



Annual Report 2022

Fairtrade Max Havelaar





A fair start to the day with Fairtrade / Photo: Fairtrade Germany

Solid year for Fairtrade Max Havelaar in a challenging environment

Despite the challenging environment, demand for Fairtrade products was almost maintained at a high level. Loyal customers and reliable business partners throughout Switzerland contributed to this solid performance. Small farmers in the Global South are facing tougher production conditions and more regulatory requirements. When evaluating standards, the local impact remains a key criterion for Fairtrade.

Coronavirus, war and climate change: the past year was marked by multiple crises. Farmers and workers in already economically disadvantaged countries in Africa, Asia and Latin America have been particularly affected. They are confronted with rapidly increasing costs for fertiliser, pesticides, fuel and transport. The producers are now faced with the Herculean task of earning a sufficient income despite these additional costs, while mitigating the increasingly devastating effects of climate

change. That is why the commitment of the global Fairtrade movement is needed more than ever - for a living income, human rights due diligence and more climate fairness.

Steady sales despite crises

In Germany too, the past year was overshadowed by rising inflation and an uncertain economic outlook. Despite this, sales of Fairtrade certified products in Switzerland were almost maintained at a high level. At CHF 913 million,

The top priority must be on implementation and the impact of a label at a local level.

Kathrin Amacker

it was 1% below the previous year's sales. Consumers once again showed solidarity with the people in Africa, Asia and Latin America who produce for them, even when times are hard. Our reliable and innovative business partners and the companies that are now part of the Fairtrade movement also made a significant contribution to the solid result through their efforts. This cannot be taken for granted given the fraught economic situation.

Regulatory requirements are increasing

Fair trade requires more comprehensive guidelines than before. Regulatory requirements are

also increasing for label organisations. Fair-trade therefore has a process for comprehensively revising the standards for smallholders. With the publication of a risk map for the first time, we are also transparently highlighting the biggest human rights and environmental risks in the countries where cultivation is carried out and sectors in which we operate. This way, these risks can be tackled together with local partners.

Focus on local impact

Regulatory adjustments must not weigh solely on the shoulders of the producers in countries where cultivation takes place, however. All actors in the supply chain should be held responsible and the costs should be distributed more fairly. The top priority must be on implementation and the impact of a label at a local level. In addition to the standards, Fairtrade offers fixed minimum prices and direct payment of premiums and local support in collaboration with the local producer organisations to improve the actual living conditions within specific projects.

We firmly believe the future is fair. And we work hard every single day to achieve this. Thank you for continuing to put your trust in us.

The President and Managing Director



Kathrin Amacker | Renato Isella

Impressum

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Cover photo: The Cooperativa Agraria Cacaotera ACOPAGRO is an organisation of smallholder farmers with more than 2'000 members who grow specialty cacao in the central Huallaga Valley in the San Martín region of Peru (Organic and Fair-trade) / Photo: Midaly García Huamá, CLAC

Photos page 3: Jakob & Bertschi



Kathrin Amacker,
President



Renato Isella,
Managing Director

Fairtrade turnover stable in Switzerland despite uncertain economic situation

Despite the uncertain economic situation, the Swiss spent on average CHF 104 on Fairtrade products. Sales reached CHF 913 million, a slight decrease of 1 percent. This solid performance in spite of the current situation is largely due to the business partners continuing to invest in their Fairtrade ranges during a challenging period marked by inflation and rising energy costs and is a strong statement in times of crisis for small farmers and workers in Latin America, Africa and Asia.

Enjoying Fairtrade products in everyday life / Photo: Camille Bonvin



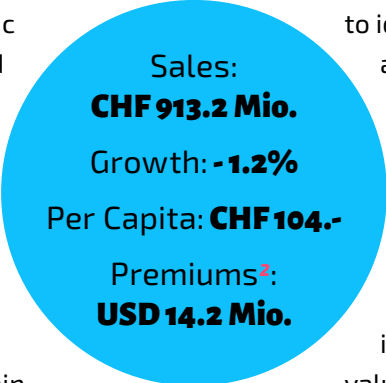
In Switzerland, more than three quarters of all Fairtrade products are sold at Coop, Migros and discounters. Although they already recorded significant growth in sales of Fairtrade products in 2021, sales in this market segment increased again slightly this year. The commitment of various Swiss branded goods companies, who have expanded their Fairtrade ranges and contributed to further sales growth, is also pleasing to see. Maestrani, for example, has completely converted the Munz and Minor brands to Fairtrade. Thanks to the scrapping of the obligation to work from home and the associated opening of restaurants, more Fairtrade products were also consumed again in the out-of-home channel. There was, however, a sharp decline with certain foreign brands. The banking channel was negative due to one-off effects, although the gold volume sold grew. This was due to a change in the accounting system in 2021¹, which led to an unusually high level of sales for this comparative year.

¹ In 2021, information was provided on the volume of gold supplied to the cantonal banks and invoiced warehouses. As of 2022, the quantity sold to end customers has been reported – in the same way as for the other product categories.



Fairtrade gold bars / Photo: Zürcher Kantonalbank

Across product categories, sales growth was driven primarily by confectionery, coffee, dairy, bakery and rice. Cotton products, tea and spreads also performed well. This growth was mainly due to existing partners launching new products, as well as brands that have also been using Fairtrade since 2022. A relatively stable performance was evident in flowers, beverages and spices. A stronger decline in sales was observed with bananas, exotic fruits, ice cream, cane sugar, dried fruits, nuts and quinoa. In the case of bananas, the decline was primarily due to price reductions, while the volumes sold only fell slightly. The remaining products posted strong growth in 2021 due to the pandemic and have now levelled off again at a lower level. Overall, the gold category posted a positive performance. Goldsmiths significantly increased sales of jewellery, while the cantonal and regional banks further expanded the range of gold bars. BKB's gold fund, which was launched in June, led to further growth in the gold category. However, this fund is not included in the sales, as this cannot be assigned to the non-food category as an investment product.



Consumers continue to opt for Fairtrade and thus make an important contribution to promoting fair conditions for people and the environment. In addition to this voluntary commitment on the part of consumers, there has been a steady increase in the regulatory requirements for compliance with human and environmental rights. For companies, this means that they increasingly have to implement processes to identify, prevent and account for any negative effects they may have on people and nature. Respect for human and environmental rights comes at a cost. Fairtrade firmly believes it should not just be workers and small farmers living up to these ideals. Instead, all actors along the value chain should take responsibility and do their bit too. Fairtrade's services of providing sourcing, expertise and programmes in source countries can help companies manage their risks more efficiently, achieve a better impact and share costs more fairly.

Let's go to it - together in a fair future.

² Including gold fund "BKB Physical Gold Fairtrade Max Havelaar"

Services for your company

The Fairtrade label is highly trusted by consumers and the general public. We offer tailor-made services that go beyond certification so that companies can meet the complex challenges along their supply chains. Programmes and expertise on living wages and income, human rights due diligence, transparency and traceability, and strengthening climate resilience are just a few examples of the solutions we can offer companies.



Sourcing

Our core business: Since 1992 we have been helping companies to procure sustainably cultivated and fairly traded raw materials. With the Fairtrade label, which is very well known and trusted by consumers, companies can highlight their commitment to fair trade.



Going beyond certification

A company's modern sustainability strategy is not limited to certified supply chains. With an expanded range of services, we support companies in better meeting their individual challenges and achieving an additional impact.

Sourcing

We help companies act fairly.
Having the Fairtrade label
on your products makes your
commitment visible.

We solve these challenges together

ASSUMING CORPORATE RESPONSIBILITY: The Fairtrade standards have social, ecological and economic minimum requirements to promote the sustainable development of producer organisations. Their compliance is independently monitored by the ISO-accredited certification body Flocert. With Fairtrade Max Havelaar, all stages along the value chain are contractually integrated. This creates transparency and facilitates one of the most rigorous and credible forms of independent certification.

INCREASING CONSUMER TRUST: Fairtrade is the ethical label with the highest trust and recognition worldwide. Thanks to certification and the procurement of fair raw materials and products, you can make your commitment visible on your products and thus use the positive image of the well-known Fairtrade label in a targeted manner.



There are over 3'000 Fairtrade certified products in Switzerland / Photo: Nadja Zimmermann

Example: 100% Fairtrade cocoa

Sustainability has always been a part of the DNA of the Maestrani family business. The company will expand this commitment in the future. With the launch of the All Natural initiative under the strong Munz, Minor and Avelines brands, Maestrani uses natural ingredients, dispenses with palm oil, is climate-neutral thanks to the offsetting of CO2 emissions and now exclusively uses Fairtrade cocoa. The latter also applies to all other chocolate products. Maestrani uses 100% Fairtrade cocoa.

This exemplary commitment not only means the cocoa farmers in the countries where cultivation occurs have better incomes. It also helps the company to minimise the risks within their supply chains while positioning themselves with consumers with the strong Fairtrade label.

Programme which goes beyond certification

Fairtrade programmes help companies to make a greater impact and differentiate themselves.

Fairtrade-Programme: Companies become part of an already existing programme that is adapted to their needs and thus achieves an additional impact. These programmes currently exist for coffee, cocoa, flowers and bananas.

Customer programme: To address specific challenges in the supply chain, we develop tailor-made programme partnerships, for example in the area of living income.



Drying coffee beans / Photo: Thom Alva, CLAC

We solve these challenges together:

✓ **REDUCING RISKS:** With a tailor-made programme that goes beyond the Fairtrade standards, you address individual risks in your supply chain, for example in the area of human rights

✓ **SECURING SUPPLY CHAINS IN THE LONG TERM:** Ensure the sustainability of your supply chains, for example by supporting your producers to adapt to the negative impacts of climate change.

✓ **SUCCESSFULLY POSITIONING YOUR BRAND:** Use your concrete and measurable success stories for your communication.

Example: fighting child labour together

Nespresso, the Fairtrade Producers Network CLAC and Fairtrade Max Havelaar are working together in Guatemala to promote child protection and increase access to education in coffee producing communities. The goal is to implement measures to prevent, mitigate and remediate child labor risks that go beyond Fairtrade's standards-based certification.

The project takes place in six Fairtrade cooperatives. The focus is on educational work as well as training for children, young people, parents and employees of the cooperatives. An analysis and improvement of existing systems and processes for monitoring and remediation of child labor are also part of the project. This is intended to strengthen the right of children and young people to be protected from child labor in these coffee cooperatives in Guatemala.

Expertise which goes beyond certification

We provide support in implementing individual and effective sustainability solutions.
We also offer services related to your supply chains, non-Fairtrade sourcing and advice for responsible supply chains (e.g. human rights due diligence).

We solve these challenges together:

✓ RESPECTING HUMAN RIGHTS:

We advise you on implementing the due diligence process and support you with targeted human rights measures.

✓ IDENTIFYING RISKS AND COMMUNICATING ABOUT THE IMPACT:

By analysing and improving traceability and transparency in your supply chain, you can identify and potentially minimise your risks along your supply chain. You can use in-depth information on the impact in your supply chains for your sustainability communication.

✓ **CALCULATING AND IMPLEMENTING LIVING WAGES AND INCOME:** We check price payments and bonuses and calculate the difference to living wages and income. We also implement appropriate projects, e.g. for a sustainable increase in earnings.

Example: enabling living wages

The retailer Coop has been working closely with Fairtrade Max Havelaar for over 30 years. Coop has the largest range of Fairtrade products in the world. Coop is now going one step further. As the first retailer in Switzerland, Coop has implemented a project for living wages for Fairtrade organic bananas from the Dominican Republic. On the two plantations "Paso Robles" and "Quinta Pasadena" in the north-east of the Dominican Republic, Coop pays as part of the project another premium in addition to the Fairtrade minimum price and the Fairtrade premium, which is intended to enable a reasonable standard of living. Over 350 plantation workers benefit from this. The additional income is mainly used for food, clothes and to support the families and is invested in the children's education.

Other pilot projects for a living income in coffee, cocoa and cashew cultivation have already been launched.

Fairtrade bananas from the Dominican Republic / Photo: Christian Nusch, Fairtrade Germany



Annual accounts and financial report 2022

Even in the uncertain economic climate of 2022, Fairtrade Max Havelaar recorded constant licence income. After the postponement caused by the pandemic, various programmes and international projects were implemented again and the corresponding tied reserves were reduced.

The licence income for 2022 was CHF 8.7 million. The 1% YOY and budget decline was primarily due to lower revenue from unlabelled coffee and an offset effect from 2021 in gold³. License fees were therefore stable overall.

Other operating income increased overall, as after the pandemic years in 2022 more programmes, expertise services and other international projects were implemented again. Total operating income was there-

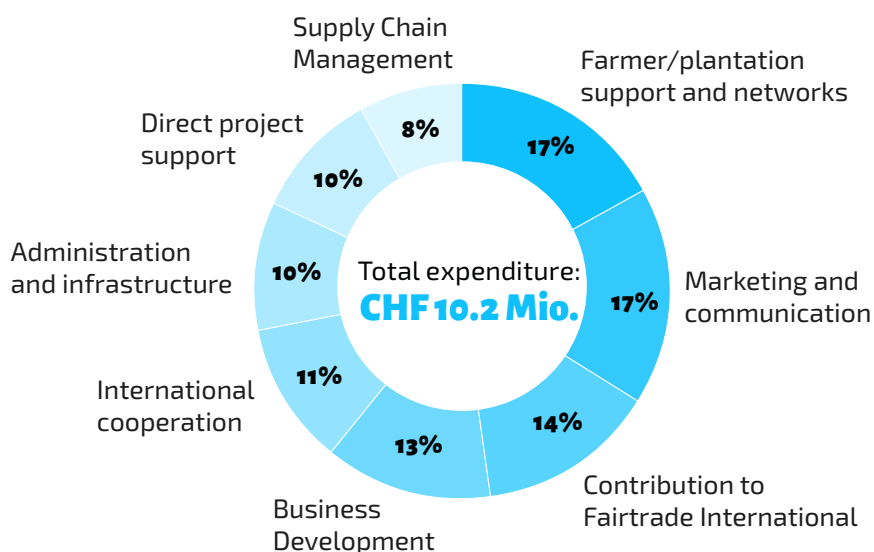
fore around CHF 100'000 higher than in the previous year.

Operating expenses increased by 14% compared with the previous year and included the following main components:

- ✦ The significant increase in operating expenses was mainly due to the fact that this item also includes the costs for the restarted programmes, expertise and international projects.

³ Special effect relating to gold, see market report on page 4-5

Allocation of expenses 2022





Trophies for the winning companies at the first Swiss Fairtrade Awards in the anniversary year 2022 / Photo: Lia Studerus, Fairtrade Max Havelaar

- ✦ The contributions to Fairtrade International were paid in accordance with applicable regulations. Due to the slightly lower licence income, the contributions were also marginally lower than in the previous year.
- ✦ The increase in personnel costs was due to the rise in the number of employees by 1.7 FTE, cost-of-living adjustments on wages and additional costs as a result of turnover.
- ✦ In 2022, administrative expenses once again fell compared with the previous year.
- ✦ The increase in costs in the area of marketing and communication was significant, but justified. Whereas there was less marketing than usual in 2021 due to the pandemic, the budget for 2022 was set higher than in other years for the 30th anniversary and the award event.

- ✦ The increased depreciations was primarily due to the successful introduction of Salesforce.

After the successful 2021 financial year, Fairtrade Max Havelaar budgeted for a loss of CHF 248'000 in 2022, partly to make its own investments in international projects. Losses in the value of financial assets for economic reasons meant that the actual loss was almost twice as high at CHF 482'000.

In 2022, CHF 344'000 was added to tied organisational capital and CHF 809'000 was utilised. The organisation capital fund decreased as a result by CHF 465,000 to CHF 934'000. The net profit was offset against the freely earned capital, which decreased by CHF 482'000 to CHF 4.7 million.

Balance sheet

ASSETS CHF	Appendix ⁴	31.12.22	31.12.21
Current assets			
Cash and cash equivalents	4.1	2'082'960	3'267'965
Accounts receivable	4.2	766'643	132'459
Other current receivables		2'490	1'304
Active Prepaid expenses	4.3	2'004'870	2'446'532
		4'856'963	5'848'259
Non-current assets			
Financial investments	4.4	2'432'903	2'695'701
Property	4.5	75'748	134'593
Intangible assets	4.5	164'674	40'641
		2'673'325	2'870'935
Total ASSETS		7'530'288	8'719'195

Liabilities & equity CHF	Appendix	31.12.22	31.12.21
Short-term liabilities			
Trade payables	5.1	589'395	840'325
Other short-term liabilities	5.2	401'438	461'555
Short term provisions	5.3	100'978	180'478
Deferred income	5.4	418'289	362'699
		1'510'100	1'845'058
Long-term liabilities			
provisions for liabilities and charges	5.5	28'300	0
		28'300	0
Fund capital			
Restricted funds		209'488	144'529
Liabilities including restricted funds			
		1'747'888	1'989'586
Organisational capital			
Paid-up foundation capital	6	190'002	190'002
Fixed capital		934'091	1'401'473
Generated unrestricted capital		4'658'307	5'138'134
		5'782'400	6'729'609
Total liabilities and equity		7'530'288	8'719'195

ACCOUNTING IN ACCORDANCE WITH SWISS GAAP FER

This annual account was comprehensively reviewed in an ordinary audit by BDO, and found correct. It provides a true and fair view of the assets, financial and income position in accordance with the Swiss GAAP FER and complies with Swiss law and the Deed of Foundation and Foundation by-laws.

Operating account

Operating income	Appendix	2022	2021
License income from third parties		8'728'304	8'841'406
Income from services		83'300	98'559
Losses from receivables		(2'922)	3'600
Income from services		8'808'682	8'943'565
Income from earmarked donations		63	3'233
Income from donations		63	3'233
Income from earmarked mandate contributions		86'250	78'750
Income from earmarked programme contributions		264'246	74'264
Income from contributions		350'496	153'014
Other operating income		414'212	379'799
Total operating income		9'573'453	9'479'611

Operating expenses	Appendix	2022	2021
Contributions paid – mandates & programmes		(276'012)	(262'267)
Direct costs of services		(9'956)	(36'095)
Personnel expenses		(4'333'730)	(4'081'469)
Administration expenses		(835'705)	(883'665)
International cooperation		(3'926'268)	(3'265'706)
Marketing/communication expenses		(715'218)	(365'252)
Depreciation of property & intangible assets	4.5	(102'284)	(76'272)
Operating expenses		(10'199'172)	(8'970'726)
Operating result		(625'719)	508'885
Financial income and expenses			
Financial income		186'289	220'349
Financial expenses		(442'820)	(191'603)
Financial result	7	(256'531)	28'746
Result before change to fund capital		(882'250)	537'631
Change to fund capital		(64'959)	133'019
Fund result of appropriated reserve		(64'959)	133'019
Annual profit/loss before change to organisational capital		(947'209)	670'650

Allocation/use of organisational capital

Allocation to Restricted Capital	(343'906)	(672'000)
Withdrawal from retained earnings	809'227	69'323
Change in restricted capital	465'320	(602'677)
Net income before allocation/use of retained earnings	(481'889)	67'973

⁴ The full auditors' report and the annual account together with the performance report and all notes can be found at www.fairtrademaxhavelaar.ch/jahresbericht

Commodity & market development 2022

Sales volume of the most important commodities compared to the previous year⁵



Bananas
37'869 tons
-1.7%



Flowers
51'949'746 stems
-14.3%



Coffee⁶
8'203 tons
-17.3%



Cocoa
7'347 tons
+7.6%



Fruit juices
23'583'318 litres
-6.3%

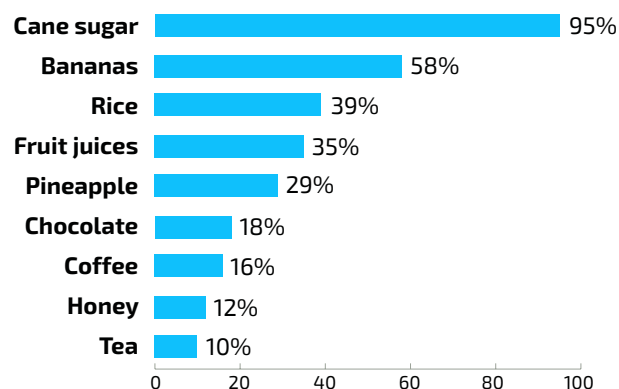


Cane sugar
8'039 tons
+3.2%

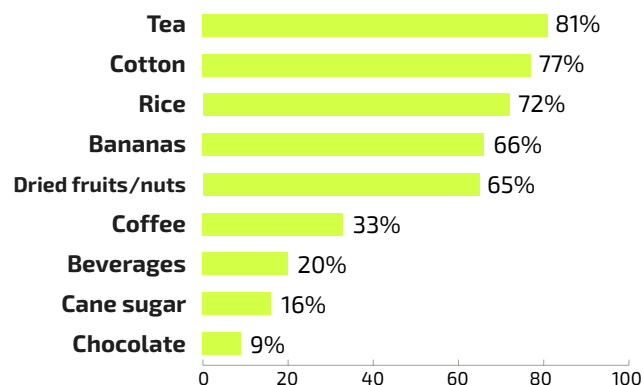
Sales per product category

Product	Sales CHF	Change compared to 2021
Confectionery products	190'091'064	5.6%
- Confectionery products	149'852'719	6.5%
- Cookies and others	40'238'345	2.5%
Bananas	106'009'753	-8.6%
Coffee	91'843'829	3.4%
Beverages	82'999'813	1.9%
- Juices	58'334'271	-0.3%
- Cold drinks	23'486'879	5.9%
- Alcoholic beverages	1'178'663	46.6%
Exotics	80'353'180	-6.1%
- Fresh Fruits & Vegetables	52'898'023	-10.2%
- Convenience/tinned products	27'455'157	2.8%
Dairy products	66'690'114	16.4%
- Yoghurt	45'912'948	3.8%
- Milkshakes	13'205'320	84.9%
- Miscellaneous items	7'571'846	28.8%
Bakery products	62'011'307	15.6%
Ice creams	55'452'832	-13.0%
Flowers & plants	49'830'771	-1.2%
Dried fruits/nuts	43'239'362	-4.4%
Rice	23'607'974	37.5%
Gold⁷	15'711'944	-61.9%
Composite products	11'606'116	6%
Cane sugar	10'004'969	-4.6%
Spreads	7'796'259	14.1%
- Honey	5'242'168	23.6%
- Other	2'554'091	-1.5%
Spices	5'463'710	0.2%
Quinoa	4'274'944	-14.9%
Tea	3'971'369	7.4%
Cotton products	2'181'931	40.5%
Sport balls	103'589	79.4%
Total	913'244'830	-1.2%

Market share⁸



Organic share⁹



⁵ Also contains use of commodity in composite products

⁶ Also includes non-labelled Fairtrade coffee

⁷ The sustainable gold invested in by BKB's gold fund "BKB Physical Gold Fairtrade Max Havelaar" is not included in the turnover because, as an investment product, it cannot be allocated to the non-food category. As at 31.12.2022, the value of the sustainable gold was CHF 48'699'900.

⁸ Estimated retail market share based on sales volumes.

Source: AC Nielsen.

⁹ Percentage of Fairtrade commodities that also fulfil organic standards, based on sales volumes.