home décor.

### **Shared Interest Foundation**

Our charitable arm, Shared Interest Foundation, provides technical assistance and business support to small-scale producer groups in Africa. Our aim is to build sustainable businesses and increase their capacity to grow and expand their income stream.

This year, we concluded our four-year Comic Relief funded project delivered in partnership with Swaziland International Fair Trade (SWIFT). This project contributed towards alleviating poverty and social deprivation in Eswatini through supporting the development of enterprises, strengthening businesses and the creation of sustainable employment opportunities.

In Malawi, we supported five producer groups to understand how their farming methods affect their crop and the future of their business. Through a programme of training, mentoring, and workshops on good agricultural practices, we helped farmers to increase their sales and their sustainability.

In Eswatini, we worked with our partner Swaziland International Fair Trade (SWIFT) to support 100 women selling their handcrafts at a city bus station. By providing training in product design, customer service, and pricing, we have helped the group to diversify their products and increase sales.

In East Africa, we trained 20 co-operatives in financial management and supported them through our mentoring programme to improve their financial management systems for effective running of their businesses.

In September 2018, we launched Bees for Business, implemented in partnership with Plateforme Nationale du Commerce Equitable (PNCEB), the Burkina Faso National Fair Trade Network.

This project has enabled us to work with a group of beekeepers in rural Burkina Faso. When the programme began, there were 25 women producing and selling their honey locally, with each only earning about £40 per year. We have helped the group double in size, and provided training and equipment to improve the quality and the quantity of the honey produced. The women now have a product suitable for export.

### **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 is diverse and includes faith groups, fair trade partnerships, small businesses, schools and community organisations as well as individuals. This year, we reached 10,009 Share Accounts, with 82% held by individuals. Investment increased significantly, with a closing Share Capital total of £43.1 million, a net increase of £1.7 million

The average length of time a member holds a Share Account is 14 years and the average new investment is £1,552.

A total of 112 volunteers supported our work this year. This included 29 volunteers who joined us over the year, and we said thank you and farewell to 26 volunteers.

This year, we asked members to vote on changes to the Rules of the Society, and included information in the winter mailing. These Rule changes were discussed and agreed at our AGM in March 2019. Subsequently, we can now accept investment in Euros and US Dollars as well as Pounds Sterling, and accept members under the age of 16.

Over the course of the year, 323 people opened a Share Account online, bringing in £487k (2018: £229k); still a small proportion at 12% of overall investments made. In the case of this year's AGM, 18% 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 57%.

In addition to the AGM, we have been running an annual series of supporter events and this year, six events brought in £215,000 of new investment (2017: £227,000).

We value partnerships on a regional, national and international

level. These partnerships have helped us make meaningful contributions towards the achievement of the United Nation's Sustainable Development Goals.

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

At 30 September 2019, Shared Interest had a team of 37, net increase of two in the year. Our staff are very passionate about our mission and in the recent survey, 96.5% were highly engaged or engaged. We continue to see the importance of valuing our people, and this year showed that 35% of the team have been with the organisation four years or less, 35% between five and nine years and, 30% of the team for over 10 years.

We remain committed to training and development. This year, there has been an increase in training costs. This is mainly due to training carried out in relation to the New Lending System, which the lending team, including all those from the overseas offices, attended in the UK. We continue to promote health and wellbeing with regular newsletters and initiatives. Our staff give time back to the community with 38% volunteering for other organisations in some capacity. At Christmas, staff collected items for our local foodbank.

We care about our environment and in line with our culture of holistic good environmental practice, we have continued to recycle, use public transport and minimise waste. In our Carbon Offset Fund, we have rolled over the amounts from previous years to fund a bigger project totalling £3,558. After consultations with Senior Management and representatives from our Environmental Committee, we have chosen to use £3,000 of this fund to deliver a project co-ordinated by the Foundation. This project will be delivered in partnership with UCA SJRC, a coffee co-operative in northern Nicaragua, and a customer of Shared Interest since 2008.

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 2019 Financial Accounts.

We lend funds to our customers in foreign currency (we offer

facilities in Sterling, US Dollars and Euros and provide a small loan in Kenyan Shillings). For the first time, we converted part of our Share Capital into foreign currency (Euros and US Dollars) at a fixed rate using foreign exchange swaps to convert back into Sterling at the financial year-end. This allowed us to fix an element of our borrowing costs providing a saving compared to using larger currency overdrafts.

The rest of our lending was facilitated by foreign currency overdrafts secured against the remaining Share Capital deposited at the bank. 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.

# Stakeholders

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

Stakeholders	Definition	Description	No 2018	No 2019
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Beneficiaries trained Producer groups receiving grants	2,565 3	2,797 3
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 is” representative of the views of members”	Elected Shared Interest Society Members	9	8
Customers	Borrower organisations which enter into a business contract with Shared Interest Society  Other organisations that receive or make payments via Shared Interest Society	Producer group customers Buyer customers  Recipient producers Non customer buyers	175 32  253 74	174 30  202 24
Donors	Shared Interest Foundation donors	Individual donors Corporate donors Churches and other groups Grant-making bodies	641 2 9 7	595 0 7 3
Our people	The Shared Interest team	Our people	33	37
Members	Shared Interest Society investors	Members	9,982	10,009
Partners	Those we collaborate with for mutual benefit	People, groups and organisations we work with and umbrella groups of which we are members	36	28
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Volunteers	69	112

# 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.

## 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 170 producer customers and 71 responses were received.

Producer committee meetings take place annually and allow the Lending Team to gain a greater understanding of the producers' challenges and experiences. This year 34 producers participated: Peru (8), Costa Rica (9), Kenya (7) and Côte d'Ivoire (10).

## BENEFICIARIES

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

1. Improving producer livelihoods in Swaziland – To conclude this project, an external evaluation was conducted in December 2018. This process involved interviewing key stakeholders and incorporated data collected from all SWIFT member businesses. The full report is attached in Appendix 12.
2. East Africa Governance and Finance Training – The project carried out participant surveys after each training workshop. To show progress made against target outcomes, the training consultants collected data, which were reviewed every quarter by Shared Interest Foundation Programme Manager.
3. The Malawi Sustainable Solutions to Poverty - The project carried out a post-training survey completed by 52 co-operative members who attended the business plan training. Yield, production and sales data were collected from each of the five participating co-operatives.
4. Bees for Business – All 50 beneficiaries of this project completed a baseline and end-of-project survey.
5. Crafting Fairer Futures – All 100 beneficiaries of this project completed a baseline and end-of-project survey.

## MEMBERS

Our AGM took place in Newcastle in March 2019 and this was supported by a series of six member events around the UK. A total of 281 members attended the events. Correspondence with members is also shared with the Board on a regular basis.

## VOLUNTEERS

All new volunteers receive an organisational orientation and role specific induction training. All volunteers receive an e-newsletter every two months and are invited to join our webinar sessions held periodically. We also held our first Volunteer Workshop Day in Newcastle in May this year. Leavers are invited to complete a feedback survey about their experience volunteering with us.

## 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 three Directors attended each member event to answer member questions.

## COUNCIL

Council is not consulted separately from members as part of the Social Accounts process. However, the final report is tabled for discussion during their annual January meeting. 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 have ongoing communication on a project by project basis with our grant funders. Individual donors were not consulted but will be receive a donor survey in 2020 as part of the Shared Interest Foundation, Strategic Review.

#### OUR PEOPLE

We carry out an annual engagement survey. As in previous years, we worked with People Gauge, an online survey and analysis provider. The survey was completed by 34 of the 37 team members who were employed at the time of the survey in July 2019 (96.5%). The results of the Engagement Survey were presented to colleagues with further discussions held in team meetings and feedback going to the senior team for consideration.

#### PARTNERS

We consulted with two partners this year; Council on Smallholder Agricultural Finance (CSAF) and World Fair Trade Organisation (WFTO), to develop case studies to help demonstrate how our partnerships with these organisations contribute to the achievement of the Sustainable Development Goals.

	2017	2018	2019
<b>Customers</b>	Online Survey to producer customers. (58/160)  Online Survey sent to buyer customers. (14/33) Producer committees (25)	Social Impact Survey for M&E purposes. (76/169)  Producer committees were held differently according to region. (24 in total)	Social Impact Survey to producer and buyer customers. (71/170)  Producer committees were held differently according to region. (34 in total)
<b>Beneficiaries</b>	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 100 producers from the 10 co-operatives 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.	We gathered data from the representatives of the 70 active member businesses of the Swaziland International Fair Trade as part of the Improving producer livelihood in Swaziland project.  East Africa Governance and Finance Training Project surveyed 100 individuals from 20 cooperatives to collect baseline data for impact monitoring.  The Malawi project carried out a mid-term evaluation by administering a survey to 50 producers from the five beneficiary co-operatives.	To conclude the project an external evaluation was conducted which included data gathered from all active member businesses and representatives of SWIFT.  Through the East Africa Governance and Finance Training project we surveyed 68 training attendees and collected data from 20 co-operatives for impact monitoring.  The Malawi Sustainable Solutions to Poverty project carried out a post-training survey completed by 52 co-operative members who attended the Business Plan training.  All 50 beneficiaries supported through our Bees for Business project completed a baseline and end of project survey.
<b>Members</b>	Feedback forms at AGM and supporter events.	Feedback forms at AGM and member meetings.  Member Survey sent to all members who are happy to receive mail. (2,669/6,889)	Feedback forms at AGM and member meetings.
<b>Volunteers</b>	Volunteers – Individual call – Oct 2016 (37/48), Volunteer Survey – July 2017 (33/67 (3 volunteers were inactive and did not receive the survey).	No formal consultations took place with this group.	Individual Catch up call offered to all volunteers (Oct 2018) 40 calls carried out.
<b>Board</b>	Consulted as members, SDG Alignment Survey. (6/8)	Consulted as members.	Consulted as members.
<b>Council</b>	Consulted as members, SDG Alignment Survey. (5/9)	Consulted as members.	Consulted as members.
<b>Our People</b>	Engagement Survey (31/34), Internal Communications Survey (28/35), SDG Alignment survey (26/34) and Volunteering Survey.(10/34)	Engagement Survey (31/34), Internal Communications Survey (22/34), and Volunteering Survey.(16/34)	Engagement Survey (34/37), Volunteering Survey. (21/37).
<b>Donors</b>	No formal consultations took place with this group.	No formal consultations took place with this group.	No formal consultations took place with this group.
<b>Partners</b>	Partner Survey.(21/44)	Partner Survey.(10/36)	Partner consultations. (2/28)

# 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
<b>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</b>	
<ul style="list-style-type: none"> <li>Review the 'shape' of the lending portfolio to achieve a sustainable business model.</li> <li>Increase and diversify the lending portfolio through exploration of new markets, particularly Asia, and by working with certifications that comply with the WFTO 10 Fair Trade Principles.</li> <li>Implement a new lending system that will improve customer service and account management by the end of Q1, 2019.</li> <li>Explore collaboration to develop products to help producers tackle environmental challenges.</li> <li>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.</li> </ul>	<p>Significant discussion took place in the first few months of the financial year. Progress was disrupted by the change of Regional Managers but data analysis is ongoing and the topic will be developed further in the next six months.</p> <p>Approved lending increased from £51million to £57.4 million this financial year. Facilities were approved for 14 new businesses for £3.3 million. Nine were for coffee and cocoa, the remainder were for clothing, handcraft, quinoa and maize / soybeans. We have lent to support local food security where the business supplies foodstuffs to schools.</p> <p>A new database was launched in July 2019 and transactions are successfully processed each day. However, there are some teething issues to be resolved. Data extracts are now obtained easily.</p> <p>Suitable lending opportunities continue to be explored by the Lending Team. Discussions were held with Producers Direct and our Lending Officer for South America attended their event in Peru, to explore environment/climate change issues.</p> <p>We remain fully engaged with CSAF and their project – Prosper Africa (now renamed Aceli Africa). 10 million US Dollars has been granted for a package of support activities in East Africa, part of which will be technical assistance. We have signed up to Technoserve's coffee washing station monitoring scheme which involves data being uploaded to an online platform.</p>
<b>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</b>	
<ul style="list-style-type: none"> <li>Change the Rules of the Society and ensure that the process is well communicated to members.</li> <li>Increase Share Capital and investor numbers to meet the increasing lending pipeline.</li> <li>Maintain a strong focus on member engagement, creating opportunities for members to contribute, question and increase their knowledge.</li> <li>Identify and value key partnerships to help achieve the objectives of both the Society and Foundation.</li> <li>Develop new funding sources for Shared Interest Foundation.</li> </ul>	<p>The Rule changes were approved unanimously by members at the AGM and later registered with the FCA.</p> <p>We have seen a net increase in Share Capital of £1.7 million and 117 Share Accounts.</p> <p>In addition to our AGM, member events took place in York, Sheffield, Brighton and Cambridge. We also held a two smaller informal meetups in Aberdeen and Portsmouth together with an International Women's Day event in Newcastle.</p> <p>Staff continue to identify and build strong relationships with Partners.</p> <p>Unrestricted funds were on budget and the Trustees agreed to ring fence £40k for a pilot project in Ghana focused on Youth in Agriculture. Unfortunately, we were not successful in attracting further restricted funding during the year.</p>

**Aim 3: Manage our resources in line with our principles of love, justice and stewardship**

<ul style="list-style-type: none"> <li>• Monitor the impact of staff training and development and encourage staff engagement.</li> <li>• Manage our resources to ensure we minimise the environmental impact of our operations.</li> <li>• Maintain robust controls managing our exposure to risk.</li> <li>• Reduce the cost of borrowing currency by re-negotiating our bank facility.</li> <li>• Allocate the carbon offset fund.</li> </ul>	<p>Staff now complete evaluation forms following attendance at all training events. These assist us in establishing the quality of the training and relevance for other staff members. The forms are the basis of a discussion with line managers over whether objectives were met and how the training may be applied in the working environment. Since April, we have been trialling an additional online evaluation, which asks participants how the training has been embedded/used in the six months since it was undertaken. This is being utilised when considering the benefits of similar training for others.</p> <p>We continue to hold weekly 1-2-1's, team meetings and monthly update sessions to help with communication. A number of inclusive events have been held with the Social Committee organising a Fairtrade Fortnight 'Chocolate bake off' involving home baking with Fairtrade chocolate and other ingredients, followed by a chocolate themed quiz. A breakfast using Fairtrade products was also held. We continue to promote health and wellbeing with newsletters and initiatives such as regularly providing fruit.</p> <p>We continue to buy green energy and are making ever greater use of technology to minimise travel where possible.</p> <p>Controls are operating as normal but there has been no further independent test of these in the period.</p> <p>The bank facility was renewed in December and included a substantial saving on borrowing costs through the use of a currency swap.</p> <p>The Foundation has identified an environmental project working with one of the Society's customers in Nicaragua. This will be match funded by the accumulated Society carbon offset fund and the customer itself.</p>
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# What we want to achieve next year

As agreed by the Senior Management Team and Board

## AIM 1:

- Review the balance and risk of the lending portfolio to improve the sustainability of the business model. While not losing the focus on the small and disadvantaged producer groups.
- Increase and diversify the lending portfolio through exploration of new markets, particularly Asia, and by working with certifications that comply with the WFTO 10 Fair Trade Principles.
- Explore collaboration to develop products to help producers tackle climate challenges.
- 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.
- Undertake a strategic review on the future work of the Foundation.

## AIM 2:

- Increase Share Capital and investor numbers to meet the increasing lending pipeline.
- Maintain a strong focus on member engagement, creating opportunities for members to contribute, question and increase their knowledge. Ensuring a focus on the 30th anniversary celebrations.
- Develop new funding sources for Shared Interest Foundation.
- Implement and embed the new Rules allowing us to accept investment in US Dollars and Euros and from under 16 year olds.

## AIM 3:

- Maintain a strong focus on positive staff engagement.
  - Manage our resources to ensure we minimise the environmental impact of our operations.
  - Maintain robust controls managing our exposure to risk.
  - Ensure a successful delivery of the carbon-offset project.
- Successfully recruit two Non-Executive Director's to assist in the delivery of our strategy.
- Successfully renew the bank facility with Santander UK.

## 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](http://www.shared-interest.com/social-accounts) and will be presented along with Financial Accounts to the Shared Interest AGM for adoption in March 2020. Information from the accounts will be disseminated to our different stakeholder groups throughout 2020, and any feedback will feed in to our next annual process.

## GLOSSARY AND ABBREVIATIONS

### AGM

Annual General Meeting - Meeting of Shared Interest Society members that 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, that borrow money from Shared Interest to finance the purchase of fair trade products.

### Buyer Credit

Fair trade buyers are required to provide a pre-payment to producer groups of at least 50% of the order value if it is requested. We assist by offering pre-finance to pay for orders in advance of shipment.

### Capacity Building

Improving the knowledge and skills of producers through training and mentoring.

### Comic Relief

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

### Committed Lending

A credit facility has been agreed with the customer.

### Council

A body consisting of eight 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, focussed on serving the financing needs of small and growing agricultural businesses in low and middle-income countries worldwide.

### Cyclone Idai

A storm that caused catastrophic damage in Mozambique and Malawi in 2019.

### Donors

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

### ECOCERT

A leading provider of international certification services according to organic, environmental and social standards (from agriculture and aquaculture to forestry and fair trade).

### EDCS

Ecumenical Development Co-operative Society, now Oikocredit.

### Ethical Finance

Providing finance in a fair and equitable manner.

### EUR, GBP, MWK, USD, ZAR

The main currencies in which Shared Interest lends - EUR: Euros; GBP: Pounds Sterling; MWK: the currency of Malawi; USD: US Dollars; ZAR: Zuid-Afrikaanse Rand

### 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 Fortnight

An annual promotional campaign, which happens once every year, organised and funded by the Fairtrade Foundation to increase awareness of Fairtrade products.

### Fairtrade Foundation

A UK-based charity that works to empower disadvantaged producers in developing countries by tackling injustice in conventional trade, in particular by promoting and licensing the Fairtrade Mark

### Fairtrade International

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

### FLO

See Fairtrade International.

### FLOCERT

The global certification body for Fairtrade.

### FTGN

Fair Trade Ghana Network.

### Insights

Training that helps colleagues understand themselves and others in relation to their personality type.

### 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.

### MET

Member Engagement Team.

### MFTN

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

### Moringa

A superfood derived from the Moringa tree in the form of leaves.

### Monitoring and Evaluation Committee

An internal group tasked to review the monitoring and measurement of impact.

### MTN

Mobile Telecommunication Network.

### MT

Metric Tonne, which is equal to 1,000 Kg

**NHPR**

How we define one of our lending regions – Northern Hemisphere and Pacific Rim.

**People Gauge**

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

**PNCEB**

Plateforme Nationale du Commerce Équitable Burkina. This translates as 'The Burkina Faso network for fair trade organisations'.

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

**Prudential Limits**

To mitigate risk, clearly defined controls are set on the maximum total sum that can be lent against, a particular commodity, or to a particular country.

**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.

**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.

**RICE**

Reseau Ivoirien du Commerce Équitable. The Fair Trade Network in Côte d'Ivoire.

**Rolling Facility**

A facility with an established maximum amount, where the customer has access to the funds at any time when needed.

**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.

**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.

**Second level co-operative**

The secondary level cooperative is responsible for handling the export logistics of the product. It is made up of primary co-operatives of farmers.

**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.

**SMEs**

Small Medium Enterprises.

**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.

**Stakeholder**

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

**SWABCHA**

Swaziland Business Coalition on Health & AIDS.

**SWIFT**

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

**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.

**UCA SJRC**

Unión de Cooperativas Agropecuarias de San Juan del Río Coco R.L.(UCA SJRC) - A coffee producer based in Nicaragua.

**UNDP**

United Nations Development Programme.

**UNESCO**

United Nations Educational, Scientific and Cultural Organization.

**UNAIDS**

The Joint United Nations Programme on HIV/AIDS.

**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**

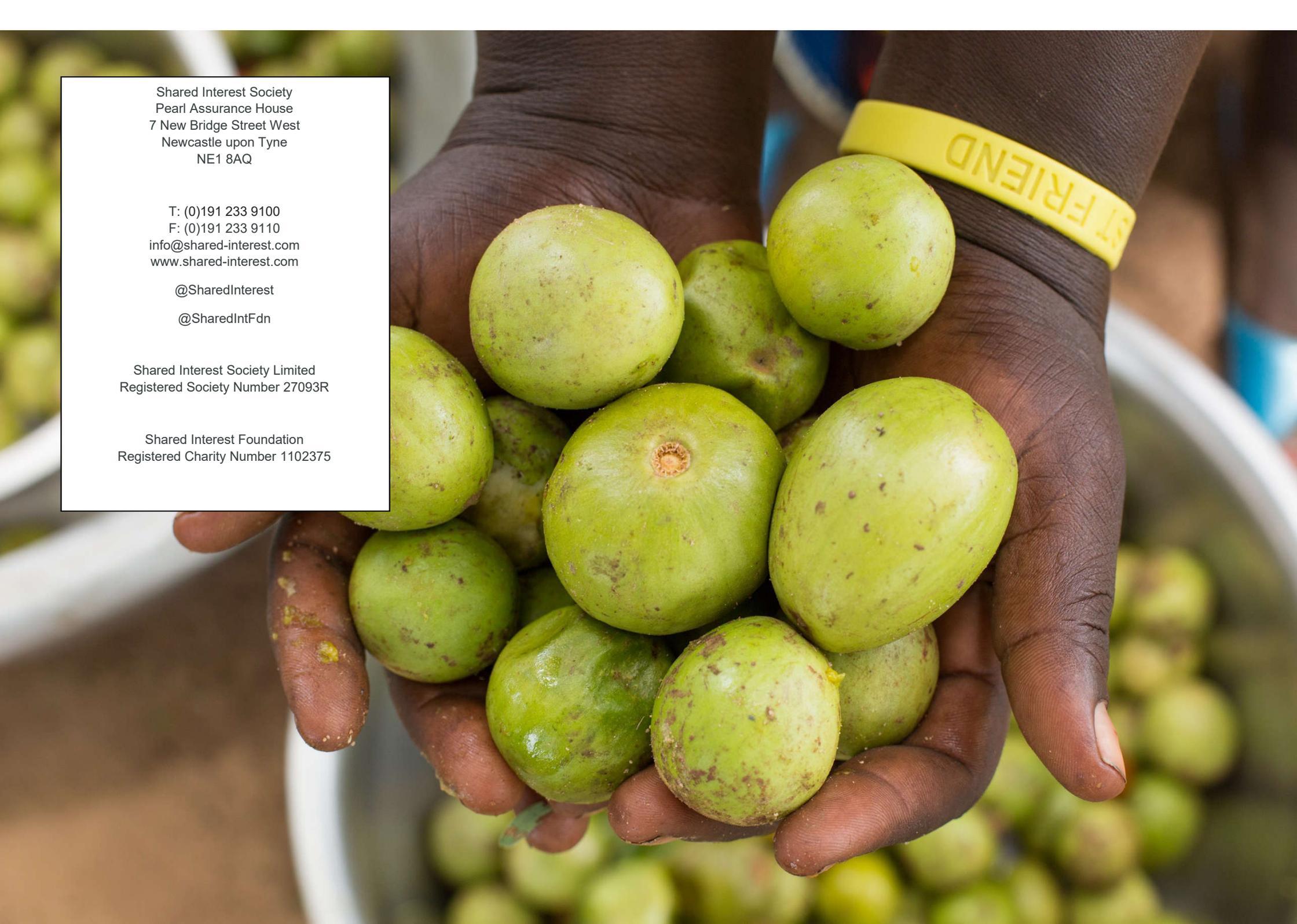
World Fair Trade Organization - a global network of fair trade organizations (formerly known as IFAT - the International Federation for Alternative Trade) with regional branches such as WFTO Europe.

# LIST OF APPENDICES

All of these Appendices can be accessed online at [shared-interest.com/SA19/App#](https://shared-interest.com/SA19/App#) (Replace # with the Appendix number)

1. Directors' Report and Accounts for the Society
2. Shared Interest Foundation Accounts
3. Rural and Agricultural Finance ~ State of the Sector  
[https://pathways.raflelearning.org/?mc\\_cid=323120cc74&mc\\_eid=5ed8d7d392](https://pathways.raflelearning.org/?mc_cid=323120cc74&mc_eid=5ed8d7d392)
4. Producer Survey statements
5. Description of Lending Products
6. The Council on Smallholder Agricultural Finance (CSAF) State of the Sector Report 2019 available online at:  
[https://csaf.org/wp-content/uploads/2019/07/CSAF\\_State\\_of\\_Sector\\_2019\\_Full\\_Final.pdf](https://csaf.org/wp-content/uploads/2019/07/CSAF_State_of_Sector_2019_Full_Final.pdf)
7. Explanation of our Country Lending Risk and Analysis of Producer Lending
8. Coface Report 2019  
<https://www.coface.uk/Economic-studies/Rwanda>
9. Social Impact Survey
10. Longitudinal Study ~ PRODECOOP
11. Longitudinal Study ~ UGF/CDN
12. Project Evaluation Report ~ Swaziland
13. Volunteer Roles
14. Budgetary Control, Financial Reporting and Authorisation
15. Our Approach to Procurement
16. Green Policy
17. Staff Volunteering Survey
18. Compliance with Statutory & Voluntary Codes
19. Social Audit Network Key Aspects Checklist
20. Social Audit Network Process

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/SA19/supplementary](https://shared-interest.com/SA19/supplementary)



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