

FAIR- FOOD INTERNATIONAL

Fairfood International is a vital part of the global movement of people who are passionate about creating change towards a sustainable food and beverage industry. We engage with food and beverage companies directly, encouraging them to change their policies and adopt sustainable practices. We believe that this change will ensure improvements in the lives of vulnerable groups, in their supply chains and on our environment.

Our headquarters are located in Amsterdam, with offices situated around the world in Berlin, New Delhi, Johannesburg, London and San Francisco. From these offices, our advocacy managers proactively seek, establish and maintain contact with food companies in their regions.

As a global advocacy group we work with like-minded people to achieve our cause through the extensive use of social media such as Twitter and Facebook. Currently, we have the support of over 100,000 people worldwide. We work in partnership with other non-governmental organisations, governmental institutions and non-food companies around the world.



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This year, Fairfood International is getting ready to celebrate its 10th anniversary. We reflect on our humble beginnings and on how far we have come; we celebrate our successes while being mindful that there is still a great deal of work ahead of us in our quest to transform the food industry.

02⁰⁷ **Changing the Global Food System in 2011**

We endeavour to initiate all of our dialogues on a constructive and transparent note. We understand that sustainability is a journey, and we are here to encourage companies to make the right decision at each and every step of that journey.

03¹⁹ **Outlook 2012**

This year is about delivering results, with more progress in our quest to encourage food and beverage companies to make relevant changes in their policies and adopt more sustainable practices.

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Fairfood International's organisational structure is split into five departments, the Executive Board, the Supervisory Board and the Advisory Board. The five departments of Fairfood International are: Advocacy, Communications, Research, Business Development and Operations.

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An in-depth look at the organisation's finances.

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Fairfood International's objectives and an overview of our budget for 2012.

FROM THE SUPERVISORY BOARD

It was a turbulent start to 2011 for Fairfood International. The organisation faced many new challenges in its growth, one of which was identified as the need for new leadership and clear direction to address internal issues that had arisen. This led to the departure of Frank van der Linde and the appointment of Anselm Iwundu as the new executive director of Fairfood International.

Organisational growth is not a linear process and Fairfood International found itself tackling the transition from 'storming' to 'norming'; a potentially tumultuous challenge. This annual report is a tribute to the fact that the organisation confronted and responded to that challenge to emerge stronger and prepared to go forward to achieve its mission.

In his new role, supported by a new board of directors, Anselm placed an emphasis on clarifying the organisation's strategy, investing in staff development, and strengthening the organisation's ability to perform.

Under Anselm's direction a new era beckons for Fairfood International to grow in the field of sustainability and make the changes needed within the food industry.

Last year, the world suffered natural disaster after natural disaster putting untold stress on governments, corporates and communities alike as they sought access to safe food and water. With the impacts of climate change further threatening our global food production and water supplies, now is the time to take action and put the systems in place to ensure plentiful, safe and sustainable food and water for now and the future.

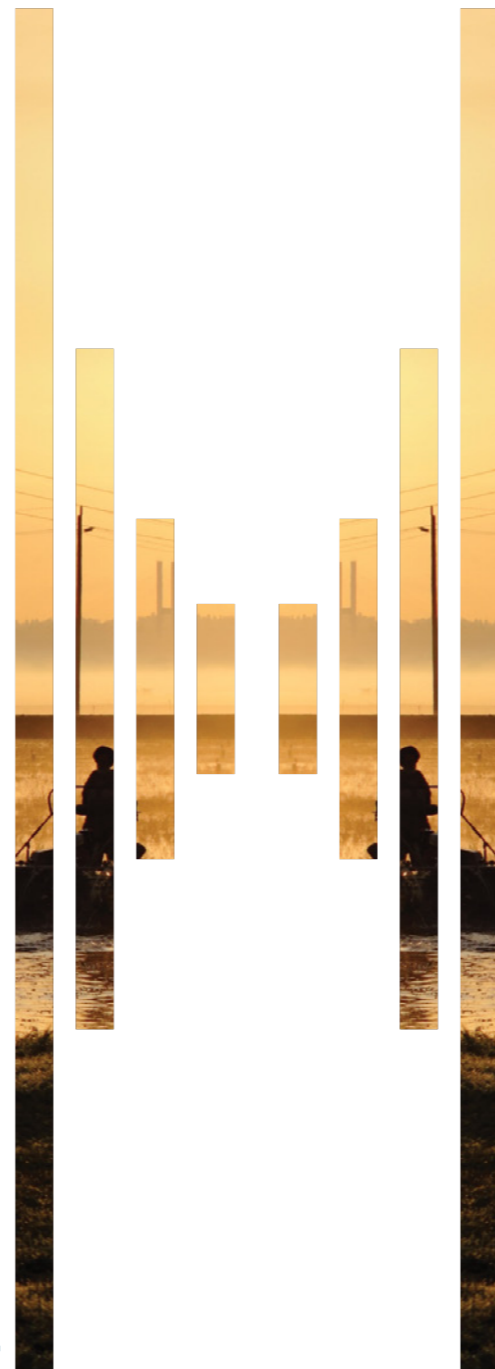
I believe Fairfood International is the organisation to take up this challenge and play a vital role as a 'sounding board' to food companies in establishing a sustainable food economy for the world and its people. With a strong strategy to make our vision a reality and a resilient management team, employees and volunteers, Fairfood International has the prospect of an optimistic and successful future. I would like to thank everyone who has made the first ten years possible and invite you to join us on the next phase of our journey.



Hans Bruning
Chairman of the
Supervisory Board

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FROM THE EXECUTIVE BOARD

In the summer of 2011, it was my privilege to become the Executive Director of Fairfood International and lead the organisation through a phase of stabilisation to realise its full potential.

Internally, a 'Change Plan' was successfully implemented and our biennial Employee Satisfaction Survey was conducted to further determine the processes needed to improve staff morale and productivity. Our strategy and focus was revamped, team understanding gradually picked up again and employee development was given more priority.

In 2011 numerous challenges beset the world, including the food crisis in the Horn of Africa, floods and natural disasters, climate change, the economic downturn and other societal upheavals and the world reached the seven billion population mark in October. These developments further rekindled in us the urgency to work towards a sustainable global food system that addresses both food security and sustainability issues.

We continued our international advocacy work unwaveringly, based on the understanding that although governments have a key role to play

in ensuring social justice in the global food system, food and beverage companies have an even more crucial responsibility. They need to be directly engaged and encouraged to make vital changes.

In 2011, we achieved noteworthy success in this area thanks to the generosity of our donors and the tremendous hard work of our global team of staff and volunteers. We engaged over 2,500 food and beverage companies; we encouraged numerous company policy and practice changes in the field of sustainability; we kicked off 'The Land of Promise' project in the Philippines; together with ActionAid UK and FairPensions, we raised the discussion on companies' 'Tax Responsibility'; we launched the successful 'Wake Up! Emerald Nuts' campaign engaging more than 16,000 supporters; and we developed the research capacity of labour unions in five developing countries.

These and other remarkable results demonstrate that we were able to rise above our internal challenges feeling strong and unified, to encourage food companies to make concrete improvements in their policies and practices, to advocate for better conditions for the vulnerable people in food supply

chains, and to speak up against the violations of human rights and the dire threats to the environment.

Finally, as I write to you, Fairfood International is getting ready to celebrate its 10th anniversary. We reflect on our humble beginnings and on how far we have come; we celebrate our successes while being mindful that there is still a great deal of work ahead of us in our quest to transform the food industry.

Anselm Iwundu
Executive Director





CHANGING THE GLOBAL FOOD SYSTEM IN 2011

CHAPTER 02

KNOWLEDGE

The foundation of Fairfood International's work is sound, broad research and knowledge. In 2011 we reviewed our approach to research and found innovative ways to produce concise briefing papers and fact sheets that provide a more targeted background for our work.

The reports we produced were developed with the help and input of our partners, public information provided by companies, insights gained from conferences and meetings with experts and published information in journals, media sources and from other NGOs.

We focused on refining our methodologies and other tools to analyse sustainability throughout the food and beverage industry. This resulted in an update of the Fairfood Sustainability Agenda, with newly defined issues for our advocacy work to focus on, and new and improved toolboxes to create more holistic assessments of sustainability initiatives and the sustainability policies and practices of food and beverage companies.

Through these more standardised approaches, we were better able to benchmark initiatives, assess the strengths and weaknesses in companies and make recommendations on how to best address the issues in our Sustainability Agenda. In doing this, we moved away from judgements on the sustainability of products towards holistic assessments on the corporate level. The analyses focused on providing comprehensive feedback on the most apparent policy changes needed to yield the most impact in companies' supply chains.

In collaboration with ActionAid UK and FairPensions we published a paper that made the business case for tax responsibility, to be included as a corporate responsibility issue by global companies. This report helped Fairfood International put tax responsibility back into the spotlight and provide an action plan for the companies we engage with to incorporate sustainable tax practices into their operations. We followed it up with a series of six articles on the U.K. website My Green Directory. The series led to a nomination for the Marketing and Public Relations Award at the newly formed PEA Business Awards in London.

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ENGAGEMENT

Throughout the year, we further developed our corporate engagement approach resulting in the successful initiation of contacts with 2,500 companies in 80 different countries.

Achieving change in the global food system also requires particular considerations of cultural, geographical, political and economic contexts.

Therefore, Fairfood's team worldwide established customised engagement with companies tailored to address the most relevant sustainability challenges facing the global food system. In 2011, Fairfood approached more than 500 companies through this customised form of corporate engagement.

The bulk of our work is not directly visible, yet it is a force to be reckoned with. Much of it, whether dialogue with companies or collaborative work with other organisations, occurs behind the scenes. Similarly, much of the change we create, while essential and deeply impactful, is incremental, long-term and not always tangible. One must have an eye on the present and the future in order to fully grasp both the immediate necessity and the ultimate results of our work.

Fatima van Hattum,
advocacy manager for Western Europe

We endeavour to initiate all of our dialogues on a constructive and transparent note. We understand that sustainability is a journey, and we are here to encourage companies to make the right decision at each and every step of that journey. Our international team of advocates engage in proactive dialogues to facilitate the adoption of such sustainable choices by influencing change in corporate policies and practices. A number of examples of this in 2011 are listed in the next paragraphs.

Dole, the world's largest producer and marketer of fresh fruit and fresh vegetables, launched a new sustainability web portal to increase its transparency and its stakeholder engagement. Although more needs to be done to ensure transparency so that stakeholders, consumers and the public at large have access to more information. The website is a step in the right direction.

The global confectionary giant Mars created a new sustainability website, publishing its first major public communication on their sustainability programme 'Principles in Action'. Mars also committed to use only FairTrade certified cocoa in their UK Maltesers brand products and to use only UTZ certified cocoa in their Mars Bar in The Netherlands.

German retail giant Lidl announced that all their private-label chocolate will be certified by UTZ, Rainforest Alliance or FairTrade (FLO).

Kraft committed to sourcing 100 per cent sustainable certified coffee for its European coffee brands (4C certified, amongst others) by 2015. Kraft additionally committed to using Rainforest Alliance certified cocoa for all product lines of their Côte d'Or and Marabou brands.

Over the last few years we have regularly updated Fairfood on the progress of our sustainability strategy, in particular with regard to agriculture commodities. We've appreciated the dialogue as it provides a useful external perspective on our work: positive feedback and constructive criticism after announcements like the one concerning our coffee sourcing goals are important for us.

Francesco Tramontin,
director of sustainability Kraft Foods Europe.

Dutch-based Boermarke, published their first CSR report.

Del Monte Foods initiated a materiality analysis and committed to publishing their next CSR report in accordance with the GRI framework.

Heinz unveiled a Sustainable Agriculture handbook, which includes provisions on soil, irrigation, conservation, biodiversity and waste/pollution from farm activities, fair-trading principles, and worker welfare.

Woolworths Holdings Limited, a well-known chain of upmarket retail stores in Africa, published its supplier code of conduct.

The concept of sustainability is still relatively new in Africa and, therefore, it is often difficult to convince food and beverage companies to engage with Fairfood International. The most important lesson I learnt in 2011, was to be patient as well as persistent because it's all worth it when a company does recognise the importance of sustainability and takes steps towards becoming more sustainable.

Lowna Gie,
advocacy manager for Africa.

Hormel Foods, a private US processed-meat company, published their Supplier Responsibility Principles and declared a 'zero tolerance' approach to child labour, forced labour and discrimination in their global supply chain.

Dutch-based Fruity King committed to sourcing only sustainably certified fruit for its juices.

Top U.S. grocery retailer Safeway, committed to publish their next Corporate Social Responsibility (CSR) report in accordance with the Global Reporting Initiative framework.

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Diageo, the world's largest spirit company and owner of Guinness, Smirnoff, Johnnie Walker and Baileys, publicly committed to sustainably sourcing the cream for its Baileys brand. Moreover, the company worked with their suppliers throughout 2011 to develop sustainable criteria for their farm programme, creating a diverse advisory committee dedicated to analysing and addressing greenhouse gas emissions, water usage and animal welfare in the cream supply chain.

We were pleased that you were positive and supportive, whilst recognising the challenges you pose.

David Lawrence,
Diageo global sustainability director.

U.K. retailer Morrisons committed to undertake 'Business in the Community CR Index', reporting a standardised framework that includes annual publication in the Financial Times.

PepsiCo committed to creating Global Ethical Farming Standards for all of its global supply chains, building on independent on-farm audits for environmental, social and economic performance.

Demonstrably, many companies have realised that stakeholder engagement on sustainability and CSR is 'not a luxury they can afford to miss', yet some companies are still reluctant to engage with stakeholders or become more transparent.

2011 has proven that Fairfood's corporate engagement approach is highly effective. Our budgets and staffing are often lower than the budgets made available to some of the Corporate Social Responsibility teams of many of the companies with whom we engage. Our dialogues contributed to more than 45 concrete changes in sustainable policies and practices. Ideally, organisations like ours should not need to exist, and we need to work hard to make ourselves redundant. There is a long road ahead before we reach that point, but the results of the past year show we are on the right path.

Ioan Nemes,
advocacy director at Fairfood International.

CONNECTIONS

To enable Fairfood International to have a greater impact on consumer behaviour and society, establishing a closer connection with our supporters and followers took centre stage in 2011.

We always look for innovative ways to engage our supporters in the mission to create a sustainable food system. Online communication plays a pivotal role here.

In December 2010 our Twitter followers numbered 5,636 and Facebook fans were 10,549. In 2011 our online constituency grew considerably going to 8,254 followers on Twitter and 52.747 Facebook fans by December 2011. As a result, Fairfood International was ranked number one in the Top 250 non-governmental organisations in the Netherlands for Facebook and number five in the Twitter rankings. These developments are part of our commitment to grow our Facebook community to 350,000 fans by the end of 2013.

TWITTER DEBATE

We experimented with a new way of engaging our Twitter followers by organizing a debate on Twitter as part of the Land of Promise campaign. Experts from Bananalink (a U.K. based NGO), EILER (a Manila based research organisation) and Land of Promise researcher, Darcie Renn, joined consumers around the world to take part in a debate which explored the many issues facing the pineapple sector and the solutions they can apply today.

@Banalink Thank you for the debate on #pineapple @Fairfood @eilerinc @DarcieRenn and all others!

@eilerinc @Fairfood Kudos for hosting a successful Twitter debate :) #pineapple

@rankabrand @fairfood #pineapple Really great to see a Twitter debate work! Giving ideas ;-)

@Solidaridadnetw Indeed. Very well organised. RT @rankabrand @fairfood #pineapple Really great to see a Twitter debate work! Giving ideas ;-)

I think it shows that you can have a meaningful debate on Twitter if you organise well. It works well to get the attention of like-minded people.

Maarten van Leeuwen
Solidaridad

[http://maartenvanleeuwen.com/2011/a-twitter-debate-organized-by-fairfood/Spreading the word](http://maartenvanleeuwen.com/2011/a-twitter-debate-organized-by-fairfood/Spreading%20the%20word)

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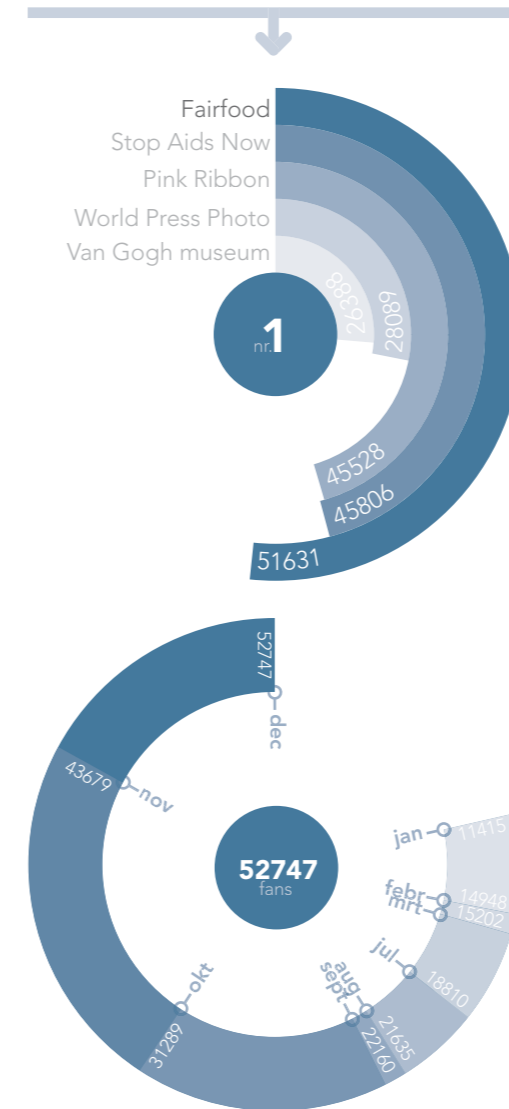
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FACEBOOK

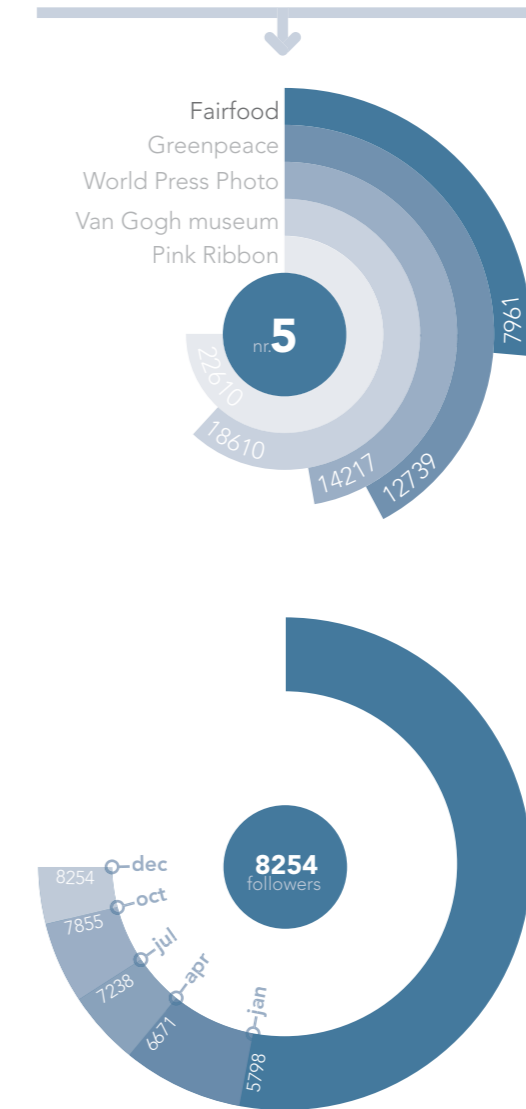
Ranking in the Top 250 NGOs in the Netherlands and community growth¹



¹Ranking of the Facebook Top 250 NGOs in the Netherlands was measured in November 2011. Fairfood's community growth on Facebook was measured in December 2011
²Ranking of the Twitter Top 250 NGOs in the Netherlands was measured in November 2011. Fairfood's community growth on Twitter was measured in December 2011

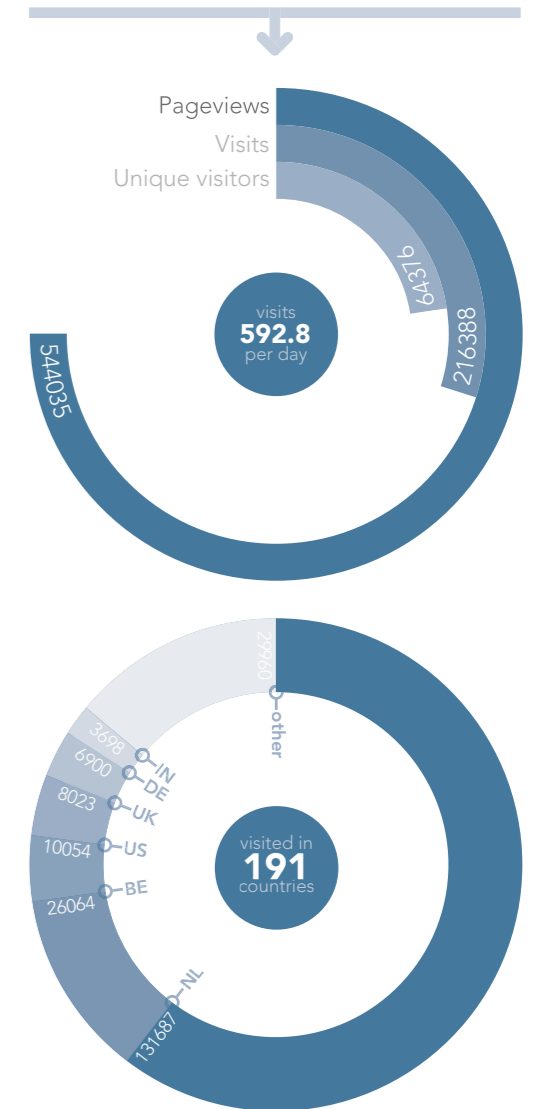
TWITTER

Ranking in the Top 250 NGOs in the Netherlands and community growth²



WWW

Traffic and demographics



INTERNATIONAL CAMPAIGNS AND PROJECTS

Wake up! Emerald Nuts

In September 2011, in collaboration with Free2Work, we launched a call on snack food company, Diamond Foods, to address the risk of child labour in cashew nuts used for their Emerald Nuts brand. Supporters were asked to join the campaign and sign our petition, which we launched in collaboration with Change.org. The remarkable support of 16,849 consumers who took part in the campaign and signed their names was clearly heard because Fairfood International has now made a significant step forward with the company.

Thanks to supporters' powerful comments such as: "transparency is, these days, critical to integrity, yours and mine" and "child labour" and "forced labour" are never acceptable, whether a company engages in these practices directly or indirectly through their vendors. You are responsible for ensuring that your supply chain adheres to fair labour practices, and your customers deserve transparency from you on this subject," Diamond Foods listened.

Fairfood International met with the company to present the petition signatures from our Wake Up! Emerald Nuts, campaign.

At the time of writing the present report, Diamond Foods became one of the first companies to issue a disclosure in compliance with the new California Supply Chain Transparency law (SB 657), shining a ray of hope over the company. As stated in their disclosure, Diamond Foods is in the process of implementing "an annual certification process for suppliers showing their compliance with all applicable laws preventing the employment or benefit from child or forced labour."¹ Now, Diamond Foods appears to have taken another step forward.

During our discussion addressing child labour concerns and the company's recent supply chain transparency disclosure, Diamond Foods made a commitment to Fairfood that they will transparently enact a supplier code of conduct incorporating the ILO Conventions on child labour as minimum standards, representing a significant first step in the fight against child labour. Diamond Foods also expressed interest in engaging with its stakeholders and industry leaders to ensure the implementation of a credible certification system to protect against such concerns throughout its global supply chain. Fairfood International will continue the dialogue with Diamond Foods throughout this process, with a newfound hope for the positive changes that the company can make. Taking responsibility to ensure ethical treatment throughout a supply chain just makes good business sense.

¹ <http://diamondfoods.com/about/CASupplyChainStatement.php>, consulted at 03/06/2012

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THE LAND OF PROMISE

The Philippine island of Mindanao, also known as the Land of Promise, is home to an extraordinarily rich biodiversity. However, the economy of Mindanao and its exports are dominated by a crop that is not indigenous to the island: the pineapple. The production and trade of these pineapples are often carried out without regard to the land and its people. Fairfood International is challenging tropical fruit companies to do their part to restore the balance between planet, people and profit on the island of Mindanao.

By financing the project 'The Land of Promise', we are happy to enable Fairfood to spur pineapple companies, including the largest and most powerful players in the industry such as Dole and Del Monte Fresh, to make their production methods sustainable, so Mindanao can really become the Land of Promise for generations to come.

Marieke van Schaik,
Managing Director, Dutch Postcode Lottery

Intensive research in collaboration with stakeholders on Mindanao formed the first phase of the project. A multi-stakeholder conference in the Philippines was organised to present the initial results of the baseline study and gain feedback from local stakeholders.

This conference opened our eyes and mind[s] to hope for the future.

Tribal leader
The Philippines.

The corporate engagement soon led to proactive and candid discussions with the biggest brand owners in the pineapple industry. A symposium was organised in Amsterdam to further strengthen the advocacy strategy by co-ordinating with and learning from our colleagues in the field. In addition, preparations were made for the public campaign which will be launched in 2012.



The start-up also presented some challenges that were tougher than expected. Mindanao has a long history of conflict and the stakes in the pineapple industry are high. We were forced to learn quickly about dealing with security risks for our staff, (local) partners and other stakeholders.

Managing the security risks and other challenges, while co-ordinating work across different disciplines and continents, required additional efforts. We tackled this challenge by adjusting our management structure for special projects and hiring a project manager.

Furthermore, on 16 December 2011, the tropical storm Washi hit the Philippines, impacting the lives of hundreds of thousands of people on Mindanao and costing the lives of 1470 people. While the focus in Mindanao has of course been on relief efforts, we expect no structural impact on the Land of Promise project planning. Corporate engagement with the pineapple industry is pushing forward and in 2012 we will start involving the global public in campaigning for a sustainable pineapple industry.

CAPACITY DEVELOPMENT OF AGRICULTURAL LABOUR UNIONS

Funded by CNV Internationaal, we have worked closely with labour unions around the world since 2008 to develop their capacity to perform field research within agricultural value chains. Each partner receives training sessions tailored to their needs. In March we organised a conference to start a new run of the project. Our guests from South-Africa, Indonesia, Colombia, Costa Rica and Ghana participated closely with Fairfood International staff in a four-day programme focused on evaluating the project. The conference created shared understandings of the goals of the project in 2011 and built relationships between the partners and the account managers to facilitate better communication as we move forward. Additionally, the programme included training sessions on advocacy mechanisms, research skills and visits to a sustainable fruit importer.

It was very rewarding to see how the CNV project came to life because we had the chance to include something essential in partner work: interaction and relationship building. By welcoming the partners to our office and having the chance to repay their generosity during the visits we made, a much deeper understanding of each other's organisations and goals developed, resulting in output that is more valuable to everyone.

Aisha Schol,
manager of corporate
sustainability analysis.

Throughout the remainder of the year, the relationship with CNV Internationaal and all the labour unions was intensified. We also visited our partners to get a better understanding of field conditions and to share our knowledge on topics like sustainability, research, value chain management and different advocacy approaches wherever possible. In coordination with CNV, the project was evaluated and redrafted for 2012 to take advantage of the experience that some of the partners have built up and can share as examples for new unions joining the project in 2012.

The successful training programmes organised by Fairfood International with support of a local trainer, have equipped fifteen of our researchers with skills that will undoubtedly improve our work.

Ellis Koomson,
research officer
Ghana Federation of Labour.

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FUNDING

For a mission as ambitious as ours we need all the financial help we can get. We are grateful to all our financial supporters who help make our advocacy work possible.

2011 was the first year of the five-year funding we receive from the Dutch Ministry of Foreign Affairs as part of the MFS II co-financing system for sustainable development. We receive this funding as a member of the IMPACT Alliance, which consists of Oxfam Novib, SOMO, Butterfly Works, 1% Club and Hirda. Fairfood International receives an average of €1,1 million per year, out of a total of €5,4 million.

Oxfam Novib appreciates working with Fairfood International in the IMPACT Alliance, not only because we share similar ideas but more importantly because we have complementary approaches and opportunities to offer each other.

Ms. Adrie Papma,
business director at Oxfam Novib.

Fairfood International also receives an annual contribution of €500,000 from the Dutch Postcode Lottery, which is part of Novamedia/Postcode Lotteries, the world's third-largest private charity donor. In 2011, after having been a beneficiary of the Dutch Postcode Lottery for only one year, Fairfood International was awarded an additional €1.1 million for The Land of Promise project. We are proud and grateful to have received this vote of confidence.

Additional funding was received from the Dutch Ministry of Housing spatial planning and environment (VROM) and the CNV International Labour Union for special projects. We also had a very successful first experience with fundraising through social media when we participated in and won the 6x6x6 campaign initiated by Getaway Travel.

In 2011, we identified the risk that we are currently very dependent on a limited number of funders. To ensure our long-term strategic freedom and financial stability, we made preparations to diversify our funding sources from 2012 onward. For example, the success of the 6x6x6 campaign inspired us to make online fundraising an integrated part of our communications. We explored the possibilities that social entrepreneurship has to offer and concluded that at this time it does not fit our organisation. Finally, we continue to seek the support of institutional donors like trusts, funds and governments around the world.

WORKING WITH PARTNERS

To create a sustainable global food system we join forces with like-minded people and organisations; and therefore meaningful partnerships are very important to us. In 2011, we asked the partners we had most closely worked with for feedback and we were pleased to find that our funders and partners graded our working relationships at 8.2 and 9.6 respectively.² In 2012 we aim to deepen our working relationship with more of our partners following the lessons from these successful partnerships in 2011.

² The survey scale was graded from 0-10, with 0 being unacceptable and 10 being excellent.

OUR GREATEST ASSET - OUR STAFF AND VOLUNTEERS

In the latter half of 2011 we conducted an Employee Satisfaction Survey, in line with our quality objective. Our paid staff and volunteers rated their satisfaction with a score of 7.8 out of 10. Moreover, we have been able to attract and retain more experienced paid staff than the previous year; our retention rate for paid staff in 2011 increased by more than 50 per cent. In order to further the skills and abilities of the Fairfood workforce, an annual Management Training Programme was held to formally develop management skills for staff.

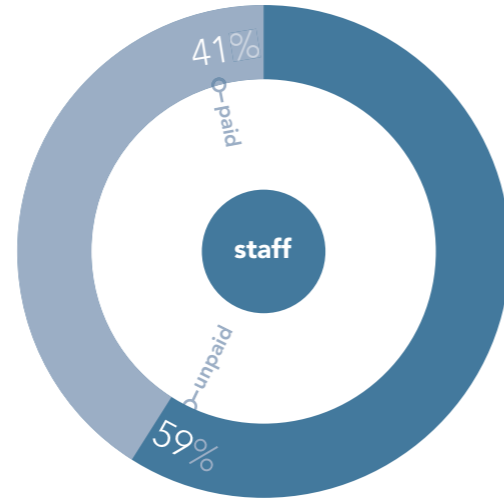


Chart 1.
A chart illustrating the ratio of paid and unpaid staff in 2011.

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OUTLOOK
2012

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OUTLOOK 2012

After the storming and norming phases, Fairfood will shift its focus to performance in 2012. This year is about delivering results, with more progress in our quest to encourage food and beverage companies to make relevant changes in their policies and adopt more sustainable practices. On the global scene, we anticipate more attention for food justice related issues and support for poor and vulnerable groups in our food system.

REVITALISED STRATEGY AND MORE IMPACTS THROUGH OUR STRATEGIC PILLARS

In 2012, we will produce our three-year strategy for 2012 to 2014. Among other things, it will clearly define our strategic pillars and enablers, illustrating how they will complement each other in order to realise our objective of changing the food industry and supporting a sustainable food system. We intend to actively engage up to 450 new food and beverage companies and ensure that at least 10 per cent make relevant changes in their policies and practices. We will continue to heighten awareness on sustainability issues and actions of food companies through effective campaigns, news and features. We plan to increase our global supporters by more than 30 per cent, expand our network of partner organisations and implement joint activities with supporters and partners alike. In order to further increase the potential impact of our collaborations, we will also offer our partner organisations support in capacity development with our

expertise. We will continue to develop a broad research knowledge base on a variety of sustainability topics, assessing companies' sustainability actions and studying relevant solutions, trends and progress in the food industry; these will serve to provide strategic advice and foundational insight for all our work.



REBRANDING FAIRFOOD INTERNATIONAL

Following a decade of development, especially towards the imminent revitalised strategy and approach, Fairfood International will enter a new phase that will require a review of our brand identity. In order to establish good alignment and increase the brand awareness in our target audiences and stakeholders, we will commence a rebranding process that will involve a complete visual rebranding of Fairfood International.

ESTABLISHING A STABLE AND EFFICIENT ORGANISATION WITH HIGH PERFORMING TEAMS

For all our actions to be successful we intend to run a stable and efficient organisation and build high performing teams. The following are a few expected operational activities to this end:

- Develop clear process maps, work flow charts and update relevant policies and procedures.
- Ensure the success of Fairfood's ISO 9001 recertification.
- Establish a new performance management structure that focuses mainly on development of employees through training, coaching and mentorships.

- Establish a clear management cycle that will include tentative deadlines and activities of strategic internal processes.
- Publish our corporate responsibility policy and disclose processes towards reporting.



ORGANISATIONAL
STRUCTURE

CHAPTER
04

ORGANISATIONAL STRUCTURE

Fairfood International is a centralised organisation, with its' statutory seat in Amsterdam, The Netherlands. The head office is located at Baarsjesweg 224, Amsterdam.

Fairfood International's organisational structure is split into five departments, the Executive Board, the Supervisory Board and the Advisory Board. The five departments of Fairfood International are: Advocacy, Communications, Research, Business Development and Operations. The Advocacy managers are divided over different regions (e.g. North America, Western Europe etc.). Each function is fulfilled by a manager and the manager is assisted by volunteers to carry out daily activities. A director heads each department and consequently guides the managers; the directors report to the Executive Board. The Executive Board consists of one individual: the Executive Director. The Executive Board is ultimately responsible for achieving the overall objectives of the organisation and the successful implementation of programmes and activities.

Fairfood International is still a young organisation and it is stimulating to see the professional, thorough and enthusiastic approach of Fairfood's staff in their efforts to make the food industry more sustainable. Seeking partnerships and coalitions to strengthen their lobbying and campaigning is a strong element in their work. So, food industry: beware of this generation 2.0.

Marjoleine Motz,
consultant for ICCO.



SUPERVISORY AND ADVISORY BOARDS

The purpose of the Supervisory Board is to ensure that the Executive Director sets out a solid general policy, and that this policy is carried out consistently. In addition, the Supervisory Board is responsible for overseeing the Executive Board in managing the foundation of the strategy behind the organisation. The Supervisory Board consists of at least five members all of whom are volunteers and have different backgrounds and nationalities.

In 2011, Fairfood International began building its Advisory Board. This board consists of an international network of 20 prominent experts at most, who also represent different nationalities and professional backgrounds. Their role will be to provide relevant advice to the Executive Board on strategic matters from time to time and to expand the professional network of the organisation. The Advisory Board members will support the organisation voluntarily; they will have no legal fiduciary responsibility and no authority to vote on corporate matters. Whereas the Advisory Board provides such support, the Supervisory Board will remain the formal employer and supervisor of the Executive Board.

COMPOSITION OF THE SUPERVISORY BOARD

Hans Bruning, Executive Director at Netherlands Institute for Multiparty Democracy (NIMD)

Jan Schaart, Member of the board of Arq Foundation

Sander Bins, Tax consultant at and owner of 'Kantoor Boone' fiscal and administrative consulting services

Denise Lapoutre, Director at Technical Assistance for Sustainable Trade and Environment (TASTE)

Rhiannon Davies, Former vice-president Global strategic product sourcing at Groupe Danone

COMPOSITION OF THE ADVISORY BOARD

Pierre van Hedel, Managing Director, Rabobank Foundation

Jordan Dey, Principal at HKS Global | former US Director at World Food Program

Shalini Natarraj, Vice-President Programs Global Fund for Women

Max Van der Sleen, former CEO Ecorys

Michael Nkonu, Executive Director Fairtrade Africa

Nancy Baghdadi-Vieten, Management Consultant at LTP

Roeland Meijs, Certified Associate at Lee Hetch Harrison

Eelco Fortuijn, Director Goedewaar

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FINANCIAL REPORT

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BALANCE SHEET AS OF 31ST OF DECEMBER 2011

	31-12-2011	31-12-2010
ASSETS		
Grants receivable	€ 9,002	€ 59,296
Prepaid expenses	€ 2,169	€ 1,941
Accrued income	€ 50,053	€ 28,030
Totals	€ 61,224	€ 89,267
Cash and cash equivalents	€ 1,995,228	€ 876,968
Totals	€ 2,056,452	€ 966,235
LIABILITIES		
Discretionary net worth	€ 721,481	€ 721,481
Designated funds	€ 46,262	€ -
Designated reserves	€ 175,984	€ -
Totals	€ 222,246	€ -
SHORT TERM LIABILITIES		
Pay-roll tax/ social securities	€ 46,664	€ 50,238
Net salary	€ 2,957	€ 1,828
Advanced grants	€ 850,831	€ 25,458
Accrued expenses	€ 31,110	€ 20,434
Accrued liabilities	€ 1,410	€ 36,225
Accounts payable	€ 174,984	€ 105,800
VAT to be paid	€ 4,769	€ 4,771
Totals	€ 1,112,725	€ 244,754
Totals	€ 2,056,452	€ 966,235

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STATEMENT OF REVENUES AND EXPENDITURES FOR 2011

	2011 Actual	2011 Budget	2010 Actual
REVENUES			
Revenues donations	€ 12,585	€ 6,000	€ 5,125
Revenues sponsoring in kind	€ 209,367	€ 149,300	€ 317,040
Revenues NGO's	€ 1,048,749	€ 1,796,319	€ 2,083,150
Revenues governments	€ 1,204,487	€ 80,000	€ 75,000
Other revenues	€ 50,350	€ 40,000	€ 28,150
Totals	€ 2,525,538	€ 2,071,619	€ 2,508,465
EXPENSES			
Employee expenses	€ 1,413,943	n/a	€ 1,420,111
Accommodation expenses	€ 124,216	n/a	€ 97,926
Contributions to partner organisations	€ 100,314	n/a	€ 48,558
Promotion costs	€ 361,780	n/a	€ 291,241
Other expenses	€ 294,419	n/a	€ 360,726
Totals	€ 2,294,672	€ 2,069,682	€ 2,218,562
OPERATING RESULT	€ 230,866	€ 1,937	€ 289,903
Financial expenses	€ 8,620	€ 0	€ 4,284
RESULT	€ 222,246	€ 1,937	€ 285,619
Designation of result			
Discretionary net worth	€ 21,796		€ 285,619
Designated funds	€ 24,466		€ -
Designated reserves	€ 175,984		€ -
Total	€ 222,246		€ 285,619

NOTES TO THE FINANCIAL STATEMENTS

General

Principles of pricing

Annual accounts are based on historical cost conventions. The valuation of assets and liabilities is done at nominal value, unless stated otherwise. Profits are assigned to the period they were realised. Expenses are accounted to the year they have been foreseen.

Foreign currency

The accounts of the foundation are presented in Euros, which is the foundation's functional currency. Transactions in foreign currency are converted to Euro at the exchange rate at the beginning of the month in which the transaction occurs. At the end of the financial year all accounts receivable and liabilities in foreign currency are converted to euro on the basis of the exchange rate as per balance date. Exchange rate results have been added to the statement of revenues and expenditures.

Change in accounting records

Due to changes in the financial administration a detailed comparison to both 2010 and the original budget is only partially possible. Expenditure is no longer accounted for on the departmental level, but only on the level of specific programmes. We also introduced a different categorisation of our accounts so that we can better align our accounting with the overhead calculation used in the VFI recommendation for attributing costs for management and administration ("Beheer en Administratie"), which is used to calculate overhead for MFS-II. A comparison is only possible on a number of generic items, none of them included in this way in the statement of revenues and expenditures as set out on page 29.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Fixed assets

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

Receivables

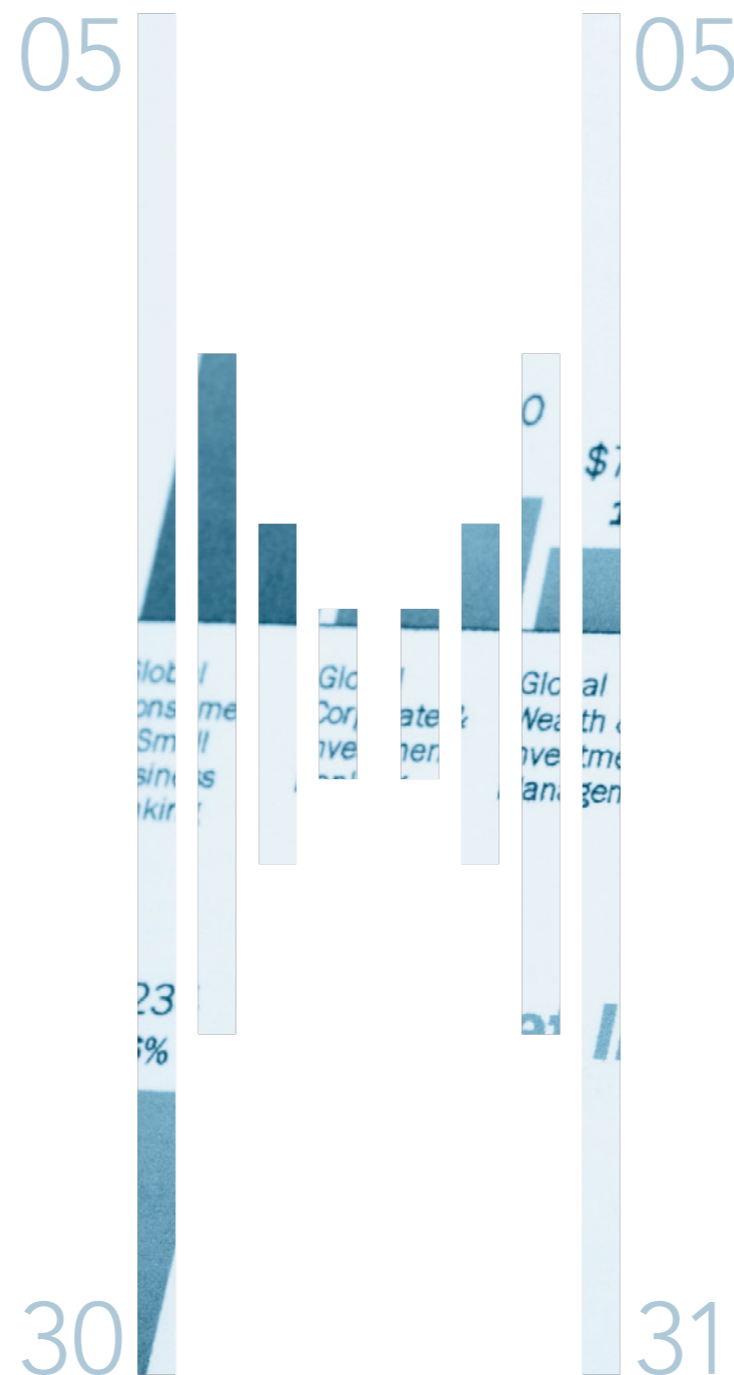
The receivables are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the face value, after deduction of any provisions if necessary. Provisions are recognised on basis of individual assessment of recoverability of the receivables.

Current Assets

Fairfood has no securities or deposits in which it keeps its current assets. All current assets that are not immediately needed are kept in two savings accounts at ASN Bank.

Discretionary net worth and reserves

Fairfood aims to reach a discretionary net worth of 25 per cent minimum and 50 per cent maximum of total costs by the end of the year, minus sponsorship in kind received within the corresponding financial year. This is needed to avoid immediate problems that may arise in case of financial setbacks. This is how the organisation's continuity is guaranteed.



Liabilities

Current liabilities are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the face value. Accruals are valued as its face value.

PRINCIPLES OF THE DETERMINATION OF RESULT

Gifts in kind

Gifts in kind are valued against fair value in the country in which they are received. The fair value is estimated as the regular selling price of the supplier minus the reduction indicated by the supplier. Contributions from volunteers are not financially accounted for. Processing gifts in kind does not affect the result and the equity, but only the volume of income and expenses. The income is accounted for revenues Sponsoring in Kind. The expenses are accounted for where they are usually accounted for.

NOTES TO THE BALANCE SHEET

Reserves

The discretionary net worth shows the following movements in 2011

Discretionary net worth at 31/12/2010	€	721.481
Extraction	€	- 21,796
Appropriation of the result	€	21,796
Discretionary net worth at 31/12/2011	€	721.481

The extraction was related to the transfer of funds from last year's CNV project to the revenues.

The designated funds show the following movements in 2011:

Designated funds at 31/12/2010	€	-
Additions	€	24,466
Designated funds at 31/12/2011	€	24,466

The designated reserves show the following movements in 2011:

Designated reserves at 31/12/2010	€	-
Additions	€	175,984
Designated reserves at 31/12/2011	€	175,984

The per centage of the discretionary net worth for 2011 has been calculated as follows:

Expenses	€	2,303,292
SIK	€	209,367
Total expenses – sponsoring in kind	€	2,093,925
Discretionary net worth	€	721,481
Discretionary net worth / (expenses – sponsoring in kind)		34 per cent

Contingent liabilities

At the 31st of December 2011, Fairfood had rental commitment for its front and head offices. For the front offices contracts with one year duration have been signed. They involve a total rental commitment of € 2,669 per month. The contract for the head office will expire on the 30th of April 2012. The total commitment remaining is € 16,036.

Events after the balance date

On the 23rd of March 2012, Fairfood signed a statement of intention to rent a new office at the Baarsjesweg 224 in Amsterdam. The rental commitment for the year 2012 is €16,337.

As part of this new rental commitment, Fairfood also agreed to make an investment estimated at € 70,000 in the refurbishment of the office space.

NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES

Revenues

The total available amount in revenues in 2011 was € 2,525,538. There is an increase from last year, when the total revenues were €2,508,465.

Compared to 2010 there is also a big difference in origination of revenues. Since Fairfood International received the majority of its revenues from the MFS II programme in 2011, the main source of funding is the government. In 2010, ICCO contributed the largest per centage, which is an NGO. Another large change is the amount of In-Kind contributions received. This is primarily due to a more strict policy on accounting for this type of contributions. Also, the total amount received in donations from various individuals and companies have increased³, as did Other Revenues. The amount received in donations has increased due to our participation in the 6x6x6 challenge, which resulted in one large donation of € 9,450. Other revenues increased because Fairfood received interest rates on an advanced grant received from the Dutch Postcode Lottery and on the money received for MFS-II.

³The categories In-Kind contributions and Donations from various individuals and companies combined are similar to revenues from 'Eigen Fondsenwerving' under Guideline for annual reporting 640.

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The total revenue 2011 can be specified as follows:*Funding from NGO's and government*

Ministry of Foreign Affairs (MFS II, via Oxfam Novib):	€	1,119,487
Dutch Postcode Lottery; of which		
- General Funding	€	500,000
- Land of Promise 2011 budget (Extra Trekking 2010)	€	276,598
CNV International	€	249,875
Ministry of Economy and Environment (SMOM)	€	80,000
OXFAM-NOVIB	€	27,276
Revenues NGO's and government	€	2,253,236

Other revenues

Donations	€	12,585
Sponsoring in kind	€	209,367
Other revenues (interest)	€	50,350
Total revenue	€	2,525,538

Compared to the 2011 budget the total revenues are relatively high. Fairfood International received € 453,919 more revenue than expected. One reason is that the amount available for spending on partners in the CNV programme was not included in the original budget. Another reason is that the revenues from MFS II were higher than originally anticipated, as were revenues from Sponsoring in Kind and Donations from individuals and companies.

Another important deviation from the original 2011 budget is that the main sources of revenues were governments. The assumption when preparing the budget was that revenues originating from the MFS II programme had to be accounted for as revenues from NGO's. The reason was that Fairfood International receives these revenues from Oxfam-Novib, who is the administrator of the MFS II funds. However, in fact, the money comes directly from the Ministry of Foreign Affairs and is not included in the balance sheet of Oxfam-Novib. Therefore the revenues need to be accounted for as money originating from governments.

Expenditure

The total expenditure (including financial expenses) in 2011 was €2,303,292, an increase of €80,446 compared to 2010 and from the expected spending in the original budget (€ 2,069,682). Two reasons can be identified for this increase. The first reason is that more emphasis was put on spending the originally budgeted amount in 2011. A re-budgeting exercise in September and August provided detailed insight into the actual expenditure needed and where additional resources could be allocated. This meant that in the second part of the year, staff could work with a more realistic budget and management was better able to ensure that no over or under-expenditure occurred. Although at the end of the year, not all revenues were spent, part of this was intentional. Management expected that a number of large operational expenses had to be made in the next year and decided to accept an under-spending in 2011 to partially ensure enough funds were available in the next year. The second reason is that more revenues were available than originally expected.

In 2011, the amount spent on staff costs has decreased compared to 2010. Total expenditure on staff costs was €1,413,943 in 2011 - a decrease of €6,168. The reason for this change is that the total number of full time employees (FTE) decreased compared

to 2010. Another reason is that during the year several management positions have been vacant for several months.

Housing and accommodation costs increased slightly compared to 2010. In 2011 total expenditure on housing was €124,216. In 2010 it was €97,926. The main reason for this increase was that costs increased due to inflation and various facility costs.

The contribution to partner organisations increased from €48,558 in 2010 to €100,314 in 2011. The increase is primarily due to the increased research in 2011 performed by partner organisations with regard to the Oxfam Novib and CNV projects.

Promotion costs increased from € 291,241 in 2010 to € 361,780 in 2011. The main reason for this increase is that additional costs have been made to promote our activities sponsored by the Dutch Postcode Lottery.

In 2011, we spent €1,678,474 directly on programme objectives and € 624,818 was spent on operational activities. Of the expenditure on programme objectives, €1,021,097 was related to staff costs and €657,377 to non-staff related expenditure.

As indicated, spending on different objectives gives a better insight in

Fairfood International's spending.⁴

The majority of expenditure was related to the objectives of MFS II: developing partnerships in advocacy, supporting other organisations with research and stimulating policy changes at food companies. The total amount spent on these targets was €1,297,937. In 2011 Fairfood International also specifically focused on changing policies at Dutch small and medium enterprises (SME). We spent a total of € 128,632 on this objective. Fairfood also focused on changing social conditions in the pineapple industry with the Land of Promise project and in 2011 we spent € 276,598 on this project. Fairfood International also supported labour associations in various countries in the south in addressing working conditions in the food sector. This objective was supported with a total amount of € 231,339.

⁴The total of all the amounts represented in this paragraph do not add up to total spending on our objectives as represented in the profit and loss statement. A large proportion of the operational costs is re-allocated over the project objectives since they are in fact used to realize project objectives. The amounts represented in this paragraph do also not add up to the total expenditure in the profit and loss statement because they include co-financing costs. See for more information the section on Co-Financing below.

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The result

The total result of 2011 was € 222,246. This was lower than in 2010 but still higher than the original budget. As explained above, efforts have been made to keep the result as low as possible. However, in the last few months, management decided not to spend everything as it expected a number of large expenses in 2012 for which it did not have the coverage at that time.

Of the result, € 24,466 is added to the designated funds as it represents an amount that remained from the CNV project 2011 and has been reallocated to the CNV project in 2012.

An amount of €175,984 has been included in a designated reserve, which serves three purposes. It will be used to improve the competence of our staff. Due to the absence of resources, our staff lacked adequate training and development in 2011. After the internationalisation of the organisation, staff competences and knowledge have not been given the proper attention they require. To prepare them for their increasingly demanding tasks, a training budget will be made available in 2012, partially funded from the 2011 non-dedicated revenues.

Another purpose is to move into a new office, an important contribution to professionalisation of Fairfood International. Fairfood International stimulates companies to ensure their employees work in a workplace that has good labour conditions and in offices that are sustainable. This conflicts with the conditions in Fairfood's head-office. It has not been refurbished for many years, lacks adequate climate control, is not sustainable, etc. To ensure that labour conditions improve, Fairfood International will move into a new office in 2012.

The third purpose is to attract new funding in the coming years. Due to the increasing pressure on aid budgets, and therewith need to further expand our sources of funding, additional resources are needed for fundraising in 2012. Part of the result will be used for fundraising, another part to ensure we have enough co-financing money available for projects funded by funders that use co-financing as a requirement.

The overview below sets out the spending of our result from 2011 on these commitments:

Training and development:	€ 36,500
Cost for moving into a new office:	€ 28,500
Fundraising and co-funding:	€ 110,984

The remaining result of €21,796 has been added to the discretionary net worth.

OTHER INFORMATION

Efficiency

Fairfood International measures the efficiency of its operations by two ratios:

- 1 The amount spent on overhead divided by total spending
- 2 The amount spent on fundraising divided by total revenues.

The first ratio is calculated by establishing the overhead. The overhead is calculated by following the VFI recommendation for attributing costs for management and administration ("Beheer en Administratie").

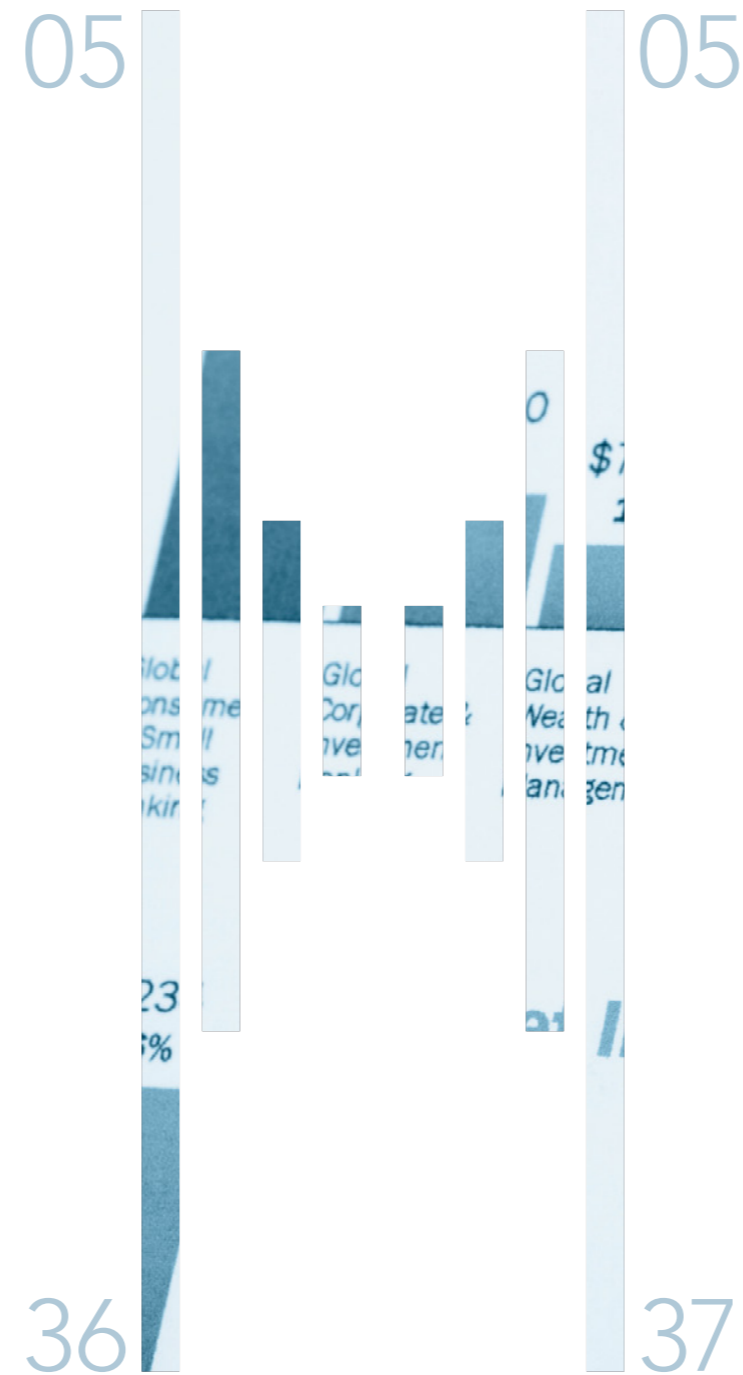
This recommendation includes guidance on the allocation of operational costs (i.e. all costs excluding salary costs and purchases directly related to projects). The recommendation is not entirely prescriptive and leaves some room for interpretation.

Fairfood International wants to ensure optimal transparency and is following the VFI recommendation as strictly as possible⁵. This means that all management costs and costs for internal control/ finance are included in the overhead and not attributed to projects. The calculation of operational costs is shown below:

Housing and facilities; of which	
- Housing costs	€ 101,322
- Facilities	€ 22,894
ICT	€ 99,883
Finance, planning and control	€ 105,378
Human Resources	€ 189,700
Management	€ 105,641
Total operational costs; of which:	€ 624,818

The total amount of operational expenses attributed to overhead was €275,906 in 2011. This is 12 per cent of the total expenditure. No comparative figures are available since calculation of overhead in previous years occurred differently. Also, no overhead calculation was included in the budget.

⁵Other organisations use different ways of calculating overhead and allocate portions of for example costs for management and finance to projects, which Fairfood International has decided not to do.



Spending on fundraising

Fairfood International spends money to raise funds to ensure enough resources are available to obtain its objectives. In 2011 a total amount of €114,827 was spent on fundraising. This is 4.6 per cent of our total revenues. This amount was split between fundraising for government funding and for own funding. The total amount spent on fundraising from governments was €104,646. The amount spent on fundraising for our own funding was €10,181.

Co-financing

For various sources of revenues, Fairfood International is obliged to show that additional resources have been used to realise either the overall objectives of the organisation or to reaching the specific objectives agreed with in the particular source of revenues. This is done in two ways. One is by looking for a potential overlap between programme activities, i.e. certain activities and deliverables can be used for different objectives. For example, one general issues research report can be used for objectives that have a different geographical focus, but do not differentiate in their nature. The second way is by allocating non-dedicated resources to these programmes. In 2011, Fairfood International received a total of € 512,584 in non-dedicated resources. This is about 21 per cent of the total revenues. Of this amount €175,984 remained unspent in 2011.

According to MFS II regulations, a specific target of 25 per cent co-financing needs to be achieved for the whole organisation. Co-financing cannot include revenues originating from alliance members or the Ministry of Foreign Affairs funded organisation. The total revenues that could be considered co-financing were €1,122,996 in 2011. The percentage of co-financing for MFS II was therefore 50 per cent of all revenues.

NUMBER OF STAFF

The below table provides an overview of the average number of FTE per department in 2011:

	2011	2010	2009
General management	1.0	1	1
Advocacy department	9.6	11	3
Communications department	4.9	9	9
Research department	4.8	7	7
Fundraising department	3.7	3	2
Operations department	3.6	4	4
Total	27.6	35	26

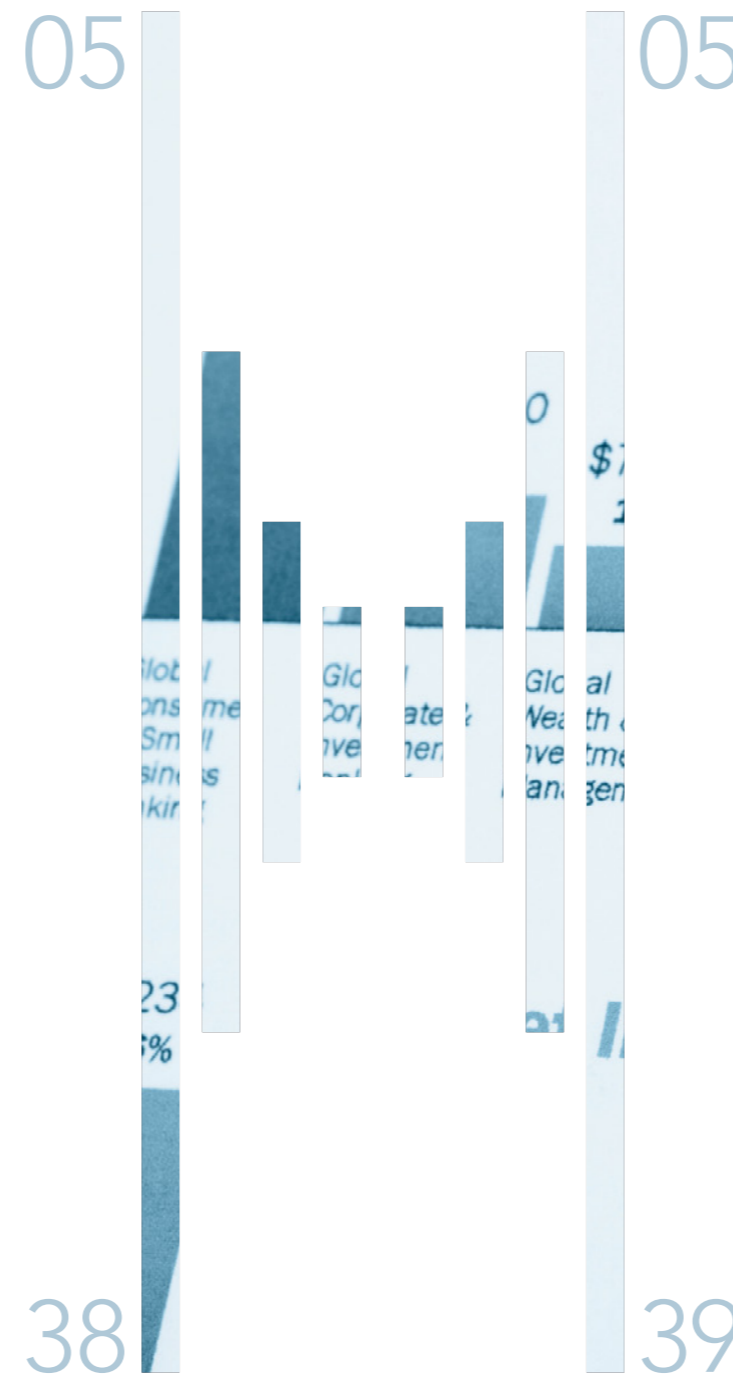
There is a decrease in the number of FTE compared to 2010. The reason is that at the end of 2010 to the beginning of 2011 Fairfood went through a restructuring phase, which resulted in a reduction of the number of staff. However, at the end of the year the number of FTE had already reached almost the same number of FTE as the average of 2011, with the total number of FTE reaching 33.

Executive Director
Anselm Iwundu

Date:

Chairman of the Supervisory Board
Hans Bruning

Date:



INDEPENDENT AUDITOR'S REPORT

To: Supervisory board of Stichting Fairfood International

Report on the financial statements

We have audited the accompanying financial statements 2011 of Stichting Fairfood International, Amsterdam, as set out on page 27 to 38, which comprise the balance sheet as at December 31, 2011, the statement of revenues and expenditures for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Fairfood International as at December 31, 2011, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

Leiden, June 19, 2012

Grant Thornton Accountants en Adviseurs B.V.

Signed by

S.J.L. den Ouden
Register accountant



APPEN-
DICES

CHAPTER
06

Appendix I

BUDGET 2012

The budget for 2012 is composed of our programmes and projects in 2012 that we expected to execute as of May 1st, 2012. It also contains all our confirmed revenues at May 1st, 2012.

	2012 (Budget)	2011 (actual)
REVENUES		
Revenues donations	€ -	€ 12,584
Revenues sponsoring in kind	€ -	€ 209,367
Revenues NGO's	€ 1,115,623	€ 1,053,349
Revenues Governments	€ 1,149,000	€ 1,204,487
Other revenues	€ 175,525	€ 50,350
Total	€ 2,440,148	€ 2,530,137
EXPENDITURE		
Housing and facilities	€ 133,710	€ 124,216
ICT	€ 102,668	€ 101,818
Finance, planning and control	€ 156,492	€ 108,614
Human Resources	€ 191,109	€ 134,367
Management	€ 118,690	€ 130,086
Project Expenditure	€ 584,980	€ 687,492
Project cost (wages)	€ 1,152,499	€ 1,015,491
Total	€ 2,440,148	€ 2,302,084
Result	€ -	€ 228,053

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EXPENDITURE PER PROGRAMME

	2012 (Budget)
Fundraising	€ 353,323
MFS II targets	€ 1,441,819
Land of Promise	€ 364,302
CNV	€ 235,047
NRW	€ 23,156
Training budget	€ 22,500
Total	€ 2,440,148

The budget shows a general increase in operational expenditure and in project costs (wages). Operational costs will increase due to several reasons. The first reason is that the cost for moving to the new office is included in the operational costs. The second reason is that last year the operations department was not fully staffed, with a vacancy for Director Operations for almost six months. The ICT and Quality functions were also not fully staffed. A third reason is that in general both wage costs and pension costs will increase in 2012. This is also one of the reasons why project costs (wages) will increase. Another reason for this increase is that Fairfood has decided to increase the number of staff compared to 2011.

Fairfood will invest a large amount of resources in ensuring the continued financial sustainability of the organisation's operations and finance further growth. In 2012, Fairfood will also be executing a project for the Stiftung Umwelt und Entwicklung Nordrhein-Westfalen (NRW). The Land of Promise will continue in 2012, as well as our work for CNV. 2012 is also the second year of spending on the MFS programme. For reasons of transparency, spending on staff development has also been included as a separate post in the budget.

Since expenditures do not contain Sponsorship in Kind, revenues do also not contain an estimate for Sponsorship in Kind. Another reason is that it was difficult to make predictions for this revenue and therefore it would have provided an inaccurate picture of the 2012 budget if it would have been included. The revenues do also not include an estimate for donations. This year Fairfood will experiment with attracting more donations and this makes it difficult to estimate the actual income originating from this source. Other revenues include spending carried over from last year. Revenues for governments and NGO's are described in the table below:

Revenues government:

MFS II:	€	1,149,000
Stiftung Umwelt und Entwicklung Northrein Westfalen	€	20,394

Revenues NGO's

CNV	€	230,927
Dutch Postcode Lottery	€	864,302

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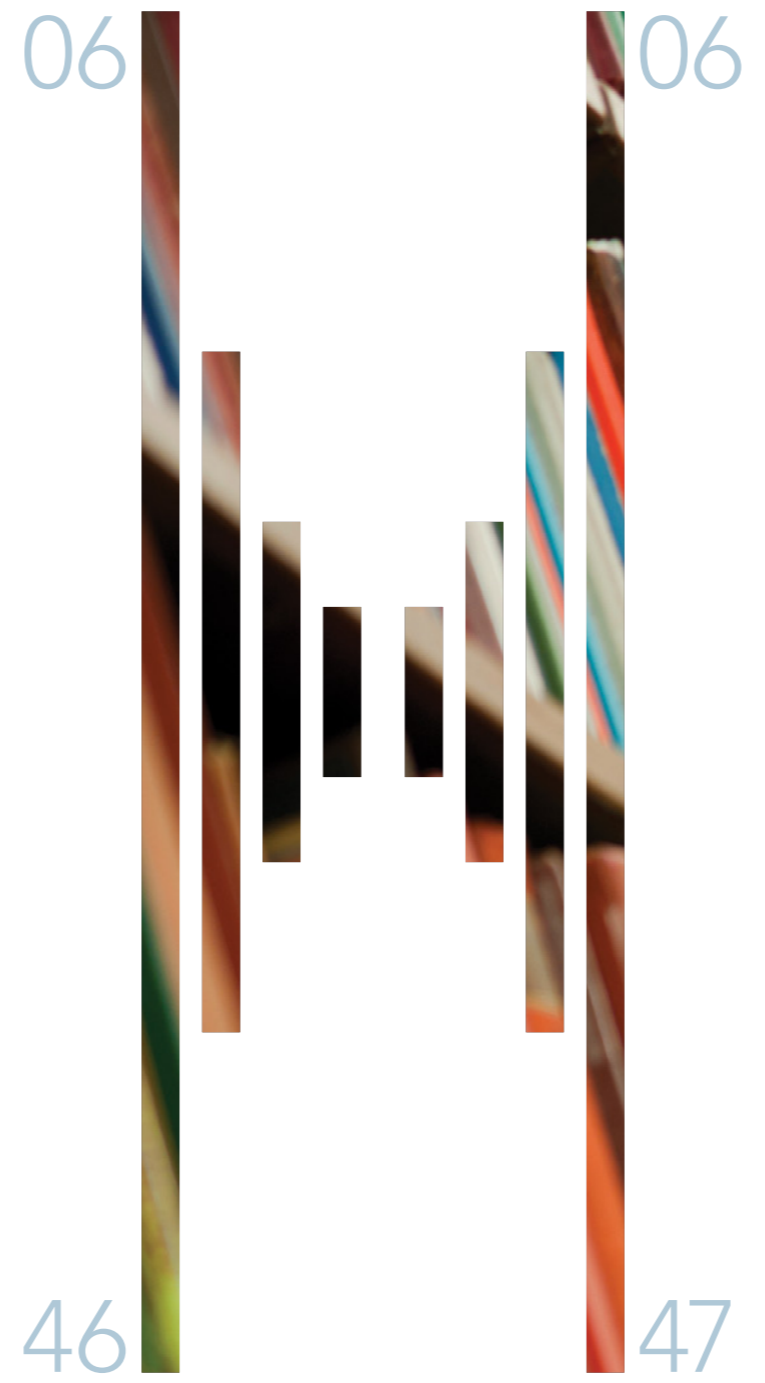
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Appendix II

OUR QUALITY OBJECTIVES

At the beginning of 2011, Fairfood International set out its organisation-wide quality objectives. This table shows that we have achieved almost all our quality objectives.

	QUALITY OBJECTIVES FOR 2011	OUTCOME
1	An analysis of the probable impact on poor people as a result of positive changes in the behaviour of companies who own food brands (brand owners), within the supply chain.	Fairfood International is now actively engaged in analysing the impact that its work may have on poor people and the environment as the latter are the indirect beneficiaries of Fairfood's efforts in increasing sustainability. Different functional units of Fairfood are engaged in developing a scientifically valid and empirically reliable impact study. The study is currently still on-going.
2	A high level of brand owner satisfaction. Here brand owners evaluate our relationship with them with a minimum of 7.0 out of 10 (based on brand owner satisfaction surveys);	Overall, Brand Owners rated communication with Fairfood International as transparent and reliable. Due to a large interest in obtaining extensive qualitative feedback, the quantitative questions were not included in the questionnaires of this year. In 2012, we will ensure that Brand Owners are asked to rate their experience with Fairfood, also on a quantitative scale
3	A high level of financier satisfaction by which financiers evaluate our relationship with them with a minimum of 8.0 out of 10 (based on financier satisfaction surveys);	Fairfood International received very high scores from its partners: a) Our Financial partners graded us with an average score of 8.2 while b) the implementation partners, showed a satisfaction level equaling 9.6. This marks a successful start for the newly established collaborations with Fairfood implementation partners.
4	A high level of employee satisfaction by which employees of Fairfood evaluate their satisfaction with a 7 plus out of 10 (based on employee satisfaction studies).	The Employee Satisfaction Survey showed an overall satisfaction of 7.8.



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